Basic information

2012/2265(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of powered two-wheelers in Italy **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** Italy	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	DAERDEN Frédéric (S&D)	24/10/2012
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	The committee decided not to give an opinion.	
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
Justice and Home Affairs (JHA)	3207	2012-12-06

European Commission

Commission DG	Commissioner
Budget	-- --

Employment, Social Affairs and Inclusion	-- --

Key events

Date	Event	Reference	Summary
19/10/2012	Non-legislative basic document published	COM(2012)0616	Summary
19/11/2012	Committee referral announced in Parliament		
06/12/2012	Draft budget approved by Council		
10/12/2012	Vote in committee		
11/12/2012	Budgetary report tabled for plenary	A7-0416/2012	Summary
12/12/2012	Decision by Parliament	T7-0487/2012	Summary
12/12/2012	Results of vote in Parliament		
12/12/2012	End of procedure in Parliament		
12/01/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2265(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/7/11014

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE498.145	29/10/2012	
Amendments tabled in committee		PE500.380	08/11/2012	
Budgetary report tabled for plenary, 1st reading		A7-0416/2012	11/12/2012	Summary
Budgetary text adopted by Parliament		T7-0487/2012	12/12/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0616	19/10/2012	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2013/0017 OJ L 008 12.01.2013, p. 0016	Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of powered two-wheelers in Italy

2012/2265(BUD) - 19/10/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the motorcycle manufacturing industry in Italy.

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

Italy: EGF/2011/026 IT/Emilia-Romagna Motorcycles: on 30 December 2011, Italy submitted application EGF/2011/026 IT/Emilia-Romagna Motorcycles for a financial contribution from the EGF, following redundancies at ten enterprises operating in division 30 of NACE Revision 2 (Manufacture of other transport equipment)3 in the NUTS II region of Emilia-Romagna (ITH5) in Italy. The application was supplemented by additional information up to 10 September 2012.

In order to demonstrate the link between the redundancies and the global financial and economic crisis, Italy indicated that registrations of powered two-wheelers in Europe (representative of domestic demand) have fallen considerably (most significantly, a fall of 42 % for mopeds and 31 % for motorcycles between 2007 and 2010).

The Italian authorities also mentioned that the European powered two-wheeler industry has also suffered as a result of the growth in exports of cycles and motorcycles by manufacturers based in Asia. China in particular, as the world's foremost exporter of cycles and motorcycles, accounting for 25 % of the market, and India, which is gradually catching up with China, are now the world's biggest manufacturers (India's share of the global export market rose from 1 % to 2.70 % between 2007 and 2010). Italy also described how the value of cycle and motorcycle exports declined rapidly. Between 2008 and 2009. Italy, which is Europe's largest producer of powered two-wheelers, demonstrated that at national level, the production of motorcycles and mopeds, in which the region of Emilia Romagna is a major player (three of the companies covered in this application manufacture motorcycles under their own marque: *Morini, Malaguti* and *Minarelli*), has decreased (by 6 % between 2009 and 2010). The Italian authorities stated that the significant reduction in motorcycle and moped registrations in Europe also affected Italy (motorcycle and moped registrations fell 27 % between 2009 and 2010).

Italy submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which makes a contribution from the EGT subject to 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. The application cites 512 redundancies in ten enterprises operating in division 30 of NACE Revision 2 (Manufacture of other transport equipment) during the nine-month reference period between 28 February 2011 and 28 November 2011.

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 Italy, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 2 658 495**, representing 50% 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 of EUR 2 658 495, 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 trilogue 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 trilogue 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 needed for the application in question.

Source of payment appropriations: the amount of payment appropriations initially entered under budget line 04 05 01 **will be fully consumed once the budgetary authority adopts the proposals already presented for the mobilisation of the EGF** and therefore insufficient to cover the amount needed for this application. A transfer of EUR 1 160 745 from the European Progress Microfinance Facility budget line will be used to cover part of the amount required for this application. The additional amount of EUR 1 497 750 required for this application will be covered by an additional appropriation requested in Amending Budget No 6.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of powered two-wheelers in Italy

2012/2265(BUD) - 11/12/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 658 495** in commitment and payment appropriations to assist Italy in respect of redundancies in the manufacturing of powered two-wheelers.

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 Italy has requested assistance for 512 redundancies, 502 of which are targeted for assistance in ten enterprises operating in division 30 of NACE Revision 2 (Manufacture of other transport equipment) in the NUTS II region of Emilia-Romagna (ITH5) in Italy, Members request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **Italy is therefore entitled to a financial contribution under this Regulation**.

Members recall the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to start the implementation of the measures on 1 March 2012, ahead of the final decision about granting EGF support for the proposed coordinated package.

They also recall the importance of improving the employability of all workers by means of adapted training and recognition of skills and competences gained throughout workers' professional careers; expects the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the current business environment.

Lessons learnt from the implementation of the EGF: Members highlight the fact that lessons should be learned from the implementation of the EGF and request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. They also 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)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Members reiterate their 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 **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.

Insufficient budgetary resources: Members regret the fact that the payment appropriations of EUR 50 000 000 on the EGF budget line (line 04 05 01) in the 2012 budget has proved to be insufficient to cover all needed payments. They also regret that the Commission has proposed to cover this payment through a transfer of payment appropriations from European Progress Microfinance Facility (line 04 04 15) **instead of asking for fresh money through Draft Amending Budget No 6/2012**, as it justifiably did for other requests for EGF mobilisation, and part of this application.

Members recall 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 to the extent possible from other budget lines, as has happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Lastly, Members deplore the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of 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 allows for an 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 manufacturing of powered two-wheelers in Italy

2012/2265(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 586 votes to 69, with 16 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 658 495** in commitment and payment appropriations to assist Italy in respect of redundancies in the manufacturing of powered two-wheelers.

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 Italy has requested assistance for 512 redundancies, 502 of which are targeted for assistance in ten enterprises operating in division 30 of NACE Revision 2 (Manufacture of other transport equipment) in the NUTS II region of Emilia-Romagna (ITH5) in Italy, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, it agrees with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **Italy is therefore entitled to a financial contribution under this Regulation**.

Parliament recalls the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to start the implementation of the measures on 1 March 2012, ahead of the final decision about granting EGF support for the proposed coordinated package.

It also recalls the importance of improving the employability of all workers by means of adapted training and recognition of skills and competences gained throughout workers' professional careers; expects the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the current business environment.

Lessons learnt from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the implementation of the EGF and requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. It also appreciates the improved procedure put in place by the Commission, following its 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. It hopes that **further improvements in the procedure will be integrated in the new Regulation** on the European Globalisation Adjustment Fund (2014–2020) and that the EGF’s effectiveness, transparency and visibility will be strengthened as a result.

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 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.

Insufficient budgetary resources: Parliament regrets the fact that the payment appropriations of EUR 50 000 000 on the EGF budget line (line 04 05 01) in the 2012 budget has proved to be insufficient to cover all needed payments. It also regrets that the Commission has proposed to cover this payment through a transfer of payment appropriations of EUR 1 160 754 from the European Progress Microfinance Facility (line 04 04 15) instead of asking for fresh money through Draft Amending Budget No 6/2012, as it justifiably did for other requests for EGF mobilisation, and part of this application (EUR 1 497 750).

Parliament 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 to the extent possible from other budget lines, as has happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Lastly, Parliament deplores the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of 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 allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of powered two-wheelers in Italy

2012/2265(BUD) - 12/12/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the motorcycle manufacturing industry in Italy.

NON-LEGISLATIVE ACT: Decision 2013/17/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/2011/026 IT/Emilia-Romagna Motorcycles from Italy).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 2 658 495** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount will assist Italy in respect of redundancies in the motorcycle manufacturing industry in Emilia-Romagna.

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 Italy 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 allows for the mobilisation of the Fund through a flexibility mechanism, within the annual ceiling of EUR 500 million.