Mobilisation of the European Globalisation Adjustment Fund: redundancies in the solar module producing in Germany

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the solar module producing 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: EGF/2013/003 DE/First Solar: On 12 April 2013, Germany submitted application EGF/2013 /003 DE/First Solar for a financial contribution from the EGF, following redundancies in First Solar Manufacturing GmbH in Germany. The application was supplemented by additional information up to 14 August 2013.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Germany states that First Solar, a US company with two sites in Frankfurt (Oder) in Germany, decided in 2011 to close the plants due to the lack of economic viability. The plants closed in 2013, with the redundancies spread over the period between 1 January and 1 June.

First Solar Manufacturing GmbH is only one of many European solar enterprises that have become insolvent. Chinese and Taiwanese companies were able to grow revenue faster than German and US companies. Between 2005 and 2011, the revenue share of China increased from 11 % to 45 %, while that of Germany fell from 64 % to 21%. China has built up huge overcapacities in solar modules, which neither its own consumers nor the world market can absorb; this coupled with the worldwide decline in demand has led to a collapse in prices.

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 959 redundancies in First Solar Manufacturing GmbH from 15 November 2012 to 15 March 2013.

On the basis of the application from Denmark, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 2 305 357**, representing 50% 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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trilogue 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 trilogue 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 from the EGF budget line will be used to cover the amount needed for the present application.