Basic information

2013/2032(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of domestic appliances in Italy **Subject** 3.40.06 Electronics, electrotechnical industries, ICT, robotics 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)	21/02/2013
	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
General Affairs	3235	2013-04-22

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
20/02/2013	Non-legislative basic document published	COM(2013)0090	Summary
14/03/2013	Committee referral announced in Parliament		
20/03/2013	Vote in committee		
25/03/2013	Budgetary report tabled for plenary	A7-0111/2013	Summary
16/04/2013	Decision by Parliament	T7-0109/2013	Summary
16/04/2013	Results of vote in Parliament		
22/04/2013	Draft budget approved by Council		
22/04/2013	End of procedure in Parliament		
12/06/2013	Final act published in Official Journal		

Technical information

Procedure reference	2013/2032(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/7/12025

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE506.074	25/02/2013	
Amendments tabled in committee		PE506.214	07/03/2013	
Budgetary report tabled for plenary, 1st reading		A7-0111/2013	25/03/2013	Summary
Budgetary text adopted by Parliament		T7-0109/2013	16/04/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2013)0090	20/02/2013	Summary

Additional information

Source	Document	Date

Final act

Decision 2013/0278
OJ L 160 12.06.2013, p. 0013 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of domestic appliances in Italy

2013/2032(BUD) - 20/02/2013 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the manufacture of domestic appliances in Italy.

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/2012/023 IT/Antonio Merloni SpA from Italy: on 29 December 2011, Italy submitted application EGF/2011/023 IT/Antonio Merloni for a financial contribution from the EGF, following redundancies in Antonio Merloni SpA in Italy. The application was supplemented by additional information up to 4 September 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, Italy argues that the crisis had a serious impact on the market for domestic appliances. Available data confirms the significant downturn in the manufacture of domestic appliances, mainly due to the decrease in exports in particular to the United States and Japan. Production of domestic appliances fell in the EU- 27 for three consecutive years (2007 to 2009) compared with the relevant previous year and slightly recovered only in 2010.

To maintain its market share against competition from low labour cost countries such as China and Turkey, Antonio Merloni SpA, the fifth largest manufacturer of appliances in the EU in 2002, changed its sales strategy and in 2006 started selling its products directly through its own brands.

With the outbreak of the global financial and economic crisis, the company got into financial difficulties, which were further exacerbated by the sudden tightening of conditions for access to financial credit. The amount of debt and liabilities and the downturn in production resulted in a request submitted to the Ministry of Economic Development for admission to the administration proceedings for large firms in crisis and finally in the cessation of the business activities of Antonio Merloni SpA.

Italy 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 1 517 redundancies in Antonio Merloni SpA during the four month reference period from 23 August 2011 to 23 December 2011. All of these redundancies were calculated in accordance with the third indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. The Commission has received the confirmation required under the third indent of the second paragraph of Article 2 that this is the actual number of redundancies effected.

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 (including expenditure to implement EGF) is **EUR 5 037 482**, representing 65% of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Italy.

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 5 037 482** 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.

Source of payment appropriations: appropriations from the EGF budget line will be used to cover the amount of EUR 5 037 482 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of domestic appliances in Italy

2013/2032(BUD) - 25/03/2013 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Frédéric DAERDEN (S&D, BE) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for a total amount of **EUR 5 037 482** in commitment and payment appropriations to assist Italy hit by redundancies in the manufacture of domestic appliances.

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 submitted an application for a financial contribution from the EGF requesting assistance for 1 517 redundancies during the four-month reference period from 23 August 2011 to 23 December 2011, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF to cover the amount requested. They agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Italy is entitled to a financial contribution under that Regulation**.

The *Merloni* case: Members note that the production plants of Antonio Merloni SpA, a producer of domestic appliances, were located in the Italian regions of Marche and Umbria, in particular the provinces of Ancona and Perugia. As a result of the global economic crisis, the company experienced financial difficulties, which were further exacerbated by the sudden tightening of conditions for accessing financial credit. This application, therefore, covers the 1 517 workers who are unemployed as a result of the closure of **Antonio Merloni SpA**.

Members welcome the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the measures on 29 March 2012, well ahead of the final decision on granting the EGF support for the proposed coordinated package. They deplore, however, that the EGF could only intervene **almost 3 years and a half after** the company had been ruled insolvent.

They note that the coordinated package of personalised services to be co-funded includes measures for the reintegration of workers into employment such as occupational guidance, job-search assistance, entrepreneurship promotion, vocational training and skills upgrade, etc.

In parallel, Members ask the Commission to further detail in future proposals the types of training to be provided through a voucher, in which sectors the workers are likely to find employment and whether the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals. They call on the Italian authorities to use the EGF support to its full potential and to encourage the maximum number of workers to participate in the measures.

They point out that the biggest part of the costs of personalised services is to be committed to "Job search allowance" (**EUR 2 000 per worker for the days of participations to EGF measures**). They reiterate that the **EGF support should primarily be allocated to training programs instead of contributing directly to financial allowances** which are the responsibility of Member States by virtue of national law. They recommend that in future cases of a mobilisation of that Fund such measures should be discouraged.

Learn lessons from the implementation of the EGF: Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of 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 greater efficiency, transparency and visibility of the EGF will be achieved.

Members reiterate their position as regards the processing of an application of this kind:

- 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;
- EGF assistance can co-finance only active labour market measures which **lead to durable, long-term employment**;
- the need to obtain information on the coordinated package of personalised services to be funded from the EGF including information on complementarity with actions funded by the Structural Funds.

Insufficient budget appropriations: Members welcome the fact that following requests from Parliament, the 2013 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that, therefore, it 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 regret the decision of the Council to block the extension of the "crisis derogation", allowing for the provision of financial assistance to workers made redundant as a result of the current economic crisis, in addition to those losing their jobs because of changes in global trade patterns and allowing for an increase in the rate of Union co-financing to 65% of 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 manufacture of domestic appliances in Italy

2013/2032(BUD) - 16/04/2013 - Budgetary text adopted by Parliament

The European Parliament adopted by 615 votes to 76, with 16 abstentions, a resolution approving the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for a total amount of **EUR 5 037 482** in commitment and payment appropriations to assist Italy hit by redundancies in the manufacture of domestic appliances.

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 submitted an application for a financial contribution from the EGF requesting assistance for 1 517 redundancies during the four-month reference period from 23 August 2011 to 23 December 2011, Parliament requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF to cover the amount requested. It agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Italy is entitled to a financial contribution under that Regulation**.

The *Merloni* case: Parliament notes that the production plants of Antonio Merloni SpA, a producer of domestic appliances, were located in the Italian regions of Marche and Umbria, in particular the provinces of Ancona and Perugia. As a result of the global economic crisis, the company experienced financial difficulties, which were further exacerbated by the sudden tightening of conditions for accessing financial credit. This application, therefore, covers the 1 517 workers who are unemployed as a result of the closure of **Antonio Merloni SpA**.

Parliament welcomes the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the measures on 29 March 2012, well ahead of the final decision on granting the EGF support for the proposed coordinated package. It deplores, however, that the EGF could only intervene **almost 3 and a half years after** the company had been ruled insolvent.

It notes that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 1 517 workers into employment such as occupational guidance, job-search assistance, entrepreneurship promotion, vocational training and skills upgrade, guidance for workers over 50 years old, job-search allowances, hiring benefits, contributions to commuting expenses and contributions to the expenses for a change of residence.

In parallel, Parliament asks the Commission to further detail in future proposals the types of training to be provided through a voucher, in which sectors the workers are likely to find employment and whether the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals. It calls on the Italian authorities to use the EGF support to its full potential and to encourage the maximum number of workers to participate in the measures.

Members point out that the biggest part of the costs of personalised services is to be committed to "Job search allowance" (**EUR 2 000 per worker for the days of participations to EGF measures**). They reiterate that the **EGF support should primarily be allocated to training programs instead of contributing directly to financial allowances** which are the responsibility of Member States by virtue of national law. They recommend that in future cases of a mobilisation of that Fund such measures should be discouraged.

Learn lessons from the implementation of the EGF: Parliament requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of 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 greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its position as regards the processing of an application of this kind:

- 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;
- EGF assistance can co-finance only active labour market measures which **lead to durable, long-term employment**;
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Budget appropriations: Members welcome the fact that following requests from Parliament, the 2013 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines

and that, therefore, it 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 regrets the decision of the Council to block the extension of the "crisis derogation", allowing for the provision of financial assistance to workers made redundant as a result of the current economic crisis, in addition to those losing their jobs because of changes in global trade patterns and allowing for an increase in the rate of Union co-financing to 65% of 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 manufacture of domestic appliances in Italy

2013/2032(BUD) - 21/05/2013 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the manufacture of domestic appliances in Italy.

NON-LEGISLATIVE ACT: Decision 2013/278/EU 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/2011/023 IT/*Antonio Merloni SpA* from Italy).

CONTENT: by means of this Decision, the European Parliament and the Council mobilise the sum of **EUR 5 037 482** in commitment and payment appropriations from the European Globalisation Fund for the financial year 2013.

This sum is made available to assist Italy in respect of redundancies in *Antonio Merloni SpA* (domestic appliances).

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006 (EGF Regulation), Parliament and the Council respond by granting the above-mentioned sum.

To recap, 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.