Basic information

2012/2165(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in France **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** France	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	COTTIGNY Jean Louis (S&D)	06/09/2012
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
INTA International Trade	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	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
	Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
21/08/2012	Non-legislative basic document published	COM(2012)0461	Summary
11/09/2012	Committee referral announced in Parliament		
10/10/2012	Vote in committee		
16/10/2012	Budgetary report tabled for plenary	A7-0333/2012	Summary
16/10/2012	Draft budget approved by Council		
23/10/2012	Decision by Parliament	T7-0380/2012	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	2012/2165(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/10250

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE496.296	10/09/2012	
Amendments tabled in committee		PE496.455	21/09/2012	
Budgetary report tabled for plenary, 1st reading		A7-0333/2012	16/10/2012	Summary
Budgetary text adopted by Parliament		T7-0380/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
	COM(2012)0461		

Non-legislative basic document		21/08/2012	Summary

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

Final act	
Decision 2012/0680 OJ L 307 07.11.2012, p. 0074	Summary

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

2012/2165(BUD) - 16/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Jean-Louis COTTIGNY (S&D, FR) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) in the sum of **EUR 11 949 666** in commitment and payment appropriations in order to provide a financial contribution for the application submitted by France with respect to redundancies in the car industry.

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. The report notes that France has requested assistance for 2 089 redundancies, all of which are targeted for assistance, of which 649 redundancies took place in the two branches of PSA Peugeot Citroën (Peugeot Citroën Automobiles and Sevelnord) during the reference period between 1 November 2009 and 28 February 2010 and a further 1 440 workers were made redundant by the same companies before and after the reference period under the same redundancy plan based on voluntary departures. It request the institutions involved to accelerate the mobilisation of the EGF. Members agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **France is entitled to a financial contribution under that Regulation.**

They note that redundancies targeted by this application affect ten regions in France, most of which are situated in the northern half of the territory. However, the voluntary departures mostly affect Brittany (32% of voluntary redundancies), Ile-de-France (25%) and Franche-Comté (13%). They also note that the coordinated package of personalised services supported by the EGF is part of the voluntary redundancy plan launched to help 5 100 workers to leave PSA and which comprises also measures required by French national law in case of mass redundancies, like early retirement schemes. As a general point, Members recall that Peugeot Citroën Automobiles, which is a subsidiary of PSA Peugeot Citroën group, is required by French law to contribute to the revitalisation of these regions, contributing to the creation of new activities and new jobs, so as to attenuate the effects of redundancies. In this regard, the EGF will only support measures additional to those required by virtue of national law falling within three strands of the redundancy plan: (i) "professional or personal project", (ii) "redeployment leave" and (iii) "setting up or taking over a business". Members request more information on the features of the measures included in the coordinated package.

At the same time, Members welcome the fact that, in order to provide workers with speedy assistance, the French authorities decided to start the implementation of the measures ahead of the final decision on granting the EGF support for the proposed coordinated package, and they recall the importance of improving the employability of all workers by means of adapted training and recognition of skills and competences gained throughout the professional career. Members request more information on the types of training provided following EFM mobilisation.

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. It remarks that the measures will not replace measures within the responsibility of the company under national law or collective agreements and that the measures target individual workers and will not be used for restructuring of PSA. The committee 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 automotive industry in France

2012/2165(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 565 votes to 75, with 14 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 11 949 666** in commitment and payment appropriations **in respect of redundancies in the automobile manufacturing sector in France.**

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. It notes that France has requested assistance for 2 089 redundancies, all of which are targeted for assistance, of which 649 redundancies took place in the two branches of *PSA Peugeot Citroën* (*Peugeot Citroën Automobiles* and *Sevelnord*) during the reference period between 1 November 2009 and 28 February 2010 and a further 1 440 workers were made redundant by the same companies before and after the reference period under the same redundancy plan based on voluntary departures. It request the institutions involved to accelerate the mobilisation of the EGF. Parliament agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **France is entitled to a financial contribution under that Regulation**.

Parliament notes that redundancies targeted by this application affect ten regions in France, most of which are situated in the northern half of the territory. However, the voluntary departures mostly affect Brittany (32% of voluntary redundancies), Ile-de-France (25%) and Franche-Comté (13%). It also notes that the coordinated package of personalised services supported by the EGF is part of the voluntary redundancy plan launched to help 5 100 workers to leave PSA and which comprises also measures required by French national law in case of mass redundancies, like early retirement schemes. As a general point, Parliament recalls that *Peugeot Citroën Automobiles*, which is a subsidiary of PSA Peugeot Citroën group, is required by French law to contribute to the revitalisation of these regions, contributing to the creation of new activities and new jobs, so as to attenuate the effects of redundancies. In this regard, the EGF will only support measures **additional to those required by virtue of national law** falling within three strands of the redundancy plan: (i) "professional or personal project", (ii) "redeployment leave" and (iii) "setting up or taking over a business". Parliament requests more information on the types of training that will be provided, and in particular on the features of the measures included in the coordinated package of personalised service making them additional compared to the measures obligatory under national legislation.

At the same time, Parliament welcomes the fact that, in order to provide workers with speedy assistance, the French authorities decided to start the implementation of the measures ahead of the final decision on granting the EGF support for the proposed coordinated package, and they recall the importance of improving the employability of all workers by means of adapted training and recognition of skills and competences gained throughout the professional career. It reiterates its position that **the EGF support should not contribute directly to unemployment benefits** which are the responsibility of national institutions.

Lessons from the implementation of the EGF: Parliament considers lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals. It notes that the measures will not replace measures within the responsibility of the company under national law or collective agreements and that the measures target individual workers and **will not be used for restructuring of PSA**.

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 automotive industry in France

2012/2165(BUD) - 25/10/2012 - Final act

PURPOSE: the mobilisation of the European Globalisation Adjustment Fund (EGF) in respect of redundancies in automobile production in France.

NON-LEGISLATIVE ACT: Decision 2012/68o/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/2010/015/FR/Peugeot from France).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 11 949 666** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist France in respect of redundancies in the enterprise *PSA Peugeot Citroën*.

Given that the request for intervention from France 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.

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

2012/2165(BUD) - 21/08/2012 - Non-legislative basic document

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

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

France: EGF/2010/015 FR/Peugeot: on 5 May 2010, France submitted application EGF/2010/015 FR/Peugeot for a financial contribution from the EGF, following redundancies at two branches of the group PSA Peugeot Citroën (*Peugeot Citroën Automobiles* and *Sevelnord*) in France. The application was supplemented by additional information up to 13 April 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, France argues that the increasingly bleak growth prospects and the tougher credit conditions the crisis has caused have given rise to fears among private individuals concerning the safety of their jobs and have led them to postpone purchasing a vehicle. At the same time, given the deterioration in the economic situation, companies have on the whole also cut down on investments and, consequently, on renewals of their fleet of vehicles.

Thus, despite the temporary measures introduced by some Member States (for example, scrapping programmes), the European vehicle market – particularly in Western Europe, which is the largest market for the group PSA Peugeot Citroën – collapsed suddenly in the second half of 2008, with a 17% decrease in registrations of light passenger and commercial vehicles in Europe (18 Western European countries) in the fourth quarter of 2008, in relation to the same period over the previous year.

The fall in the sales of vehicles due to the global financial and economic crisis has directly affected the economic results of the PSA Peugeot Citroën group, which registered a loss of EUR 344 million over the year 2008, whereas it was still making a profit (EUR 731 million) at the end of the first half of that year. In order to overcome this economic crisis, the PSA Peugeot Citroën group first dramatically reduced the use of temporary labour and then chose to launch a call for voluntary redundancies.

Furthermore, in response to previous applications concerning the motor vehicle industry, the Commission has already recognised that the industry had been particularly hard hit by the financial crisis at the root of the economic slowdown. The crisis had a severe impact on the major European car manufacturers and their suppliers.

France submitted this application under the intervention criterion of Article 2(a) of Regulation (EC) No 1927/2006, which makes a contribution from the EGT subject to at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant by its suppliers and downstream producers. The application cites 649 redundancies in PSA Peugeot Citroën over the four-month reference period between 1 November 2009 and 28 February 2010. The application also cites 1 440 other redundancies resulting from the same redundancy plan based on voluntary departures, also in PSA Peugeot Citroën, but outside the reference period.

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 France, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 11 949 666**, 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 EUR 11 949 666 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 needed for the present application.