

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

2018/2025(BUD) - 14/03/2018 - Budgetary text adopted by Parliament

The European Parliament adopted by 607 votes to 86, with 8 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (request submitted by Germany - EGF/2017/008 DE/Goodyear).

Parliament approved the proposal for a decision to mobilise the EGF to provide a **financial contribution of EUR 2 165 231** in commitment and payment appropriations to assist Germany facing redundancies in the automotive sector.

As a reminder, the request for financial support from the EGF was submitted by Germany on 6 October 2017 following **646 redundancies at Goodyear Dunlop Tires Germany GmbH** in the manufacture of rubber and plastic products in the Regierungsbezirk of Karlsruhe, Germany.

Parliament noted the following points:

**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.

The redundancies that occurred in Goodyear are expected to have a **significant adverse effect on the local economy**, and that the impact of the layoffs is linked to the difficulties of redeployment due to the scarcity of jobs, to the low educational background of the dismissed workers, to their specific vocational skills developed in a sector now in decline, and to the high number of job seekers.

**Package of personalised services:** six types of actions in favour of the dismissed employees are proposed: (i) upskilling measures; (ii) peer groups/workshops; (iii) business start-up advice; (iv) research; (v) follow-up mentoring; (vi) training allowance.

Parliament 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.

**Beneficiaries:** the resolution stressed that a significant percentage of the redundant workers are between **55 and 64 years old** with skills specific to the manufacturing sector. Around **300 of the redundant workers** are unskilled and have a migratory background and are without a formal qualification. It also emphasised that the Waghäusel region, where the Philippsburg plant is located, is facing structural changes which makes active labour market measures necessary to improve the chances of reintegration in the labour market of these groups.

Overall, Parliament 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.

The resolution also welcomed Germany's assurance that:

- the measures organised are in line with Germany's **sustainability** strategy, and that the body setting up the two transfer companies holds a sustainability certification;
- the proposed actions will not receive financial support from other Union funds or financial instruments;
- a 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, or measures for restructuring companies or sectors.

Lastly, Parliament called on the Commission to: (i) urge national authorities to provide more details, in future proposals, **on the sectors which have growth prospects** and are therefore likely to hire people; (ii) gather substantiated data on the **impact of the EGF funding**, including on the quality of new jobs and the reintegration rate achieved through the EGF.