Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mining sector in Spain

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain faced with redundancies in its mining sector.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: 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.

In this context, the Commission examined the application to mobilise the EGF to assist Spain and stated that:

Spain: EGF/2017/001 ES/Castilla y León mining: on 20 January 2017, Spain submitted an application EGF/2017/001 ES/Castilla y León mining for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 5 (Mining of coal and lignite) in the NUTS level 2 region of Castilla y León (ES41) in Spain.

Spain submitted the 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 9 June 2017.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argued that the European coal industry is increasingly suffering from competition from cheaper coals from non-European countries.

In 2005, European coal production was 198.8 million toe while in 2015 it was 145.3 million toe. In the same period the production of coal worldwide increased by 26.3 % which resulted in a decline of the EU market share in coal production worldwide which fell from 6.6 % in 2005 to 3.8 % in 2015. During the period 2010-2015 Spanish coal production fell by 63.3%. The decline in coal production in Castilla y León, the region concerned by the redundancies, was even sharper (86.27%).

Consequently, the number of coal mining enterprises operating in Castilla y León decreased by 25%, as the fall in prices and coal production led to the closure of ten of these coal mining enterprises over the period 2010-2016.

The Commission stated that there is a very difficult employment situation in the mining district as there is a growing shortage of jobs due to the **emigration** of the population to domestic or international territories offering better job prospects.

Basis of the Spanish request: 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.

The reference period of nine months for the application runs from 1 February 2016 to 1 November 2016.

The total number of eligible beneficiaries is **339**.

All the criteria comply with the Regulation.

Having examined the application, it is proposed to mobilise the EGF for the amount of EUR 1 002 264.

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 1 002 264, 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 amount of EUR 1 002 264.

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.