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THE EUROPEAN COMMISSION

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2010/0003 (NLE)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund

EXPLANATORY MEMORANDUM

The Interinstitutional Agreement of 17 May 2006¹ 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. Eligibility rules applicable to the contributions from the Fund are laid down in Regulation EC N° 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund (EGF)². This Regulation has been last amended by Regulation (EC) N° 546/2009³ which temporarily broadens the scope for application of EGF and modifies the eligibility criteria. The amended Regulation is applicable for applications received from 1 May 2009.

The Commission services have carried out a thorough examination of the application submitted by Lithuania in accordance with Regulation (EC) N° 1927/2006 and in particular with Articles 1, 2, 3, 4, 5 and 6 thereof.

Case EGF/2009/010 LT/Snaigė

1. Lithuania submitted the application to the Commission on 23 July 2009. It was based upon the specific intervention criteria Article 2(c) of Regulation (EC) No 1927/2006 which allows applicants to derogate from the requirements of Articles 2(a) and 2(b) in small labour markets or in exceptional circumstances when redundancies have a serious impact on employment and the local economy. Lithuania has specified that its application seeks to derogate from Article 2(a), where the normal threshold is at least 500 redundancies over a 4-month period. The redundancies in AB Snaigė took place in two major waves, peaking in November 2008 and February-March 2009, and there was no single four-month period that captured at least 500 redundancies, even though the total redundancies exceeded that figure by adding around six weeks to the reference period. The application was submitted within the deadline of 10 weeks referred to Article 5 of that Regulation.
2. The application concerns 651 redundancies of whom 480 are targeted for EGF assistance.
3. The detailed elements of the assessment are to be found in the Communication adopted by the Commission⁴.

On the basis of the conclusions of the above mentioned communication, it is proposed to accept application EGF/2009/010 LT/Snaigė submitted by Lithuania relating to the redundancies in AB Snaigė and two of its suppliers, as evidence of a direct and demonstrable link has been provided that these redundancies result from the global financial and economic crisis. A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 258 163** (see next page).

Financing

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406 of 30.12.2006, p. 1.

³ OJ L 167 of 29.06.2009, p. 26.

⁴ SEC(2009)1620 of 30/11/2009

The total annual budget available for the EGF is EUR 500 million. The Commission's proposed allocation under the Fund is based on the information made available by Lithuania.

On the basis of the application for support from the Fund submitted by Lithuania and in which AB Snaigė and two of its suppliers are affected, the contribution from EGF to the coordinated packages of personalised services to be funded is of EUR 258 163, representing 65 % of the total cost.

Considering the maximum possible amount of a contribution from the Fund established in accordance with Article 10 of Regulation (EC) No 1927/2006 as well as the scope for reallocating appropriations, the Commission proposes to deploy the EGF for the total amount referred above, to be allocated under heading 1a of the financial framework.

The requested amount of support 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 deploy the Fund, the Commission initiates the simplified triologue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006, in view of securing the agreement of the two arms of the budgetary authority on the need to use the Fund 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 triologue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

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DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the functioning of the European Union,

Having regard to the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management⁵, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund⁶, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission⁷,

Whereas:

- (1) 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.
- (2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Lithuania submitted an application to mobilise the EGF, in respect of redundancies in AB Snaigė and two of its suppliers, on 23 July 2009. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006, therefore the Commission proposes to deploy an amount of EUR 258 163 .
- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Lithuania.

⁵ OJ C 139, 14.6.2006, p. 1.

⁶ OJ L 406, 30.12.2006, p. 1.

⁷ OJ C [...], [...], p. [...].

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2010, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of **EUR 258 163** in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President