Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of petroleum and chemicals products in Estonia

2016/2235(BUD) - 26/10/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 580 votes to 81 with 26 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for the sum of **EUR 1 131 358** in commitment and payment appropriations in order to assist Estonia which is faced with redundancies in its petroleum and chemicals sector.

Parliament recalled that the 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 or of the global financial and economic crisis and to assist their reintegration into the labour market.

Estonian application: Estonia submitted application EGF/2016/003 EE/petroleum and chemicals for a financial contribution from the EGF following redundancies in the economic sector classified under the NACE Revision 2 Division 19 (Manufacture of coke and refined petroleum products) and Division 20 (Manufacture of chemicals and chemicals products). Members noted that Estonia is not divided into NUTS-level 2 regions and 800 out of 1 550 redundant workers eligible for the EGF contribution are expected to participate in the measures.

The application was submitted under the intervention of Article 4(2) of the EGF Regulation derogating from the criteria set out in point (b) of Article 4(1), which requires that at least 500 workers be made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

Agreeing that the conditions set out in Article 4(2) of the EGF Regulation are met, parliament indicated that Estonia is entitled to a financial contribution of EUR 1 131 358 under that Regulation, which represents 60 % of the total cost of the measures envisaged in the application.

Nature of the redundancies: Parliament recalled that the recent turbulence in the global oil market, the general decrease in Europe’s international trade position for fertilisers (to the benefit of China’s producers) and low-cost gas regions outside Europe, have led Eesti Energia AS, Nitrofert AS and Viru Keemia Grupp AS have closed down plants or reduced production resulting in the collective termination of work contracts.

It stressed that the Union gradually lost its top position in world chemicals sales to China, and recalled that the production of mineral fertilisers is highly energy intensive (gas prices make up to 80 % of total production costs). Parliament noted that due to falling oil prices, Estonian exports of mineral fuels decreased by 25 % during the first two months of 2016 compared to the same period a year earlier. The impact of the redundancies on the local and regional economy and employment is expected to be significant.

Welcoming the very first EGF application tabled by Estonia, Parliament believed that the EGF could be a particularly valuable tool to help workers from countries with small economies and more vulnerable Union economies. It noted the reason for the relatively low number of redundant workers expected to participate in the measures (800 out of 1 550), which can be explained by the desire to **target the most vulnerable workers on the job market** and also by the fact that some workers had declared that they were not available for participation in the measures set out by Estonia. It also noted the relatively high percentage of non-Union citizens (63.3 %) as targeted beneficiaries.

A package of personalised services: Parliament recalled the objectives of the proposed measures. Accordingly, with the financial contribution, Estonia proposes to finance the following measures:

- formal studies,
- payment of the cost of training,
- training cost reimbursement for employers,
- labour market training,
- work practice,
- debt counselling,
- psychological counselling,
- study allowances relating to participation in formal studies,
- scholarships, transport and accommodation benefits for Estonian language training.

Parliament also underlined that Estonia has proposed measures that are compatible with the shift towards a resource-efficient and sustainable economy.

It stressed that the income support measures will constitute 27.25 % of the overall package of personalised measures, below the maximum 35 % set out in the EGF Regulation. Those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities. The resolution noted further that Estonia confirms that the eligible actions do not receive assistance from other Union financial instruments. It reiterated its call on the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect for existing regulations and that no duplication of Union-funded services can occur.

Lastly, Parliament 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. It expected the training on offer in the coordinated package to be adapted not only to the needs of the workers dismissed but also to the actual business environment.