Basic information

2014/2043(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel industry in Romania **Subject** 3.40.02 Iron and steel industry, metallurgical industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Romania	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	MUREŞAN Siegfried (PPE)	15/07/2014
	Shadow rapporteur NEGRESCU Victor (S&D) JÄÄTTEENMÄKI Anneli (ALDE) NÍ RIADA Liadh (GUE/NGL) ZANNI Marco (EFDD)	

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
Competitiveness (Internal Market, Industry, Research and Space)	3333	2014-09-26

European Commission

Commission DG	Commissioner
Budget	PIEBALGS Andris

Key events

Date	Event	Reference	Summary
07/05/2014	Non-legislative basic document published	COM(2014)0255	Summary
14/07/2014	Committee referral announced in Parliament		
11/09/2014	Vote in committee		
12/09/2014	Budgetary report tabled for plenary	A8-0008/2014	Summary
17/09/2014	Decision by Parliament	T8-0018/2014	Summary
17/09/2014	Results of vote in Parliament		
26/09/2014	Draft budget approved by Council		
26/09/2014	End of procedure in Parliament		
08/10/2014	Final act published in Official Journal		

Technical information

Procedure reference	2014/2043(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/8/00719

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE536.165	15/07/2014	
Amendments tabled in committee		PE537.365	04/09/2014	
Budgetary report tabled for plenary, 1st reading		A8-0008/2014	12/09/2014	Summary
Budgetary text adopted by Parliament		T8-0018/2014	17/09/2014	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0255	07/05/2014	Summary

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

Final act	
Decision 2014/0696 OJ L 292 08.10.2014, p. 0012	Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel industry in Romania

2014/2043(BUD) - 07/05/2014 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Romania following redundancies in the steel industry.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) within the annual ceiling of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF for applications submitted until **31 December 2013** are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council on establishing the EGF.

To recall, this Fund was established 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.

In this context, the Commission examined the request for mobilisation of the EGF with a view to assisting Romania and stated that:

Romania: **EGF/2012/010 RO/Mechel**: on 21 December 2012, Romania submitted application EGF/2012/010 RO/Mechel for a financial contribution from the EGF, following redundancies in SC Mechel Campia Turzii SA and one downstream producer (SC Mechel Reparatii Targoviste SRL) in Romania. The application was supplemented by additional information up to 4 March 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Romania argues that the sector of the manufacture of finished and semi-finished steel products, in which Mechel Campia Turzii and Mechel Reparatii Targoviste were active, has undergone serious economic disruption as a result of a rapid decline of the EU market share in the steel products sector and the market share growth of countries such as China.

For the steel industry as a whole, the production of crude steel in the EU-27 decreased from 206.9 million tonnes in 2006 to 177.6 million tonnes in 2011, leading to a decline of the EU-27's market share from 16.6% in 2006 to 11.7% in 2011, whereas, during the same period, China's market share increased from 33.7% to 45%.

In the period 2009-2011, apparent consumption of steel (crude steel equivalent) in the EU-27 increased from 127 million tonnes to 168.7 million tonnes (+32.9%). A similar trend was recorded for the apparent consumption of finished steel products which increased by 32.0 % in the EU-27 compared to 21.4 % at worldwide level.

In the EU-27, much of this regain in demand was absorbed **through imports** (increase of 37%), by comparison, imports of such products in China decreased by 26.9%.

These data demonstrate that the EU has recorded a substantial increase of imports into the EU of finished and semi-finished steel products in recent years as well as a relative decline of exports of such products, both of which add up to a loss of EU market share in the sector of finished and semi-finished steel products, in which Mechel operated.

To date, the steel sector has been the subject of five EGF applications.

Background to the request from Romania: Romania submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.

The application cites 825 redundancies in Mechel Campia Turzii and one downstream producer during the four-month reference period and a further 688 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 Romania, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 3 571 150**, representing 50 % of the total cost.

BUDGETARY 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 3 571 150.

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 amount needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel industry in Romania

2014/2043(BUD) - 17/09/2014 - Budgetary text adopted by Parliament

The European Parliament adopted by 614 votes to 71, with 16 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, providing **a total amount of EUR 3 571 150** in commitment and payment appropriations in order to assist Romania which is facing redundancies in the steel industry.

The resolution recalled that the European Union has 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.

Romania submitted its application for a financial contribution from the EGF, following 1 513 redundancies: 1 441 during and after the reference period in Mechel Campia Turzii and 72 in Mechel Reparatii Targoviste with 1 000 workers targeted for EGF co-funded measures, during the reference period from 20 June 2012 to 20 October 2012. Parliament asked the institutions to speed up mobilisation of the Fund for the amount requested, agreeing with the Commission that the conditions set out in Article 4(2)(a) of the EGF Regulation are met and that, therefore, **Romania is entitled to a financial contribution under that Regulation.**

Redundancies: Parliament considered that the redundancies are linked to major structural changes in world trade patterns due to globalisation, referring to the fact that the sector of the manufacture of finished and semi-finished steel products, in which Mechel Campia Turzii and Mechel Reparatii Targoviste were active, has undergone serious economic disruption as a result of a rapid decline of the EU market share in the steel products sector and the market share growth of countries such as China. It noted that the 1 513 redundancies in question have had major repercussions for the local labour market, given that the Mechel Campia Turzii was the largest employer in the area in 2012. It also noted that the local labour market is very restricted as the unemployment rate in the Câmpia Turzii area is generally around 5% and the job vacancy rate is very low (below 0.5%). Members welcomed the fact that the Romanian authorities decided to initiate the implementation of the personalised services to the affected workers on 1 March 2013.

Package of personalised services: Parliament noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 1 000 redundant workers into employment such as vocational guidance and counselling, vocational training courses and internships, assistance in initiating independent activities, renting the production space and paying the rent for the project’s duration; travel, interview, participation, subsistence and internship allowances, mentoring after employment integration.

It recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career and expected the training on offer in the coordinated package to be adapted not only to the needs of the dismissed workers but also to the actual business environment.

Parliament also stressed that the Romanian authorities confirm that the eligible actions do not receive assistance from other Union financial instruments. It reiterated its call to the Commission that no duplication of Union-funded services should occur.

Assisting independent activities: Parliament noted the amount of EUR 15 000 to be granted to 250 selected workers as assistance in initiating independent activities. It regretted that only a fourth of the targeted workers will be able to participate in this action.

New EGF: Parliament requested the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF. It appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated 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. Members underlined that further improvements in the procedure have been integrated in the new Regulation on European Globalisation Adjustment Fund (2014-2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament stressed that the assistance:

- can co-finance only active labour market measures which lead to durable, long-term employment;
- must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor measures restructuring companies or sectors.

It also welcomed the adoption of the new EGF Regulation which reflected the agreement reached between the Parliament and the Council to:

- reintroduce the crisis mobilisation criterion;
- **increase Union financial contribution to 60% of the total estimated cost of proposed measures;**
- increase efficiency for the treatment of EGF applications in the Commission and by the Parliament and the Council by shortening time for assessment and approval;
- widen eligible actions and beneficiaries by introducing self-employed persons and young people and
- finance incentives for setting up own businesses.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel industry in Romania

2014/2043(BUD) - 25/09/2014 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the steel industry in Romania.

NON-LEGISLATIVE ACT: Decision 2014/696/EU of the European Parliament and of 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/2012/010 RO /Mechel* from Romania).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the EGF for an amount of **EUR 3 571 150** in commitment and payment appropriations in the framework of the 2014 general budget of the European Union.

This amount shall assist Romania following redundancies in the enterprise SC Mechel Campia Turzii SA and one downstream producer.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006 (EGF Regulation), the European Parliament and Council have decided to grant the abovementioned amount.

To recall, the EGF was established 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.

Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF shall not exceed a maximum annual amount of **EUR 150 million**.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel industry in Romania

2014/2043(BUD) - 12/09/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Siegfried MUREŞAN (EPP, RO) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, providing **a total amount of EUR 3 571 150** in commitment and payment appropriations in order to assist Romania which is facing redundancies in the steel industry.

Members recalled that the European Union has 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.

Romania submitted its application for a financial contribution from the EGF, following 1 513 redundancies: 1 441 during and after the reference period in Mechel Campia Turzii and 72 in Mechel Reparatii Targoviste with 1 000 workers targeted for EGF co-funded measures, during the reference period from 20 June 2012 to 20 October 2012. Members asked the institutions to speed up mobilisation of the Fund for the amount requested, agreeing with the Commission that the conditions set out in Article 4(2)(a) of the EGF Regulation are met and that, therefore, **Romania is entitled to a financial contribution under that Regulation.**

Redundancies: Members considered that the redundancies are linked to major structural changes in world trade patterns due to globalisation, referring to the fact that the sector of the manufacture of finished and semi-finished steel products, in which Mechel Campia Turzii and Mechel Reparatii Targoviste were active, has undergone serious economic disruption as a result of a rapid decline of the EU market share in the steel products sector and the market share growth of countries such as China. They noted that the 1 513 redundancies in question have had major repercussions for the local labour market, given that the Mechel Campia Turzii was the largest employer in the area in 2012. They also noted that the local labour market is

very restricted as the unemployment rate in the Câmpia Turzii area is generally around 5% and the job vacancy rate is very low (below 0.5%). Members welcomed the fact that the Romanian authorities decided to initiate the implementation of the personalised services to the affected workers on 1 March 2013.

Package of personalised services: Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 1 000 redundant workers into employment such as vocational guidance and counselling, vocational training courses and internships, assistance in initiating independent activities, renting the production space and paying the rent for the project's duration; travel, interview, participation, subsistence and internship allowances, mentoring after employment integration.

They recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career and expected the training on offer in the coordinated package to be adapted not only to the needs of the dismissed workers but also to the actual business environment.

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