Basic information

2016/2235(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of petroleum and chemicals products in Estonia **Subject** 3.40.01 Chemical industry, fertilizers, plastics 3.60.02 Oil industry, motor fuels 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.56 2016 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	NEGRESCU Victor (S&D)	03/10/2016
	Shadow rapporteur ŠULIN Patricija (PPE)	

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

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	THYSSEN Marianne

Key events

Date	Event	Reference	Summary
28/09/2016	Non-legislative basic document published	COM(2016)0622	Summary

06/10/2016	Committee referral announced in Parliament		
24/10/2016	Vote in committee		
24/10/2016	Budgetary report tabled for plenary	A8-0314/2016	Summary
26/10/2016	Decision by Parliament	T8-0413/2016	Summary
26/10/2016	Results of vote in Parliament		
26/10/2016	Draft budget approved by Council		
26/10/2016	End of procedure in Parliament		
01/12/2016	Final act published in Official Journal		

Technical information

Procedure reference	2016/2235(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/07978

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE592.064	06/10/2016	
Amendments tabled in committee		PE592.196	13/10/2016	
Budgetary report tabled for plenary, 1st reading		A8-0314/2016	24/10/2016	Summary
Budgetary text adopted by Parliament		T8-0413/2016	26/10/2016	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2016)0622 	28/09/2016	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2016/2099
OJ L 326 01.12.2016, p. 0014

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of petroleum and chemicals products in Estonia

2016/2235(BUD) - 26/10/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 580 votes to 81 with 26 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 for the sum of **EUR 1 131 358** in commitment and payment appropriations in order to assist Estonia which is faced with redundancies in its petroleum and chemicals sector.

Parliament recalled that the 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 or of the global financial and economic crisis and to assist their reintegration into the labour market.

Estonian application: Estonia submitted application EGF/2016/003 EE/petroleum and chemicals for a financial contribution from the EGF following redundancies in the economic sector classified under the NACE Revision 2 Division 19 (Manufacture of coke and refined petroleum products) and Division 20 (Manufacture of chemicals and chemicals products). Members noted that Estonia is not divided into NUTS-level 2 regions and 800 out of 1 550 redundant workers eligible for the EGF contribution are expected to participate in the measures.

The application was submitted under the intervention of Article 4(2) of the EGF Regulation derogating from the criteria set out in point (b) of Article 4(1), which requires that at least 500 workers be made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

Agreeing that the conditions set out in Article 4(2) of the EGF Regulation are met, parliament indicated that Estonia is entitled to a financial contribution of EUR 1 131 358 under that Regulation, which represents 60 % of the total cost of the measures envisaged in the application.

Nature of the redundancies: Parliament recalled that the recent turbulence in the global oil market, the general decrease in Europe's international trade position for fertilisers (to the benefit of China's producers) and low-cost gas regions outside Europe, have led Eesti Energia AS, Nitrofert AS and Viru Keemia Grupp AS have closed down plants or reduced production resulting in the collective termination of work contracts.

It stressed that the Union gradually lost its top position in world chemicals sales to China, and recalled that the production of mineral fertilisers is highly energy intensive (gas prices make up to 80 % of total production costs). Parliament noted that due to falling oil prices, Estonian exports of mineral fuels decreased by 25 % during the first two months of 2016 compared to the same period a year earlier. The impact of the redundancies on the local and regional economy and employment is expected to be significant.

Welcoming the very first EGF application tabled by Estonia, Parliament believed that the EGF could be a particularly valuable tool to help workers from countries with small economies and more vulnerable Union economies. It noted the reason for the relatively low number of redundant workers expected to participate in the measures (800 out of 1 550), which can be explained by the desire to **target the most vulnerable workers on the job market** and also by the fact that some workers had declared that they were not available for participation in the measures set out by Estonia. It also noted the relatively high percentage of non-Union citizens (63.3 %) as targeted beneficiaries.

A package of personalised services: Parliament recalled the objectives of the proposed measures. Accordingly, with the financial contribution, Estonia proposes to finance the following measures:

- formal studies,
- payment of the cost of training,
- training cost reimbursement for employers,
- labour market training,
- work practice,
- debt counselling,
- psychological counselling,
- study allowances relating to participation in formal studies,
- scholarships, transport and accommodation benefits for Estonian language training.

Parliament also underlined that Estonia has proposed measures that are compatible with the shift towards a resource-efficient and sustainable economy.

It stressed that the income support measures will constitute 27.25 % of the overall package of personalised measures, below the maximum 35 % set out in the EGF Regulation. Those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities. The resolution noted further that Estonia confirms that the eligible actions do not receive assistance from other Union financial instruments. It reiterated its call on the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect for existing regulations and that no duplication of Union-funded services can occur.

Lastly, Parliament 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. It expected the training on offer in the coordinated package to be adapted not only to the needs of the workers dismissed but also to the actual business environment.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of petroleum and chemicals products in Estonia

2016/2235(BUD) - 23/11/2016 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Estonia in respect of redundancies in the manufacture of petroleum and chemicals products.

NON-LEGISLATIVE ACT: Decision (EU) 2016/2099 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (following an application from Estonia — EGF/2016/003 EE/petroleum and chemicals).

CONTENT: with this Decision, the European Parliament and the Council decided to mobilise an amount of **EUR 1 131 358** in commitment and payment appropriations under the European Globalisation Adjustment Fund in the framework of the 2016 budget.

This amount shall assist Estonia in respect of redundancies in *Eesti Energia* AS, *Nitrofert* AS and *Viru Keemia Grupp* AS in Estonia.

Given that the Estonian application meets the conditions laid down in Regulation (EC) No 1309/2013 (EGF Regulation 2014-2020), Parliament and the Council have decided to grant the abovementioned amount.

As a reminder, the European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.

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

ENTRY INTO FORCE: the Decision shall enter into force on 1.12.2016 and shall take effect on 23.11.2016.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of petroleum and chemicals products in Estonia

2016/2235(BUD) - 28/09/2016 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Estonia in respect of redundancies in the manufacture of petroleum and chemicals products.

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 provides that the EGF is not to exceed a maximum annual amount of **EUR 150 million** (2011 prices).

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927 /2006.

Against this backdrop, the Commission examined the application to mobilise the EGF to assist Estonia and expressed its position as follows:

Estonia: EGF/2016/003 EE/petroleum and chemicals: on 11 May 2016, Estonia submitted an application EGF/2016/003 EE/petroleum and chemicals for a financial contribution from the EGF, following redundancies in the economic sectors classified under the NACE Revision 2 Division 19 (Manufacture of coke and refined petroleum products) and Division 20 (Manufacture of chemicals and chemical products) in Estonia.

Estonia submitted application EGF/2016/003 EE/petroleum and chemicals within **12 weeks** of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met. The deadline expires on 28 September 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Estonia argues that the country is a small open economy with high reliance on exports of goods and services (nearly 80 % of national GDP in 2015 compared to 43.5 % in EU28). The Estonian economy highly suffered from the recent global oil market turbulences and a general decrease in Europe's international trade position. The county of Ida-Virumaa, in the north-east of Estonia, has been hit particularly hard, not only due to its geopolitically remote position at the Russian border, but especially because of a high concentration of industries dependent on oil and gas prices in this area.

Regarding the manufacturing of chemicals and chemical products sector, the production of mineral fertilizers is highly energy intensive (gas prices make up to 80 % of total production costs). Due to the high increase of natural gas prices, low-cost gas regions outside Europe have a competitive advantage and allow producing fertilizers at far lower costs than in Europe. The EU share of world chemicals production dropped from 30.9 % in 2004 to 17 % in 2014. The EU gradually lost its top position in world chemicals sales to China.

In July 2015, Nitrofert, a company producing synthetic ammonia and urea, shut down its production plant. Eesti Energia, the leading energy company in the Baltic States and the largest company in the world working with oil shale, decided to reduce shale oil production due to dramatically fallen profits caused by lower oil prices. The third enterprise subject to the application is Viru Keemia Grupp (VKG), another shale oil producer in Ida-Virumaa, facing similar problems caused by the drop in oil prices.

Besides the loss of many jobs, the region is also affected by significant demographic problems and sparce population due to the remoteness of the region, which reduces the chances of finding suitable jobs.

Basis of the Estonian application: Estonia submitted the application under the intervention criteria of Article 4(2) derogating from the criteria of Article 4 (1)(b) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

The reference period runs from 1 August 2015 to 1 May 2016.

The total number of eligible beneficiaries is **1550**.

With regard to the Estonian request, the Commission proposes to mobilise the EGF for the amount of **EUR 1 131 358**.

BUDGETARY IMPLICATIONS: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 1 131 358, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

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.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the requested amount.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of petroleum and chemicals products in Estonia

2016/2235(BUD) - 24/10/2016 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Victor NEGRESCU (S&D, RO) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for the sum of **EUR 1 131 358** in commitment and payment appropriations in order to assist Estonia which is faced with redundancies in its petroleum and chemicals sector.

Members recalled that the 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 or of the global financial and economic crisis and to assist their reintegration into the labour market.

Estonian application: Estonia submitted application EGF/2016/003 EE/petroleum and chemicals for a financial contribution from the EGF following redundancies in the economic sector classified under the NACE Revision 2 Division 19 (Manufacture of coke and refined petroleum products) and Division 20 (Manufacture of chemicals and chemicals products). Members noted that Estonia is not divided into NUTS-level 2 regions and 800 out of 1 550 redundant workers eligible for the EGF contribution are expected to participate in the measures.

The application was submitted under the intervention of Article 4(2) of the EGF Regulation derogating from the criteria set out in point (b) of Article 4(1), which requires that at least 500 workers be made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

Agreeing that the conditions set out in Article 4(2) of the EGF Regulation are met, Members indicated that Estonia is entitled to a financial contribution of EUR 1 131 358 under that Regulation, which represents 60 % of the total cost of the measures envisaged in the application.

Nature of the redundancies: Members noted the reason for the relatively low number of redundant workers expected to participate in the measures (800 out of 1 550), which can be explained by the desire to **target the most vulnerable workers on the job market** and also by the fact that some workers had declared that they were not available for participation in the measures set out by Estonia. They noted the relatively high percentage of non-Union citizens (63.3 %) as targeted beneficiaries.

A package of personalised services: Members recalled the objectives of the proposed measures. Accordingly, with the financial contribution, Estonia proposes to finance the following measures:

- formal studies,
- payment of the cost of training,
- training cost reimbursement for employers,
- labour market training,
- work practice,
- debt counselling,
- psychological counselling,
- study allowances relating to participation in formal studies,
- scholarships, transport and accommodation benefits for Estonian language training.

Members also underlined that Estonia has proposed measures that are compatible with the shift towards a resource-efficient and sustainable economy.

They stressed that the income support measures will constitute 27.25 % of the overall package of personalised measures, below the maximum 35 % set out in the EGF Regulation. Those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities. The report noted further that Estonia confirms that the eligible actions do not receive assistance from other Union financial instruments. It reiterated its call on the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect for existing regulations and that no duplication of Union-funded services can occur.

Lastly, Members 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. They 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.