Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Germany

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Germany following redundancies in its automotive 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 Commission examined the application for mobilisation of the EGF to assist Germany and concluded the following:

Germany: EGF/2015/002 DE/Adam Opel: on 26 February 2015, Germany submitted application EGF /2015/002 DE/Adam Opel for a financial contribution from the EGF, following redundancies in Adam Opel AG and one supplier in Germany.

Germany submitted its application within **12 weeks** of the date on which the intervention criteria set out in the EGF Regulation were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 16 July 2015.

In order to establish the link between the redundancies and the global financial and economic crisis, Germany argues that due to the crisis, the number of cars sold in Europe is the lowest since 1997. In Western Europe sales dropped dramatically and reached a 20-year record low. As a consequence of the financial and economic crisis, the number of newly registered cars in the EU and EFTA Member States saw a 25 % drop between 2007 and 2013.

The German Automobile Manufacturers Association (*Verband* der *Automobilindustrie*) reports a sharp drop in market share for all relevant manufacturers on the European market of small and medium-sized vehicles within the medium-price segment, such as Opel, Fiat, PSA, Renault (excluding Dacia), Ford and Toyota, since 2007. In addition to the overall drop in car sales, a shift from medium-priced vehicles to economy vehicles could be observed. The sharp drop in overall car sales can be attributed to the ongoing economic and financial crisis.

As a consequence of the sharp decline of car sales, Adam Opel AG faced the problem of overcapacities. Adam Opel AG currently operates five plants for the production of Opel and Vauxhall cars in Europe: two in Germany (the third plant, Bochum, has been shut down since 31 December 2014 and is the subject of this proposal), and one each in Poland, the United Kingdom and Spain

To date, the NACE Revision 2 Division 29 sector (Manufacture of motor vehicles, trailers and semi-trailers) has been the subject of 21 EGF applications, 11 of which based on trade related globalisation and 10 on the global financial and economic crisis.

Basis of the German application: Germany 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 over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased.

The reference period of four months for the application runs from 15 August 2014 to 15 December 2014.

The redundancies during the reference period are as follows:

- 2 826 workers made redundant in Adam Opel AG,
- 55 workers made redundant in Johnson Controls Objekt Bochum GmbH & Co. KG, a supplier of Adam Opel AG.

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 6 958 623, representing 60% of the total costs of the proposed actions.

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 amount required.

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.