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

2011/2199(BUD) - 22/09/2011 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the transport 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 Greece to mobilise the EGF. The main elements of the assessment are as follows:

**Austria: application EGF/2011/001 AT/Niederösterreich-Oberösterreich**: on3 January 2011, Austria submitted application EGF/2011/001 AT/Niederösterreich-Oberösterreich for a financial contribution from the EGF, following redundancies in 706 enterprises operating in the NACE Revision 2 Division 49 ('Land transport and transport via pipelines') in the NUTS II regions of Niederösterreich (AT12) and Oberösterreich (AT31) in Austria. The application was supplemented by additional information up to 9 June 2011.

In order to establish the link between the redundancies and the global financial and economic crisis, Austria argues that the crisis with its impact on European consumer behaviour and the reduced production of goods had a particularly heavy negative impact on the transport sector which has unfolded in a delayed manner, in comparison to core industries of the secondary sector. Amid to the crisis, national transport of goods had fallen in the first six months of 2009 by an average 10-20 % compared to the previous year, and the international transport business by 20-30%. An increase of bankruptcies of at least 20% was also mentioned in the study. The freight business in Austria suffered from a decrease of 30-50% in July 2009, according to the Freight Association of the Austrian Economic Chamber (Fachverband Güterbeförderungsgewerbe der Wirtschaftskammer Österreich). For lorries with an authorized total weight above 3.5 tons, the traffic decreased in the first half of 2009 by 17% compared to the same period of the previous year. These downward trends continued in 2010 with the result that many Austrian road transport businesses had to lay off workers. Particularly affected by these developments are small and very small transport firms which often work as subcontractors for large forwarding agents.

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 2 338 redundancies in 706 enterprises operating in the NACE Revision 2 Division 49 ('Land transport and transport via pipelines')in the NUTS II regions of Niederösterreich (AT12) and Oberösterreich (AT31) during the reference period from 1 February 2010 to 31 October 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 Austria, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 3 643 770**, 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 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 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.

Amending budget 3/2011 increased EGF budget line 04.0501 by EUR 50 million in payment appropriations. Appropriations from this budget line will be used to cover the amount of EUR 3 643 770 needed for the present application. An amount of EUR 9 009 960 remains available on the EGF Budget line 04.0501 after adoption by the two arms of the Budgetary Authority of the cases submitted to the Budgetary Authority to date.