



EUROPEAN COMMISSION

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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/2010/007 AT/Steiermark and Niederösterreich from Austria)**

## 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 09 March 2010, Austria submitted application EGF/2010/007 AT/Steiermark and Niederösterreich for a financial contribution from the EGF, following redundancies in 54 enterprises operating in the NACE Revision 2 Division 24 ('Manufacture of basic metals')<sup>3</sup> in the NUTS II regions of Steiermark (Styria, AT22) and Niederösterreich (Lower Austria, AT12) in Austria.

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/2010/007
Member State	Austria
Article 2	(b)
Enterprises concerned	54
NUTS II regions	Steiermark (AT22) Niederösterreich(AT12)
NACE Revision 2 Division	24 ('Manufacture of basic metals')
Reference period	1.4.2009 – 31.12.2009
Starting date for the personalised services	1.4.2009
Application date	9.3.2010
Redundancies during the reference period	1 180
Redundant workers targeted for support	356
Expenditure for personalised services (EUR)	12 266 158
Expenditure for implementing EGF <sup>4</sup> (EUR)	479 855
Expenditure for implementing EGF (%)	3,8
Total budget (EUR)	12 746 013
EGF contribution (65 %) (EUR)	8 284 908

<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.

1. The application was presented to the Commission on 9 March 2010 and supplemented by additional information up to 22 February 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, Austria argues that the global drop in demand for metal as a result of the crisis had a particularly heavy impact on Austria's metal exports (ferrous and non-ferrous) and thus on the country's metal output and employment. According to Eurostat and Statistik Austria figures quoted in the application, close to 80 % of the Austrian metal production is exported, and metal accounts for almost 9 % of Austria's total export volume, a higher share than the EU-27 average (6,1 %).
4. Before the crisis, the Austrian metal sector was dynamic, achieving a clear trade surplus thanks to strong export activities, particularly in the iron and steel (ferrous) product group. This had helped to successfully counterbalance globalisation-related forces, such as increased metal imports from third countries.

The sector's previous growth stopped abruptly in the fourth quarter of 2008, leading to a 38,6 % drop in metal exports in the period January - July 2009 compared to the previous year. The drop in export activities was less accentuated for Austria's other goods (-24 % for the total export volume). Quoting Eurostat input-output tables, Austria also emphasises the high degree of interdependence among enterprises within the metal sector and with some of the industries most affected by the crisis, such as the construction, engineering and automobile industries.

5. A working paper of the European Commission services issued in April 2009 and in October 2009<sup>5</sup> stated that the crisis impacted fiercely on all the largest steel producing countries of the EU. Over the year to the first quarter of 2009, the production of crude steel in the EU-27 fell by 43,8 %, compared with a contraction in world steel output by 22,8 % over the same period. Many European steel companies have reduced the number of days of production or mothballed capacity, and close to 32 800 redundancies were announced by major steel groups, according to figures from EUROFER, the European Confederation of Iron and Steel Industries. All this demonstrates the severe adverse impact of the crisis on the European metal sector.

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

6. Austria 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.

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<sup>5</sup> Impact of the economic crisis on key industrial sectors of the EU – the case of the manufacturing and construction industries: [http://ec.europa.eu/enterprise/newsroom/cf/\\_getdocument.cfm?doc\\_id=4040](http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=4040) (4/2009) and [http://ec.europa.eu/enterprise/newsroom/cf/\\_getdocument.cfm?doc\\_id=5509](http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=5509) (10/2009).

7. The application cites 1 180 redundancies in 54 enterprises operating in the NACE Revision 2 Division 24 ('Manufacture of basic metals') in the contiguous NUTS II regions of Steiermark (AT22) and Niederösterreich (AT12) during the nine-month reference period from 1 April 2009 to 31 December 2009. All of these 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**

8. The Austrian authorities argue that the global crisis with its impact on the basic metal sector could not be foreseen, citing radical downward revisions of the forecasts concerning real GDP growth made by international and national bodies since the end of 2007, such as the European Commission, the OECD and the Austrian economic research institutes WIFO (Österreichisches Institut für Wirtschaftsforschung) and IHS (Institut für höhere Studien). Having forecast in autumn 2008 a slight growth of 0,9 % and 1,2 %, the two national institutes had to adjust their prognoses for 2009 downward to -3,4 % and -3,8 % in September 2009. Although the metal industry is generally subject to cyclical fluctuations, the speed and intensity of the decline provoked by the crisis was not foreseeable and came as a surprise for the sector.
9. WIFO survey results also reported sharp falls of confidence among Styrian and Lower Austrian metal firms in the first 2009 months: compared to an average 21 % in the years up to 2008, a high 83 % of the interrogated firms qualified the volume of their export orders as not sufficient by July 2009.

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

10. The application cites a total of 1 180 redundancies in 54 enterprises during a nine-month reference period out of which 356 workers (30,2 %) are targeted for assistance. All 356 workers entered Voest-Alpine steel foundation ('Voest-Alpine-Stahlstiftung'), a labour foundation of the enterprise type ('Unternehmensstiftung') as defined in federal directive AMF/18-2010<sup>6</sup>. Of the remaining workers who did not enter the foundation, about 76,2 % found new work, some 17,8 % participated in AMS training measures outside the foundation and about 6 % retired or were planning to retire.

Enterprises and number of dismissals			
Alufix-Folienverarbeitungsgesellschaft m.b.H.	6	Icon Anlagenbau GmbH	3
Augusta Metalltechnik GmbH	11	IPA Produktions- & Vertriebsgesellschaft m.b.H.	9
Becker & Co Ges.m.b.H. & Co KG	1	Isoplus Fernwärmetechnik Gesellschaft m.b.H.	32
Benda-Lutz Werke GmbH	11	Johann Nemetz & Co Gesellschaft m.b.H.	13
Biedermann	1	Karl Fink Ges.m.b.H.	30
Böhler Bleche GmbH & Co KG	47	Kunstguss Wagner Gesellschaft	1

<sup>6</sup> Austrian labour foundations are an active labour market policy instrument in Austria to improve the labour market position of job seekers. They are based on Arbeitslosenversicherungsgesetz (§ 18) and on implementing directives issued by the labour market service (AMS). Latest AMS directive: [http://www.ams.at/docs/001\\_ast\\_RILI.pdf](http://www.ams.at/docs/001_ast_RILI.pdf).

Enterprises and number of dismissals			
		m.b.H.	
Böhler Edelstahl GmbH & Co KG	37	Martin Miller GmbH	9
Böhler Schweisstechnik Austria	10	Metallguss Katz GmbH	3
Böhler-Uddeholm Precision Strip GmbH & Co KG	133	Neuman Aluminium Strangpresswerk GmbH	99
Böhler-Ybbstal Profil GmbH	45	O. St. Feinguss- Gesellschaft m.b.H.	12
Breitenfeld Edelstahl AG Stahlwerk und Schmiede	32	Schlieper Gesellschaft m.b.H.	20
Buntmetall Amstetten Gesellschaft m.b.H.	10	Schoeller-Bleckmann Edelstahlrohr GmbH	24
Dynacast Österreich Gesellschaft m.b.H.	14	Sonderstahlwerk Breitenfeld GmbH	1
EGM-Industrieguss GmbH	5	Stahl Judenburg Gesellschaft m.b.H.	16
ELSA Edelmetall-Legier-und Scheideanstalt Gesellschaft m.b.H.	1	Stahl- und Walzwerk Marienhütte Ges. m.b.H.	5
Enzesfeld-Caro Metallwerke Aktiengesellschaft	21	Teich Aktiengesellschaft	10
FM Flanschenwerk Ges.m.b.H.	3	Ternitz Druckguss Gesellschaft m.b.H.	1
Franz Steininger Gesellschaft m.b.H.	4	TIP Formenbau GmbH	3
Georg Fischer Eisenguss GmbH	6	VAEE Eisenbahnsysteme GmbH	11
Georg Fischer Fittings GmbH	15	Voestalpine Austria Draht GmbH	29
Georg Fischer GmbH & Co KG	4	Voestalpine Giesserei Traisen GmbH	32
Georg Fischer Kokillenguss GmbH	59	Voestalpine Krems GmbH	56
Georg Fischer Moessner GmbH Nfg & Co KG	10	Voestalpine Schienen GmbH	2
GF Druckguss GmbH	14	Voestalpine Stahl Donawitz GmbH & Co KG	14
GLS Tanks International GmbH	28	Voestalpine Tubulars GmbH & Co KG	166
G-MAG Europe GmbH	12	Welser Profile AG	14
Hammerschied Ernstbrunner Eisengiesserei GmbH & Co KG	4	Wuppermann Austria Gesellschaft m.b.H.	21
<b>Total no. of enterprises: 54</b>		<b>Total no. of dismissals: 1 180</b>	

11. The break-down of the 356 targeted workers is as follows:

Category	Number	Percent
Men	343	96,3
Women	13	3,7
EU citizens	354	99,4
Non EU citizens	2	0,6
15-24 years old	96	27,0
25-54 years old	246	69,1
55-64 years old	14	3,9
> 64 years old	0	0,0

12. There are 11 workers (or 3,1 %) with a longstanding health problem or disability included in the categories above.

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

Category	Number	Percent
Managers	2	0,6

Technicians	31	8,7
Clerical support workers	22	6,2
Craft and related trades workers	75	21,1
Plant and machine operators and assemblers	42	11,8
Elementary occupations	184	51,7

14. In accordance with Article 7 of Regulation (EC) No 1927/2006, Austria 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**

15. The territories concerned by the redundancies are the Land of Steiermark (AT22) and the Land of Niederösterreich (AT12), two of Austria's nine federal provinces. Both provinces belong to Austria's industrial regions, together with Oberösterreich and Vorarlberg. Niederösterreich is Austria's largest federal province, surrounding Vienna, the Austrian capital, which itself also has province status. It shares a border with the Czech Republic and Slovakia, and its provincial capital is Sankt Pölten. Steiermark shares a border with Slovenia, and its provincial capital, Graz, is Austria's second largest city after Vienna.
16. The Austrian authorities explained that both provinces continue to suffer from structural weaknesses with gross regional products (regional GDPs) below the national average (2006 figures). The unemployment rate in Steiermark is generally above the national average, in particular around the city of Graz and the Western and Eastern parts of the province, whereas unemployment in Niederösterreich is roughly at the same level as for Austria as a whole. Long-term unemployment (more than a year) is above the national average in both provinces, and both experience significant differences in income within their regions, which reflects the diversity of their territories in terms of geography, character and economic structure. Reasons for the relatively unfavourable situation are the late effects of the structural crises in the late 1980s in Steiermark which had led to early retirement schemes and a low employment rate of women, particularly in the rural areas. Niederösterreich is experiencing structural changes and is facing the challenge of matching qualifications with jobs.
17. The main stakeholders are the Styrian and Lower Austrian regional public employment services (regionale Geschäftsstellen des Arbeitsmarktservice/AMS), the Engineering and Metalworking Association of the Austrian Economic Chamber (Fachverband der maschinen- und metallverarbeitenden Industrie der Wirtschaftskammer Österreich), the Mining and Iron Producing Industry Association of the Austrian Economic Chamber (Fachverband der Bergwerke und eisenerzeugenden Industrie der Wirtschaftskammer Österreich), the metal-textile-food trade union (Gewerkschaft Metall-Textil-Nahrung) and the trade union of private sector employees, printing, journalism, and paper (Gewerkschaft der Privatangestellten, Druck, Journalismus, Papier), both under the umbrella of Austria's Federation of Trade Unions (Österreichische Gewerkschaftsbund /ÖGB).

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

18. The figures quoted in the application illustrate the importance of the metal industry for both provinces' employment situation: in 2008 the sector represented 2,1 % of employment in Steiermark (highest share in Austria, against 1 % for the whole country) and in Niederösterreich this share was 1,5 % (third highest share in Austria).
19. Quoting figures of Statistik Austria and Austrian research institutes, the Austrian authorities explained that overall unemployment increased sharply in 2009: +39,9 % in Steiermark and +31,3 % in Niederösterreich, compared to a lower +29,3 % for Austria as a whole (2nd quarter 2009). The decline in demand for metal had a strong negative impact on the Styrian and Lower Austrian labour markets, as the job losses in their metal enterprises were higher than elsewhere in Austria. In addition to this, the number of workers on short time working schemes (Kurzarbeit) increased: in November 2009, Niederösterreich had the highest number of workers in this scheme among all Austrian provinces, and Steiermark had the third highest number.
20. Almost 60 % of the redundancies which are the subject of this application occurred in Niederösterreich (704 workers in 33 companies) and more than 40 % of the redundancies (476 workers in 21 companies) occurred in Steiermark. Steiermark has already been accepted for EGF support in a previous case: EGF/2009/009 AT/Steiermark (automotive sector) with 744 dismissed workers in a nine-month period.

### **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**

21. The following types of measures are proposed, all of which combine to form a coordinated package of personalised services aimed at re-integrating the 356 targeted workers into employment.

The measures will be provided to the workers through Voest-Alpine steel foundation ('Voest-Alpine-Stahlstiftung'), an enterprise-type labour foundation established in 1987-88 to alleviate the adverse impacts of the restructuring in the steel sector. In 2010 the foundation has a membership of more than 80 companies, i.e. enterprises active in the metal sector. About two thirds of the member companies belong to the voestalpine Group, the other third is constituted by companies external to the Group<sup>7</sup>. As a result of the crisis, the number of foundation participants, i.e. unemployed workers in training, education and re-integration programmes, has doubled (March 2010, in comparison to the previous year). The 356 people targeted by this application are former workers of companies belonging to the voestalpine Group who entered the labour foundation between 1 April 2009 and 31 December 2009.

22. The measures for the 356 targeted workers enrolled in the foundation are agreed with and controlled by the public employment services ('AMS, Arbeitsmarktservice') of Steiermark and Niederösterreich. The meaningfulness of each measure for the labour

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<sup>7</sup> [http://www.voestalpine.com/group/static/sites/default/downloads/en/share/share/Annual\\_Report\\_2009-10.pdf](http://www.voestalpine.com/group/static/sites/default/downloads/en/share/share/Annual_Report_2009-10.pdf)

market is assessed, and compliance with the foundation rules ('Stiftungsordnung') and other applicable sets of laws is assured. The development of the individual workers is monitored to ensure that the plans agreed in the initial phases of the programme are pursued. In line with § 18 of Arbeitslosenversicherungsgesetz (ALVG) and depending on each person's former work time pattern, the workers must involve themselves full-time.

- Preliminary consultation: All 356 dismissed workers engage in this after entering the labour foundation. It includes the development of career perspectives and goals.
- Occupational orientation: All 356 dismissed workers follow this after entering the foundation. The duration is limited to six weeks with the possibility of extending it to a maximum of 12 weeks in particular cases. An individual occupational pathway plan and an alternative plan is agreed upon and signed by the worker, the representatives of the steel foundation and the responsible regional AMS. This forms the basis for the worker's subsequent activities within the labour foundation.
- Individual training: Training courses are planned for 174 workers and cover classical upskilling in the workers' previous fields (e.g. foreman training, welding and other technical courses) as well as initial vocational training to prepare a change of career to areas such as the social, health and service fields (proposed for approximately half of the 174 workers). Lower skilled workers can receive vocational training to obtain a formal qualification (roughly a quarter of the participants). A part of the vocational training will not need to be co-financed by the EGF because it is delivered free of charge within the Austrian educational system. In cases where an agreed training programme takes longer than the EGF implementation period, the additional financing will be provided by the foundation<sup>8</sup>.
- Practical corporate internships for a period of up to three months per enterprise and entrepreneurship training for those interested in setting up their own businesses is also offered in the catalogue of measures. Those having accomplished entrepreneurship training within the foundation will later on have the possibility to join the Enterprise Foundation Programme of the Arbeitsmarktservice which is financed outside the EGF. Before entering this specific programme of the AMS, the worker's participation in the labour foundation is ended.
- Continuous consultation & active job search: The foundation makes available the required infrastructure and provides advice and support to the 356 workers in their efforts to find a new job. This includes activities such as discussions with a coach, training on how to apply for a job, peer groups to promote networking capabilities. The active job search can either start directly after the orientation phase or on completion of the individual training path. The normal duration of this measure is limited to 14 weeks, renewable to 22 weeks in particular cases (for

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<sup>8</sup> According to § 18 of Arbeitslosenversicherungsgesetz (ALVG), a worker's participation in the foundation is limited to 156 weeks (three years) with the possibility to extend it to 209 weeks (four years) in particular cases (people aged over 50 or people on longer qualification programmes).



participants aged over 50 or for people with a reduced working capacity). Reasonable job offers from the AMS must be accepted by the participants during the active job search phase.

- Training and job search allowance<sup>9</sup>: This allowance is paid to all 356 workers only for the duration of their participation in the training and active re-integration measures within the labour foundation. The basic rate is between EUR 150 and EUR 450 per person and month (14 months/year), supplemented by EUR 75 / EUR 40 for sole earners with or without children (12 months/year). This allowance, combined with the subsistence allowance, may not exceed a worker's unemployment benefit assessment basis. Unemployment benefits are interrupted during the period these training allowances are granted.
  - Subsistence allowance while on training and on job search measures<sup>10</sup>: This allowance is granted to 353 dismissed workers only for the duration of their participation in the training and active re-integration measures within the labour foundation. It permits a serious full-time involvement of each dismissed worker in the measures. The authorities estimate that 60 people will participate in the training and re-integration measures during 6,1 months, 138 people during 15 months, 51 people during 30 months and 104 people during 33,2 months. The costs per worker/month amount to EUR 1 031. This allowance, combined with the training and job search allowance, may not exceed a worker's unemployment benefit assessment basis. Unemployment benefits are interrupted during the period these subsistence allowances are granted.
  - Ancillary costs while on training: This is granted only to the 174 foundation participants who are in training measures to cover travel expenses and the cost of learning materials.
23. 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, information and publicity as well as control activities and the management of Voest-Alpine steel foundation. All partners involved in the measures are committed to communicating the EGF support. The foundation management costs will be calculated on a pro-rata basis for the actually supervised people and will not exceed EUR 954 per person.
24. The personalised services presented by the Austrian authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Austrian authorities estimate the total costs of these services at EUR 12 266 158 and the expenditure for implementing EGF at EUR 479 855 (3,80 % of the total amount). The total contribution requested from the EGF is EUR 8 284 908 (65 % of the total costs).

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<sup>9</sup> Based on § 18 of Arbeitslosenversicherungsgesetz (ALVG).

<sup>10</sup> Based on § 18 of Arbeitslosenversicherungsgesetz (ALVG).

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)			
Preliminary consultation ('Erstberatung')	356	49	17 444
Occupational orientation ('Berufsorientierung')	356	1 022	363 832
Individual training, including internships and entrepreneurship training ('Individuelle Qualifizierung')	174	3 052	531 048
Continuous consultation & active job search ('laufende Beratung und aktive Jobsuche')	356	1 056	375 936
Training and job search allowance ('Zuschussleistung/Stipendium bei aktiver Beratung, Jobsuche oder Ausbildung')	356	9 307	3 313 292
Subsistence allowance while on training and job search - 6,1 months ('Schulungsarbeitslosengeld')	60	6 308	378 480
Subsistence allowance while on training and job search - 15 months ('Schulungsarbeitslosengeld')	138	15 456	2 132 928
Subsistence allowance while on training and job search - 30 months ('Schulungsarbeitslosengeld')	51	30 886	1 575 186
Subsistence allowance while on training and job search - 33,2 months ('Schulungsarbeitslosengeld')	104	34 240	3 560 960
Ancillary costs while on training ('Ausbildungsnebenkosten')	174	98	17 052
<b>Sub total personalised services</b>			<b>12 266 158</b>
<b>Expenditure for implementing EGF</b> (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			57 500

Management of the Voest-Alpine steel foundation (outplacement foundation)		339 355
Information and publicity		18 000
Control activities		65 000
<b>Sub total expenditure for implementing EGF</b>		<b>479 855</b>
<b>Total estimated costs</b>		<b>12 746 013</b>
<b><i>EGF contribution (65 % of total costs)</i></b>		<b>8 284 908</b>

25. Austria confirmed that the measures described above are complementary with actions funded by the Structural Funds and that double financing is excluded. The Austrian ESF Operational Programme under objective 2 focuses on the long-term unemployed, whereas the EGF aims to help workers immediately after their lay-offs. Hence, there is no overlapping between the two funds.

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

26. Austria started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 1 April 2009, which is the date when the first workers entered the labour foundation. 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**

27. The Austrian authorities explained that the dialogue with social partners on how to alleviate the effects of the job losses for the concerned workers was started when the companies notified the planned dismissals to the Austrian authorities, in line with the Austrian 'Frühwarnsystem'/early warning system (§ 45a of Arbeitsmarktförderungsgesetz/AMFG).
28. As concerns the role of Voest-Alpine steel foundation, the social partners' agreement in principle was obtained in the late 1980s, when the labour foundation was established. The following social partners gave their agreement for this specific EGF application, up to August 2009: the Engineering and Metalworking Association of the Austrian Economic Chamber (Fachverband der maschinen- und metallverarbeitenden Industrie der Wirtschaftskammer Österreich), the Mining and Iron Producing Industry Association of the Austrian Economic Chamber (Fachverband der Bergwerke und eisenerzeugenden Industrie der Wirtschaftskammer Österreich), the metal-textile-food trade union (Gewerkschaft Metall-Textil-Nahrung) and the trade union of private sector employees, printing, journalism, and paper (Gewerkschaft der Privatangestellten, Druck, Journalismus, Papier), both under the umbrella of Austria's Federation of Trade Unions (Österreichische Gewerkschaftsbund /ÖGB).

29. Austria further explained that the Austrian social partnership cooperation is a voluntary arrangement of mostly informal nature and not regulated by law<sup>11</sup>. Only when companies decide to participate in specific labour policy measures are they subject to the applicable public employment service (AMS) rules. The redundancies concerned by this application are based on employer/works council agreements ('Betriebsvereinbarungen'), rather than collective agreements negotiated for the whole metal sector.

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

30. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Austrian authorities in their application and supplementary information:
- 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**

31. Austria has notified the Commission that Voest-Alpine steel foundation will provide the 35 % national co-financing. The labour foundation itself is financed through solidarity contributions paid by the employers and employees of current member enterprises. These contributions vary and are regularly reviewed by the social partners.
32. Austria confirmed that the financial contribution will be managed by the same body that manages the ESF: unit VI/INT/9 within the Federal Ministry for Labour, Social Affairs and Consumer Protection (BMASK Bundesministerium für Arbeit, Soziales und Konsumentenschutz) will act as managing authority and as payment service. The financial control authority for the EGF is different to that of the ESF: unit VI/S/5a within BMASK will assure this function for the EGF. The coordinated package of personalised measures is implemented by Voest-Alpine steel foundation, monitored by the public employment service (AMS). Furthermore, the BMASK is supported by a technical assistance provider who will also act as first level control. All major arrangements and obligations are laid down in written agreements.

### **Financing**

33. On the basis of the application from Austria, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 8 284 908 representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Austria.

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<sup>11</sup> ÖGB website [http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft\\_mission\\_en.pdf](http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft_mission_en.pdf)

34. 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.
35. 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.
36. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue 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 dialogue meeting will be convened.
37. The Commission presents separately a transfer request in order to enter in the 2011 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

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

38. An amount of EUR 16 808 313 remains available on the EGF Budget line 04.0501 after adoption by both arms of the Budgetary Authority of two Decisions totalling an amount of EUR 777 390, and taking into account the three cases currently discussed by the Budgetary Authority for a total amount of EUR 30 023 247. This available amount will be used to cover the amount of EUR 8 284 908 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/2010/007 AT/Steiermark and Niederösterreich from Austria)**

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>12</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>13</sup>, and in particular Article 12(3) thereof,

Having regard to the proposal from the Commission<sup>14</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) Austria submitted an application to mobilise the EGF, in respect of redundancies in 54 enterprises operating in the NACE Revision 2 Division 24 ('Manufacture of basic metals') in the contiguous NUTS II regions of Steiermark (Styria, AT22) and Niederösterreich (Lower Austria, AT12) in Austria, on 09 March 2010 and supplemented it by additional information up to 27 January 2011. This application

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<sup>12</sup> OJ C 139, 14.6.2006, p. 1.

<sup>13</sup> OJ L 406, 30.12.2006, p. 1.

<sup>14</sup> OJ C [...], [...], p. [...].

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 8 284 908.

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

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 8 284 908 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*