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

2016/2298(BUD) - 14/12/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 613 votes to 82, with 12 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 an amount of **EUR 856 800** in commitment and payment appropriations in order to assist Spain in respect of redundancies in the automotive industry.

Parliament recalled that the Union 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.

Spain's application: Spain submitted 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) mainly in the NUTS level 2 region of *Comunidad Valenciana* (ES52). The application concerns 250 redundant workers.

The application was submitted under the intervention criteria set out in 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.

Therefore, Spain is entitled to a financial contribution of EUR 856 800 under that Regulation, which represents 60 % of the total cost of the initiative.

Nature of the redundancies: Parliament pointed out that, in Spain, the decline in car production triggered a reduction in both enterprises and jobs and that in *Comunidad Valenciana* 62 of a total of 187 automotive enterprises stopped their activities in the period 2008 – 2014, representing a decline of 33.16 %.

The resolution noted that Bosal S.A. started operations in 1986 when the Sagunto area was declared a "Preferential Reindustrialization Area" following redundancies in the local blast furnace. It noted that the bankruptcy and closure of Bosal S.A. caused the loss of 250 jobs in the town of Sagunto, representing a relatively large number of jobs in that town, and has a serious impact on the local and regional economy, in particular considering the specific characteristics of a small town in a rural area. It recalled that the unemployment rate in Comunidad Valenciana is still 20.17 %.

Parliament noted that the decrease in the Union market share of the automotive industry is part of a longer-term trend, with the Union losing almost half of its market share between 2000 and 2015.

It underlined that of the total number of redundant workers concerned by this application, 71 % are over 45 years old, 78 % had been employed by the same enterprise for at least 15 consecutive years and 50 % have no educational qualifications. These circumstances make the redundant workers highly vulnerable in a context of insufficient job creation.

A package of personalised services: Parliament noted that Spain is planning 12 different actions such as:

- information sessions,
- occupational guidance,
- job placement or promotion of entrepreneurship,
- allowances and incentives for redundant workers covered by this application, such as contributions to commuting expenses and change of residence, or hiring benefits.

It also noted that the income support measures will be less than 25 % of the overall package of personalised measures, well below the maximum of 35 % set out in the EGF Regulation and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Members noted that Spain confirms that the eligible actions do not receive assistance from other Union financial instruments. They reiterated their call to 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.

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 was also convinced that more widespread use of the derogation from the eligibility thresholds particularly to benefit SMEs employees, extension of the reference periods and the possibility of including workers who have been providing related services to the reference company, should be assessed carefully, case by case, seeking in every way to limit distorted use of the EGF budget.

Members agreed therefore with the Commission decision to grant help to 250 workers from 29 enterprises in the *Comunidad Valenciana* region.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor of measures for restructuring companies or sectors.