

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

2018/2014(BUD) - 28/11/2017 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain facing redundancies in the clothing 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 EGF application from Spain to mobilise the EGF and made the following comments:

Spain - Application EGF/2017/006 ES/Galicia apparel: on 19 July 2017, Spain submitted an application EGF/2017/006 ES/Galicia apparel for a financial contribution from the EGF, following **303 redundancies** in manufacture of wearing apparel in Galicia in Spain.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the liberalisation of trade in textiles and clothing — following the expiry of the World Trade Organisation Multifibre Arrangement at the end of 2004 — has led to radical changes in the structure of world trade. According to EUROSTAT-Comext figures, **in 2016 imports of clothing into the EU-28 increased by 37.9 % compared to 2008 and by 83.2 % compared to 2004.**

The increase of imports into the EU (notably from China and Bangladesh) put a downward pressure on prices which had a negative effect on the financial position of enterprises in the textiles sector in the EU and triggered a general trend in the textiles and clothing industry to **off-shore production** to lower cost countries outside the EU, such as Morocco, Tunisia, China and various Asian countries. In Galicia, this has resulted in a constant decrease in the number of clothing companies (-26 % over the period 2010-2016) and thus in redundancies.

The territory affected by the redundancies is **Ordes/Órdenes**, an inland territory where the clothing enterprises (most of them SMEs and cooperatives) are the economic driver. Unemployment in the manufacturing sector in Ordes increased by 40 % over the period December 2016 - April 2017, when a majority of the redundancies -object of this application- occurred.

Basis of Spanish application: Spain submitted the application under the intervention criteria set out in 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 an 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 303 redundancies in the NUTS level 2 region of Galicia.

The reference period of four months for the application runs from 30 July 2016 to 30 April 2017.

All **303 redundant workers** should benefit from the proposed actions, i.e. (i) welcome sessions and preparatory workshops; (ii) occupational guidance to dependent employment or self-employment; (iii) training on key competences and horizontal skills; (iii) intensive help in finding a job; (iv) tutoring after professional reintegration; (v) various incentives.

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 720 000**, 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 requested amount.