Basic information

2010/2031(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania **Subject** 3.40.10 Textile and clothing industry, leathers 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Lithuania	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	MATERA Barbara (PPE)	23/02/2010
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3004	2010-03-22

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	ANDOR László

Key events

Date	Event	Reference	Summary
		COM(2010)0056	Summary

19/02/2010	Non-legislative basic document published		
25/02/2010	Committee referral announced in Parliament		
17/03/2010	Vote in committee		Summary
18/03/2010	Budgetary report tabled for plenary	A7-0048/2010	
22/03/2010	Draft budget approved by Council		
25/03/2010	Decision by Parliament	T7-0071/2010	Summary
25/03/2010	Results of vote in Parliament		
25/03/2010	End of procedure in Parliament		
08/04/2010	Final act published in Official Journal		

Technical information

Procedure reference	2010/2031(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/02302

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE439.344	09/03/2010	
Budgetary report tabled for plenary, 1st reading		A7-0048/2010	18/03/2010	
Budgetary text adopted by Parliament		T7-0071/2010	25/03/2010	Summary

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	SEC(2010)0061	29/01/2010	Summary
Non-legislative basic document	COM(2010)0056	19/02/2010	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2010/0204
OJ L 088 08.04.2010, p. 0017 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania

2010/2031(BUD) - 25/03/2010 - Final act

PURPOSE: to mobilise the European Globalisation Fund (EGF) in respect of redundancies in the Lithuanian clothing industry.

LEGISLATIVE ACT: Decision 2010/204/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

CONTENT: by this decision, the European Parliament and the Council have decided that for the general budget of the European Union for the financial year 2010, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of **EUR 523 481** in commitment and payment appropriations.

Given that this application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006 (EGF), Parliament and Council have agreed that the abovementioned amount should be granted to Lithuania to meet its request.

To recall, the European Globalisation Adjustment Fund (EGF) aims to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the Fund through a flexibility mechanism, within the annual ceiling of EUR 500 million. It should also be noted that the scope of the Fund's application was extended as of 1 May 2009 to include assistance to workers made redundant as a result of the global economic and financial crisis.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania

2010/2031(BUD) - 19/02/2010 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund in respect of redundancies in the wearing apparel sector in Lithuania.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: Regulation EC N° 1927/2006 established the European Globalisation Adjustment Fund (EGF) to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. This Regulation has been last amended by Regulation (EC) N° 546/2009 which temporarily broadens the scope for application of EGF and modifies the eligibility criteria. The amended Regulation is applicable for applications received from 1 May 2009.

The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.

The Commission has carried out a thorough examination of the application submitted by Lithuania and it has made the following decision:

Lithuania: Case EGF/2009/018 LT/Manufacture of wearing apparel: Lithuania submitted the application to the Commission on 23 September 2009. It was based upon the specific intervention criteria Article 2(b) of Regulation (EC) No 1927/2006 which requires at least 500 redundancies to occur within a nine-month period of reference in a NACE 2 division in one region or two contiguous regions at NUTS II level. The application concerns 1 154 redundancies in 45 enterprises, all operating in the NACE Revision 2 Division 14 (manufacture of wearing apparel), of whom 491 are targeted for EGF assistance.

On the basis of the conclusions of the above mentioned communication, it is proposed to accept the application submitted by Lithuania, as evidence of a direct and demonstrable link has been provided that these redundancies result from the global financial and economic crisis.

A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 523 481**.

IMPACT ASSESSMENT: not applicable.

FINANCIAL IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 8 238 485 has already been mobilised for prior applications in 2010 leaving an amount of EUR 491 761 515 available. On the basis of the application for support from the Fund submitted by Lithuania and in which the clothing sector is affected, the contribution from EGF to the coordinated package of personalised services to be funded is of EUR 523 481, representing 65% of the total cost.

Considering the maximum possible amount of a contribution from the Fund as well as the scope for reallocating appropriations, the Commission proposes to deploy the EGF for the total amount referred above**,** to be allocated under heading 1a of the financial framework.

The requested amount of support will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12 (6) of Regulation (EC) No 1927/2006.

By presenting this proposal to deploy the Fund, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006, in view of securing the agreement of the two arms of the budgetary authority on the need to use the Fund and the amount required.

The Commission invites the first of the two arms of the Budgetary Authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania

2010/2031(BUD) - 29/01/2010 - Document attached to the procedure

In this document, the Commission gives a detailed analysis of the reasons for which it is proposing the mobilisation of the European Globalisation Adjustment Fund in favour Lithuania.

The application relates to 1 154 redundancies in the wearing apparel industry during the reference period of nine months between 16 October 2008 and 15 July 2009.

In order to establish the link between the redundancies and the financial and economic crisis, Lithuania argues that the global economic and financial crisis has had a serious impact on demand for textiles and clothing in Lithuania and in its export markets. For the EU as a whole, the decline in textile production already registered in the second half of 2008 accelerated in 2009. Production in the clothing sector, which resisted better in 2008, started to decline. In the first quarter of 2009, the production fell by more than 20% for the textiles and clothing industry, compared to the first quarter of the previous year. For April 2009, the reduction in production continued to be over 20%. The trade deficit in the first quarter of 2009 showed a sharp increase of 19%, mainly due to a strong reduction in exports to all trade partners and in particular to the most important ones, such as the USA, Japan, Russia and Turkey (20% in average). This effect was seen strongly in Lithuania.

Accordingly, the Commission’s analysis leads it to conclude that it will approve application **EGF/2009/018 LT/Manufacture of wearing apparel** submitted by Lithuania, as evidence has been provided that these redundancies result from structural changes in world trade patterns which have led to a serious economic disruption, affecting the regional or local economy.

A co-ordinated package of eligible personalised services has also been proposed. It is proposed to deploy **EUR 523 481** from the EGF to respond to Lithuanian’s request.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania

2010/2031(BUD) - 25/03/2010 - Budgetary text adopted by Parliament

The European Parliament adopted by 562 votes to 34, with 17 abstentions, a resolution approving the proposal for a decision on mobilisation of the European Globalisation Adjustment Fund (EGF).

The Fund shall be mobilised to provide the sum of **EUR 523 481** in commitment and payment appropriations to assist in respect of redundancies in the **clothing manufacturing sector in Lithuania**.

Parliament recalls that the European Union established the EGF to provide appropriate support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. Given that Lithuania submitted an application to mobilise the EGF, in respect of redundancies in 45 companies in the clothing manufacturing sector and the application complies with the requirements for determining the financial contributions as laid down in the Regulation governing the fund, Parliament invites the institutions to approve the applications for the amounts required as soon as possible.

It stresses the institutions' commitment to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF, providing one-off, time-limited individual support geared to helping workers who have suffered redundancies as a result of globalisation. Members insist that, in view of the increasing number of requests for assistance from the EGF, it is vital that the procedure is further improved. They therefore invite the Commission to examine **the possibility of reducing the period of time between the requests submitted by Member States and the payment of the amounts** and to keep Parliament informed thereof as soon as possible.

Parliament also:

- reiterates that assistance from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- calls on the Commission to include, in proposals for the mobilisation of the EGF, as well as in its annual reports, precise information on the complementary funding received from the European Social Fund (ESF) and other Structural Funds;
- reminds the Commission, in the context of mobilising the EGF, not to systematically transfer payment appropriations from the ESF, since the EGF was created as a separate specific instrument with its own objectives and deadlines;
- stresses that the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and other various instruments created by the IIA of 17 May 2006, within the process of the 2007-2013 multiannual financial framework mid-term review.

Lastly, Parliament notes that the new Commission's proposals for a decision on the mobilisation of the EGF refer to **a sole Member State's application**, which is in line with Parliament's requests.