

Brussels, 30 January 2008

EU globalisation fund set to help 1,549 Portuguese car workers

The European Commission has today approved an application from Portugal for assistance under the European Globalisation adjustment Fund (EGF). This will now be sent to the European Parliament and Council for decision. If approved, the €2.4 million requested will help 1,549 redundant workers in the automotive sector in Portugal to get back into employment.

EU Employment Commissioner Vladimír Špidla said: "The automotive industry in Europe is feeling the impact of changing demand and production patterns as manufacturers look for cheaper places to make their cars and trucks. This is the case in Lisbon and Alentejo, the two Portuguese regions affected here, where the EGF has been asked to co-fund Member State activities to help redundant workers back into jobs".

The Portuguese application covers 1,549 redundancies in three companies: one from the Lisbon region (Alcoa Fujikura, an electrical component manufacturer); and two from the Alentejo region (Opel Portugal, a truck assembly plant, and Johnson Controls, an auto seat overlay producer). All three companies, owned by North American multinationals, decided to close these plants because of shifting demand, now growing mainly outside Europe. Portugal is seen as "peripheral" to the main growth areas in the world car market and production centres are being moved to areas with lower logistical and transport costs. Portuguese motor vehicle production has declined from 251,000 vehicles in 2002 to 227,000 in 2006 – a drop of 9.5%.

The total estimated cost of the package of EGF assistance, which will include career guidance, vocational training, support for entrepreneurship and skills recognition and certification for the redundant workers is €4.8 million, of which the European Commission has been asked to fund €2.4 million.

Background

This is the sixth application for financial assistance from the Fund to be put forward to the Council and Parliament. It follows the recent approval of an application from the Maltese authorities (December 2007), and is the tenth application to the Fund since its launch in January 2007. Previous cases concerned redundancies in the automotive sector in France (suppliers to Peugeot-Citroen and to Renault), in the mobile phone manufacturing and accessories sectors in Germany and Finland (BenQ and Perlos) and in the textiles sector in Malta (VF and Bortex). Four EGF applications, three from Italy and one from Spain, are currently being analysed by the European Commission. The first four EGF contributions - those from France, Germany and Finland - were paid in full in December 2007.

The EGF may give a financial contribution in cases where more than 1,000 workers in an enterprise, or a region and sector, are made redundant due to major structural changes in world trade patterns leading notably to substantially increased imports into the EU or a rapid decline in EU market share.

The EGF was established by the European Parliament and the Council at the end of 2006 to provide help for people who have lost their jobs due to the impact of globalisation. European Commission President José Manuel Barroso proposed the idea in 2005 at the Hampton Court Summit, with the aim of creating an instrument of solidarity to help workers affected by redundancies resulting from changes in world trade patterns find their way back to work.

EGF website

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