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COM(2014) 255 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 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 management (application EGF/2012/010 RO/Mechel from Romania)

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 21 December 2012, Romania submitted application EGF/2012/010 RO/Mechel for a financial contribution from the EGF, following redundancies in SC Mechel Campia Turzii SA and one downstream producer (SC Mechel Reparatii Targoviste SRL) in Romania.

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/2012/010
Member State	Romania
Article 2	(a)
Primary enterprise	SC Mechel Campia Turzii SA
Suppliers and downstream producers	1
Reference period	20.6.2012 – 20.10.2012
Starting date for the personalised services	1.3.2013
Application date	21.12.2012
Redundancies during the reference period	825
Redundancies before and after the reference period	688
Total eligible redundancies	1 513
Redundant workers expected to participate in the measures	1 000
Expenditure for personalised services (EUR)	6 909 300
Expenditure for implementing EGF ³ (EUR)	233 000
Expenditure for implementing EGF (%)	3,26
Total budget (EUR)	7 142 300
EGF contribution (50 %) (EUR)	3 571 150

1. The application was presented to the Commission on 21 December 2012 and supplemented by additional information up to 4 March 2014.
2. The application meets the conditions for deploying the EGF as set out in Article 2(a) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 406, 30.12.2006, p. 1.

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

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, Romania argues that the sector of the manufacture of finished and semi-finished steel products, in which Mechel Campia Turzii and Mechel Reparatii Targoviste were active, has undergone serious economic disruption as a result of a rapid decline of the EU market share in the steel products sector and the market share growth of countries such as China. The Romanian authorities have provided data⁴ which indicate that, for the steel industry as a whole, the production of crude steel in the EU-27 decreased from 206.9 million tonnes in 2006 to 177.6 million tonnes in 2011, leading to a decline of the EU-27's market share from 16.6 % in 2006 to 11.7 % in 2011, whereas, during the same period, China's market share increased from 33.7 % to 45.0 %. Over the period 2002-2011, China's market share more than doubled from 20.2%, whereas the EU-27's market share dropped to half from 20.8 %.
4. In the period 2009-2011, apparent consumption⁵ of steel (crude steel equivalent) in the EU-27 increased from 127.0 million tonnes to 168.7 million tonnes (+32.9 %), without however reaching pre-crisis levels, whereas worldwide consumption increased from 1 219.6 million tonnes to 1 484.7 million tonnes (+21.7 %), exceeding figures for 2008. A similar trend was recorded for the apparent consumption of finished steel products which increased by 32.0 % in the EU-27 compared to 21.4 % at worldwide level. In the EU-27, much of this regain in demand was absorbed through imports.
5. Between 2009 and 2011, imports of finished and semi-finished steel products in the EU-27 increased from 101.0 million tonnes to 138.4 million tonnes (+37.0 %), whereas, by comparison, imports of such products in China decreased from 22.3 million tonnes to 16.3 million tonnes (-26.9 %). Over the same period, while exports of semi-finished and finished steel products in the EU-27 increased from 112.8 million tonnes to 145.8 million tonnes (+29.2 %), they increased much more strongly in third countries such as China (+99.8 %), the USA (+43.8 %) or South Korea (+42.6 %), which together accounted for 21.8 % of exports of finished and semi-finished steel products at worldwide level in 2009, against 35.8 % for the EU-27. These data demonstrate that the EU has recorded a substantial increase of imports into the EU of finished and semi-finished steel products in recent years as well as a relative decline of exports of such products, both of which add up to a loss of EU market share in the sector of finished and semi-finished steel products, in which Mechel operated. These events have negatively affected the performance of the sector, as reflected in the pressures on the competitiveness of the EU steel industry at international level and the job losses due to restructuring in the steel sector in Europe⁶.
6. To date, the steel sector has been the subject of five EGF applications, four of which were intended to provide support to workers made redundant as a result of major

⁴ Source: World Steel Association, *Steel Statistical Yearbook 2012*.

⁵ Apparent consumption is defined as production plus imports minus exports.

⁶ cf. Communication from the Commission to the Parliament, the Council, the European Economic and Social Committee and the Committee of Regions – Action Plan for a competitive and sustainable steel industry in Europe (COM(2013) 407).

structural changes in world trade patterns due to globalisation⁷ and one was intended to provide support to workers made redundant as a direct result of the global financial and economic crisis⁸.

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

7. Romania submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.
8. The application cites 825 redundancies in Mechel Campia Turzii and one downstream producer during the four-month reference period from 20 June 2012 to 20 October 2012 and a further 688 redundancies outside the reference period, but related to the same collective redundancies procedure. All of these redundancies were calculated in accordance with the third indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. The Commission has received the confirmation required under the third indent of the second paragraph of Article 2 that this is the actual number of redundancies effected.

Explanation of the unforeseen nature of those redundancies

9. The Romanian authorities argue that the decision to make workers redundant at Mechel Campia Turzii could not have been foreseen. In November 2009, Mechel announced the completion of three new production lines at its plant in Câmpia Turzii. However, at the end of 2011, Mechel's operations in Romania started to experience financial difficulties, as a result of the losses incurred during two previous financial years due to unfavourable prices in European steel markets linked to rising ferrous scrap prices and weak demand for finished products. At the end of 2011, Mechel Campia Turzii put in place a number of measures to reduce staff costs (e.g. suspension of individual wage increases, bonuses and incentive regulations; prohibition of overtime; reorganisation of labour shifts; reduction of working time, with wages proportional to working time). However, these measures did not remedy the financial difficulties of the enterprise, which decided to initiate collective redundancies.

Identification of the dismissing enterprises and workers targeted for assistance

10. The application relates to 1 513 redundancies (1 441 during and after the reference period in Mechel Campia Turzii and 72 in Mechel Reparatii Targoviste). The Romanian authorities estimate that 1 000 of the redundant workers will participate in the coordinated package of personalised services.
11. The break-down of the targeted workers is as follows:

Category	Number	Percent
Men	728	72,80
Women	272	27,20

⁷ EGF/2009/022/ BG/Kremikovtsi AD (application rejected by the Commission), EGF/2013/002 BE/Carsid (application presented to the Commission on 2 April 2013), EGF/2013/007 BE Dufferco-NLMK (application presented to the Commission on 27 September 2013).

⁸ EGF/2010/007 AT/Steiermark and Niederösterreich. Decision 2011/652/EU of 27 September 2011 (OJ L 263, 7.10.2011, p. 9).

EU citizens	1 000	100,00
Non EU citizens	0	0,00
15-24 years old	9	0,90
25-54 years old	879	87,90
55-64 years old	112	11,20
> 64 years old	0	0,00

12. From the workers targeted for assistance, four have a longstanding health problem or disability.
13. In terms of occupational categories, the break-down is as follows:

Category	Number	Percent
Managers	32	3,20
Professionals	61	6,10
Technicians and associate professionals	91	9,10
Clerical support workers	81	8,10
Service and sales workers	6	0,60
Craft and related trades workers	271	27,10
Plant and machine operators, and assemblers	449	44,90
Elementary occupations	9	0,90

14. In accordance with Article 7 of Regulation (EC) No 1927/2006, Romania 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

15. The redundancies have primarily affected the municipality of Câmpia Turzii and its surrounding area, in the south-east of Cluj County, in north-west Romania. From the socioeconomic point of view, the Câmpia Turzii area is characterised by low income levels and a weak diversification of economic activities. AJOFM Cluj estimates that around half of the working age population in Câmpia Turzii is employed in the industrial sector. Mechel Campia Turzii was the largest employer in the area with 1 837 employees (in June 2012), accounting for around a third of the total number of employees in the area. The local labour market is very restricted as the unemployment rate in the Câmpia Turzii area is generally around 5 % and the job vacancy rate is very low (below 0.5 %)⁹.
16. The authorities in charge of implementing the measures are the Romanian National Agency for Employment (ANOFM) and the Cluj County Agency for Employment (AJOFM Cluj).
17. Other stakeholders include local and regional authorities, trade unions and enterprises that will be linked to the cooperative enterprise which will be established to support the workers targeted for assistance as part of the measure 'Assistance in initiating independent activities.

⁹ The job vacancy rate measures the percentage of vacant posts, compared with the total number of occupied and unoccupied posts. In the third quarter of 2012, the estimated job vacancy rate in the EU-28 in NACE Rev.2 sections B to S (industry, construction, services) was 1.4 %.

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

18. Over two-thirds of the workers made redundant live in Câmpia Turzii and its surrounding area and nearly one third in other parts of Cluj County. According to AJOFM Cluj, the unemployment rate in Cluj County was 3.7 % before the redundancies and increased to 4.1 % in February 2013, after the redundancies. The number of unemployed persons in the Câmpia Turzii area more than doubled from 481 to 1 290, as a result of the redundancies, and the percentage of unoccupied persons among the population aged 18-62 increased from 2.7 % to 7.2 %. The redundancies have therefore had major repercussions for the local labour market, given the low number of jobs available in the area of Câmpia Turzii (on average 30 vacancies per month) and the low number of potential employers. Between 2008 and 2010 there was a continuous decrease in the number of employees in the steel industry in Cluj County and a significant reduction in the net investment volume in this industry. According to AJOFM Cluj, the majority of the workers made redundant have qualifications that are specific to the metallurgical industry, but such qualifications are not in demand anymore from the employers that offer vacancies in Cluj County.

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

19. All the following measures combine to form a co-ordinated package of personalised services which aims at re-integrating the redundant workers into employment¹⁰:
- **Registration of workers**: This measure consists in completing a registration form as part of the project coordination centre's database, to identify the skills, competences and experience of each worker, to validate their status, and to define their needs and preferences.
 - **Information, vocational guidance and counselling**: This measure consists in a series of activities developed by the project coordination centre:
 - informing business operators in the Câmpia Turzii area about the project and identifying job vacancies;
 - informing targeted workers about the local labour market, labour legislation, vocational training courses and job opportunities;
 - performing motivation interviews, psychological evaluations and aptitude tests with the targeted workers;
 - providing careers advice and vocational guidance to the targeted workers and drawing-up individual action plans for each targeted worker;
 - providing advice on how to identify a job, how to approach a potential employer, how to behave before and after a job interview;
 - making recommendations to participate in other project activities (e.g. vocational training courses, internships, cooperative enterprise).
 - **Vocational training courses and internships**: This measure consists in providing vocational training courses to workers which correspond to their needs, as

¹⁰ Several of the proposed measures are similar to those implemented in the case EGF/2011/014 RO/Nokia.

identified during information, vocational guidance and counselling activity. The training courses, which will generally last between three to six months, will be provided to groups of 7 to 28 persons by authorised external providers recognised by the National Agency for Payments and Social Inspection and the National Centre for Professional Training and will lead to a certification of the acquired competences¹¹. The training providers will be paid through a voucher reimbursement system, following a confirmation of arrangements with AJOFM Cluj, after the course is completed and the training course participants have received their certification. The project coordination centre will coordinate the training activities and will monitor each training course. Training course participants will be monitored six months after the completion of the course. Workers will also be able to participate in internships of 5 to 90 days organised specifically for redundant workers by potential employers located in the area affected by the redundancies.

- Assistance in initiating independent activities: AJOFM Cluj will help to establish a new enterprise in the form of a cooperative society¹² with standard by-laws¹³, which will have as its members 250 of the targeted workers and will manufacture various sports equipment items for a Romanian sports equipment company, itself a subcontractor for a multinational sports equipment company¹⁴. The targeted workers were given the opportunity to express their interest in being members of the cooperative. The 250 members of the cooperative will be selected by AJOFM Cluj from among the group of interested targeted workers by means of two aptitude tests and sent on internships to other companies performing similar activities, where they will be evaluated. Each selected worker will be entitled to a voucher of EUR 15 000 to be used as a membership contribution towards the cooperative's capital¹⁵. The main part of these funds, besides a part reserved for legal and administrative start-up costs and working capital¹⁶, will be used by the cooperative to buy the necessary machinery, equipment and raw materials for carrying out its productive activities¹⁷. The machinery, equipment and raw materials will be paid from the financial coverage of the vouchers issued for each member of the cooperative.

¹¹ The training courses are intended for the redundant workers who will not be selected to participate in the cooperative.

¹² The Romanian authorities consider that measures to support business creation by individual workers would not be effective as the demand for goods and services in the region is low due to poor living conditions.

¹³ The new enterprise is being established on the basis of Law No 1/2005 on creating cooperatives.

¹⁴ The client company was identified as a result of market research conducted by AJOFM to find suitable companies willing to invest in the Câmpia Turzii area and to participate in the cooperative setup.

¹⁵ According to the Romanian authorities, the amount of EUR 15 000 per targeted worker was calculated by dividing the estimated total costs of the industrial operation by the expected number of workers needed. A contract will be concluded between AJOFM Cluj and each member of the cooperative for granting the voucher, which will stipulate that the persons laid-off have to respect the plan for setting-up and implementing the cooperative.

¹⁶ Working capital refers to the amount necessary to cover the expenses generated in the cooperative's activity for a few months' period, which starts from the moment when the cooperative decides the sampling and production until receiving the value of the first delivered products.

¹⁷ In practice, AJOFM Cluj will pay the EUR 15 000 directly to the cooperative on the basis of invoices issued to the cooperative by the companies supplying the machinery, equipment and raw materials and any accounting document according to law.

- There is a link between the need for purchasing these assets, furnishing the production space and the number of persons who will join the cooperative. The rate of integration of persons into the cooperative is based on the needs for purchasing assets and for the functioning of the cooperative. The workers will have equal rights within the cooperative. They will collectively own the production assets, will determine their own salary and dividends and will decide on future business plans and investments¹⁸. Workers will be committed to remain in the cooperative for the first three years of operation. If workers decide to leave before this term, the managing bodies of the cooperative will decide on the amount of compensation corresponding to the value of their contribution to the share capital of the cooperative that may be paid to those workers and under what conditions. New members wishing to join the cooperative will have to make an equivalent contribution (which may be funded through other support projects).
- A commercial contract will be signed between the cooperative and its client, for an initial duration of four years which can be extended (the client has a contract with the sports equipment multinational for 10 years). The contract between the cooperative and its client will be on market terms and will provide the cooperative's income, although there will be no exclusivity clause and the cooperative may diversify its client base. AJOFM Cluj will impose the sustainability of the project through a written undertaking with the cooperative¹⁹.
- The Commission considers that this measure, while innovative in its setup and implementation, fully meets the conditions for eligible actions laid down in Article 3(a) of Regulation (EC) No 1927/2006 and, in particular, that this measure corresponds to the category of measures referred to as 'entrepreneurship promotion or aid for self-employment'.
- Renting the production space and paying the rent for the project's duration: The cooperative's activity will start with a sampling line employing 50 workers, to be expanded up to the total 250 workers. The rent for the production facilities will be paid by AJOFM Cluj (with EGF co-funding) until the end of the EGF implementation (March 2015) and thereafter by the cooperative's client.
- Travel allowance: This measure consists in an allowance of up to EUR 250 per person which is intended to cover the costs for workers of travelling from their home to the place where they are called for a job interview or to participate in other project activities. Beneficiaries shall reside in the area affected by the redundancies and participate in at least two project activities.
- Interview allowance: This measure consists in an allowance of up to EUR 100 per person, payable to workers who participate in job interviews, selection tests or other recruitment procedures organised by a potential employer. The allowance is

¹⁸ The workers may appoint a professional management, although some of the former Mechel workers with relevant experience could also have management or intermediary functions (HR, accounting, engineering, line supervision, sales, etc.). The rights and conditions regarding persons who may join or withdraw from the cooperative will be decided by the management of the cooperative, and, implicitly, by each member of the cooperative through voting rights in the general assembly.

¹⁹ AJOFM Cluj will conclude a contract with the cooperative which will include clauses referring to the setting-up, the functioning and sustainability of the cooperative, as well as clauses in case the obligations undertaken under this contract are not respected. A similar contract will be signed between AJOFM Cluj and companies hiring unemployed persons. In case the hiring company does not respect its contractual obligations it will have to return the funds received.

intended to cover the personal costs related to the interview. Beneficiaries may receive a maximum of two allowances if they participate in more than two interviews with different employers.

- Internship allowance: This measure consists in an allowance of up to EUR 1000²⁰ (or up to EUR 3000 for workers trained as technical or specialised staff²¹), payable to workers who participate in an internship. The allowance is intended to cover the costs of accommodation, medical insurance, meals, raw materials, protective equipment, etc. Beneficiaries must reside in the area affected by the redundancies and participate in at least two project activities.
 - Subsistence allowance: This measure consists in a lump-sum payment of EUR 150 to workers who participate in the internships. The allowance is intended to compensate for the fact that some measures may take place outside the area of residence of the beneficiaries and may involve their temporary absence from home and family. The persons participating in the internships no longer receive unemployment benefit and cannot hold a job during the period of the internship. The subsistence allowance is paid only once, after the completion of the measure in which the worker participated.
 - Participation allowance: This measure consists in a lump-sum payment of EUR 200 to workers who complete a certification programme as part of a vocational training course. The allowance is intended to motivate workers and to compensate them for expenses generated by their participation in the training course. The persons participating in a training course cannot hold a job during the period of the training course since course attendance is mandatory and courses are generally held in the first part of the day.
 - The travel allowance, interview allowance and internship allowance will be paid only after the submission of documentary evidence by the beneficiaries (e.g. receipt, bill, invoice, etc.). Workers who participate in the internships and who receive the subsistence allowance will not receive the travel allowance since transport is provided by the company organising the internship.
 - Mentoring after employment integration: This measure consists in mentoring activities provided by employers to newly recruited workers for a period of three to six months. The mentor will offer support and assistance in view of facilitating the transition from the status of dismissed worker to the status of employed person.
20. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, control activities as well as information and publicity.
21. The personalised services presented by the Romanian authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Romanian authorities estimate the total costs at EUR 7 142 300, of which the expenditure for personalised services at EUR 6 909 300 and the

²⁰ This amount has been determined based on estimates provided by potential employers and providers of internships regarding the need to cover costs related to the participation of the targeted workers in the internships.

²¹ The higher amount of the allowance for workers trained as technical or specialised staff is due to the fact that the period of the internship for such staff is three times longer, also generating higher expenses.

expenditure for implementing the EGF at EUR 233 000 (3,26 % of the total amount). The total contribution requested from the EGF is EUR 3 571 150 (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)			
Registration of workers	1 000	50	50 000
Information, vocational guidance and counselling	1 000	1 500	1 500 000
Vocational training courses and internships	500	800	400 000
Assistance in initiating independent activities	250	15 000	3 750 000
Renting the production space and paying the rent for the project's duration	250	860	215 000
Travel allowance	300	250	74 300
Interview allowance	400	100	40 000
Internship allowance	400	1 000	400 000
Subsistence allowance	400	150	60 000
Participation allowance	500	200	100 000
Mentoring after employment integration	400	800	320 000
Subtotal personalised services			6 909 300
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			153 000
Management			0
Information and publicity			70 000
Control activities			10 000
Subtotal expenditure for implementing EGF			233 000
Total estimated costs			7 142 300

<i>EGF contribution (50 % of total costs)</i>		3 571 150
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22. The Romanian authorities have confirmed that the measures are complementary with actions funded by the Structural Funds²² and that all double financing will be prevented. To avoid double-financing of activities under the ESF and the EGF, the Romanian authorities have signed a framework protocol which allows the authorities involved in the management of ESF operations to cross-check the databases of the Ministry of Labour, Family, Social Protection and Elderly, the Managing Authority of the ESF Operational Programme 'Human Resources Development', and ANOFM.

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

23. Romania started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 1 March 2013. 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

24. The redundant workers were consulted several times during the preparation of the EGF application. Procedures for consulting the social partners on the proposed coordinated package of personalised services included the following:
- in June 2012, a meeting between the Minister for Labour and the management of Mechel Campia Turzii on the enterprise's position regarding the intended redundancies;
 - in August 2012, a meeting between the Deputy Minister for Social Dialogue and members of the commission for social dialogue (which includes trade union representatives) on the situation generated by the redundancies;
 - in September 2012, a meeting between the Deputy Minister for Social Dialogue and representatives of trade unions and of local public authorities on the possibility for the Romanian government to access the EGF.
25. The Romanian 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

26. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Romanian 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;

²² As an example, the Romanian authorities will supplement the EGF measures with the Callcem project which is co-financed by the ESF. The Callcem project offers job vacancy search services and job-matching services for job seekers (by telephone or IT means).

- confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

Management and control systems

27. Romania has notified the Commission that the financial contribution will be managed and controlled by the same bodies as for the European Social Fund. The financial contribution will be managed by ANOFM which was designated as the national authority responsible for the management of financial contribution from the EGF. Government Decision No 11/2009 establishes the institutional framework for the coordination and management of EGF financial contributions. Specific guidelines describe EGF management procedures, the role of the different bodies involved and the mechanisms for ensuring compliance with the general principles of EGF management and the relevant legal framework. The auditing authority attached to the Romanian Court of Auditors has been appointed as the auditing authority for the EGF.

Financing

28. On the basis of the application from Romania, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 3 571 150, representing 50 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Romania.
29. 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.
30. 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 management²³.
31. The Commission presents separately a transfer request in order to enter in the 2014 budget specific commitment appropriations, as required under point 13 of the Interinstitutional Agreement of 2 December 2013.

Source of payment appropriations

Appropriations allocated to the EGF budget line in the 2014 budget will be used to cover the amount of EUR 3 571 150 needed for the present application.

²³ OJ C 373, 20.12.2013, p. 1.

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on the mobilisation of the European Globalisation Adjustment Fund, in accordance with Point 13 of 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 management (application EGF/2012/010 RO/Mechel from Romania)

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 Fund²⁴, and in particular Article 12(3) 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 management²⁵, and in particular point 13 thereof,

Having regard to the proposal from the European Commission²⁶,

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 2014-2020²⁷.
- (3) Romania submitted an application to mobilise the EGF, in respect of redundancies in the enterprise SC Mechel Campia Turzii SA and one downstream producer, on 21 December 2012 and supplemented it by additional information up to 4 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 3 571 150.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Romania,

²⁴ OJ L 406, 30.12.2006, p. 1.

²⁵ OJ C 373, 20.12.2013, p. 1.

²⁶ OJ C [...], [...], p. [...].

²⁷ 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 3 571 150 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