EUROPEAN
COMMISSION

Brussels, 20.2.2013
COM(2013) 90 final

Proposal for a

DECISION 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/2012/023 IT/Antonio Merloni SpA from Italy)

EXPLANATORY MEMORANDUM

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[1] 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 rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund[2].

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.

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.

SUMMARY OF THE APPLICATION AND ANALYSIS

Key data:	
EGF Reference no.	EGF/2011/023
Member State	Italy
Article 2	(a)
Primary enterprise	Antonio Merloni SpA
Suppliers and downstream producers	0
Reference period	23.8.2011 – 23.12.2011
Starting date for the personalised services	29.3.2012
Application date	29.12.2011
Redundancies during the reference period	1 517
Redundancies before and after the reference period	0
Total eligible redundancies	1 517
Redundant workers targeted for support	1 517
Expenditure for personalised services (EUR)	7 451 972
Expenditure for implementing EGF[3] (EUR)	298 000
Expenditure for implementing EGF (%)	3,84
Total budget (EUR)	7 749 972
EGF contribution (65 %) (EUR)	5 037 482

1. The application was presented to the Commission on 29 December 2011 and supplemented by additional information up to 4 September 2012.

2. The application meets the conditions for deploying the EGF as set out in Article 2(a) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

---

1 OJ C 139, 14.6.2006, p. 1.
2 OJ L 406, 30.12.2006, p. 1.
3 In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

Link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis

3. 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[4] confirms the significant downturn in the manufacture of domestic appliances, mainly due to the decrease in exports in particular to the United States (-30,5 % in 2009 compared with 2008) and Japan (-11,40 % during the same period). 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.

Manufacture of domestic appliances - Industry production index
(percentage change compared with the previous year)

	2006	2007	2008	2009	2010
EU27	5,5	-3,1	-8,8	-17,6	1,2
Italy	4,0	-1,4	-13,8	-24,2	-6,3

Source: Eurostat

4. Output in Italy followed the same negative trend as the EU-27 average and the downturn for exports was higher than the EU-27 average. Exports to the United States fell by 44,59 % in 2009 compared with 2008 and to Japan by 29,87 %. In 2010 the downward trend continued for Italian domestic appliances.

5. 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. In 2007, with a turnover of almost EUR 900 million, Antonio Merloni faced debts and liabilities of about EUR 500 million. The downturn in production, which had been following the downward trend at European level, combined with the financial constraints, 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. A total of 2 217 workers were made redundant, of whom 700 were taken over by company QA Group SpA. This application therefore covers the 1 517 workers left jobless through the closure of Antonio Merloni SpA.

6. In its assessment on the application EGF/2009/010 LT/Snaigė the Commission has already stated the impact of the economic and financial crisis on the enterprises operating in the manufacture of domestic appliances.

[4] Eurostat, EU27 Trade since 1988 by SITC.

Demonstration of the number of redundancies and compliance with the criteria of Article 2(a)

7. 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.

8. 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.

Explanation of the unforeseen nature of those redundancies

9. The Italian authorities argue that the financial and economic crisis led to a sudden collapse of the world economy with an enormous impact on many sectors. The nature of the recession as far as the manufacture of domestic appliances is concerned, with a sudden tightening of conditions for access to financial credit and a dramatic slowdown in new orders, was unprecedented in recent times. As a result of the crisis, economic developments since 2008 have not been following the trends of previous years. The closure of Antonio Merloni SpA and the redundancies could not therefore have been foreseen or easily prevented.

Identification of the dismissing enterprises and workers targeted for assistance

10. The application relates to 1 517 redundancies in Antonio Merloni SpA. All of these workers are targeted for EGF co-funded measures.

11. The break-down of the targeted workers is as follows:

Category	Number	Percent
Men	1 063	70,07
Women	454	29,93
EU citizens	1 450	95,58
Non EU citizens	67	4,42
15-24 years old	0	0,00
25-54 years old	1 322	87,15
55-64 years old	193	12,72
> 64 years old	2	0,13

12. Of the targeted workers 71 are disabled or have longstanding health problems.

13. In terms of occupational categories, the break-down is as follows:

Category	Number	Percent
Senior officials and managers	8	0,53
Professionals	14	0,92
Technicians and associate professionals	23	1,52
Clerks	50	3,30
Craft and related trade workers	72	4,75

Plant and machine operators and assemblers	1 308	86,22
Elementary occupations	42	2,76

14. In accordance with Article 7 of Regulation (EC) No 1927/2006, Italy has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

Description of the territory concerned and its authorities and stakeholders

15. The territories concerned by the redundancies are the regions of Marche and Umbria and in particular the provinces of Ancona and Perugia, where the production plants of Antonio Merloni SpA were located.

16. As a consequence of the global economic and financial crisis, the number of businesses active in both provinces has declined. There has been also a progressive tertiarisation leading to the contraction of agriculture, trade and industry. In Ancona agricultural enterprises decreased by 1,2 %, and now account for 18,8 % of the total number of active businesses. The manufacturing sector has remained fairly stable, while the number of firms in the trade sector has experienced a slight increase (+0,3 %) and now represents 26,4 % of the total number of businesses in the province. This share is, however, lower than the national average (27,2 %). All these figures refer to 2010 compared with the previous year. In Perugia during the same period, the number of agricultural enterprises decreased by 0,9 %, but still accounts for 22,6 % of the total active businesses in the province. The manufacturing sector also slightly decreased (-0,6 %), while firms in the trade sector increased (+1,1 %) and now represent 23,4 % of the total businesses. However, as it is the case for Ancona, the share of trade businesses as a percentage of all businesses in the province (23,4 %) is lower than the national average.

17. The main stakeholders are the Regione Umbria and Regione Marche and in particular the Perugia and Ancona public authorities, as well as the following trade unions: FIM-CISL[5], FIOM-CGIL[6], UILM-UIL[7], UGL metalmeccanici[8] and RSU[9].

Expected impact of the redundancies as regards local, regional or national employment

18. In the pre-crisis years, both Ancona and Perugia provinces had an unemployment rate lower than the national average. In 2009 unemployment increased by 40 % compared with the previous year while in 2010 the unemployment rate remained stable in Perugia and decreased in Ancona mainly due to the fall in the activity rate rather than an increase in employment. In 2009 compared with the previous year, the regional GDP decreased by about 3 % and the turnover of industry contracted by 14,6 % in Marche and by 16,4 % in Umbria. This contraction resulted in an increase

---

5 Federazione Italiana Metalmeccanici – Confederazione Italiana Sindacato Lavoratori.
6 Federazione Impiegati e Operai Metallurgici.
7 Unione Italiana lavoratori Metalmeccanici – Confederazione General Italiana del Lavoro.
8 Unione Generale del Lavoro Metalmeccanici.
9 Rappresentanza Sindacale Unitaria.

in hours of CIG[10] in manufacturing sectors by 368 % in Marche and by 444 % in Umbria. The 1 517 redundancies of Antonio Merloni SpA covered by this application further aggravated the situation.

Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds

19. All the following measures combine to form a co-ordinated package of personalised services aimed at re-integrating the workers into the labour market:

– Occupational guidance: A series of structured interviews and targeted instruments such as skills analysis and employability profile to identify areas where workers can improve their skills and be supported in defining their occupational objectives.

– Job-search assistance: This includes the development of a personalised strategy of self-promotion and job-search actions. Workers are helped to apply for jobs with interested firms and are supported through the selection process and, if necessary, with specific training to help them take up job offers with the relevant firms.

– Entrepreneurship promotion: Coaching support for redundant workers with entrepreneurial ideas in planning new business activities.

– Vocational training and skills upgrade: The redundant workers receive a training voucher of an average value of EUR 1 300 to spend on their training pathway. The voucher can be spent in a qualified training institution or in a firm where the redundant worker is being re-trained after being hired or in a firm providing on-the-job training. The voucher is strictly linked to each worker's agreed pathway of reintegration.

– Guidance for over 50-year-olds: This is intended to provide specific support to workers aged over 50 years, to encourage them to remain in the labour market.

– Job-search allowance: For each day they participate in the EGF measures, the workers will receive an allowance equivalent to one day of the Italian subsistence allowance 'CIGS'.

– Hiring benefit: This payment benefits the redundant workers by facilitating their re-employment under permanent contracts in a different company. The relatively large amount of EUR 5 000 per worker, paid to the new employer towards the recruitment of the most disadvantaged and poorly educated workers, reflects the investment required by the new employer in re-training them and preparing them for their new tasks.

[10] CIG is a scheme under Italian law, consisting of a financial benefit paid by Istituto Nazionale della Previdenza Sociale-INPS (National Institute of the Social Security) in favor of workers suspended from undertaking the work performance or working reduced hours.

– Contribution to commuting expenses: The workers participating in the measures will receive up to EUR 300 as a contribution to their travel expenses when they have to commute for a distance longer than 25 km to the town where the measures take place.

– Contribution to the expenses for change of residence: Those workers who accept a job involving a change of residence will receive a mobility allowance of EUR 5 000 to cover the necessary expenditure. The allowance shall be paid as a one-off contribution upon presentation of proof of the expenditure incurred.

20. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, management and control activities as well as information and publicity.

21. The personalised services presented by the Italian authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Italian authorities estimate the total costs at EUR 7 749 972, of which the expenditure for personalised services at EUR 7 451 972 and the expenditure for implementing the EGF at EUR 298 000 (3,84 % of the total amount). The total contribution requested from the EGF is EUR 5 037 482 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national cofinancing) (EUR)
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Occupational guidance (*Orientamento professionale)*	1 517	36	54 612
Job-search assistance (*Assistenza alla ricerca attiva)*	1 517	180	273 060
Entrepreneurship promotion (*Assistenza all'autoimprenditorialità)*	280	240	67 200
Vocational training and skills upgrade (*Voucher formativo)*	1 011	1 300	1 314 300
Guidance for over-50s (*Misure spechifiche di stimolo per lavoratori muri)*	280	210	58 800
Job-search allowance (*Indennita per la ricerca attiva)*	1 517	2 000	3 034 000
Hiring benefit (*Bonus assunzionali)*	400	5 000	2 000 000

Contribution to commuting expenses (*Contributo per la mobilità formativa)*	500	300	150 000
Contribution to the expenses for change of residence (*Bonus per la mobilità territoriale)*	100	5 000	500 000
Sub total personalised services			**7 451 972**
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			30 000
Management			125 000
Information and publicity			36 000
Control activities			107 000
Sub total expenditure for implementing EGF			**298 000**
Total estimated costs			**7 749 972**
EGF contribution (65 % of total costs)			***5 037 482***

22. Italy confirms that the measures described above are complementary with actions funded by the Structural Funds. According to the Italian authorities, the absence of double funding is ensured by a permanent coordination between the institutional actors responsible for planning and managing the financial resources of the Structural Funds and the EGF.

Date(s) on which the personalised services to the affected workers were started or are planned to start

23. Italy started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 29 March 2012. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

Procedures for consulting the social partners

24. The possibility of making use of the EGF support was incorporated into the '*Accordo di Programma*', an agreement signed in 2010 by the Ministry of Economic Development and Emilia Romagna, Marche and Umbria regions and subsequently agreed by the social partners. In November 2011 the social partners were consulted on the coordinated package of EGF co-financed measures. Furthermore the implementation of the EGF measures will be monitored by the '*Accordo di Programma'* coordination group.

25. The Italian authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

Information on actions that are mandatory by virtue of national law or pursuant to collective agreements

26. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Italian authorities in their application:

- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
- demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
- confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

Management and control systems

27. Italy has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the ESF. The regions of Marche and Umbria will be the intermediate bodies for the managing authority.

Financing

28. 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.

29. 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 referred to above, to be allocated under heading 1a of the financial framework.

30. 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.

31. 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.

32. The Commission presents separately a transfer request in order to enter in the 2013 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Source of payment appropriations

33. Appropriations from the EGF budget line will be used to cover the amount of EUR 5 037 482 needed for the present application.

Proposal for a

DECISION 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/2012/023 IT/Antonio Merloni SpA from Italy)

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 Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management[11], 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 Fund[12], and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission[13],

Whereas:

(1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation 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 30 December 2011 to include support for workers made redundant as a direct 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) Italy submitted an application to mobilise the EGF, in respect of redundancies in the enterprise Antonio Merloni SpA, on 29 December 2011 and supplemented it by additional information up to 4 September 2012. This application complies with the

11 OJ C 139, 14.6.2006, p. 1.
12 OJ L 406, 30.12.2006, p. 1.
13 OJ C […], […], p. […].

requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 5 037 482.

(5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Italy,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2013, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 5 037 482 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President