Mobilisation of the European Globalisation Adjustment Fund: redundancies in the footwear industry in Spain

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The Committee on Budgets adopted the report drafted by Salvador GARRIGA POLLEDO (PPE, ES) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund to provide the amount of **EUR 1 631 565** in commitment and payment appropriations to assist Spain in respect of redundancies in the footwear industry.

Members recall that the European Union set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade and to assist their reintegration into the labour market. Given that Spain requested assistance for 876 redundancies, all targeted for assistance, in 146 enterprises operating in the NACE Revision 2 Division 15 ('Manufacture of leather and related products')1 in the NUTS II region of Comunidad Valenciana (ES52), Members call on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount given that the Commission agrees that the conditions set out in Article 2(b) of the EGF Regulation are met. **Spain is, therefore, entitled to a financial contribution under that Regulation**.

Members note that the footwear sector represented 26% of the total employment in the region of Comunidad Valenciana and therefore was an important contributor to local economy, which is dominated by small and medium-sized enterprises in traditional sectors like textile, shoes and ceramics. They state that the region of Comunidad Valenciana has been hit in the past by **four mass dismissals** and welcomes the fact that the region decided to use the EGF support to address those redundancies: EGF/2009/014, EGF /2010/005, EGF/2010/009, EGF/2011/006.

In order to provide workers with speedy assistance, the Spanish authorities decided to start the implementation of the measures ahead of the final decision on granting the EGF support for the proposed coordinated package.

They also note: (i) the importance of improving the employability of such workers by means of adapted training and recognition of skills and competences; (ii) that the training measures target high-added value jobs in the footwear sector; (ii) the fact that the social partners were consulted on the contents of the coordinated package, allocation of roles and distribution and scheduling of tasks.

The report highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals in a high number of SMEs in one sector, in particular in **terms of the eligibility of self-employed and owners of the SMEs for EGF support** in the future regulation and the arrangements used by the regions and the Member States to come up quickly with sectoral applications covering a large number of enterprises.

In the process, Members reiterate their traditional position for the handling a case of this nature:

- their satisfaction with the improvement of the procedure established by the Commission, following Parliament's request for accelerating the release of grants;

- the need to achieve further improvements in the procedure to be integrated in new Regulation on the European Globalisation Adjustment Fund (2014–2020) and for greater efficiency, transparency and visibility of the EGF to be achieved;
- that the EGF assistance can co-finance only active labour market measures which lead to long-term employment;
- 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. It deplores the fact that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need to obtain a comparative evaluation of those data in its annual reports.

Members welcome the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Members regret the **decision of the Council to block the extension of the "crisis derogation", allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline**, and call on the Council to reintroduce this measure without delay.