Mobilisation of the European Globalisation Adjustment Fund: redundancies in the food industry in Greece

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Greece following redundancies in the food industry.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) within the annual ceiling of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

In this context, the Commission examined the request for mobilisation of the EGF with a view to assisting Greece and stated that:

Greece: EGF/2014/001 EL/Nutriart: the Greek authorities submitted application EGF/2014/001 EL /Nutriart on 5 February 2014, within **12 weeks** of the date on which the intervention criteria set out in Regulation were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should complete its assessment of the application's compliance with the conditions for providing a financial contribution expires on 25 June 2014.

In order to establish the link between the redundancies and cessations of activity and the global financial and economic crisis addressed in Regulation (EC) No 546/2009, Greece argues that the Greek economy is for the sixth consecutive year (2008-2013) in deep recession. According to ELSTAT, the Greek Statistical Authority, since 2008 the Greek GDP has decreased by 25%, public consumption by 21% and private consumption by 32.3% whilst unemployment increased by 20.6%.

Moreover, the decline in GDP has widened the gap between the Greek per capita GDP and the per capita GDP of the EU, cancelling the progress towards economic convergence made by Greece in the 1995-2007 period.

Background to request from Greece: the Greek authorities submitted the application under the intervention criterion of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months, in an enterprise in a Member State, including workers made redundant or self-employed persons' activity ceasing in its suppliers and downstream producers.

The reference period of four months is from 16 July 2013 to 16 November 2013.

The application relates to 508 workers made redundant in Nutriart S.A. ('the primary enterprise') and 25 providers and downstream producers: AR.ZIGAS & SIA and 24 self-employed people whose activity ceased and was dependent on the primary enterprise. The primary enterprise operated in the economic sector classified under NACE Rev. 24 division 10 'Manufacture of food products'. The enterprises concerned are located in the NUTS5 level 2 regions of Central Macedonia (EL12) and Attica (EL30).

On the basis of the application from Greece, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 6 096 000**.

BUDGETARY IMPLICATION: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of **EUR 6 096 000**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount of EUR 6 096 000.

It will also adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.