Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of electrical equipment sector in Italy

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Italy following redundancies in its manufacture of electrical equipment 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 Italy and concluded the following:

Italy:application EGF/2014/010 IT/Whirlpool: the Italian authorities submitted application EGF/2014 /010 IT/Whirlpool for a financial contribution from the EGF, following redundancies in Whirlpool Europe S.r.l. and five suppliers and downstream producers in Italy. The authorities submitted the application within the **12 week** delay as set out in the EGF Regulation, which expires on 5 November 2014.

In order to establish the link between the redundancies and the global financial and economic crisis, Italy argues that in 2009, as a consequence of the global financial and economic crisis, there was a significant downturn in the economy at EU-28 level, as well as in the Italian economy. The Italian GDP growth rate was positive in 2010 (1.7%) and 2011 (0.4%) and negative since then (-2.4% in 2012 and -1.9% in 2013).

This situation of recession has had a profound effect on the consumption choices of Italian households which had reconsidered their buying decisions, in particular those related to buying durable goods. Domestic appliances belong to this group of goods.

According to data referred to by the Italian authorities, all five largest domestic appliance manufacturers in Italy (Electrolux, Indesit, Whirlpool Europe, Franke and Antonio Merloni), have suffered a sharp decline in production over the period 2008-2012 due to the economic and financial crisis.

The Commission states that to date, the manufacture of electrical equipment sector has been the subject of three EGF applications, all of them based on the global financial and economic crisis. The arguments presented in previous EGF applications related to this sector remain valid.

Background to the French application: the Italian authorities submitted the application under the intervention criterion 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.

The Italian authorities voluntarily shortened the reference period of four months provided for in Regulation (EU) No 1309/2013. The reference period is from 10 December 2013 to 31 March 2014.

The application relates to 608 workers made redundant in Whirlpool Europe S.r.l. and five providers and downstream producers. The primary enterprise operated in the economic sector classified under NACE Rev. 2 division 27 ('Manufacture of electrical equipment'). The redundancies made by the enterprises concerned are located in the NUTS level 2 region of Provincia Autonoma di Trento (ITH2).

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.

In view of the Italian request, it is proposed to mobilise the EGF for the amount of **EUR 1 890 000** 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 1 890 000, 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 as it presents this proposal for a decision to mobilise the EGF, 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.

When the Commission adopts this proposal for a decision to mobilise the EGF, it will also 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.