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## PROPOSAL

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	16 February 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 61 final
Subject:	Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from Sweden – EGF/2015/009 SE/Volvo Trucks)

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Delegations will find attached document COM(2016) 61 final.

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Encl.: COM(2016) 61 final



Brussels, 16.2.2016  
COM(2016) 61 final

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund  
(application from Sweden – EGF/2015/009 SE/Volvo Trucks)**

## 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 1927/2006<sup>1</sup> (the ‘EGF Regulation’).
2. On 16 September 2015, Sweden submitted application EGF/2015/009 SE/Volvo Trucks for a financial contribution from the EGF, following redundancies<sup>2</sup> in Volvo Group Truck Operation, EMEA and four suppliers and downstream producers in Sweden.
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/2015/009 SE/Volvo Trucks
Member State	Sweden
Region(s) concerned (NUTS <sup>3</sup> level 2)	SE33 (Upper Norrland)
Date of submission of the application	16 September 2015
Date of acknowledgement of receipt of the application	16 September 2015
Date of request for additional information	30 September 2015
Deadline for provision of the additional information	11 November 2015
Deadline for the completion of the assessment	3 February 2016
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	Volvo Group Truck Operation EMEA
Number of enterprises concerned	5
Sector(s) of economic activity (NACE Revision 2 Division) <sup>4</sup>	Division 29 (Manufacture of motor vehicles, trailers and semi-trailers)

<sup>1</sup> OJ L 347, 20.12.2013, p. 855.

<sup>2</sup> Within the meaning of Article 3 of the EGF Regulation.

<sup>3</sup> 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).

<sup>4</sup> OJ L 393, 30.12.2006, p. 1.

Number of subsidiaries, suppliers and downstream producers	4
Reference period (four months):	24 February 2015 - 24 June 2015
Number of redundancies during the reference period (a)	647
Number of redundancies before or after the reference period (b)	0
Total number of redundancies (a + b)	647
Total number of eligible beneficiaries	647
Total number of targeted beneficiaries	500
Number of targeted young persons not in employment, education or training (NEETs)	0
Budget for personalised services (EUR)	2 869 938
Budget for implementing EGF <sup>5</sup> (EUR)	119 580
Total budget (EUR)	2 989 518
EGF contribution (60 %) (EUR)	1 793 710

## ASSESSMENT OF THE APPLICATION

### Procedure

4. Sweden submitted application EGF/2015/009 SE/Volvo Trucks on 16 September 2015, within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met. The Commission acknowledged receipt of the application on 16 September 2015 and requested additional information from Sweden on 30 September 2015, within two weeks of the date of submission of the application. Such additional information was provided within six weeks of the request. 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 3 February 2016.
5. The Commission was exceptionally unable to comply with this deadline. The explanation, in accordance with Article 8(4) of Regulation 1309/2013, is that, there was an exceptional shortage of expert staff in the period during which the Commission prepared its proposal.

### Eligibility of the application

#### *Enterprises and beneficiaries concerned*

6. The application relates to 470 workers made redundant in Volvo Trucks and 177 in 4 suppliers and downstream producers. The primary enterprise operates in the economic sector classified under the NACE Revision 2 Division 29 (Manufacture of

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

motor vehicles, trailers and semi-trailers). The redundancies made by the primary enterprise are mainly located in the NUTS level 2 region of SE33 (Upper Norrland).

<b>Enterprises and number of dismissals within the reference period</b>			
Volvo Group Truck Operation EMEA	470	Caverion	6
IL Logistics AB	24	Isringhausen	57
Lernia	90		
<b>Total no. of enterprises: 5</b>		<b>Total no. of dismissals: 647</b>	
<b>Total no. of self-employed persons whose activity has ceased:</b>		<b>0</b>	
<b>Total no. of eligible workers and self-employed persons:</b>		<b>647</b>	

#### *Intervention criteria*

7. Sweden submitted the application under the intervention criteria of Article 4(1)(a), 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.
8. The reference period of four months for the application runs from 24 February 2015 to 24 June 2015.
9. The redundancies during the reference period are as follows:
  - 470 workers made redundant in Volvo Trucks, and
  - 177 workers made redundant in 4 suppliers and downstream producers of Volvo Trucks.

#### *Calculation of redundancies and of cessation of activity*

10. The redundancies during the reference period have been calculated as follows:
  - 647 from the date of the de facto termination of the contract of employment or its expiry.

#### *Eligible beneficiaries*

11. The total number of eligible beneficiaries is therefore 647.

#### *Link between the redundancies and major structural changes in world trade patterns due to globalisation*

12. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Sweden argues that the manufacture of commercial vehicles, a relatively small segment within the large automotive industry, is no longer dominated by European and North American manufacturers. While the manufacturers based in the Triad markets (North America excluding Mexico, Europe and Japan) are the undoubted technology leaders, the newly emerging Asian truck manufacturers in China and India have gained access to new technology from joint ventures with established market leaders in the West.

13. China is now the leader in the global production of commercial vehicles with a share of 34,1 %. In 2014, the US remained the second largest manufacturer of commercial vehicles (2.8 million units), accounting for 15% of the world share. The EU ranked third, with almost 2.2 million units produced, 12.1% of the world total. The US, the EU and China together account for more than 60% of total world commercial vehicle production. Global production of commercial vehicles remained stable in 2014 (-1%), registering more than 18 million units, with an increase in the Triad markets. Production of commercial vehicles in the EU grew thanks to the light commercial vehicle segment which, with its 1,8 million units, represented almost 82% of total commercial vehicle production. The heavy truck production segment within the commercial vehicles market however registered a negative trend compared to 2013 <sup>6</sup>.
14. A serious shift in EU trade was recorded in 2014 with EU manufacturers' exports declining and an increase in the import of vehicles. In 2014, EU commercial vehicle exports showed a decline by EUR 3.9 billion in light commercial vehicles (-12.5%) and EUR 6.3 billion in heavy commercial vehicles, buses and coaches (-10 %) <sup>7</sup>. This led to an overall decline in EU exports (-11 %). Total commercial vehicle imports into the European Union increased (+10.7 %) <sup>7</sup>. More than half of EU commercial vehicle imports came from Turkey (+2.4 %), with China in second place (+2.4 %). A significant increase in imports from the US (+9.3%) and, even more so, Thailand (+51.7 %) has been observed <sup>7</sup>. As a result of the trend illustrated by the figures above, the EU trade balance for commercial vehicles, while still positive, is 25 % lower than the previous year.
15. A number of Asian producers have emerged as formidable players and while they are essentially supplying their domestic markets, they are also developing the technology to compete on the world stage. In order to be able to compete in the truck sector, European manufacturers will have to increase efficiency at production facilities in the mature markets. The Volvo strategy <sup>8</sup> clearly illustrates a response to these trends, with Volvo launching optimisation and cost saving measures while at the same time investing aggressively in Asia, as seen in the 2013 agreement with the Chinese manufacturer Dongfeng Motor Group Company Limited, (DFG) which led to the acquisition of 45 % of the DFG subsidiary, Dongfeng Commercial Vehicles <sup>8</sup>.
16. In line with the recent figures above, the non-EU manufacturers of commercial vehicles and the suppliers of Original Equipment Manufacturers (OEM) are becoming increasingly sophisticated and able to target the European market with their exports.
17. Consultancy company Deloitte suggests <sup>9</sup> that the low-cost segments of the truck market are now gradually building capacity and entering the higher standard segments, in many cases by committing to joint ventures with Triad market manufacturers and/or key suppliers. Structural changes are needed to keep profitability in the European truck market.
18. In the past few years we have seen the industry consolidate and adjust its manufacturing footprint on a global scale to bring it more into line with reduced

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<sup>6</sup> Economic and Market ACEA outlook report, ACEA (March 2015)

<sup>7</sup> Eurostat, last available data in ACEA outlook report, ACEA (March 2015)

<sup>8</sup> Volvo annual report 2014 p.2 : [www.volvogroup.com](http://www.volvogroup.com) (2014)

<sup>9</sup> "Truck market 2024, Sustainable Growth in Global Market" Deloitte (2014)

demand around the world. The acquisition of Scania by MAN and Volkswagen Commercial Vehicles is one of the latest examples of efforts to create a leading commercial vehicles group. As IBM Institute for Business Values states<sup>10</sup>: "structural changes are a given reality for today's truck industry, which faces fundamental shifts to business models".

19. The truck industry, subject to heavy regulation and strongly cyclical markets, has found it difficult to embrace major transformation and the need to adjust. Thus, globalisation is among the top external forces impacting the truck industry today. According to the ACEA report<sup>6</sup>, the truck industry has become ever more 'global' in recent decades, as various developments in this industry are related and influenced by globalisation. This development will increase competition, as it is commonly expected that emerging markets' OEMs will enter the Western markets by 2030, leading to greater price pressure. The Western OEMs will counterbalance the stagnation on their markets by more co-operation to reduce investment costs, to grow and eliminate risks of new competitors.
20. Price Waterhouse Cooper (PwC) in a report<sup>11</sup> shows that development of low-budget trucks will require a shift in operating models. This shift might lead to the outsourcing of production to growing emerging markets. Global competition has caused a continuous increase in the number of consolidations and co-operations or partnerships in recent decades. This trend is expected to continue, especially between Western OEMs and emerging market OEMs. In so doing, it is following the passenger car sector, which underwent a similar reshaping in the late 1990s. It is expected that by 2030, emerging market producers will have entered the Western markets, leading to higher price pressures.
21. There are some major trends that will affect and increase global competition within the commercial vehicle industry in coming years. Demographic change and increased urbanisation, regulatory issues such as tolls, taxes, barriers to trade through national legislation, environmental requirements, fuel efficiency, safety and security, etc. These are all factors that will drive up costs, in particular in development and R&D and will increase competition. EU manufacturers need to prepare for these events.
22. Already, by relocating parts of the international supply chains and the production of Triad market manufacturers, globalisation has been affecting job patterns and wages. The latest surveys by KPMG<sup>12</sup> by PwC<sup>11</sup> and by Tillväxtverket<sup>13</sup> all emphasise that it will no longer be sustainable to have high production costs in a situation of global competition.
23. The Swedish authorities therefore argue that the partial relocation of the Volvo Umeå department is driven by the need to increase efficiency and decrease cost to meet existing and expected global competition<sup>8</sup>.
24. To date, the Manufacture of motor vehicles, trailers and semi-trailers sector has been the subject of 22 EGF applications, including this one, 12 of which based on trade related globalisation and 10 on the global financial and economic crisis.

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<sup>10</sup> "Truck 2020 transcending turbulence", IBM Global Business Service (May 2015)

<sup>11</sup> "The truck industry in 2020", PwC (2014)

<sup>12</sup> "Competing in the global truck Industry", KPMG (2014)

<sup>13</sup> "Den globala fordonsindustrin 2010 ur ett svenskt perspektiv", Tillväxtverket

*Events giving rise to the redundancies and cessation of activity*

25. The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. Headquartered in Gothenburg, it employs about 100 000 people, has production facilities in 19 countries and sells its products in more than 190 markets.
26. Since 1999 Volvo Car Corporation is no longer part of Volvo Group, but Volvo Group and Volvo Cars still share the same brand name. A new company, Volvo Trademark Holding AB, was established 1999 to deal with brand matters for the two companies. Volvo Cars and Volvo Group remain separate entities but cooperate in research and development, and brand-related investments such as Volvo Ocean Race.
27. Volvo Group Truck Operations (GTO) encompasses all production of the Group's engines and transmissions as well as all production of Volvo, Renault, Mack and UD trucks. GTO also includes spare parts supplies to the Group's customers as well as logistics. In the past decade the Volvo Group's acquisition driven expansion, including such acquisitions as Renault Trucks, Mack, UD Trucks and SDLG, has provided the company access to new brands and new markets. One step in this strategy was the acquisition of 45% of the Chinese company Dongfeng Commercial Vehicles, which was concluded in January 2015.
28. GTO now needs to make the production chain more effective. This impacts operations at the Umeå plant. The Volvo Group has reduced personnel globally by approximately 10 % from 110 000 employees to about 100 000. In Sweden, the number of workers has been reduced from 25 000 to 21 000 during the past four years, including this year's reductions at the Umeå plant.
29. The Umeå plant is part of GTO, which employs about 33 000 employees globally. The lay-offs in the Umeå plant have also affected employees at Volvo Logistics and Parts, which are organised within GTO.
30. The Umeå plant, as part of Volvo Group's global industrial system, produces the Volvo brand heavy duty cabs for Europe, some cabs for knocked down plants overseas, and all the Volvo cab stamping parts for other continents (Brazil, Asia). Cab trimming, on the other hand, is carried out in the Tuve plant near Gothenburg.
31. The European Optimisation Programme of the Volvo Group is being implemented in 2015. As a consequence of this programme, the Umeå plant department specialised in heavy duty cab stamping, welding, painting and cab trimming is transferred to the Tuve plant, so as to be localised close to the truck final assembly plant.
32. Volvo also announced redundancies in Gothenburg and Eskilstuna. While the redundancies in Umeå constitute the major part of the targeted beneficiaries, redundant workers from Gothenburg and Eskilstuna are also included. Volvo's efficiency programme has additionally affected subcontractors, especially in Umeå.
33. The discussions about potential EGF support began in Umeå in March 2014. By that time, every worker had been personally informed about the planned redundancies by the responsible manager and the representative of the unions. At their first meeting on 18 March 2014, the stakeholders and the social partners in the region agreed that



the redundancies at Volvo would have a significant negative impact in the region and would also involve other companies, and that there was therefore a need for action.

34. The first notices were given in Gothenburg GTO on 14 April 2014 and more workers there received their notices on 19 May. On 16 June 2014, workers in Eskilstuna were notified about their redundancies.

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

35. The population of the county of Västerbotten (of which Umeå is the capital) in early 2014 was around 262 360, i.e. about 2.7 % of the country's population, a declining share. In general, Arctic labour markets, like those in other sparsely populated areas, are more fragile because geographical isolation and a harsh climate make job creation and employment more costly than in other regions.
36. In late November 2014, overall unemployment in the county was 9 400 people, (7,2 % of the registered labour force), a decrease of about 1 000 people compared to the same period in 2013. The national unemployment rate at the same time stood at 7,9 %.
37. A recent report by Västerbotten region with the title "40 000 new employees needed by 2025 in Västerbotten" expresses these challenges : a declining labour force coupled with low investment in SMEs. According to the report, about 3 000 individuals retire from the labour market every year. The region's job vacancies are concentrated in the health sector and in highly qualified fields. Engineers, operational and organisation managers and technical professionals are needed. Skilled labour demand is increasing and there are distinct shortages in many occupational groups, primarily those requiring highly specialised education and a high level of expertise.
38. The consequences of the Volvo job losses will affect the sector and the region. The redundancy of 647 workers represents a challenge, particularly for the older workers in the target group. The redundant workers are likely to encounter difficulties in their job search, since they do not have the competences required on the regional labour market. Most of the targeted workers have only secondary education, while the expected job openings are for highly qualified staff and engineers with relevant higher education. The project will therefore need to work closely together with education and employment organisations. It can promote enterprise creation and improve job seekers' skills and competences relevant to the future employers' needs. Since the region is vast, the beneficiaries may need to travel extensively.

A smaller number of the targeted beneficiaries are located in Sörmland (East Sweden) and Västergötland (West Sweden). The labour market in these areas is strong compared with Västerbotten, but even in Gothenburg there is likely to be a need for further education or acquisition of competences in other sectors. In the case of Eskilstuna there might be the possibility to look for work in a broader geographical area, which could include Stockholm.

## Targeted beneficiaries and proposed actions

### Targeted beneficiaries

39. The estimated number of redundant workers expected to participate in the measures is 500. The breakdown of these workers by sex, citizenship and age group is as follows:

	Category	Number of targeted beneficiaries	
Sex:	Men:	387	(77,4 %)
	Women:	113	(22,6 %)
Citizenship:	EU citizens:	500	(100,0 %)
	non-EU citizens:	0	(0,0 %)
Age group:	15-24 years:	55	(11,0 %)
	25-29 years:	75	(15,0 %)
	30-54 years:	300	(60,0 %)
	55-64 years:	61	(12,2 %)
	over 64 years:	9	(1,8 %)

### Eligibility of the proposed actions

40. The personalised services to be provided to the redundant workers by Arbetsförmedlingen (the Swedish Public Employment Service) consist of the following actions, each of which goes beyond what would normally be available without EGF support :

- In-depth assessment and individual planning: This registration process includes a survey of prior experience and training, and is speeded up for EGF beneficiaries. It can include several individual and customised meetings, some of which may be with outplacement companies.
- Various job-search activities and coaching: Standard activities offered by Arbetsförmedlingen will be combined with EGF measures such as individual support in direct contact with potential employers, motivational meetings, and conferences presenting the labour market in the region. This will be especially important for those targeted workers who regard their educational level as insufficient for the vacancies identified in the region. Both individual and group activities will be offered, some of which will be available online.
- Motivation and health measures: The EGF beneficiaries will have access to therapists, psychologists and experts in cognitive therapy to strengthen their motivation and provide help for those whose health has been damaged by redundancy after a long period of employment in the same company.
- Entrepreneurship and business creation: Preparatory courses for those envisaging business creation will be given by external experts providing advice to future entrepreneurs.

- Beneficiaries will have access to a start-up grant after their business idea has been checked by consultants and approved. The grant will be paid out over a 6-month period and can be extended to 12 months following the advice of the consultant. In case the beneficiaries take over enterprises whose owners are near retirement, the EGF grant can enable them to run the business together with the retirees during a handover period.
  - Education and training: Education and training that would not normally be accessible to them will be made available to the EGF beneficiaries. Some of this will be tailor made, in cooperation with Umeå university, high schools and companies in the region. The target group will be encouraged to undertake gender breaking choices, e.g. in the health care sector.
  - Training can include work experience and apprenticeships (for any age group), which can be made available also to those preparing to start up or take over a business.
  - Validation of competences: Validation of competences will be offered to the participants. Since such services may not be available locally, beneficiaries will be able to travel to the relevant centres.
  - Job-search assistance with private service providers: Private service providers procured by Arbetsförmedlingen can offer the target group substantial help finding work and validating competences.
  - Travel expenses and related costs: The region of Västerbotten is a vast area where access to service requires mobility and accessory costs. Transfer and moving costs related to relocation for a new job in another part of the country can be covered, as can long-distance travel for interviews. Such expenditure will need to be agreed in advance, be certified through receipts and be verifiable.
  - Job search allowance: This is provided to the beneficiaries taking part in any of the active measures described above. The level of the allowance depends on individual factors, the ceiling being fixed by parliamentary decision at SEK 910 (ca. EUR 97) per day and declines after the first 100 days to SEK 760 (ca. EUR 81) per day. The average of EUR 12 000 budgeted would therefore provide an allowance per worker for about 128 days at the ceiling rate.
41. 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.
42. Sweden 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*

The estimated total costs are EUR 2 989 518, comprising expenditure for personalised services of EUR 2 869 938 and expenditure for preparatory,

management, information and publicity, control and reporting activities of EUR 119 580.

43. The total financial contribution requested from the EGF is EUR 1 793 710 (60 % of total costs).

Actions	Estimated number of participants	Estimated cost per participant (EUR, rounded)	Estimated total costs (EUR)
<b>Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)</b>			
In-depth assessment and individual planning	500	28,51	14 254
Various job-search activities and coaching	250	644,42	161 106
Job-search assistance with private service providers	55	1 109,91	61 045
Motivation and health measures	10	521,70	5 217
Entrepreneurship preparation	25	573,92	14 348
Entrepreneurship and business creation grants	20	15 000,00	300 000
Education and training	180	6 869,72	1 236 551
Validation of competences	25	2 921,80	73 045
Sub-total (a):			1 865 566
Percentage of the package of personalised services		–	(65,00 %)
<b>Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)</b>			
Travel expenses and related costs	50	521,76	26 088
Job search allowance	80	12 228,55	978 284
Sub-total (b):			1 004 372
Percentage of the package of personalised services:		–	(35,00 %)
<b>Actions under Article 7(4) of the EGF Regulation</b>			

1. Preparatory activities	–	0
2. Management	–	116 971
3. Information and publicity	–	2 609
4. Control and reporting	–	0
Sub-total (c):	–	119 580
Percentage of the total costs :	–	(4,00 %)
Total costs (a + b + c):	–	2 989 518
EGF contribution (60 % of total costs)	–	1 793 710

44. 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. Sweden confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.
45. Sweden 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*

46. Sweden started providing the personalised services to the targeted beneficiaries on 30 January 2015. The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 30 January 2015 to 16 September 2017, with the exception of third level education, which will be eligible until 16 March 2018.
47. Sweden started incurring the administrative expenditure to implement the EGF on 30 January 2015. The expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 30 January 2015 to 16 March 2018.

*Co-funding and complementarity with actions funded by national or Union funds*

48. The Swedish government is co-funding the EGF measures through the Arbetsförmedlingen budget.
49. Sweden 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.

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

50. The co-ordinated package of personalised services has been drawn up in consultation with the targeted beneficiaries and their representatives as well as local public actors. Meetings of the relevant local actors take place once a month, and the Volvo redundancies were discussed for the first time in July 2014. The HR Department at Volvo has been co-operative in facilitating data gathering and the planning of measures.

51. The stakeholders involved in the planning and implementation are the Municipality of Umeå, the County Administrative Board, the Region of Västerbotten, the trade unions, the business centre for technology, the chamber of commerce, the business organisation "Företagarna", Umeå University, Arbetsförmedlingen and Volvo itself. Various measures have been taken to ensure that the target group (as well as the HR resources and the trade union representatives) is aware of the opportunities provided by the EGF.

### **Management and control systems**

52. The application contains a description of the management and control system which specifies the responsibilities of the bodies involved. Sweden has notified the Commission that the financial contribution will be managed by Arbetsförmedlingen which is formally appointed as the managing and paying authority. The project accounts will be examined by the Internal Audit Unit, which is a separate body attached to the board of Arbetsförmedlingen. Its task is to examine the internal control and verification process at PES and suggest improvements, as well as providing advice and support for the Board and the Director General. Project auditing will take place on a regular basis.

### **Commitments provided by the Member State concerned**

53. Sweden 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,
  - Volvo Trucks, which has continued its activities after the lay-offs, has complied with its legal obligations governing the redundancies and provided for its 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**

54. 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 2014-2020<sup>14</sup>.

55. 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 1 793 710, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
56. 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<sup>15</sup>.

### **Related acts**

57. 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 1 793 710.
58. 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.

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<sup>14</sup> OJ L 347, 20.12.2013, p. 884.

<sup>15</sup> OJ C 373, 20.12.2013, p. 1.

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund  
(application from Sweden – EGF/2015/009 SE/Volvo Trucks)**

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 1927/2006<sup>16</sup>, 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 management<sup>17</sup>, 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 1311/2013<sup>18</sup>.
- (3) On 16 September 2015, Sweden submitted an application EGF/2015/009 SE/Volvo Trucks for a financial contribution from the EGF, following redundancies in Volvo Trucks (Volvo Group Truck Operation, EMEA) and four suppliers and downstream producers in Sweden. It was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. The 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.

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<sup>16</sup> OJ L 347, 20.12.2013, p. 855.

<sup>17</sup> OJ C 373, 20.12.2013, p. 1.

<sup>18</sup> Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).



- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 1 793 710 in respect of the application submitted by Sweden.
- (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 European Union for the financial year 2016, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 1 793 710 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*

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