## Basic information

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|---|---|
| **2018/2014(BUD)**<br>BUD - Budgetary procedure | Procedure completed |
| Mobilisation of the European Globalisation Adjustment Fund: redundancies in the clothing sector in Spain<br>**Subject**<br>3.40.10 Textile and clothing industry, leathers<br>4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)<br>8.70.58 2018 budget<br>**Geographical area**<br>Spain | |

## Key players

### European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| BUDG Budgets | GONZÁLEZ PONS Esteban (PPE) | 20/12/2017 |
| | Shadow rapporteur<br>KÖLMEL Bernd (ECR)<br>ALI Nedzhmi (ALDE)<br>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 |
|---|---|---|
| General Affairs | 3599 | 2018-02-27 |

### European Commission

| Commission DG | Commissioner |
|---|---|
| Budget | OETTINGER Günther |

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 28/11/2017 | Non-legislative basic document published | COM(2017)0686 | Summary |
| 18/01/2018 | Committee referral announced in Parliament | | |
| 22/02/2018 | Vote in committee | | |
| 23/02/2018 | Budgetary report tabled for plenary | A8-0033/2018 | Summary |
| 27/02/2018 | Draft budget approved by Council | | |
| 01/03/2018 | Decision by Parliament | T8-0053/2018 | Summary |
| 01/03/2018 | Results of vote in Parliament | | |
| 28/03/2018 | Final act published in Official Journal | | |

## Technical information

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|---|---|
| **Procedure reference** | 2018/2014(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/8/11898 |

## Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE615.522 | 20/12/2017 | |
| Amendments tabled in committee | | PE618.063 | 06/02/2018 | |
| Budgetary report tabled for plenary, 1st reading | | A8-0033/2018 | 23/02/2018 | Summary |
| Budgetary text adopted by Parliament | | T8-0053/2018 | 01/03/2018 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Non-legislative basic document | COM(2017)0686 | 28/11/2017 | Summary |

## Additional information

| Source | Document | Date |
|---|---|---|
| European Commission | EUR-Lex | |

| Final act |
|---|
| Decision 2018/0515<br>OJ L 084 28.03.2018, p. 0020 Summary |

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

2018/2014(BUD) - 23/02/2018 - 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 to mobilise the European Globalisation Adjustment Fund, amounting to **EUR 720 000** in commitment and payment appropriations, to assist Spain faced with redundancies in five companies in the wearing apparel industry in the Galicia region.

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.

**Spanish application**: Spain submitted application EGF/2017/006 ES/Galicia apparel for a financial contribution from the EGF, following **303 redundancies in the economic sector of the manufacture of wearing apparel in region of Galicia**.

Given that the redundancies have a serious impact on employment and the local economy, Members considered that the conditions set out in Article 4 (2) of the Regulation were met and that Spain was entitled to a financial contribution of EUR 720 000, which represents 60% of the total cost of EUR 1 200 000.

**Reasons for the redundancies**: Spain argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation, more particularly to the liberalisation of trade in textiles and clothing.

The increase in imports into the Union has put a downward pressure on prices, which has had a negative effect on the financial position of enterprises in the Union textiles sector and has triggered a **general trend in the textile and clothing industry to off-shore production** in lower cost countries outside the Union. In Galicia, this has resulted in a constant decrease in the number of clothing companies and, therefore, in an increase in redundancies.

The dismissals occurred in **five enterprises in the territory of Ordes/Órdenes**, which has been suffering from the decline in the number of clothing enterprises resulting from end of activities or production off-shore, following the increase in imports of wearing apparel into the EU. Members are concerned that the redundancies may further compound the unemployment situation that the region in question has been facing since the onset of the economic and financial crisis.

**Package of personalised services**: Members noted that Spain was planning six types for the redundant workers covered by this application:

- welcome sessions and preparatory workshops;
- occupational guidance;
- training;
- intensive job search assistance;
- tutoring after reintegration into work;
- incentives.

The report noted that the income support measures will constitute **18.21 %** of the overall package of personalised measures, well below the maximum of 35 % set out in the EGF Regulation. It underlined that **83.5 % of the targeted beneficiaries are women** and that the large majority of them are between 30 and 54 years old. However, it regretted that this application does not include any measures for young people who are not in education, employment or training.

Members welcomed Spain's declaration that the coordinated package shows great potential to **facilitate a shift towards a resource-efficient and sustainable economy**.

Lastly, they welcomed the fact that the proposed actions will be complementary to actions financed by the Structural Funds.

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

2018/2014(BUD) - 14/03/2018 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain facing redundancies in the manufacture of clothing sector.

NON-LEGISLATIVE ACT: Decision (EU) 2018/515 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Spain — EGF/2017/006 ES/Galicia apparel.

CONTENT: with this Decision, the European Parliament and the Council mobilised the sum of **EUR 720 000** in commitment and payment appropriations from the European Globalisation Adjustment Fund (EGF).

This amount is granted in response to Spain's application for EGF mobilisation in respect of **303 workers** made redundant in 5 enterprises operating in the manufacture of wearing apparel sector in the region of Galicia in Spain. The redundancies are the result of a continuation of major structural changes in world trade patterns due to globalisation.

This application fulfils the conditions for a financial contribution from the EGF in accordance with Regulation (EU) No 1309/2013. As a reminder, the 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. The EGF is not to exceed a maximum annual amount of EUR 150 million for the period 2014-2020.

ENTRY INTO FORCE: 28.3. 2018. The decision applies from the date of its adoption, i.e. 14.3.2018.

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

2018/2014(BUD) - 01/03/2018 - Budgetary text adopted by Parliament

The European Parliament adopted by 550 votes to 76, with 6 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 following a request submitted by Spain - EGF/2017/006 ES/Galicia apparel.

Parliament approved the proposal for a decision to mobilise the EGF to provide a **financial contribution of EUR 720 000** to assist Spain facing lay-offs in five companies active in the wearing apparel sector in the Galicia region of Spain.

As a reminder, the request for financial assistance from the EGF was submitted by Spain on 19 July 2017 following **303 redundancies in the wearing apparel industry in the Galicia region**.

Parliament noted the following points:

**Reasons for the redundancies**: Spain argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation, more particularly to the liberalisation of trade in textiles and clothing.

The **increase in imports into the Union** has put a downward pressure on prices, which has had a negative effect on the financial position of enterprises in the Union textiles sector and has triggered a general trend in the textile and clothing industry to off-shore production in lower cost countries outside the Union.

The redundancies that occurred in **five enterprises** are expected to put an enormous strain on the territory affected. Ordes, the region affected by the redundancies, is highly dependent on the clothing industry and has seen a sharp decline in the number of clothing enterprises in recent years.

**Package of personalised services**: six types for the redundant workers covered by this application are as follows: (i) welcome sessions and preparatory workshops; (ii) occupational guidance; (iii) training; (iv) intensive job search assistance; (v) tutoring after reintegration into work; (vi) incentives.

The income support measures will constitute **18.21 %** of the overall package of personalised measures, well below the maximum of 35 % set out in the EGF Regulation.

**Beneficiaries**: Parliament underlined that **83.5 % of the targeted beneficiaries are women** and that the large majority of them are between 30 and 54 years old. However, it regretted that this application does not include any measures for young people who are not in education, employment or training.

In general, Parliament recalled that the coordinated package shows great potential to **facilitate a shift towards a resource-efficient and sustainable economy**. It welcomed Spain's declaration in this regard.

The resolution also welcomed Spain's confirmation that: (i) the eligible actions do not receive assistance from other Union funds or financial instruments; (ii) the financial contribution of the Fund will not replace actions the enterprises concerned are required to take by virtue of national law or pursuant to collective agreements, or measures for restructuring companies or sectors.

Lastly, Parliament asked the Commission: (i) to urge national authorities to provide more details in their future proposals on the **sectors which have growth prospects** and are therefore likely to hire people, as well as to gather data on the **impact of the EGF funding**, including the quality of jobs and the reintegration rate achieved through the EGF.

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

2018/2014(BUD) - 28/11/2017 - Non-legislative basic document

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

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

CONTENT: 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.

In this context, the Commission examined the EGF application from Spain to mobilise the EGF and made the following comments:

**Spain - Application EGF/2017/006 ES/Galicia apparel**: on 19 July 2017, Spain submitted an application EGF/2017/006 ES/Galicia apparel for a financial contribution from the EGF, following **303 redundancies** in manufacture of wearing apparel in Galicia in Spain.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the liberalisation of trade in textiles and clothing — following the expiry of the World Trade Organisation Multifibre Arrangement at the end of 2004 — has led to radical changes in the structure of world trade. According to EUROSTAT-Comext figures, **in 2016 imports of clothing into the EU-28 increased by 37.9 % compared to 2008 and by 83.2 % compared to 2004**.

The increase of imports into the EU (notably from China and Bangladesh) put a downward pressure on prices which had a negative effect on the financial position of enterprises in the textiles sector in the EU and triggered a general trend in the textiles and clothing industry to **off-shore production** to lower cost countries outside the EU, such as Morocco, Tunisia, China and various Asian countries. In Galicia, this has resulted in a constant decrease in the number of clothing companies (-26 % over the period 2010-2016) and thus in redundancies.

The territory affected by the redundancies is **Ordes/Órdenes**, an inland territory where the clothing enterprises (most of them SMEs and cooperatives) are the economic driver. Unemployment in the manufacturing sector in Ordes increased by 40 % over the period December 2016 - April 2017, when a majority of the redundancies -object of this application- occurred.

**Basis of Spanish application**: Spain submitted the application under the intervention criteria set out in 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 an 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 303 redundancies in the NUTS level 2 region of Galicia.

The reference period of four months for the application runs from 30 July 2016 to 30 April 2017.

All **303 redundant workers** should benefit from the proposed actions, i.e. (i) welcome sessions and preparatory workshops; (ii) occupational guidance to dependent employment or self-employment; (iii) training on key competences and horizontal skills; (iii) intensive help in finding a job; (iv) tutoring after professional reintegration; (v) various incentives.

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 720 000**, 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.