

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy

2013/2139(BUD) - 28/06/2013 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automotive sector in Italy.

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

Italy: EGF/2012/008 IT: on 5 November 2012, Italy submitted application EGF/2012/008 IT/De Tomaso Automobili for a financial contribution from the EGF, following redundancies in De Tomaso Automobili S.p.A. in Italy. The application was supplemented by additional information up to 5 March 2013.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Italy argues that globally, car production increased by 22.4% in 2010 (after a 9.6% downturn in 2009). In total, 58.3 million cars were manufactured in 2010. Although the EU was the biggest producer, accounting for 26% of world car production, in 2010, figures make it clear that growth in automobile manufacturing in the EU lags well behind that of its major competitors, thus leading to a loss of EU market share in the sector (market share in the world production of motor vehicles decreased from 28.4% in 2004 to 26.3% in 2010) and this decrease in EU market share is part of a longer trend, marked by the rapid growth in Asian markets.

The Commission states that to date, the automotive sector has been the subject of the most numerous EGF applications, with 16 cases.

Italy 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 1 030 redundancies in De Tomaso Automobili S.p.A. during the reference period from 5 July 2012 to 28 August 2012.

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 Italy, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 2 594 672**, representing 50% of the total cost.

IMPACT ASSESSMENT: not applicable.

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 2 594 672, 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 triologue 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 triologue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2013 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations allocated to the EGF budget line in the 2013 budget will be used to cover the amount of EUR 2 594 672 needed for the present application.