

Brussels, 21 October 2009

1,500 former workers of Volvo and its suppliers to get help worth €9.8 million from EU Globalisation Fund

The European Commission has today approved an application from Sweden for assistance from the European Globalisation Adjustment Fund (EGF). The application, one of the first benefiting from the revised regulation, will now be put before the European Parliament and the Council of the European Union for decision. If approved, the €9.8 million requested will help 1,500 workers made redundant in the motor industry back into employment.

"All corners of the EU are feeling the effects of the current crisis. The car sector has been hit particularly hard by the current economic crisis with new registrations down by 20%", said Employment Commissioner Vladimír Špidla. "I am glad that the affected workers in our Member States are benefiting from the help the EGF can provide. I'm also confident that the planned measures will help these workers to return to the labour market".

The Swedish application relates to 4,687 redundancies in total, of which 2,258 in Volvo Cars and 2,429 in 23 of its suppliers and downstream producers. The redundancies are a consequence of the rapid decline in demand for cars caused by the financial and economic crisis. Volvo Cars, owned by the Ford Motor Corporation, is exposed to the problems facing the US car market, which has been particularly seriously affected. The funding will help the 1,500 most disadvantaged of these dismissed workers back into employment.

The region of Västsverige, where 73% of the redundancies occurred, is suffering not only from the redundancies from Volvo Cars, but also those from Saab and Volvo AB and their suppliers. The number of unemployed workers in the region in March 2009 was 60% higher than in March 2008.

The total estimated cost of the package of EGF assistance is €15 million, of which the European Commission has been asked to fund €9.8 million. The package will include guidance, entrepreneurship promotion, aid for self-employment, preparatory training, training and retraining and generation change. "Generation change" is an innovative measure that provides for younger workers finding their way into a new job to be coached by older workers about to reach retirement age but still in place and available to do the training, coaching and mentoring. This will ensure that valuable skills are not lost but passed down to the next generation.

Background

There have been 33 applications to the EGF so far, for a total amount of over €157 million, helping more than 40,000 workers. The Volvo application is the seventh concerning the automotive sector. Other applications relate to textiles, construction, electrical equipment, manufacture of machinery and equipment, computers, mobile phones, crystal glass, furniture, domestic appliances, construction, ceramic products, builders' carpentry and aircraft maintenance. Initial reports from the first cases where EGF intervened show strong results to help workers stay in the labour market.

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 and applies to all applications received from 1 May 2009 onwards. Volvo is the fifth application approved by the Commission benefiting from the revised rules.

Further information

EGF website

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

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http://ec.europa.eu/avservices/video/video_prod_en.cfm?type=details&prodid=9847&src=1

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