Mobilisation of the European Globalisation Adjustment Fund: redundancies in food and beverage services in Spain

2014/2054(BUD) - 10/07/2014 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain following redundancies in the food and beverage services.

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 Spain and stated that:

Spain: EGF/2014/003 ES/Aragsn food and beverage: the Spanish authorities submitted application EGF /2014/003 ES/Aragsn food and beverage for a financial contribution from the EGF, following redundancies and cessation of activities within the meaning of Article 3 of the EGF Regulation in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities) in the NUTS level 2 region of Aragsn (ES24).

The Spanish authorities submitted application EGF/2014/003 ES/Aragsn food and beverage within **12 weeks** of the date on which the intervention criteria were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 11 July 2014.

In order to establish the link between the redundancies and the global financial and economic crisis addressed in Regulation (EC) No 546/2009, the global financial and economic crisis severely affected the Spanish economy and led the Spanish government to take measures such as increasing tax revenues (in particular VAT whose standard rate increased from 16% to 18% in 2010 and further to 21% in 2012) streamlining public expenditure and decreasing public sector employees' salaries. There was also a decrease in the average income in the private sector in an attempt to increase the competitiveness of the Spanish economy. An immediate effect of the reductions in income was a decrease in consumption. During the period 2009-2012 household consumption in Spain fell for three out of the four years compared with the same period of the respective previous year. Household consumption at EU-27 level also declined but to a lesser extent. Expenditure on food services has been declining since the beginning of the financial and economic crisis; during the period from 2009 to 2012 it decreased by 12.1%.The fact that the food and beverage service activities sector is suffering the consequences of the financial and economic crisis, with resulting redundancies, has an adverse impact on the regional economy.

Background to the request from Spain: the Spanish authorities submitted the application under the intervention criterion of Article 4(1)(b) of the EGF Regulation, which requires at least 500 redundancies over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Rev. 2 division level and located in one region or two contiguous regions defined at NUTS 2 level.

The application relates to 904 workers made redundant in 661 enterprises operating in the NACE Rev. 2 Division 56 (Food and beverage service activities) in the NUTS 2 level region of Aragsn (ES24).

The reference period of nine months runs from 1 March 2013 to 1 December 2013.

These criteria comply with the Regulation.

On the basis of the application from Spain, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 960 000**.

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 960 000, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution in response to 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 960 000.

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.