



EUROPEAN COMMISSION

Brussels, 20.7.2011  
COM(2011) 447 final

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/003 DE/Arnsberg and Düsseldorf automotive from Germany)**

## EXPLANATORY MEMORANDUM

Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup> allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund<sup>2</sup>.

On 9 February 2011, Germany submitted application EGF/2011/003 DE/Arnsberg and Düsseldorf automotive for a financial contribution from the EGF, following redundancies in five enterprises operating in the NACE Revision 2 Division 29 ('Manufacture of motor vehicles, trailers and semi-trailers')<sup>3</sup> in the NUTS II regions of Arnsberg (DEA5) Düsseldorf (DEA1) in Germany.

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.

### SUMMARY OF THE APPLICATION AND ANALYSIS

<b>Key data:</b>	
EGF Reference no.	EGF/2011/003
Member State	Germany
Article 2	(b)
Enterprises concerned	5
NUTS II regions	Arnsberg (DEA5) Düsseldorf (DEA1)
NACE Revision 2 Division	29 ('Manufacture of motor vehicles, trailers and semi-trailers')
Reference period	1.3.2010 – 1.12.2010
Starting date for the personalised services	1.3.2010
Application date	9.2.2011
Redundancies during the reference period	778
Redundant workers targeted for support	778
Expenditure for personalised services (EUR)	6 389 028
Expenditure for implementing EGF <sup>4</sup> (EUR)	300 000
Expenditure for implementing EGF (%)	4,48
Total budget (EUR)	6 689 028

<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

<sup>3</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

<sup>4</sup> In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

EGF contribution (65 %) (EUR)	4 347 868
-------------------------------	-----------

1. The application was presented to the Commission on 9 February 2011 and supplemented by additional information up to 28 April 2011.
2. The application meets the conditions for deploying the EGF as set out in Article 2(b) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

**Link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis**

3. In order to establish the link between the redundancies and the global financial and economic crisis, Germany<sup>5</sup> argues that, as a consequence of the crisis, demand for new motor vehicles in the European Union (EU) decreased in 2009 by 5,6 % compared to 2008 and by 13,3 % compared to the pre-crisis year 2007. The EU followed the trend noted at world-wide level where demand for new motor vehicles dropped by 5,6 % in 2009 compared to 2008. Faced with this drop in demand, manufacturers of motor vehicles reduced their production even more drastically. In 2009 the production of motor vehicles in the EU decreased by 17 % compared to 2008 and by 23 % compared to 2007.

This downward trend continued in 2010. The production of motor vehicles in the EU in the first three quarters of 2010 was 14 % below that of the same period in 2008. As Germany is the biggest motor vehicle manufacturing country in the EU the crisis had severe consequences for its motor vehicle manufacturing industry. In 2009 the production of motor vehicles in Germany dropped by 13,8 % compared to 2008 and by 16,1 % compared to 2007. The suppliers to the automotive industry were more severely impacted than the main manufacturers. In 2009 the turnover of the motor vehicles manufacturers in Germany decreased by 20 % compared to 2008, whereas for the suppliers to these manufacturers the decrease for the same period was 26 %. The redundancies covered by the present application concern specifically dismissals by the suppliers.

**Demonstration of the number of redundancies and compliance with the criteria of Article 2(b)**

4. Germany submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State.
5. The application cites 778 redundancies in five enterprises operating in the NACE Revision 2 Division 29 ('Manufacture of motor vehicles, trailers and semi-trailers')<sup>6</sup> in the NUTS II regions of Arnsberg (DEA5) and Düsseldorf (DEA1) during the nine-month reference period from 1 March 2010 to 1 December 2010. All of these

<sup>5</sup> Statistics in this chapter are from the European Automobile Manufacturers Association (ACEA).

<sup>6</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

redundancies were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

### **Explanation of the unforeseen nature of those redundancies**

6. The German authorities argue that the suppliers have been put under pressure for some time by the motor vehicle manufacturers to reduce their margins. The sudden and drastic crisis related reduction in demand for motor vehicles in 2009, which could not have been foreseen, resulted in a significant reduction in production capacity utilisation as well as in significant drop in revenue for the suppliers to the automotive industry. As a consequence, a significant number of suppliers went bankrupt, whilst others had to drastically reduce their production capacity, with ensuing staff reductions. Three enterprises covered by the present application went bankrupt and the two others had to dismiss workers in order to reduce their costs.

### **Identification of the dismissing enterprises and workers targeted for assistance**

7. The application relates to 778 redundancies all of whom are targeted for assistance in the following five enterprises:

Enterprises and number of dismissals			
Pampus Automotive GmbH & CO. KG, Arnberg	374	Wiederholt GmbH, Arnberg	124
Continental Automotive GmbH Dortmund, Arnberg	45	Tedrive Steering GmbH, Düsseldorf	224
Leopold Kostal GmbH, Arnberg	11		
<b>Total enterprises: 5</b>		<b>Total dismissals: 778</b>	

8. The break-down of the targeted workers is as follows:

Category	Number	Percent
Men	709	91,1
Women	69	8,9
EU citizens	700	90,0
Non EU citizens	78	10,0
15-24 years old	19	2,4
25-54 years old	587	75,4
55-64 years old	172	22,1
> 64 years old	0	0,0

9. There are 136 (i.e. 17,5 %) workers with a long standing health problem or disability included in the categories above).

10. In terms of occupational categories, the break-down is as follows:

<b>Category</b>	<b>Number</b>	<b>Percent</b>
Professionals	17	2,2
Technicians and associate professionals.	117	15,0
Clerks	35	4,5
Service workers and shop and market sales workers.	4	0,5
Craft and related trade workers	171	22,0
Plant and machine operators and assemblers	346	44,5
Elementary occupations	88	11,3

11. In accordance with Article 7 of Regulation (EC) No 1927/2006, Germany has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

### **Description of the territory concerned and its authorities and stakeholders**

12. The territory principally concerned by the redundancies is the land North Rhine Westphalia, in particular the administrative districts of Arnsberg and Düsseldorf.

The responsible authorities are the Ministry for Labour, Integration and Social Affairs of the land North Rhine Westphalia, the central office of the Federal Employment Office, the regional directorate North Rhine Westphalia of the Federal Employment Office and the employment offices of Hamm and Wuppertal. Other stakeholders include IG Metall Unna, the insolvency administrators for the enterprises Tedrive Steering GmbH, Pampus Automotive GmbH & Co. KG and Wiederholt GmbH, the enterprises Continental Automotive GmbH and Leopold Kostal GmbH, the transfer companies PEAG Personalentwicklungs- und Arbeitsmarktagentur GmbH and Weitblick Personalpartner GmbH.

### **Expected impact of the redundancies as regards local, regional or national employment**

13. The German authorities state that at national level the financial and economic crisis had a severe impact on the automotive industry. Employment in the motor vehicle manufacturing industry decreased by 3,5 % in 2009 compared to 2008, for the suppliers to the automotive industry the decrease reached 5 %.
14. Of the 778 redundancies covered by the application 554 occurred in the administrative district of Arnsberg and 224 in the administrative district of Düsseldorf. As a region with economic sectors that are largely export oriented, such as the automotive and metal industry as well as the manufacturing of machinery, Arnsberg has been severely hit by the crisis. In addition, the employment rate in Arnsberg was already affected by the dismissals by Nokia in Bochum, for which an EGF contribution was granted following application EGF/2009/002 DE/Nokia, and it will be further hit by the announced 1 200 redundancies at the General Motors Europe plant also located in Bochum. The administrative district of Düsseldorf is characterised by an unemployment rate that is generally higher than the average for North Rhine Westphalia and Germany.

15. In December 2009 the unemployment rate reached 10,5 % both in Düsseldorf and Arnsberg against 9,6 % for North Rhine Westphalia and 8,7 % for Germany. In December 2010 this rate was 10,0 % in Düsseldorf, 9,7 % in Arnsberg, 9 % in North Rhine Westphalia and 8 % for Germany.

**Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds**

16. The following types of measures are proposed, all of which combine to form a coordinated package of personalised services aimed at re-integrating the workers into the labour market:
- Job search allowance: short-time allowance: This measure is intended to secure the livelihoods of workers who opt to enter into a transfer company<sup>7</sup>. For the purpose of the EGF application, the short-time allowance is only included for periods within which the dismissed workers are actively participating in active labour market policy measures provided within the framework of a transfer company, including measures undertaken at the own initiative of the worker.
  - Training courses leading to qualifications: These courses are targeted at redundant workers without recognised or with obsolete training qualifications as well as industrial workers. The courses consist of intensive training measures adapted to the current needs of the labour market and based on profiling, and an initial interview with the workers as well as a further assessment of their qualification ability. The measure includes individual and group qualifications, i.a. in the following areas: learning to learn, German language course, basic PC course, EU-professional driver, driver of passenger and freight trains, nursing and elderly care, Computerised Numerical Control (NCN) milling and turning, specialist training in mechanical, pneumatic and hydraulic engineering.
  - In-depth guidance for business start-up: This covers guidance and support, including information on regionally existing support measures, for planning, implementing and financing of a business start-up, as well as providing knowledge on commercial, marketing and sales aspects. Individual coaching is also possible i.a. to prepare discussions on financing, the elaboration of a marketing strategy or market studies.
  - Workshops and peer groups: This measure, which has already been successfully implemented in previous German EGF cases, consists of specific coaching in small groups. Through exchange of experience in small groups of workers with a similar vocational background and similar difficulties on the labour market, positive approaches are disseminated and self-confidence boosted. The peer groups target particularly migrant and older workers and workers with disabilities. A new theme that will be addressed is "Unemployment and health" in order to help dismissed workers to tackle the personal crisis through preventive action.

---

<sup>7</sup> A transfer company is an instrument provided for under German law which can be put in place in case of restructuring with ensuing job losses. The transfer company makes it possible to prepare in a structured manner redundant workers for new jobs through coaching, qualification and placement activities.

- International and national labour market guidance: This measure aims at preparing a limited number of workers to apply for a job outside their region, including outside Germany. It covers i.a. information on employment conditions abroad, visits to trade fairs, organisation of job fairs, translation of certificates, intercultural and foreign language training.
  - Activation supplement: This covers an incentive for workers, who accept a new job with a lower salary than the one in their previous job. The worker receives a lump sum if the new salary is at least 10 % lower than the previous salary and relates to a part- or full-time contract of employment of indefinite duration or of at least one year.
  - Placement research: Placement researchers interface with potential employers and, on the basis of specific job vacancies, identify the most suitable candidates and their job specific training needs. This measure also covers the maintenance of employer databases, which are available to dismissed workers for own initiative job applications.
  - Counselling and support in case of a new job and of unemployment: This measure provides for coaching by the transfer company during the phase within which the workers, who have accepted a new job, are adapting to this job. The objective is to minimise the risk of a new job loss and to stabilise the new labour market situation of the worker concerned. It also provides support for workers who do not find a new job upon termination of the transfer company. In order to ensure continuity in placement activities, they will retain the same mentoring network as in the transfer company. The transfer file/portfolio which for each worker contains the most relevant labour market data and the active labour market measures from which he/she benefited plays an important role for the counselling and support in case of unemployment at the end of the transfer company.
17. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, management and control activities as well as information and publicity.
18. The personalised services presented by the German authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The German authorities estimate the total costs of these services at EUR 6 389 028 and the expenditure for implementing the EGF at EUR 300 000 (4,48 % of the total amount). The total contribution requested from the EGF is EUR 4 347 868 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national cofinancing) (EUR)
<b>Personalised services</b> (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Job search allowance: short time allowance ( <i>Beihilfen für die Arbeitssuche: Transferkurzarbeitergeld</i> )	759	4 816	3 655 344
Training courses leading to qualifications ( <i>Qualifizierungsmassnahmen</i> )	350	3 399	1 189 650
In-depth guidance for business start-up ( <i>Vertiefte Existenzgründungsberatung</i> )	35	1 655	57 925
Workshops and peergroups	75	1 185	88 875
International and national labour market guidance ( <i>Internationale und nationale Arbeitsmarktberatung</i> )	40	757	30 280
Activation supplement ( <i>Aktivierungszuschuss</i> )	150	2 395	359 250
Placement research ( <i>Stellenresearch</i> )	428	703	300 884
Counselling and support in case of a new job and of unemployment ( <i>Beratung und Betreuung bei Arbeitsaufnahme und bei Arbeitslosigkeit</i> )	599	1 180	706 820
<b>Sub total personalised services</b>			<b>6 389 028</b>
<b>Expenditure for implementing EGF</b> (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
<b>Sub total expenditure for implementing EGF</b>			<b>300 000</b>
<b>Total estimated costs</b>			<b>6 689 028</b>
<b>EGF contribution (65 % of total costs)</b>			<b>4 347 868</b>

19. Germany confirms that the measures described above are complementary with actions funded by the Structural Funds, in particular with ESF certified training courses towards qualifications provided within the framework of the federal programme ESF-BA. The German authorities have put in place the necessary mechanisms to avoid any risk of double funding.



### **Date(s) on which the personalised services to the affected workers were started or are planned to start**

20. Germany started the personalised services to the affected workers included in the coordinated package proposed for co-financing to the EGF on 1 March 2010. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

### **Procedures for consulting the social partners**

21. The Federal Ministry for Labour and Social Affairs consulted the shopfloor and management representatives of the enterprises concerned and gave them the possibility to participate actively in the preparation of the global package of personalised services. The concept for a package of active labour market measures was presented and discussed at a round table with representatives of the shopfloor and management, IG Metall, the transfer service providers, the Ministry of Labour, Integration and Social Affairs of North Rhine Westphalia as well as the Federal Employment Service. The relevance of the measures in view of a reintegration into employment was further checked with the competent regional employment offices.
22. The German authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

### **Information on actions that are mandatory by virtue of national law or pursuant to collective agreements**

23. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the German authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
  - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
  - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

### **Management and control systems**

24. Germany has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the European Social Fund (ESF) funding in the Germany. Within the Federal Ministry for Labour and Social Affairs (Bundesministerium für Arbeit und Soziales) the 'Gruppe Europäische Fonds für Beschäftigung – Referat EF 3' will act as managing authority and the 'Organisationseinheit Prüfbehörde' as control authority.

### **Financing**

25. On the basis of the application from Germany, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to

implement EGF) is EUR 4 347 868, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Germany.

26. Considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.
27. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.
28. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified triologue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal triologue meeting will be convened.
29. The Commission presents separately a transfer request in order to enter in the 2011 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

#### **Source of payment appropriations**

30. As a reinforcement of the EGF budget line 04.0501 by EUR 50 000 000 is foreseen through AB2/2011, this budget line will be used to cover the amount of EUR 4 347 868 needed for the present application.

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/003 DE/Arnsberg and Düsseldorf automotive from Germany)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>8</sup>, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund<sup>9</sup>, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission<sup>10</sup>,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.
- (2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Germany submitted an application to mobilise the EGF, in respect of redundancies in five enterprises operating in the NACE Revision 2 Division 29 ('Manufacture of motor vehicles, trailers and semi-trailers') in the NUTS II regions of Arnsberg (DEA5) and

---

<sup>8</sup> OJ C 139, 14.6.2006, p. 1.

<sup>9</sup> OJ L 406, 30.12.2006, p. 1.

<sup>10</sup> OJ C [...], [...], p. [...].

Düsseldorf (DEA1), on 9 February 2011 and supplemented it by additional information up to 28 April 2011. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 4 347 868.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Germany.

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2011, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 4 347 868 in commitment and payment appropriations.

*Article 2*

This Decision shall be published in the *Official Journal of the European Union*.

Done at [Brussels/Strasbourg],

*For the European Parliament*  
*The President*

*For the Council*  
*The President*