Mobilisation of the European Globalisation Adjustment Fund: redundancies in the retail sector in Greece

2014/2107(BUD) - 07/10/2014 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Greece in dealing with redundancies in its retail 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 provides that the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices).

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 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006 (the 'EGF Regulation').

The Commission examined the application for mobilisation of the EGF to assist Ireland and concluded the following:

Greece: EGF/2014/009 EL/Sprider Stores: on 6 June 2014, the Greek authorities submitted application EGF/2014/009 EL/Sprider Stores for a financial contribution from the EGF, following redundancies in Sprider Stores S.A. in Greece. They submitted the application within **12 weeks** of the date on which the intervention criteria were met, which expired on 6 June 2014.

In order to establish the link between the redundancies 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 the Greek authorities, the events giving rise to the redundancies were mainly two: (1) the decrease of available household income 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; (2) the drastic reduction of loans to enterprises and individuals due to the lack of cash in the Greek banks.

To date, the retail sector has been the subject of another three EGF applications also based on the global financial and economic crisis

Since Sprider Stores was present in all Greek regions, the redundancies are spread out over the whole Greece. The Greek authorities argue that the redundancies in Sprider Stores will further aggravate the unemployment situation, which already deteriorated as a result of the economic and financial crisis and seems to be particularly fragile. Greece has the highest unemployment rates amongst EU Member States.

Background to the 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 application relates to 761 workers made redundant in Sprider Stores S.A. an enterprise which operated in the economic sector classified under NACE Rev. 2 division 47 ('Retail trade, except of motor vehicles and motorcycles'). The stores were mainly located in the NUTS level 2 regions of Central Macedonia (EL12) and Attica (EL30).

The reference period of four months is from 17 November 2013 to 17 March 2014.

Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

The Commission proposes to mobilise the EGF for the amount of **EUR 7 290 900** to make a contribution to the package of personalised services.

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 7 290 900, 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.

The Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the requested amount.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will 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.