Basic information

2012/2160(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Spain **Subject** 3.40.02 Iron and steel industry, metallurgical industry 3.40.04 Shipbuilding, nautical 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	PICKART ALVARO Alexander Nuno (ALDE)	06/09/2012

Committee for opinion	Rapporteur for opinion	Appointed
INTA International Trade	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3192	2012-10-16

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
09/08/2012	Non-legislative basic document published	COM(2012)0451	Summary
11/09/2012	Committee referral announced in Parliament		
10/10/2012	Vote in committee		
15/10/2012	Budgetary report tabled for plenary	A7-0323/2012	Summary
16/10/2012	Draft budget approved by Council		
23/10/2012	Decision by Parliament	T7-0377/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	End of procedure in Parliament		
07/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2160(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/10259

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE494.803	04/09/2012	
Amendments tabled in committee		PE496.456	21/09/2012	
Budgetary report tabled for plenary, 1st reading		A7-0323/2012	15/10/2012	Summary
Budgetary text adopted by Parliament		T7-0377/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0451	09/08/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Decision 2012/0683 OJ L 307 07.11.2012, p. 0077 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Spain

2012/2160(BUD) - 09/08/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the shipbuilding sector 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: EGF/2011/019 ES/Galicia Metal:

on 28 December 2011, Spain submitted application EGF/2011/019 ES/Galicia Metal for a financial contribution from the EGF, following redundancies in 35 enterprises operating in the NACE Revision 2 Division 25 ('Manufacture of fabricated metal products, except machinery and equipment') in the NUTS II region of Galicia (ES11) in Spain.The application was supplemented by additional information up to 28 May 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, Spain argues that the global financial crisis changed several of the conditions and expectations for the future development of the shipbuilding market and, as a result, order books of European yards decreased both in Compensated Gross Tonnage (CGT) and value terms. The European order book dropped from 13.69 million CGT to 9.47 million CGT between 2008 and 2009, and further to 6.39 million CGT in 2010. In September 2011, the order book was of 5.95 million CGT. In value terms, the European order book dropped from EUR 52 616 million to EUR 36 558 million between 2008 and 2009, and further to EUR 27 031 million in 2010.

This melt-down had an impact on the European shipbuilding workforce which declined by 23% over the past three years. The evolution of shipbuilding in Spain has followed the negative trend observed at European level.

The Galician shipbuilding sector represents 45% of the Spanish shipbuilding sector. As a direct consequence of the decrease of new orders, the shipbuilding workforce in Galicia declined by 30% over the past three years, from 10 000 workers at the end of 2008 to 7 000 in October 2011.

It should also be noted that all the arguments developed in previous cases related to shipbuilding and related industries (EGF/2010/001DK/Nordjylland, EGF/2010/006 PL/H. Cegielski-Poznan and EGF/2010/025DK/Odense Steel Shipyard) remain valid.

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 878 redundancies in 35 enterprises operating in the NACE Revision 2 Division 25 ('Manufacture of fabricated metal products, except machinery and equipment') in the NUTS II region of Galicia (ES11) during the nine-month reference period from 23 March 2011 to 23 December 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 2 029 235**, 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.

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. Appropriations from the EGF budget line will be used to cover the amount needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Spain

2012/2160(BUD) - 15/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Alexander ALVARO (ALDE, DE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 029 235** in commitment and payment appropriations to assist Spain in respect of redundancies in the shipbuilding sector.

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 858 redundancies in total (450 of whom are eligible for EGF aid) following redundancies in 35 enterprises operating in the NACE Revision 2 Division 25 ('Manufacture of fabricated metal products, except machinery and equipment') in the region of Galicia (ES), Members request the institutions involved to make the necessary efforts 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**.

Recalling the conditions that at the source of the request for an EGF contribution, Members underline that the redundancies in the shipbuilding ancillary industry will exacerbate the difficult employment situation in the region of Galicia. They note that, while the forecast at the EU level about the recovery of the shipbuilding sector was reasonably optimistic, in 2011, new orders unexpectedly fell by 43%.

Members welcome the fact that, in order to provide workers with speedy assistance, 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 and recall the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career.

Lessons from the implementation of the EGF: Members welcome the fact that the EGF contribution is planned to support solely active labour measures (training and counselling) and will not be used for allowances. They highlight the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals.

Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements **to accelerate the mobilisation of the EGF**. They also appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They hope that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020).**

Members reiterate their usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact 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 can co-finance only active labour market measures which lead to durable, long-term employment;
- 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;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact 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;
- the need for a comparative evaluation of those data in the annual report on the Funds;
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- the need to ensure that no duplication of Union-funded services can occur.

They also welcome the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01; recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and therefore deserves a dedicated allocation, which will avoid transfers from other budget lines. They regret the **decision of the Council to block the extension of the "crisis derogation"**, allowing to provide 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 allowing the increase in the rate of Union co-financing 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 the shipbuilding industry in Spain

2012/2160(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 570 votes to 71, with 13 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF), for an amount of **EUR 2 029 235** in commitment and payment appropriations **in respect of redundancies in the shipbuilding sector in Spain.**

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 858 redundancies in total (450 of whom are eligible for EGF aid) following redundancies in 35 enterprises operating in the NACE Revision 2 Division 25 ('Manufacture of fabricated metal products, except machinery and equipment') in the region of Galicia (ES), Parliament requests the institutions involved to make the necessary efforts 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**.

Recalling the conditions that at the source of the request for an EGF contribution, Parliament underlines that the redundancies in the shipbuilding ancillary industry will exacerbate the difficult employment situation in the region of Galicia. It notes that, while the forecast at the EU level about the recovery of the shipbuilding sector was reasonably optimistic, in 2011, new orders unexpectedly fell by 43%. Moreover, the employment situation in the region is difficult as the unemployment rates reached 18 % for women and 16.32 % for men in the end of 2011. The perspectives for future reintegration into employment of the dismissed workers in this territory do not seem very encouraging.

Parliament welcomes the fact that, in order to provide workers with speedy assistance, 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 and recall the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career. It regrets that the information on the training measures does not describe in which sectors the workers are likely to find employment and if the package has been adapted to the future economic prospects in the region.

Lessons from the implementation of the EGF: 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 small and medium enterprises (SMEs) in one sector. It calls on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to **accelerate the mobilisation of the EGF** . It appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants. It hopes that **further improvements in the procedure will be integrated** in the new Regulation on the EGF (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact 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 can co-finance only active labour market measures which lead to durable, long-term employment;
- 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;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact 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;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

Parliament welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. 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, which could be detrimental to the achievement of the policy objectives of the EGF. Parliament regrets the **decision of the Council to block the extension of the "crisis derogation"**, allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Spain

2012/2160(BUD) - 25/10/2012 - Final act

PURPOSE: the mobilisation of the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the shipbuilding industry in Spain.

NON-LEGISLATIVE ACT: Decision 2012/683/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment 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/2011/019/ES/Galicia Metal from Spain).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 2 029 235** 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 878 redundancies in the 878 redundancies in 35 enterprises operating in the NACE Revision 2 Division 25 ('Manufacture of fabricated metal products, except machinery and equipment') in the NUTS II region of Galicia (ES11)

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.