Basic information

2011/2262(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Portugal **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** Portugal	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	MATERA Barbara (PPE)	11/10/2011
	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
Education, Youth, Culture and Sport	3128	2011-11-28

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary

13/10/2011	Non-legislative basic document published	COM(2011)0664	Summary
25/10/2011	Committee referral announced in Parliament		
23/11/2011	Vote in committee		
23/11/2011	Budgetary report tabled for plenary	A7-0395/2011	
28/11/2011	Draft budget approved by Council		
01/12/2011	Decision by Parliament	T7-0523/2011	Summary
01/12/2011	Results of vote in Parliament		
01/12/2011	End of procedure in Parliament		
07/01/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2262(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/7/07438

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE474.012	19/10/2011	
Amendments tabled in committee		PE475.923	11/11/2011	
Budgetary report tabled for plenary, 1st reading		A7-0395/2011	23/11/2011	
Budgetary text adopted by Parliament		T7-0523/2011	01/12/2011	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0664	13/10/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0004
OJ L 004 07.01.2012, p. 0011 Summary

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

2011/2262(BUD) - 01/12/2011 - Budgetary text adopted by Parliament

The European Parliament adopted by 527 votes to 66, with 19 abstentions, a resolution 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 1 518 465** in commitment and payment appropriations in respect of redundanciesin the automotive sector in Portugal.

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 a case concerning 726 redundancies, all targeted for assistance, in three enterprises operating in the NACE Revision 2 Division 29 (‘Manufacture of motor vehicles, trailers and semi-trailers’) in the NUTS II regions of Norte (PT11) and Centro (PT16) in Portugal, Parliament invites the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. It appreciates in this sense the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. Furthermore, it hopes that further improvements in the procedure will be made within the framework of the upcoming review of the EGF and that greater efficiency and transparency of the EGF will be achieved.

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 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.

Parliament welcomes the fact that, following its repeated requests, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01. It welcomes the foreseen reinforcement of the payment appropriations on the EGF budget line that will be requested through the Global Transfer and that will be used to cover the amount of EUR 1 518 465 needed for this application.

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

2011/2262(BUD) - 13/12/2011 - Final act

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

NON-LEGISLATIVE ACT: Decision 2012/4/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/2011/005 PT/Norte-Centro Automotive from Portugal).

CONTENT: the European Parliament and the Council have decided to mobilise an amount of **EUR 1 518 465** in commitment and payment appropriations in respect of redundancies in the automotive sector in Portugal.

More specifically, this amount shall assist Portugal in respect of redundancies in three enterprises operating in the NACE Revision 2 Division 29 ("Manufacture of motor vehicles, trailers and semi-trailers") in the NUTS II regions of Norte (PT11) and Centro (PT16).

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 Portugal

2011/2262(BUD) - 13/10/2011 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automotive sector 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 application submitted by Portugal to mobilise the EGF. The main elements of the assessment are as follows:

Portugal: EGF/2011/005 PT/Norte-Centro Automotive: on 6 June 2011, Portugal submitted application EGF/2011/005 PT/Norte-Centro Automotive for a financial contribution from the EGF, following redundancies in three enterprises operating in the NACE Revision 2 Division 29 ('Manufacture of motor vehicles, trailers and semi-trailers') in the NUTS II regions of Norte (PT11) and Centro (PT16) in Portugal. The application was supplemented by additional information up to 18 July 2011.

In order to establish the link between the redundancies and the global financial and economic crisis, Portugal argues that this crisis has put the automotive sector worldwide under particular pressure. The Commission has already recognised that, as some 60-80 % (depending on the Member State) of new cars in Europe are purchased with the aid of credit, the financial crisis at the origin of the downturn hit the automotive industry particularly severely. According to the European Automobile Manufacturers Association (ACEA), demand for new motor vehicles in the European Union decreased in 2009 by 5.6% compared to 2008 and by 13.3% compared to the pre-crisis year 2007. The EU thus followed the trend noted at worldwide level where demand for new motor vehicles dropped by 5.6% in 2009 compared to 2008. Faced with this drop in demand, manufacturers of motor vehicles reduced their production even more drastically. In 2009 the production of motor vehicles in the EU decreased by 17% compared to 2008 and by 23% compared to 2007. This downward trend continued in 2010. The production of motor vehicles in the EU in the first three quarters of 2010 was 14% below that of the same period in 2008.

Portugal submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State. The application cites 726 redundancies in three enterprises operating in the NACE Revision 2 Division 29 ('Manufacture of motor vehicles, trailers and semi-trailers') in the NUTS II regions of Norte (PT11) and Centro (PT16) during the nine-month reference period from 1 July 2010 to 1 April 2011.

All of these redundancies were calculated in accordance with the second 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 Portugal, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 1 518 465**, 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 Commission presents separately a transfer request in order to enter in the 2011 budget specific commitment appropriations.

A reinforcement of the payment appropriations on the EGF budget line will be requested through the Global Transfer. Appropriations from this budget line will be used to cover the amount of EUR 1 518 465 needed for the present application.