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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	Proposal for a Decision 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

Delegations will find attached document COM(2017) 496 final.

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Brussels, 26.9.2017
COM(2017) 496 final

Proposal for a

DECISION 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**

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

1. 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 of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹ (the ‘EGF Regulation’).
2. On 9 May 2017, Italy submitted an application EGF/2017/004 IT/Almaviva for a financial contribution from the EGF, following redundancies² in Almaviva Contact SpA in Italy.
3. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

SUMMARY OF THE APPLICATION

EGF application	EGF/2017/004 IT/Almaviva
Member State	Italy
Region(s) concerned (NUTS ³ level 2)	Lazio (ITI4)
Date of submission of the application	9 May 2017
Date of acknowledgement of receipt of the application	9 May 2017
Date of request for additional information	23 May 2017
Deadline for provision of the additional information	4 July 2017
Deadline for the completion of the assessment	26 September 2017
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	Almaviva Contact Spa
Number of enterprises concerned	1
Sector(s) of economic activity (NACE Revision 2 Division) ⁴	Division 82 (Office administrative, office support and other business support activities)
Reference period (four months):	30 December 2016 – 30 April 2017

¹ OJ L 347, 20.12.2013, p. 855.

² Within the meaning of Article 3 of the EGF Regulation.

³ Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

⁴ OJ L 393, 30.12.2006, p. 1.

Number of redundancies during the reference period (a)	1 610
Number of redundancies before or after the reference period (b)	36
Total number of redundancies (a + b)	1 646
Total number of eligible beneficiaries	1 646
Total number of targeted beneficiaries	1 610
Budget for personalised services (EUR)	5 355 950
Budget for implementing EGF ⁵ (EUR)	223 000
Total budget (EUR)	5 578 950
EGF contribution (60 %) (EUR)	3 347 370

ASSESSMENT OF THE APPLICATION

Procedure

- Italy submitted application EGF/2017/004 IT/Almaviva within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met, on 9 May 2017. The Commission acknowledged receipt of the application the same date and requested additional information from Italy on 23 May 2017. Such additional information was provided within six weeks. 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.

Eligibility of the application

Enterprises and beneficiaries concerned

- The application relates to 1 646 workers made redundant in Almaviva Contact Spa. The enterprise operates in the economic sector classified under the NACE Revision 2 Division 82 (Office administrative, office support and other business support activities). The redundancies are located in the NUTS level 2 region of Lazio (IT14).

Intervention criteria

- 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 610⁶ workers made redundant in

⁵ In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

Almaviva.

Calculation of redundancies and of cessation of activity

9. The 1 610 redundancies during the reference period have been calculated as from the date of the de facto termination of the contract of employment or its expiry.

Eligible beneficiaries

10. In addition to the workers already referred to, the eligible beneficiaries include 36 workers made redundant after the reference period of four months. A clear causal link can be established with the event which triggered the redundancies during the reference period⁷.

11. The total number of eligible beneficiaries is therefore 1 646.

Link between the redundancies and the global financial and economic crisis addressed in Regulation (EC) No 546/2009

12. In order to establish the link between the redundancies and the global financial and economic crisis addressed in Regulation (EC) No 546/2009, Italy, citing a study of the Italian parliament on work relationships at call centers in Italy⁸, argues 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 restrictions imposed by the crisis and the need to rationalize expenditures for the acquisition of goods and services have often led to the award of contracts on the basis of maximum price reductions. This had a direct impact on the turnover of the service providers which has been declining over the period 2011-2016. The call center sector, confirming its reputation for low profitability, saw a falling gross operating margin (from 5,7 % in 2013 to 3,8% in 2014)⁹. Over the same period its return on equity also worsened, from 9,4 % to -6,3 %¹⁰.
13. Most of the jobs in the call center sector are in enterprises which act on behalf of third parties (enterprises or public administrations). Therefore, these jobs are extremely exposed to fluctuations in the demand for call center services and to the competition among services providers. Furthermore, one of the peculiarities of the call center sector is that the overwhelming majority of production costs (between 70 and 80 percent of total costs¹¹) are the costs of the labor force providing the service.

⁶ Over the reference period 1 627 workers were made redundant by Almaviva SpA. However, later on, 17 were offered a position in another work centre of the same enterprise. These 17 workers are not counted as redundant for the purpose of this application.

⁷ This refers to workers affected by the ban on dismissal (art. 54 of Decreto Legislativo 151/2001) which will be made redundant at the end of the protection period.

[https://www.cliclavoro.gov.it/Normative/Decreto Legislativo 26 marzo 2001 n.151.pdf](https://www.cliclavoro.gov.it/Normative/Decreto%20Legislativo%2026%20marzo%202001%20n.151.pdf)

⁸ Work relationships at call centres in Italy.

<http://www.camera.it/leg17/824?tipo=C&anno=2014&mese=12&giorno=11&view=&commissione=11&pagina=#>

⁹ Asso contact –Assoiazione nazionale dei contact center in outsourcing. Annual meeting 2016 http://www.assocontact.it/Documenti/VERBALI_ASSEMBLEE/02-Presentazione-Urbano-Granata_DATABANK-CERVED.pdf

¹⁰ Ibid..

¹¹ Work relationships at call centres in Italy. Op. cit.

14. 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 center sector have been either relocation to countries with cheaper labor costs, interventions on the cost of labor or closure. During the period 2009-2014Q1 a third of the enterprises in the sector ceased activity, a large majority of these through insolvency proceedings¹².
15. To date, the Office administrative, office support and other business support activities sector — to which the call-center activities belong — has been the subject of two EGF applications, one based on trade related globalisation¹³ and the current application based on the global financial and economic crisis.

Events giving rise to the redundancies and cessation of activity

16. The events giving rise to these redundancies are revenue decline, which fell by more than 45 % in Almoviva's work center in Rome in 2015 compared to 2011; coupled with the negative outcome of the negotiation with the RSU¹⁴ in 2016 and its rejection of the plan to align the labour cost in Almoviva-Rome with other Almoviva's work centers in Italy, which included the temporary reduction of labour costs and increase of efficiency and productivity; this resulting in the closure of the Rome work center and 1 646 redundancies.

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

17. The redundancies in Almoviva occurred in a regional and local context (Lazio and Rome), where mass layoffs — as in this case of more than 1,600 people and mostly women — will impoverish the regional and local economy. Furthermore, the layoffs occurred in an economic context which is slowly recovering vitality, especially in the last two years (2014-2016), after the great difficulties resulting from the economic and financial crisis. This recovery is at risk of being stopped or interrupted as a result of mass redundancies resulting either from off-shoring to non-EU countries or from other factors such as in this case downturn in bidding prices, compression of the price of services, etc. Thus, making available active labour market actions and services, such as those co-financed by the EGF, will be of great importance to better accompany the reintegration into employment of the workers.

Targeted beneficiaries and proposed actions

Targeted beneficiaries

18. The estimated number of redundant workers expected to participate in the measures is 1 610. The breakdown of these workers by sex, citizenship and age group is as follows:

Category	Number of targeted beneficiaries
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¹² Work relationships at call centres in Italy. Op. cit.

¹³ EGF/2012/001 IE Talk Talk Broadband Services Ltd. COM(2012) 423.

¹⁴ The unified trade union representation in Italy (abbreviation RSU) is a collective body representative of all workers employed in the same public or private body, regardless of their union membership.

Sex:	Men:	334	(20,7 %)
	Women:	1 276	(79,3 %)
Citizenship:	EU citizens:	1 568	(97,4 %)
	non-EU citizens:	42	(2,6 %)
Age group:	15-24 years:	0	(0,0 %)
	25-29 years:	4	(0,2 %)
	30-54 years:	1 371	(85,2 %)
	55-64 years:	223	(13,9 %)
	over 64 years:	12	(0,7 %)

Eligibility of the proposed actions

19. The personalised services to be provided to redundant workers consist of the following actions:

Actions for which EGF cofunding is requested:

- Individual orientation: This includes skill assessment, profiling of the participant workers and the design of the customised reintegration pathway. as well as the enrolment procedure.
- Job search. This will involve an intensive employment search, including search for local and regional employment opportunities and job-matching.
- Training, retraining and vocational training. The participants will be offered vocational training aimed at the requalification or the upskilling of the workers to cater for the job opportunities identified during the intensive employment search.
- Reemployment voucher granting an amount to be spent in intensive job-search services at accredited providers (public or private). Reflecting the employability of the worker, the value of the voucher can vary between 500 and 5 000 euros. Service providers will be remunerated on the basis of the employability of the worker and the type of contract concluded, ranging from EUR 500 to 2 500 for fixed term contract of at least six months and from EUR 1 000 to 5 000 for permanent contracts. Whenever it has not been possible to find a solution for the redundant worker, the service provider will receive a fixed amount (fee for services) per participant. The fee for services cannot exceed EUR 106,5.
- Support towards entrepreneurship. A wide array of supports will be made available to redundant workers who are considering starting their own businesses.
- Contribution to business start-up. Workers who start their own businesses will receive up to EUR 15 000 to cover setting-up costs, investment in assets and current expenditure.
- The reimbursement of the expenses for carers of dependent persons up to

EUR 1 700 is foreseen. This aims to cover the additional costs faced by the participants with caring responsibilities (children, elderly, disabled persons, etc.), in order to avail themselves of training or other measures.

- Reimbursement of mobility costs. To support the geographical mobility of the workers in the case of reemployment in an enterprise at 80 km or more from the place of residence of the worker, a reimbursement of the initial accommodation and transport costs up to EUR 5 000 is foreseen.

Actions to be financed either by the ESF or only with national funds which complement the EGF co-funded services:

- Intake: Informative session on available services, orientation towards reintegration into employment, making also available specific active search tools. This is the first measure and will be provided to all participants.
- Specific orientation for workers over 60 years, including promotion of services of social utility and accompaniment towards retirement.
- Hiring benefits¹⁵. The enterprises recruiting former workers of Almagora will receive up to EUR 8 000 for full-time permanent contract. The benefits will be pro-rata for part-time permanent contracts.

20. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.
21. Italy has provided the required information on actions that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. They have confirmed that a financial contribution from the EGF will not replace such actions.

Estimated budget

22. 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.
23. The total financial contribution requested from the EGF is EUR 3 347 370 (60 % of total costs).

¹⁵ Action within the regional operational programme Lazio FSE 2014-2020.

Actions	Estimated number of participants	Estimated cost per participant (EUR) ¹⁶	Estimated total costs (EUR) ¹⁷
Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)			
Individual orientation (<i>Servizio di orientamento individuale</i>)	1 610	70	112 700
Job search (<i>Scouting de la domanda</i>)	650	105	68 250
Training, retraining and vocational training (<i>Formazione e riqualificazione professionale</i>)	750	533	400 000
Reemployment voucher (<i>Assegno di ricollocazione</i>)	1 360	1 379	1 875 000
Support towards entrepreneurship (<i>Servizio di supporto all'auto-impiego</i>)	110	2 909	320 000
Contribution to business start-up (<i>Incentivo per l'avvio di nuove imprese</i>)	110	15 000	1 650 000
Sub-total (a):			4 425 950
Percentage of the package of personalised services		–	(82,6 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
Reimbursement of the expenses for carers of dependent persons (<i>Misure di conciliazione</i>)	400	1 700	680 000
Reimbursement of mobility costs (<i>Indennità per la mobilità territoriale</i>)	50	5 000	250 000
Sub-total (b):			930 000
Percentage of the package of personalised services:		–	(17,4 %)
Actions under Article 7(4) of the EGF Regulation			
1. Preparatory activities		–	15 000
2. Management		–	115 000
3. Information and publicity		–	40 500
4. Control and reporting		–	52 500
Sub-total (c):			223 000
Percentage of the total costs :		–	(4,0 %)
Total costs (a + b + c):		–	5 578 950

¹⁶ To avoid decimals, the estimated costs per worker have been rounded. However the rounding has no impact on the total cost of each measure which remains as in the application submitted by Italy.

¹⁷ Totals do not tally due to rounding.

EGF contribution (60 % of total costs)	–	3 347 370
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24. The costs of the actions identified in the table above as actions under Article 7(1)(b) of the EGF Regulation do not exceed 35 % of the total costs for the coordinated package of personalised services. Italy confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.
25. Italy confirmed that the costs of investments for self-employment, business start-ups and employee take-overs will not exceed EUR 15 000 per beneficiary.

Period of eligibility of expenditure

26. Italy started providing the personalised services to the targeted beneficiaries on 6 April 2017¹⁸. The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 6 April 2017 to 9 May 2019.
27. Italy started incurring the administrative expenditure to implement the EGF on 1 March 2017. The expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 1 March 2017 to 9 November 2019.

Complementarity with actions funded by national or Union funds

28. The sources of national pre-financing or co-funding are regional resources provided by the Legislative Decree no. 2017/185 (24.9.2016) and the Fund for Vocational Training managed by ANPAL¹⁹.
29. Italy has confirmed that the measures described above receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments. Hiring benefits, which is an action within the regional operational programme Lazio FSE 2014-2020, complements the EGF package of measures, but it is not part of it.

Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities

30. Italy has indicated that a committee (constituted by the Ministry of economic development (MiSE)²⁰, ANPAL, Regione Lazio and trade unions) was set up to define the strategy and interventions in support of former Almagora workers. The first consultations date back to 16 January 2017 (Regione Lazio authorities and trade unions). In subsequent meetings, and in particular in the meeting of 7 February 2017, the co-ordinated package of personalised services was drawn up.

Management and control systems

31. The application contains a description of the management and control system which specifies the responsibilities of the bodies involved. Italy has notified the Commission that the financial contribution will be managed by ANPAL as follows:

¹⁸ Intake sessions, which is an action without any request for EGF co-funding started on 9 March 2017; whilst individual orientation (an EGF co-funded action) started on 6 April 2017.

¹⁹ Agenzia Nazionale per le Politiche Attive del Lavoro (ANPAL).

²⁰ Ministero dello Sviluppo Economico (MiSE)

ANPAL — Divisione IV will act as managing authority and ANPAL — Divisione VI as certification authority. The Ministero del lavoro e delle politiche sociali-MLPS — Secretariato Generale — Divisione II will act as audit authority. Regione Lazio will be the intermediate body for the managing authority.

Commitments provided by the Member State concerned

32. Italy has provided all necessary assurances regarding the following:
- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation,
 - the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
 - Almviva Contact Spa which has continued its activities after the lay-offs, has complied with its legal obligations governing the redundancies and provided for workers accordingly,
 - the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented,
 - the proposed actions will be complementary with actions funded by the Structural Funds,
 - the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

BUDGETARY IMPLICATION

Budgetary proposal

33. The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020²¹.
34. Having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and 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.
35. 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 management²².

²¹ OJ L 347, 20.12.2013, p. 884.

²² OJ C 373, 20.12.2013, p. 1.

Related acts

36. 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 amount of EUR 3 347 370.
37. At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

Proposal for a

DECISION 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

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 Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006²³, and in particular Article 15(4) thereof,

Having regard to 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 management²⁴, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) aims to provide 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, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.
- (2) The EGF is not to exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013²⁵.
- (3) On 9 May 2017, Italy submitted an application to mobilise the EGF, in respect of redundancies in Almaviva Contact SpA in Italy. It was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. That application complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 3 347 370 in respect of the application submitted by Italy.

²³ OJ L 347, 20.12.2013, p. 855.

²⁴ OJ C 373, 20.12.2013, p. 1.

²⁵ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

- (5) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2017, the European Globalisation Adjustment Fund shall be mobilised to provide the amount of EUR 3 347 370 in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from *[the date of its adoption]**

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

* *Date to be inserted by the Parliament before the publication in OJ.*