

Alytaus Tekstilė



Reference	EGF/2008/003
Member State	Lithuania
Sector	Textiles
Submitted to European Commission	8 May 2008
Total budget planned	€ 597 987
EGF contribution	€ 3298 994
Intervention criterion	Article 2 (a) Regulation (EC) No 1927/2006
Period of reference	30 October 2007 – 29 February 2008
Redundancies during period of reference	1 089 redundancies in Alytaus Tekstilė.
Active employment measures	to be provided to 600 workers, include: <ul style="list-style-type: none"> - the provision of information on employment opportunities, - the development of personalised employment plans, - job-search assistance, - training and re-training, - outplacement assistance, - promotion of entrepreneurship, - job-search allowances and training allowances.

BACKGROUND

- Redundancies follow the bankruptcy of Alytaus Tekstilė caused by the general migration of worldwide textile and clothing production towards lower cost Asian countries, in particular China.
- Before accession, Lithuania's textile exports went mostly to EU Member States. Increased pressure on the EU textiles sector has put Lithuania's manufacturers under pressure.
- Following the end of the WTO Multifibre Arrangement in 2004, imports of Chinese textile and clothing articles into the EU almost doubled, from EUR 11.8 billion in 2000 to EUR 22.9 billion in 2005. Alytaus Tekstilė could not compete with Chinese companies which have much lower production costs (e.g. EUR 40 to spin and weave 1 ton of cotton yarn, against EUR 160 on average for Alytaus Tekstilė).
- Lithuania has a small domestic market and 80% of its textile and clothing production are export-oriented. The Lithuanian textiles sector has therefore been significantly affected by increased competition.
- The closure of Alytaus Tekstilė was unforeseen as the company had to face unexpectedly increasing energy costs and the relocation of several of its major customers to Asian countries.