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1 181 former workers of Heidelberger Druckmaschinen AG to get help worth €8.3 million from EU Globalisation Fund

The European Commission has approved an application from Germany for assistance from the European Globalisation adjustment Fund (EGF). The €8 308 555 requested by the German authorities will help 1 181 redundant workers back into employment. The application was submitted after 1 263 employees involved in the manufacture of printing machinery were made redundant by Heidelberger Druckmaschinen AG. The application will now be sent to the European Parliament and EU Ministers (the EU's Budgetary Authority) for approval.

"The economic downturn has hit employment around the EU. With orders for printing machinery down by 52.6 % in Germany, this sector has not escaped job losses, said Employment Commissioner László Andor, "Workers all over the EU are benefiting from help under the EGF and I'm confident that those made redundant at Heidelberger Druckmaschinen will also face brighter job prospects thanks to EGF measures."

The German application relates to 1 263 redundancies in Heidelberger Druckmaschinen AG, an enterprise involved in the manufacturing of printing machinery. Due to the financial and economic crisis, expenditure on printed material, i.e. the final output of the printing equipment, and in particular expenditure for advertising material, decreased significantly worldwide. In the first half of 2009, expenditure on advertisements in Europe decreased by more than 9 % compared with the same period of 2008. For the printing sector, this decrease resulted in a lower degree of capacity utilisation and an increase in idle time of the equipment. As a consequence, the printing industry reacted with drastic cuts in capital expenditure, which in turn affected the manufacturers of printing equipment.

Although Heidelberger Druckmaschinen AG in 2008 adopted an adaptation programme that provided for a reduction of costs of about EUR 300 million per year, this effort was not sufficient to prevent the decision to make a large number of workers redundant in order to adapt to the sudden drop in demand resulting from the financial and economic crisis.

The redundancies have had a significant impact on regional employment in those towns most affected: in Heidelberg, Mannheim and Karlsruhe the unemployment rate increased respectively by 12.4 %, 12.3 % and 15.6 % between December 2008 and March 2010 – significantly higher than the increase of 3.7 % during the same period for Germany as a whole.

The package of EGF assistance for the former workers of Heidelberger Druckmaschinen AG will help 1 181 of the most disadvantaged workers back into employment by offering them: job search allowances, management of qualifications and training courses leading to new qualifications, counselling and support, workshops and peer groups, placement research and international guidance, in-depth guidance for business start-up and mobility allowances.

The total estimated cost of the package is almost € 13 million, of which the European Union has been asked to provide EGF assistance of € 8.3 million.

Background

There have been 65 applications to the EGF since the start of its operations in January 2007, for a total amount of about €373.6 million, helping more than 70,000 workers. EGF applications relate to the following sectors: automotive (France, Spain, Portugal, Austria, Germany, Sweden); textiles (Italy, Malta, Lithuania, Portugal, Spain and Belgium); mobile phones (Finland and Germany); domestic appliances (Italy); computers and electronic products (Ireland and Portugal); mechanical/electronic (Denmark and Germany); repair and maintenance of aircraft and spacecraft (Ireland); crystal glass (Ireland); ceramics and natural stone (Spain); construction (Netherlands, Ireland and Lithuania); carpentry and joinery (Spain); electrical equipment (Lithuania) publishing and printing industry (Netherlands), furniture (Lithuania), retail trade (Czech Republic and Spain) and wholesale trade (Netherlands). Final reports from the earlier cases supported by the EGF show strong results in helping workers stay in the labour market and find new jobs.

The EGF, an initiative first proposed by President Barroso to provide help for people who lose their jobs due to the impact of globalisation, was established by the European Parliament and the Council at the end of 2006. In June 2009, the EGF rules were revised to strengthen the role of the EGF as an early intervention instrument. It forms part of Europe's response to the financial and economic crisis. The revised EGF Regulation entered into force on 2 July 2009 and applies to all applications received from 1 May 2009 onwards.

Further information

EGF website : <http://ec.europa.eu/egf>

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