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EUROPEAN COMMISSION

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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 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2010/005 ES/Comunidad Valenciana Natural Stone from Spain)

EXPLANATORY MEMORANDUM

Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹ allows for the mobilisation of the European Globalisation Adjustment Fund (EGF), within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund².

On 9 March 2010, Spain submitted application EGF/2010/005 ES/Comunidad Valenciana Natural Stone for a financial contribution from the EGF, following redundancies in 66 enterprises operating in the NACE Revision 2 Division 23 (manufacture of other non-metallic mineral products)³ in the NUTS II region of Comunidad Valenciana (ES52) 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/2010/05
Member State	Spain
Article 2	(b)
Enterprises concerned	66
NUTS II region	Comunidad Valenciana [ES52]
NACE Revision 2 Division	Division 23 (manufacture of other non-metallic mineral products)
Reference period	31/3/2009 to 30/12/2009
Starting date for the personalised services	7/6/2010
Application date	9/3/2010
Redundancies during the reference period	528
Redundant workers targeted for support	300
Personalised services: budget in EUR	2 098 800
Expenditure for implementing EGF ⁴ : budget in EUR	90 200
% expenditure for implementing EGF	4,12
Total budget in EUR	2 189 000
EGF contribution EUR (65 %):	1 422 850

1. The application was presented to the Commission on 9 March 2010 and supplemented by additional information up to 25 May 2010.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406 of 30.12.2006, p. 1.

³ Regulation (EC) No 1893/2006 of 20.12.2006 (OJ L 393 of 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 or the global financial and economic crisis

3. In order to establish the link between the redundancies and the global financial and economic crisis, Spain argues that the construction sector has been severely affected by the crisis. The collapse of the subprime mortgage market in the USA, with major adverse consequences for banks and financial markets around the globe, had as a direct result the reduction of the capital base of financial institutions, rendering many of them less capable of lending and more cautious. Therefore loans to the construction sector or to individuals have been drastically reduced and the demand for new houses decreased due to declining consumer confidence and the lack of cash.
4. The Commission recognised in its Economic Recovery Plan⁵ that the construction industry in the EU has seen demand plummet as a result of the crisis. Data available afterwards⁶ confirmed the significant downturn in the construction sector, which fell in the EU-27 for three consecutive quarters in 2009 (Q1: -10,8; Q2: -8,5; Q3: -9,2) compared with the same period of previous year, mainly due to the decrease in private investment in the residential sector. The demand for finished natural stone products (flooring, facing of buildings, etc) is closely linked to demand in the construction sector, which is influenced by the number of new-builds and demand for renovations and upgrading. In its assessment on an EGF application related to the same sector and region,⁷ the Commission has already stated the impact of the economic and financial crisis on the enterprises operating in the NACE Revision 2 Division 23 (manufacture of other non-metallic mineral products) in the NUTS II region of Comunidad Valenciana.

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

5. 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.
6. The application cites 528 redundancies in 66 enterprises classified in the same NACE Revision 2 Division during the nine-month reference period from 31 March 2009 to 30 December 2009, all located in a single region at NUTS II level, the Comunidad Valenciana. All of these redundancies were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

⁵ COM(2008) 800. A European Economic Recovery Plan.

⁶ DG Enterprise: "Impact of the economic crisis on key sectors of the EU - The case of the manufacturing and construction industries". December 2009 update (http://ec.europa.eu/enterprise/policies/industrial-competitiveness/documents/index_en.htm).

⁷ COM(2010) 216. Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund [...] application EGF/2009/014 ES/Comunidad Valenciana.

Explanation of the unforeseen nature of those redundancies

7. The Spanish authorities argue that the financial and economic crisis has led to a sudden collapse of the world economy with an enormous impact on many sectors. Since 2008 the economic situation has not been following the trends of previous years. This is not a gradual economic decline, for which companies could have been prepared.
8. The extraction of stone in Spain as well as the sales of cut, polished and shaped stone have been increasing during the last years (production in 2007 was 18 % higher than in 2003). Accordingly, the sector made significant investments in order to increase its production capacity, as the only expected risk was the gradual increase of the production capacity in the emerging economies; in particular China, India and Vietnam, and the market seemed capable of absorbing the increase of production.
9. In a survey of the natural stone observatory held in Q2/2007, 27 % of firms reported an increase in sales over the previous quarter, 15 % reported a reduction and 58 % maintained sales at the same level. One year later (Q2/2008) the same survey showed quite different results: 57 % of the enterprises reported a decrease in sales while only 9 % reported an increase.

Identification of the dismissing enterprises and workers targeted for assistance

10. The application relates to 528 redundancies (of which 300 are targeted for assistance) in the following 66 enterprises:

Enterprises and number of dismissals			
A.E. MARMOL, S.L.	2	HIJOS DE FRANCISCO MORANT, S.L.	10
ABADMAR SA	4	HISPANO DE MARMOLES, S.A.	1
ALICER, S.A.	2	HORMAR XXI, S.L.	1
APLICA MARMOL SL	1	HORMIGONES MARTINEZ, S.A.	1
ASEMAGRA SL	1	HORMIGONES SAN VICENTE SL	1
AZORIN Y PAYA S.L.	2	HORMIGONES TECNOLÓGICOS FORTES S.L.	42
AZULEJOS VEGARA, S.L.	1	JESUS GAVALDA SANTANA	1
BARDISA BEBES, S.L.	1	JOSE A. GARCIA MOYA SLU	28
BATEIG STONE,S.L.	1	JOSE RUIZ MARCO S.L.	1
CALZADOS CONTRADICTION, S.L.	1	JUAN JOSE RUIZ GINER	1
CANTERAS ALICANTINAS SL	1	LEVANTINA Y ASOCIADOS DE MINERALES SA	167
CANTERAS ALISAN SL	1	MARBRES BETANIA, S.L.	7
CANTERAS FASAN, S.L.	2	MARFIL MARBLE SL	1
CELITE HISPANICA, S.A.	1	MARMOLES ALMOHADE, S .L.	1
CEMEN, S.L.	9	MÁRMOLES ARTÍSTICOS TORNEADOS, S.L.	3
CEMEX ESPAÑA, S.A.	5	MARMOLES DAMASO SL	10
CERAMICA MAYOR, S.A.	2	MARMOLES DEL MUNDO, S.L.U.	1
CERAMICA TORREGROSA SL	11	MARMOLES MAÑEZ, S.L.	2
CERAMICAS ALONSO SL	3	MARMOLES MARTINEZ Y GALIANA, S.A.	1
CERAMICAS EL MOLINAR S.L.	1	MARMOLES PEPE, S.L.	1
CERAMICAS TORREBLANCA SL	21	MARMOLES SER Y ACA, S.L.	1

Enterprises and number of dismissals			
CERAMOSA SL	14	MARMOLES VIEMAPE, S.L.	3
DECO ESCAYOLAS ASPRILLAS, S.L.	11	MOPERBAÑ, S.L.	1
DECO ESCAYOLAS HNOS CLEMENTE, S.L.	1	NUEVO MARMOL, SL	2
DEKORMAT GLASS SL	1	PREFABRICADOS LUFORT SL	14
DENIA MARBRES SL	1	PROMOTORA DE INDUSTRIAS CERAMICAS SL	2
DURA GRANITOS Y MARMOLES SL	2	PULIMAR STYL, S.L.	1
ELABORACIN GENERAL DE MARMOLES, S.L.	23	ROCAS ALICANTE VALENCIA, S.A	4
EXCLUSIVAS RESIMART IBERICA SL	1	SANEAMIENTOS Y AZULEJKOS TAMAIX SL	1
FRANCISCO ORDOÑEZ MEJIAS S.L.U.	1	SINKMAR, S.L.	5
GRANITOS DEL MEDITERRANEO, S.A	3	SOLER ESTEVAN INSTALACIONES, S.L.	1
GRUPO INDUSTRIAL BEMPE, S.L.	18	TEJAS COVERT SL	53
HERMANOS TOLEDANO SL	9	YESOS IBERICOS, S.A.	1
Total no. of enterprises: 66		Total no. of dismissals: 528	

11. The break-down of the targeted workers is as follows :

Category	Number	Percent
Men	280	93,33
Women	20	6,67
EU citizens	295	98,33
Non EU citizens	5	1,67
15 to 24 years old	7	2,33
25 to 45 years old	107	35,67
Over 45 years old	186	62,00

12. Three of the targeted workers are disabled.

13. In terms of professional categories⁸, the break-down is as follows :

Category	Number	Percent
Professionals	3	1,00
Technicians and associated professionals	4	1,33
Clerks	12	4,00
Service workers	7	2,33
Craft and related trade workers	37	12,33
Plant and machine operators	140	46,67
Elementary occupations	44	14,67
Others/Unspecified	53	17,67

14. In terms of educational level⁹, the break-down is as follows:

Educational level	Number	Percent
Basic education (to end of compulsory education)	103	34,33
Upper secondary education	18	6,00

⁸ Categories based on the one-digit International Standard Classification of Occupations (ISCO-88).

⁹ Categories based on the International Standard Classification of Education (ISCED-97).

Tertiary education	23	7,67
Others (non formal education)	3	1,00
Uneducated or early school leavers	153	51,00

15. Similar percentages can be found when considering the 528 redundant workers with the exception that targeted workers between 25 and 45 years old are fewer (61,14 %) while targeted workers over 45 years old are more numerous. Almost all dismissed workers over 45 years old are targeted for assistance. Likewise, all uneducated workers can be beneficiaries of the measures.
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 within the NUTS II region of Comunidad Valenciana, and is concentrated in the comarca (roughly equivalent to a county) Medio Vinalopó in the NUTS III province of Alicante. The designation of 'District of the natural stone' includes the five municipalities in the county (Pinós, Algueña, La Romana, Novelda and Monforte del Cid), where the cutting, shaping and finishing of stone is the main economic activity in both the number of companies and the number of people working in the sector.
18. Of all Spanish enterprises 11,5 % are based in the Comunidad Valenciana. The manufacturing sector represents 26 % of total employment in this region; while the service sector represents 60 %, construction 10 % and the primary sector 4 %. The business model in Comunidad Valenciana is characterised by a high presence of small and medium sized enterprises specialized mainly in the manufacture of furniture, shoes, textiles, ceramics and toys. These industries are concentrated in districts around a limited number of municipalities.
19. The main stakeholders are the Generalitat Valenciana (Comunidad Valenciana autonomous government) and in particular the SERVEF (labour public offices of the autonomous government), the Consorcio del Pacto Territorial por el Empleo del Valle del Vinalopó (consortium of the employment agreement in the Vinalopó valley)¹⁰, trade unions: UGT-PV, CCOO-PV, MCA-UGT-PV and FECOMA-CCOO-PV¹¹, the Confederation of Business Organisations of the Valencia Autonomous Region (CIERVAL) and Marmol de Alicante (Association of marble producers).

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

¹⁰ This consortium is composed of the mayors of Villena, Novelda, Salinas, La Algueña, Aspe and Monforte de Cid and a representative of the partnership of the municipalities of the Vinalopó Valley; trade-unions and business organisations at local level.

¹¹ Unión General de Trabajadores del País Valenciano (UGT-PV), Comisiones Obreras del País Valenciano (CC.OO.-PV), Federación del Metal, Madera y Afines de la UGT del País Valenciano (MCA-UGT-PV) and Federación de Construcción, Madera y Afines (FECOMA-CC.OO.-PV).

20. The unemployment rate in Medio Vinalopó (i.e. at county level) increased by 88,4 %, rising from 12 336 in November 2007 to 23 243 workers in 2009 and represents 12 % of the unemployment at the level of the Alicante province.
21. The number of dismissals in the sector of cutting, shaping and finishing of stone in Comunidad Valenciana, relatively stable in the period 2005-2007, has increased by 405 % in the last two years. At local level (i.e. the municipalities in the district of natural stone), the layoffs increased by 525 % (Novelda) or 694 % (Monóvar). Due to the small size of the municipalities of the district (9 800 inhabitants on average) the impact of the redundancies is huge. Ninety per cent of the redundant workers in the sector of natural stone in Medio Vinalopó are men.
22. Traditionally the major economic sectors in Medio Vinalopó have been the manufacture of shoes along with leather and marble. However, the shoes and leather industry has been experiencing difficulties during the last years, mainly due to the competition of Asian shoes and other Asian leather products. Redundant workers of this sector have found new jobs in the construction and in the marble sector considered during these years as safety-net sectors.
23. The employment situation in the affected area seems particularly fragile, given the impact of the crisis in the textile enterprises located in the contiguous counties of Medio Vinalopó. Following these redundancies in the textile sector in Comunidad Valenciana, Spain submitted a further application¹² in March 2010 for a financial contribution from the EGF for these workers.

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

24. All the following measures combine to form a co-ordinated package of personalised services aimed at re-integrating the workers into the labour market.
 - Intensive job-search assistance: This will involve an intensive employment search, including both passive and active research of the local and regional employment opportunities, in particular the emerging economic activities for self-employment and opportunities for new specialities in the sector of the natural stone.
 - Online individual job search support: With the aim of providing the workers with some online tools which can help them with their individual job search, a web site will be created. The site will provide information organised in following sections: (1) dissemination and communication. This area will provide information on the EGF and on the EGF-natural stone project: calendar of events, news, publication of new employment opportunities, etc. (2) Resources for returning to work: Self-diagnostic on capabilities and occupational skills. Self-design of the path for reintegration into work. Online courses (e.g. training in active job search and career guidance). Job ads, etc. (3) Resources for self employment: Self-diagnostic on capabilities and entrepreneurial skills; online courses (e.g. online training in business management); online support for developing a business plan; information about how to start a business, etc. (4) Management area: Monitoring sheets and

¹² Application EGF/2010/009 ES/Comunidad Valenciana – Textile.

reports, records of the activities, guidelines, procedures and instructions, etc. Some of the sections will be accessible to the general public, while others will be restricted to the participants in the measures and/or the monitors.

- Information, Screening and Occupational Guidance: This will be provided to all 300 participants and it covers a dissemination campaign on the EGF among the potential beneficiaries of the measures, the profiling of the workers, identification of personalised re-integration itineraries, information on available jobs, on skills and training requirements, on available training programmes, as well as mobility grants, participation and self-employment incentives. This will be complemented with a workshop on active job search and a basic IT course.
- Mentoring (pathway for reintegration in the same sector): The mentors will provide not only information, advice and support during the period between the occupational orientation and the completion of the occupational pathway, but also facilitate the contacts with the potential employers in the natural stone sector and inform them about the available tax benefits when hiring these workers. The mentors will also follow up the first months after reintegrating into employment to help the workers consolidate their posts.
- Training in vocational skills related to the sector of the natural stone: The participants in this measure will be trained in the job skills most in demand in the sector. The training will be complemented with two months of paid traineeship (EUR 1 200 per month and participant). Around 10 % of the targeted workers will participate in this measure.
- Training for trainers. An eighty-hour training course will provide those redundant workers with the necessary teaching skills, whose work profiles recommend them as trainers in traditional crafts related to natural stone.
- Training in traditional crafts related to natural stone: These workshops delivered by highly experienced ex-workers will be focused on the production of various products in natural stone (such as columns, capitals, furniture, etc) for which there is demand, but which were discontinued for lack of qualified personnel. Around 7 % of the targeted workers will participate in this measure.
- Mentoring (pathway for reintegration in any sector): The mentors will provide information, advice and support during the period between the occupational orientation and the completion of the occupational pathway. They will also facilitate the contacts with the potential employers and inform them about the available tax benefits. The mentors will also follow up the first months after reintegrating into employment to help the workers to consolidate their posts.
- Training in new vocational skills: The participants in this measure will be trained in sectors where opportunities exist or will arise in a short or medium term. Around 50 % of the targeted workers will participate in this measure.
- Training for specific vocational qualifications: The training will be designed to cater for the identified needs of local enterprises. It is expected that at least 50 % of participants in this action will be offered a job. Around 17 % of the targeted workers will participate in this measure.

- Mentoring (pathway-promotion of entrepreneurship): The mentors will provide information, advice and support during the period between the occupational orientation and the completion of the occupational pathway. They will also support the participants in the preparation of business plans and raising finance, in the completion of the administrative formalities for setting up the business and during the first months of business activity.
 - Promotion of entrepreneurship: Two workshops of short duration (16 hours each) focused on promoting business initiatives for self-employment and on generation of business ideas.
 - Training in business management: This course targets 30 workers and aims at providing participants with the basic skills to manage a small business.
 - Equal opportunities: A monitor on equal opportunities will assure that the principle of equal treatment/equal opportunities is respected during the implementation of the measures. This aims at removing any personal or family barriers that may prevent the targeted workers accessing the measures.
 - Assistance for carers of dependent persons: Workers with dependent persons (children, old or disable persons) will receive an allowance of EUR 400 per month as a contribution to their caretaker expenses conditional upon their participation in the measures. This aims to cover the additional costs faced by the workers with caring responsibilities in order to avail of training or other measures.
 - Mobility allowance: The workers participating in the measures will receive a mobility allowance of EUR 20 daily as a contribution to their travel expenses.
 - Contribution to the expenses for change of residence: Those workers who accept a job involving a change of residence will receive a lump sum of EUR 3 000 to cover the necessary expenditure.
 - Entrepreneurship incentive: The workers who reintegrate in employment by starting their own businesses will receive a lump sum of EUR 3 000. This incentive is designed to support these self-employed workers during the initial months after start-up.
 - Participation incentive. To encourage their participation in the measures the workers who do not receive any unemployment benefit will receive an allowance of EUR 400 per month for a maximum of 12 months, conditional upon their participation in the measures of the EGF package.
25. The expenditure for implementing EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers management and control activities.
26. 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 of these services at EUR 2 098 800 and the expenditure for implementing EGF at EUR 90 200 (= 4,12 % of the total amount). The total contribution requested from the EGF is EUR 1 422 850 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (in EUR)	Total costs (EGF and national co financing) (in EUR)
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
1. <u>Intensive job-search assistance</u> (<i>Prospección nuevas oportunidades empleo</i>)	300	240	72 000
2. <u>Online individual job search support</u> (<i>Creación de recursos</i>)	300	200	60 000
3. <u>Information, Screening and Occupational Guidance</u> (<i>Información, diagnóstico y derivación</i>)	300	626	187 800
4. <u>Mentoring</u> (<u>pathway for reintegration in the same sector</u>) (<i>Tutorización del itinerario de inserción en el sector</i>)	50	1 452	72 600
5. <u>Training in vocational skills related to the sector of natural stone</u> (<i>Formación específica para nuevos perfiles profesionales</i>)	27	7 500	202 500 ¹³
6. <u>Training for trainers</u> (<i>Formación para formadores</i>)	3	1 000	3 000
7. <u>Training in traditional crafts related to natural stone</u> (<i>Recuperación de oficios tradicionales</i>)	20	2 700	54 000
8. <u>Mentoring</u> (<u>pathway for reintegration in any sector</u>) (<i>Tutorización de itinerarios de recolocación en otros sectores</i>)	200	1 312,5	262 500
9. <u>Training in new vocational skills</u> (<i>Formación profesional específica</i>)	150	3 933	590 000 ¹⁴
10. <u>Training for specific vocational qualifications</u> (<i>Formación a medida en el puesto de trabajo</i>)	50	1 900	95 000
11. <u>Mentoring</u> (<u>pathway: promotion of entrepreneurship</u>) (<i>Tutorización del itinerario de desarrollo empresarial</i>)	50	1 680	84 000

¹³ The mobility daily allowance of EUR 20 per participant and day of participations is included in the total costs of actions no. 5, 6, 7, 9, 10, 12, 13 and 14.

¹⁴ Difference in total costs due to rounding of unit costs (EUR 3 933,34).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (in EUR)	Total costs (EGF and national co financing) (in EUR)
12. Promotion of entrepreneurship. Promotion of business initiatives (<i>Taller de motivación al autoempleo</i>)	50	332	16 600
13. Promotion of entrepreneurship. Generation of business ideas (<i>Taller de generación de ideas de negocio</i>)	50	332	16 600
14. Training in business management (<i>Formación básica en gestión empresarial</i>)	30	1 560	46 800
15. Equal opportunities (<i>Programa de igualdad de oportunidades</i>)	300	108	32 400
16. Assistance for carers of dependant persons (<i>Ayudas para la atención a personas dependientes</i>)	40	2 400	96 000
17. Contribution to the expenses for change of residence (<i>Ayudas a la movilidad geográfica</i>)	15	3 000	45 000
18. Entrepreneurship incentive (<i>Ayudas al autoempleo</i>)	30	3 000	90 000
19. Participation incentive (<i>Incentivos a la participación</i>)	15	4 800	72 000
Subtotal personalised services			2 098 800
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Management			60 000
Control activities			30 200
Subtotal expenditure for implementing EGF			90 200
Total estimated costs			2 189 000
EGF contribution (65 % of total costs)			1 422 850

27. The Spanish authorities confirm that the measures described above are complementary with actions funded by the Structural Funds and that measures are in place to prevent double funding.
28. The main objectives of the 2007-13 ESF operational programmes for the Comunidad Valenciana 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, mainly young workers, or those over 45 years old, women and disabled people. In particular, in relation to actions co-funded under the ESF, Spain indicated that none of the enterprises and workers concerned by this application have benefited from the employment plans co-financed by the ESF. However some workers had at some time in the past benefited from training activities offered under the nation-wide ESF programme "Training for Employment". Continuous follow-up of ESF and EGF actions pursuing similar purposes and the workers concerned will avoid 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

29. Personalised services to the affected workers included in the co-ordinated package proposed for co-financing by the EGF will start by Spain on 7 June 2010. 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

30. The social partners were consulted during the preparation of the co-ordinated package of measures. The proposed application was discussed at several meetings from July to September 2009 with the social partners referred to under point 19 above. In addition, they will also participate during the implementation period through the sectoral committee created within the consortium¹⁵ to implement, monitor and evaluate the measures.

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 Community 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. The Regional Ministry of Finance and Employment of the Comunidad Valenciana will be the intermediate body for the managing authority.

¹⁵ Consorcio del Pacto Territorial por el Empleo del Valle del Vinalopó.

Financing

33. On the basis of the application from Spain, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 1 422 850, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Spain.
34. Considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred above, to be allocated under heading 1a of the financial framework.
35. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.
36. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal dialogue meeting will be convened.
37. The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Source of payment appropriations

38. In the current state of implementation, it is foreseeable that the payment appropriations available under the budget line 01.04 05 'Completion of programme for enterprises: improvement of the financial environment for small and middle-sized enterprises (SMEs)' in 2010 will not be fully used this year.
39. Payment appropriations are transferred to trust accounts as required to ensure that the European Investment Fund (EIF) is at all times in a position to make disbursements to the financial intermediaries. The financial crisis had a major effect on the disbursement profile of financial instruments, particularly those in the area of venture capital. According to the European Venture Capital Association (EVCA), investments and divestments (exits) were more than halved between 2007 and 2009 compared to the pre-crisis situation. These developments had also a substantial impact on the forecasts in terms of disbursements for 2010.
40. As a consequence of the above elements, payment appropriations foreseen in the 2010 budget will not be fully needed in 2010. The amount of EUR 1 422 850 can therefore be made available for transfer.

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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 the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹⁶, and in particular point 28 thereof,

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 Fund¹⁷, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission¹⁸,

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 scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Spain submitted an application to mobilise the EGF, in respect of redundancies in 66 enterprises operating in NACE Revision 2 Division 23 (manufacture of other non-metallic mineral products) in a single NUTS II region, Comunidad Valenciana (ES52), on 9 March 2010 and supplemented it by additional information up to 25 May 2010. This application complies with the requirements for determining the financial

¹⁶ OJ C 139, 14.6.2006, p. 1.

¹⁷ OJ L 406, 30.12.2006, p. 1.

¹⁸ OJ C [...], [...], p. [...].

contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission therefore proposes to mobilise an amount of EUR 1 422 850.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Spain.

HAVE DECIDED AS FOLLOWS: :

Article 1

For the general budget of the European Union for the financial year 2010, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 1 422 850 in commitment and payment appropriations.

Article 2

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

Done at Brussels/Strasbourg,

For the European Parliament
The President

For the Council
The President