



Plenary sitting

A8-0061/2018

8.3.2018

REPORT

on the proposal for a decision of the European Parliament and of the Council
on the mobilisation of the European Globalisation Adjustment Fund
(application from Germany – EGF/2017/008 DE/Goodyear)
(COM(2018)0061 – C8-0031/2018 – 2018/2025(BUD))

Committee on Budgets

Rapporteur: Ingeborg Gräßle

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from Germany – EGF/2017/008 DE/Goodyear) (COM(2018)0061 – C8-0031/2018 – 2018/2025(BUD))

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2018)0061 – C8-0031/2018),
 - 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 1927/2006¹ (“EGF Regulation”),
 - having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020², and in particular Article 12 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 management³ (IIA of 2 December 2013), and in particular point 13 thereof,
 - having regard to the trilogue procedure provided for in point 13 of the IIA of 2 December 2013,
 - having regard to the letter of the Committee on Employment and Social Affairs,
 - having regard to the letter of the Committee on Regional Development,
 - having regard to the report of the Committee on Budgets (A8-0061/2018),
- A. whereas the Union has set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis, and to assist their reintegration into the labour market;
- B. whereas the Union’s financial assistance to workers made redundant should be dynamic and made available as quickly and efficiently as possible;
- C. whereas Germany submitted application EGF/2017/008 DE/Goodyear for a financial contribution from the EGF, following 646 redundancies in the economic sector classified under the NACE Revision 2 Division 22 (Manufacture of rubber and plastic products) in the NUTS level 2 region of Regierungsbezirk Karlsruhe (DE12) in Germany;

¹ OJ L 347, 20.12.2013, p. 855.

² OJ L 347, 20.12.2013, p. 884.

³ OJ C 373, 20.12.2013, p. 1.

- D. whereas the application is based on the intervention criteria of point (a) of Article 4(1) 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;
1. Agrees with the Commission that the conditions set out in Article 4(1) of the EGF Regulation are met and that Germany is entitled to a financial contribution of EUR 2 165 231 under that Regulation, which represents 60 % of the total cost of EUR 3 608 719;
 2. Notes that the German authorities submitted the application on 6 October 2017, and that, following the provision of additional information by Germany, the Commission finalised its assessment on 9 February 2018 and notified it to Parliament on the same day;
 3. Notes that the global tyre market share of Asian manufacturers from China, Taiwan and Singapore rose from 4 % in 2001 to 20 % in 2013;
 4. Notes that Germany started providing the personalised services to the targeted beneficiaries on 1 January 2018. The expenditure on those actions will therefore be eligible for a financial contribution from the EGF;
 5. Notes that Germany argues that the redundancies are linked to major structural changes in world trade patterns due to globalisation and its negative impact on B-segment car tyre production in the Union;
 6. Recalls that the redundancies that occurred in Goodyear are expected to have a significant adverse effect on the local economy, and that the impact of the layoffs is linked to the difficulties of redeployment due to the scarcity of jobs, to the low educational background of the dismissed workers, to their specific vocational skills developed in a sector now in decline, and to the high number of job seekers;
 7. Is aware of the fall in Union automotive output and market shares in the wake of globalisation; acknowledges that, as a result, significant overcapacity has built up in the B tyre segment at Goodyear, forcing the company to close one of its European plants, which was the largest employer in the region; notes that the EGF could also facilitate the cross border movement of workers from shrinking sectors located in some Member States to expanding sectors in other Member States;
 8. Notes that the application relates to 646 workers made redundant at Goodyear, the majority of them being between 30 and 54 years old; points also to the fact that a significant percentage of the redundant workers are between 55 and 64 years old with skills specific to the manufacturing sector; further notes that around 300 of the redundant workers are unskilled and have a migratory background and are without a formal qualification, such as a vocational training, which puts them at a disadvantage on the regional job market; emphasises that the Waghäusel region, where the Philippsburg plant is located, is facing structural changes; in view of this, acknowledges the importance of active labour market measures co-funded by the EGF for improving the chances of reintegration in the labour market of these groups;

9. Notes that Germany is planning six types of actions for the redundant workers covered by this application: (i) upskilling measures, (ii) peer groups / workshops, (iii) a business start-up advisory service, (iv) job search, (v) follow-up mentoring / securing employment, (vi) training allowance;
10. Notes that the income support measures will account for the maximum 35% of the overall package of personalised measures set out in the EGF Regulation and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities;
11. Welcomes the consultations with stakeholders including representatives of the redundant workers, social partners and regional authorities as well as the workers' council, trade union and management that took place while drawing up the co-ordinated package of personalised services;
12. Welcomes the decision of the public employment service to take into account both future labour market needs and the qualifications of the workers concerned when designing a qualification and skills strategy;
13. Recalls that in accordance with Article 7 of the EGF Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy; welcomes the assurance that the measures organised being are in line with Germany's sustainability strategy, and that the body setting up the two transfer companies holds a sustainability certification.
14. Notes that the German authorities have provided assurances that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that they will be complementary with actions funded by the Structural Funds;
15. Acknowledges Germany's confirmation that a financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements, or measures for restructuring companies or sectors;
16. Calls on the Commission to urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding, including on the quality, duration and sustainability of new jobs, on the number and percentage of self-employed persons and start-ups, and the reintegration rate achieved through the EGF;
17. Recalls its appeal to the Commission to assure public access to all the documents related to EGF cases;
18. Approves the decision annexed to this resolution;
19. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the *Official Journal of the European Union*;

20. Instructs its President to forward this resolution, including its Annex, to the Council and the Commission.

ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund following an application from Germany – EGF/2017/008 DE/Goodyear

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 1927/2006¹, 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 management², 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 1311/2013³.

(3) On 6 October 2017, Germany submitted an application to mobilise the EGF, in respect of redundancies in Goodyear Dunlop Tires Germany GmbH in Germany. 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 2 165 231 in respect of the application submitted by Germany.

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

¹ OJ L 347, 20.12.2013, p. 855.

² OJ C 373, 20.12.2013, p. 1.

³ 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).

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2018, the European Globalisation Adjustment Fund shall be mobilised to provide the amount of EUR 2 165 231 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,

For the European Parliament
The President

For the Council
The President

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

EXPLANATORY STATEMENT

I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of Article 12 of Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020¹ and of Article 15 of Regulation (EU) No 1309/2013², the Fund may not exceed a maximum annual amount of EUR 150 million (2011 prices). The appropriate amounts are entered into the general budget of the Union as a provision.

As concerns the procedure, according to 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 management³, in order to activate the Fund the Commission, in case of a positive assessment of an application, presents to the budgetary authority a proposal for mobilisation of the Fund and, at the same time, a corresponding request for transfer. In the event of disagreement, a trilogue shall be initiated.

II. Germany's application and the Commission's proposal

On 9 February 2017, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Germany to support the reintegration in the labour market of workers made redundant by one enterprise operating in the economic sector classified under the NACE Revision 2 Division 22 (Manufacture of rubber and plastic products). The redundancies made by Goodyear are located in the NUTS level 2 region of Regierungsbezirk Karlsruhe (DE12) in Germany. The proposal was transmitted to the European Parliament on 9 February 2018.

This is the third application to be examined under the 2018 budget and the first in the economic sector classified under the NACE Revision 2 Division 22 (Manufacture of rubber and plastic products) since the establishment of the EGF. It concerns 646 workers made redundant and refers to the mobilisation of a total amount of EUR 2 165 231 from the EGF for Germany.

The application was sent to the Commission on 6 October 2017 and supplemented by additional information by 4 December 2017. The Commission finalised its assessment on 9 February 2018 and has concluded, in accordance with all applicable provisions of the EGF Regulation, that the application meets the conditions for a financial contribution from the EGF, as referred to in Article 4(1) of the EGF Regulation.

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 347, 20.12.2013, p. 855.

³ OJ C 373, 20.12.2013, p. 1.

Germany argues that the redundancies are linked to major structural changes in world trade patterns due to globalisation and its negative impact on B-segment car tyre production in the European Union. Due to the fall in EU automotive output and market shares in the wake of globalisation, significant overcapacity has built up in the B segment at Goodyear, forcing the company to close the plant in Philippsburg, which has the largest production capacity for tyres in the B segment among Goodyear's European plants.

The dismissals occurred in the Karlsruhe district, which is facing a structural change. Several smaller or medium-sized companies in the region have made hundreds of workers redundant. The Goodyear plant was the largest employer in the region.

A large number of redundant workers are men. The large majority of them are between 30 and 54 years old, whilst 26% are between 55 and 64 years old. Around 300 of the redundant workers are unskilled and have a migratory background (some of whom are EU citizens, some third-country nationals). Active labour market measures co-funded by the EGF are all the more important for improving the chances of reintegration in the labour market of these groups.

The six types of actions to be provided to redundant workers and for which EGF co-funding is requested consist of:

- Upskilling measures: These are offered to eligible workers following profiling and career guidance interviews, and with the intention of helping them to benefit from opportunities in the labour market.
- Peer groups / workshops: These will be group fora assisted by a facilitator, helping participants to exchange ideas and reflections.
- Business start-up advisory service: This will comprise a package of advisory services for those interested in starting their own businesses. These services will include individualised tailor-made coaching measures.
- Job Search: Professional job scouts will help to locate potential job vacancies not yet published, which might suit eligible workers. A job fair is also planned.
- Follow-up mentoring / securing employment: Workers can benefit from further guidance counselling services after taking up new employment in order to facilitate transition into a new job and to minimise the risk of a job loss.
- Training allowance: The payment starts from the date when the worker enters the transfer company, and ends as soon as the person leaves the transfer company.

According to the Commission, the described measures constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation and do not substitute passive social protection measures.

The German authorities have 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,
- the dismissing enterprises, which have continued their activities after the lay-offs, have complied with their legal obligations governing the redundancies and provided for their 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.

Germany has notified the Commission that the source of national pre-financing or co-funding are the Federal budget and Bundesagentur für Arbeit (Federal Public Employment Service). The financial contribution will be managed and controlled by the same bodies within the Federal Ministry for Labour and Social Affairs (Bundesministerium für Arbeit und Soziales) which manage the European Social Fund (ESF).

III. Procedure

In order to mobilise the Fund, the Commission has submitted to the Budgetary Authority a request to transfer a global amount of EUR 2 165 231 from the EGF reserve (40 02 43) to the EGF budget line (04 04 01).

This is the third transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2018.

The trilogue procedure shall be initiated in the event of disagreement, as provided for in Article 15(4) of the EGF Regulation.

According to an internal agreement, the Employment and Social Affairs Committee should be associated to the process, in order to provide constructive support and contribute to the assessment of the applications from the Fund.

ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

D(2018)7922

Mr Jean Arthuis
Chair of the Committee on Budgets
ASP 09G205

Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the case EGF/2017/008 DE/Goodyear

Dear Chair,

The Committee on Employment and Social Affairs (EMPL) as well as its Working Group on the EGF examined the mobilisation of the EGF for the case EGF/2017/008 DE/Goodyear and adopted the following opinion.

The EMPL committee and the Working Group on the EGF are in favour of the mobilisation of the Fund concerning this request. In this respect, the EMPL committee presents some remarks without, however, putting into question the transfer of the payments.

The deliberations of the EMPL committee are based on the following considerations:

- A) Whereas this application is based on Article 4(1)(a) of Regulation (EU) No 1309/2013 (EGF Regulation) and relates to 646 workers made redundant in one enterprise operating in in the economic sectors classified under the NACE Revision 2 Division 22 (Manufacture of rubber and plastic products);
- B) Whereas, in order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Germany argues that Asian suppliers have gained a significant share of the market for “B-segment” car tyre production (typically used for small or mid-size vehicles) in recent years;
- C) Whereas over 99% of the workers targeted by the measure are men and under 1% are women; whereas 66% of the targeted beneficiaries are aged between 30 and 54 years, 26% are between 55 and 64 years and 6% under 30 years;

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution concerning the German application:

1. Agrees with the Commission that the intervention criteria set out in Article 4(1)(a) of the Regulation (EU) No 1309/2013 are met and that, therefore, Germany is entitled to a

financial contribution of EUR 2 165 231 under this Regulation which represents 60% of the total cost of EUR 3 608 719;

2. Notes that the Commission respected the deadline of 12 weeks from the reception of the completed application from the German authorities until finalising its assessment on the compliance with the conditions for providing a financial contribution, on 9 February 2018, and notified it to Parliament on the same day;
3. Emphasises that Waghäusl district, where the Philippsburg plant is located, is facing structural change and that a high proportion of the workers made redundant by Goodyear have a migratory background or are older people; groups that seem to be the most disadvantaged on the regional jobs market;
4. Welcomes the public employment service's decision to take into account both future labour market needs and the qualifications of the workers concerned when designing a qualification and skills strategy;
5. Notes that the EGF co-funded personalised services for the redundant workers include upskilling measures, peer groups/workshops, a business start-up advisory service, job search, follow-up mentoring and training allowances;
6. Welcomes the consultations with stakeholders including representatives of the redundant workers, social partners and regional authorities as well as the works council, trade union and management that took place while drawing up the co-ordinated package of personalised services;
7. Notes that the income supports measures will account for the maximum 35% of the overall package of personalised measures set out in the Regulation; and that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities;
8. Acknowledges Germany's confirmation that a financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements;
9. Recalls its previous concerns that EGF funding be used to go beyond what the transfer company would normally do for the workers; calls on the Commission to provide detailed analysis to show that this EGF funding is not being used to replace Member State or company obligations;
10. Notes that the German authorities have provided assurances that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that they will be complementary with actions funded by the Structural Funds;
11. Recalls that in line with Article 7 of the Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy; welcomes the assurance that the measures organised being are in line with Germany's sustainability strategy, and that the body setting up the two transfer companies holds a sustainability certification.

Yours sincerely,

Marita ULVSKOG

Acting EMPL Chair

ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT

Mr Jean ARTHUIS
Chairman
Committee on Budgets
European Parliament

Subject: **Mobilisation of the European Globalisation Adjustment Fund**

Dear Mr Arthuis,

A Commission proposal for a decision to mobilise the European Globalisation Adjustment Fund (EGF) has been referred for opinion to the Committee on Regional Development. I understand that it is intended that a report on this will be adopted in the Committee on Budgets on 8 March 2018:

- **COM(2018)61** proposes an EGF contribution of EUR 2 165 231 for 646 workers made redundant in Goodyear Dunlop Tires Germany GmbH. This enterprise operates in the economic sector classified under the NACE Revision 2 Division 22 (Manufacture of rubber and plastic products). The redundancies made by Goodyear are located in the NUTS level 2 region of Regierungsbezirk Karlsruhe (DE12) in Germany.

The rules applicable to financial contributions from the 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.

The Committee coordinators have assessed this proposal, and asked me to write to you reporting that the majority of this Committee has no objection to this mobilisation of the European Globalisation Adjustment Fund to allocate the above-mentioned amount as proposed by the Commission.

Yours sincerely,

Iskra MIHAYLOVA

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	8.3.2018
Result of final vote	+: 28 -: 3 0: 0
Members present for the final vote	Nedzhmi Ali, Jean Arthuis, Richard Ashworth, Reimer Böge, Lefteris Christoforou, Gérard Deprez, Manuel dos Santos, André Elissen, José Manuel Fernandes, Eider Gardiazabal Rubial, Iris Hoffmann, Monika Hohlmeier, John Howarth, Bernd Kölmel, Vladimír Maňka, Urmas Paet, Paul Rübig, Petri Sarvamaa, Patricija Šulin, Eleftherios Synadinos, Indrek Tarand, Daniele Viotti, Marco Zanni
Substitutes present for the final vote	Xabier Benito Ziluaga, Heidi Hautala, Andrey Novakov, Stanisław Ożóg, Marie-Pierre Vieu, Rainer Wieland
Substitutes under Rule 200(2) present for the final vote	Michael Detjen, Norbert Lins

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

28	+
ALDE	Nedzhmi Ali, Jean Arthuis, Gérard Deprez, Urmas Paet
ECR	Stanisław Ożóg
ENF	Marco Zanni
GUE/NGL	Xabier Benito Ziluaga, Marie-Pierre Vieu
PPE	Richard Ashworth, Reimer Böge, Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Norbert Lins, Andrey Novakov, Paul Rübig, Petri Sarvamaa, Rainer Wieland, Patricija Šulin
S&D	Michael Detjen, Eider Gardiazabal Rubial, Iris Hoffmann, John Howarth, Vladimír Maňka, Daniele Viotti, Manuel dos Santos
Verts/ALE	Heidi Hautala, Indrek Tarand

3	-
ECR	Bernd Kölmel
ENF	André Elissen
NI	Eleftherios Synadinos

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention