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

2014/2042(BUD) - 12/09/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Georgios KYRTSOS (EPP, EL) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, providing **a total amount of EUR 6 096 000** in commitment and payment appropriations in order to assist Greece which is facing redundancies in the food industry.

Members recalled that the European Union has 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. Greece submitted its application for a financial contribution from the EGF, following redundancies in Nutriart S.A and 25 providers and downstream producers and 24 self-employed people whose activity ceased and was dependent on the primary enterprise in Greece with 508 workers targeted for EGF co-funded measures, during the reference period from 16 July 2013 to 16 November 2013. Members asked the institutions to speed up mobilisation of the Fund for the amount requested, agreeing with the Commission that the conditions set out in Article 4(1)(a) of the EGF Regulation are met and that, therefore, **Greece is entitled to a financial contribution under that Regulation.**

Redundancies: Members considered that the redundancies were linked to global financial and economic crisis, referring to the fact that the Greek economy has experienced a cumulative fall of 5% in its GDP since 2008 and despite the fact that it slowly emerges out of recession it is still unable to create new job opportunities and reduce the unemployment rate which is at a historical record of 26-27% of the working population. They noted that these events giving rise to the redundancies were related to: (i) the decrease of available household income that affected in a very negative way the consumption of a different range of products (due to the increase in the tax burden, decreasing salaries of both private and public employees and rising unemployment) resulting in a huge drop of purchasing power; (ii) the delayed payments by most of the Nutriart's clients; and (iii) the drastic reduction of loans to enterprises and individuals due to the effort of the Greek banking system to reduce its outstanding loans. Members stressed that the 508 redundancies will further aggravate the unemployment situation in Attica and Central Macedonia regions.

They welcomed the fact that the Greek authorities decided to initiate the implementation of the personalised services to the affected workers on 30 April 2014.

Package of personalised services: Members noted that that the coordinated package of personalised services to be co-funded includes measures for workers made redundant, self-employed persons whose activity has ceased and NEETs such as occupational guidance, training, retraining and vocational training, counselling services towards entrepreneurship, contribution to business start-up, job-search allowances and mobility allowances. They welcomed the fact that for the first time self-employed persons are included in co-funding of the EGF.

Members stressed that the Greek authorities confirm that the eligible actions do not receive assistance from other Union financial instruments. They reiterated their call to the Commission that no duplication of Union-funded services should occur.

New EGF: the committee appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants. It noted that the Commission finalised the assessment of the application's compliance with the conditions for providing a financial contribution within 12 weeks of the receipt of the complete application.

It stressed that, in accordance with the EGF Regulation, the assistance provided should not replace actions, which were the responsibility of companies by virtue of national law or collective agreements.

Members also welcomed the adoption of the new EGF Regulation which reflected the agreement reached between the Parliament and the Council to:

- reintroduce the crisis mobilisation criterion;
- **increase Union financial contribution to 60% of the total estimated cost of proposed measures;**
- increase efficiency for the treatment of EGF applications in the Commission and by the Parliament and the Council by shortening time for assessment and approval;
- widen eligible actions and beneficiaries by introducing self-employed persons and young people and
- finance incentives for setting up own businesses.