Basic information

2016/2298(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry 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) 8.70.56 2016 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GONZÁLEZ PONS Esteban (PPE)	08/11/2016
	Shadow rapporteur GARDIAZABAL RUBIAL Eider (S&D) KÖLMEL Bernd (ECR) BENITO ZILUAGA Xabier (GUE/NGL)	

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	3509	2016-12-13

Key events

Date	Event	Reference	Summary
		COM(2016)0708	Summary

08/11/2016	Non-legislative basic document published		
21/11/2016	Committee referral announced in Parliament		
08/12/2016	Vote in committee		
09/12/2016	Budgetary report tabled for plenary	A8-0379/2016	Summary
13/12/2016	Draft budget approved by Council		
14/12/2016	Decision by Parliament	T8-0495/2016	Summary
14/12/2016	Results of vote in Parliament		
14/12/2016	End of procedure in Parliament		
28/02/2017	Final act published in Official Journal		

Technical information

Procedure reference	2016/2298(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/8/08375

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE594.034	16/11/2016	
Amendments tabled in committee		PE594.166	05/12/2016	
Budgetary report tabled for plenary, 1st reading		A8-0379/2016	09/12/2016	Summary
Budgetary text adopted by Parliament		T8-0495/2016	14/12/2016	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2016)0708	08/11/2016	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2017/0341
OJ L 050 28.02.2017, p. 0051 Summary

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

2016/2298(BUD) - 09/12/2016 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Esteban GONZÁLEZ PONS (EPP, ES) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 856 800** in commitment and payment appropriations in order to assist Spain in respect of redundancies in the automotive industry.

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

Spain's application: Spain submitted application EGF/2016/004 ES/*Comunidad Valenciana* automotive for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers) mainly in the NUTS level 2 region of *Comunidad Valenciana* (ES52). The application concerns 250 redundant workers.

The application was submitted under the intervention criteria set out in 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.

Therefore, Spain is entitled to a financial contribution of EUR 856 800 under that Regulation, which represents 60 % of the total cost of the initiative.

Nature of the redundancies: Members noted that the decrease in the Union market share of the automotive industry is part of a longer-term trend, with the Union losing almost half of its market share between 2000 and 2015. It pointed out that in Spain, the decline in car production triggered a reduction in both enterprises and jobs and that in *Comunidad Valenciana* 62 of a total of 187 automotive enterprises stopped their activities in the period 2008 – 2014, representing a decline of 33.16 %.

Members underlined that of the total number of redundant workers concerned by this application, 71 % are over 45 years old, 78 % had been employed by the same enterprise for at least 15 consecutive years and 50 % have no educational qualifications. These circumstances make them highly vulnerable in a context of insufficient job creation.

A package of personalised services: Members noted that Spain is planning 12 different actions such as:

- information sessions,
- occupational guidance,
- job placement or promotion of entrepreneurship,
- allowances and incentives for redundant workers covered by this application, such as contributions to commuting expenses and change of residence, or hiring benefits.

Members noted that the income support measures will be less than 25 % of the overall package of personalised measures, well below the maximum of 35 % set out in the EGF Regulation and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

They noted that Spain confirms that the eligible actions do not receive assistance from other Union financial instruments. They reiterated their call to 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.

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.

Members are also convinced that more widespread use of the derogation from the eligibility thresholds particularly to benefit SMEs employees, extension of the reference periods and the possibility of including workers who have been providing related services to the reference company, should be assessed carefully, case by case, seeking in every way to limit distorted use of the EGF budget.

They agreed therefore with the Commission decision to grant help to 250 workers from 29 enterprises in the *Comunidad Valenciana* region.

Lastly, they reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor of measures for restructuring companies or sectors.

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

2016/2298(BUD) - 08/11/2016 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain in respect of redundancies in the automotive 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 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 background, the Commission examined the application to mobilise the EGF to assist Spain and made the following comments:

Spain: EGF/2016/004 ES/*Comunidad Valenciana* automotive: on 21 June 2016, Spain submitted an application EGF/2016/004 ES/*Comunidad Valenciana* automotive for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers) in the NUTS level 2 region of *Comunidad Valenciana* (ES52) in Spain.

Spain submitted its application within **12 weeks** of the date on which the intervention criteria were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 8 November 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the European automotive industry has lost significant market share within the past decade.

In absolute terms, while the EU-27 faced a production decline for motor vehicles in 2015 compared with 2006 by 0.5 million units or -2.8 %, global production increased by 31.1 %, notably in China as well as other South-East Asian economies.

The EU market share dropped from 39.3 % in 2000 to 22.3 % in 2013.

In 2015, China was the biggest producer accounting for 26 % of world car production, while the EU, the second biggest, accounted for 22 % of a global car production of 73.5 million passenger cars.

A main driving force behind this trend is the geographical shift in consumption linked to globalisation, in particular the rapid growth in demand on the Asian market from which EU manufacturers are less able to benefit, being traditionally less well positioned on these markets.

In Spain, the decline in car production triggered a reduction of both enterprises and jobs. Over the period 2008-2014 the number of automotive enterprises declined from 901 to 806 (-10.5 %) and the jobs in the sector decreased from 164 038 to 135 997 (-17 %). In Comunidad Valenciana 62 automotive enterprises stopped activities of a total of 187.

To date, the Manufacture of motor vehicles, trailers and semi-trailers sector has been the subject of **23 EGF applications**.

Basis of the Spanish application: Spain 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.

There were **250 redundancies** in the NUTS level 2 region of Comunidad Valenciana (ES52).

The reference period of nine months for the application runs from 30 June 2015 to 30 March 2016.

It is proposed that the EGF should be mobilised in order to provide a financial contribution of **EUR 856 800** in respect of the application submitted by Spain.

BUDGETARY IMPLICATION: 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 856 800, 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 automotive industry in Spain

2016/2298(BUD) - 14/12/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 613 votes to 82, with 12 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 an amount of **EUR 856 800** in commitment and payment appropriations in order to assist Spain in respect of redundancies in the automotive industry.

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

Spain's application: Spain submitted application EGF/2016/004 ES/*Comunidad Valenciana* automotive for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers) mainly in the NUTS level 2 region of *Comunidad Valenciana* (ES52). The application concerns 250 redundant workers.

The application was submitted under the intervention criteria set out in 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.

Therefore, Spain is entitled to a financial contribution of EUR 856 800 under that Regulation, which represents 60 % of the total cost of the initiative.

Nature of the redundancies: Parliament pointed out that, in Spain, the decline in car production triggered a reduction in both enterprises and jobs and that in *Comunidad Valenciana* 62 of a total of 187 automotive enterprises stopped their activities in the period 2008 – 2014, representing a decline of 33.16 %.

The resolution noted that Bosal S.A. started operations in 1986 when the Sagunto area was declared a "Preferential Reindustrialization Area" following redundancies in the local blast furnace. It noted that the bankruptcy and closure of Bosal S.A. caused the loss of 250 jobs in the town of Sagunto, representing a relatively large number of jobs in that town, and has a serious impact on the local and regional economy, in particular considering the specific characteristics of a small town in a rural area. It recalled that the unemployment rate in Comunidad Valenciana is still 20.17 %.

Parliament noted that the decrease in the Union market share of the automotive industry is part of a longer-term trend, with the Union losing almost half of its market share between 2000 and 2015.

It underlined that of the total number of redundant workers concerned by this application, 71 % are over 45 years old, 78 % had been employed by the same enterprise for at least 15 consecutive years and 50 % have no educational qualifications. These circumstances make the redundant workers highly vulnerable in a context of insufficient job creation.

A package of personalised services: Parliament noted that Spain is planning 12 different actions such as:

- information sessions,
- occupational guidance,
- job placement or promotion of entrepreneurship,
- allowances and incentives for redundant workers covered by this application, such as contributions to commuting expenses and change of residence, or hiring benefits.

It also noted that the income support measures will be less than 25 % of the overall package of personalised measures, well below the maximum of 35 % set out in the EGF Regulation and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Members noted that Spain confirms that the eligible actions do not receive assistance from other Union financial instruments. They reiterated their call to 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.

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 was also convinced that more widespread use of the derogation from the eligibility thresholds particularly to benefit SMEs employees, extension of the reference periods and the possibility of including workers who have been providing related services to the reference company, should be assessed carefully, case by case, seeking in every way to limit distorted use of the EGF budget.

Members agreed therefore with the Commission decision to grant help to 250 workers from 29 enterprises in the *Comunidad Valenciana* region.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor of measures for restructuring companies or sectors.

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

2016/2298(BUD) - 14/12/2016 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for an amount of EUR 856 800 to assist Spain in respect of redundancies in the automotive industry.

NON-LEGISLATIVE ACT: Decision (EU) 2017/341 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Spain — EGF/2016/004 ES/Comunidad Valenciana automotive.

CONTENT: with this Decision, the European Parliament and the Council mobilised **EUR 856 800** in commitment and payment appropriations from the European Global Adjustment Fund under the 2016 budget.

This amount obtained from the EGF is in response to Spain's request to intervene following the redundancies in 29 companies in the automotive sector.

In accordance with Article 4(2) of Regulation (EU) No 1309/2013, the application from Spain is considered admissible since the redundancies have a serious impact on employment and the local, regional or national economy.

Therefore, Parliament and the Council decided to give a favourable opinion by granting 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.

The EGF is not to exceed a maximum annual amount of **EUR 150 million**, as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013.

ENTRY INTO FORCE: the Decision shall enter into force on 28.2.2017. It shall apply from 14.12.2016.