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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 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/2014/005 FR/GAD) from France

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

1. 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 of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006[1] (the 'EGF Regulation').

2. The French authorities submitted application EGF/2014/005 FR/GAD for a financial contribution from the EGF, following redundancies in GAD société anonyme simplifiée (hereinafter 'GAD') in France.

3. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

SUMMARY OF THE APPLICATION

EGF application	EGF/2014/005 FR/GAD
Member State	France
Region(s) concerned (NUTS level 2)	Bretagne (FR 52) and Pays de la Loire (FR51)
Date of submission of the application	6.6.2014
Date of acknowledgement of receipt of the application	13.6.2014
Date of request for additional information	23.6.2014
Deadline for provision of the additional information	4.8.2014
Deadline for the completion of the assessment	24.10.2014
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	GAD société anonyme simplifiée
Sector(s) of economic activity (NACE Rev. 2 division)[2]	Division 10 ('Manufacture of food products')
Number of subsidiaries, suppliers and downstream producers	0
Reference period (four months):	29.11.2013 - 28.03.2014
Number of redundancies or cessations of activity during the reference period (*a*)	744
Number of redundancies or cessations of activity before or after the reference period (*b*)	16
Total number of redundancies (*a* + *b*)	760
Total estimated number of targeted beneficiaries	760

[1] OJ L 347, 20.12.2013, p. 855.

[2] 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).

Number of targeted young persons not in employment, education or training (NEETs)	0
Budget for personalised services (EUR)	1 500 000
Budget for implementing EGF[3] (EUR)	30 000
Total budget (EUR)	1 530 000
EGF contribution (60 %) (EUR)	918 000

ASSESSMENT OF THE APPLICATION

Procedure

4. The French authorities submitted application EGF/2014/005 FR/GAD within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met, on 6 June 2014. The Commission acknowledged receipt of the application within two weeks of the date of submission of the application, on 13 June 2014, and requested additional information from the French authorities on 23 June 2014. Such additional information was provided within six weeks of the request. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 24 October 2014.

Eligibility of the application

Enterprises and beneficiaries concerned

5. The application relates to 760 workers made redundant in GAD. This enterprise operates in the economic sector classified under NACE Rev. 2 division 10 ('Manufacture of food products') and specifically in the butchering and processing of pigmeat. The redundancies made by the enterprise concerned are mainly located in the NUTS[4] level 2 regions of Bretagne (FR52) and Pays de la Loire (FR51).

Intervention criteria

6. The French authorities submitted the application under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and / or self-employed persons whose activity has ceased.

7. The reference period of four months runs from 29 November 2013 to 28 March 2014.

8. The application relates to 744 workers made redundant[5] in GAD during the reference period of four months.

Calculation of redundancies and of cessation of activity

9. All these redundancies have been calculated from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker.

Eligible beneficiaries

[3] In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

[4] Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

[5] Within the meaning of Article 3(a) of the EGF Regulation.

10. In addition to the 744 workers already referred to, the total number of eligible beneficiaries includes 16 workers who were made redundant after the general announcement of the projected redundancies on 28 February 2013 and before the reference period of four months. As both the redundancies within the reference period and those preceding it were caused by the same events (set out in more detail below), a clear causal link can be established, as required by Article 6(1) of the EGF Regulation. These 16 workers are therefore also eligible for EGF support.

11. The total number of eligible beneficiaries is 760.

Link between the redundancies and the global financial and economic crisis addressed in Regulation (EC) No 546/2009

12. In order to establish the link between the redundancies and the global financial and economic crisis addressed in Regulation (EC) No 546/2009, France argues that the global financial and economic crisis led to reduced pigmeat consumption in Europe, which in turn caused a decline in the production of pigmeat and throughput of abattoirs such as GAD. While pigmeat consumption in 2007 was still 43 kg per annum per head of population, it had dropped to 39 kg per annum in 2013. This decline in consumption, caused by the global financial and economic crisis, affected other types of meat as well, but hit pork particularly hard, as its price had been increasing faster than that of other meats, particularly beef.

13. Pigfeed consists mainly of a mix of various grains -- maize, wheat, barley and soya in particular. Much of this is imported from countries outside the EU, such as the United States, Australia and South America. These regions have been affected by drought in recent years, leading to considerable increases in the price of pigfeed. Between 2006 and 2011, the price of a tonne of pigfeed rose from EUR 150 to EUR 250, reaching EUR 300 in the second half of 2012 and remaining at an average of EUR 287 in France throughout 2013. The cost of pigfeed must be recovered in the sale price of the finished pigs, and finally passed on to the consumer. At a time when the EU was still suffering from the effects of the crisis, consumers were unwilling or unable to buy the same amounts of pork which they had previously bought. GAD, as an abattoir and meat processing enterprise, was caught in the vice between the two sets of price pressures -- that of the farmers struggling to cope with the increased price of feed, and that of the consumers struggling to cope with reduced income. As this pressure lasted for five years and more, the enterprise ended up in serious financial difficulties.

14. The gross margin of GAD dropped from EUR 123 million in 2010 to EUR 107 million in 2012/13. While the enterprise had still achieved a profit of EUR 16 million in 2008, it became loss-making in 2009, finally making losses of EUR 20 million in both 2012 and 2013. Gross income had dropped from EUR 495,1 million in 2008 to EUR 445,8 million in 2009 and never recovered from this decline. on 27 February 2013, the company was placed into receivership, having made losses of EUR 65 million during the period 2010 to June 2013.

15. To date, the 'Manufacture of food products' sector has been the subject of one other EGF application [6], also based on the global financial and economic crisis.

Events giving rise to the redundancies and cessation of activity

[6] EGF/2014/001 EL/Nutriart, which relates to bakery products

16. On 22 February 2013, GAD was no longer able to comply with its debts; it was therefore placed in receivership by the court on 27 February 2013.

17. The events giving rise to the redundancies in GAD are the closure of three production sites, in Lampaul and Saint-Martin (both in Brittany) and Saint-Nazaire (in Loire-Atlantique).

Two other sites remain open, one in Lampaul and one in Josselin (both in Brittany).

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

18. The redundancies have a significant adverse impact on the regional economy in Brittany, particularly since the agribusiness sector had been regarded as relatively safe in the years following the global financial and economic crisis. Employment in Brittany is dependant on the agro-agricultural sector to a higher extent than the average in France (11 % in Brittany as opposed to 5 % on average in France).

19. The workers are already being supported with the various measures helping them to find new jobs, and by 20 May 2014, 108 of them had already found contracts for more than six months and another 66 for less than six months, while three had started their own businesses. Almost all of them had opted to remain within the region.

Targeted beneficiaries and proposed actions

Targeted beneficiaries

20. The estimated number of targeted workers expected to participate in the measures is 760. The breakdown of these workers by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	487	(64,08 %)
	Women:	273	(35,92 %)
Citizenship:	EU citizens:	760	(100,00 %)
	non-EU citizens:	0	(0,00 %)
Age group:	15-24 years:	6	(0,79 %)
	25-54 years:	620	(81,58 %)
	55-64 years:	133	(17,50 %)
	over 64 years:	1	(0,13 %)

Eligibility of the proposed actions

21. The personalised services to be provided to the redundant workers consist of only one action:

Advice and guidance to the redundant workers provided by a team of expert consultants (Cellule de reclassement): As the French State and the dismissing company together are funding a range of active measures to help the workers back into employment, France is requesting from the EGF only the funding of the one stop shop (cellule de reclassement) providing advice and guidance to the redundant workers.

The Cellule de reclassement is run by two contracting agencies, ALTEDIA and ADVANCIA, whose task it is to assist and guide the redundant workers and help

them find solutions enabling them to remain in the labour market and embark on new jobs.

The agencies are contracted to provide to each participant (a) a personalised career path and (b) a sufficient number of job offers, they must (c) enable them to consult general experts and / or experts specialised in enterprise creation, who have excellent knowledge of the employment market in the region and are available and responsive.

ALTEDIA has committed itself to finding a personalised solution for 80 % of participants within 15 months. This solution could be a new job of a duration of at least 6 months, the creation or takeover of a business, a long-term training programme comprising at least 300 hours, or in exceptional cases the departure from the agency programme for personal reasons. The minimal acceptable solution would be the submission of two suitable job offers (matching the relevant skills, not below 85 % of the previous salary, within 40 km or 1 hour of return travel from home).

The agencies will provide training workshops for general competences (e.g. CV preparation, interview preparation, job-search skills and business creation), training in the use of the internet, job fairs and meetings with employers or sector representatives, and meetings with training institutions.

The activities of the agencies will be monitored by a committee and by means of regular written reports.

The agencies will be paid for each participating worker (and upon the necessary proof) according to the scale below, while the actual measures themselves (e.g. the longer training courses as such) are not included in the budget presented to the EGF. Payment will be made by instalment and on the basis of results achieved.

EUR 1 600 for mentoring and support, where it had not been possible to find a solution for the redundant worker,

EUR 1 800 where a redundant worker found work for up to six months or started to establish a new business or undertook a recognised training course for at least three months or achieved recognition of previously acquired experience,

EUR 1 900 where a redundant worker found work with a contract of six months or more,

EUR 2 000 where a redundant worker found a permanent job or started a new business.

22. The proposed action, here described, constitutes an active labour market measure within the eligible actions set out in Article 7 of the EGF Regulation. This action does not substitute passive social protection measures.

23. The French authorities have provided the required information on actions that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. They have confirmed that a financial contribution from the EGF will not replace such actions.

Estimated budget

24. The estimated total costs are EUR 1 530 000, comprising expenditure for personalised services of EUR 1 500 000 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 30 000.

25. The total financial contribution requested from the EGF is EUR 918 000 (60 % of total costs).

Actions	Estimated number of participants	Estimated cost per participant *(EUR)*	Estimated total costs *(EUR)*
Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)			
Intermediate body providing advice and guidance for the redundant workers (cellule de reclassement)	760	1 974	1 500 000
Sub-total (a):	–		1 500 000 (100 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
Allowances and incentives	0	0	0
Sub-total(b):	–		0 (0 %)
Actions under Article 7(4) of the EGF Regulation			
1. Preparatory activities	–		0
2. Management	–		0
3. Information and publicity	–		0
4. Control and reporting	–		30 000
Sub-total (c):	–		30 000 (1,96 %)
Total costs (a + b + c):	–		1 530 000
EGF contribution (60 % of total costs)	–		918 000

Period of eligibility of expenditure

26. The French authorities started providing the *Cellule de reclassement* service to the targeted beneficiaries on 3 January 2014. The expenditure on the action referred to in point 20 shall therefore be eligible for a financial contribution from the EGF from 3 January 2014 to 6 June 2016.

27. The French authorities started incurring the administrative expenditure to implement the EGF on 3 January 2014. The expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 3 January 2014 to 6 December 2016.

Complementarity with actions funded by national or Union funds

28. The source of national pre-financing or co-funding is the French State, which will also be funding various complementary measures not included in the EGF application.

29. The French authorities have confirmed that the measure described above receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments.

Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities

30. The French authorities have indicated that the co-ordinated package of personalised services was drawn up after the Central Enterprise Committee of GAD had been informed on 28 June 2013 that it was planned to cut 889 jobs in the enterprise.

31. They have furthermore informed the Commission that the redundant workers have not been informed about the EGF application. This will be done only after the Commission has formally submitted this proposal to the European Parliament and the Council.

Management and control systems

32. The application contains a description of the management and control system which specifies the responsibilities of the bodies involved. France has notified the Commission that the financial contribution will be managed by the Ministry of the Economy, Industry and Employment, where several units within the Délégation générale à l'emploi et à la formation professionnelle (DGEFP) will be involved. Payments will be made by the Département financement, dialogue et contrôle de gestion of DGEFP. Certification will be carried out by the Directorate General of Public Finances located in Nantes. The regional branches of the Directorate General of Enterprise, Competition, Consumption, Labour and Employment in the regions concerned (Brittany and Pays de la Loire) have been empowered to carry out audits.

Commitments provided by the Member State concerned

33. The French authorities have provided all necessary assurances regarding the following:

– the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation;

– the requirements laid down in national and EU legislation concerning collective redundancies have been complied with;

– GAD, having continued its activities after the lay-offs, has complied with its legal obligations governing the redundancies and provided for its workers accordingly;

– the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented;

– the proposed actions will be complementary with actions funded by the Structural Funds;

– the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

BUDGETARY IMPLICATION

Budgetary proposal

34. 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 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020[7].

35. 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 918 000, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

36. 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[8].

Related acts

37. 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 of EUR 918 000.

38. At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

[7] OJ L 347, 20.12.2013, p. 884.
[8] OJ C 373, 20.12.2013, p. 1.

Proposal for a

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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/2014/005 FR/GAD) from France

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 (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006[9], and in particular Article 15(4) thereof,

Having regard to 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 [10]

Having regard to the proposal from the European Commission,

Whereas:

(1) The European Globalisation Adjustment Fund (EGF) was established 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 addressed in Regulation (EC) No 546/2009[11], or as a result of a new global financial and economic crisis 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[12]

(3) France submitted an application to mobilise the EGF, in respect of redundancies[13] in GAD société anonyme simplifiée in France, on 6 June 2014 and supplemented it by additional information as provided for in Article 8(3) of Regulation (EU) No 1309/2013. This application complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.

(4) The EGF should, therefore, be mobilised in order to provide a financial contribution of an amount of EUR 918 000 for the application submitted by France,

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9 OJ L 347, 20.12.2013, p. 855.

10 OJ C 373, 20.12.2013, p.1.

11 OJ L 167, 29.6.2009, p.26.

12 Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884)

13 Within the meaning of Article 3(a) of the EGF Regulation.

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2014, the European Globalisation adjustment Fund shall be mobilised to provide the sum of EUR 918 000 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	*For the Council*
The President	*The President*