Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of wood and of products of wood sector in Spain

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain following redundancies in the manufacture of wood and of products of wood sector.

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 the contributions from the EGF for applications submitted until **31 December 2013** are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council on establishing the EGF.

To recall, this Fund was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.

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

Spain: EGF/2013/010 ES/Castilla y Lesn: on 5 December 2013, Spain submitted application EGF/2013/010 ES/Castilla y Lesn for a financial contribution from the EGF, following redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials) in the NUTS II region of Castilla y Lesn (ES41) in Spain.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the market of builders' joinery and carpentry of wood products worldwide is shrinking and the volume of global trade (worldwide exports) of this commodity has been decreasing during the past years. According to data from UN Comtrade, in 2008 worldwide exports of builders' joinery and carpentry of wood amounted to 14.2 billion US dollars while in 2011 they were 13.7 billion US dollars, representing a decline of 3.4%. During the period 2008-2011 the volume of the EU 27 exports of builders' joinery and carpentry of wood products decreased by 10.33%.

In addition the Spanish authorities stated that the number of enterprises manufacturing wood and products of wood and cork, except furniture in Castilla y Lesn decreased from 1 100 in 2008 to 855 in 2013 representing a decline of 22.3%.

Background to the request from Spain: 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 587 redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials) in the NUTS II region of Castilla y Lesn (ES41) during the nine-month reference period from 28 December 2012 to 28 September 2013.

On the basis of the application from Spain, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 700 000**, representing 50 % of the total cost.

Financing: considering the maximum possible amount of a financial contribution from the EGF under Article 12 of Council Regulation (EU, Euratom) No 1311/2013, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of EUR 700 000.

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.

The Commission presents separately a transfer request in order to enter in the 2014 budget specific commitment appropriations, as required in Point 13 of the Interinstitutional Agreement of 2 December 2013.

Appropriations allocated to the EGF budget line in the 2014 budget will be used to cover the amount of EUR 700 000 needed for the present application.