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## PROPOSAL

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	22 January 2015
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union

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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 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (application EGF/2014/014 DE/Aleo Solar)

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Delegations will find attached document COM(2014) 726 final.

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Encl.: COM(2014) 726 final



Brussels, 16.12.2014  
COM(2014) 726 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 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management  
(application EGF/2014/014 DE/Aleo Solar)**

## EXPLANATORY MEMORANDUM

### CONTEXT OF THE PROPOSAL

1. The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006<sup>1</sup> (the 'EGF Regulation').
2. The German authorities submitted application EGF/2014/014 DE/Aleo Solar for a financial contribution from the EGF, following redundancies in aleo solar AG and two subsidiaries in Germany.
3. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

### SUMMARY OF THE APPLICATION

EGF application	EGF/2014/014 DE/Aleo Solar
Member State	Germany
Region(s) concerned (NUTS level 2)	Brandenburg (DE 40) and Weser-Ems (DE 94)
Date of submission of the application	29.7.2014
Date of acknowledgement of receipt of the application	4.8.2014
Date of request for additional information	11.8.2014
Deadline of provision of the additional information	23.9.2014
Deadline for the completion of the assessment	16.12.2014
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	aleo solar AG
Sector(s) of economic activity (NACE Rev. 2 division) <sup>2</sup>	Division 26 ('Manufacture of computer, electronic and optical products')
Number of subsidiaries, suppliers and downstream producers	2
Reference period (four months)	7 March 2014 - 7 July 2014
Number of redundancies and cessations of activity during the reference period ( <i>a</i> )	657
Number of redundancies and cessations of activity before or after the reference period ( <i>b</i> )	0

<sup>1</sup> OJ L 347, 20.12.2013, p. 855.

<sup>2</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

Total number of redundancies and cessations of activity ( <i>a + b</i> )	657
Total estimated number of targeted beneficiaries	476
Number of targeted young persons not in employment, education or training (NEETs)	0
Budget for personalised services (EUR)	1 719 601
Budget for implementing EGF <sup>3</sup> (EUR)	105 000
Total budget (EUR)	1 824 601
EGF contribution (60 %) (EUR)	1 094 760

## ASSESSMENT OF THE APPLICATION

### Procedure

4. The German authorities submitted application EGF/2014/014 DE/Aleo Solar within 12 weeks of the date on which the intervention criteria set out below were met, on 29 July 2014. The Commission acknowledged receipt of the application within two weeks of the date of submission of the application, on 4 August 2014 and requested additional information from the German authorities on 11 August 2014. Such additional information was provided within six weeks of the date of the request. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 16 December 2014.

### Eligibility of the application

#### *Enterprises and beneficiaries concerned*

5. The application relates to 657 workers made redundant in aleo solar AG and its two subsidiaries aleo solar Dritte Produktion GmbH (Prenzlau) and aleo solar Deutschland GmbH (Oldenburg). aleo solar operated in the economic sector classified under NACE Rev. 2 division 26 ('Manufacture of computer, electronic and optical products'). The redundancies made by the enterprises concerned are located in the NUTS<sup>4</sup> level 2 regions of Brandenburg (DE 40) and Weser-Ems (DE 94).

Enterprises and number of dismissals within the reference period		
aleo solar AG		390
aleo solar Dritte Produktion GmbH		163
aleo solar Deutschland GmbH		104
Total no. of enterprises: 3	Total no. of dismissals:	657
Total no. of self-employed persons whose activity has ceased:		0
Total no. of eligible workers and self-employed persons:		657

<sup>3</sup> In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

<sup>4</sup> Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

### Intervention criteria

6. The German authorities submitted the application under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant and / or self-employed persons' activity ceasing in its suppliers and downstream producers.
7. The reference period of four months runs from 7 March 2014 to 7 July 2014.
8. The application relates to 390 workers made redundant<sup>5</sup> in aleo solar AG during the reference period of four months, and 267 workers made redundant in its two subsidiaries during the same reference period.

### Calculation of redundancies and of cessation of activity

9. The redundancies have been calculated as follows:
  - all 657 workers are counted as redundant from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker.

### Eligible beneficiaries

10. The application includes no further redundancies before or after the reference period.
11. The total number of eligible beneficiaries is therefore 657.

### Link between the redundancies and major structural changes in world trade patterns due to globalisation

12. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Germany states that aleo solar was a German company within the Robert Bosch Group, which also had production sites in Spain, Italy, the USA, Australia and England, several of which have been sold off within the past few years.
13. It is only one of many European solar enterprises that have become insolvent, quit the solar business, shut down production wholly or partially, or sold out to Chinese investors over the past few years (since 2010). The Photovoltaic (PV) Sustainable Growth Index for 2011<sup>6</sup> concludes that "the total revenue pool of all 33 PV companies in the study<sup>7</sup> increased by 79% from \$21bn to \$36bn (2005-2011) in a market where installations grew by 129 %. Chinese and Taiwanese companies were able to grow revenue faster than German and US companies. Market share of German companies continued to slide. US companies gave up market share after four years of gains." Thus, between 2005 and 2011, the revenue share of China increased from 11 % to 45 %, while that of Germany fell from 64 % to 21 %. The only other

<sup>5</sup> Within the meaning of Article 3(a) of the EGF Regulation.

<sup>6</sup> [http://www.pwc.com/en\\_US/us/technology/assets/pwc-pv-sustainable-growth-index.pdf](http://www.pwc.com/en_US/us/technology/assets/pwc-pv-sustainable-growth-index.pdf)

<sup>7</sup> The 33 largest publicly traded solar companies around the world according to their growth performance and their financial and operational efficiency

EU Member State with a production significant enough to be listed, is Spain with 1 %.

14. China has built up huge overcapacities in solar modules, which neither its own consumers nor the world market can absorb; this coupled with the worldwide decline in demand has led to a collapse in prices. As a result of locally available financial support for manufacturers in China, and the priority given to the sector by the current Chinese 5-year plan (2011-2015), these companies are able to survive and grow by selling their output cheaply on markets abroad. More than 90 % of Chinese production is exported, of which 80 % into the EU. In 2011, EU prices dropped by 40 % compared with 2010, to a level below the production costs of aleo solar. In 2013, the EU approved additional duties on solar modules originating in China, and a minimum price which, however, is still below the production costs of German producers.
15. Aleo solar in 2010 had a turnover of EUR 550 million and a profit of EUR 43 million; this declined rapidly from 2011 and by 2013 had reached losses of EUR 92 million. Employment in the company meanwhile declined from 995 in 2011 to 740 in 2013. Despite various efforts to restructure and improve efficiency, it did not manage to return to profitability, and future prospects were no better. Aleo solar went into liquidation and closed or sold off its facilities, while some other German solar companies struggling with losses moved production to the Far East, e.g. Malaysia.
16. To date, solar module manufacturing has been the subject of two EGF applications (including this one), both of which were based on trade related globalisation.

#### Events giving rise to the redundancies and cessation of activity

17. The events giving rise to the redundancies are the closure of the two sites in Germany of aleo solar -- the production facility in Prenzlau (553 redundancies) and the administrative centre in Oldenburg (104 redundancies). The production site in Prenzlau has meanwhile been sold by the liquidator to an Asian consortium, which has taken back 164 of the dismissed aleo solar workers. These workers, although for the time being employed again, are nevertheless eligible to participate in EGF measures (provided that these are compatible with their working hours), as the security of their new employment is not certain.

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

18. The redundancies have a significant adverse impact on the regional economy in Prenzlau / Brandenburg. This area has a relatively low population density (41/ km vs the national average of 84/km). The area has mostly small and medium-sized enterprises, and only 10 enterprises (0.3 %) have more than 249 workers. Aleo solar was one of these major employers, and there are no immediate prospects for the redundant workers of finding any equivalent new jobs.
19. The main sectors in the region are agriculture (including organic production), tourism, mineral oil and renewable energy production. Per capita income is well below the national average. The areas of Uckermark and Prenzlau have the highest unemployment rates of Germany, at 15.5 and 16.4 % respectively (May 2014). As the workers who have joined the transfer company and started the measures which

the EGF is being asked to support, are not counted in the unemployment rate, this would be higher by 0.9 % if they were included. The risk of long-term unemployment for the redundant workers is high. The measures for the workers will therefore encourage them to look beyond the immediate area and take up job offers where they can be found.

20. The employment situation is much more promising in the Oldenburg area, where the aleo solar administration was located, and the 104 workers made redundant there are not included in the measures to be co-funded by the EGF.

## Targeted beneficiaries and proposed actions

### Targeted beneficiaries

21. The estimated number of targeted workers expected to participate in the measures is 476. The breakdown of these workers by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	262	(55.0 %)
	Women:	214	(45.0 %)
Citizenship:	EU citizens:	474	(99.6 %)
	non-EU citizens:	2	(0.4 %)
Age group:	15-24 years:	3	(0.6 %)
	25-29 years:	42	(8.8 %)
	30-54 years:	332	(69.7 %)
	55-64 years:	98	(20.6 %)
	over 64 years:	1	(0.2 %)

### Eligibility of the proposed actions

22. The social partners involved in aleo solar AG and aleo solar Dritte Produktion GmbH agreed in early 2014 on a social plan which includes the services of a transfer company. The organisation chosen by the stakeholders to provide transfer company services is the BOB Transfer GmbH, which will be active in Prenzlau. Workers will receive the transfer company services from 11 April 2014. Unlike earlier German applications, there will be no possibility here of starting the measures with the help of ESF co-funding, while awaiting the outcome of the EGF application.

23. All the following measures combine to form a package of personalised services co-ordinated by the transfer company and aimed to re-integrate the redundant workers into employment:

– Vocational training measures (Qualifizierungen) : These are offered to the eligible workers following profiling and career guidance interviews, and with the intention of helping them to benefit from perceived opportunities in the labour market. Training courses offered will focus on sectors with future prospects, such as construction, health and nursing, retail, catering, transport and logistics. Courses can be provided individually or in groups, and they range from basic competences (such

as languages, IT, driving licence) to upskilling courses and courses preparing the workers for new sectors, including business creation. Special courses will be prepared for 18 redundant workers with various disabilities.

– Careers advice and guidance (Berufsorientierung) : This will include various innovative instruments, such as skills mapping, video job applications, online job applications, and home office. The skills mapping instrument was developed in the context of the New Skills New Jobs initiative of the Commission and should help the workers to avoid skills mismatches in their applications and potential new jobs. Video job applications will help applicants to present themselves professionally and get noticed. Home offices could give them job opportunities, as the cost of hiring them would be reduced for potential employers.

– Peer groups / workshops : These will be group fora assisted by a facilitator, helping participants to exchange ideas and reflections. Peer groups may be composed in various ways, e.g. by age group, need, family composition or previous work experience. Account will be taken of the fact that some 200 participants are over 50 years of age and confronted with additional obstacles in their job search. Several couples and lone parents are affected by the closure and may require psychological support.

– Entrepreneurship advice (Existenzgründerberatung) : This will comprise expert advisory services for those contemplating a business start-up. New entrepreneurs and creative role models will be brought in to stimulate the redundant workers and help them develop new ideas.

– Inter-regional advice (Interregionale Beratung) : This will attempt to encourage workers to look for jobs in other regions and may comprise visits to job fairs.

– Job search (Stellenresearch) : A professional job searcher (Jobscout) will use his or her contacts and experience in order to locate potential job vacancies not yet published, which could suit the eligible workers. Events may be organised at which the eligible workers can present themselves to potential new employers.

– Follow-up mentoring / advice (Nachbetreuung / Beratung) : Workers can benefit from further guidance and counselling after they take up a new job, so that the risk of job loss can be minimised.

– Follow-up mentoring / job safeguard (Nachbetreuung / Beschäftigungssicherung) : This is particularly important for workers who take up new jobs at some distance from their previous home and may need mentoring and advice as they settle.

– Training allowance (Transferkurzarbeitergeld) : This amounts to 60 % of the worker's previous net income, or 67 % if one or more children are resident in the recipient's household. It is payable for around nine months from the date when the worker enters the transfer company.

24. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.



25. The German authorities have provided the required information on actions that are mandatory for the enterprises concerned by virtue of national law or pursuant to collective agreements. They have confirmed that a financial contribution from the EGF will not replace such actions.

Estimated budget

26. The estimated total costs are EUR 1 824 601, comprising expenditure for personalised services of EUR 1 719 601 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 105 000.
27. The total financial contribution requested from the EGF is EUR 1 094 760 (60 % of total costs).

Actions	Estimated number of participants	Estimated cost per participant (EUR)*	Estimated total costs (EUR)
Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)			
Vocational training measures (Qualifizierungsmaßnahmen)	230	2 512	577 793
Careers advice and guidance (Berufsorientierung)	180	370	66 625
Peergroups / Workshops	265	559	148 100
Entrepreneurship advice (Existenzgründerberatung)	25	1 225	30 634
Inter-regional advice (Interregionale Beratung)	95	364	34 549
Job search (Stellenrecherche)	100	683	68 255
Follow-up mentoring / advice (Nachbetreuung / Beratung)	165	900	148 477
Follow-up mentoring / job safeguard (Nachbetreuung / Beschäftigungssicherung)	35	1 237	43 308
Sub-total (a):		–	1 117 741 (65 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
Training allowance (Transferkurzarbeitergeld)	403	1493	601 860

Sub-total(b):	–	601 860 (35 %)
<b>Actions under Article 7(4) of the EGF Regulation</b>		
1. Preparatory activities	–	15 750
2. Management	–	57 750
3. Information and publicity	–	5 250
4. Control and reporting	–	26 250
Sub-total (c):	–	105 000 (5,75 %)
Total costs (a + b + c):	–	1 824 601
EGF contribution (60 % of total costs)	–	1 094 760

*\* Rounded figures*

28. The costs of the actions identified in the table above as actions under Article 7(1)(b) of the EGF Regulation do not exceed 35 % of the total costs for the coordinated package of personalised services. The German authorities confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Period of eligibility of expenditure

29. The German authorities started providing the personalised services to the targeted beneficiaries on 11 April 2014. The expenditure on the actions referred to under sub-totals (a) and (b) in the table above shall therefore be eligible for a financial contribution from the EGF from 11 April 2014 to 29 July 2016.
30. The German authorities started incurring the administrative expenditure to implement the EGF on 1 March 2014. The expenditure for preparatory, management, information and publicity, control and reporting activities, i.e. sub-total (c) in the table above, shall therefore be eligible for a financial contribution from the EGF from 1 March 2014 to 29 January 2017.

Complementarity with actions funded by national or Union funds

31. The sources of national pre-financing and co-funding are the Federal budget and the Bundesagentur für Arbeit (Federal Labour Agency). These fund the 40 % national contribution, and can begin pre-financing the measures once they are sufficiently confident that the EGF funds are likely to be forthcoming.
32. The German authorities have confirmed that the measures described above receiving a financial contribution from the EGF will not also receive financial contribution from other Union financial instruments.

Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities

33. The German authorities have indicated that the co-ordinated package of personalised services has been drawn up in consultation with the representatives of the targeted beneficiaries. Following such consultations, on 12 June 2014, the Federal Ministry for Employment and Social Affairs, together with the Federal Labour Agency and the Transfer Company, presented the planned package of personalised services to the representatives of the targeted beneficiaries and received their agreement regarding the content and details.

### **Management and control systems**

34. The application contains a description of the management and control system which specifies the responsibilities of the bodies involved. Germany has notified the Commission that the financial contribution will be administered by the same bodies within the Federal Ministry for Labour and Social Affairs (Bundesministerium für Arbeit und Soziales) which administer the ESF. However, within the 'Gruppe Europäische Fonds für Beschäftigung', it is the 'Referat EF 4' which acts as the managing authority for the EGF, while the managing authority for the ESF is 'Referat EF 1'. The 'Organisationseinheit Prüfbehörde' is the control authority for both EGF and ESF. These bodies also administered the previous EGF contributions to Germany.

### **Commitments provided by the Member State concerned**

35. The German authorities have provided all necessary assurances regarding the following:
- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation;
  - the requirements laid down in national and EU legislation concerning collective redundancies have been complied with;
  - where the dismissing enterprises have continued their activities after the lay-offs, they have complied with their legal obligations governing the redundancies and have provided for their workers accordingly;
  - the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented;
  - the proposed actions will be complementary with actions funded by the Structural Funds;
  - the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

## **BUDGETARY IMPLICATION**

### **Budgetary proposal**

36. The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom)

No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020<sup>8</sup>.

37. Having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 1 094 760, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
38. The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>9</sup>.

### **Related acts**

39. At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount of EUR 1 094 760.
40. At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

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<sup>8</sup> OJ L 347, 20.12.2013, p. 884.

<sup>9</sup> OJ C 373, 20.12.2013, p. 1.

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

**on the mobilisation of the European Globalisation Adjustment Fund, in accordance with Point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management  
(application EGF/2014/014 DE/Aleo Solar)**

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 Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006<sup>10</sup>, and in particular Article 15(4) thereof,

Having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>11</sup>, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis addressed in Regulation (EC) No 546/2009<sup>12</sup>, or as a result of a new global financial and economic crisis and to assist them with their reintegration into the labour market.
- (2) The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013.
- (3) Germany submitted an application to mobilise the EGF, in respect of redundancies<sup>13</sup> in aleo solar AG and two subsidiaries in Germany, on 29 July 2014 and supplemented it by additional information as provided by Article 8.3 of Regulation (EU) No 1309/2013. This application complies with the requirements for determining a

<sup>10</sup> OJ L 347, 20.12.2013, p. 855.

<sup>11</sup> OJ C 373, 20.12.2013, p. 1.

<sup>12</sup> OJ L 167, 29.6.2009, p.26.

<sup>13</sup> Within the meaning of Article 3(a) of the EGF Regulation.

financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.

- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of an amount of EUR 1 094 760 for the application submitted by Germany,

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2015, the EGF shall be mobilised to provide the sum of EUR 1 094 760 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*