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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund in respect of redundancies in the textile sector in Spain.

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

CONTENT: Regulation (EC) No 1927/2006 establishing the European Globalisation Adjustment Fund was set up 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.

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:

Spain: EGF/2010/003 ES/Galicia Textiles: on 5 February 2010, Spain submitted application EGF/2010/003 ES/Galicia Textiles for a financial contribution from the EGF, following redundancies in 82 enterprises operating in the NACE Revision 2 Division 14 (manufacture of wearing apparel) in the NUTS II region Galicia (ES11) in Spain.The application was supplemented by additional information up to 11 May 2010.

In order to establish the link between the redundancies and the major structural changes in world trade patterns due to globalisation, Spain argues that the liberalisation of trade in textiles and clothing has led to radical changes in the structure of world trade. According to statistics, imports of clothing into the EU-27 increased by 20.5 % from €49 305 million to €59 433 million between 2005 and 2008. The main supplier was China with an increase of 49.2 % of its imports into the EU-27 in the period 2005-08.

Spain submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State. The application cites 703 redundancies in 82 enterprises operating in the same NACE Revision 2 Division 14 (manufacture of wearing apparel) during the nine-month reference period from 1 March 2009 to 30 November 2009, all located in the NUTS II region Galicia (ES11).

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

The proposed contribution from the EGF to the coordinated package of personalised services is **€1 844 700.**

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of **€1 844 700**, to be allocated under heading 1a of the financial framework.

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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. 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. In case of disagreement by either of the two arms of the budgetary authority, a formal trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.