Mobilisation of the European Globalisation Adjustment Fund: redundancies in the textiles sector in Portugal

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The Committee on Budgets adopted the report by José Manuel FERNANDES (EPP, PT) 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 4 655 883** in commitment and payment appropriations to assist Portugal in the event of redundancies in the textile and clothing industry.

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, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.

Portuguese application: on 24 April 2018, Portugal submitted an application to mobilise the EGF following redundancies in the clothing sector in the regions of Norte, Centro and Lisboa in Portugal. The application concerns **1 161 workers made redundant** of whom 730 will be targeted by the proposed measures. The majority of the redundant workers are women (88.63 %) and 20.55 % of the redundant workers are over 55 years of age.

As the redundancies are expected to have a significant negative impact on the local economy, Members considered that the conditions laid down in Article 4(1) of the EGF Regulation were met and that Portugal was entitled, within the framework of the general budget of the Union for the financial year 2018, to a financial contribution of **EUR 4 655 883**, representing 60% of the total cost of EUR 7 759 806.

Reasons for the redundancies: according to Portugal, the redundancies are linked to major structural changes in world trade patterns due to globalisation, notably the serious economic disruption undergone by the wearing apparel sector, including the decline of the EU’s market share, following the end of the World Trade Organisation Multifibre Agreement in 2004 - which radically changed the structure of world trade in textile and clothing products.

The report highlighted the importance of **active labour market measures** co-funded by the EGF to improve the chances of reintegrating these vulnerable groups into the labour market. It recommended the mobilisation of the Structural and Investment Funds, and in particular the European Social Fund, to improve the qualifications of Portuguese workers in order to reduce unemployment, and especially youth unemployment and long-term unemployment.

Personalised package of services: Members noted that Portugal was considering **three types of actions** in favour of the redundant workers covered by this application: (i) training and retraining, (ii) promotion of entrepreneurship, (iii) allowances. Financial allowances, i.e. training, mobility and meal allowances do not exceed the maximum of 35 % set out in the EGF Regulation. These actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Members welcomed the fact that personalised services co-funded by the EGF shall also be provided to a maximum of 730 young people under 30 years of age who are not working and not in education or training (NEET).

They also recalled that the design of the coordinated package of personalised services should **anticipate future labour market prospects** and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.