Basic information

2011/2252(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Ireland **Subject** 3.40.07 Building industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Ireland	

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
Agriculture and Fisheries	3123	2011-11-14

European Commission

Commission DG	Commissioner
Budget	-- --
Employment, Social Affairs and Inclusion	-- --

Key events

Date	Event	Reference	Summary

05/10/2011	Non-legislative basic document published	COM(2011)0617	Summary
12/10/2011	Committee referral announced in Parliament		
07/11/2011	Vote in committee		Summary
07/11/2011	Budgetary report tabled for plenary	A7-0375/2011	
14/11/2011	Draft budget approved by Council		
16/11/2011	Decision by Parliament	T7-0496/2011	Summary
16/11/2011	Results of vote in Parliament		
16/11/2011	End of procedure in Parliament		
30/11/2011	Final act published in Official Journal		

Technical information

Procedure reference	2011/2252(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/7/07353

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE473.883	11/10/2011	
Amendments tabled in committee		PE475.783	26/10/2011	
Budgetary report tabled for plenary, 1st reading		A7-0375/2011	07/11/2011	
Budgetary text adopted by Parliament		T7-0496/2011	16/11/2011	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0617	05/10/2011	Summary
Document attached to the procedure	SEC(2011)1146	05/10/2011	

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act	
Decision 2011/0772 OJ L 317 30.11.2011, p. 0030	Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Ireland

2011/2252(BUD) - 16/11/2011 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in construction of buildings in Ireland.

LEGISLATIVE ACT: Decision 2011/772/EU of the European Parliament and of the Council of 16 November 2011 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/2010/019 IE/Construction 41 from Ireland).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the European Globalisation Adjustment Fund to provide the sum of **EUR 12 689 838** in commitment and payment appropriations in the framework of the general budget 2011.

This amount will assist Ireland in respect of redundancies in 1 482 enterprises operating in NACE Revision 2 Division 41 (‘Construction of buildings’) in the NUTS II regions of Border, Midlands and Western (IE01) and Southern and Eastern (IE02) in Ireland.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006 (EGF), the abovementioned amount has been granted to Ireland 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 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 construction of buildings in Ireland

2011/2252(BUD) - 05/10/2011 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in construction of buildings in Ireland.

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 Ireland to mobilise the EGF. The main elements of the assessment are as follows:

Ireland: on 9 June 2010, Ireland submitted **application EGF/2010/019 IE/Construction 41.**

for a financial contribution from the EGF, following redundancies in 1 482 enterprises operating in the NACE Revision 2 Division 41 ('construction of buildings')in the NUTS II regions of Border, Midlands and Western (IE01) and Southern and Eastern (IE02) in Ireland. These two contiguous regions comprise the entire State of Ireland. The application was supplemented by additional information up to 17 June 2011.

In order to establish the link between the redundancies and the global financial and economic crisis, Ireland argues that as a small export-oriented economy, it has suffered from the effects of the credit crunch on its major trading partners, at a time when the world economy was experiencing its worst contraction in the postwar period. The credit crunch severely affected the banks in Ireland, with further effects on mortgage loans and building activity in the country. Employment in the previously fast-growing building sector fell sharply. When the crisis hit, the share of those employed in construction in Ireland dropped from 12.25% in Q4 / 2007 to 9.2% in Q1 / 2009 and 6.25% by Q3 / 2010. Many of the redundancies in the sector were caused by the effective closure of the employing enterprise for reasons cited such as liquidation, receivership, closure, insolvency, end of contract and bankruptcy. In mid-2009, one in three construction workers were unemployed. This compares to the overall national unemployment rate at that time of 12.4 %.

Ireland 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 3 382 redundancies in 1 560 enterprises operating in the NACE Revision 2 Division 43 ('Specialised construction activities')in the NUTS II regions of Border, Midlands and Western (IE01) and Southern and Eastern (IE02) during the nine-month reference period from 1 July 2009 to 31 March 2010.

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 Ireland, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 12 689 838**, representing 65% of the total cost.

It should be noted that this application is part of a series of three, all concerning the construction sector in Ireland. The other two applications are in support of workers made redundant in NACE Revision 2 Divisions 71 (‘Architectural and engineering activities’) and 43 ('Specialised construction activities').

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPACT: 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 amount of payment appropriations initially entered on the budget line 04.0501 will have been fully consumed after adoption by both arms of the budgetary authority of the proposals submitted to date for mobilising the EGF. Amending budget 3/2011 increased EGF budget line 04.0501 by EUR 50 000 000 in payment appropriations. Appropriations from this budget line will be used to cover EUR 6 091 460 of the amount needed for the present application. As payment appropriations are available in 2011 under the budget line 04.0201 "Completion of the European Social Fund (ESF) – Objective 1 (2000 to 2006)", an additional amount of EUR 6 598 378 needed for the present application can therefore be made available for transfer.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Ireland

2011/2252(BUD) - 16/11/2011 - Budgetary text adopted by Parliament

The European Parliament adopted by 531 votes to 68, with 16 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 12 689 838**in commitment and payment appropriations in respect of redundancies in the construction of buildings sector in Ireland.

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 Ireland has requested assistance in respect of a case concerning 4 866 redundancies, 3 205 targeted for assistance, in 1 482 enterprises operating in NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II regions of Border, Midlands and Western (IE01) and Southern and Eastern (IE02) in Ireland and that this application fulfils the eligibility criteria laid down 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. It appreciates in this sense the improved procedure put in place by the Commission, following the Parliament's request for accelerating the release of grants. It hopes that further improvements in the procedure will be reached in the framework of the upcoming reviews of the EGF.

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 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. This dedicated allocation will avoid transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the various policies objectives.

Lastly, it welcomes the foreseen reinforcement of the EGF budget line 04.05.01. by EUR 50 million through Amending Budget 3/2011. Appropriations from this budget line will be used to cover EUR 6 091 460 of the amount needed for the present application. As payment appropriations are available in 2011 under the budget line 04.0201 "Completion of the European Social Fund (ESF) – Objective 1 (2000 to 2006)", an additional amount of EUR 6 598 378 needed for the present application can therefore be made available for transfer.