Mobilisation of the European Globalisation Adjustment Fund: redundancies in motor vehicle sector in Spain

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PURPOSE: to mobilise the European Globalisation Fund in respect of redundancies in the Spanish automobile industry.

PROPOSED ACT: Decision of the European Parliament and of the Council.

IMPACT ASSESSMENT: no impact assessment.

CONTENT: the European Globalisation Adjustment Fund was established to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market (see COD/2006/0033).

The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.

The Commission examined the application made by Spain to mobilise the EGF. The main elements of the assessment are as follows:

Case EGF/2008/004 ES/Castilla y Léon and Aragón: the application made by Spain was based upon the specific intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006 of the European Parliament and of the Council on establishing the European Globalisation Adjustment Fund, which requires at least 1000 redundancies over a 9-month period in a NACE 2 (statistical classification of economic activities) REV 2 division in one region or two contiguous regions at NUTS II (nomenclature of territorial units for statistics) level. The application demonstrates that a total of 1082 redundancies occurred in twelve enterprises classified in the NACE 2 REV 2 division 29 ('manufacture of motor vehicles, trailers and semi-trailers') and all located in two contiguous regions at NUTS II level during the 9-month period of reference (from 31 January 2008 to 31 October 2008);

Repercussions: the territories concerned by the redundancies are the autonomous communities of Castilla y León and Aragón, within which the provinces of Avila, Salamanca and Zaragoza are the most affected, given a strong presence of the motor vehicle manufacturing industry in these areas. The number of workers in the motor car industry as a whole in Spain decreased significantly over the last four years. In 2007 alone, about 10 000 jobs were lost in this sector, and the applicant expects that, for 2008, this number will be even higher. In these circumstances, the redundancies can be seen to have a significantly negative effect on the local economy. Of the 1082 workers made redundant, Spain decided to target 588 workers for assistance;

Fulfilment of the criteria set out in Article 6 of Regulation (EC) No 1927/2006: the Spanish authorities 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 and demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors. The Spanish authorities confirmed that the eligible actions do not receive assistance from other Community financial instruments.

Consequently, the Commission proposes to accept application **EGF/2008/004 ES/Castilla y León and Aragón** submitted by Spain. The proposal will have implications on the Community budget as outlined below.

By presenting this proposal to deploy the Fund, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006, in view of securing the agreement of the two arms of the budgetary authority on the need to use the Fund and the amount required.

FINANCIAL IMPLICATIONS: on the basis of the application for support from the Fund submitted by Spain in which the motor vehicle sector was affected, total estimates of the coordinated packages of personalised services to be funded and the amount for technical assistance at initiative of the Commission are as follows:

- Spain/Castilla y Léon and Aragón: **EUR 2 694 300.**
- Technical Assistance: **EUR 690 000.** This amount shall be used to finance monitoring, information, administrative and technical support, audit, control and evaluation activities necessary to implement this Regulation.

In the light of the examination of these applications, and considering the maximum possible amount of a grant from the Fund, the Commission proposes to deploy the European Union Globalisation Adjustment Fund for a total amount of **EUR 3 384 300**, to be allocated under heading 1a of the financial framework.

This amount of support will leave more than 25% of the maximum annual amount earmarked for the European Globalisation Adjustment Fund available for allocation during the last four months of the year 2008.