THE EUROPEAN COMMISSION

Brussels, 19.2.2010
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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund for

EGF/2009/016 LT/Manufacture of furniture submitted by Lithuania

EXPLANATORY MEMORANDUM

The Interinstitutional Agreement of 17 May 2006[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. 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° 546/2009[3] 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/2009/016 LT/Manufacture of furniture

1. Lithuania submitted the application to the Commission on 23 September 2009 and supplemented by additional information received on 16 October 2009. It was based upon the specific intervention criteria Article 2(b) of Regulation (EC) No 1927/2006 which requires at least 500 redundancies to occur within a nine-month period of reference in a NACE 2 division in one region or two contiguous regions at NUTS II level, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

2. The application concerns 1 469 redundancies in 49 enterprises, all operating in the NACE Revision 2 Division 31 (manufacture of furniture), of whom 636 are targeted for EGF assistance.

3. The detailed elements of the assessment are to be found in the Communication adopted by the Commission [4].

On the basis of the conclusions of the above mentioned communication, it is proposed to accept application Case EGF/2009/016 LT/Manufacture of furniture submitted by Lithuania relating to the redundancies in the furniture manufacturing sector, 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 662 088** (see next page).

Financing

The total annual budget available for the EGF is EUR 500 million.
An amount of EUR 7 576 397 has already been mobilised for prior applications in 2010 leaving an amount of EUR 492 423 603 available. The Commission's proposed allocation under the Fund is based on the information made available by the applicant.

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1 OJ C 139, 14.6.2006, p. 1.
2 OJ L 406 of 30.12.2006, p. 1.
3 OJ L 167of 29.06.2009, p. 26.
4 SEC(2010) 53 of 26.1.2010

On the basis of the application for support from the Fund submitted by Lithuania and in which the furniture manufacturing sector is affected, the contribution from EGF to the coordinated package of personalised services to be funded is of EUR 662 088, 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 trialogue 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 trialogue 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.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund

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 management[5], 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[6], and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission[7],

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 the furniture manufacturing sector, on 23 September 2009 and supplemented by additional information received on 16 October 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 662 088**.**

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

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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 662 088** 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	*For the Council*
The President	*The President*