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

2018/2223(BUD) - 23/10/2018 - Budgetary text adopted by Parliament

The European Parliament adopted by 575 votes to 77, with 8 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application submitted by Portugal - EGF/2018/002 PT/Norte - Centro - Lisboa wearing apparel).

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 4 655 883 in commitment and payment appropriations** as part of the general budget of the European Union for the financial year 2018 to assist Portugal in the event of redundancies in the clothing sector.

As a reminder, Portugal submitted its application for EGF funding on 24 April 2018 following 1 161 redundancies in the clothing sector in the regions of Norte, Centro and Lisboa.

Parliament noted the following points:

Reasons for the redundancies: Parliament noted that Portugal 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** following the expiry of the World Trade Organization Multifibre Agreement at the end of 2004 which has led to radical changes in the structure of world trade in textiles and clothing.

The redundancies that occurred in two enterprises operating in the Portuguese wearing apparel sector are expected to have a **significant adverse effect on the local economy**. The impact of the layoffs is linked to redeployment difficulties due to the scarcity of jobs, to the low educational background of the dismissed workers, and to the high number of job seekers.

Parliament recommended the **application of 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.

Measures proposed: Portugal is considering **three types of action** 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.

The coordinated package of personalised services has been drawn up in **consultation** with a working group, which included the Public Employment Service, representatives of the trade unions, the Institute of Social Security and the Authority for Work Conditions.

According to Parliament, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

Beneficiaries: Parliament noted that the application relates to 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 %). Furthermore, 20.55 % of the redundant workers are over 55 years of age. Parliament welcomed the fact that personalised services co-financed by the EGF will also be provided to up to **730 young people** under the age of 30 not in employment, education or training (NEETs).

In general, Parliament recalled that the Portuguese authorities had ensured that double financing will be prevented and that the proposed actions will be complementary to actions funded by the Structural Funds.

The Commission is called on to: (i) urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people; (ii) gather substantiated data on the impact of the EGF funding, including on the quality of jobs and the reintegration rate achieved through the EGF.