Basic information

2012/2121(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Spain **Subject** 3.40.07 Building industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Spain	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	NARANJO ESCOBAR Juan Andrés (PPE)	20/06/2012
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	3182	2012-07-16

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
		COM(2012)0290	Summary

18/06/2012	Non-legislative basic document published		
03/07/2012	Committee referral announced in Parliament		
12/07/2012	Vote in committee		
16/07/2012	Budgetary report tabled for plenary	A7-0233/2012	Summary
16/07/2012	Draft budget approved by Council		
11/09/2012	Decision by Parliament	T7-0305/2012	Summary
11/09/2012	Results of vote in Parliament		
11/09/2012	End of procedure in Parliament		
04/10/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2121(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/09853

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE492.599	21/06/2012	
Amendments tabled in committee		PE492.767	29/06/2012	
Budgetary report tabled for plenary, 1st reading		A7-0233/2012	16/07/2012	Summary
Budgetary text adopted by Parliament		T7-0305/2012	11/09/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0290	18/06/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0536
OJ L 269 04.10.2012, p. 0007 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Spain

2012/2121(BUD) - 18/06/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the construction of buildings in Spain.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Spain to mobilise the EGF. The main elements of the assessment are as follows:

Spain: application EGF/2011/017 ES/Aragón Construction: on 28 December 2011, Spain submitted application EGF/2011/017 ES/Aragón construction for a financial contribution from the EGF, following redundancies in 377 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Aragón (ES24) in Spain. The application was supplemented by additional information up to 23 March 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, Spain argues that the construction sector has been severely affected by the crisis. Loans to the construction sector and to individuals have been drastically reduced and the demand for new houses decreased due to declining consumer confidence and the lack of cash.

The Commission recognised in its Economic Recovery Plan that the construction industry in the EU had seen demand plummet as a result of the crisis. In 2009 construction output in Spain followed the same negative trend as the EU-27 average. However, in 2010 and the first half of 2011 the downturn in the Spanish construction sector was further exacerbated.

The Spanish authorities argue that the financial and economic crisis has led to a sudden collapse of the world economy with enormous impact on many sectors. **The nature of the recession as far as the construction sector is concerned, with a sudden tightening of conditions for access to financial credit and a dramatic slowdown in new orders, was unprecedented in recent times**. As a result of the crisis, economic developments since 2008 have not been following the trends of previous years. The redundancies in the construction industry could not therefore have been foreseen or easily prevented.

Spain submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State. The application cites **836 redundancies** in 377 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Aragón (ES24) during the nine-month reference period from 31 January 2011 to 31 October 2011.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Spain, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 1 300 000, representing 65 % of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the

EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Spain

2012/2121(BUD) - 16/07/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Juan Andrés NARANJO ESCOBAR (EPP, ES) on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 1 300 000** in commitment and payment appropriations to assist Spain in respect of redundancies in construction of buildings.

Members recall that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Spain has requested assistance for 836 redundancies, 320 of which are targeted for assistance, in 377 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Aragón (ES24) in Spain, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **Spain is entitled to a financial contribution under that Regulation.**

Members note that the region of Aragón has been hard hit in the past by mass dismissals and that Spain has submitted two EGF applications for the Aragón region before: EGF/2008/004 ES Castilla y León & Aragón (1 082 redundancies in the automotive industry of which 594 occurred in Aragón) and EGF/2010/016 ES Aragón retail (1 154 redundancies in the retail sector).

They welcome the fact that the region builds on the experience with the EGF and quickly assists workers in several sectors. They firmly believe that the anticipated EGF assistance can further contribute to preventing the risk of depopulation in the region of Aragón (currently comprising between 3 and 54 inhabitants per km²) by effectively **encouraging the population to remain in this territory**.

They also note that the Spanish authorities decided to start the implementation of the measures **well ahead of the final decision on granting the EGF support for the proposed coordinated package**.

In addition, they welcome:

- the fact that the regional authorities engage in dialogue with the social partners in order to improve the match between the demand and supply in the labour market and that the coordinated package of personalised services has been discussed and developed with the social partners;
- the training course which was designed to match the identified needs of local enterprises.

In this respect, they highlight the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals in a high number of SMEs in one sector, in particular, in terms of the eligibility of self-employed and owners of the SMEs for EGF support in the future regulation.

Members:

- appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants;
- hope that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved;
- reiterate that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- reiterate their call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and that no duplication of Union-funded services can occur.

Moreover, Members welcome the fact that following requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Members **regret the decision of the Council to block the extension of the "crisis derogation",** which allows provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and which allows an increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. **They call on the Council to reintroduce this measure without delay.**

Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Spain

2012/2121(BUD) - 11/09/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 583 votes to 68, with 22 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 1 300 000** in commitment and payment appropriations **to assist Spain in respect of redundancies in the construction of buildings**.

Parliament recalls that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Spain has requested assistance for 836 redundancies, 320 of which are targeted for assistance, in 377 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Aragón (ES24) in Spain, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, Spain is entitled to a financial contribution under that Regulation.

Parliament notes that the region of Aragón has been hard hit in the past by mass dismissals and that this is not the first EGF intervention in this regard (EGF/2008/004 ES Castilla y León & Aragón and EGF/2010/016 ES Aragón).

It welcomes the fact that the region builds on the experience with the EGF and firmly believes that the anticipated EGF assistance can further contribute to preventing the risk of depopulation in the region of Aragón (currently comprising between 3 and 54 inhabitants per km²) by **effectively encouraging the population to remain in this territory**.

In this context, Parliament welcomes the allocation to Spain of the amounts put forward in the proposal. It:

- expresses its satisfaction with the improvement of the procedure established by the Commission, following Parliament's request for accelerating the release of grants;
- hopes that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and for greater efficiency, transparency and visibility of the EGF to be achieved;
- recalls the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- reiterates that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and that it results in the co-funding of active labour market measures resulting in long-term employment;
- highlights the need to avoid any duplication in the services funded by the Union, including in the context of the EGF.

Revision of the EGF: Parliament welcomes the fact that following its repeated requests, the sum of EUR 50 million in payment appropriations has been allocated to the budget line 04 05 01 for the EGF. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past. It regrets the **decision of the Council to block the extension of the "crisis derogation"**. This derogation makes provision for financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns. It also allows an increase in the rate of Union cofinancing to 65% of the programme costs for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay.

Parliament highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals in a high number of SMEs in one sector, in particular, in terms of the **eligibility of self-employed and owners of the SMEs** for EGF support in the future regulation.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in Spain

2012/2121(BUD) - 12/09/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the construction of buildings in Spain.

NON-LEGISLATIVE ACT: Decision 2012/536/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/017 ES/Aragón Construction from Spain).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 1 300 000** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist Spain in respect of 377 enterprises operating in the NACE Revision 2 Division 41 (‘Construction of buildings’) in the NUTS II region of Aragon (ES24).

Given that the request for intervention from Spain fulfils the conditions laid down in accordance with Regulation (EC) No 1927/2006, the European Parliament and the Council have decided to grant the above-mentioned amount.

To recall, the European Globalisation Adjustment Fund (EGF) was established to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework. It should also be noted that the scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.