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

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The Committee on Budgets adopted the report by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the amount of **EUR 1 964 407** in commitment and payment appropriations to assist Spain regarding redundancies in the automotive sector.

Members recalled that the European Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Spain submitted its application for a financial contribution from the EGF, following 330 redundancies in Grupo Santana and 15 suppliers and downstream producers with 285 workers targeted for EFG co-funded measures, during the reference period from 15 November 2011 to 15 March 2012, Members agreed with the Commission that the conditions set out in Article 2(c) of the EGF Regulation are met.

Therefore, **Spain is entitled to a financial contribution** under the EGF Regulation.

Members considered that the redundancies in Grupo *Santana* and 15 suppliers and downstream producers are linked to major structural changes in world trade patterns due to globalisation, referring to a reduction of the EU share in world motor vehicle production and the rapid growth in Asian markets which EU producers are less able to benefit from.

They noted that the 330 layoffs within the reference period and the additional 689 redundancies are related to the same collective dismissal procedure before and after the four-month reference period which have had a **significantly negative impact on employment and the economy at local level** and aggravates an already fragile economic situation of the affected territory.

Noting that this is yet another EGF application addressing dismissals in the automotive sector and that with 17 applications this sector has been subject to the most numerous EGF applications, Members stressed that this demonstrates the need for a Union industrial strategy and illustrates how the EGF assists workers in restructuring process.

They welcomed the fact that, in order to provide workers with speedy assistance, the Spanish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 August 2011, ten months before EGF application submission and well ahead of the final decision on granting the EGF support for the proposed coordinated package.

Linares: Members welcomed the fact that the city of Linares, heavily affected by the closure of Santana (and of its suppliers) which was the main employer in the municipality, took a global and comprehensive approach reflected in the strategy of rehabilitation of Grupo Santana business park to attract new investors. They also welcomed Linares local authorities initiative to invest in the industrial facilities and promotion of the renewed industrial area in order to attract new companies and to diversify its industrial structure rather than focusing on the automotive sector. They stressed that these efforts are not submitted for EGF co-financing and are financed by regional and local budgets under severe constrains after the loss of tax income due to the plant closure.

Package of coordinated services: Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 285 redundant workers into employment such as vocational on-the-job training, counselling to business projects, active job search assistance and job matching. They welcomed the fact that the training offered is of considerable length and that it will be complemented with on-the-job activities and should be matched to the skills and qualifications needs of the enterprises settling in the business park.

Members pointed out that the EGF will provide **"training wage" allowances amounting to 150% of the Spanish minimum wage** which should not replace the unemployment benefits and should be provided in addition to the unemployment benefits paid out under the national legislation. Members stressed in this context that the new EGF regulation for 2014-2020 will limit the inclusion of financial allowances in the package to a maximum of 35% of the cost of the measures and that accordingly the rate of allowances within the coordinated package for this demand will not repeat under this new regulation.

New EGF: Members welcomed the agreement reached between the European Parliament and the Council regarding the new EGF Regulation, for the period 2014-2020, to reintroduce the crisis mobilisation criterion, to increase Union financial contribution to 60% of the total estimated cost of proposed measures, to increase efficiency for the treatment of EGF applications in the Commission and by the European Parliament and the Council by shortening time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses.

They stressed that, in accordance with Article 6 of the EGF Regulation, it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment.

Lastly, Members reiterated their position according to which:

- EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment;
- 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.