

# Mobilisation of the European Globalisation Adjustment Fund: redundancies in the food manufacturing sector in France

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**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) to assist France following redundancies in its food manufacturing 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 France and concluded the following:

**France:EGF/2014/005 FR/GAD:** the French authorities submitted application EGF/2014/005 FR/GAD for a financial contribution from the EGF, following redundancies in GAD société anonyme simplifiée in France. The authorities submitted the application within the **12 week** delay as set out in the EGF Regulation, which expires on 24 October 2014.

In order to establish the link between the redundancies and the global financial and economic crisis, France argues that the global financial and economic crisis led to reduced pigmeat consumption in Europe, which in turn caused a decline in the production of pigmeat and throughput of abattoirs such as GAD. While pigmeat consumption in 2007 was still 43 kg per annum per head of population, it had dropped to 39 kg per annum in 2013. This decline in consumption, caused by the global financial and economic crisis, affected other types of meat as well, but hit pork particularly hard, as its price had been increasing faster than that of other meats, particularly beef.

At a time when the EU was still suffering from the effects of the crisis, consumers were unwilling or unable to buy the same amounts of pork which they had previously bought. GAD, as an abattoir and meat processing enterprise, was caught in the vice between the two sets of price pressures that of the farmers struggling to cope with the increased price of feed, and that of the consumers struggling to cope with reduced income. As this pressure lasted for five years and more, the enterprise ended up in serious financial difficulties and it became loss-making in 2009.

Finally, the company was placed into receivership, having made losses of EUR 65 million during the period 2010 to June 2013.

To date, the 'Manufacture of food products' sector has been the subject of one other EGF application, also based on the global financial and economic crisis.

**Background to the French application:** the French authorities submitted the application under the intervention criteria 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 by suppliers and downstream producers and / or self-employed persons whose activity has ceased.

The application relates to 744 workers made redundant in GAD during the reference period of four months from 29 November 2013 to 28 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.

In view of the French request, it is proposed to mobilise the EGF for the amount of **EUR 918 000** 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 918 000, 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.

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 requested amount.

When the Commission adopts this proposal for a decision to mobilise the EGF, 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.