Basic information

2012/2279(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Sweden **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** Sweden	

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
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	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
19/10/2012	Non-legislative basic document published	COM(2012)0622	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	A7-0413/2012	Summary
12/12/2012	Decision by Parliament	T7-0488/2012	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	2012/2279(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/7/11073

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE498.121	25/10/2012	
Amendments tabled in committee		PE500.379	08/11/2012	
Budgetary report tabled for plenary, 1st reading		A7-0413/2012	11/12/2012	Summary
Budgetary text adopted by Parliament		T7-0488/2012	12/12/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0622	19/10/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Decision 2013/0018 OJ L 008 12.01.2013, p. 0017 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Sweden

2012/2279(BUD) - 19/10/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in automotive industry 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: EGF/2012/005 SE/Saab: on 25 May 2012, Sweden submitted application EGF/2012/005 SE/Saab for a financial contribution from the EGF, following redundancies in *Saab Automobile SA*, one of its subsidiaries and 16 of its suppliers in Sweden. The application was supplemented by additional information up to 20 August 2012.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Sweden holds that the EU-27 in 2010 with 15.1 million units had 26 % of worldwide passenger car production, a major reduction from 34,1 % in 2005 and 35.9 % in 2000. During the same decade, the market share of the BRIC countries had risen from 8.4 % (2000) to 15.8 % (2005) and 33.5 % (2010). The latest semi-annual report from the European Automobile Manufacturers' Association (ACEA) shows that new passenger car registrations in the EU continue to decline. Thus, the June 2012 figure is 2.8 % below that of June 2011, itself 7.3 % below that of June 2010.

Saab's situation had been uncertain over the past few years, with *General Motors* announcing in August 2008 that it wished to sell the company. Following several rounds of fruitless negotiations, the Dutch company *Spyker Cars* bought *Saab* on 23 February 2010. It soon ran into liquidity problems halting production. An attempt to sell the business to a Chinese company failed when *General Motors* refused to assign the licences for the cars it wanted to construct. On 19 December 2011, *Saab Automobile* filed for bankruptcy.

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 3 239 redundancies in *Saab Automobile AB* and its subsidiary *SAAB Automobile Powertrain AB* during the four-month reference period from 19 December 2011 to 19 April 2012 and a further 509 redundancies with 16 subcontractors before the reference period, but 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 is **EUR 5 454 560**, 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 5 454 560, 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.

Source of payment appropriations: after the adoption of the two arms of the Budgetary Authority of the EGF cases currently in the pipeline, the available payment appropriations on the EGF budget line would amount to EUR 6 618. A transfer of EUR 5 447 942 from the European Progress Microfinance Facility would be used to cover the additional amount needed for the present application. The payment needs of the European Progress Microfinance Facility by the end of the year based on the latest estimations provided by the European Investment Fund which is its managing authority allow for the transfer of EUR 5 447 942 to the EGF budget line.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Sweden

2012/2279(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 5 454 560** in commitment and payment appropriations to assist Sweden in respect of redundancies in the automobile manufacturing 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. Given that Sweden has requested assistance for 3 748 total eligible redundancies, 1 350 of which are targeted for assistance for workers of *Saab Automobile SA*, one of its subsidiaries, namely *SAAB Automobile Powertrain AB*, and 16 of its suppliers in Sweden, 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(a) of the EGF Regulation are met and that, therefore, **Sweden is therefore entitled to a financial contribution under this Regulation**.

Members welcome the fact that the Swedish authorities aimed to help the dismissed workers immediately and that the implementation of the coordinated package of personalised services started already on 20 December 2011 - ahead of the decision to grant EGF support.

Members, however, regret that despite applying for EGF support, Sweden is among the countries **undermining the future of the Fund after 2013** and blocking the extension of the crisis derogation.

Members also regret that bankruptcy of Saab led to a 20% increase in unemployment in the region of Trollhattan, where the production plant was based and note that this is yet another EGF application addressing dismissals in the **automotive sector** and that, with 16 applications, this sector has been the subject of the **most EGF applications** submitted, both in relation to crisis and to globalisation criteria.

They emphasise the key importance of adapted training and recognition of skills and competences gained throughout the professional career. They stress that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, and 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.

Retraining of automobile sector workers: Members welcome the fact that the training offered is matched with the future skills and qualifications needed in the region and that it will be focused on growth areas, such as the renewables sector. However, they regret that the Commission proposal does not

include more detailed information concerning the consultation process of the social partners in the implementation of measures and in particular, concerning the involvement, possibly financial, of Saab.

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 automotive industry in Sweden

2012/2279(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 591 votes to 69, with 20 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 454 560** in commitment and payment appropriations to assist Sweden in respect of redundancies in the automobile manufacturing sector.

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 Sweden has requested assistance for 3 748 total eligible redundancies, 1 350 of which are targeted for assistance for workers of Saab Automobile SA, one of its subsidiaries, namely SAAB Automobile Powertrain AB, and 16 of its suppliers in Sweden, 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(a) of the EGF Regulation are met and that, therefore, **Sweden is therefore entitled to a financial contribution under this Regulation**.

Swedenand the EGF: Parliament welcomes the fact that the Swedish authorities aimed to help the dismissed workers immediately and that the implementation of the coordinated package of personalised services started already on 20 December 2011 - ahead of the decision to grant EGF support. It, however, regrets that despite applying for EGF support, Sweden is among the countries **undermining the future of the Fund after 2013** and blocking the extension of the crisis derogation.

Parliament also regrets that bankruptcy of Saab led to a 20% increase in unemployment in the region of Trollhattan, where the production plant was based and notes that this is yet another EGF application addressing dismissals in the **automotive sector** and thats with 16 applications, this sector has been the subject of the most EGF applications submitted, both in relation to crisis and to globalisation criteria.

Parliament emphasises the key importance of adapted training and recognition of skills and competences gained throughout the professional career. It stresses that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, and 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, in particular in the case of mass redundancies, 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 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. 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.

Retraining of automobile sector workers: Parliament welcomes the fact that the training offered is matched with the future skills and qualifications needed in the region and that it will be focused on growth areas, such as the renewable sector. However, it regrets that the Commission proposal does not include more detailed information concerning the consultation process of the social partners in the implementation of measures and in particular, concerning the involvement, possibly financial, of Saab.

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 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.

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 automotive industry in Sweden

2012/2279(BUD) - 12/12/2012 - Final act

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

NON-LEGISLATIVE ACT: Decision 2013/18/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/2012/005 SE/Saab from Sweden).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 5 454 560** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount will assist Sweden hit by redundancies in the enterprise Saab Automobile SA, one of its subsidiaries and 16 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 (EGF), the abovementioned amount has been granted to Sweden 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.