Basic information

2010/2164(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the electrotechnical industry in Portugal **Subject** 3.40.06 Electronics, electrotechnical industries, ICT, robotics 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Portugal	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	MATERA Barbara (PPE)	08/09/2010
	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
Competitiveness (Internal Market, Industry, Research and Space)	3035	2010-10-12

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
		COM(2010)0452	Summary

02/09/2010	Non-legislative basic document published		
07/09/2010	Committee referral announced in Parliament		
05/10/2010	Vote in committee		Summary
06/10/2010	Budgetary report tabled for plenary	A7-0271/2010	
12/10/2010	Draft budget approved by Council		
19/10/2010	Decision by Parliament	T7-0361/2010	Summary
19/10/2010	Results of vote in Parliament		
20/10/2010	End of procedure in Parliament		
04/11/2010	Final act published in Official Journal		

Technical information

Procedure reference	2010/2164(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/7/03684

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE448.850	15/09/2010	
Amendments tabled in committee		PE448.990	23/09/2010	
Budgetary report tabled for plenary, 1st reading		A7-0271/2010	06/10/2010	
Budgetary text adopted by Parliament		T7-0361/2010	19/10/2010	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2010)0452	02/09/2010	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2010/0660
OJ L 286 04.11.2010, p. 0016 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the electrotechnical industry in Portugal

2010/2164(BUD) - 20/10/2010 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund in respect of redundancies in the electrotechnical industry in Portugal.

LEGISLATIVE ACT: Decision 2010/660/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 (application EGF/2009/023 PT/Qimonda).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise **EUR 2 405 671** in commitment and payment appropriations from the European Globalisation and Adjustment Fund in the framework of the 2010 budget.

The Fund will be mobilised to assist Portugal in respect of redundancies in the electrotechnical industry (redundancies in Qimonda Portugal S.A.).

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, the Parliament and the Council have decided to respond by providing the aforementioned amount.

To recall, the European Globalisation Adjustment Fund (EGF) was set up 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 allows the mobilisation of the Fund within the annual ceiling of EUR 500 million. It should also be noted that the scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the electrotechnical industry in Portugal

2010/2164(BUD) - 19/10/2010 - Budgetary text adopted by Parliament

The European Parliament adopted by 580 votes to 60, with 9 abstentions, a resolution approving the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 405 671** in commitment and payment appropriations in respect of redundancies in the electrotechnical industry in Portugal (Qimonda Portugal S.A – a subsidiary of the German multinational).

Parliament recalls that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Portugal has requested assistance in respect of cases concerning 839 redundancies in Qimonda AG, a firm operating in the electronic sector in the NUTS II region of Norte, and that this application fulfils the eligibility criteria set up by the EGF Regulation, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount.

Parliament recalls the institutions' commitment to ensuring 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 and the financial and economic crisis.

It also recalls that:

- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- the information provided by the Commission on the coordinated package of personalised services to be funded from the EGF includes detailed information on the complementarity with actions funded by the Structural Funds (Parliament reiterates its call to present a comparative evaluation of these data in the Commission annual reports as well);
- the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and various other instruments created by the IIA of 17 May 2006 within the process of the 2007-2013 Multiannual Financial Framework mid-term review.

In parallel, Parliament welcomes the fact that, in the context of mobilising the EGF, **an alternative source of payment appropriations to unused European Social Fund has been proposed** by the Commission, following the frequent reminders by the European Parliament that the EGF was created as a separate specific instrument with its own objectives and deadlines and that appropriate budget lines for transfers must therefore be identified.

It also notes that, in order to mobilise the EGF for this case, payment appropriations will be transferred from a budget line dedicated to the support of SMEs and innovation (even if they regret the severe shortcomings of the European Commission when implementing the framework programmes on competitiveness and innovation, particularly during an economic crisis which should significantly increase the need for such support).

Lastly, Parliament welcomes the new format of the Commission's proposal, which presents in its explanatory memorandum clear and detailed information on the application, analyses the eligibility criteria and explains the reasons which led to its approval, which is in line with Parliament's requests.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the electrotechnical industry in Portugal

2010/2164(BUD) - 02/09/2010 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Fund in respect of redundancies in the electrotechnical industry in Portugal.

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

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 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 European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the applications submitted by Portugal. These are as follows:

Portugal: EGF/2009/023 PT/Qimonda: on 17 December 2009, Portugal submitted application EGF/2009/023 PT/Qimonda for a financial contribution from the EGF, following redundancies in Qimonda Portugal S.A. The application was supplemented by additional information up to 28 April 2010.

In order to establish the link between the redundancies and the global financial and economic crisis, Portugal refers to the insolvency of the German multinational Qimonda AG in January 2009. By the end of March 2009, Qimonda Portugal, with its base in Vila do Conde (Norte region) also applied for a state of insolvency. The cause of this request was the total stoppage of production at the German Qimonda factory, which was the supplier of raw materials to the Vila do Conde unit, together with the failure to find an agreement with potential investors who would have continued production in Portugal.

The insolvency of the German multinational Qimonda AG was due to several factors such as the financial crisis, as well as the excess capacity in the Dynamic Random Access Memory (DRAM) market, which created enormous pressure on prices, forcing various companies to reduce production and carry our greater stock control.

Portugal submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers. The application cites 519 redundancies in Qimonda during the reference period from 8 June 2009 to 8 October 2009.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Portugal, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 2 405 671**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of **EUR 2 405 671** to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution 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 mobilise the EGF, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF 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. In case of disagreement by either of the two arms of the budgetary authority, a formal trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.