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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist France which is dealing with redundancies in its car industry.

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

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

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006 (the 'EGF Regulation').

The Commission examined the application for mobilisation of the EGF to assist France and concluded the following :

France: EGF/2014/006 FR/PSA: the French authorities submitted application EGF/2014/006 FR/PSA for a financial contribution from the EGF, following redundancies in Peugeot Citroën Automobiles ('PSA') in France. They submitted the application within **12 weeks** of the date on which the intervention criteria were met, which expired on 11 September 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, France argued that between the years 2000 and 2012, world production of vehicles grew by 25 million units or 44 %. Despite the effects of the global financial and economic crisis, production growth at global level continued (and still continues) at above 3 % per annum.

Within this continued growth, production in the USA declined by 11 %, that in Western Europe by 25 % and that in Japan by 2 %. At the same time, production in South Korea, China, Turkey, Indonesia, Iran, Malaysia, Thailand and South America grew significantly and now constitutes 47 % of world vehicle production (up from 15 % in 2000).

France stresses that, on the demand side, the EU is now a mature market with relatively slow growth, while the share of the BRIC countries in total worldwide demand has increased from 8.4 % in 2000 to 33.5 % in 2010. EU based manufacturers are not well placed to benefit from this growth in demand. Even within the EU, third country manufacturers are taking an ever increasing market share.

To date, the automotive sector has been the subject of 21 EGF applications, 12 of which based on trade related globalisation and 9 on the global financial and economic crisis.

The application relates to 6 120 workers made redundant in PSA. This enterprise operates in the economic sector classified under NACE Rev. 2 division 29 ('Manufacture of motor vehicles, trailers and semi-trailers'). The redundancies are mainly located around the Aulnay plant (being closed) in the NUTS level 2 region of the Ile de France and the Rennes plant in Brittany.

The French application: the French authorities submitted the application under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.

Whilst the application contains some deficiencies (lack of information on the sources of national pre-financing or co-funding and the fact that the French authorities have stated that, apart from the measures which the dismissing enterprise is obliged to provide, the only other measures in support of the redundant workers will be those provided with the support of the EGF), **the Commission could assess the application from France**. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

The Commission proposes to mobilise the EGF for the amount of **EUR 12 704 605** to make a contribution to the package of personalised services.

BUDGETARY IMPLICATIONS: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 12 704 605, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

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.

At the same time, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount of EUR 12 704 605.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.