



Brussels, 22.7.2014
COM(2014) 478 final

Proposal for a

DECISION 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/2013/010 ES/Castilla y León from Spain)

EXPLANATORY MEMORANDUM

Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020¹ 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 of 20 December 2006 on establishing the European Globalisation Adjustment Fund².

On 5 December 2013, Spain submitted application EGF/2013/010 ES/Castilla y León for a financial contribution from the EGF, following redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials)³ in the NUTS II region of Castilla y León (ES41) in Spain.

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.

SUMMARY OF THE APPLICATION AND ANALYSIS

Key data:	
EGF Reference no.	EGF/2013/010
Member State	Spain
Article 2	(b)
Enterprises concerned	3
NUTS II region	Castilla y León (ES41)
NACE Revision 2 Division	16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials)
Reference period	28.12.2012 – 28.9.2013
Starting date for the personalised services	1.2.2014
Application date	5.12.2013
Redundancies during the reference period	587
Redundant workers expected to participate in the measures	400
Expenditure for personalised services (EUR)	1 350 000
Expenditure for implementing EGF ⁴ (EUR)	50 000
Expenditure for implementing EGF (%)	3,57
Total budget (EUR)	1 400 000
EGF contribution (50 %) (EUR)	700 000

1. The application was presented to the Commission on 5 December 2013 and supplemented by additional information up to 25 March 2014.

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 406, 30.12.2006, p. 1.

³ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

⁴ In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

2. The application meets the conditions for deploying the EGF as set out in Article 2(b) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

Link between the redundancies and major structural changes in world trade patterns due to globalisation

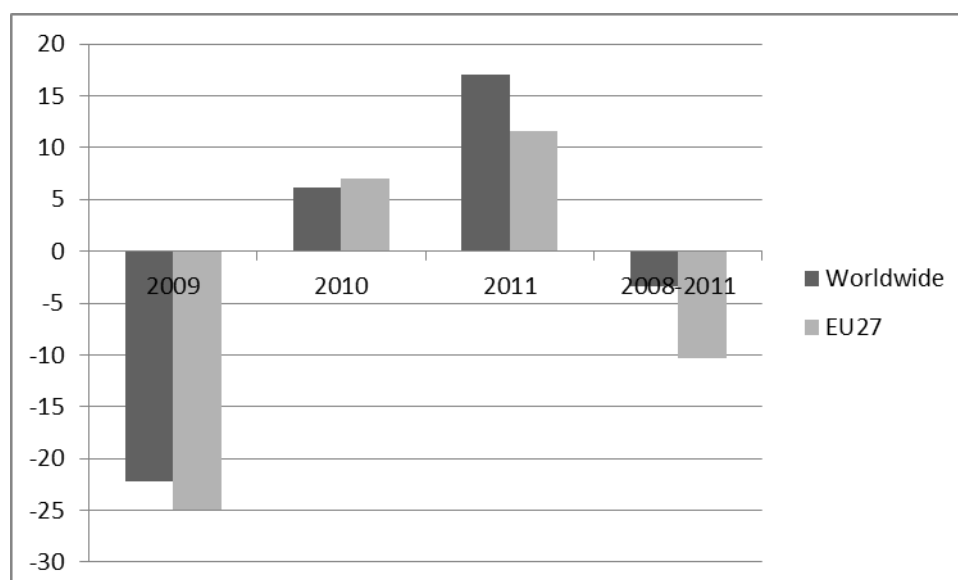
3. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the market of builders' joinery and carpentry of wood products worldwide is shrinking and the volume of global trade (worldwide exports) of this commodity has been decreasing during the past years. According to data from UN Comtrade⁵, in 2008 worldwide exports of builders' joinery and carpentry of wood amounted to 14,2 billion US dollars while in 2011 they were 13,7 billion US dollars, representing a decline of 3,40 %. During the period 2008-2011 the volume of the EU 27 exports of builders' joinery and carpentry of wood products decreased by 10,33 %.

**Volume of global trade of builders' joinery and carpentry of wood
(million US dollar)**

	2008	2009	2010	2011
Worldwide	14 183,8	11 036,9	11 711,0	13 710,5
EU27	2 445,9	1 835,3	1 964,8	2 193,3

Souce: UN Comtrade

**Volume of global trade of builders' joinery and carpentry of wood
(change in %)**



4. The applicant Member State further refers to UN Comtrade statistics to demonstrate the decrease of the share of the EU 27 in the volume of global trade of builders'

⁵ <http://comtrade.un.org/>

joinery and carpentry of wood which dropped from 17,24 % in 2008 to 16 % in 2011 while during the same period the Philippines almost doubled its market share (which rose from 6,31 % to 12,13 %) and other Far East countries also increased their market share although to a lesser extent, such as China whose market share increased by 15 % and Malaysia by 37 %. This decline in EU 27 in market share had a negative impact on the number of enterprises operating in the sector, as well as on employment. The Commission stated in the staff working document accompanying Commission communication on 'A new EU forest Strategy for forest and the forest based sector'⁶ that the number of enterprises in the manufacture of wood and of products of wood decreased by 8 % in the period 2003-2010 while employment in the sector decreased by 20 % in the period 2000-2011.

5. According to the Spanish authorities, during the period 2008-2011 the volume of exports of builders' joinery and carpentry of wood products of the Castilla y León enterprises decreased, as exports at EU level did. However whilst EU 27 exports declined by 10,33 % the decline of exports of Castilla y León enterprises was 37 %⁷
6. In addition the Spanish authorities citing INE⁸ data argue that as a result of the shrinking market for builders' joinery and carpentry of wood products worldwide and the loss of market share of the EU27, the number of enterprises manufacturing wood and products of wood and cork, except furniture in Castilla y León decreased from 1 100 in 2008 to 855 in 2013 representing a decline of 22,3 %. At national level the decline was even greater. In the period 2008-2013 the number of enterprises decreased from 16 575 to 11 806 units. This representing a decline by 28,8 %.
7. The redundancies in Castilla y León can be linked to these major structural changes in the world trade in builders' joinery and carpentry of wood with their consequent effects on the NACE Revision 2 Division 16.

Demonstration of the number of redundancies and compliance with the criteria of Article 2(b)

8. Spain submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State.
9. The application cites 587 redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials) in the NUTS II region of Castilla y León (ES41) during the nine-month reference period from 28 December 2012 to 28 September 2013. Of these redundancies 560 were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. A further 27 redundancies occurred in Kronospan S.A. and were calculated in accordance with the third indent of the same paragraph. The Commission has received the confirmation required under the third indent of the second paragraph of Article 2(2) that this is the actual number of redundancies effected.

Explanation of the unforeseen nature of those redundancies

⁶ A New EU Forest Strategy for forest and the forest based sector. COM(2013) 659 and SWD(2013)342

⁷ Source for data on exports at regional level: Ministry of Economy and Competitiveness (tariff items - DataComex statistical base).

⁸ Instituto Nacional de Estadística (Spanish statistical office). www.ine.es/

10. The Spanish authorities argue that between 2003 and 2005 Puertas Norma made investments amounting to EUR 4,8 million in new machinery to enhance the added value of the products and reducing production costs by using more efficient manufacturing processes in an attempt to adapt to the changes undergoing in the builders' joinery and carpentry of wood sector worldwide. In 2006 a new production plant with an area of 40 000 square meters was opened. This new plant, which was one of the most modern and technologically advanced in the European industry, had at that time 700 employees. The investment paid off and in 2007 the turnover exceeded EUR 70 million representing an increase of 24 % over the previous year. In 2008, after the onset of the economic and financial crisis, when the construction sector declined by about 30-35 % and therefore the production of doors and doors' frames shrank, the turnover of Puertas Norma only decreased by 8 % compared with 2007. During the following years the enterprise was still doing well, taking into consideration the general economic situation. However in 2010 the Jeld-Wen Group — main shareholder of Puertas Norma — decided to reinforce some business lines in synergy with the group's recovery plan to the detriment of other lines of business. In October 2011, after failing to reach an agreement with the trade unions on a plan which included a pay cut of 25 % and 286 redundancies, the enterprise went into voluntary bankruptcy procedure.

Identification of the dismissing enterprises and workers targeted for assistance

11. The application relates to 587 redundancies in the following three enterprises:

Enterprises and number of dismissals	
Puertas Norma S.A.	553
Kronospan S.L.	27
Pallets y Embalajes Pascual S.L.	7
Total enterprises: 3	Total dismissals: 587

12. All the redundant workers will be offered the possibility of participating in the measures. The Spanish authorities, based on their previous experience in managing EGF cases, estimate that about 400 workers will opt to participate in the EGF measures.
13. The break-down of the redundant workers is as follows:

Category	Number	Percent
Men	457	77,85
Women	130	22,15
EU citizens	587	100,00
Non EU citizens	0	0,00
15-24 years old	3	0,51
25-54 years old	426	72,57
55-64 years old	142	24,19
> 64 years old	16	2,73

14. There are 17 workers with a long-standing health problem or disability.
15. In terms of occupational categories, the break-down is as follows:

Category	Number	Percent
Managers	14	2,39
Professionals	13	2,21
Technicians and associate professionals	25	4,26

Clerks	94	16,01
Craft and related trade workers	83	14,14
Plant and machine operators	242	41,23
Elementary occupations	116	19,76

16. In accordance with Article 7 of Regulation (EC) No 1927/2006, Spain has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

Description of the territory concerned and its authorities and stakeholders

17. The territory concerned by the redundancies is the NUTS II region of Castilla y León and in particular the county Pinares, a territory within the contiguous provinces of Burgos and Soria.
18. Castilla y León is the third largest region of the EU (94 227 km²), surpassing in land area 17 of the 28 Member States while at the same time it is a region with a very low population density: 27,4 inhabitants per km². Castilla y León accounts for 5,3 % of the Spanish GDP and the regional per capita income is the same as the national average⁹. The business model in Castilla y Leon is mainly family-type or micro SMEs (95 % of the enterprises fall into this category). The enterprise distribution by sector is as follows: 68 % services, 16 % industry, 8 % construction and 8 % agriculture.
19. The main stakeholders are the Junta de Castilla y León — the autonomous government of the region —, the mayors of the 36 affected municipalities, the trade unions: MCA-UGT and FECOMA-CCOO¹⁰, and the employers' associations FOES, ASIM, ASIF, CEMCAL and CECALE¹¹.

Expected impact of the redundancies as regards local, regional or national employment

20. Employment in Castilla y León has been severely affected by the crisis. The unemployment rate in the region increased rapidly, rising from 8,2 % (Q1 2008) to 22,70¹² % (Q1 2013). The employment situation in the affected region seems particularly fragile, given the extremely low population density of Soria — one of the two provinces affected by the redundancies — which is just 9,2 inhabitants per km² (i.e one third of the regional average). Due to its extremely low population density the redundancies have an adverse impact on the local economy more serious than the figures alone seem to show.
21. The Spanish authorities argue that the redundancies in the manufacture of wood and of products of wood sector will further aggravate the unemployment situation, since the affected territory, Pinares (literally 'pine groves'), is highly dependent on the wood sector and the pine trees constitute the main economic resource which has resulted in an industrial area of primary and secondary processing of wood.

⁹ The Spanish GDP per capita in PPS is 96 [Index (EU28 = 100)]. Source Eurostat

¹⁰ Federación Regional del Metal, Construcción y Afines de la Unión General de Trabajadores (MCA-UGT) and Federación Regional de Madera de Comisiones Obreras (FECOMA-CCOO).

¹¹ Federación de Organizaciones Empresariales Sorianas (FOES), Asociación Soriana de Industrias de la Madera (ASIM), Asociación Soriana de Industrias Forestales (ASIF), Confederación de empresarios de la Madera de Castilla y León (CEMCAL), and Confederación de Organizaciones Empresariales de Castilla y León (CECALE).

¹² <http://www.datosmacro.com/paro-epa/espana-comunidades-autonomas/castilla-leon>

Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds

22. All the following measures combine to form a co-ordinated package of personalised services which aims at re-integrating the redundant workers into employment:
- Welcome and information sessions: This is the first measure to be offered to all redundant workers and includes: general information sessions and individual information sessions on skills and training requirements; on available counselling and training programmes; and on allowances and incentives.
 - Occupational guidance and counselling: This involves the profiling of the participant workers and the design of the customised reintegration pathway, as well as counselling and follow-up of the personalised support throughout the implementation period.
 - Intensive job-search assistance. This will involve an intensive employment search, including search for local and regional employment opportunities and job-matching.
 - Training. The training measure will include a variety of training courses: **(1) Training in transversal skills**. The training offer will include workshops on job-search techniques, training in personal and social skills, in information and communication technologies (ICT), and in foreign languages. **(2) Vocational training**. The vocational training will focus on sectors where opportunities exist or are expected to arise, such as nursing assistants in geriatrics, mycology (training on wild mushrooms, how to recognise the edible varieties, sustainable mushrooms picking, etc), tourism in rural areas or jobs which require vocational licensing in particular those related to professions in the field of wood, cork and furniture. **(3) Preparation of tests towards recognition of skills acquired through work experience**.
 - Promotion of entrepreneurship. A wide array of supports are being made available to redundant workers who are considering starting their own businesses. **(1) Introductory modules** focused on promoting business initiatives for self-employment and on generation of business ideas. **(2) Training towards entrepreneurship** covering different levels of the entrepreneurship process from the basic information or first contact to more elaborate issues like planning, carrying out feasibility studies, preparation of business plans, etc. **(3) Counselling on projects and initiatives** aimed to develop, produce and guide viable business or self-employment projects. **(4) Accompaniment towards business creation**: This measure will consist of personalized tutoring during the whole process of starting the business. **(5) Logistic and financial support**: This relates to fundraising and support on administrative requirements to successfully apply for incentives to set up a business. It is estimated that 100 workers will participate in the first three stages (introductory modules, training and counselling) whilst 50 will participate in the more advanced stages (accompaniment towards business creation and fundraising).
 - Incentives. There will be four types of incentives. **(1) Participation incentive**. To encourage their participation in the measures, the workers will receive a lump sum of EUR 150 after three months of active participation and completion of at least one of the measures of their own personalised package of measures. It is estimated

that all workers will receive this incentive. **(2) Contribution to commuting expenses.** Those workers participating in a measure taking place outside their town of residence will receive a contribution to commuting expenses equal to the cost of public transportation from their town to the town where the measure takes place. If due to a lack of suitable public transportation among the local towns, the participants have to use their own vehicles to commute they will receive EUR 0,19 per kilometre. It is estimated that 180 workers will receive this incentive. **(3) Contribution to the expenses for change of residence.** The workers who change residence and move to a different town in order to take a job, will receive a lump sum of EUR 1 000 to cover the necessary expenditure. It is estimated that 26 workers will receive this incentive. **(4) Support for setting up a business.** Workers who start their own businesses will receive up to EUR 3 000 to cover setting-up costs. It is estimated that 15 workers will receive this incentive. **(5) Employment incentives:** A subsidy of EUR 350 per month for a maximum of ten months will be paid to those workers who return to employment as self-employed workers. It is estimated that 30 workers will receive this incentive. **(6) Contribution to the expenses for carers of dependent persons.** Workers with dependent persons (children, elderly or disabled persons) will receive EUR 100 monthly (up to six months) while participating in the measures. This aims to cover the additional costs faced by the workers with caring responsibilities in order to avail themselves of training or other measures. It is estimated that 35 workers will receive this incentive. **(7) Training allowance.** The participants who attend 75 % or more of the training sessions scheduled in their personalized pathway towards employment, will receive EUR 150 after completing the training. It is estimated that 140 workers will receive this incentive.

23. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers management and control activities as well as information and publicity.
24. The personalised services presented by the Spanish authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Spanish authorities estimate the total costs at EUR 1 400 000, of which the expenditure for personalised services at EUR 1 350 000 and the expenditure for implementing the EGF at EUR 50 000 (3,57 % of the total amount). The total contribution requested from the EGF is EUR 700 000 (50 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR) (*)	Total costs (EGF and national cofinancing) (EUR) (**)
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Welcome and information (<i>Acogida, diagnóstico y derivación</i>)	400	90	36 000
Occupational guidance and counselling (<i>Orientación y asesoramiento</i>)	400	293	117 000
Intensive job-search assistance (<i>Intermediación y gestión</i>)	300	150	45 000
Training (<i>Formación y recualificación profesional</i>)	225	1 373	309 000
Promotion of entrepreneurship (<i>Programa de autoempleo y emprendimiento</i>)	100	5 200	520 000
Incentives (<i>Programa de incentivos</i>)	400	807	323 000
Sub total personalised services			1 350 000
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			0
Management			20 000
Information and publicity			20 000
Control activities			10 000
Sub total expenditure for implementing EGF			50 000
Total estimated costs			1 400 000
EGF contribution (50 % of total costs)			700 000

(*) To avoid decimals, the estimated costs per worker have been rounded. However the rounding has no impact on the total cost of each measure which remains as in the application submitted by Spain.

(**) Totals do not tally due to roundings.

25. Spain confirms that the measures described above are complementary with actions funded by the Structural Funds and that all double financing will be prevented.
26. The main objectives of the 2007-13 ESF operational programmes for the Comunidad de Castilla y León are promoting workers' lifelong learning and decreasing the risk of

early school leaving, focusing in particular on the most vulnerable people or people at risk of social exclusion, while the EGF measures will be focused on former woodworkers without applying any restriction related to age, education, etc.

27. Continuous follow-up of ESF and EGF actions pursuing similar purposes and the workers concerned will prevent any overlap between ESF and EGF measures.

Date(s) on which the personalised services to the affected workers were started or are planned to start

28. Spain started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 1 February 2014. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

Procedures for consulting the social partners

29. The proposed application was discussed at two meetings held on 25 and 28 November 2013. Former workers of Puertas Norma —the main dismissing enterprise—, FAFECYL¹³ and the social partners referred to under point 17 participated in both meeting.
30. The Spanish authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

Information on actions that are mandatory by virtue of national law or pursuant to collective agreements

31. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Spanish authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
 - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
 - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

Management and control systems

32. Spain has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the ESF. ECYL, the public employment service of the Comunidad de Castilla y León will be the intermediate body for the managing authority.

Financing

33. On the basis of the application from Spain, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 700 000, representing 50 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Spain.

¹³ FAFECYL is a tripartite public foundation under the Public Employment Service of Castile and León. The employer association CECALE and the trade unions UGT and CCOO are members of its board.

34. 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 referred to above.
35. 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 management¹⁴.
36. The Commission presents separately a transfer request in order to enter in the 2014 budget specific commitment appropriations, as required in Point 13 of the Interinstitutional Agreement of 2 December 2013.

Source of payment appropriations

37. Appropriations allocated to the EGF budget line in the 2014 budget will be used to cover the amount of EUR 700 000 needed for the present application.

¹⁴ OJ C 373, 20.12.2013, p. 1.

DECISION 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/2013/010 ES/Castilla y León from Spain)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund¹⁵, and in particular Article 12(3) thereof,

Having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 2 December 2013 on budgetary discipline, on cooperation in budgetary matters and on sound financial management¹⁶, and in particular point 13 thereof,

Having regard to the proposal from the European Commission¹⁷,

Whereas:

- (1) The European Globalisation Adjustment Fund (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.
- (2) The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020¹⁸.
- (3) Spain submitted an application to mobilise the EGF, in respect of redundancies in three enterprises operating in the NACE Revision 2 Division 16 (Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials) in the NUTS II region of Castilla y León (ES 41), on 5 December 2013 and supplemented it by additional information up to 25 March 2014. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 700 000.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Spain,

¹⁵ OJ L 406, 30.12.2006, p. 1.

¹⁶ OJ C 373, 20.12.2013, p. 1.

¹⁷ OJ C [...], [...], p. [...].

¹⁸ OJ L 347, 20.12.2013, p. 884.

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2014, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 700 000 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President