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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 on sound financial management (application EGF/2014/017 FR/Mory-Ducros, from France)
(COM(2015)0068 – C8-0058/2015 – 2015/2056(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 on sound financial management (application EGF/2014/017 FR/Mory-Ducros, from France)
(COM(2015)0068 – C8-0058/2015 – 2015/2056(BUD))**

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2015)0068 – C8-0058/2015),
 - 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 (A8-0000/2015),
- 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, 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 to the IIA of 2 December

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.

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

- C. whereas the adoption of the EGF Regulation reflects the agreement reached between the Parliament and the Council to reintroduce the crisis mobilisation criterion, to increase the 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 the 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,
- D. whereas France submitted application EGF/2014/017 FR/Mory-Ducros for a financial contribution from the EGF, following 2513 redundancies in Mory-Ducros SAS operating in the NACE Rev. 2 division 49 ('Land transport and transport via pipelines') with redundancies spread over 84 sites in the whole of mainland France,
- E. 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)(a) of the EGF Regulation are met and that, therefore, France is entitled to a financial contribution under that Regulation;
 - 2. Notes that the French authorities submitted the application for EGF financial contribution on 6 October 2014, and that its assessment was made available by the Commission on 23 February 2014; welcomes the speedy evaluation of less than five months;
 - 3. Considers that the redundancies in Mory-Ducros SAS are linked to the general decline in physical output in Europe, which lead to a the reduction in volumes to be transported and triggered a price war in the road haulage sector , resulting in a steady deterioration in operating margins and a series of losses for the sector in France since 2007; notes that this has been followed by a wave of bankruptcies, including that of Mory-Ducros; concludes that those events are directly linked to the global financial and economic crisis;
 - 4. Notes that to date, the 'Land transport and transport via pipelines' sector has been the subject of another EGF application(EGF/2011/001 AT/Nieder- und Oberoesterreich) which was also based on the global financial and economic crisis;
 - 5. Welcomes the fact that, in order to provide workers with speedy assistance, the French authorities decided to initiate the implementation of the personalised services to the affected workers on 24 February 2014, well ahead of the decision and even the application on the granting the EGF support for the proposed coordinated package;
 - 6. Notes that only one action from the coordinated package of personalised services is to be co-funded by the EGF : advice and guidance to the redundant workers provided by a team of expert consultants (Cellule de reclassement) from three contractors who will be paid by instalments and on the basis of results achieved;
 - 7. Notes that the coordinated package of personalised services has been drawn up in consultation with the representatives of the targeted beneficiaries and the social partners;

8. Deplores the absence of funds devoted to EGF communication and promotion measures; considers that publicity and information around these actions plays an important role not only in attracting beneficiaries, but also in highlighting the Union's action in the social field;
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 French 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. Appreciates the improved procedure put in place by the Commission, following the Parliament's request for the accelerated release of grants; notes the time pressure that the new timetable implies and the potential impact on the effectiveness of case instruction;
11. Approves the decision annexed to this resolution;
12. 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*;
13. 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/2014/017 FR/Mory-Ducros, from France)

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 procedure laid down in 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 management²,

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 546/2009 of the European Parliament and of the Council³, 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 Council Regulation (EU, Euratom) No 1311/2013⁴.
- (3) On 6 October 2014, France submitted an application to mobilise the EGF, in respect of redundancies in Mory-Ducros SAS in France. It was supplemented by additional

¹ OJ L 347, 20.12.2013, p. 855.

² OJ C 373, 20.12.2013, p. 1.

³ Regulation (EC) No 546/2009 of the European Parliament and of the Council of 18 June 2009 amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund (OJ L 167, 29.6.2009, p.26).

⁴ 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).

information pursuant to Article 8(3) of Regulation (EU) No 1309/2013. The application complies with the requirements for determining a financial contribution from the EGF in accordance with 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 6 052 200 for the application submitted by France,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2015, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 6 052 200 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 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 Mory-Ducros application and the Commission's proposal

On 23 February 2014, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of France to support the reintegration in the labour market of workers made redundant in Mory-Ducros, operating in the economic sector classified under NACE Rev. 2 division 49 ('Land transport and transport via pipelines') due to the global financial and economic crisis. The redundancies concern 84 sites in mainland France.

This is the eleventh application to be examined under the 2015 budget and refers to the mobilisation of a total amount of EUR 6 052 200 from the EGF for France. It concerns 2 513 out of 2 804 workers made redundant in Mory-Ducros. The application was sent to the Commission on 6 October 2014 and supplemented by additional information up to 1 December 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 French authorities state that the events giving rise to the redundancies in Mory-Ducros are the bankruptcy and closure of the company. According to the Bank of France, bankruptcies in the road haulage sector, have increased by 35 % annually when comparing 2013 with 2007. This is seen as being the result of the global financial and economic crisis, causing road haulage in vehicles weighing more than 3.5 tonnes to decline by 13.7 % in the EU and by 21 % in France between 2007 and 2012 (Eurostat). This decline has been following the general decline of physical output in Europe. Faced with the reduction in

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.

volumes to be transported, a price war broke out within the sector, which was not helped by the upward evolution in the various costs (petrol, wages, materials), thus leading to a steady deterioration in operating margins and a series of losses for the sector in France since 2007.

The personalised services which are to be provided to workers made redundant consist of the only one action: advice and guidance to the redundant workers provided by a team of expert consultants (Cellule de reclassement) from three contractors who will be paid by instalments and on the basis of results achieved.

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 French 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 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.

France has notified the Commission that the source of national pre-financing or co-funding is the budget of the Ministry for Labour, Employment, Vocational Training and Social Dialogue using the budget line for the accompaniment of economic change and development of employment.

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 6 052 200 from the EGF reserve (40 02 43) to the EGF budget line (04 04 01).

This is the eleventh 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.

ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

ZP/jb D(2015)11297

M. 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/2014/017 FR/Mory-Ducros (COM(2015)068)

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/2014/017 FR/Mory-Ducros 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 (EC) No 1309/2013 (EGF Regulation) and relates to 2513 workers dismissed in Mory-Ducros SAS in the sector Division 49 ('Land transport and transport via pipelines') located throughout mainland France within the reference from 13 March 2014 to 13 July 2014;
- B) Whereas in order to establish the link between the redundancies and the global financial and economic crisis French authorities argue that as a result of the global financial and economic crisis, road haulage in vehicles weighing more than 3.5 tonnes declined by 13.7% in the EU and by 21% in France between 2007 and 2012;
- C) Whereas this decline in the road haulage has been following the general decline of physical output in Europe; whereas faced with the reduction in volumes to be transported, a price war broke out within the sector, which was not helped by the upward evolution in the various costs (petrol, wages, materials), thus leading to a steady deterioration in operating margins and a series of losses for the sector in France since 2007;
- D) Whereas the vast majority (85.04%) of the workers targeted by the measures are men and 14.96% are women; whereas the majority (81.73%) of the workers are between 25 and 54 years old and 17.35% are between 55-64 years old;

E) Whereas this is the second EGF application in this sector, both of which were based on the global financial and economic crisis;

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 French application:

1. Agrees with the Commission that the intervention criteria set out in Article 4(1)(a) of Regulation (EU) No 1309/2013 are met and that, therefore, France is entitled to a financial contribution under this regulation;
2. Notes that the redundancies are spread across 84 sites in the whole mainland France; notes that the number of redundancies in the different sites range from 2 (Carlos en Champagne and Saint Louis) to 257 (Gonesse); notes furthermore that since the redundancies occurred in several sites but in limited numbers, the impact on local employment and the local economy is also limited;
3. Notes that the personalised services to be provided consist of only one action to be implemented by a one-stop-shop (Cellule de reclassement) which is run by two contracting agencies; notes that France requests only the funding of this one-stop-shop from the EGF;
4. Notes that the three contractors operating the Cellule de reclassement were selected by the judicial Administrator following consultations with the representatives of the redundant workers, the objective being to cover as much as possible of mainland France and to ensure the reintegration of the largest possible number of the targeted workers;
5. Expects the Commission and the French authorities to strictly follow the principle according to which payments to the agencies will be made by instalment and on the basis of results achieved;
6. Considers that the monitoring of the activity of the agencies by means of regular written reports ensures the appropriate use of the fund to provide participants a personalised career path, sufficient number of job offers and mentoring for business creation within the framework of the one-stop-shop system;
7. Reminds that the funds have to help the workers to find a new employment through training and not in any case to support the agencies and their administrative costs;
8. Notes that the task of the contractors is to assist and guide the redundant workers and help them find solutions enabling them to remain in the labour market and embark on new jobs;
9. Welcomes the use of ESF funds for further active measures (e.g. the longer training courses as such), which are not included in the budget presented to the EGF.
10. Considers that workers in age group of 55 and 64 are at a higher risk of prolonged unemployment and exclusion from the labour market; considers therefore that these workers require specific needs when it comes to providing them with personalised approach;

11. Reminds 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;
12. Expects that the French authorities will comply with the provisions of the EGF Regulation as regards providing information and publicising the funded actions, despite the fact that the authorities did not request funding for preparatory activities, management and information and publicity.

Yours sincerely,

Marita ULVSKOG,

Acting Chair, 1st Vice-Chair