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

2014/2183(BUD) - 11/11/2014 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Greece following 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) over and above the relevant headings of the financial framework.

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 Greece and concluded the following:

Greece: EGF/2014/013 EL/Odyssefs Fokas: the Greek authorities submitted application EGF/2014/013 EL/Odyssefs Fokas for a financial contribution from the EGF, following redundancies in Odyssefs Fokas S.A. in Greece This authorities submitted their application within deadline of 12 weeks as set out in the Regulation, which expires on 16 December 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 ELSTAT, the Greek Statistical Authority, since 2008 the Greek GDP has decreased by 25.7%, public consumption by 21% and private consumption by 32.3% whilst unemployment increased by 20.6%.

Moreover, the decline in GDP has widened the gap between the Greek per capita GDP and the per capita GDP of the EU, cancelling the progress towards economic convergence made by Greece in the 1995-2007 period.

Since 2008, thousands of enterprises have stopped their activities and closed down, making their staff redundant and thousands of self-employed persons have ceased their activities, contributing to the sharp increase of unemployment. An immediate effect of the reduced income has been a decrease in consumption.

According to the ELSTAT report on household income and living conditions, 23% of Greeks were below the poverty threshold in 2012. A majority of respondents have reduced their expenses accordingly, in particular the budget for non-essential items such as clothing and footwear.

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

The application relates to 600 workers made redundant in Odyssefs Fokas 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 redundancies are mainly located in the NUTS level 2 regions of (Central Macedonia) (EL12), A (Attica) (EL30) and (Thessaly) (EL14).

The Greek 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 and self-employed persons' activity ceasing in its suppliers and downstream producers.

The application relates to 551 workers made redundant in Odyssefs Fokas during the reference period of four months running from 3 February 2014 to 3 June 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.

On the basis of the application from Greece, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 6 444 000.**

FINANCIAL 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 6 444 000, 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.

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.