

# Mobilisation of the European Globalisation Adjustment Fund: redundancies in the metal sector in Austria

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**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the metal sector in Austria.

**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 Austria to mobilise the EGF. The main elements of the assessment are as follows:

**Austria: EGF/2010/007 AT/Steiermark and Niederösterreich:** on 09 March 2010, Austria submitted application EGF/2010/007 AT/Steiermark and Niederösterreich for a financial contribution from the EGF, following redundancies in 54 enterprises operating in the NACE Revision 2 Division 24 ('Manufacture of basic metals') in the NUTS II regions of Steiermark (Styria, AT22) and Niederösterreich (Lower Austria, AT12) in Austria. The application was supplemented by additional information up to 22 February 2011.

In order to establish the link between the redundancies and the global financial and economic crisis, Austria argues that the global drop in demand for metal as a result of the crisis had a particularly heavy impact on Austria's metal exports (ferrous and non-ferrous) and thus on the country's metal output and employment (close to 80% of the Austrian metal production is exported, and metal accounts for almost 9% of Austria's total export volume). Austria also emphasises the high degree of interdependence among enterprises within the metal sector and with some of the industries most affected by the crisis, such as the construction, engineering and automobile industries.

Austria submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State.

The application cites 1 180 redundancies in 54 enterprises operating in the NACE Revision 2 Division 24 ('Manufacture of basic metals') in the contiguous NUTS II regions of Steiermark (AT22) and Niederösterreich (AT12) from 1 April 2009 to 31 December 2009.

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 Austria, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 8 284 908** representing 65 % of the total cost.

**IMPACT ASSESSMENT:** no impact assessment was carried out.

**FINANCIAL IMPLICATIONS:** 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 referred to above, 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, as required by Article 12(6) of Regulation (EC) No 1927/2006.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified triilogue 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 triilogue meeting will be convened.

An amount of EUR 16 808 313 remains available on the EGF Budget line 04.0501 after adoption by both arms of the Budgetary Authority of two Decisions totalling an amount of EUR 777 390, and taking into account the three cases currently discussed by the Budgetary Authority for a total amount of EUR 30 023 247. This available amount will be used to cover the amount of EUR 8 284 908 needed for the present application.