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MEMORANDUM TO THE COMMISSION

By correspondence received between 9 August 2007 and 9 June 2008, the Italian authorities in four separate applications requested contributions from the European Globalisation Adjustment Fund ('EGF') to assist workers made redundant in the textiles sector in the following four Italian regions : Sardinia, Piedmont, Lombardy and Tuscany.

The applications concern 1,044 job losses in Sardinia, 1,537 job losses in Piedmont, 1,816 job losses in Lombardy and 1,558 job losses in Tuscany. These redundancies are the consequence of dismissals from 5 companies in Sardinia, 202 companies in Piedmont, 190 companies in Lombardy and 461 companies in Tuscany. The redundancies were brought about by major structural changes in world trade patterns, in particular the substantial increase in textile imports into the EU. The scope and effects of these changes are of a sufficiently important nature to justify the four applications to the EGF according to the criteria laid down in Regulation (EC) No. 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the EGF.

The four applications have been thoroughly examined and assessed by the services of the Commission, in consultation with the Italian authorities, in accordance with Regulation (EC) No 1927/2006, and in particular with Articles 2, 3, 5 and 6 thereof. Each of the four applications meets the intervention criteria of Article 2(b) (at least 1,000 redundancies in a NACE 2 sector in one region or two contiguous regions at NUTS II level) and the proposed measures are active labour market measures made available to the workers affected for a limited period of time, in conformity with Article 3. Accordingly, it is proposed to deploy the EGF in these four cases.

The actions proposed to assist the workers include counselling and job guidance, job-search assistance and job-search allowances, training allowances, hiring benefit, and the promotion of entrepreneurship.

The total annual budget available for the EGF is EUR 500 million. So far in 2008, two cases have been paid out (at a total of EUR 3,106,882) and two further cases have been proposed for funding (at a total of EUR 10,770,772), for a cumulative amount of EUR 13,977,654. The Commission proposes a contribution of EUR 35,158,075 from the EGF to co-finance a co-ordinated package of actions designed to assist the re-integration into employment of the 5,955 redundant workers in four Italian regions operating in the textiles sector (NACE rev 2 division 13) in Italy (NUTS II regions IT G2, C1, C4 and E1) as well as to cover administrative expenditure. The Italian state will contribute the same amount.

THE COMMISSION IS INVITED TO

- **Approve the conclusions on applications EGF/2007/005 IT/Sardegna, EGF/2007/006 IT/Piemonte, EGF/2007/007 IT/Lombardia and EGF/2008/001 IT/Toscana submitted by Italy as set out in the present Communication**
- **Submit to the budgetary authority a proposal to authorise appropriations corresponding to EUR 35,158,075 and a request for a transfer of this amount in commitment appropriations from budget line 40.0243 to budget line 04.0501 (European Globalisation Adjustment Fund)**
- **Authorise the transfer of an identical amount in payment appropriations from budget line 04.0201 to budget line 04.0501 (European Globalisation Adjustment Fund)**

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on applications EGF/2007/005 IT/Sardegna, EGF/2007/006 IT/Piemonte, EGF/2007/007 IT/Lombardia and EGF/2008/001 IT/Toscana received from Italy for a financial contribution from the European Globalisation Adjustment Fund

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
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COMMISSION COMMUNICATION

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Italy submitted four applications, i.e. EGF/2007/005 IT/Sardegna, EGF/2007/006 IT/Piemonte, EGF/2007/007 IT/Lombardia, and EGF/2008/001 IT/Toscana for financial contributions from the European Globalisation Adjustment Fund, hereinafter 'EGF', following redundancies in the textile sector in the regions of Sardinia, Piedmont, Lombardy and Tuscany, respectively.

1. The applications were presented by the Italian authorities to the Commission on the following dates: Sardinia 09 August 2007, as completed by additional information on 12 September 2007, 10 October 2007 and 9 June 2008; Piedmont on 10 August 2007, as completed by additional information on 19 November 2007 and 9 June 2008; Lombardy 17 August 2007, as completed by additional information on 19 November 2007, 1 February 2008 and 9 June 2008; and Tuscany 12 February 2008, as completed by additional information on 9 June 2008. All four applications were based upon the specific intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006[1] of the European Parliament and of the Council and were submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

2. Following the final information received from the Italian authorities on 9 June 2008, complete with changes in the budget estimates, the Commission is of the opinion that the applications meet the conditions for mobilising the EGF set out in Article 2 of Regulation (EC) No 1927/2006.

SUMMARY OF THE APPLICATIONS, AND ANALYSIS

(a) <u>Analysis of the link between the redundancies and major structural changes in world trade patterns</u>

3. The applications relate to redundancies in NACE rev 2 Division 13 "Manufacture of textiles" in companies in the Regions of Sardinia, Piedmont, Lombardy and Tuscany.

4. The applications describe the redundancies in the four regions against a background of radical change in the distribution of textile production. Third countries, (specifically China and India) increasingly dominate the world trade in textiles and clothing, and countries such as Turkey and Bangladesh continue to increase their share of world production. Large-scale restructuring in the European textiles and clothing industries from the 1990s onwards had already led to an increase in productivity and a reorientation of production towards high quality products,

[1] OJ L 406 of 30.12.2006, p. 1 Regulation as corrected in OJ L 48, 22.2.2008, p.82

combined with a reduction of the workforce by approximately one-third between 1990 and 2004[2].

5. Alongside the global changes in the market, textile producers in the EU have faced specific and increased competition following the end of the Multifibre Arrangement (MFA); the MFA imposed quotas on the amount of clothing and textiles that developing countries could export to developed countries. The end of the MFA (and the Agreement on Textiles and Clothing (ATC) which followed it) in 2005, opened EU textile and clothing markets to free competition from the developing world. Between 2004 and 2006, the volume of clothes imported into the EU showed an annual increase of about 10%. This is primarily related to much higher imports from China, following the expiry of the MFA.

EU-27 external trade statistics from Eurostat shown in the table below, provide additional evidence of growing textile imports, with the percentage growth in imports at 18.4% between 2004 and 2007 being four times higher than the growth of exports.

Textiles (mio €)	2004	2005	2006	2007	% growth 2004 / 2007
Imports	17,610	18,074	19,867	20,855	18.4
Exports	18,537	18,482	19,218	19,380	4.6
Balance	927	408	-649	-1,475	

The Italian redundancies follow the general trend in the clothing and accessories industry in the EU towards a delocalisation of their production to lower cost non-EU countries, already demonstrated in SEC(2007)1657. In their applications, the Italian authorities have provided statistical evidence that the redundancies are a direct result of the evolving situation in the global textiles industry.

6. The appreciation of the Commission services is that the redundancies in the four Italian regions can be linked to these major structural changes in the world trade in textiles with their consequent effects on the textile sector (NACE rev 2 Division 13) in the Italian regions concerned.

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

7. Italy submitted all four applications under the intervention criterion of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 1,000 redundancies over a 9-month period in a NACE rev 2 sector[3] in one region or two contigious regions.

[2] European Monitoring Centre on Change (EMCC). Sectors Futures – *Textile and Leather in Europe: the end of an era or a new beginning?* (2004) http://www.eurofound.europa.eu/emcc/content/source/tn04004a.htm

8. The four applications demonstrate the following number of definitive redundancies:

- Sardinia: **1,044** redundancies during the nine-month period of reference 27 October 2006 to 26 July 2007 in NACE 2 Sector 13[4] (manufacture of textiles), in the NUTS II ITG2-Sardegna Region.

- Piedmont: **1,537** redundancies during the nine-month period of reference 1 September 2006 to 31 May 2007 in NACE 2 Sector 13 (manufacture of textiles), in the NUTS II ITC1-Piemonte Region.

- Lombardy: **1,816** redundancies during the nine-month period of reference 1 September 2006 to 31 May 2007 in NACE 2 Sector 13 (manufacture of textiles), in the NUTS II ITC4-Lombardia Region.

- Tuscany: **1,558** redundancies during the nine-month period of reference 01 March 2007 to 30 November 2007 in NACE 2 Sector 13 (manufacture of textiles), in the NUTS II ITE1-Toscana Region.

The number of job losses in each of the four applications is sufficient to comply with the requirement set out in Article 2(b) of Regulation (EC) No 1927/2006. Given that the redundancies occurred in four specific NUTS II regions and in one NACE rev 2 Division (Division 13), the conditions for an application under Art 2(b) of the EGF Regulation are fulfilled.

(c) Explanation of the unforeseen nature of those redundancies

9. The Italian authorities have used the same justification for all four applications, i.e. that while the end of the MFA and the ATC was not unforeseen, the economic impact this had on the textile industry in Italy generally, and specifically in the four regions was far harsher than could have been predicted. The Italian authorities predicted that the end of the MFA would, overall, have a low impact on production and employment. This has not been the case. As a result of the impact of the end of the MFA and the consequent reduction in demand for Italian textiles, many of the companies where redundancies occurred, invested in a series of technological upgrades in the production process in an attempt to reduce costs and diversify their product range. These have, however, failed to counter a steep reduction in orders and increased competition from Third Country textile manufacturers.

(d) Identification of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of workers to be targeted

10. The regional contexts of the four Italian applications are different. The Piedmont, Lombardy and Tuscany applications describe a large number of redundancies in a broad mixture of companies in the manufacturing sector, often with only one or two

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[3] Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains

[4] The Italian authorities have confirmed that their national classification of sectors uses the ATECO-ISTAT 2002 categorisation, which is based on NACE rev. 1.1 (the NACE legislation in force until 1 January 2008). All the companies included in their lists (in all four applications) are in the "second level ATECO (and NACE) sector 17 – 'Manufacture of textiles'". This corresponds to NACE sector 13 in the new NACE rev.2 categories.

redundancies in a company. Sardinia's more isolated production areas result in a more concentrated pattern of redundancy : these occur in five companies in one province.

11. In more detail, the four applications identify the dismissing enterprises as follows:

- Sardinia: **1,044** definitive redundancies in **5** companies: Legler (in 3 different production sites: Legler-Siniscola (119 redundancies), Legler-Ottana (311 redundancies), Legler-Macomer (320)), Queen SpA (198 redundancies) and Euro 2000 srl (96 redundancies).

- Piedmont: the Italian authorities have listed the details of **1,537** definitive redundancies in **202** companies.

- Lombardy: the Italian authorities have listed the details of **1,816** definitive redundancies in **190** companies in Milano, Brescia, Varese, Bergamo and Como.

- Tuscany: the Italian authorities have listed the details of **1,558** definitive redundancies in **461** companies in the Province of Prato.

12. With regard to the categories of workers targeted, the redundancies are spread across the full range of possible categories involved in running such a large number of textile companies (over 850). In Piedmont (68%) and Lombardy 67%), the majority are women. In Sardinia, the majority of the redundant workers are men (59%). In Tuscany, redundancies are more evenly matched, with slightly more men (at 52%).

13. (e) <u>Description of the territories concerned and their authorities and stakeholders</u>

The main stakeholders and responsible authorities for all four applications at national level are within the Ministry of Labour and its intermediary body Italia Lavoro S.p.A.. The regional authorities of the Regione Autonoma Sardegna, Regione Piemonte, Regione Lombardia and Regione Toscana are responsible for active labour market policies and co-ordinate the regional planning, management and strategy in their respective regions. At "Provincia" level, provincial bodies deliver the personalised services through local job centres. Regional trades unions and industrial associations are also involved.

- <u>Sardinia :</u> Sardinia is characterised by a low population density (69 persons per km^2 as compared with 200 persons for the whole of Italy) and by low participation in foreign trade. 36 % of all firms are engaged in agriculture, while tourism and handicrafts are also strongly represented. The province of Nuoro ranks lowest in Italy as regards provision of infrastructure.

- <u>Piedmont :</u> The redundancies are mostly in the province of Biellese where 50 % of the workforce is employed in the manufacture of textiles. Economic activity in the eight Piedmont provinces varies, but is mostly linked to car manufacturing (e.g. Group Fiat) or to the textiles industry. The Italian authorities acknowledge a buoyant engineering industry but point to a textiles industry in decline and under pressure from global competition, measured by the take-up of the Extraordinary Wage Guarantee Fund (CIGS) -- the fund established to help redundant workers in particular sectors -- which increased by 46% between 2005 and 2006.

- Lombardy : The Lombardy region covers about 16 % of the area of Italy and its population amounts to about 8 % of the national population. The regional economy is based on industrial production, with many SMEs. However, Lombardy's manufacturing sector is in decline, particularly in textiles, which makes up 7 % of the total manufacturing sector. Although the textile industry remains strong in the Lombardy region, Asian (particularly Chinese) imports have weakened local industry and resulted in the delocalisation of some production processes abroad.

- Tuscany : The redundancies concerned by the application very largely occurred in the Province of Prato, in the north of Tuscany. Of the added value produced here, 20 % comes from crafts; forest products also are strong. The textile sector is the most important in the province, and 80 % of exports are yarns and fabrics, as well as clothing. Textile production in the Tuscany region is in decline, decreasing by 15.75 % between 2002 and 2005. Statistics provided by the Italian authorities (ISTAT/Prato Chamber of Commerce) show a growing trend of Asian imports against diminishing exports in the textile industry.

14. (f) Expected impact of the redundancies as regards local, regional or national employment

The local and regional impact is set out as follows in the four applications :

- Sardinia : The Province of Nuoro, where the redundancies occurred, is the main hub of textile production in Sardinia. It has a high rate of unemployment (10.8 % in 2006, compared to the national average in the same year of 6.8 %), with highest rates amongst both the youngest and the oldest age categories. In 2005, the employment rate in Nuoro was 51.6 %, against the national rate of 57.5 %. The Italian authorities stated that the impact of these redundancies is strongly felt in an already fragile and isolated workforce.

- Piedmont's economic competitiveness is based on the construction and service industries, rather than textiles. Half of the workforce in the Province of Biellese (Piedmont's traditional textile manufacturing "basin" and the geographical area where about 35 % of the applications redundancies occurred) is involved in manufacturing, of which a third work in the manufacture of textiles. The impact of the redundancies in Piedmont has also been reflected in the increase in requests from assistance from the CIGS (the wages guarantee fund).

- Lombardy : The Italian authorities have presented a contrasting picture between the general competitiveness of non-textile sectors in the Region, against a downward trend in the competitiveness of textiles manufacturers. The greatest concentration of textile companies is in Milano, Brescia, Varese, Bergamo and Como and these have already been in decline for a number of years. The Italian authorities use INAIL[5] data to illustrate the worsening situation in the textile sector in these areas : the number of people employed in the sector in Lombardy

[5] INAIL: Istituto nazionale per l'assicurazione contro gli infortuni sul lavoro (Italian Workers' Compensation Authority)

dropped from 22,426 in 2000 to 17,267 in 2004, a reduction of some 23 % in four years.

- Tuscany : The number of textile firms in the province of Prato, fell by nearly 20 % between 2002 (5,508) and 2006 (4,429). The numbers of workers in Prato textile companies fell too during the same period, by 25 % (28,600 in 2002, compared to 21,436 in 2006). Latest regional statistics show that while generally, regional employment trends are stable, the number of textile workers is falling (-5.7 % in the third quarter of 2007, compared to the previous year).

15. In conclusion, in such circumstances, the redundancies can be seen to have a negative effect on the local economies described with, however, good possibilities of alternative employment in three of the four regions (Sardinia being the exception).

(g) <u>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</u>

16. In Italy, the system of benefits for the short- or long-term unemployed comprises the following: a limited period of unemployment benefit, the Ordinary Wages Guarantee Fund (*Cassa Integrazione Guadagni Ordinaria*, *CIGO*), the Extraordinary Wages Guarantee Fund (*Cassa Integrazione Guadagni Straordinaria, CIGS*), and the mobility allowance (*indennità di Mobilità*). From 2004, an amended version of the CIGS, called *CIGS in deroga*, allows for companies that did not immediately fulfil the CIGS criteria to apply for it, exceptionally. These benefits are financed by contributions paid by employees and employers as well as by State contributions collected by the national social security institute (Istituto Nazionale per la Previdenza Sociale - INPS).

17. The Italian authorities have stated that the payment of CIGS and CIGS in deroga is dependant on the redundant workers following a series of active labour measures through a "service agreement", which they are obliged to sign and which covers a period when they are actively searching for employment.

18. In the Italian applications, the following types of measures are proposed, all of which combine to form a co-ordinated package of personalised services aimed at re-integrating workers into the labour market. The packages of measures, broken down according to the individual applications, is as follows:

<u>Sardinia</u>

- <u>Job-search assistance :</u> 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. This support at a cost of € 400 per worker is being provided for all the redundant workers.

- <u>Job Search Allowances :</u> these are aimed at supporting the worker actively in looking for a new job. They consist of a monthly allowance from either CIGS or CIGS in deroga (see above), at an average cost of €1,600 a month, for a maximum of 11 months. The allowance is paid only if the worker follows the agreed pathway to reinsertion; the allowance is stopped if the worker does not follow the active measures provided. CIGS will only be paid by the EGF for those periods during which the worker is following training or counselling[6].

- 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 € 10,000 per worker, paid to the recruiting company towards the recruitment of the 200 most economically disadvantaged and poorly educated workers, reflects the investment required by the hiring company in re-training them and preparing them for their new tasks.

- Training Voucher : All redundant workers receive a training voucher of € 2,000 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. The voucher is "strictly linked to the pathway of reinsertion".

Piedmont

- Pre-guidance and occupational guidance : A series of structured interviews and targeted instruments (a skills analysis, professional proximity analysis and an employability profile) to identify areas where workers can improve their skills and be supported in defining their professional objectives. Following these assessments, an Individual Action Plan is put together setting out structured training and professional needs analysis. This is also used as a monitoring tool throughout every phase of the worker's development.

- Job-search assistance : 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. It is expected that about half the redundant workers will take up job-search assistance, these being the workers with greater guidance needs and who need more help during the job search phase. A cost of € 400 for 768 workers is budgeted for this measure.

- Entrepreneurship Promotion : coaching support for redundant workers with entrepreneurial ideas in planning new business activities.

- Job Search Allowances : these are aimed at supporting the worker actively in looking for a new job. They consist of a monthly allowance from either CIGS or CIGS in deroga, at an average cost of €1,600 a month, for a maximum of 9 months. The allowance is paid only if the worker follows the agreed pathway to reinsertion; the allowance is stopped if the worker does not follow the active

[6] Letter dated 11 April 2008 from Mr Nikolaus G van der Pas (Director General DG EMPL) to Ms Matilde Mancini (Director General Ministro del Lavoro e delle Politiche Sociali)

measures provided. CIGS will only be paid by the EGF for those periods during which the worker is following training or counselling[7].

- Hiring benefit : This payment benefits the redundant workers by facilitating their re-employment in a different company. It amounts to € 6,000 per worker for a permanent contract, or € 1,500 per worker for a temporary contract of at least 12 months, and is made to the recruiting company, reflecting the investment required by the recruiting company in re-training them and preparing them for their new tasks.

- Training Voucher : All redundant workers receive a training voucher of € 1,000 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. The voucher is "strictly linked to the pathway of reinsertion". The amount budgeted for Piedmont is half of the amount for Sardinia, taking account of the different circumstances of the labour markets in the two regions.

Lombardy

- Job Search benefit : A benefit for permanently redundant workers, who are not eligible for any unemployment allowances (265 workers); this is conditional upon their participation in a personalised re-employment plan and costs € 250 per month for a maximum of five months.

- Voucher of Service : 1,551 of the targeted workers will receive a voucher for a maximum of € 1,000 as a refund for expenses incurred during job search (travel and home assistance, for example).

- Job Search allowances : Workers eligible for the Wage Guarantee Fund (CIGS in deroga or CIGS) will benefit at an average cost of €1,600 monthly for 9 months, respectively (915 workers in total). The allowance is paid only if the worker follows the agreed pathway to reinsertion; the allowance is stopped if the worker does not follow the active measures provided. CIGS will only be paid by the EGF for those periods during which the worker is following training or counselling[8].

- Definition of a personalised plan of intervention : where each worker will be presented, by a tutor, to their personalised re-employment plan and shown what the conditions will be, what will be expected of them and how the plan will be monitored and evaluated. The cost will be € 500 per worker for all 1,816 workers in the project.

- Services for the re-insertion : the aim of this support is to create the means to allow the worker to build a pathway of reinsertion in the labour market. Through structured interviews and targeted instruments (such as professional skills analysis), the services build an employability profile which will help the worker

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[7] Letter dated 11 April 2008 from Mr Nikolaus G van der Pas (Director General DG EMPL) to Ms Matilde Mancini (Director General Ministro del Lavoro e delle Politiche Sociali)

[8] Letter dated 11 April 2008 from Mr Nikolaus G van der Pas (Director General DG EMPL) to Ms Matilde Mancini (Director General Ministro del Lavoro e delle Politiche Sociali)

get back into work. The cost will be a maximum of € 1,800 for each of the 1,816 workers.

- Training services : a maximum of € 2,700 will be spent on each of the 1,816 workers to cover group or individual training to help workers acquire new skills or reinforce existing ones.

Tuscany

- Job-search assistance : 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. It is expected that about half the redundant workers will take up job-search assistance, these being the workers with greater guidance needs and who need more help during the job search phase. A cost of € 400 for 800 workers is budgeted for this measure.

- Occupational guidance : applied to all the redundant workers in the application, this measure will consist of a series of structured interviews and the formation of a skills analysis, a professional proximity analysis and an employability profile, resulting in an individual action plan for each worker: all 1,558 workers will benefit from this, at an estimated cost of € 400 per worker.

- Counselling : 300 of the workers, earmarked as having a medium to low level of employability will be counselled in more detail through individual and group interviews costed at € 700 per worker.

- Entrepreneurship promotion : A maximum of 100 workers (at € 800 per worker) can benefit from this measure if, during the planning stages of their counselling, a potential entrepreneurial opportunity is identified.

- Job-search allowances : 964 workers will benefit from this at an average cost of € 1,600 for a maximum period of 3 months under the CIGS in deroga system. The allowance is paid only if the worker follows the agreed pathway to reinsertion; the allowance is stopped if the worker does not follow the active measures provided. CIGS will only be paid by the EGF for those periods during which the worker is following training or counselling[9].

- Training allowances : All workers will receive a training voucher of € 1,000 maximum to spend on their individual training pathway in a qualified training institution or in a company.

19. The administrative expenditure, as described in all four Italian applications, in accordance with Article 3 of Regulation (EC) No. 1927/2006, covers preparatory activities (including regional and provincial planning, also involving social partners and other stakeholders), screening and target analysis, defining a detailed

[9] Letter dated 11 April 2008 from Mr Nikolaus G van der Pas (Director General DG EMPL) to Ms Matilde Mancini (Director General Ministro del Lavoro e delle Politiche Sociali)

intervention plan and the creation of a network of public and private service providers. Specific management activities include coordination, monitoring and promotion, as well as the creation of an Information and Communication Plan -- part of a wider Communication Strategy which aims to publicise the funded actions through the web, print media and events. Monitoring and evaluation activities will evaluate both the ongoing effectiveness of the actions, as well as the final results of the actions.

20. The personalised services as part of the co-ordinated packages presented by the Italian authorities for Sardinia, Piedmont, Lombardy and Tuscany, are active labour market measures that fall within the eligible actions as defined in Article 3 of Regulation (EC) No. 1927/2006. The administrative expenditure is acceptable (as measured as a percentage of the sub-total of personalised services) at 3.5 % for Sardinia, 4 % for Piedmont, 3.8 % for Lombardy and 3.9 % for Tuscany. The total costs of these services are estimated by the Italian authorities for the four regions as follows:

- **Sardinia** - Personalised services € 21,192,000 and administrative expenditure € 750,000 (3.5 %). The total requested contribution from the EGF is ***€ 10,971,000*** (50 % of total costs).

Actions	Estimated Number of workers targeted	Estimated cost per worker targeted (in EUR)	Total costs (EGF and national co financing) (in EUR
Personalised services (Article 3 first paragraph)			
Hiring benefit	200	10,000	2,000,000
Job-search assistance (Assistenza alla ricerca attiva de lavoro)	1,044	400	417,600
Job-search allowances (Incentivi all'inserimento lavorativo)	1,044	17,600	18,374,400
Training allowances (voucher formativo)	200	2,000	400,000
Subtotal personalised services			21,192,000
Technical assistance for implementing EGF (Article 3 third paragraph)			
Preparatory			200,000
Management			400,000
Information and publicity			80,000
Control activities			70,000

Total administrative expenditure			750,000
Total estimated costs			21,942,000
EGF contribution (50 % of total costs)			***10,971,000***

- **Piedmont** : Personalised services € 14,997,500 and administrative expenditure € 600,000 (4 %). The total requested contribution from the EGF is ***€ 7,798,750*** (50 % of total costs).

Actions	Estimated Number of workers targeted	Estimated cost per worker targeted (in EUR)	Total costs (EGF and national co financing) (in EUR
Personalised services (Article 3 first paragraph)			
Job-search assistance (Assistenza alla ricerca attiva de lavoro)	768	400	307,200
Occupational guidance (Rilevazione dei bisogni e orientamento)	1,537	400	614,800
Counselling (counselling professionale)	307	700	214,900
Entrepreneurship Promotion (assistenza all creazione di impresa)	100	800	80,000
Job-search benefits (incentive all'inserimento lavorativo)	615	6,000	3,690,000
Job-search allowances (indennità per la ricerca del lavoro)	594	14,400	8,553,600
Training allowances (sostegna all formazione_requalificazione)	1,537	1,000	1,537,000
Subtotal personalised services			14,997,500
Technical assistance for implementing EGF (Article 3 third paragraph)			
Preparatory			150,000
Management			350,000
Information and publicity			60,000
Control activities			40,000
Total administrative expenditure			600,000

Total estimated costs			15,597,500
EGF contribution (50 % of total costs)			***7,798,750***

- **Lombardy** : Personalised services € 24,138,250 and administrative expenditure € 930,000 (3.8 %). The total requested contribution from the EGF is ***€ 12,534,125*** (50 % of total costs).

Actions	Estimated Number of workers targeted	Estimated cost per worker targeted (in EUR)	Total costs (EGF and national co financing) (in EUR
Personalised services (Article 3 first paragraph)			
Definition of personalised plan of intervention (Elaborazione del Piano di Intervento Personalizzato)	1,816	500	908,000
Training Services (Servizi per la Formazione)	1,816	2,700	4,903,200
Services for the re-insertion (Servizi per l'inserimento lavorativo)	1,816	1,800	3,268,800
Voucher of service (Voucher di servizio)	1,551	1,000	1,551,000
Job-search benefit (Indennità per la partecipazione al programma)	265	1,250	331,250
Job-search allowance (Indennità per la ricerca di lavoro)	915	14,400	13,176,000
Subtotal personalised services			24,138,250
Technical assistance for implementing EGF (Article 3 third paragraph)			
Preparatory			300,000
Management			500,000
Information and publicity			80,000
Control activities			50,000
Total administrative expenditure			930,000
Total estimated costs			25,068,250
EGF contribution (50 % of total costs)			***12,534,125***

- **Tuscany** : Personalised services € 7,418,400 and administrative expenditure € 290,000 (3.9 %). The total requested contribution from the EGF is ***€ 3,854,200*** (50 % of the total costs).

Actions	Estimated Number of workers targeted	Estimated cost per worker targeted (in EUR)	Total costs (EGF and national co financing) (in EUR
Personalised services (Article 3 first paragraph)			
Job-search assistance (assistenza alla ricerca attiva del lavoro)	800	400	320,000
Occupational guidance (pre-orientamento e orientamento)	1,558	400	623,200
Counselling (counselling professionale)	300	700	210,000
Entrepreneurship promotion (assistenza alla creazione di impresa)	100	800	80,000
Job-search allowances (incentive per la ricerca attiva)	964	4,800	4,627,200
Training allowances (training voucher)	1,558	1,000	1,558,000
Subtotal personalised services			7,418,400
Technical assistance for implementing EGF (Article 3 third paragraph)			
Preparatory			70,000
Management			150,000
Information and publicity			40,000
Control activities			30,000
Total administrative expenditure			290,000
Total estimated costs			7,708,400
EGF contribution (50 % of total costs)			***3,854,200***

21. With regard to complementarity with ESF and structural funding, the specific applications provide the following information :

- Sardinia : benefits from both ERDF (Priority 5 – productive systems) and ESF (Priority 2 - employability) funding but has confirmed that no actions are specifically targeted at the workers concerned in the EGF application. Italy confirms that there will be no overlapping or double funding between ESF and EGF actions.

- Piedmont : operates the 'Piedmont Project' a programme of Regional-funded welfare to work actions, which was first set up to address the crises in the FIAT group and which has now been extended to all sectors, including the textiles sector. The Italians have stated their aim to use the EGF in synergy with existing programmes, including ESF Priority 1 (adaptability) and 2 (employability) actions but without overlapping or double-funding.

- Lombardy : a master plan of employment services for the region, involving the Ministry of Labour, regional and provincial actors, co-ordinates actions locally and optimises service provision, through a systematic process of dialogue and analysis. This is done within the context of a larger strategy of ensuring the economic competitiveness and dynamism of the Lombardy region. Italy confirms that synergy will be ensured between existing ESF (Priority 2 - employability) and ERDF funding, and EGF assistance, without overlapping or double funding.

- Tuscany : will benefit through both Priority 1 (adaptability) and Priority 2 (employability) in the 2007-2013 ESF programming period. The Italian authorities have confirmed that these actions do not overlap with the application for co-funding from the EGF. Regular contact between the Italian Ministry of Labour, the Region of Tuscany and the Province of Prato will ensure there is no duplication of funding.

For all four applications complementarity will be ensured by the Member State at national, regional and local levels through regular contact between the regions and national ESF authorities (co-ordination meetings with different responsible authorities) and by the establishment of separate accounting systems where the EGF and ESF contributions are individually identified.

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

22. Personalised services to the affected workers included in the co-ordinated package proposed for co-financing through the EGF were started by Italy for Sardinia, Piedmont and Lombardy on 2 January 2007 and for Tuscany on 1 March 2007. These dates therefore represent the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

(i) Procedures followed for consulting the social partners

23. The Italian authorities confirmed that the workers' representatives were informed in conformity with Italian law with respect to all four applications.

(j) Information on actions that are mandatory or pursuant to collective agreements, and respect of State aid rules

24. As regards the fulfilment of the criteria set out in Article 6 of Regulation (EC) No 1927/2006, Italy has confirmed for all four applications that any public support to be provided complies with the procedural and material EC State aid rules applicable at the point of time when the public support is granted.

25. The Italian authorities have 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.

26. (k) Management and control systems

The Italian authorities have confirmed that any financial contribution from the EGF will be managed and controlled by *Il Ministro del Lavoro e della Providenza Sociale* following the procedural rules established for the European Social Fund. This is defined under a formal Decree of the Ministry of Labour and Public Welfare dated 15/05/2007. A copy of this document has been provided to the Commission.

(h) Conclusion

27. In conclusion, for the reasons set out above, it is proposed to accept applications EGF/2007/005 IT/Sardegna, EGF/2007/006 IT/Piemonte, EGF/2007/007 IT/Lombardia and EGF/2008/001 IT/Toscana submitted by Italy relating to the redundancies in question, as evidence has been provided that these redundancies result from major structural changes in world trade patterns which have led to serious economic disruption, which affects the local economy. A co-ordinated package of eligible personalised services has been proposed. Therefore, it is proposed to deploy the EGF.

FINANCING

The total annual budget available for the EGF is € 500 million. So far, 2 cases have been accepted for funding in 2008, and a further 2 cases have been proposed, for an aggregated amount of € 13,877,654.

Article 12 (6)of Regulation (EC) No. 1927/2006 states that on 1 September of each year, at least € 125 million should remain available in order to cover the needs arising until the end of the year.

After deduction of the amounts already accepted or already proposed for commitment, an amount of € 486,122,346 remains available.

It is proposed to deploy € 35,158,075 from the EGF comprising:

- ***€ 10,971,000*** for application EGF/2007/005 IT/Sardegna
- ***€ 7,798,750*** for application EGF/2007/006 IT/Piemonte
- ***€ 12,534,125*** for application EGF/2007/007 IT/Lombardia
- ***€ 3,854,200*** for application EGF/2008/001 IT/Toscana

THE COMMISSION IS THEREFORE INVITED TO:

- approve the conclusions on applications EGF/2007/005 IT/Sardegna, EGF/2007/006 IT/Piemonte, EGF/2007/007 IT/Lombardia and EGF/2008/001 IT/Toscana submitted by Italy as set out in this Communication;

- submit to the budgetary authority a proposal to authorise appropriations corresponding to EUR 35,158,075, as specified in point 21 as well as a request for the transfer of this amount in commitment appropriations to budget line 04.0501 (European Globalisation Adjustment Fund) in accordance with Article 12 (3) of Regulation (EC) No 1927/2006;

- authorise the transfer of an identical amount in payment appropriations from budget line 04.0201 (Completion of the European Social Fund) to budget line 04.0501 (European Globalisation Adjustment Fund).