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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Greece facing redundancies in the retail 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.

**Greece: EGF application /2017/003 GR/Attica retail**: on 13 April 2017, Greece submitted the application for a financial contribution from the EGF following redundancies in the retail trade sector (except motor vehicles and motorcycles), in the NUTS 2 region of Attica and in 10 other regions at the same level in Greece.

Greece 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 8 November 2017.

In order to establish the link between the redundancies and the global financial and economic crisis, Greece argued that the Greek economy was in **deep recession since the beginning of the crisis in 2008**, the Greek real GDP has decreased by 26.2 % whilst unemployment increased about 14 %. The labour market is said to continue to experience difficulties in the near future as well.

Since 2008, the measures taken by the Greek government to cope with the repayment of external debt have resulted in a reduction in the incomes of public and private sector employees, which has resulted in a **decrease in consumption**, particularly non-essential goods.

According to the ELSTAT report on household income and living conditions, 21.2 % of Greeks were below the poverty threshold in 2016.

Due to the drop of purchasing power of Greek households as of 2008, demand for essential goods and durable consumer goods declined. This led to a significant **fall of retail sales** between 2008-2015 which ranged from 60 % for household appliances to 30 % for food retailers and 23 % for supermarkets. According to Infobank Hellastat SA, the fall in retail sales is expected to continue in the future.

The overall turnover index in the retail trade sector had a constant downward trend, decreasing by more than 63 % over the period 2008-2016, from 112.6 in 2008 to 71.1 in 2016.

According to the 2016 Annual Report of the Greek General Confederation of Workers (GSEE) Labour Institute, **164 000 jobs have been lost between 2008-2015** in the retail trade, manufacturing and construction sectors, which account for 64.2 % of total job losses.

The Greek authorities argue that the redundancies in the 11 regions concerned will further aggravate the unemployment situation. In 2016, Greece had the highest unemployment rates amongst EU Member states (23.6 % in 2016).

**Basis of the application**: Greece argued that this application should be assimilated to an application under Article 4(1)(b) of the EGF Regulation due to exceptional circumstances having a serious impact on employment and the local, regional or national economy.

The application relates to **725 workers**, of whom 56.3 % are men and 43.7 % are women, all of whom are likely to participate in the measures. Most of the redundancies are concentrated in the Attica region (70.7 %), the other 10 regions totalling 29.3 %.

BUDGETARY IMPLICATION: the estimated total costs are **EUR 4 915 250**, comprising expenditure for: (i) personalised services of EUR 4 720 250 and; (ii) expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 195 000.

The Commission proposes to **mobilise the EGF for the amount of EUR 2 949 150**, representing **60 %** of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 13 July 2017 to 13 July 2019.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in 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 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.