Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of printing machinery in Germany

2010/2241(BUD) - 15/10/2010 - Non-legislative basic document

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

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

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 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.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Germany to mobilise the EGF. The main elements of the assessment are as follows:

Germany: application EGF/2010/018 DE/Heidelberger Druckmaschinen, Germany: on 27 May 2010, Germany submitted application EGF/2010/018 DE/Heidelberger Druckmaschinen for a financial contribution from the EGF, following redundancies in the enterprise Heidelberger Druckmaschinen AG in Germany.

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. The application was supplemented by additional information up to 1 July 2010.

In order to establish the link between the redundancies and the global financial and economic crisis, Germany argues that the manufacturing of printing machinery has followed the general trend of the machine construction which in 2009 saw a decline of orders resulting from the crisis. In Germany in April 2009 the orders for printing machinery were 52.6% below the level reached in April 2008. For Heidelberger Druckmaschinen AG the total sales dropped by 22% in the second quarter of 2009 compared to the same period in 2008 and by 33% compared to the same period in 2007. The German authorities state that expenditure for advertising material has decreased significantly worldwide.

Germany 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. The application cites 1 212 redundancies in a single enterprise – Heidelberger Druckmaschinen AG – during the reference period from 26 January 2010 to 26 May 2010.

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.

On the basis of the application from Germany, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 8 308 555**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of **EUR 8 308 555** to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF 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. In case of disagreement by either of the two arms of the budgetary authority, a formal trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.