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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Poland following redundancies in its automotive 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) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EC) No 1927/2006 (the 'EGF Regulation') of the European Parliament and of the Council.

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

Polond: EGF/2013/006 PL/Fiat Auto Poland: Poland submitted the application to the Commission on 29 July 2013 and supplemented by additional information up to 16 June 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Poland argues that the European automotive industry has lost market share since 2007. That year European passenger car production accounted for 32.2% of global production, whereas in 2012 it had amounted to 23.2%.

Poland added that while world production levels increased by 5.3% from 2011 to 2012, EU-27 production decreased by 7% in the same period and that the situation was even worse at national level, where production volume decreased by almost a third in 2012 compared to 2011 levels.

The impact of globalisation has been worsened by the effect of the financial crisis, which has reduced the sales of new passenger cars in the EU to the lowest level since records began.

As regards Fiat Auto Poland, the applicant stated that over the 2009-2013 period, while production decreased by 56%, employment dropped by only 46%.

To date, the automotive sector has been the subject of 21 EGF applications, of which 12 are based on trade related globalisation, while the other 9 are based on the crisis criterion.

Poland 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 the final figure of 829 redundancies in Fiat Auto Poland and 250 from 21 suppliers and downstream producers. The redundancies took place during the four-month reference period from 21 January 2013 to 21 May 2013.

The Polish Authorities have pointed out that the information in the EGF application is based on the number of unemployed people registered in the Labour Office and that, according to these data, they consider the 829 redundancies related to Fiat Auto Poland and 250 redundancies related to its suppliers to be eligible for the purposes of the EGF application.

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 Poland, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 259 610**, representing 50% of the total cost.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF and the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of the requested contribution (EUR 1 259 610), which represents 50% of the total costs of the measures.

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, as required under point 13 of the Interinstitutional Agreement of 2 December 2013.