Basic information

2012/2155(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the pharmaceutical sector in Sweden **Subject** 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 4.20.04 Pharmaceutical products and industry 8.70.60 Previous annual budgets **Geographical area** Sweden	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	RIQUET Dominique (PPE)	06/09/2012

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

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3192	2012-10-16

European Commission

Commission DG	Commissioner
Mobility and Transport	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
16/07/2012	Non-legislative basic document published	COM(2012)0396	Summary

11/09/2012	Committee referral announced in Parliament		
10/10/2012	Vote in committee		
15/10/2012	Budgetary report tabled for plenary	A7-0325/2012	Summary
16/10/2012	Draft budget approved by Council		
23/10/2012	Decision by Parliament	T7-0376/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	End of procedure in Parliament		
07/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2155(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/10068

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE494.815	05/09/2012	
Amendments tabled in committee		PE496.457	24/09/2012	
Budgetary report tabled for plenary, 1st reading		A7-0325/2012	15/10/2012	Summary
Budgetary text adopted by Parliament		T7-0376/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0396	16/07/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0682
OJ L 307 07.11.2012, p. 0076

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the pharmaceutical sector in Sweden

2012/2155(BUD) - 16/07/2012 - Non-legislative basic document

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

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

Sweden: application EGF/2011/015 SE/AstraZeneca: on 23 December 2011, Sweden submitted application EGF/2011/015 SE/AstraZeneca for a financial contribution from the EGF, following redundancies in AstraZeneca in Sweden. The application was supplemented by additional information up to 16 April 2012.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Sweden argues that the pharmaceutical sector is increasingly affected by globalisation. Many companies are in a state of transition; reorganisation, consolidation, mergers and acquisitions are being considered in order to maintain growth centres. The industry is increasingly seeking synergies to hold down the increasing costs of research and development (R&D) activities.

Global investments and biotechnological research are on the increase and new competitors can be found in China, Brazil and India. Prospects for R&D funding vary by region and most Asian countries maintaining strong financial commitments to R&D : about 70 % of questioned pharmaceutical companies are likely to outsource manufacturing to Asia. Those markets also demand that the drugs are tested on the local population, thus the presence of R&D in Asian markets is growing.

The European companies must adapt their production to this situation. AstraZeneca (which had three R&D centres in Sweden) followed the trend and adopted a new R&D strategy in 2010. This included the necessity to focus on fewer disease areas, closures of sites (including that in Lund and Umeå) and significantly greater utilisation of external resources through outsourcing. Following the global trends, AstraZeneca also increased R&D investments in China and Russia.

Sweden 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 543 redundancies in AstraZeneca during the four-month reference period from 15 June 2011 to 15 October 2011. A further 444 redundancies (987 in total) occurred before and after the reference period and are related to the same collective redundancy procedure.

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 Sweden, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 4 325 854**, 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.

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 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations from the EGF budget line will be used to cover the amount of EUR 4 325 854 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the pharmaceutical sector in Sweden

2012/2155(BUD) - 15/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Dominique RIQUET (EPP, FR) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) in the sum of **EUR 4 325 854** in commitment and payment appropriations in order to provide a financial contribution for the application submitted by Sweden with respect to redundancies in the pharmaceutical sector.

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. Noting that Sweden has requested assistance for 987 redundancies, 700 of which are targeted for assistance, in AstraZeneca pharmaceutical company in Sweden, Members request the institutions involved to accelerate the mobilisation of the EGF. They agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Sweden is entitled to a financial contribution under that Regulation.**

They welcome this call for the EGF financial contribution by the Swedish Government even though this Member State is **opposed to the EGF after 2013** .

Recalling the causes of the request for EGF assistance, the committee notes that Sweden has had a strong position in medical research and **the collective redundancies in AstraZeneca had not been expected.** While the worsening situation in the pharmaceutical sector due to the rising dominance of generics and outsourcing of research and development activities outside of Europe had been foreseen, the impact on AstraZeneca was more severe than anticipated.

At the same time, Members welcome the fact that, in order to provide workers with speedy assistance, the Swedish authorities decided to start the implementation of the measures well ahead of the final decision on granting the EGF support for the proposed coordinated package. They recall the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career. They note that the workers dismissed from Astra Zeneca are highly skilled and educated and therefore require specific approach.

Lessons to be learned from the implementation of the EGF: the report highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals, especially with respect to the activities in anticipation of redundancies and timeliness of the preparation of EGF applications. It requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. Members appreciate 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. They hope that **further improvements in the procedure will be integrated in the new Regulation** on the European Globalisation Adjustment Fund (2014–2020).

The committee reiterates its usual position on the approach to this kind of application:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- 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, and must support the reintegration of individual redundant workers into long-term employment;
- the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that 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;
- the need for a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and no duplication of Union-funded services can occur.

The committee welcomes the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 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 and therefore deserves a dedicated allocation, which will avoid transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Members regret **the decision of the Council to block the extension of the "crisis derogation",** allowing to provide financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allowing the increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. They call on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the pharmaceutical sector in Sweden

2012/2155(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 574 votes to 71, with 15 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF), for an amount of **EUR 4 325 854** in commitment and payment appropriations **in respect of redundancies in the pharmaceutical sector in Sweden.**

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. Noting that Sweden has requested assistance for 987 redundancies, 700 of which are targeted for assistance, in the *AstraZeneca* pharmaceutical company in Sweden, Parliament requests the institutions involved to accelerate the mobilisation of the EGF. It agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Sweden is entitled to a financial contribution under that Regulation**.

Parliament welcomes this call for the EGF financial contribution by the Swedish Government even though this Member State has opposed the extension of the crisis derogation for the current EGF and **jeopardises the future of the EGF after 2013**.

Recalling the causes of the request for EGF assistance, Parliament notes that Sweden has had a strong position in medical research and **the collective redundancies in *AstraZeneca* had not been expected**. While the worsening situation in the pharmaceutical sector due to the rising dominance of generics and outsourcing of research and development activities outside of Europe had been foreseen, the impact on *AstraZeneca* was more severe than anticipated, in particular in the Lund area (South Sweden) where most of the redundancies have occurred.

At the same time, Parliament welcomes the fact that, in order to provide workers with speedy assistance, the Swedish authorities decided to start the implementation of the measures well ahead of the final decision on granting the EGF support for the proposed coordinated package. It recalls the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career. It notes that the workers dismissed from Astra Zeneca are highly skilled and educated and therefore require a specific approach. It also notes that the a**ssistance will not be used to contribute directly to unemployment benefits**.

Lessons from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals, especially with respect to the activities in anticipation of redundancies and timeliness of the preparation of EGF applications. Parliament calls on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to **accelerate the mobilisation of the EGF**. It appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants. It hopes that **further improvements in the procedure will be integrated** in the new Regulation on the EGF (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact 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 and that it can co-finance only active labour market measures which lead to durable, long-term employment;
- 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 fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that 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;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

Parliament welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 million 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 and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Parliament regrets the **decision of the Council to block the extension of the "crisis derogation"**, allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the pharmaceutical sector in Sweden

2012/2155(BUD) - 25/10/2012 - Final act

PURPOSE: the mobilisation of the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the pharmaceutical sector in Sweden.

NON-LEGISLATIVE ACT: Decision 2012/682/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/2011/015/SE/AstraZeneca from Sweden)..

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 4 325 854** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist Sweden in respect of redundancies in the enterprise *AstraZeneca*.

Given that the request for intervention from Sweden fulfils the conditions laid down in accordance with 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 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. 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.