

EGF Fact sheet

Reference: EGF/2007/010

Case: Lisboa-Alentejo

Member State: Portugal

Sector: Motor industry

Total amount funded by Member State: €4 851 350

EGF amount requested: €2 425 675

Submitted to European Commission: 9 October 2007

Intervention criteria: Article 2(b) Regulation (EC) No 1927/2006

Period of reference: 20 December 2006 – 20 September 2007

Redundancies during period of reference: 1,549 redundancies in three companies: **one from the Lisboa region** – Alcoa Fujikura, manufacturer of electrical components for motor vehicles (440 redundancies); and **two from the Alentejo region** – Opel Portugal, in an automotive assembly plant (929 redundancies) and Johnson Controls, producer of overlays for automobile seats (180 redundancies).

Active employment measures: A combination of measures, including information and guidance, skills recognition and certification, vocational training, training grants, self-placement support, wage compensation and support for new entrepreneurs.

Background/Globalisation context:

- EU share in world motor production was 30.6% in 2001, declined to 26.9% by 2006, despite the intervening enlargement from 15 Member States to 25.
- Consumer demand for new cars is weak in the EU and growing rapidly outside it: in 2006 new car registrations in the EU rose by 1.4% over the previous year, compared to 30% in Russia, 23.4% in China, 21.4% in India and 12.8% in Mercosur countries (particularly Brazil).
- Motor vehicle production in Portugal is concentrated in the lower value segments of the market, which have been hardest hit by falling consumer demand and high EU costs. Portuguese production has declined from 251,000 vehicles in 2002 to 227,000 in 2006.
- All three companies are owned by North American multinationals: General Motors (Opel), Alcoa and Johnsons Controls. Plant closures are due to high price levels in Portugal at a time of increasing consumer demand outside of Europe. Portugal is seen as "peripheral" to the main growth areas in the world car market and

production centres are being shifted to areas with lower logistical and transport costs.

- The number of unemployed from the motor vehicle sector strongly reflects these redundancies in the Lisboa-Alentejo area. Redundancies registered in these two regions' job centres in August 2007 (after the redundancies covered by the application had been registered) increased by 26.5% over the same month of the previous year.