Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania

2010/2031(BUD) - 29/01/2010 - Document attached to the procedure

In this document, the Commission gives a detailed analysis of the reasons for which it is proposing the mobilisation of the European Globalisation Adjustment Fund in favour Lithuania.

The application relates to 1 154 redundancies in the wearing apparel industry during the reference period of nine months between 16 October 2008 and 15 July 2009.

In order to establish the link between the redundancies and the financial and economic crisis, Lithuania argues that the global economic and financial crisis has had a serious impact on demand for textiles and clothing in Lithuania and in its export markets. For the EU as a whole, the decline in textile production already registered in the second half of 2008 accelerated in 2009. Production in the clothing sector, which resisted better in 2008, started to decline. In the first quarter of 2009, the production fell by more than 20% for the textiles and clothing industry, compared to the first quarter of the previous year. For April 2009, the reduction in production continued to be over 20%. The trade deficit in the first quarter of 2009 showed a sharp increase of 19%, mainly due to a strong reduction in exports to all trade partners and in particular to the most important ones, such as the USA, Japan, Russia and Turkey (20% in average). This effect was seen strongly in Lithuania.

Accordingly, the Commission’s analysis leads it to conclude that it will approve application **EGF/2009 /018 LT/Manufacture of wearing apparel** submitted by Lithuania, as evidence has been provided that these redundancies result from structural changes in world trade patterns which have led to a serious economic disruption, affecting the regional or local economy.

A co-ordinated package of eligible personalised services has also been proposed. It is proposed to deploy **EUR 523 481** from the EGF to respond to Lithuanian’s request.