Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Spain

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain in respect of redundancies in the automotive industry.

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 is not to 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.

Against this background, the Commission examined the application to mobilise the EGF to assist Spain and made the following comments:

Spain: EGF/2016/004 ES/*Comunidad Valenciana* automotive: on 21 June 2016, Spain submitted an application EGF/2016/004 ES/*Comunidad Valenciana* automotive for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers) in the NUTS level 2 region of *Comunidad Valenciana* (ES52) in Spain.

Spain submitted its application within **12 weeks** of the date on which the intervention criteria were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 8 November 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the European automotive industry has lost significant market share within the past decade.

In absolute terms, while the EU-27 faced a production decline for motor vehicles in 2015 compared with 2006 by 0.5 million units or -2.8 %, global production increased by 31.1 %, notably in China as well as other South-East Asian economies.

The EU market share dropped from 39.3 % in 2000 to 22.3 % in 2013.

In 2015, China was the biggest producer accounting for 26 % of world car production, while the EU, the second biggest, accounted for 22 % of a global car production of 73.5 million passenger cars.

A main driving force behind this trend is the geographical shift in consumption linked to globalisation, in particular the rapid growth in demand on the Asian market from which EU manufacturers are less able to benefit, being traditionally less well positioned on these markets.

In Spain, the decline in car production triggered a reduction of both enterprises and jobs. Over the period 2008-2014 the number of automotive enterprises declined from 901 to 806 (-10.5 %) and the jobs in the sector decreased from 164 038 to 135 997 (-17 %). In Comunidad Valenciana 62 automotive enterprises stopped activities of a total of 187.

To date, the Manufacture of motor vehicles, trailers and semi-trailers sector has been the subject of **23 EGF applications**.

Basis of the Spanish application: Spain submitted the application under the intervention criteria of Article 4(2) derogating from the criteria of Article 4(1)(b) of the EGF Regulation, which requires at least 500 workers being 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.

There were **250 redundancies** in the NUTS level 2 region of Comunidad Valenciana (ES52).

The reference period of nine months for the application runs from 30 June 2015 to 30 March 2016.

It is proposed that the EGF should be mobilised in order to provide a financial contribution of **EUR 856 800** in respect of the application submitted by Spain.

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 856 800, 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.