Basic information

2017/2200(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the call center sector in Italy **Subject** 3.40.18 Services sector 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.57 2017 budget **Geographical area** Italy	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	VIOTTI Daniele (S&D)	28/09/2017

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

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/09/2017	Non-legislative basic document published	COM(2017)0496	Summary
05/10/2017	Committee referral announced in Parliament		
09/11/2017	Vote in committee		

09/11/2017	Budgetary report tabled for plenary	A8-0346/2017	Summary
14/11/2017	Decision by Parliament	T8-0422/2017	Summary
14/11/2017	Results of vote in Parliament		
15/11/2017	Draft budget approved by Council		
25/11/2017	Final act published in Official Journal		

Technical information

Procedure reference	2017/2200(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/8/11126

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE610.898	02/10/2017	
Amendments tabled in committee		PE612.211	20/10/2017	
Budgetary report tabled for plenary, 1st reading		A8-0346/2017	09/11/2017	Summary
Budgetary text adopted by Parliament		T8-0422/2017	14/11/2017	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0496	26/09/2017	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2017/2192
OJ L 310 25.11.2017, p. 0047 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the call center sector in Italy

2017/2200(BUD) - 09/11/2017 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Daniele VIOTTI (S&D, IT) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, amounting to EUR 3 347 370 in commitment and payment appropriations, to assist Italy faced with redundancies in the call centre sector.

The European Globalisation Adjustment Fund (EGF) provides support to workers made redundant as a result of major structural changes in international trade as a result of globalisation or the global economic and financial crisis. It has a maximum annual budget of EUR 150 million for the period 2014-2020.

Italian application: Italy submitted application for a financial contribution from the EGF under the intervention criteria set out in point (a) of Article 4(1) of the EGF Regulation following **1 646 redundancies in Almaviva Contact SpA** operating in the economic sector concerning office administrative, office support and other business support activities in the Lazio region in Italy.

Members agreed that the conditions set out in the EGF Regulation were fulfilled and that **Italy was entitled to a financial contribution of EUR 3 347 370**, which represents 60% of the total cost of EUR 5 598 950.

Reasons for the redundancies: the economic crisis has **increased the pressure on prices in the call centre sector**, boosting competition between service providers and decreasing overall profitability.

The redundancies are directly linked to a 45 % revenue decline of Almaviva's centre in Rome between 2011 and 2016. Unfortunately, it was not possible to find a workable solution to this decline, leading to the closure of the Rome work centre in late 2016. Members regretted that between 2009 and the first quarter of 2014, one third of Italian companies in the sector have ceased their activities.

Package of personalised services: the eight types of measures to be provided to redundant workers and for which EGF cofunding is requested consist of:

- individual orientation including skills assessments, profiling of the participant workers and the design of the customised reintegration pathway, as well as the enrolment procedure;
- job search including intensive employment searches, including search for local and regional employment opportunities and job-matching;
- training, retraining and vocational training;
- re-employment voucher granting an amount to be spent in intensive job-search services;
- support towards entrepreneurship;
- contribution to business start-up;
- reimbursement of the expenses for carers of dependent persons;
- reimbursement of mobility costs.

The income supports measures will be **17.4%** of the overall package of personalised measures, well below the maximum 35% set out in the Regulation.

Members commended the commitment of the Italian government to **defining a new legal framework** for telecommunications workers in order to avoid further cases such as that which is the subject of the EGF/2017/004 IT/Almaviva application.

They reiterated that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements, or measures for restructuring companies or sectors.

Lastly, they called on the Commission to urge national authorities to **provide more details in future proposals on the sectors which have growth prospects** and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the call center sector in Italy

2017/2200(BUD) - 15/11/2017 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Italy facing redundancies in the call centre sector.

NON-LEGISLATIVE ACT: Decision (EU) 2017/2192 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Italy — EGF/2017/004 IT/Almaviva.

CONTENT: with this Decision, the European Parliament and the Council have mobilised **EUR 3 347 370** in commitment and payment appropriations under the European Globalisation Adjustment Fund (EGF) within the framework of the 2017 budget.

This amount is granted in response to the request from the EGF **submitted by Italy** on 9 May 2017, following 1 646 redundancies in Almaviva Contact SpA, whose activities are carried out in the economic sector under 'administrative and other business support activities' in the Lazio region.

Given that the application complies with the requirements for determining a financial contribution from the EGF as laid down in Regulation (EU) No 1309 /2013, the European Parliament and the Council have responded by granting the above-mentioned amount.

As a reminder, the EGF provides support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation and the financial crisis. The EGF has a maximum annual budget of **EUR 150 million** for the period 2014-2020.

ENTRY INTO FORCE: 25.11.2017. The Decision shall apply from 15.11.2017.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the call center sector in Italy

2017/2200(BUD) - 26/09/2017 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Italy facing redundancies in the call centre sector.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

Italy:EGF/2017/004 IT/Almaviva: on 9 May 2017, Italy submitted an application EGF/2017/004 IT/Almaviva for a financial contribution from the EGF, following **redundancies in Almaviva Contact SpA in Italy**. The events giving rise to these redundancies are revenue decline, which fell by more than 45 % in Almaviva's work centre in Rome in 2015 compared to 2011.

Italy submitted its application within 12 weeks of the date on which the intervention criteria had to be met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 26 September 2017.

In order to establish the **link between the redundancies and the global financial and economic crisis**, Italy argued that the effects of the economic and financial crisis do not seem to have lowered the demand for marketing services and assistance to buyers of goods and services, but it has significantly affected the remuneration offered for such services (pressure on prices), with evident negative effects on the margins of profitability of the services providers.

The awarding of contracts on the basis of maximum price reductions had a **direct impact on the turnover of the service providers which has been declining** over the period 2011-2016. The call centre sector saw a falling gross operating margin (from 5.7 % in 2013 to 3.8% in 2014). Over the same period its return on equity also worsened, from 9.4 % to -6.3 %.

In a context of **adverse conditions** (such as tendering by pulling prices down, declining sales and profitability, price of services plummeting, and the need of reducing the weight of staff costs in the total of production costs) the solution frequently adopted by the enterprises operating in the call centre sector have been either **relocation** to countries with cheaper labour costs, interventions on the cost of labour or closure.

During the period 2009-2014, a **third of the enterprises in the sector ceased activity**, a large majority of these through insolvency proceedings.

Basis of the application: Italy submitted the application under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and / or self-employed persons whose activity has ceased.

The reference period of four months for the application runs from 30 December 2016 to 30 April 2017. The redundancies during the reference period are **1 610 workers made redundant in Almaviva**. The total number of eligible beneficiaries is therefore **1 646**.

BUDGETARY IMPLICATION: the estimated total costs are EUR 5 578 950, comprising expenditure for personalised services of EUR 5 355 950 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 223 000.

Having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the **Commission proposes to mobilise the EGF for the amount of EUR 3 347 370**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the target amount.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the call center sector in Italy

2017/2200(BUD) - 14/11/2017 - Budgetary text adopted by Parliament

The European Parliament adopted by 579 votes to 79, with 15 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (EGF) as a result of an application submitted by Italy - Application EGF/2017/004 IT/Almaviva.

Parliament **approved the proposal for a decision to mobilise the EGF to provide a financial contribution of EUR 3 347 370** to assist Italy faced with redundancies in the call centre sector. This amount represents 60% of the total cost of EUR 5 578 950 of the envisaged measures.

As a reminder, the request for financial assistance from the EGF was submitted by Italy on 9 May 2017, following **1 646 redundancies in Almaviva Contact SpA**, whose activities are carried out in the economic sector under 'administrative and other business support activities' in the Lazio region.

Parliament noted the following points:

Reasons for the redundancies: the **economic crisis has increased the pressure on prices in the call centre sector**, boosting competition between service providers and decreasing overall profitability.

The redundancies are **directly linked to a 45 % revenue decline of Almaviva's centre in Rome between 2011 and 2016**. Unfortunately, it was not possible to find a workable solution to this decline, leading to the closure of the Rome work centre in late 2016. Members regretted that between 2009 and the first quarter of 2014, **one third of Italian companies** in the sector have ceased their activities.

Envisaged measures: the eight types of measures to be provided to redundant workers and for which EGF cofunding is requested consist of: (i) individual orientation including skills assessments, profiling of the participant workers and the design of the customised reintegration pathway, as well as the enrolment procedure; (ii) job search including intensive employment searches, including search for local and regional employment opportunities and job-matching; (iii) training, retraining and vocational training; (iv) re-employment voucher granting an amount to be spent in intensive job-search services; (v) support towards entrepreneurship; (vi) contribution to business start-up; (vii) reimbursement of the expenses for carers of dependent persons; (viii) reimbursement of mobility costs.

The income supports measures will be **17.4%** of the overall package of personalised measures, well below the maximum 35% set out in the Regulation.

Members welcomed the establishment of a **committee** constituted by the Ministry of Economic Development, Regione Lazio and trade unions to define the strategy and interventions in support of former Almaviva workers as well as to draw up the coordinated package of personalised services. They stressed the importance of fully evaluating the effectiveness of the use of **reemployment vouchers** once sufficient time has passed for data to be available.

Beneficiaries: Parliament noted that of the 1 646 redundant workers eligible for a contribution from the Fund, **1 610 redundant workers should participate in the measures**. It also noted that **79% of targeted beneficiaries were women** and that the vast majority of them were between 30 and 55 years old. In this context, it welcomed the inclusion of an estimated EUR 680 000 for the reimbursement of expenses for carers of dependent persons.

On a general level, Parliament noted that workers of the call centre sector should be more protected, which implies in particular avoiding moving staff from one centre to another, which is used as a particular strategy to force massive layoffs.

It commended the commitment of the Italian government to **defining a new legal framework** for telecommunications workers in order to avoid similar cases in the future.

Lastly, it called on the Commission to urge national authorities to **provide more details in future proposals on the sectors which have growth prospects** and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding.