Basic information

2018/2223(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the textiles sector in Portugal **Subject** 3.40.10 Textile and clothing industry, leathers 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.58 2018 budget **Geographical area** Portugal	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	FERNANDES José Manuel (PPE)	11/09/2018
	Shadow rapporteur DOS SANTOS Manuel (S&D)	

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	3642	2018-10-15

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	THYSSEN Marianne

Key events

Date	Event	Reference	Summary
10/09/2018	Non-legislative basic document published	COM(2018)0621	Summary
13/09/2018	Committee referral announced in Parliament		
09/10/2018	Vote in committee		
11/10/2018	Budgetary report tabled for plenary	A8-0311/2018	Summary
15/10/2018	Draft budget approved by Council		
23/10/2018	Decision by Parliament	T8-0394/2018	Summary
23/10/2018	Results of vote in Parliament		
16/11/2018	Final act published in Official Journal		

Technical information

Procedure reference	2018/2223(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/8/14545

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE627.769	19/09/2018	
Amendments tabled in committee		PE628.475	01/10/2018	
Budgetary report tabled for plenary, 1st reading		A8-0311/2018	11/10/2018	Summary
Budgetary text adopted by Parliament		T8-0394/2018	23/10/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0621	10/09/2018	Summary

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act

Decision 2018/1720
OJ L 291 16.11.2018, p. 0008 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the textiles sector in Portugal

2018/2223(BUD) - 23/10/2018 - Budgetary text adopted by Parliament

The European Parliament adopted by 575 votes to 77, with 8 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 (application submitted by Portugal - EGF/2018/002 PT/Norte - Centro - Lisboa wearing apparel).

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 4 655 883 in commitment and payment appropriations** as part of the general budget of the European Union for the financial year 2018 to assist Portugal in the event of redundancies in the clothing sector.

As a reminder, Portugal submitted its application for EGF funding on 24 April 2018 following 1 161 redundancies in the clothing sector in the regions of Norte, Centro and Lisboa.

Parliament noted the following points:

Reasons for the redundancies: Parliament noted that Portugal 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** following the expiry of the World Trade Organization Multifibre Agreement at the end of 2004 which has led to radical changes in the structure of world trade in textiles and clothing.

The redundancies that occurred in two enterprises operating in the Portuguese wearing apparel sector are expected to have a **significant adverse effect on the local economy**. The impact of the layoffs is linked to redeployment difficulties due to the scarcity of jobs, to the low educational background of the dismissed workers, and to the high number of job seekers.

Parliament recommended the **application of Structural and Investment Funds**, and in particular the European Social Fund, to improve the qualifications of Portuguese workers in order to reduce unemployment, and especially youth unemployment and long-term unemployment.

Measures proposed: Portugal is considering **three types of action** in favour of the redundant workers covered by this application: (i) training and retraining, (ii) promotion of entrepreneurship, (iii) allowances. Financial allowances, i.e. training, mobility and meal allowances do not exceed the maximum of 35 % set out in the EGF Regulation. These actions are conditional on the **active participation** of the targeted beneficiaries in job-search or training activities.

The coordinated package of personalised services has been drawn up in **consultation** with a working group, which included the Public Employment Service, representatives of the trade unions, the Institute of Social Security and the Authority for Work Conditions.

According to Parliament, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

Beneficiaries: Parliament noted that the application relates to 1 161 workers made redundant, of whom 730 will be targeted by the proposed measures. The majority of the redundant workers are women (88.63 %). Furthermore, 20.55 % of the redundant workers are over 55 years of age. Parliament welcomed the fact that personalised services co-financed by the EGF will also be provided to up to **730 young people** under the age of 30 not in employment, education or training (NEETs).

In general, Parliament recalled that the Portuguese authorities had ensured that double financing will be prevented and that the proposed actions will be complementary to actions funded by the Structural Funds.

The Commission is called on to: (i) urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people; (ii) gather substantiated data on the impact of the EGF funding, including on the quality of jobs and the reintegration rate achieved through the EGF.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the textiles sector in Portugal

2018/2223(BUD) - 16/11/2018 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Portugal in the event of redundancies in the clothing sector.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1720 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Portugal - EGF/2018/002 PT/Norte - Centro - Lisboa wearing apparel.

CONTENT: with this Decision, the European Parliament and the Council decide to mobilise **EUR 4 655 883** in commitment and payment appropriations from the European Globalisation Adjustment Fund (EGF) under the 2018 budget.

This amount is granted in response to Portugal's application for EGF assistance submitted on 24 April 2018 for redundancies in the clothing sector in the regions of 'Norte','Centro' and 'Lisboa'.

In accordance with Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the EGF for the period 2014-2020, this application complies with the conditions for determining the amount of the financial contribution from the EGF.

As a reminder, the EGF aims to provide support for workers made redundant 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. It has an annual budget of up to EUR 150 million for the period 2014-2020.

ENTRY INTO FORCE: 16.11.2018. In order to minimise the time taken to mobilise the EGF, this decision shall apply from the date of its adoption, i. e. 23.10.2018.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the textiles sector in Portugal

2018/2223(BUD) - 10/09/2018 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Portugal faced with redundancies in the textiles 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 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 considered the request to mobilise the EGF to assist Portugal and stated the following:

Portugal – Application EGF/2018/002 PT/Norte - Centro - Lisboa wearing apparel: on 24 April 2018, Portugal submitted an application for a financial contribution from the EGF, following **1161 redundancies in the economic sector related to the manufacture of wearing apparel** in the regions of Norte, Centro and Lisboa.

In order to establish the link between the redundancies and the global financial and economic crisis, Portugal argues that the wearing apparel sector has undergone serious economic disruption, in particular a **decline of the EU's market share**, following the end of the Multifibre Agreement in 2004.

The increase of imports into the EU (+ 83.19 % between 2004 and 2016) 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 China and various Asian countries. In Portugal in the regions of Norte, Centro and Lisboa, this has **resulted in a constant decrease in the number of workers in the wearing apparel sector** (from 130 000 in 2005 to 90 000 in 2016).

In 2017, the unemployment rate in both regions of Norte and Lisboa (9.5%) was higher than the national average (8.9%) and the massive redundancies in the economic sector of wearing apparel will aggravate this situation.

Basis of the Portuguese request: Portugal submitted the application under the intervention 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 or two contiguous regions defined at NUTS 2 level in a Member State.

The reference period of nine months for the application runs from 1 May 2017 to 1 February 2018.

The application relates to **1 161 workers made redundant, more than 20 % of whom are over 55 years old and 88% are women**. The workers dismissed are mostly low-skilled.

The estimated number of redundant workers expected to participate in the measures is 730.

Additionally, Portugal will provide personalised services co-financed by the EGF to up to **730 young people** not in employment, education or training (NEETs). The total estimated number of targeted beneficiaries expected to participate in the measures, including NEETs, is therefore **1 460**.

Portugal is considering **three types of actions** in favour of the dismissed employees that are the subject of the application: (i) training and re-training including traineeship, vocational and continuing training and integration plans addressed to workers and NEETs; (ii) promotion of entrepreneurship; (iii) allowances for training, mobility and meals.

The estimated total costs are EUR 7 759 806.

BUDGETARY IMPLICATIONS: following its assessment of this application, the Commission concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met. It proposes to **mobilise the EGF for the amount of EUR 4 655 883**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

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 amount requested.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the textiles sector in Portugal

2018/2223(BUD) - 11/10/2018 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by José Manuel FERNANDES (EPP, PT) 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 4 655 883** in commitment and payment appropriations to assist Portugal in the event of redundancies in the textile and clothing industry.

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.

Portuguese application: on 24 April 2018, Portugal submitted an application to mobilise the EGF following redundancies in the clothing sector in the regions of Norte, Centro and Lisboa in Portugal. The application concerns **1 161 workers made redundant** of whom 730 will be targeted by the proposed measures. The majority of the redundant workers are women (88.63 %) and 20.55 % of the redundant workers are over 55 years of age.

As the redundancies are expected to have a significant negative impact on the local economy, Members considered that the conditions laid down in Article 4(1) of the EGF Regulation were met and that Portugal was entitled, within the framework of the general budget of the Union for the financial year 2018, to a financial contribution of **EUR 4 655 883**, representing 60% of the total cost of EUR 7 759 806.

Reasons for the redundancies: according to Portugal, the redundancies are linked to major structural changes in world trade patterns due to globalisation, notably the serious economic disruption undergone by the wearing apparel sector, including the decline of the EU’s market share, following the end of the World Trade Organisation Multifibre Agreement in 2004 - which radically changed the structure of world trade in textile and clothing products.

The report highlighted the importance of **active labour market measures** co-funded by the EGF to improve the chances of reintegrating these vulnerable groups into the labour market. It recommended the mobilisation of the Structural and Investment Funds, and in particular the European Social Fund, to improve the qualifications of Portuguese workers in order to reduce unemployment, and especially youth unemployment and long-term unemployment.

Personalised package of services: Members noted that Portugal was considering **three types of actions** in favour of the redundant workers covered by this application: (i) training and retraining, (ii) promotion of entrepreneurship, (iii) allowances. Financial allowances, i.e. training, mobility and meal allowances do not exceed the maximum of 35 % set out in the EGF Regulation. These actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Members welcomed the fact that personalised services co-funded by the EGF shall also be provided to a maximum of 730 young people under 30 years of age who are not working and not in education or training (NEET).

They also recalled that the design of the coordinated package of personalised services should **anticipate future labour market prospects** and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.