Mobilisation of the European Globalisation Adjustment Fund: redundancies in the jewellery sector in Ireland

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Ireland in dealing with redundancies in its jewellery sector.

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 Ireland and concluded the following:

Ireland: EGF/2014/007 IE/Andersen: on 16 May 2014, the Irish authorities submitted application EGF /2014/007 IE/Andersen Ireland for a financial contribution from the EGF, following redundancies in Andersen Ireland Limited in Ireland. They submitted the application within **12 weeks** of the date on which the intervention criteria were met, which expired on 16 May 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Ireland argues that in terms of both volume and value, non-EU imports have come to dominate the EU costume (i.e. fashion) jewellery market for the past five years or more. In 2008, Eurostat figures cited by Ireland show that sales within the EU by both EU and non-EU producers started from an almost identical position of 56 000 tonnes in volume of product. Both experienced drops in volume. While the EU volume of product sold in the EU market dropped to 10 600 tonnes in 2012, the non-EU imported product, dropped far less to 45 700 tonnes. Where there had been parity in 2008, four years later the EU was outstripped four-fold by imports. Of this volume of non-EU product, 95% was imported from mostly Asian countries such as China, India, Thailand, and the Philippines. These are precisely the same locations where several companies based in the EU had meanwhile moved their production facilities, including market leaders Folli Follie and Swarovski.

This situation has been further exacerbated by the shift in trade in the sector that has seen a move from the traditional marketing model used by Andersen Ireland and its parent Pierre Lang, with thousands of sales personnel across the European market, being replaced by the virtual, global and without borders model of online sales.

Moreover, the redundancies have a significant adverse impact on the local and regional economy, as Andersen Ireland was a major employer in this mainly rural area, where it had been active for 37 years. Of the 171 strong workforce, 119 workers (69.6 %) were female whose wage was often the sole or most significant income for entire families in this economically challenged area.

It should be noted that this is the first EGF application for workers made redundant in the sector of jewellery, bijouterie and related articles.

Background to the request from Ireland: the Irish authorities submitted the application under the intervention criteria of Article 4(2) of the EGF Regulation, derogating from the criteria of Article 4(1)(a), 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. In the application, a reference period of four months is demonstrated, while the number of workers being made redundant is lower than the 500 person threshold for an Article 4(1)(a) application. Ireland has argued that **exceptional circumstances prevail in this case**, as the redundancies have a serious impact on employment and the local and regional economy.

The application relates to 171 workers made redundant in Andersen Ireland Limited. The enterprise operated in the economic sector classified under NACE Rev. 2 division 32 ('Manufacture of jewellery, bijouterie and related articles'). The redundancies made by the enterprise concerned are mainly located in the NUTS level 2 region of IE02 Southern and Eastern.

The reference period of four months runs from 21 October 2013 to 21 February 2014.

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 1 501 200** to make a contribution to the package of personalised services.

BUDGETARY IMPLICATION: 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 1 501 200, 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.

The Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the requested amount.

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.