

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

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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 1 469 redundancies in the furniture manufacturing 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 consumer expenditure in Lithuania and in the industry's export markets, as well as severely reducing the industry's access to financial credits. As a result, the volume of furniture production in Lithuania has fallen in each of the quarters of the reference period compared with the previous quarter, with the redundancies as a consequence.

The slow-down in construction activity, both in Lithuania and elsewhere, has had a negative effect on the market for furniture. As the construction sector in the EU has been directly affected by the decrease in residential and commercial investment caused by the financial crisis, the reduction in furniture sales can be seen as a clear indirect consequence of the crisis.

These steep drops in production are consistent with trends seen elsewhere in the EU, where manufacture of furniture has suffered declines of over 19.6 % in the first quarter of 2009 and 18.2 % in April 2009 compared with the corresponding periods of the previous year.

Accordingly, the Commission's analysis leads it to conclude that it will approve application **EGF/2009/016 LT/Manufacture of furniture** 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 been proposed. It is proposed to deploy **EUR 622 088** from the EGF.