

MOBILISATION OF THE EUROPEAN GLOBALISATION ADJUSTMENT FUND

Based on Regulation (EC) No 1927/2006 of 20 December 2006 establishing the European Globalisation Adjustment Fund¹ (hereinafter "the EGF Regulation")

**Application EGF/2008/005 ES/Cataluña Textile Sector received from Spain, and
Application EGF/2009/001 PT/Norte-Centro received from Portugal**

1. OVERVIEW OF THE APPLICATIONS²

Reference	EGF/2008/005	EGF/2009/001
Case	ES/Cataluña Textile Sector	PT/Norte-Centro
Member State	Spain	Portugal
Sector	Textiles	Textiles
Submitted to Commission	29 December 2008	23 January 2009
Total budget planned	€ 6 613 500	€ 1 665 600
EGF amount requested	€ 3 306 750	€ 832 800
Intervention criterion	Article 2 (b) Regulation (EC) No 1927/2006	Article 2(b) Regulation (EC) No 1927/2006
Reference period	28 February 2008 to 27 October 2008	16 February 2008 to 15 November 2008
Redundancies	1 269 redundancies in 30 enterprises during the reference period, plus 451 eligible redundancies in the following two months	1 588 redundancies in 49 enterprises during the reference period (of which 39 in the region Norte and 10 in the region Centro), plus 138 redundancies in the following two months
Complementarity, compliance and coordination	Guaranteed by the Spanish authorities	Guaranteed by the Portuguese authorities
Active employment measures	To be provided to 1,100 workers, include: - guidance, - outplacement assistance - job-search allowances - training and re-training - support for entrepreneurship - outplacement incentives	To be provided to 1 504 workers (out of which 1 000 workers expected to benefit), include: - skills recognition, validation and certification - vocational training and training grants - assistance for insertion - entrepreneurship support - personal employment plans

¹ OJ L 48, 22.2.2008, p. 82.

² Proposal for a Decision of the European Parliament and of the Council, COM(2009)0371, 16.7.2009; Commission's Communications on applications introduced by Spain (SEC(2009)826) and Portugal (SEC(2009)824).

2. APPLICATION EGF/2008/005 ES/CATALUÑA TEXTILE SECTOR

2.1 The application

This is the **third application from Spain**. So far, the EGF support has been requested in the case EGF/2008/002 Delphi, EUR 10.471.778 (Decision of 22.10.2008), and EGF/2008/004 Castilla y León and Aragón, EUR 2.694.300 (Decision of 10.04.2009).

The application presented on 29 December 2008 relates to **1.720 redundancies**, of which 1.269 occurred during the nine-month reference period (from 28 February 2008 to 27 October 2008) and an additional 451 in the two months following that period. The application was submitted within the 10 weeks period referred to in Article 5 of the EGF Regulation. All of the redundancies occurred in a single NUTS II region, Cataluña. In total, 46 enterprises falling within the sector "Manufacture of Textiles" have been affected.

Of the 1.720 redundant workers, the Spanish authorities decided to target **a total of 1.100 workers for assistance from the EGF**. 48% of them are female and 52% are male. Almost 83% of the workers to be targeted for assistance belong to the 25 to 54 years age group, approximately 15% is over 55 years old and 1 worker has a longstanding health problem or disability. A coordinated package of eligible personalised services has been proposed by the Spanish authorities to that end, of which the **requested contribution of the EGF is EUR 3.306.750**.

According to the Commission's assessment, evidence has been provided that these redundancies result from major structural changes in world trade patterns which have led to a serious economic disruption, affecting employment and the local economy. Following that positive assessment, and the adoption by the Commission of the application submitted by Spain, as well as of that submitted by Portugal, **a proposal for a decision** of the Parliament and the Council on the mobilisation of the EGF and the corresponding **request for a transfer of a total amount of EUR 4.139.550** (for Spain and Portugal) have been made by the Commission on 16 July 2009.

The application is based upon the specific intervention criterion of **Article 2(b)** of the EGF Regulation, requiring at least 1.000 redundancies over a period of 9 months, in a NACE 2 sector in one region or two contiguous regions at NUTS II level.

Based on evidence provided by the Commission, **the total of 1.269 job losses in 30 enterprises** in the "manufacturing of textiles" sector during the nine months period (28 February to 27 October 2008) in a single region is **sufficient to comply with the criteria of Article 2(b)**.

2.2 Comments and questions for discussion with the Commission

For the following measure **more information should be requested from the Commission** to make sure that it is covered by Article 3 of the EGF Regulation. Those measures also represent a large share of the total estimated costs. Therefore, Members may want to seek further clarification from the Commission. In particular:

- Outplacement incentives (435 workers targeted; estimated cost EUR 2.603 per worker)
"a temporary financial aid of €2,500 (€3,000 for workers over 45) will be paid to workers who accept an employment contract for a period of at least six months. The aid will be

paid only where the salary offered is less than €38,000 per year. If the contract is broken during the six months the aid will be recovered pro rata, and if the contract is not for a fulltime job the aid will only be paid in proportion to the number of hours worked. The aid is designed to stimulate workers, particularly those aged over 45, to remain in the labour market. It is estimated that some 435 workers will benefit.”

The Commission should be asked to give more information about the level of unemployment in Catalonia in general.

APPLICATION EGF/2009/001 PT/NORTE-CENTRO

3.1 The application

This is the **second application from Portugal** for assistance from the EGF. So far, the EGF support has been requested in the case EGF/2007/010 Automobile sector in Lisboa-Alentejo, EUR 2.425.675 (Decision of 10.04.2008).

The application was presented to the Commission on 23 January 2009. It concerns in total **1.726 redundancies**, of which 1.588 occurred in 49 enterprises during the nine-month period of reference (from 16 February 2008 to 15 November 2008), and an additional 138 redundancies which occurred in 17 of these enterprises in the ten weeks following the period of reference. The **application therefore based on 1.588 workers made redundant** in 49 companies in a NACE sector "manufacture of textiles", in the two neighbouring regions of Norte and Centro.

Of the 1.726 workers potentially eligible to participate in the EGF-supported measures, the Portuguese authorities indicated that 1.504 would be targeted. Furthermore, the Portuguese authorities have estimated based on past experience that, of the workers targeted by the EGF measures, about 30% may either find another job without needing the support of the EGF, or withdraw from the labour market. For that reason, an **EGF package of measures** was proposed for an average of **1.000 workers**, of which the **requested contribution of the EGF amounts to EUR 832.800**.

Following an assessment of the application, the Commission services concluded that there was a link between the redundancies in Portugal and major structural changes in world trade patterns, as those have led to a substantial increase of textile imports into the EU. The application submitted by Portugal, as well as that submitted by Spain, was therefore adopted by the Commission, and a **proposal for a decision** of the Parliament and the Council on the mobilisation of the EGF and the corresponding **request for a transfer of a total amount of EUR 4.139.550** (for Spain and Portugal) have been made by the Commission on 16 July 2009.

Portugal submitted the application under the specific intervention criterion of **Article 2(b)**, requiring at least 1.000 redundancies over a period of 9 months, in a NACE 2 sector in one region or two contiguous regions at NUTS II level.

Based on evidence provided, **the total of 1.588 job losses in 49 enterprises** in the same NACE sector (manufacturing of textiles) during the nine months period (in this case from 16 February 2008 to 15 November 2008) in a two contiguous NUTS II regions in Portugal, is **sufficient to comply with the criteria of Article 2(b)** of the EGF Regulation.

3.2 Comments and questions for discussion with the Commission

Following Portugal's estimates, one third of the persons eligible for participation in the measures financed by the EGF will probably refrain for personal or professional reasons to participate. Support from the EGF is therefore only asked for a realistic number of 1000. At the same time, this kind of presentation leads to a lack of information on the persons that participated in the end in the measures proposed. For example, the percentage of women and men could vary considerably between the 1504 having the right to benefit and the 1000 that participated finally. The Commission should comment on the remark of the EP if the way how Portugal presented the number and characteristics of the participants could not be improved to serve as model for future applications.

4. COMMENTS AND QUESTIONS FOR DISCUSSION WITH THE COMMISSION CONCERNING BOTH REQUESTS

The Commission should explain more in detail the unforeseen nature of the redundancies in both cases as the textile sector is already in decline since 2004.

The Commission should be asked if they can provide more information about the requirements of Art 7 on the respect of the principles of Gender Equality and non-discrimination in the implementation process of the two applications.

5. REMARK ON PROCEDURE AND TIMETABLE

The decision to deploy the EGF is taken jointly by the two arms of the budgetary authority through the **normal budgetary procedure** as required by the Interinstitutional Agreement on budgetary discipline and sound financial management of 17 May 2006, point 28. Therefore, the BUDG Committee is the responsible committee on the dossier and the EMPL Committee is called for an opinion.

The Parliament and the Council have a tight schedule to deliver their opinion on the matter. In accordance with Article 24(4) of the Financial Regulation, the Commission's proposal for the transfer shall be deemed to be approved if neither the Parliament nor the Council has decided otherwise **within 6 weeks** of the date on which the two institutions receive the proposal.

Due to the summer recess, Parliament and Commission have agreed to postpone the start of the delay for the delivery of the opinion until 28 August. Nevertheless, the BUDG committee has asked EMPL to speed up the procedure as they will adopt their report on 2 September in the morning.