

Mobilisation of the European Globalisation Adjustment Fund: redundancies in electronic products manufacturing in Italy

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Italy regarding redundancies in the electronic products manufacturing sector.

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

CONTENT: the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020.

[Regulation \(EC\) No 1927/2006](#) established the European Globalisation Adjustment Fund (EGF) in order to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.

The Commission examined the request to mobilise the EGF with a view to assisting Italy. The main elements of the assessment are as follows:

Italy: EGF/2012/007 IT/VDC: on 31 August 2012, Italy submitted application EGF/2012/007 IT/VDC Technologies for a financial contribution from the EGF, following redundancies in VDC Technologies SpA and one supplier in Italy. The application was supplemented by additional information up to 6 September 2013.

The enterprises concerned are VDC Technologies SpA and a supplier, Cervino Technologies Srl, which is a 100% subsidiary of VDC Technologies SpA. VDC Technologies SpA manufactured television sets and television monitors and displays as well as air-conditioning units. Cervino Technologies Srl manufactured plastic mouldings used in television sets and television monitors and displays.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Italy argues that the sectors concerned in the EU have undergone serious economic disruption due to intensified competition from third countries, particularly China. Between 2008 and 2011, China's share of imports into the EU-27 of such products increased from 44.0 % to 52.2%. This change in world trade patterns can be considered to have had a significant impact on employment levels, as around 121 000 jobs have been lost in the sector of the manufacture of computer, electronic and optical products in the EU during the period 2008-2011, which represents a reduction by 7%.

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 1 164 redundancies in VDC Technologies from 26 February 2012 to 25 June 2012 and a further 54 redundancies outside the reference period, but related to the same collective redundancy procedure.

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 is **EUR 3 010 985**, representing 50% of the total cost.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 12 of Council Regulation (EU, Euratom) No 1311/2013, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of EUR 3 010 985.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the [Interinstitutional Agreement](#) of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

The Commission presents separately a transfer request in order to enter in the 2014 budget specific commitment appropriations.

Appropriations allocated to the EGF budget line in the 2014 budget will be used to cover the requested amount needed for the present application.