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Committee on Budgets

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DRAFT REPORT

on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with 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 sound financial management (application EGF/2014/003 ES/Aragón food and beverage) (COM(2014)0456 – C8-0099/2014 – 2014/2054(BUD))

Committee on Budgets

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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, in accordance with 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 sound financial management (application EGF/2014/003 ES/Aragon food and beverage) (COM(2014)0456 – C8-0099/2014 – 2014/2054(BUD))

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2014)0456 – C8-0099/2014),
 - 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 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 report of the Committee on Budgets (A8-0000/2014),
- A. whereas the European 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 are made redundant as a result 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, in accordance with the Joint Declaration of the European Parliament, the Council and the Commission adopted during the conciliation meeting on 17 July 2008, and having due regard for the IIA of 2

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.

December 2013 in respect of the adoption of decisions to mobilise the EGF,

- C. whereas Spain submitted application EGF/2014/003 ES/Aragon and beverage for a financial contribution from the EGF, following 904 redundancies in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities)¹ in the NUTS level 2 region of Aragón (ES24) with 280 workers targeted for EGF co-funded measures, during the reference period from 1 March 2013 to 1 December 2013,
- D. whereas the application fulfils the eligibility criteria set up by the EGF Regulation,
1. Agrees with the Commission that the conditions set out in Article 4(1)(b) of the EGF Regulation are met and that, therefore, Spain is entitled to a financial contribution under that Regulation;
 2. Notes that the Spanish authorities submitted the application for EGF financial contribution on 21 February 2014, and that its assessment was made available by the Commission on 10 July 2014; welcomes the speedy evaluation of five months;
 3. Considers that the redundancies in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities) are linked to global financial and economic crisis, referring to the fact that a decline in average income and a decrease in household consumption in Spain resulted in an overall shrinking demand for food and beverage services;
 4. Notes that 904 redundancies will further aggravate the difficult unemployment situation in Aragón where the unemployment rate has increased rapidly, rising from 4,2 % in December 2007 to 18,4 % in December 2013;
 5. Welcomes the fact that, in order to provide workers with speedy assistance, the Spanish authorities decided to initiate the implementation of the personalised services to the affected workers on 7 November 2013 well ahead of the final decision on granting the EGF support for the proposed coordinated package;
 6. Notes that following the redundancies in the construction and retail sectors in Aragón, Spain submitted applications for this region in May 2010² and December 2011³ for financial contributions from the EGF;
 7. Notes that the coordinated package of personalised services to be co-funded includes measures for workers made redundant such as guidance, counselling and job search; training and re-training, reintegration into employment and incentives;
 8. Welcomes the fact that the coordinated package of personalised services has been drawn up in consultation with the trade unions Confederación Sindical de Comisiones Obreras-

¹ 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 Rev. 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

² EGF/2010/016 ES Aragón Retail. COM(2010) 615.

³ EGF/2011/017 ES Aragón construction of buildings. COM(2012) 290,

CC.OO Aragón and Unión General de Trabajadores-UGT Aragón; and the employers' organisations Confederación de Empresarios de Aragón-CREA and Confederación de la Pequeña y Mediana Empresa Aragonesa-CEPYME Aragón, and that the principles of equality of treatment and non-discrimination will be applied during the various stages of the implementation of and in access to the EGF;

9. Recalls the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career; expects the training on offer in the coordinated package to be adapted not only to the needs of the dismissed workers but also to the actual business environment;
10. Notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on complementarity with actions funded by the Structural Funds; stresses that the Spanish authorities confirm that the eligible actions do not receive assistance from other Union financial instruments; reiterates its call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and that no duplication of Union-funded services can occur;
11. Appreciates the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants; notes that the Commission finalised its assessment of the application's compliance with the conditions for providing a financial contribution within 12 weeks of the receipt of the complete application;
12. Stresses that, in accordance with Article 9 of the EGF Regulation, it shall be ensured that the EGF assistance is limited to what is necessary to provide solidarity and temporary one-off support for targeted beneficiaries; and will not furthermore replace actions which are the responsibility of companies by virtue of national law or collective agreements;
13. Approves the decision annexed to this resolution;
14. 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;
15. 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, in accordance with 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 (application EGF/2014/003 ES/Aragón food and beverage)

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 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 between the European Parliament, the Council and the Commission of 2 December 2013 on budgetary discipline, on cooperation in budgetary matters and on sound financial management³, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established 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 addressed in Regulation (EC) No 546/2009⁴, 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 shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Regulation (EU, Euratom) No 1311/2013.

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.

⁴ OJ L 167, 29.6.2009, p. 26.

- (3) Spain submitted an application to mobilise the EGF, in respect of redundancies¹ in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities)² in the NUTS 2 level region of Aragón (ES24), on 21 February 2014 and supplemented it by additional information as provided by Article 8.3 of Regulation (EU) No 1309/2013. This 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 an amount of EUR 960 000 for the application submitted by Spain,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2014, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 960 000 in commitment and payment appropriations.

Article 2

This decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

¹ Within the meaning of Article 3(a) of the EGF Regulation.

² 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 Rev. 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

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. The Aragon food and beverage application and the Commission's proposal

On 10 July 2014, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Spain to support the reintegration in the labour market of workers made redundant in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities) due to global financial and economic crisis.

This is the eight application to be examined under the 2014 budget and refers to the mobilisation of a total amount of EUR 960 000 from the EGF for Spain. It concerns 280 out of 904 workers made redundant in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities) in Aragon region. The application was sent to the Commission on 21 February 2014 and supplemented by additional information up to 18 April 2014. The Commission 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.

The Spanish authorities state that according to the annual report of Federación Española de Hostelería y Restauración (FEHR) on the accommodation, food and beverage service activities for 2012⁴, the sectoral index of business activity declined by 8.26 % during the period 2010-2012. Moreover, the Spanish authorities argue that as a consequence of the decrease in expenditure on away-from-home food, the number of businesses operating in the food and beverage service activities sector had fallen by 3,5 % at national level in 2011

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 347, 30.12.2013, p. 855.

³ OJ C 373, 20.12.2013, p. 1.

⁴ Source: www.fehr.es

compared with 2009, while in Aragón the decrease was of 11 %. The decline in business activity in the food and beverage service activities sector and the closure of many businesses operating in this sector resulted in a large number of redundancies.

The Spanish authorities argue that the food and beverage service activities sector has traditionally been considered as a safety net at times of scarce employment, since finding a job in the food and beverage sector used to be easy, mainly due to the fact that these jobs have demanding work schedules which are difficult to reconcile with family life. The fact that now even the food and beverage service activities sector is suffering the consequences of the financial and economic crisis, with resulting redundancies, has an adverse impact on the regional economy more serious than the figures alone seem to show.

The personalised services which are to be provided to workers made redundant consist of the following actions which combine to form a co-ordinated package of personalised services: guidance, counselling and job search; training and re-training, reintegration into employment, and incentives.

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. These actions do not substitute passive social protection measures.

The Spanish 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 proposed actions will provide support for individual workers and will not be used for restructuring companies or sectors;
- 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;

Concerning management and control systems, Spain has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the European Social Fund (ESF). The Instituto Aragonés de Empleo (INAEM) will be the intermediate body for the managing authority.

III. Procedure

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request for a global amount of EUR 960 000 from the EGF reserve (40 02 43) to the EGF budget line (04 04 51).

This is the sixth transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2014.

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 contribution to the assessment of the applications from the Fund.