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DRAFT REPORT

on the proposal for a decision of the European Parliament and of the Council on 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/2013/010 ES/Castilla y León from Spain) (COM(2014)0478 – C8-0115/2014 – 2014/2062(BUD))

Committee on Budgets

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CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	3
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	7
EXPLANATORY STATEMENT	9

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the proposal for a decision of the European Parliament and of the Council on 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/2013/010 ES/Castilla y León from Spain)
(COM(2014)0478 – C8-0115/2014 – 2014/2062(BUD))**

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2014)0478 – C8-0115/2014),
 - having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund¹ (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 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 December 2013 in respect of the adoption of decisions to mobilise the EGF,

¹ OJ L 406, 30.12.2006, p. 1.

² OJ L 347, 20.12.2013, p. 884.

³ OJ C 373, 20.12.2013, p. 1.

- C. whereas Spain submitted application EGF/2013/010 ES/Castilla y León for a financial contribution from the EGF, following 587 redundancies, with 400 redundant workers expected to participate in the measures, in three enterprises operating in the manufacture of wood and of products of wood and cork sector¹ in the NUTS II region of Castilla y León (ES41) in Spain during the reference period from 28 December 2012 to 28 September 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 2(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 5 December 2013, and that its assessment was made available by the Commission on 22 July 2014;
 3. Considers that the redundancies in three enterprises operating in the manufacture of wood and of products of wood and cork sector in the NUTS II region of Castilla y León (ES41) are linked to major structural changes in world trade patterns due to globalisation, referring to the fact that the volume of the EU 27 exports of builders' joinery and carpentry of wood products decreased by 10,33% during the period 2008-2011; notes that in the same period the decline in Spain was even higher, where the number of enterprises decreased by 28,8%;
 4. Notes that the 587 redundancies in question have severely affected the local labour market with the unemployment rate rising from 8,2 % in the first quarter of 2008 to 22,70² % in the first quarter of 2013; considers that the unemployment situation in the affected region seems particularly fragile given the extremely low population density in Soria, one of the two provinces affected by the redundancies, and the high dependency of the affected territory on wood sector due to its extremely low population density the redundancies in this region also have a serious impact on the local economy;
 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 1 February 2014, well ahead of the final decision on granting the EGF support for the proposed coordinated package;
 6. Notes that the coordinated package of personalised services to be co-funded includes measures for the reintegration of approximately 400 redundant workers into employment such as welcome and information sessions, occupational guidance and counselling, intensive job-search assistance, training, promotion of entrepreneurship, incentives;
 7. Welcomes the fact that the former workers of Puertas Norma - the main dismissing

¹Regulation (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 (OJ L 393, 30.12.2006, p. 1).

²<http://www.datosmacro.com/paro-epa/espana-comunidades-autonomas/castilla-leon>

enterprise -, FAFECYL¹ and the social partners discussed the proposed application;

8. 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;
9. 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;
10. Requests the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF; appreciates the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF; underlines that further improvements in the procedure have been integrated in the new Regulation on European Globalisation Adjustment Fund (2014-2020)² and that greater efficiency, transparency and visibility of the EGF will be achieved;
11. Stresses that, in accordance with Article 6 of the EGF Regulation, it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment; stresses, furthermore, that EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment; reiterates that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor measures restructuring companies or sectors;
12. Welcomes the adoption of the new EGF Regulation which reflects the agreement reached between the Parliament and the Council to reintroduce the crisis mobilisation criterion, to increase Union financial contribution to 60% of the total estimated cost of proposed measures, to increase efficiency for the treatment of EGF applications in the Commission and by the Parliament and the Council by shortening time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses;
13. Approves the decision annexed to this resolution;

¹FAFECYL is a tripartite public foundation under the Public Employment Service of Castile and León. The employer association CECALE and the trade unions UGT and CCOO are members of its board.

² 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 (OJ L 347, 20.12.2013, p. 855).

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/2013/010 ES/Castilla y León from Spain)

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 (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund¹, and in particular Article 12(3) thereof,

Having regard to Regulation (EU) no 1309/2013 of the European Parliament and the Council of 17 December 2013 on the European Globalisation Fund (2014-2020) and repealing Regulation (EC) no 1927/2006², and in particular Article 23, second subparagraph, thereof,

Having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020³, 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 management⁴, 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 additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation 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.

¹OJ L 406, 30.12.2006, p. 1.

² OJ L 347, 20.12.2013, p. 855.

³ OJ L 347, 20.12.2013, p. 884.

⁴OJ C 373, 20.12.2013, p. 1.

- (3) Spain submitted an application to mobilise the EGF, in respect of redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials) in the NUTS II region of Castilla y León (ES 41), on 5 December 2013 and supplemented it by additional information up to 25 March 2014. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 700 000.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution 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 700 000 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

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 the Article 12 of Regulation (EC) No 1927/2006², 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 Castilla y León application and the Commission's proposal

On 22 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 three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials)⁴ in the NUTS II region of Castilla y León (ES41) due to major structural changes in world trade patterns due to globalisation.

This is the ninth application to be examined under the 2014 budget and refers to the mobilisation of a total amount of EUR 700 000 from the EGF for Spain. It concerns 587 redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials) in Spain with 400 workers targeted for EFG co-funded measures during the reference period from 28 December 2012 to 28 September 2013. Of these redundancies 560 were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. A further 27 redundancies occurred in Kronospan S.A. and were calculated in accordance with the third indent of the same paragraph. The Commission has received the confirmation required under the third indent of the second paragraph of Article 2(2) that this is the actual number of redundancies effected.

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 406, 30.12.2006, p. 1.

³ OJ C 373, 20.12.2013, p. 1.

⁴ 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 (OJ L 393, 30.12.2006, p. 1).

The application was sent to the Commission on 5 December 2013 and supplemented by additional information up to 25 March 2014. The Commission has concluded that the application meets the conditions for deploying the EGF as set out in Article 2(b) of Regulation (EC) No 1927/2006.

The Spanish authorities state that during the period 2008-2011 the volume of exports of builders' joinery and carpentry of wood products of the Castilla y León enterprises decreased, as exports at EU level did. However whilst EU 27 exports declined by 10,33 % the decline of exports of Castilla y León enterprises was 37 %¹. In addition the Spanish authorities citing INE² data argue that as a result of the shrinking market for builders' joinery and carpentry of wood products worldwide and the loss of market share of the EU27, the number of enterprises manufacturing wood and products of wood and cork, except furniture in Castilla y León decreased from 1 100 in 2008 to 855 in 2013 representing a decline of 22, 3 %. At national level the decline was even greater. In the period 2008-2013 the number of enterprises decreased from 16 575 to 11 806 units. This representing a decline by 28, 8 %

The co-ordinated package of personalised services to be co-funded includes measures for the reintegration of approximately 400 workers into employment such as welcome and information sessions, occupational guidance and counselling, intensive job-search assistance, training, promotion of entrepreneurship, incentives

According to the Spanish authorities, the measures initiated on 1 February 2014 combine to form a co-ordinated package of personalised services and represent active labour market measures with the aim of re-integrating the workers into the labour market.

As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Spanish authorities in their application:

- 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;
- demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
- confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

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 ESF. ECYL, the public employment service of the Comunidad de Castilla y León will be the intermediate body for the managing authority.

¹Source for data on exports at regional level: Ministry of Economy and Competitiveness (tariff items - DataComex statistical base).

²Instituto Nacional de Estadística (Spanish statistical office). www.ine.es/

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 700 000 from the EGF reserve (40 02 43) to the EGF budget line (04 04 51).

This is the ninth transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2014. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.

The trilogue on the Commission's proposal for a Decision on the mobilisation of the EGF could take a simplified form, as provided for in Article 12(5) of the legal base, unless there is no agreement between the Parliament and the Council.

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.