Basic information

2014/2027(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Spain **Subject** 3.40.03 Motor industry, cycle and motorcycle, commercial and agricultural vehicles 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	DAERDEN Frédéric (S&D)	05/03/2014
	Shadow rapporteur GARRIGA POLLEDO Salvador (PPE) PICKART ALVARO Alexander Nuno (ALDE) TRÜPEL Helga (Verts/ALE) ASHWORTH Richard (ECR) SOUSA Alda (GUE/NGL) PAKSAS Rolandas (EFD)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	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
Agriculture and Fisheries	3308	2014-04-14

European

Commission DG	Commissioner

Commission	Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
05/03/2014	Non-legislative basic document published	COM(2014)0116	Summary
13/03/2014	Committee referral announced in Parliament		
31/03/2014	Vote in committee		
02/04/2014	Budgetary report tabled for plenary	A7-0260/2014	Summary
14/04/2014	Draft budget approved by Council		
15/04/2014	Decision by Parliament	T7-0350/2014	Summary
15/04/2014	Results of vote in Parliament		
15/04/2014	End of procedure in Parliament		
07/05/2014	Final act published in Official Journal		

Technical information

Procedure reference	2014/2027(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/7/15430

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE530.051	11/03/2014	
Amendments tabled in committee		PE532.324	24/03/2014	
Budgetary report tabled for plenary, 1st reading		A7-0260/2014	02/04/2014	Summary
Budgetary text adopted by Parliament		T7-0350/2014	15/04/2014	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0116	05/03/2014	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2014/0253 OJ L 134 07.05.2014, p. 0042	Summary

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

2014/2027(BUD) - 05/03/2014 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain regarding redundancies in the automotive sector.

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

CONTENT: the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020.

Regulation (EC) No 1927/2006 established the European Globalisation Adjustment Fund (EGF) in order to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.

The Commission examined the request to mobilise the EGF with a view to assisting Spain. The main elements of the assessment are as follows:

Spain: EGF/2012/004 ES/Grupo Santana: on 16 May 2012, Spain submitted application EGF/2012/004 ES/Grupo Santana for a financial contribution from the EGF, following redundancies in Grupo Santana and 15 suppliers and downstream producers in Spain. The application was supplemented by additional information up to 28 November 2013.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that growth in automobile manufacturing in the EU lags well behind that of its major competitors, thus leading to a loss of EU market share in the sector. Globally, car production increased by 22.4% in 2010, after a 9.6% downturn in 2009. China, at 13.9 million units produced, saw its output grow four times higher than production growth in Europe, expanding by 33.8% compared to 8.3% growth in Europe in 2010. Japan, the world's third largest producer, manufactured 21.1% more cars than in 2009, followed by South Korea (+22.4%), Brazil (+9.8%), India (+29.4%) and the US (+24.4%).

During the period 2004-2010, the production of passenger cars, in absolute terms, increased by 6.7% in the EU-27, against a growth rate of 32.2% worldwide. This decline in EU market share has been observed by the Commission in assessment of previous EGF automotive cases based on trade related globalisation.

To date, the automotive sector has been the subject of the most numerous EGF applications, with 16 cases, of which seven are based on trade related globalisation, while the other nine are crisis related.

Spain submitted the application under the intervention criterion of Article 2(c) of Regulation (EC) No 1927/2006. This provision allows applicants to derogate from the requirements of Articles 2(a) and 2(b) in small labour markets or in exceptional circumstances when redundancies have a serious impact on employment and the local economy. In this case the applicant must specify which of the main eligibility requirements its application fails to meet, and thus from which it is seeking derogation.

The Spanish authorities specified that the application seeks to derogate from Article 2(a), where the normal threshold is at least 500 redundancies over a four-month period.

The application cites 330 redundancies in Grupo Santana and 15 suppliers during the four-month reference period from 15 November 2011 to 15 March 2012 and a further 689 redundancies outside the reference period, but related to the same collective redundancies procedure.

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 is **EUR 1 964 407**, representing 50% of the total cost.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 12 of Council Regulation (EU, Euratom) No 1311/2013, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of EUR 1 964 407.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

The Commission presents separately a transfer request in order to enter in the 2014 budget specific commitment appropriations.

Appropriations allocated to the EGF budget line in the 2014 budget will be used to cover the requested amount needed for the present application.

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

2014/2027(BUD) - 02/04/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the amount of **EUR 1 964 407** in commitment and payment appropriations to assist Spain regarding redundancies in the automotive sector.

Members recalled that the European Union set up 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 submitted its application for a financial contribution from the EGF, following 330 redundancies in Grupo Santana and 15 suppliers and downstream producers with 285 workers targeted for EFG co-funded measures, during the reference period from 15 November 2011 to 15 March 2012, Members agreed with the Commission that the conditions set out in Article 2(c) of the EGF Regulation are met.

Therefore, **Spain is entitled to a financial contribution** under the EGF Regulation.

Members considered that the redundancies in Grupo *Santana* and 15 suppliers and downstream producers are linked to major structural changes in world trade patterns due to globalisation, referring to a reduction of the EU share in world motor vehicle production and the rapid growth in Asian markets which EU producers are less able to benefit from.

They noted that the 330 layoffs within the reference period and the additional 689 redundancies are related to the same collective dismissal procedure before and after the four-month reference period which have had a **significantly negative impact on employment and the economy at local level** and aggravates an already fragile economic situation of the affected territory.

Noting that this is yet another EGF application addressing dismissals in the automotive sector and that with 17 applications this sector has been subject to the most numerous EGF applications, Members stressed that this demonstrates the need for a Union industrial strategy and illustrates how the EGF assists workers in restructuring process.

They welcomed the fact that, in order to provide workers with speedy assistance, the Spanish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 August 2011, ten months before EGF application submission and well ahead of the final decision on granting the EGF support for the proposed coordinated package.

Linares: Members welcomed the fact that the city of Linares, heavily affected by the closure of Santana (and of its suppliers) which was the main employer in the municipality, took a global and comprehensive approach reflected in the strategy of rehabilitation of Grupo Santana business park to attract new investors. They also welcomed Linares local authorities initiative to invest in the industrial facilities and promotion of the renewed industrial area in order to attract new companies and to diversify its industrial structure rather than focusing on the automotive sector. They stressed that these efforts are not submitted for EGF co-financing and are financed by regional and local budgets under severe constrains after the loss of tax income due to the plant closure.

Package of coordinated services: Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 285 redundant workers into employment such as vocational on-the-job training, counselling to business projects, active job search assistance and job matching. They welcomed the fact that the training offered is of considerable length and that it will be complemented with on-the-job activities and should be matched to the skills and qualifications needs of the enterprises settling in the business park.

Members pointed out that the EGF will provide **"training wage" allowances amounting to 150% of the Spanish minimum wage** which should not replace the unemployment benefits and should be provided in addition to the unemployment benefits paid out under the national legislation. Members stressed in this context that the new EGF regulation for 2014-2020 will limit the inclusion of financial allowances in the package to a maximum of 35% of the cost of the measures and that accordingly the rate of allowances within the coordinated package for this demand will not repeat under this new regulation.

New EGF: Members welcomed the agreement reached between the European Parliament and the Council regarding the new EGF Regulation, for the period 2014-2020, to reintroduce the crisis mobilisation criterion, to increase Union financial contribution to 60% of the total estimated cost of proposed

measures, to increase efficiency for the treatment of EGF applications in the Commission and by the European Parliament and the Council by shortening time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses.

They stressed that, in accordance with Article 6 of the EGF Regulation, it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment.

Lastly, Members reiterated their position according to which:

- EGF assistance 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.

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

2014/2027(BUD) - 15/04/2014 - Budgetary text adopted by Parliament

The European Parliament adopted by 582 votes to 74, with 12 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the amount of **EUR 1 964 407** in commitment and payment appropriations to assist Spain regarding redundancies in the automotive sector.

Parliament recalled that the European Union set up 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 submitted its application for a financial contribution from the EGF, following 330 redundancies in Grupo Santana and 15 suppliers and downstream producers with 285 workers targeted for EFG co-funded measures, during the reference period from 15 November 2011 to 15 March 2012, Parliament agreed with the Commission that the conditions set out in Article 2(c) of the EGF Regulation are met.

Therefore, **Spain is entitled to a financial contribution** under the EGF Regulation.

Parliament considered that the redundancies in Grupo *Santana* and 15 suppliers and downstream producers are linked to major structural changes in world trade patterns due to globalisation, referring to a reduction of the EU share in world motor vehicle production and the rapid growth in Asian markets which EU producers are less able to benefit from.

It noted that the 330 layoffs within the reference period and the additional 689 redundancies are related to the same collective dismissal procedure before and after the four-month reference period which have had a **significantly negative impact on employment and the economy at local level** and aggravates an already fragile economic situation of the affected territory.

Noting that this is yet another EGF application addressing dismissals in the automotive sector and that with 17 applications this sector has been subject to the most numerous EGF applications, Parliament stressed that this demonstrates the need for a Union industrial strategy and illustrates how the EGF assists workers in restructuring process.

It welcomed the fact that, in order to provide workers with speedy assistance, the Spanish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 August 2011, ten months before EGF application submission and well ahead of the final decision on granting the EGF support for the proposed coordinated package.

Linares: Parliament welcomed the fact that the city of Linares, heavily affected by the closure of Santana (and of its suppliers) which was the main employer in the municipality, took a global and comprehensive approach reflected in the strategy of rehabilitation of Grupo Santana business park to attract new investors. It also welcomed Linares local authorities initiative to invest in the industrial facilities and promotion of the renewed industrial area in order to attract new companies and to diversify its industrial structure rather than focusing on the automotive sector. It stressed that these efforts are not submitted for EGF co-financing and are financed by regional and local budgets under severe constrains after the loss of tax income due to the plant closure.

Parliament welcomed the fact that the city of Linares consulted the package with the social partners and that the social partners are monitoring the implementation of the measures, and that a policy of equality of women and men as well as the principle of non-discrimination will be applied during the various stages of the implementation of and in access to the EGF.

Package of coordinated services: Parliament noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 285 redundant workers into employment such as vocational on-the-job training, counselling to business projects, active job search assistance and job matching. It welcomed the fact that the training offered is of considerable length and that it will be complemented with on-the-job activities and should be matched to the skills and qualifications needs of the enterprises settling in the business park.

The resolution pointed out that the EGF will provide **"training wage" allowances amounting to 150% of the Spanish minimum wage** which should not replace the unemployment benefits and should be provided in addition to the unemployment benefits paid out under the national legislation. Members stressed in this context that the new EGF regulation for 2014-2020 will limit the inclusion of financial allowances in the package to a maximum of 35% of the cost of the measures and that accordingly the rate of allowances within the coordinated package for this demand will not repeat under this new regulation.

New EGF: Parliament welcomed the agreement reached between the European Parliament and the Council regarding the new EGF Regulation, for the period 2014-2020, to reintroduce the crisis mobilisation criterion, to increase Union financial contribution to 60% of the total estimated cost of proposed measures, to increase efficiency for the treatment of EGF applications in the Commission and by the European Parliament and the Council by shortening time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses.

It stressed that, in accordance with Article 6 of the EGF Regulation, it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment.

Lastly, Parliament reiterated its position according to which:

- EGF assistance 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.

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

2014/2027(BUD) - 16/04/2014 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain regarding redundancies in the automotive sector.

NON-LEGISLATIVE ACT: Decision 2014/253/EU of the European Parliament and the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with Point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (application EGF/2012/004 ES/ *Grupo Santana* from Spain)

CONTENT: in the context of the European Union's 2014 budget, the sum of **EUR 1.964.407** in commitment and payment appropriations is mobilised under the Globalisation Adjustment Fund.

This Fund 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.

This sum is intended to assist Italy which following redundancies in the company Grupo Santana and at 15 suppliers and downstream producers.

The request is in line with Regulation (EC) No 1927/2006 which remains in force, despite its repeal, for all requests for aid submitted before 21.12.2013.

Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the period 2014-2020 allows the EGF to mobilise funding up to an annual ceiling of **EUR 150 million**.