Mobilisation of the European Globalisation Adjustment Fund: redundancies in the solar module producing in Germany

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Germany following redundancies in its solar modular producing 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) 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 (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').

In this context, the Commission examined the application for mobilisation of the EGF to assist Germany and concluded the following:

Germany: EGF/2014/014 DE/Aleo Solar: the German authorities submitted application EGF/2014/014 DE/Aleo Solar for a financial contribution from the EGF, following redundancies in aleo solar AG and two subsidiaries in Germany.

The German authorities submitted the application within **12 weeks** of the date on which the intervention criteria set out below were met. The deadline expired on 16 December 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Germany states that aleo solar was a German company within the Robert Bosch Group, which is only one of many European solar enterprises that have become insolvent in the same sector.

According the conclusions of a 2011 study, the sector of activity increased by 79% from $21 billion to $36 billion (2005-2011) in a market where installations grew by 129%. However, Chinese and Taiwanese companies were able to grow revenue faster than German and US companies. Market share of German companies continued to slide. Thus, between 2005 and 2011, the revenue share of China increased from 11% to 45%, while that of Germany fell from 64% to 21%. The only other EU Member State with a production significant enough to be listed, is Spain with 1%.

Aleo solar in 2010 had a turnover of EUR 550 million and a profit of EUR 43 million. This declined rapidly from 2011 and by 2013 had reached losses of EUR 92 million. Employment in the company meanwhile declined from 995 in 2011 to 740 in 2013. Despite various efforts to restructure and improve efficiency, it did not manage to return to profitability, and future prospects were no better. Aleo solar went into liquidation and closed or sold off its facilities, while some other German solar companies struggling with losses moved production to the Far East, e.g. Malaysia.

To date, solar module manufacturing has been the subject of two EGF applications (including this one), both of which were based on trade related globalisation.

The application relates to 657 workers made redundant in aleo solar AG and its two subsidiaries. Aleo solar operated in the economic sector classified under NACE Rev. 2 division 26 ('Manufacture of computer, electronic and optical products'). The redundancies made by the enterprises concerned are located in the NUTS level 2 regions of Brandenburg (DE 40) and Weser-Ems (DE 94).

Basis of the German application: the German 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 and / or self-employed persons' activity ceasing in its suppliers and downstream producers.

The application relates to 390 workers made redundant in aleo solar AG during the reference period of four months, and 267 workers made redundant in its two subsidiaries during the same reference period.

The Commission therefore proposes to mobilise the EGF for the amount of **EUR 1 094 760**.

FINANCIAL 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 1 094 760, 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 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.