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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	7 April 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from France – EGF/2015/010 FR/MoryGlobal)

Delegations will find attached document COM(2016) 185 final.

Encl.: COM(2016) 185 final



Brussels, 7.4.2016
COM(2016) 185 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the mobilisation of the European Globalisation Adjustment Fund
(application from France – EGF/2015/010 FR/MoryGlobal)**

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 1927/2006¹ (the ‘EGF Regulation’).
2. On 19 November 2015, France submitted application EGF/2015/010 FR/ MoryGlobal for a financial contribution from the EGF, following redundancies² in MoryGlobal SAS 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/2015/010 FR/MoryGlobal
Member State	France
Region(s) concerned (NUTS ³ level 2)	The redundancies are spread out over the whole of France. There are 54 sites concerned.
Date of submission of the application	19 November 2015
Date of acknowledgement of receipt of the application	1 December 2015
Date of request for additional information	3 December 2015
Deadline for provision of the additional information	14 January 2016
Deadline for the completion of the assessment	7 April 2016
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	MoryGlobal SAS
Number of enterprises concerned	1
Sector(s) of economic activity (NACE Revision 2 Division) ⁴	Division 49 (Land transport and transport via pipelines) and

¹ OJ L 347, 20.12.2013, p. 855.

² Within the meaning of Article 3 of the EGF Regulation.

³ 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).

⁴ OJ L 393, 30.12.2006, p. 1.

	Division 52 (Warehousing and support activities for transportation)
Number of subsidiaries, suppliers and downstream producers	0
Reference period (four months):	27 April 2015 – 27 August 2015
Number of redundancies during the reference period (a)	2 093
Number of redundancies before or after the reference period (b)	39
Total number of redundancies (a + b)	2 132
Total number of eligible beneficiaries	2 132
Total number of targeted beneficiaries	2 132
Number of targeted young persons not in employment, education or training (NEETs)	0
Budget for personalised services (EUR)	8 528 000
Budget for implementing EGF ⁵ (EUR)	50 000
Total budget (EUR)	8 578 000
EGF contribution (60 %) (EUR)	5 146 800

ASSESSMENT OF THE APPLICATION

Procedure

- France submitted application EGF/2015/010 FR/MoryGlobal within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met, on 19 November 2015. The Commission acknowledged receipt of the application on 1 December 2015 and requested additional information from France on 3 December 2015, within two weeks of the date of submission of the application. Such additional information was provided within six weeks. 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 7 April 2016.

Eligibility of the application

Enterprises and beneficiaries concerned

- The application relates to 2 132 workers made redundant in MoryGlobal SAS. This enterprise operated primarily in the economic sector classified under the NACE Revision 2 Division 49 (Land transport and transport via pipelines) and also in the NACE Revision 2 Division 52 (Warehousing and support activities for transportation). The redundancies made by MoryGlobal SAS are located throughout

⁵ In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

mainland France. The locations with the highest number are situated in the following the NUTS level 2 regions:

NUTS level 2 regions	Workers	%
Centre (FR24)	336	16
Ile-de-France (FR10)	242	11
Rhône-Alpes (FR71)	199	9
Pays-de-la-Loire (FR51)	178	8
Lorraine (FR41)	146	7
Alsace (FR42)	140	7

Intervention criteria

6. France 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 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 for the application runs from 27 April 2015 to 27 August 2015. During the reference period 2 093 workers were made redundant in MoryGlobal.

Calculation of redundancies and of cessation of activity

8. All the redundancies during the reference period 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

9. In addition to the workers already referred to, the eligible beneficiaries include 39 workers. These workers were all made redundant after the end of the reference period and a clear causal link can be established with the event which triggered the redundancies during the reference period.
10. The total number of eligible beneficiaries is 2 132.

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

11. 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 MoryGlobal was active in the fields of courier services, freight transport and delivery, warehousing and rental of related materials; and provided these services both within France and abroad.

12. As a result of the global financial and economic crisis, road haulage in vehicles weighing more than 3,5 tonnes declined by 13,7 % in the EU and by 21 % in France between 2007 and 2012 (Eurostat). This decline has been following the general decline of physical output in Europe and the road transport sector in Europe has not yet recovered from the major activity decline it suffered in 2009 due to the economic crisis. In 2014, the activity of road freight transport remained more than 10 % lower compared with the pre-crisis activity.
13. Faced with the reduction in volumes to be transported, a price war broke out within the sector, which was not helped by the upward evolution in the various costs (petrol, wages, materials), thus leading to a steady deterioration in operating margins and a series of losses for the sector in France since 2007.
14. This has been followed by a wave of bankruptcies in the road haulage sector, estimated by the Bank of France to have increased by 35 % annually when comparing 2013 with 2007.
15. To date, the Land transport and transport via pipelines sector has been the subject of three EGF applications: this one, EGF/2014/017 FR/ Mory-Ducros⁶ and EGF/2011/001 AT/ Nieder- und Oberoesterreich⁷, all of them based on the global financial and economic crisis.

Events giving rise to the redundancies and cessation of activity

16. The events giving rise to these redundancies are the bankruptcy and closure of the company.
17. The current difficulties of MoryGlobal go back to 2012/2013. At the time the enterprise was known as Mory-Ducros. Mory-Ducros declared itself insolvent on November 2013 and entered into liquidation procedures. Faced with the absence of willing buyers and at the request of the French authorities, Arcole Industrie, one of the shareholders of Mory-Ducros, presented a takeover bid for Mory-Ducros on behalf of MoryGlobal, a new company to be created for the purpose of the takeover of part of Mory-Ducros' businesses and re-employment of some of its workforce (2 192 workers out of 4 911)⁸.
18. Since its creation, MoryGlobal faced the continuation of challenges such as the continuous deterioration of the messaging market coupled with a decrease in road haulage volumes between 3 % and 5 % in 2014, which led to permanent pressure on prices and a difficult social environment. These challenges resulted in losses of EUR 27,1 million over the period February-September 2014 with even higher losses forecast for the end of 2014 (EUR 43 million) and eventually in the bankruptcy and closure of the company.
19. On 10 November 2014, the procedure to reach an amicable settlement with creditors was launched by the commercial court of Bobigny. At the end of January 2015, MoryGlobal was in a state of cessation of payments. The enterprise needed EUR 8,5

⁶ COM(2015) 68

⁷ COM(2011) 579

⁸ Source: Decision of the commercial court of Bobigny on the judicial liquidation of MoryGlobal (minute number 2015L01449)

million cash and its current assets were not enough to meet the amount of short-term liabilities, in particular the subcontractors without which the company's activity was no longer possible. Thus on 10 February 2015 MoryGlobal filed a declaration of cessation of payments in the commercial court of Bobigny which launched the relevant judicial proceedings. On 17 March 2015, since the company was unable to cope with the payment of salaries in full, a request for liquidation was filed. The commercial court of Bobigny decided on judicial liquidation with continuation of the activities until 30 April 2015, for the needs of the collective redundancy procedure.

20. This is a follow-up application, in support of the Mory-Ducros workers⁹ who moved to MoryGlobal.

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

21. The redundancies are spread across 22 *départements* in the whole of mainland France. The redundancies have a significant adverse impact on the regional economies particularly since the same territories are still struggling to cope with the redundant workers dismissed one year earlier by Mory-Ducros. This is a situation of increasing unemployment in continental France (in 2015 unemployment rate was 3 percentual points higher than in 2008, when the economic and financial crisis began). Furthermore some of the regions concerned have higher unemployment rates than the national average, such as Nord-Pas de Calais-Picardie (+2,5 percentual points) and Provence-Alpes-Côte d'Azur (+1,5 percentual points)¹⁰.

Targeted beneficiaries and proposed actions

Targeted beneficiaries

22. All redundant workers (2 132) are expected to participate in the measures. The breakdown of these by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	1 740	(81,6 %)
	Women:	392	(18,4 %)
Citizenship:	EU citizens:	2 046	(96,0 %)
	non-EU citizens:	86	(4,0 %)
Age group:	15-24 years:	2	(0,1 %)
	25-29 years:	453	(21,2 %)
	30-54 years:	1 268	(59,5 %)
	55-64 years:	408	(19,1 %)
	over 64 years:	1	(0,0 %)

⁹ Application EGF/2014/017 FR/ Mory-Ducros (COM(2015) 68) in support of the workers made redundant by Mory-Ducros in 2014.

¹⁰ Source : Insee (http://www.insee.fr/fr/themes/tableau.asp?reg_id=99&ref_id=TCRD_025)

Eligibility of the proposed actions

23. The EGF cofunded personalised services to be provided to redundant workers consist of advice and guidance to the redundant workers provided by a team of expert consultants (*Dispositif d'Accompagnement Renforce – DAR.*).
24. The DAR comes on top of the social plan and the *Contrat de Sécurisation Professionnelle (CSP)*. The social plan funded by Mory-Global and AGS¹¹, the wage guarantee scheme, provides the redundant workers with a range of measures among which training, psychological support, contribution to business start-up, contribution to commuting / travel expenses and accommodation costs when participating in training or in connection with job-search, as well as job-search allowances. The CSP offers a range of active measures (foremost among which training) funded by the French State to help the workers back into employment.
25. The task of the three contractors selected (BPI, Sodie and AFPA Transitions) 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 same contractors have already been providing personalised services to the workers made redundant by Mory-Ducros in 2014.
26. For budgeting purposes the personalised services within the DAR have been grouped in three subgroups: collective and individual information sessions, job transition, and accompaniment towards new jobs.
27. 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.
28. 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.
29. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.
30. France has 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

31. The estimated total costs are EUR 8 578 000, comprising expenditure for personalised services of EUR 8 528 000 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 50 000.

¹¹ AGS stands for *Association pour la gestion du régime de Garantie des créances des Salariés*.

32. The total financial contribution requested from the EGF is EUR 5 146 800 (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)			
Collective and individual information sessions (Information collective e individuelle des salariés)	2 132	800	1 705 600
Job transition: registration, skills assessment, vocational project (Transition professionnelle: adhésion, bilan, project)	2 132	1 800	3 837 600
Accompaniment towards new jobs (Phase accompagnement et reclassement)	2 132	1 400	2 984 800
Sub-total (a):			8 528 000
Percentage of the package of personalised services	—		(100 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
Sub-total (b):			0
Percentage of the package of personalised services:	—		(0,00 %)
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	—		50 000
Sub-total (c):			50 000
Percentage of the total costs :	—		(0,58 %)
Total costs (a + b + c):	—		8 578 000
EGF contribution (60 % of total costs)	—		5 146 800

33. There are no costs identified in the table above as actions under Article 7(1)(b) of the EGF Regulation (i.e. actions whose cost may not exceed 35 % of the total costs for the coordinated package of personalised services).

Period of eligibility of expenditure

34. France started providing the personalised services to the targeted beneficiaries on 23 April 2015. The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 23 April 2015 to 19 November 2017.
35. France started incurring the administrative expenditure to implement the EGF on 1 September 2015. The expenditure for preparatory, management, information and

publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 1 September 2015 to 19 May 2018.

Complementarity with actions funded by national or Union funds

36. The source of national pre-financing or co-funding is the budget of the Ministry for Labour, Employment, Vocational Training and Social Dialogue using the budget line for the accompaniment of economic change and development of employment.
37. France has 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

38. France has indicated that the co-ordinated package of personalised services has been drawn up in consultation with the representatives of the targeted beneficiaries and the social partners. Numerous meetings took place between 7 and 17 April 2015. These meetings concerned the entire package of measures, of which the EGF aspect (the *Dispositif d'Accompagnement Renforcé — DAS* —) is one part.

Management and control systems

39. 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 *Délégation générale à l'emploi et à la formation professionnelle (DGEFP)* of the Ministry of Labour, Employment, Vocational Training and Social Dialogue, in particular by the unit *Fonds national de l'emploi (DGEFP - FNE)*. The payments will be made within the DGEFP by the unit *Affaires financières (DGEFP - MAFI)*. Certification will be carried out by the *Agence de services et de paiement (ASP)*.

Commitments provided by the Member State concerned

40. France has 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,
 - 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

41. 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 2014-2020¹².
42. 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 5 146 800, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
43. 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 management¹³.

Related acts

44. 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 5 146 800.
45. 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.

¹² OJ L 347, 20.12.2013, p. 884.

¹³ 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
(application from France – EGF/2015/010 FR/MoryGlobal)**

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 1927/2006¹⁴, 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 management¹⁵, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) 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.
- (2) The EGF is not to exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013¹⁶.
- (3) On 19 November 2015, France submitted an application EGF/2015/010 FR/MoryGlobal for a financial contribution from the EGF, following redundancies in MoryGlobal SAS in France. It was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. That 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.

¹⁴ OJ L 347, 20.12.2013, p. 855.

¹⁵ OJ C 373, 20.12.2013, p. 1.

¹⁶ 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).

- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 5 146 800 in respect of the application submitted by France.
- (5) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2016, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 5 146 800 in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from *[the date of its adoption]*^{*}.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

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Date to be inserted by the Parliament before the publication in OJ.