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**A7-0415/2012**

11.12.2012

## 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 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/018 ES/País Vasco from Spain)  
(COM(2012)0620 – C7-0364/2012 – 2012/2280(BUD))

Committee on Budgets

Rapporteur: Salvador Garriga Polledo

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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 mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/018 ES/País Vasco from Spain) (COM(2012)0620 – C7-0364/2012 – 2012/2280(BUD))**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2012)0620 – C7-0364/2012),
  - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup> (IIA of 17 May 2006), and in particular point 28 thereof,
  - 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 Fund<sup>2</sup> (EGF Regulation),
  - having regard to the trilogue procedure provided for in point 28 of the IIA of 17 May 2006,
  - having regard to the letter of the Committee on Employment and Social Affairs,
  - having regard to the report of the Committee on Budgets (A7-0415/2012),
- A. whereas the Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering as a result of major structural changes in world trade patterns and to assist their reintegration into the labour market,
- B. whereas the scope of the European Globalisation Adjustment Fund (EGF) was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis,
- C. 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 17 May 2006 in respect of the adoption of decisions to mobilise the EGF,
- D. whereas Spain has requested assistance for 1 106 redundancies, 500 of which are targeted for assistance, in 423 enterprises operating in the NACE Revision 2 Division 25

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

(Manufacture of fabricated metal products, except machinery and equipment)<sup>1</sup> in the NUTS II region of País Vasco (ES21) in Spain.

- E. whereas the application fulfils the eligibility criteria laid down 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 Spain is therefore entitled to a financial contribution under that Regulation;
  2. Notes that the Spanish authorities submitted the application for EGF financial contribution on 28 December 2011 and that its assessment was made available by the Commission on 19 October 2012; regrets the lengthy evaluation period of 10 months;
  3. Welcomes the fact that in order to provide workers with immediate assistance, the Spanish authorities decided to start the implementation of the measures on 19 March 2012, ahead of the final decision about granting EGF support for the proposed coordinated package;
  4. Notes that the Spanish authorities have reported in their assessment, based on experience with previous EGF applications, that only 500 of the dismissed workers have chosen to participate in EGF supported measures; calls on the Spanish authorities to use the EGF support to its full potential;
  5. Recalls the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout workers' professional careers; expects the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the actual business environment,
  6. Emphasises the fact that lessons should be learned from the preparation and implementation of this application and other applications which address mass dismissals;
  7. Welcomes the fact that the measures were designed in consultation with social partners and that the regional authorities, business representatives and the trade unions formed a special committee which was responsible for the coordination, management and implementation of the EGF project;
  8. Requests that the institutions involved make the necessary efforts to improve procedural and budgetary arrangements to accelerate the mobilisation of the EGF; appreciates the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting the Commission's assessment on the eligibility of an EGF application, together with the proposal to mobilise the EGF, to

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<sup>1</sup> 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 budgetary authority; hopes that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved;

- 9 Regrets that information about the training measures in the Commission proposal does not describe in which sectors the workers are likely to find employment and if the package will be adapted to the future economic prospects in the region;
10. Recalls the institutions' commitment to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF, providing one-off, time-limited individual support which is geared towards helping workers who have been made redundant as a result of globalisation and the financial and economic crisis; emphasises the role that the EGF can play in the reintegration of workers made redundant into the labour market;
- 11 Regrets that the measures supporting entrepreneurship do not provide for financial support for workers to set up own business, yet several financial incentives are offered for workers following training measures;
12. Stresses that, in accordance with Article 6 of the EGF Regulation, it should be ensured that the EGF supports the reintegration of individual redundant workers into employment; further stresses that the EGF assistance can only co-finance 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;
13. Welcomes the fact that a comprehensive package of information and publicity activities accompanies the EGF supported project;
14. Notes that the information provided about the coordinated package of personalised services to be funded from the EGF includes information about how it complements actions funded by the Structural Funds; 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;
15. Welcomes the fact that, following requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01; recalls that the EGF was created as a separate specific instrument, with its own objectives and deadlines and therefore deserves a dedicated allocation, which will avoid transfers, to the extent possible, from other budget lines, as has happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF;
16. Regrets the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without

delay;

17. Approves the decision annexed to this resolution;
18. Instructs its President to sign the decision with the President of the Council and to arrange for its publication in the *Official Journal of the European Union*;
19. 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 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/018 ES/País Vasco Productos metálicos 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 the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup>, and in particular point 28 thereof,

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 Fund<sup>2</sup>, and in particular Article 12(3) 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 scope of the EGF was broadened for applications submitted from 1 May 2009 to 30 December 2011 to include support for workers made redundant as a direct result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Spain submitted an application on 28 December 2011 to mobilise the EGF, in respect of redundancies in 423 enterprises operating in the NACE Revision 2 Division 25 ('Manufacture of fabricated metal products, except machinery and equipment') in the NUTS II region of País Vasco (ES21), and supplemented it by additional information up to 5 September 2012. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 1 299 545.

- (5) 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 2012, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 1 299 545 in commitment and payment appropriations.

*Article 2*

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

Done at,

*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 point 28 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management<sup>1</sup> and of the Article 12 of Regulation (EC) No 1927/2006<sup>2</sup>, the Fund may not exceed a maximum amount of EUR 500 million, drawn from any the margin under the global expenditure ceiling from the previous year, and / or from the cancelled commitment appropriations from the previous two years, excluding those related to Heading 1b. The appropriate amounts are entered into the budget as a provision as soon as the sufficient margins and/or cancelled commitments have been identified.

As concerns the procedure, 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 parallel, a triologue could be organised in order to find an agreement on the use of the Fund and the amounts required. The triologue can take a simplified form.

### II. State of play: Commission's proposal

On 19 October 2012, the Commission adopted a new proposal for a decision on the mobilisation of the EGF in favour of Spain in order to support the reintegration in the labour market of workers made redundant due to major structural changes in world trade patterns due to globalisation.

This is the seventeenth application to be examined under the 2012 budget and refers to the mobilisation of a total amount of EUR 1 299 545 from the EGF for Spain.

It concerns 1 106 redundancies, 500 of which are targeted for assistance, in 423 enterprises operating in the NACE Revision 2 Division 25 (Manufacture of fabricated metal products, except machinery and equipment) in the NUTS II region of País Vasco (ES21) during the nine-month reference period from 22 January 2011 to 22 October 2011. All of these redundancies were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

The application was presented to the Commission on 28 December 2011 and supplemented by additional information up to 5 September 2012. 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, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

One of the key criteria for Commission's assessment was the evaluation of the link between the redundancies and major structural changes in world trade patterns due to globalisation.

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

The Spanish authorities argue that the metal products sector is a key provider of inputs to a wide range of manufacturing activities, in particular the shipbuilding, construction and automotive sectors. All of these were significantly impacted across the European Union by the economic crisis, as previously recognised by the Commission<sup>1</sup> and its services<sup>2</sup>. In addition the arguments presented in previous EGF applications related to these sectors remain valid<sup>3</sup>, in particular those put forward by the Commission on 9 August 2012 in the context of another EGF application from Spanish related to the same sector<sup>4</sup>.

Spain is among the Member States most seriously affected by the global financial and economic crisis. Manufacturing in turn has been among the most affected sectors and the situation continues to deteriorate. The gloomy industrial prospects resulting from the global financial and economic crisis consequently led to a lower demand for, and production of, metal and metal products. In Spain the production of the metal sector as a whole decreased by 24,6 % and the production of metal products by 23,3 % in 2009 compared with the previous year. While both areas of activities started to recover during the first quarter of 2011, this eventually proved to be an unsustainable trend and the production of both sectors declined significantly again in the second half of the year.

The decrease of production in the sector of metal products had consequences for employment. Spain thus lost more than 180 000 jobs in the metal sector in 2009 and a further 60 000 jobs in 2010, which represented approximately 15 % of total employment of the sector.

The Spanish authorities argue that the financial and economic crisis has led to a sudden collapse of the world economy with an enormous impact on many sectors. The nature of the recession as far as the metal products sector is concerned, with a dramatic slowdown in new orders from other sectors affected by the economic downturn, was unprecedented in recent times. As a result of the crisis, economic developments since 2008 have not been following the consistent increase in employment experienced over the previous years in the metalworking industry. Between 2000 and 2006, employment in this sector had risen by 8 % (or 300 000 jobs)<sup>5</sup> whereas it decreased by almost 15 % over the period 2009-2010. The redundancies in the metal products sector could not therefore have been foreseen or easily prevented.

The co-ordinated package of personalised services to be funded, including its compatibility with actions funded by the Structural Funds, includes measures for the reintegration of the

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<sup>1</sup> COM(2009) 104 final of 25.2.2009, "Communication from the Commission on "Responding to the crisis in the European automotive industry"".

<sup>2</sup> Eurostat – Statistics in focus 61/2011 on Industry, trade and services, "EU-27 Construction activity falls by 16 % from its pre-crisis high by the second quarter of 2011", [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-11-061/EN/KS-SF-11-061-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-11-061/EN/KS-SF-11-061-EN.PDF)

<sup>3</sup> For the shipbuilding industry, see: EGF/2010/006 PL/H. Cegielski-Poznan, EGF/2010/025 DK/Odense Steel Shipyard and EGF/2011/008 DK/Odense Steel Shipyard.

For the construction sector, see: EGF/2011/006 ES/Comunidad Valenciana Construction, EGF/2011/009 NL/Gelderland Construction 41, EGF/2011/012 NL/Noord Brabant-Zuid Holland and EGF/2011/017 ES/Aragón Construction.

For the automotive sector, see: EGF/2009/019 FR/Renault, EGF/2010/002 ES/Cataluña Automotive and 2011/003 DE/Arnsberg and Düsseldorf Automotive.

<sup>4</sup> COM(2012) 451 final of 9.8.2012, related to EGF/2011/019 ES/Galicia Metal.

<sup>5</sup> Publication "Spotlight on Europe's "invisible sector" – The metalworking and metal articles industries", European Commission, DG Enterprise and Industry.

500 targeted workers into employment, such as prospection, guidance, training, outplacement assistance, entrepreneurship, training grant, traineeship grant and conciliation support.

According to the Spanish authorities, all the aforementioned measures combine to form a coordinated package of personalised services and represent active labour market measures with the aim of re-integrating the workers into the labour market. These personalised services started on 19 March 2012.

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. Thus the managing and control authority responsible for the EGF is the Directorate for Labour Activation (*Dirección de Activación Laboral*) within the employment services of País Vasco (*Servicio Vasco de Empleo*), which is also in charge of the management of the ESF Operational Programme for País Vasco.

**In accordance with Commission's assessment, the application fulfils the eligibility criteria set up by the EGF Regulation and recommends to the Budget Authority to approve the applications.**

The amount of payment appropriations initially entered on the budget line 04 05 01 in 2012 will be fully consumed after the adoption by the two arms of the budgetary authority of the proposals submitted to date for mobilising the EGF and therefore insufficient to cover the amount needed for the present application. A reinforcement of the payment appropriations of the EGF budget line in the amount of 17 657 535 EUR in payment appropriations has been requested through a Draft amending budget No. 6/2012. Appropriations from this budget line, thus reinforced, will be used to cover the amount of EUR 1 299 545 needed for the present application.

### **III. Procedure**

The Commission has presented a transfer request in order to enter specific commitment appropriations in the 2012 budget, as required in Point 28 of the Interinstitutional Agreement of 17 May 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.

The Joint Declaration of the European Parliament, the Council and the Commission, adopted during the conciliation meeting on 17 July 2008, has confirmed the importance of ensuring a rapid procedure with due respect of the Interinstitutional Agreement for the adoption of decisions on the mobilisation of the Fund.

## ANNEX: LETTER OF COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EK/ic  
D(2012)55187

M. Alain Lamassoure  
President of the Committee on budgets  
ASP 13E158

**Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the case EGF/2011/018 ES/País Vasco Productos metalicos from Spain (COM(2012)620 final)**

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/2011/018 ES/País Vasco Productos metalicos from Spain** 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 2 (b) of the EGF regulation and targets for support 500 workers of the total of 1 106 workers dismissed in 423 enterprises operating in the NACE Revision 2 Division 25 ("manufacture of fabricated metal products, except machinery and equipment") within the reference period between 22 January 2011 and 22 October 2011 in the NUTS II region of País Vasco (ES21);
- B) Whereas the Spanish authorities argue that the redundancies were caused by the global financial and economic crises that the EU and affected seriously its shipbuilding, construction and automotive sectors reducing demand for fabricated metal products;
- C) Whereas Spain is among the Member States most seriously affected by the crisis and the situation of manufacturers continues to deteriorate as the production of metal products decreased by 23,3% in 2009 and it further declined in the second half of 2011;
- D) Whereas this new case concerning the manufacture of metal products demonstrates the need for an EU industrial strategy and illustrates how the EGF can be used as a restructuring tool;
- E) Whereas in result of the crisis it is estimated that the region of Pais Vasco lost 31 000 jobs since 2008;

- F) Whereas 84,09 % of the workers targeted by the measures are men and 15,91 % are women; whereas 67,45 % of the workers are between 24 and 54 years old and 30,11% of workers are older than 55 years;
- G) Whereas the occupational structure of the dismissed labour force is diverse and 30,02% of workers are personal workers and unskilled workers, 24,59% of workers are craft and related trades workers, 24,14% are plant and machine operators and further 12,03% are reported to be clerical support workers;

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 Spanish application:

1. Agrees with the Commission that the conditions set out in Article 2 (b) of the EGF regulation (1927/2006) are met and that, therefore, Spain is entitled to a financial contribution under this regulation;
2. Notes that the Spanish authorities submitted the application for EGF financial contribution on 28 December 2011 and that its assessment was made available by the European Commission on 19 October 2012; regrets the lengthy evaluation period of 10 months;
3. Notes that the Spanish authorities inform that in their assessment based on the experience with previous EGF applications, only 500 of the dismissed workers will choose to participate in the EGF supported measures; calls on the Spanish authorities to use the EGF support to its full potential;
4. Welcomes the fact that in order to provide workers with speedy assistance, the Spanish authorities decided to start the implementation of the measures on 19 March 2012 well ahead of the final decision on granting the EGF support for the proposed coordinated package;
5. Welcomes the fact that the design of the measures was consulted with the social partners and that the regional authorities, business representatives and the trade unions formed a special committee responsible for the coordination, management and implementation of the EGF project;
6. Regrets that the information on the training measures in the Commission proposal does not describe in which sectors the workers are likely to find employment and if the package is adapted to the future economic prospects in the region;
7. Regrets that the measures supporting entrepreneurship do not contain any financial support to set up own business while several financial incentives are offered for workers following trainings;
8. Welcomes the fact that a comprehensive package of information and publicity activities accompanies the EGF supported project.

Yours sincerely,

Pervenche Berès

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	10.12.2012
<b>Result of final vote</b>	+:                34 -:                0 0:                1
<b>Members present for the final vote</b>	Marta Andreasen, Francesca Balzani, Zuzana Brzobohatá, Jean Louis Cottigny, Isabelle Durant, Göran Färm, Eider Gardiazábal Rubial, Jens Geier, Ingeborg Gräßle, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Barbara Matera, Jan Mulder, Juan Andrés Naranjo Escobar, Dominique Riquet, Alda Sousa, László Surján, Derek Vaughan, Angelika Werthmann
<b>Substitute(s) present for the final vote</b>	Maria Da Graça Carvalho, Frédéric Daerden, Gerben-Jan Gerbrandy, Edit Herczog, Jürgen Klute, Erminia Mazzoni, Georgios Papastamkos, Georgios Stavrakakis, Nils Torvalds
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Jean-Pierre Audy