



EUROPEAN COMMISSION

PRESS RELEASE

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## **Employment: Commission proposes €11.9 million from Globalisation Fund for former workers of PSA Peugeot Citroën in France**

The European Commission today proposed to provide France with €11.9 million from the European Globalisation Adjustment Fund (EGF) to help 2 089 workers made redundant at the end of 2009 and during 2010 in France by PSA Peugeot Citroën to find new jobs. The proposal now goes to the European Parliament and the EU's Council of Ministers for their approval.

This EGF application is not related to the latest developments in relation to the plant in Aulnay, but was presented by France in response to an earlier wave of redundancies in the PSA group linked to the financial and economic crisis.

EU Commissioner for Employment, Social Affairs and Inclusion László Andor commented: "Car production in Europe has dropped dramatically and many workers in the motor industry are experiencing hardship. Recent news about further redundancies expected in Peugeot Citroën show that the crisis is still having a strong impact on car demand and that structural change in the car industry responding to globalisation is on-going. This proposal for 11.9 million euros from Europe's Globalisation Fund intends to help the workers adapt their skills to make their transition to new jobs faster and easier or help them set up their own enterprise." He added: "I also reiterate the Commission's willingness to examine any further applications for redundant workers in the motor industry."

France applied for support from the EGF concerning 2 089 redundancies in France by PSA Peugeot Citroën following the abrupt drop in demand for new motor vehicles in the EU. The personalised package of EGF co-funded measures aims to help the workers by offering them advisory services and various types of training, including training towards business creation, as well as allowances provided under the so-called *congé de reclassement*<sup>1</sup> and support for business creation. All 2 089 redundant workers are targeted for assistance from the EGF.

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<sup>1</sup> The *congé de reclassement* is a scheme provided by big companies (i.e. employing more than 1 000 workers) to the workers whose dismissal is being planned for economic reasons. When participating in the scheme, the workers can benefit from an assistance structure which –through guidance, training, validation of prior experience, entrepreneurship promotion, etc– will accompany them in their efforts to find another job, change occupation or set up their own business.

The total estimated cost of the package is approximately €18.4 million, to which the EGF would provide €11.9 million.

## **Background**

Demand for motor cars collapsed abruptly in the second half of 2008, especially in Western Europe, which is the largest market for PSA Peugeot Citroën, with a decline in registrations of passenger cars and light trucks in Europe (18 countries in Western Europe) by 10.7% in the third quarter of 2008 and 17% in the fourth quarter compared with the same period of previous year. The fall in vehicle sales due to the financial and economic crisis directly affected the economic performance of PSA Peugeot Citroën, which reported a loss of EUR 344 million for the year 2008 even though at the end of the first half of 2008 the company had still reported a profit of EUR 731 million.

The territories concerned by the redundancies are Bretagne, Franche-Comté, Île-de-France, Alsace and Lorraine. The consequence of the PSA Peugeot Citroën redundancies on the regional labour market has been assessed against the limited and decreasing number of job vacancies available on the territories concerned. In most of them the unemployment rate is higher than the national average. In others such as Bretagne and Alsace, PSA Peugeot Citroën is the foremost employer in the region.

There have been 101 applications to the EGF since the start of its operations in 2007. Some €440.5 million has been requested to help about 91,000 workers. EGF applications are being presented to help redundant workers in a growing number of sectors, and by an increasing number of Member States. More open trade with the rest of the world leads to overall benefits for growth and employment, but it can also cost some jobs, particularly in vulnerable sectors and affecting lower-skilled workers.

This is why Commission President Barroso first proposed setting up a fund to help those adjusting to the consequences of globalisation. The EGF was established by the EU at the end of 2006 and was designed to demonstrate solidarity from the many who benefit from openness of markets to the few who face the sudden shock of losing their jobs. In June 2009, the EGF rules were revised to strengthen the role of the EGF as an early intervention instrument forming part of Europe's response to the financial and economic crisis. The revised EGF Regulation entered into force on 2 July 2009 and applied to all applications received from 1 May 2009 to 30 December 2011 (incl.). In the absence of an agreement in the Council, the EGF's crisis response function could not be prolonged beyond 2011.

Building on the experience acquired with the EGF since 2007 and its value added for the assisted workers and affected regions; the Commission has proposed to maintain the Fund also during the 2014-2020 multiannual financial framework, while further improving its functioning.

## **Further information**

László Andor's website:

[http://ec.europa.eu/commission\\_2010-2014/andor/](http://ec.europa.eu/commission_2010-2014/andor/)

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