Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel industry in Romania

2014/2043(BUD) - 12/09/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Siegfried MUREAN (EPP, RO) 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 3 571 150** in commitment and payment appropriations in order to assist Romania which is facing redundancies in the steel 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.

Romania submitted its application for a financial contribution from the EGF, following 1 513 redundancies: 1 441 during and after the reference period in Mechel Campia Turzii and 72 in Mechel Reparatii Targoviste with 1 000 workers targeted for EGF co-funded measures, during the reference period from 20 June 2012 to 20 October 2012. 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 (2)(a) of the EGF Regulation are met and that, therefore, **Romania is entitled to a financial contribution under that Regulation.**

Redundancies: Members considered that the redundancies are linked to major structural changes in world trade patterns due to globalisation, referring to the fact that the sector of the manufacture of finished and semi-finished steel products, in which Mechel Campia Turzii and Mechel Reparatii Targoviste were active, has undergone serious economic disruption as a result of a rapid decline of the EU market share in the steel products sector and the market share growth of countries such as China. They noted that the 1 513 redundancies in question have had major repercussions for the local labour market, given that the Mechel Campia Turzii was the largest employer in the area in 2012. They also noted that the local labour market is very restricted as the unemployment rate in the Câmpia Turzii area is generally around 5% and the job vacancy rate is very low (below 0.5%). Members welcomed the fact that the Romanian authorities decided to initiate the implementation of the personalised services to the affected workers on 1 March 2013.

Package of personalised services: Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 1 000 redundant workers into employment such as vocational guidance and counselling, vocational training courses and internships, assistance in initiating independent activities, renting the production space and paying the rent for the project’s duration; travel, interview, participation, subsistence and internship allowances, mentoring after employment integration.

They recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career and expected the training on offer in the coordinated package to be adapted not only to the needs of the dismissed workers but also to the actual business environment.

Members stressed that the Romanian 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 requested the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF. They appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They underlined that further improvements in the procedure have been integrated in the new Regulation on European Globalisation Adjustment Fund (2014-2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Members stressed that the assistance:

- can co-finance only active labour market measures which lead to durable, long-term employment;
- must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor measures restructuring companies or sectors.

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;
- finance incentives for setting up own businesses.