



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Employment: Commission proposes €3.9 million from Globalisation Fund to help former tobacco workers in Austria**

The European Commission has today proposed to provide Austria with €3.9 million from the European Globalisation Adjustment Fund (EGF) to help 270 workers made redundant by Austria Tabak GmbH and by 14 suppliers and downstream producers with their re-integration into the labour market. The proposal now goes to the European Parliament and the EU's Council of Ministers for their approval.

EU Commissioner for Employment, Social Affairs and Inclusion László Andor commented: *"The 3.9 million euros we have proposed would help these redundant workers to prepare for new job opportunities in other sectors"*.

Austria applied for support from the EGF for 320 former workers of Austria Tabak GmbH, a manufacturer of cigarette and tobacco products, and 14 suppliers and downstream producers. Among the redundant workers, 270 are expected to participate in the EGF co-financed measures. The package is designed to help the workers by offering them career advice, job search assistance, job mentoring, various types of training and qualification measures, including vocational training in higher technical and vocational schools (*berufsbildende höhere Schulen*), apprenticeships/internships in enterprises, practical on-the-job training, intensive support for workers aged over 50 as well as training and subsistence allowances during the training and active job search. The total estimated cost of the package is approximately €6 million, of which the EGF would provide €3.9 million.

## **Background**

The cigarette and tobacco product manufacturing industry in the EU has been affected by a significant reduction of the EU's share of the world market.

In response to these developments, Japan Tobacco International (Austria Tabak's owner) has shifted production away from the EU to emerging markets. This change of strategy resulted in the closure of Austria Tabak's last remaining factory in Austria, which was located in Hainburg, Niederösterreich. The factory has been wound down in stages from the 2nd half of 2011 up to mid-2012, by when all workers had lost their jobs.

The territory concerned by the closure of the Hainburg production site is the Land of Niederösterreich (Lower Austria), one of Austria's nine federal provinces, and more specifically the district of Bruck an der Leitha and the municipality of Hainburg.

There have been 105 applications to the EGF since the start of its operations in 2007. Some €454 million has been requested to help about 94,500 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 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 at the end of 2006 and was designed to demonstrate solidarity from the many who benefit from open 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 so called "crisis derogation" entered into force on 2 July 2009 and applied to all applications received from 1 May 2009 to 31 December 2011.

Building on the experience acquired with the EGF since 2007 and its value added for the assisted workers and affected regions; the Commission 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/)

[EGF website](#)

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Contacts :

[Jonathan Todd](#) (+32 2 299 41 07)

[Cécile Dubois](#) (+32 2 295 18 83)