

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

2018/2025(BUD) - 08/03/2018 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Ingeborg GRÄSSLE (EPP, DE) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, amounting to EUR 2 165 231 in commitment and payment appropriations, **to assist Germany** facing redundancies in the automotive sector.

The European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns.

German application: Germany submitted application EGF/2017/008 DE/Goodyear for a financial contribution from the EGF, following **646 redundancies at Goodyear Dunlop Tires Germany GmbH** in the manufacture of rubber and plastic products in the Regierungsbezirk of Karlsruhe, Germany.

Given that the redundancies are expected to have a significant adverse effect on the local economy, Members considered that **the conditions set out in Article 4(1) of the EGF Regulation are met** and that Germany is entitled to a financial contribution of EUR 2 165 231, which represents 60 % of the total cost of EUR 3 608 719.

Reasons for the dismissals: Germany argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation and its negative impact on **B-segment car tyre production** in the European Union.

Members are aware of the fall in Union automotive output and market shares in the wake of globalisation. As a result, significant overcapacity has built up in the B tyre segment at Goodyear, forcing the company to close one of its European plants, which was the largest employer in the region.

Package of personalised services: Members stated that Germany is considering six types of actions in favour of the dismissed employees:

- upskilling measures;
- peer groups/workshops;
- business start-up advice;
- research;
- follow-up mentoring;
- training allowance.

The report noted that the income support measures **will account for the maximum 35% of the overall package** of personalised measures and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities. It pointed also to the fact that a significant percentage of the redundant workers are between **55 and 64** years old with skills specific to the manufacturing sector and that around **300 of the redundant workers** are unskilled and have a migratory background and are without a formal qualification.

Members welcomed that the proposed actions will be complementary with actions funded by the Structural Funds and that the financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements.

They also welcomed the decision of the public employment service to take into account both future labour market needs and the qualifications of the workers concerned when designing a qualification and skills strategy.