

Mobilisation of the European Globalisation Adjustment Fund: redundancies in textiles sector in Spain and Portugal

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist the textile sectors in Spain and Portugal.

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

CONTENT: Regulation (EC) No 1927/2006 set up the European Globalisation Adjustment Fund (EGF) which provides 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 ([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 services carried out a thorough examination of the applications submitted by Spain and Portugal.

Spain: Case EGF/2008/005 ES/Cataluña

- Spain submitted this application under the intervention criterion of Article 2(b) of the Regulation (EC) N° 1927/2006, which requires at least 1 000 redundancies over a nine-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 1 269 redundancies occurred in 30 enterprises classified in the NACE (revision 2) division 13 ('manufacture of textiles') during the nine-month period of reference (from February 2008 to October 2008). Spain argues, using EUROSTAT trade statistics that the Community trade balance in textiles has deteriorated substantially over the period 2004-2007. The strength of the Euro vis-à-vis the US dollar in the recent past has also reinforced the negative effect on the exports of Community produced textiles, while encouraging imports into the Community of textiles produced in countries in the dollar zone. In Cataluña, the number of unemployed workers in the textile industry increased significantly over the last five years. Between 2004 and 2008 this number has increased by 42%. Because of the concentration of the sector in a small number of areas, the impact of textile redundancies is stronger than shown by the unemployment figures, and that there is little opportunity for re-employment within the industry for redundant workers. In these circumstances, the redundancies can be seen to have a significantly negative effect on the local economy.

Portugal: EGF/2009/001 PT/Norte-Centro

- Portugal submitted this application under the same intervention criteria as Spain. The application is based on 1 588 redundancies in 49 companies in a NACE (revision 2) division 13 ('manufacture of textiles') during the nine-month period of reference (from February 2008 to November 2008). In the ten weeks following the period of reference, an additional 138 redundancies occurred in 17 of these enterprises. Analysis of the link between the redundancies and the major structural changes in world

trade patterns is based on the following information. Portugal argues that the redundancies are following a general trend in the clothing and accessories industry in the Community towards a delocalisation of production to lower-cost non-Community countries, such as China, India and Turkey.

In conclusion: it is proposed to accept application **EGF/2008/005 ES/Cataluña** submitted by Spain and application **EGF/2009/001 PT/Norte-Centro** submitted by Portugal. Evidence has been provided that these redundancies result from major structural changes in world trade patterns which have led to a serious economic disruption, affecting employment and the local economy. A coordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 3 306 750** for Spain and **EUR 832 800** for Portugal.

IMPACT ASSESSMENT: no impact assessment was carried out.

BUDGETARY IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 3 384 300 has already been mobilised for prior applications in 2009 leaving an amount of EUR 496 615 700 available.

On the basis of the applications for support from the Fund submitted by Spain and Portugal in which the textiles sector was affected, total estimates of the coordinated packages of personalised services to be funded are as follows:

- Spain/Cataluña: EUR 3 306 750
- Portugal/Centro-Norte: EUR 832 800

Total: EUR 4 139 550.

The Commission proposes to deploy the EGF for a total amount of EUR 4 139 550, to be allocated under heading 1a of the financial framework.

By presenting this proposal to deploy the Fund, the Commission initiates the simplified triologue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006. The Commission invites the first of the two arms of the Budgetary Authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions.