Mobilisation of the European Globalisation Adjustment Fund: redundancies in automotive manufacturing industry in Germany

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automotive manufacturing sector in Germany.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: Regulation (EC) No 1927/2006 established the European Globalisation Adjustment Fund to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. This Regulation was last amended by Regulation (EC) N° 546/2009 which broadens temporarily the scope for application of EGF. The amended Regulation is applicable for applications received as of 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis. The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.

The Commission carried out a thorough examination of the application submitted by Germany:

Germany: **Case EGF/2009/013 DE/ Karmann**: Germany submitted the application to the Commission on 13 August 2009 and supplemented it by additional information up to 23 October 2009. It was based upon the specific 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 or downstream producers. The application concerns 2 476 redundancies in two companies of the enterprise Karmann GmbH (Wilhelm Karman GmbH and Karmann-Rheine GmbH & Co.KG), of whom 1 793 are targeted for EGF assistance.

IMPACT ASSESSMENT: non applicable.

FINANCIAL IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 258 163 has already been mobilised for prior application in 2010 leaving an amount of EUR 499 741 837 available. The Commission's proposed allocation under the Fund is based on the information made available by Germany. On the basis of the application for support from the Fund submitted by Germany and in which the automotive manufacturing sector is affected, the contribution from the EGF to the coordinated package of personalised services to be funded is of **EUR 6 199 341**, representing 65% of the total cost.

By presenting this proposal to deploy the Fund, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006, in view of securing the agreement of the two arms of the budgetary authority on the need to use the Fund and the amount required. The Commission invites the first of the two arms of the Budgetary Authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions.