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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  
(application EGF/2014/017 FR/Mory-Ducros)**

## 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<sup>1</sup> (the 'EGF Regulation').
2. The French authorities submitted application EGF/2014/017 FR/Mory-Ducros for a financial contribution from the EGF, following redundancies in Mory-Ducros 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/2014/017 FR/Mory-Ducros
Member State	France
Region(s) concerned (NUTS level 2)	FR 10 (Ile de France)
Date of submission of the application	6.10.2014
Date of acknowledgement of receipt of the application	17.10.2014
Date of request for additional information	17.10.2014
Deadline for provision of the additional information	1.12.2014
Deadline for the completion of the assessment	23.2.2015
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	Mory-Ducros SAS
Sector(s) of economic activity (NACE Rev. 2 division) <sup>2</sup>	Division 49 ('Land transport and transport via pipelines')
Number of subsidiaries, suppliers and downstream producers	0
Reference period (four months):	13 March 2014 - 13 July 2014
Number of redundancies or cessations of activity during the reference period ( <i>a</i> )	2 395
Number of redundancies or cessations of activity before or after the reference period ( <i>b</i> )	118
Total number of redundancies ( <i>a + b</i> )	2 513
Total estimated number of targeted beneficiaries	2 513

<sup>1</sup> OJ L 347, 20.12.2013, p. 855.

<sup>2</sup> 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)	10 052 000
Budget for implementing EGF <sup>3</sup> (EUR)	35 000
Total budget (EUR)	10 087 000
EGF contribution (60 %) (EUR)	6 052 200

## ASSESSMENT OF THE APPLICATION

### Procedure

4. The French authorities submitted application EGF/2014/017 FR/Mory-Ducros within 12 weeks of the date on which the intervention criteria set out in paragraphs 6 to 8 below were met, on 6 October 2014<sup>4</sup>. The Commission acknowledged receipt of the application within two weeks of the date of submission of the application, on 17 October 2014, and requested additional information from the French authorities before the expiry of the deadline on 20 October 2014.. Such additional information was provided within six weeks. The deadline of 12 weeks from 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 23 February 2015.

### Eligibility of the application

#### *Enterprises and beneficiaries concerned*

5. The application relates to 2 513 workers made redundant in Mory-Ducros SAS. This enterprise operated in the economic sector classified under NACE Rev. 2 division 49 ('Land transport and transport via pipelines'). The redundancies made by the enterprise concerned are located throughout mainland France. The location with the highest number (257) is situated in the NUTS<sup>5</sup> level 2 region of Ile de France (FR10).

#### *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 13 March 2014 to 12 July 2014.

<sup>3</sup> In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

<sup>4</sup> The 12-week period having expired on a Sunday (5 October), the Commission was prepared to accept the application arriving on the Monday immediately following that day.

<sup>5</sup> 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).

8. The application relates to:
- 2 395 workers made redundant<sup>6</sup> in Mory-Ducros during the reference period of four months.

Calculation of redundancies and of cessation of activity

9. The redundancies have been calculated as follows:
- 2 395 from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker.

Eligible beneficiaries

10. In addition to the 2 395 workers already referred to, the eligible beneficiaries include 118 workers made redundant before or after the reference period of four months. These workers were all made redundant after the general announcement of the projected redundancies on 13 March 2014. A clear causal link can be established with the event which triggered the redundancies during the reference period.
11. The total number of eligible beneficiaries is therefore 2 513.

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 Mory-Ducros is active in the fields of courier services, freight transport and delivery, warehousing and rental of related materials, and provides these services both within France and abroad. At the time of the redundancies, it was the second biggest operator in France for these services, mobilising some 4 500 vehicles each day.
13. 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. 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. 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.
14. To date, the 'Land transport and transport via pipelines' sector has been the subject of two EGF applications, this one and EGF/2011/001 AT/Nieder- und Oberoesterreich, which was also based on the global financial and economic crisis.

Events giving rise to the redundancies and cessation of activity

15. The events giving rise to the redundancies in Mory-Ducros are the bankruptcy and closure of the company. Mory Ducros had arrived at a loss of almost EUR 80 million in 2012, with even higher losses forecast for the end of 2013 (just under EUR 82 million). On 25 November 2013, Mory-Ducros declared itself insolvent, and on the following day, the commercial court of Pontoise launched the relevant judicial proceedings and placed the enterprise under Administration. On 6 February 2014, a liquidator was appointed, tasked with closing the enterprise by 6 May 2014.

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<sup>6</sup> Within the meaning of Article 3(a) of the EGF Regulation.

As part of the settlement, the newly created MORY Global took over 50 agencies out of the total of 84 and re-employed 2 107 workers out of the total of 4 911. The remaining 2 804 workers were made redundant, 2 395 within the reference period and 118 afterwards (with the final dismissal taking place at the end of September). These 2 513 workers opted to undertake the activities proposed for EGF co-funding, while the remaining 291 workers either retired or were otherwise unavailable.

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

16. The redundancies are spread across 84 sites in the whole of mainland France, with job losses ranging from 2 (Chalons en Champagne and Saint Louis) to 257 (Gonesse). The highest numbers of redundancies occurred in sites close to major cities, so that the impact on local employment and the local economy is limited.

**Targeted beneficiaries and proposed actions**

Targeted beneficiaries

17. The estimated number of targeted workers expected to participate in the measures is 2 513. The breakdown of these workers by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	2 137	(85.04 %)
	Women:	376	(14.96 %)
Citizenship:	EU citizens:	2 332	(92.80 %)
	non-EU citizens:	181	(7.2 %)
Age group:	15-24 years:	18	(0.72 %)
	25-54 years:	2 054	(81.73 %)
	55-64 years:	436	(17.35 %)
	over 64 years:	5	(0.20 %)

Eligibility of the proposed actions

18. The personalised services to be provided to the redundant workers consist of only one action :
19. Advice and guidance to the redundant workers provided by a team of expert consultants (Cellule de reclassement): As the French State is funding a range of active measures (foremost among which being training) 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.
20. The three contractors operating the Cellule de reclassement were selected by the judicial Administrator following consultations with the representatives of the redundant workers, the objective being to cover as much as possible of mainland France and to ensure the reintegration of the largest possible number of the targeted

workers. The three contractors are Sodie, BPI Group and AFPA Transitions. Their task 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.

21. 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.
22. 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.
23. 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), while the actual measures themselves (e.g. the longer training courses as such) are not included in the budget presented to the EGF (some of this training will be co-funded by the ESF). Payment will be made by instalment and on the basis of results achieved.
24. 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.
25. 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

26. The estimated total costs are EUR 10 087 000, comprising expenditure for personalised services of EUR 10 052 000 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 35 000. The entirety of this amount is to be used for control and certification. No budget is planned for information and publicity activities.
27. The total financial contribution requested from the EGF is EUR 6 052 200 (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)	2 513	4 000	10 052 000
Sub-total (a):	–		10 052 000 (100 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
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	–		35 000
Sub-total (c):	–		35 000 (0.35 %)
Total costs (a + b + c):	–		10 087 000
EGF contribution (60 % of total costs)	–		6 052 200

28. There are no costs identified in the table above as actions under Article 7(1)(b) of the EGF Regulation.

Period of eligibility of expenditure

29. The French authorities started providing the personalised services to the targeted beneficiaries on 24 February 2014. The expenditure on the actions referred to in point 19 shall therefore be eligible for a financial contribution from the EGF from 24 February 2014 to 6 October 2016.

30. The French authorities have not yet started incurring the administrative expenditure to implement the EGF on 6 October 2014. The expenditure for preparatory, management, information and publicity, control and reporting activities shall be eligible for a financial contribution from the EGF from 6 October 2014 to 6 April 2017.

Complementarity with actions funded by national or Union funds

31. 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.

32. The French authorities have confirmed that the measures 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*

33. The French authorities have 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 27 December 2013 and 13 March 2014 (the date when the dismissal notices were sent out). These meetings concerned the entire package of measures, of which the EGF aspect (the Cellule de reclassement) is one part.

**Management and control systems**

34. 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 have been empowered to carry out audits.

**Commitments provided by the Member State concerned**

35. 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;
  - 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**

36. 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<sup>7</sup>.

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<sup>7</sup> OJ L 347, 20.12.2013, p. 884.



37. 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 6 052 200, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
38. 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<sup>8</sup>.

#### **Related acts**

39. 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 6 052 200.
40. 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.

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<sup>8</sup> 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 EGF/2014/017 FR/Mory-Ducros)**

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<sup>9</sup>, and in particular Article 15(4) thereof,

Having regard to the procedure 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<sup>10</sup>,

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 of the European Parliament and of the Council<sup>11</sup>, 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<sup>12</sup>.
- (3) On 6 October 2014, France submitted an application to mobilise the EGF, in respect of redundancies<sup>13</sup> in Mory-Ducros SAS in France. It was supplemented by additional information pursuant to Article 8(3) of Regulation (EU) No 1309/2013. The application complies with the requirements for determining a financial contribution from the EGF in accordance with 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 6 052 200 for the application submitted by France,

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<sup>9</sup> OJ L 347, 20.12.2013, p. 855.

<sup>10</sup> OJ C 373, 20.12.2013, p. 1.

<sup>11</sup> Regulation (EC) No 546/2009 of the European Parliament and of the Council of 18 June 2009 amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund (OJ L 167, 29.6.2009, p.26).

<sup>12</sup> Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

<sup>13</sup> Within the meaning of Article 3(a) of Regulation (EU) No 1309/2013.

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2015, the EGF shall be mobilised to provide the sum of EUR 6 052 200 in commitment and payment appropriations.

*Article 2*

This Decision shall enter into force on the day of its adoption.

Done at Brussels,

*For the European Parliament  
The President*

*For the Council  
The President*