

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

2018/2014(BUD) - 23/02/2018 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Esteban GONZÁLEZ PONS (EPP, ES) on the proposal for a decision of the European Parliament and of the Council to mobilise the European Globalisation Adjustment Fund, amounting to **EUR 720 000** in commitment and payment appropriations, to assist Spain faced with redundancies in five companies in the wearing apparel industry in the Galicia region.

The European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation.

Spanish application: Spain submitted application EGF/2017/006 ES/Galicia apparel for a financial contribution from the EGF, following **303 redundancies in the economic sector of the manufacture of wearing apparel in region of Galicia**.

Given that the redundancies have a serious impact on employment and the local economy, Members considered that the conditions set out in Article 4(2) of the Regulation were met and that Spain was entitled to a financial contribution of EUR 720 000, which represents 60% of the total cost of EUR 1 200 000.

Reasons for the redundancies: Spain argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation, more particularly to the liberalisation of trade in textiles and clothing.

The increase in imports into the Union has put a downward pressure on prices, which has had a negative effect on the financial position of enterprises in the Union textiles sector and has triggered a **general trend in the textile and clothing industry to off-shore production** in lower cost countries outside the Union. In Galicia, this has resulted in a constant decrease in the number of clothing companies and, therefore, in an increase in redundancies.

The dismissals occurred in **five enterprises in the territory of Ordes/Órdenes**, which has been suffering from the decline in the number of clothing enterprises resulting from end of activities or production off-shore, following the increase in imports of wearing apparel into the EU. Members are concerned that the redundancies may further compound the unemployment situation that the region in question has been facing since the onset of the economic and financial crisis.

Package of personalised services: Members noted that Spain was planning six types for the redundant workers covered by this application:

- welcome sessions and preparatory workshops;
- occupational guidance;
- training;
- intensive job search assistance;
- tutoring after reintegration into work;
- incentives.

The report noted that the income support measures will constitute **18.21 %** of the overall package of personalised measures, well below the maximum of 35 % set out in the EGF Regulation. It underlined that **83.5 % of the targeted beneficiaries are women** and that the large majority of them are between 30 and 54 years old. However, it regretted that this application does not include any measures for young people who are not in education, employment or training.

Members welcomed Spain's declaration that the coordinated package shows great potential to **facilitate a shift towards a resource-efficient and sustainable economy**.

Lastly, they welcomed the fact that the proposed actions will be complementary to actions financed by the Structural Funds.