Basic information

2011/2158(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in France **Subject** 3.40.03 Motor industry, cycle and motorcycle, commercial and agricultural vehicles 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** France	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	MATERA Barbara (PPE)	12/07/2011

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
Transport, Telecommunications and Energy	3127	2011-11-24

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
11/07/2011	Non-legislative basic document published	COM(2011)0420	Summary
13/09/2011	Committee referral announced in Parliament		
23/11/2011	Vote in committee		

23/11/2011	Budgetary report tabled for plenary	A7-0396/2011	Summary
24/11/2011	Draft budget approved by Council		
15/12/2011	Decision by Parliament	T7-0579/2011	Summary
15/12/2011	Results of vote in Parliament		
15/12/2011	Debate in Parliament		
15/12/2011	End of procedure in Parliament		
10/01/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2158(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/7/06525

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE472.113	08/09/2011	
Committee draft report		PE469.852	31/10/2011	
Amendments tabled in committee		PE475.905	09/11/2011	
Budgetary report tabled for plenary, 1st reading		A7-0396/2011	23/11/2011	Summary
Budgetary text adopted by Parliament		T7-0579/2011	15/12/2011	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0420	11/07/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0016
OJ L 006 10.01.2012, p. 0005 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in France

2011/2158(BUD) - 15/12/2011 - Budgetary text adopted by Parliament

The European Parliament adopted by 448 votes to 87, with 90 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment.

An amount of **EUR 24 493 525** in commitment and payment appropriations shall be mobilised in respect of redundancies in the automotive sector in France.

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 France has requested assistance in respect of a case concerning 4 445 redundancies, of which 3 582 targeted for assistance, in the enterprise Renault s.a.s. and seven of its suppliers from the automotive industry, Parliament requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount.

The EGF application submitted by France **does not cover the Renault workers who opted for the early retirement scheme and to which the EGF aid could not be allocated under Regulation (EC) No 1927/2006**, but saw their pension rights altered by the pension reform which came into force in the meantime. In this regard, Members consider that the efforts made by all parties involved to find a **viable solution so that these former Renault workers can complement their pension rights** should be noted. Plenary notes that the efforts made by the French government, as well as the written engagement made by Renault should be underlined. The constructive dialogue between all parties concerned should be continued until a satisfactory solution is found.

Whilst Members appreciate the improved procedure put in place by the Commission, following the Parliament's request for accelerating the release of grants, they note the lengthy assessment period in respect of this particular application. They hope that further improvements in the procedure will be reached in the framework of the upcoming reviews of the EGF.

The resolution notes that that the first results on the efficiency of the measures targeting the dismissed workers should soon be available and note that the success rates are a key indicator of the efficiency of the fund. Parliament calls on the Commission for a strong and close monitoring and guidance in ensuring that the training on offer matches the local economic trends.

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 recalls that:

- 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 on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds.

In parallel, Parliament notes the fact that, following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in France

2011/2158(BUD) - 21/12/2011 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automotive sector in France.

NON-LEGISLATIVE ACT: Decision 2012/16/EU of the European Parliament and of the Council on 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/2009/019 FR/Renault from France).

CONTENT: the European Parliament and the Council have decided to mobilise an amount of **EUR 24 493 525** in commitment and payment appropriations in respect of redundancies in the automotive sector in France.

More specifically, this amount shall assist France who submitted an application on 9 October 2009 to mobilise the EGF in respect of redundancies in the enterprise Renault s.a.s. and seven of its suppliers.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006, the European Parliament and the Council have decided to grant the above-mentioned amount.

To recall, the European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.

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 automotive sector in France

2011/2158(BUD) - 23/11/2011 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Barbara MATERA (EPP, IT) on 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 24 493 525** in commitment and payment appropriations in respect of redundancies in the automotive sector in France.

Members recall 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 France has requested assistance in respect of a case concerning 4 445 redundancies, of which 3 582 targeted for assistance, in the enterprise Renault s.a.s. and seven of its suppliers from the automotive industry, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount.

The EGF application submitted by France **does not cover the Renault workers who opted for the early retirement scheme and to which the EGF aid could not be allocated under Regulation (EC) No 1927/2006**, but saw their pension rights altered by the pension reform which came into force in the meantime. In this regard, Members consider that the efforts made by all parties involved to find a **viable solution so that these former Renault workers can complement their pension rights** should be noted.

Whilst Members appreciate the improved procedure put in place by the Commission, following the Parliament's request for accelerating the release of grants, they note the lengthy assessment period in respect of this particular application. They hope that further improvements in the procedure will be reached in the framework of the upcoming reviews of the EGF.

The report notes that that the first results on the efficiency of the measures targeting the dismissed workers should soon be available and note that the success rates are a key indicator of the efficiency of the fund. They call on the Commission for a strong and close monitoring and guidance in ensuring that the training on offer matches the local economic trends.

Members recall 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.

Members recall that:

- 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 on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds.

In parallel, Members note the fact that, following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in France

2011/2158(BUD) - 11/07/2011 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automotive sector in France.

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 application submitted by France to mobilise the EGF. The main elements of the assessment are as follows:

France: EGF/2009/019 FR/Renault: on 9 October 2009, France submitted application EGF/2009/019 FR/Renault for a financial contribution from the EGF, following redundancies in Renault s.a.s. and seven of its subsidiaries in France. The application was supplemented by additional information up to 10 February 2011.

In order to establish the link between the redundancies and the global financial and economic crisis, France argues that Renault suffered from the increasing cost of credit and the hardening of credit conditions from 2008 onwards, which seriously affected the ability of the enterprise to fund its own activities in the short term as well as its investment plans or the future. At the same time, consumers also felt the tightening of credit and the effects of the global financial and economic crisis, leading to anxiety about job security and the postponement of vehicle purchases. Despite the temporary measures introduced by some Member States (e.g. scrappage schemes), registrations of new Renault cars in Europe dropped by 6.5% between 2007 and 2008. This downward tendancy accelerated during the fourth quarter of 2008, when new registrations dropped from -15.2% in October 2008 to -27.5% in December 2008 compared with the same period of 2007.

France 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 and downstream producers. The application cites 1 384 redundancies in Renault s.a.s. and six suppliers during the four-month reference period from 1 April 2009 to 31 July 2009 and a further 3 061 redundancies in Renault s.a.s. and seven suppliers outside the reference period, but included in the same voluntary redundancy plan.

All of these redundancies were calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. 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 France, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 24 493 525**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: 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 referred to above, 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 remaining amount of payment appropriations initially entered on the budget line 04.0501 after adoption by both arms of the budgetary authority of the proposals submitted to date for mobilising the EGF is EUR 808 079 and is therefore **not sufficient to cover the amount of EUR 24 493 525** needed for the present application. As a reinforcement of the EGF budget line 04.0501 by EUR 50 000 000 is foreseen through AB2/2011, this budget line will be used to cover the amount of EUR 24 493 525 needed for the present application.