



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 12 March 2013**

**7289/13**

**FIN 121  
SOC 159**

**PROPOSAL**

---

from:	European Commission
dated:	7 March 2013
No Cion doc.:	COM(2013) 119 final
Subject:	Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund in accordance with Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/010 AT/Austria Tabak from Austria)

---

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

---

Encl.: COM(2013) 119 final



Brussels, 7.3.2013  
COM(2013) 119 final

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/010 AT/Austria Tabak from Austria)**

## **EXPLANATORY MEMORANDUM**

Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup> allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund<sup>2</sup>.

On 20 December 2011, Austria submitted application EGF/2011/010 AT/Austria Tabak for a financial contribution from the EGF, following redundancies in Austria Tabak GmbH and in 14 suppliers and downstream producers in Austria.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

### **SUMMARY OF THE APPLICATION AND ANALYSIS**

<b>Key data:</b>	
EGF Reference no.	EGF/2011/010
Member State	Austria
Article 2	(c) – exceptional circumstances
Primary enterprise	Austria Tabak GmbH
Suppliers and downstream producers	14
Reference period	20.8.2011 – 19.12.2011
Starting date for the personalised services	15.11.2011
Application date	20.12.2011
Redundancies during the reference period	320
Redundancies before and after the reference period	0
Total eligible redundancies	320
Redundant workers expected to participate in the measures	270
Expenditure for personalised services (EUR)	5 864 615
Expenditure for implementing EGF <sup>3</sup> (EUR)	200 000
Expenditure for implementing EGF (%)	3,3
Total budget (EUR)	6 064 615
EGF contribution (65 %) (EUR)	3 941 999

1. The application was presented to the Commission on 20 December 2011 and supplemented by additional information up to 9 October 2012.
2. The application meets the conditions for deploying the EGF as set out in Article 2(c) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

<sup>3</sup> In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

### **Link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis**

3. The redundancies were caused by the closure of Austria Tabak's last remaining production site in *Hainburg* (Niederösterreich/Lower Austria). Following a decision by their owners, Japan Tobacco International (JTI)<sup>4</sup>, this cigarette factory has been wound down in stages from the 2<sup>nd</sup> half of 2011 up to mid- 2012.
4. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Austria argues that the cigarette and tobacco product manufacturing industry in the EU (included in NACE Revision 2 Division 12<sup>5</sup>), has been seriously affected by changes in world trade patterns, in particular a significant reduction of the EU market share and delocalisation of production to third countries.

These changes in trade patterns reflect the decline in cigarette consumption in the industrialised European countries as well as the USA and Japan over the past decade (mainly because of tobacco control measures and increasing taxation). Austria backs up their arguments by citing data from the World Health Organisation (WHO)<sup>6</sup> and the Tobacco Atlas published by the World Lung Foundation/American Cancer Society<sup>7</sup>. These show that there is and will be a sharp increase in demand in tobacco products in the emerging Asian countries and in Russia<sup>8</sup>. China, Russia and Indonesia together account for one third of the world's smokers.

Fig. Declining smoking trends in adult male smoking (industrialised countries): 1960-2010

Source: <http://www.tobaccoatlas.org>

---

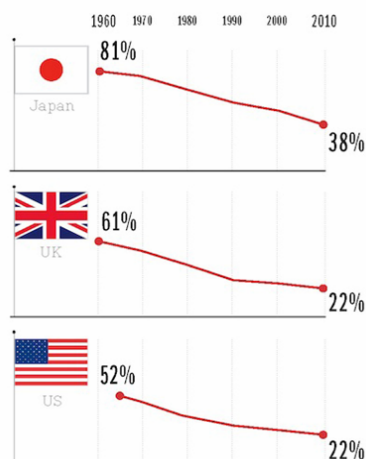
<sup>4</sup> Geneva based JTI belongs to Japan Tobacco Inc., Japan and is one of the world's largest tobacco corporations (in 2007: 10,8 % of the world market), after State-owned China National Tobacco Corporation (in 2007: 32 %), Philip Morris International (in 2007: 18,7 %), and British American Tobacco (in 2007: 17,1 %). JTI currently operates in 120 countries employing 25 000 people.

<sup>5</sup> Division 12 of NACE Revision 2 includes both smoking and smokeless tobacco products. The former include manufactured cigarettes as well as cigars, pipes and hand-rolled cigarettes. Smokeless tobacco includes products such as snuff or chewing tobacco.

<sup>6</sup> <http://www.who.int/tobacco/en/atlas5.pdf>

<sup>7</sup> <http://www.tobaccoatlas.org>: updated 2012 (fourth) edition.

<sup>8</sup> China with 320-350 million smokers represents a huge market, according to WHO, Philip Morris and other sources. More than 38 % of the world's cigarettes in 2009 were consumed in China, the Russian Federation being the next highest-ranking country. The per capita rate of smokers is said to be highest in Russia (about 39 % of Russia's 143 million population), in comparison to 28 % of China's 1,3 billion population and 27 % of the 314 million population of the USA.



5. In response to these developments, Japan Tobacco International (JTI), similar to the other major tobacco corporations, has reduced its production sites and shifted production to the emerging markets. The firm has vigorously promoted the globalisation of its tobacco business and steadily broadened its business base, currently owning 28 production sites world-wide<sup>9</sup>. JTI reduced the number of marketed cigarette brands to the most promising ones and adapted the production processes to the new global set-up allowing them to assign production volumes flexibly to the factories with free capacities.

#### **Explanation of the unforeseen nature of those redundancies**

6. The Austrian authorities explained that the announcement in May 2011 by JTI to close the *Hainburg* site and to dismiss all workers came as a surprise as the factory was modernised just a few years earlier, after JTI had taken over Austria Tabak from the British Gallaher group in 2007. JTI had then planned to make it a medium-sized enterprise producing not only Austrian cigarette brands but increasingly also the so-called GFB (global flagship brands) marketed by the multinational<sup>10</sup>. At that time and in the years up to 2010, this was thought to be a long-term strategy.

The table below shows the closures of Austria Tabak's four factories since 2005 and the 827 redundancies caused, illustrating the reorganisation undertaken by their respective owners, Gallaher group, UK (up to 2007) and JTI<sup>11</sup>.

Austria Tabak sites (4 + HQ)	date of site closure	number of redundancies	comment
Schwaz (Tirol)	end 2005	110	not part of application
Fürstenfeld (Steiermark)	end 2005	48	

<sup>9</sup> [http://www.jt.com/about/division/tobacco\\_global/index.html](http://www.jt.com/about/division/tobacco_global/index.html)

<sup>10</sup> Austrian cigarette brands are for example *Meine Sorte* or *Memphis*. Global flagship brands are for example *Camel* and *Benson & Hedges*.

<sup>11</sup> The years up to 1995, Austria Tabak was State-owned with a monopoly in Austria for producing, finishing and disseminating cigarettes and other tobacco products, such as filters. In 2001, they were acquired by the British Gallaher Group, and JTI took over Gallaher, including Austria Tabak, in 2007.

<i>2006: Gallaher group (UK) modernises Austria Tabak's remaining sites in Linz (Oberösterreich) and Hainburg (Niederösterreich) for higher cigarette volumes.</i>			
<i>2007: Japan Tobacco International (JTI) acquires Austria Tabak restructuring it.</i>			
Linz (Oberösterreich)	end 2009	269	not part of application
<i>2010: the volumes produced so far in Linz are shifted to Hainburg which now manufactures 40% of the cigarettes consumed by the Austrian market. 2010/2011: Philip Morris gains market shares in Austria superseding Austrian brands.</i>			
<b>Hainburg (Niederösterreich)</b>	<b>end 2011</b>	<b>320</b>	<b>subject of the EGF application</b>
Vienna headquarters	2011/2012	80	not part of application
<i>Austrian cigarette brands &amp; global flagship brands are now manufactured within JTI's global production chain (28 production sites world-wide).</i>			

**Demonstration of the number of redundancies and compliance with the criteria of Article 2(c)**

7. Austria submitted the application under the intervention criterion of Article 2(c) of Regulation (EC) No 1927/2006. This provision allows applicants to derogate from the requirements of Articles 2(a) and 2(b) in small labour markets or in exceptional circumstances when redundancies have a serious impact on employment and the local economy. In this case the applicant must specify which of the main eligibility requirements its application fails to meet, and thus from which it is seeking a derogation. The Austrian authorities specified that the application seeks to derogate from Article 2(a), where the normal threshold is at least 500 redundancies over a four-month period.
8. The application cites a total of 320 redundancies in Austria Tabak GmbH, an agency supplying temporary workers (Posavac) and 13 further suppliers and downstream producers during the four-month reference period from 20 August 2011 to 19 December 2011. Out of these, 210 redundancies were calculated in accordance with the first indent and 110 were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.
9. An additional 22 former Austria Tabak workers left the labour market as they opted for early retirement (not part of this EGF application). A further 80 workers were expected to lose their jobs in Austria Tabak's Vienna headquarters, but since some of these dismissals would happen outside the reference period, these 80 workers were not included in this EGF application either.
10. Austria justifies the request for EGF support and the use of the exceptional circumstances criterion by the particular situation of the cross-border area where the redundancies occurred and the serious impact of the redundancies on the local and regional economies and labour markets. The municipality of *Hainburg* is one of the easternmost towns of Austria bordering Slovakia and located in the structurally weak

district of *Bruck an der Leitha*<sup>12</sup>. Many workers from Slovakia (and also from Hungary) take up work on the Austrian side of the cross-border area as the salary levels are higher than at home. For the former Austria Tabak workers, the competition with other job seekers is therefore tough. Details on the expected impact of the redundancies are given further below.



11. In the opinion of the Commission services, the particular situation of the area affected by the job losses (Austrian district bordering Slovakia) and the serious impact on the local and regional economies and labour markets as described by the Austrian authorities combine to meet the exceptional circumstances criterion of Article 2(c) of Regulation (EC) No 1927/2006. Since Austria Tabak was the area's second-largest employer, with many small businesses linked to the enterprise, the impact of the enterprise's closure was particularly severe at local level (*Bruck an der Leitha* district).

#### Identification of the dismissing enterprises and workers targeted for assistance

12. The application relates to 320 redundancies in the following 15 enterprises, with 270 workers (84,4 %) targeted for assistance:

Enterprises and number of dismissals			
Austria Tabak GmbH	210	Eybel	1
Posavac	83	Windisch Bau GmbH	2
ÖWD	4	Kubena	1
Simacek	7	Bauschutz	1
Nitschinger	2	Nagelreiter	4
Rehberger	1	Stuhl	1
Alimanovic	1	Otto	1
Mabeko	1		
<b>Total no. of enterprises: 15</b>		<b>Total no. of dismissals: 320</b>	

13. The break-down of the 270 targeted workers is as follows:

Category	Number	Percent
Men	225	83,3

<sup>12</sup> This district is part of the NUTS III region 'Wiener Umland – Südteil'; in the South it borders with Austria's only 'phasing out' region, the NUTS II province of Burgenland (see map).

Women	45	16,7
EU citizens	253	93,7
Non EU citizens	17	6,3
15-24 years old	47	17,4
25-54 years old	199	73,7
55-64 years old	24	8,9
> 64 years old	0	0,0

14. There are no workers with longstanding health problems or disabilities among the targeted workers.

15. In terms of occupational categories, the break-down is as follows:

<b>Category</b>	<b>ISCO-08</b>	<b>Number</b>	<b>Percent</b>
Clerical support workers	4	7	2,6
Service and sales workers	5	7	2,6
Craft and related trades workers	7	21	7,8
Plant and machine operators, and assemblers	8	53	19,6
Elementary occupations	9	182	67,4

16. In accordance with Article 7 of Regulation (EC) No 1927/2006, Austria has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and in access to the EGF.



### **Description of the territory concerned and its authorities and stakeholders**

17. At NUTS II level, the redundancies concern the Land of Niederösterreich (Lower Austria, AT12), one of Austria's nine federal provinces, and at NUTS III level the region *Wiener Umland/Südteil* (AT127), and more specifically the district of *Bruck an der Leitha* and the municipality of *Hainburg*.
18. The main stakeholders are the provincial government of Niederösterreich (*niederösterreichische Landesregierung*), the regional and local public employment services (*Landesgeschäftsstelle Niederösterreich; Bezirksstelle Bruck/Leitha des Arbeitsmarktservice AMS*), the municipality of Hainburg and, and for the social partners, the Chamber of Labour of Niederösterreich (*Arbeiterkammer Niederösterreich*; worker side), the Economic Chamber of Austria (*Wirtschaftskammer Österreich*; employer side), as well as trade union of private sector employees, printing, journalism, and paper (*GPA-djp, Gewerkschaft der Privatangestellten, Druck, Journalismus, Papier*) and *Produktionsgewerkschaft PRO-GE*, both under the umbrella of Austria's Federation of Trade Unions (*Österreichische Gewerkschaftsbund /ÖGB*)<sup>13</sup>.

### **Expected impact of the redundancies as regards local, regional or national employment**

19. Austria argues that the closure of Austria Tabak's *Hainburg* site has had a severe impact on both the local and regional labour markets. Since Austria Tabak was the area's second-largest employer, with many small businesses linked to the enterprise, the closure has put the *Bruck an der Leitha* district in a particularly difficult situation. In September 2011, the number of job vacancies had almost halved (- 47 %), compared to the same month in the previous year, whereas for Niederösterreich (NUTS II level) and at national level, this decline was much lower (- 4 % and - 7 %, respectively).
20. According to the Austrian authorities, the labour market is strained also at NUTS III level ('Wiener Umland – Südteil'). Statistical data show that already from 2006 to 2010, this region has had the highest unemployment figures among the seven NUTS III regions of Niederösterreich<sup>14</sup>. Moving away to other areas is therefore not an easy option for the dismissed workers, and the fact that many of them had relatively low-paid jobs, makes a new start even more difficult.
21. At NUTS II level, the Land of Niederösterreich was also affected by other mass redundancies for which EGF applications were submitted to the Commission: 704 redundancies in the metal sector in 2009<sup>15</sup> and 1 274 redundancies related to the road transport sector in 2010<sup>16</sup>.

### **Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds**

<sup>13</sup> [http://www.oegb.at/servlet/ContentServer?pagename=S06/Page/Index&n=S06\\_4](http://www.oegb.at/servlet/ContentServer?pagename=S06/Page/Index&n=S06_4)

<sup>14</sup> Statistik Austria: Statistisches Jahrbuch 2012

<sup>15</sup> EGF/2010/007 AT/Steiermark-Niederösterreich, OJ L 263, 7.10.2011.

<sup>16</sup> EGF/2011/001 AT/Niederösterreich-Oberösterreich, OJ L 317, 30.11.2011.

22. The following types of measures are proposed, all of which combine to form a coordinated package of personalised services aimed at re-integrating the 270 targeted workers into employment. They will be provided to the 210 former *Austria Tabak* workers through an enterprise-type labour foundation (*Unternehmensstiftung Austria Tabak*) as defined in Federal Directive AMF/23-2011<sup>17</sup>, established on 1.12.2011 as part of the social plan concluded a few months earlier. The measures for the 60 former workers of the suppliers and downstream producers will be organised outside the labour foundation.
23. The body responsible for implementing the measures within the labour foundation and for the coordination with the regional public employment service (*AMS, Arbeitsmarktservice*) is *waff Arbeitsintegrations GmbH*, Vienna, while the measures for the former workers of the suppliers and downstream producers are carried out by *FAB*, Vienna ([www.fab.at](http://www.fab.at)). Both organisations are specialised in supporting the employment re-integration and sustainable qualification of workers.

The two implementing bodies, in cooperation with the local employment services, assess the meaningfulness of each measure for the labour market, and they monitor the development of each individual worker to ensure that the plans agreed in the initial phases of the programme are pursued. *Waff* and *FAB* also control the compliance of the measures with the foundation rules (*Stiftungsordnung*) and other relevant sets of laws. In line with §18 of *Arbeitslosenversicherungsgesetz* (ALVG) and depending on each person's previous work-time pattern, the workers must involve themselves full-time, learning times included. This is documented through regular reports and certificates to confirm the participation of the workers in the measures.

- Information regarding the labour foundation and admission: General information for the 210 former workers of Austria Tabak GmbH with the possibility for them to apply for admission to the labour foundation.
- Occupational orientation: This is the first activity taking place after the worker has joined the labour foundation or the support scheme organised by *FAB*. It is budgeted for all 270 workers and normally lasts six weeks, with the possibility for extension by a few more weeks in particular cases. It consists of an analysis of the vocational and personal potential of each worker and the definition of a realistic occupational pathway plan forming the basis for the participant's subsequent activities. During this measure, workers can also follow short internships in an enterprise (tasters of maximum five days). Those having the potential to create their own businesses are directed towards the Enterprise Foundation Programme of the AMS which is financed outside the EGF.
- Individual training: This is planned for 225 workers and can cover any training that has been approved by the public employment service in its catalogue of measures and which is necessary or helpful to improve the chances for a re-integration of the individual. Other courses can be approved by the AMS on an individual basis if they are in line with the worker's agreed pathway.

<sup>17</sup>

Austrian labour foundations are an active labour market policy instrument in Austria to improve the labour market position of job seekers. They are based on *Arbeitslosenversicherungsgesetz* (§ 18) and on implementing directives issued by the labour market service (AMS). Latest AMS directive: [http://www.ams.at/docs/001\\_ast\\_RILI.pdf](http://www.ams.at/docs/001_ast_RILI.pdf)

Niederösterreich aims to upskill or retrain as many workers as possible before they start looking for new jobs in order to prepare for the region's future employment challenges (e.g. response to demographic ageing, greener and knowledge-based economy etc.). Depending on their educational and skills levels, the workers have a variety of possibilities at their disposal. For instance, lower skilled people can complete apprenticeships reduced in time (about 50 % of the period normally required) and follow, in parallel, classroom courses. Those with higher technical and/or educational backgrounds can enrol in higher technical and vocational schools (*berufsbildende höhere Schulen*) under Austria's adult vocational education and training scheme (*zweiter Bildungsweg für Erwachsene*). Retraining will be targeted to areas as varied as green jobs, health and care, information technologies, science, tourism and other services.

A part of the studies and vocational training will not need to be co-financed by the EGF because it is financed within the Austrian education system (receiving mixed financing from national, regional and local sources)<sup>18</sup>. In cases where an agreed training programme takes longer than the EGF implementation period, the extended financing will be provided by Austria.

- Consultation and support during training: During the period a worker is on training and qualification measures, the workers are followed-up by the career development consultants of *waff Arbeitsintegrations GmbH* and *FAB* who provide support in case of need. This consultant-worker cooperation secures the successful completion of the agreed pathway plans. This measure has been budgeted for 225 workers.
- Corporate internships during training: An important aspect of the support package is the combination of theoretical and practical learning. Three different types of internships are envisaged, with different durations and clearly defined rights and obligations which need to be agreed by the AMS. This measure has been budgeted for 85 workers.
- Active job search assistance: This provides the workers with personalised assistance to help them find new jobs including techniques on how to prepare for job interviews/selection tests, etc. Depending on each worker's profile and situation, the active job search can either start directly after the occupational orientation or on completion of the individual training path. The public employment services are informed when the worker enters the job search stage. The job seekers can test a future new job during one week. The normal duration of this module is limited to 14 weeks, renewable for an additional 8 weeks for participants aged over 50 or for an additional 14 weeks for people with a reduced working capacity. This measure has been budgeted for 40 workers.
- Inplacement: In exceptional and well defined cases, a theoretical qualification - in combination with practical on-the-job training - can be undertaken directly with an employer. The rights and obligations for enterprise and worker are laid down in a written agreement which has to be approved by the public employment service (AMS). This measure provides that the worker is offered contract-based work in

<sup>18</sup>

[www.abc.berufsbildendeschulen.at/](http://www.abc.berufsbildendeschulen.at/) / <http://www.kursfoerderung.at/index.php?id=3>  
[http://erwachsenenbildung.at/themen/lebenslanges\\_lernen](http://erwachsenenbildung.at/themen/lebenslanges_lernen)

the enterprise either directly after completion of the qualification measures or at an agreed date. It has been budgeted for 60 workers.

- Intensive support for workers aged over 50: A comprehensive set of measures is available to cater for the specific needs and circumstances of older workers to facilitate their re-integration into work and recognising their right to employment up to pension age. This measure has been budgeted for six workers.
- Training allowance (*ausbildungsbedingte Zuschussleistung/Stipendien*)<sup>19</sup>: This allowance is paid for all 210 former workers of Austria Tabak GmbH only for the duration of their participation in the training measures within the labour foundation. The rate is EUR 200 per person and month. It permits the worker to cover travel expenses and the cost of learning materials. This allowance, combined with the subsistence allowance, may not exceed a worker's unemployment benefit assessment basis. Unemployment benefits are interrupted during the period these training allowances are granted.
- Subsistence allowance while on training and on active job search measures (*Schulungsarbeitslosengeld*)<sup>20</sup>: This allowance has been budgeted for all 210 former workers of Austria Tabak GmbH only for the duration of their participation in the training and active re-integration measures within the labour foundation. It permits a serious full-time involvement of each dismissed worker in the measures. The approximate rate is EUR 1 000 per person / month, and 13 months have been calculated in the budget (average figures, as the actual amounts depend on each worker's salary prior to the dismissal and the period during which each worker remains in the active measures). This allowance, combined with the training allowance, may not exceed a worker's unemployment benefit assessment basis. Unemployment benefits are interrupted during the period these subsistence allowances are granted.
- Subsistence allowance while on training and on active job search measures, and qualification bonus (*Beihilfe zur Deckung des Lebensunterhaltes (DLU) und Qualifizierungsbonus*)<sup>21</sup>: This allowance/bonus has been budgeted for 60 former workers of the suppliers/downstream producers only for the duration of their participation in the training and active re-integration measures within the EGF project (supported by *FAB*). It permits a serious full-time involvement of each dismissed worker in the measures.

Workers who participate in longer training measures (longer than three months with a minimum of 25 hours per week) will receive an additional *qualification bonus* (less than EUR 10 per day).

The approximate rate for the subsistence allowance is EUR 1 000 per person / month, and slightly less than 13 months have been calculated in the budget (average figures, as the actual amounts depend on each worker's salary prior to the dismissal and the period during which each worker remains in the active measures). This allowance

<sup>19</sup> Based on § 18 of Arbeitslosenversicherungsgesetz (ALVG).

<sup>20</sup> Based on § 18 of Arbeitslosenversicherungsgesetz (ALVG).

<sup>21</sup> *Beihilfe zur Deckung des Lebensunterhaltes (DLU)*, based on § 35 of Arbeitslosenversicherungsgesetz (ALVG) and on Federal Directive AMF/3-2012 [http://www.ams.at/docs/001\\_bemo\\_RILI.pdf](http://www.ams.at/docs/001_bemo_RILI.pdf)

may not exceed a worker's unemployment benefit assessment basis. Unemployment benefits are interrupted during the period these subsistence allowances are granted.

- Aftercare on a new post: This activity, available upon individual request, can last up to 26 weeks once a worker has taken up new work and after having left the labour foundation. This measure is a contribution towards sustainability of the new employee-employer relationship and helps to prevent job losses. It has been budgeted for 37 workers.

24. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, information and publicity as well as control activities and the management of the labour foundation. The labour foundation management costs are calculated on a flat rate basis (EUR 75 000 for the EGF implementation period). All partners involved in the measures are committed to communicating the EGF support.
25. The personalised services presented by the Austrian authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Austrian authorities estimate the total costs at EUR 6 064 615, of which the expenditure for personalised services at EUR 5 864 615 and the expenditure for implementing the EGF at EUR 200 000 (3,3 % of the total amount). The total contribution requested from the EGF is EUR 3 941 999 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national cofinancing) (EUR)
<b>Personalised services</b> (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Information regarding the labour foundation and admission	210	100	21 000
Occupational orientation ( <i>Berufsorientierung</i> )	270	1 090	294 300
Individual training ( <i>Individuelle Qualifizierung</i> )	225	4 560	1 026 000
Consultation and support during training ( <i>Bildungsbegleitung</i> )	225	767	172 575
Corporate internships during training ( <i>Praktika während der Qualifizierung</i> )	85	200	17 000
Active job search assistance ( <i>Aktive Arbeitssuche</i> )	40	300	12 000
Inplacement (practical training with a new employer, combined with classroom	60	650	39 000

training)			
Intensive support for workers aged over 50	6	200	1 200
Training allowance ( <i>ausbildungsbedingte Zuschussleistung/Stipendien</i> )	210	3 600	756 000
Subsistence allowance while on training and active job search ( <i>Schulungsarbeitslosengeld</i> )	210	13 000	2 730 000
Subsistence allowance while on training and active job search and qualification bonus ( <i>Beihilfe zur Deckung des Lebensunterhaltes (DLU) und Qualifizierungsbonus</i> )	60	13 000	780 000
Aftercare on a new job ( <i>Nachbetreuung</i> )	37	420	15 540
Sub total personalised services			5 864 615
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			25 000
Management of the labour foundation			75 000
Information and publicity			35 000
Control activities			65 000
Sub total expenditure for implementing EGF			200 000
Total estimated costs			6 064 615
EGF contribution (65 % of total costs)			3 941 999

26. According to Austria, the measures described above are complementary with actions funded by the Structural Funds. The current Austrian ESF Operational Programme under Objective 2 focuses mainly on the long-term unemployed (and to a lesser extent on older workers and women wishing to return to work after longer career breaks), whereas the EGF aims to help workers immediately after their lay-offs. Since Austria has put in place certification of costs procedures to exclude any risk of double financing, there is no overlapping between the two funds.

**Date(s) on which the personalised services to the affected workers were started or are planned to start**

27. Austria started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 15 November 2011. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

### **Procedures for consulting the social partners**

28. On 11 August 2011, staff representatives of Austria Tabak GmbH, *Wirtschaftskammer Österreich* (employer side), *Arbeiterkammer Niederösterreich* (worker side) and the trade unions *Produktionsgewerkschaft PRO-GE* and *GPA-djp* agreed on a social plan for the dismissed workers which included plans to establish a labour foundation to provide the workers with targeted support for finding new jobs. The agreement of the social partners was a prerequisite for the recognition of the Austria Tabak labour foundation by the Austrian employment services (AMS).
29. Austrian social partnership cooperation is a voluntary arrangement of mostly informal nature and is not regulated by law<sup>22</sup>. Only when enterprises decide to participate in specific labour market policy measures are they subject to the applicable public employment service (AMS) rules.
30. The Austrian authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

### **Information on actions that are mandatory by virtue of national law or pursuant to collective agreements**

31. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Austrian authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
  - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
  - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

### **Management and control systems**

32. Austria has notified the Commission that Japan Tobacco International (JTI) and Niederösterreich's public employment services (AMS) will provide the 35 % national co-financing and are pre-financing the actions. The former will take on 28 % of the national co-financing and the latter 72 % (approximate figures).
33. Austria confirmed that the financial contribution will be managed by the same body that manages the ESF: unit VI/INT/9 within the Federal Ministry for Labour, Social Affairs and Consumer Protection (*BMASK Bundesministerium für Arbeit, Soziales und Konsumentenschutz*), which will act as managing authority and as payment

---

<sup>22</sup> ÖGB website [http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft\\_mission\\_en.pdf](http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft_mission_en.pdf)

service. The financial control authority for the EGF is different from that of the ESF: unit VI/S/5a within BMASK will take on this function for the EGF.

34. The coordinated package of personalised measures is implemented by *Unternehmensstiftung Austria Tabak* managed by *waff Arbeitsintegrations GmbH*, Vienna in cooperation with *FAB*, Vienna and is monitored by the public employment service (AMS). Furthermore, the BMASK is supported by a technical assistance provider who will also act as first level control. All major arrangements and obligations are laid down in written agreements.

### **Financing**

35. On the basis of the application from Austria, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 3 941 999, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Austria.
36. Considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.
37. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.
38. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal dialogue meeting will be convened.
39. The Commission presents separately a transfer request in order to enter in the 2013 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

### **Source of payment appropriations**

40. Appropriations from the EGF budget line will be used to cover the amount of EUR 3 941 999 needed for the present application.



**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/010 AT/Austria Tabak from Austria)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>23</sup>, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund<sup>24</sup>, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission<sup>25</sup>,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.
- (2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to 30 December 2011 to include support for workers made redundant as a direct result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Austria submitted an application to mobilise the EGF, in respect of redundancies in the enterprise Austria Tabak GmbH and in 14 suppliers and downstream producers, on 20 December 2011 and supplemented it by additional information up to 9 October 2012. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 3 941 999.

---

<sup>23</sup> OJ C 139, 14.6.2006, p. 1.

<sup>24</sup> OJ L 406, 30.12.2006, p. 1.

<sup>25</sup> OJ C [...], [...], p. [...].

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Austria.

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2013, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 3 941 999 in commitment and payment appropriations.

*Article 2*

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*