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**A7-0305/2011**

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## REPORT

on the proposal for a decision of the European Parliament and of the Council on 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/2010/028 NL/Overijssel Division 18 from the Netherlands)  
(COM(2011)0387 – C7-0174/2011 – 2011/2138(BUD))

Committee on Budgets

Rapporteur: Barbara Matera

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the proposal for a decision of the European Parliament and of the Council on 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/2010/028 NL/Overijssel Division 18 from the Netherlands)  
(COM(2011)0387 – C7-0174/2011 – 2011/2138(BUD))**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2011)0387 – C7-0174/2011),
  - 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>1</sup> (IIA of 17 May 2006), 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 on establishing the European Globalisation Adjustment Fund<sup>2</sup> (EGF Regulation),
  - having regard to the trilogue procedure as provided for in point 28 of the IIA of 17 May 2006,
  - having regard to the letter of the Committee on Employment and Social Affairs,
  - having regard to the report of the Committee on Budgets (A7-0305/2011),
- A. whereas the European Globalisation Adjustment Fund (EGF) was established to provide additional assistance to workers who are made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist their reintegration into the labour market,
- B. whereas the scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis,
- C. whereas the Union's financial assistance to workers made redundant should be dynamic and made available as quickly and efficiently as possible, in accordance with the Joint Declaration of the European Parliament, the Council and the Commission adopted during the conciliation meeting on 17 July 2008, and having due regard for the IIA of 17 May 2006 in respect of the adoption of decisions to mobilise the EGF,

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

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

- D. whereas the Netherlands has requested assistance in respect of cases concerning 214 redundancies, all targeted for assistance, in nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')<sup>1</sup> in the NUTS II region of Overijssel (NL21) in the Netherlands,
- E. whereas the application fulfils the eligibility criteria set up by the EGF Regulation,
1. Requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF; appreciates, in this sense, the improved procedure put in place by the Commission, following the Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the Fund; hopes that further improvements in the procedure will be reached in the framework of the upcoming reviews of the EGF and that greater efficiency, transparency and visibility of the Fund will be achieved;
  2. Recalls the institutions' commitment to ensuring a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF, providing one-off, time-limited individual support geared to helping workers who have suffered redundancies as a result of globalisation and the financial and economic crisis; emphasises the role that the EGF can play in the reintegration of workers made redundant into the labour market;
  3. Stresses that, in accordance with Article 6 of the EGF Regulation, it should be ensured that the EGF supports the reintegration of individual redundant workers into employment; reiterates that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors; further stresses that EGF-financed measures should lead to long-term employment.
  4. Notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds; reiterates its call to the Commission to present a comparative evaluation of these data in its annual reports as well;
  5. Welcomes the fact that following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01; recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that therefore deserves a dedicated allocation, which will avoid transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the various policies objectives;
  6. Calls on the Commission to conduct a detailed qualitative evaluation of the EGF;
  7. Approves the Decision annexed to this resolution;

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<sup>1</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).

8. Instructs its President to sign the decision with the President of the Council and to arrange for its publication in the Official Journal of the European Union;
9. Instructs its President to forward this resolution, including its annex, to the Council and the Commission.

## **ANNEX: 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/2010/028 NL/Overijssel Division 18 from the Netherlands)**

### **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>1</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>2</sup>, and in particular Article 12(3) thereof,

Having regard to the proposal from the Commission<sup>3</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 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) the Netherlands submitted an application to mobilise the EGF, in respect of redundancies in nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')<sup>4</sup> in the NUTS II region of Overijssel

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<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> OJ C [...], [...], p. [...].

<sup>4</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

(NL21) in the Netherlands, on 20 December 2010 and supplemented it by additional information up to 7 March 2011. 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 718 140.

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

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2011, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 718 140 in commitment and payment appropriations.

*Article 2*

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

Done at [Brussels/Strasbourg],

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## EXPLANATORY STATEMENT

### I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of point 28 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management<sup>1</sup> and of the Article 12 of Regulation (EC) No 1927/2006<sup>2</sup>, the Fund may not exceed a maximum amount of EUR 500 million, drawn from any the margin under the global expenditure ceiling from the previous year, and / or from the cancelled commitment appropriations from the previous two years, excluding those related to Heading 1b. The appropriate amounts are entered into the budget as a provision as soon as the sufficient margins and/or cancelled commitments have been identified.

As concerns the procedure, in order to activate the Fund the Commission, in case of a positive assessment of an application, presents to the budgetary authority a proposal for mobilisation of the Fund and, at the same time, a corresponding request for transfer. In parallel, a trilogue could be organised in order to find an agreement on the use of the Fund and the amounts required. The trilogue can take a simplified form.

### II. State of play: Commission's proposal

On 28 June 2011 the Commission adopted a new proposal for a decision on the mobilisation of the EGF in favour of the Netherlands in order to support the reintegration in the labour market of workers made redundant due to the global financial and economic crisis.

This is the tenth application to be examined under the 2011 budget and refers to the mobilisation of a total amount of EUR 718.140 from the EGF for the Netherlands. It concerns 214 redundancies, all targeted for assistance, in nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')<sup>3</sup> in the NUTS II region of Overijssel (NL21) in the Netherlands during, during the nine-month reference period from from 16 January to 16 October 2010.

The application, case EGF/2010/028 NL/ Overijssel Division 18 from the Netherlands, was submitted to the Commission on 20 December 2010 and supplemented by additional information up to 7 March 2011. It was based on the intervention criterion of Art. 2 (c) of the EGF Regulation, which provides that, in small markets or in exceptional circumstances, an application for a contribution from the EGF may be considered admissible even if the

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<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> 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).



intervention criteria laid down in Article 2(a) and 2 (b) are not entirely met, when redundancies have a serious impact on employment and the local economy.

One of the criteria for Commission's assessment was the evaluation of the link between the redundancies and major structural changes in world trade patterns or the financial crisis, which in this particular case is related to the global drop in demand for the graphic media industry, which was - 8.6% in 2009 for the Netherlands. Furthermore, the orders from economic sectors for printed advertising material decreased sharply in the various sectors, due to budget cuts in printing and publishing.

Concerning the demonstration of the number of redundancies, the case of Overijssel is fully compliant with the conditions of Article 2(c) of Regulation (EC) No 1927/2006, which provides that, in small markets or in exceptional circumstances, an application for a contribution from the EGF may be considered admissible even if the intervention criteria laid down in Article 2(a) and 2 (b) are not entirely met, when redundancies have a serious impact on employment and the local economy. The Netherlands has specified that this application seeks to derogate from Article 2 (b), where the required threshold is at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State. The application cites 214 redundancies in nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')<sup>1</sup> in the NUTS II region of Overijssel (NL21) in the Netherlands during the nine-month reference period from 16 January to 16 October 2010.

The Dutch authorities argue that this application meets the requirements for a submission under Article 2(c) of Regulation (EC) No 1927/2006 citing exceptional circumstances: it covers further redundancies in the same NACE 2 Division during the same reference period as the redundancies covered by application EGF/2010/030 NL/Noord-Holland and Flevoland Division 18 that was submitted by the Netherlands under Article 2(b) of Regulation (EC) No 1927/2006. In addition, Overijssel constitutes a contiguous region at NUTS II level with Flevoland. The exceptionality of the case lies in the combination of these factors, which together pose an unusual and difficult situation for the workers and the region concerned. According to the Netherlands, Overijssel is in a very difficult situation. In this province the unemployment rate increased by 175 % due to the impact of the economic and financial crisis and reached 7,2 % in October 2010, while the national average is 6,8 %. Between January 2008 and January 2010, 17,5 % of the jobs in the graphic media industry in Overijssel were lost. In addition, forecasts state that the labour market of Overijssel will further shrink due to the crisis in the technical industries and the construction sector which will have a huge impact on the job finding chances of unemployed workers. At the same time, the graphics sector in the Netherlands has suffered from large-scale redundancies, as is also shown by the three other interrelated EGF applications submitted by the Netherlands, which show a high number of redundancies in enterprises in the graphics sector in other parts of the Netherlands. Moreover, in 2009 the Netherlands successfully applied for EGF co-funding to support

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<sup>1</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).

workers made redundant in the same sector and in the same NUTS II region. The Commission services therefore consider that the redundancies in question have a serious impact on employment and the local economy and that the difficult economic and labour market situation in Overijssel and the further redundancies in other NUTS II level regions of the Netherlands due to the same cause and during the same period in the same NACE Revision 2 Division combine to meet the criteria of Article 2(c) of Regulation (EC) No 1927/2006.

Furthermore, according to the Dutch authorities, the financial and economic crisis and its impact on the sector could not have been foreseen.

Commission's assessment was also based on a description of the region and the authorities and stakeholders concerned. According to Dutch authorities, the Overijssel region is the seventh most densely populated province. Furthermore, the economic situation in the region deteriorated in 2009 and its economic growth was negative (-4.2%), compared to the previous year. The unemployment also rose from 5,3% in October 2008 to 7,2% in October 2010 and it is higher than the national average (6,8%).

The co-ordinated package of personalised services to be funded, including its compatibility with actions funded by the Structural Funds, includes measures for the reintegration of the 214 targeted workers into employment, such as preparatory activities, counselling and training. These personalised services started on 16 January 2010.

As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Dutch authorities in their application and supplementary information:

- 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.

Concerning management and control systems the Netherlands have notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the European Social Fund funding in the Netherlands. The Agency for Social Affairs and Employment will be the intermediate body for the managing authority.

In accordance with Commission's assessment, the application fulfils the eligibility criteria set up by the EGF Regulation and recommends to the Budget Authority to approve the applications.

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request for a global amount of EUR 718.140 from the EGF reserve (40 02 43) in commitments to the EGF budget line 04 05 01.

The Rapporteur welcomes the fact that, following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations (EUR 47.608.950) on the EGF budget line.

She reminds in fact that the EGF was created as a separate specific instrument with its own objectives and deadlines and that as such deserves a dedicated allocation, which will avoid transfers from other budget lines - as happened in the past - which could be detrimental to the achievement of the various policies objectives.

The IIA allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.

This is the fourth proposal for the mobilisation of the Fund submitted to the Budget Authority in 2011. Therefore, deducing from the appropriations available the current amount requested (EUR 718.140) an amount of EUR 457.697.364 remains available until the end of 2011. This will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of 2011, as required by art. 12(6) of the EGF Regulation.

### **III. Procedure**

The Commission has presented a transfer request in order to enter specific commitment appropriations in the 2011 budget, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

The trilogue on the Commission's proposal for a Decision on the mobilisation of the EGF could take a simplified form, as provided for in Article 12(5) of the legal base, unless there is no agreement between the Parliament and the Council.

According to an internal agreement, the Employment and Social Affairs Committee (EMPL) should be associated to the process, in order to provide constructive support and contribution to the assessment of the applications from the Fund.

Following its evaluation, the EMPL committee of the European Parliament will give its view on the mobilisation of the Fund, which will be attached as letter to the present report.

The Joint Declaration of the European Parliament, the Council and the Commission, adopted during the conciliation meeting on 17 July 2008, has confirmed the importance of ensuring a rapid procedure with due respect of the Interinstitutional Agreement for the adoption of decisions on the mobilisation of the Fund.

## **ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

ES/jm  
D(2011)34781

M. Alain Lamassoure  
President of the Committee on budgets  
ASP 13E158

**Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the case EGF/2010/028 NL/Overijssel Division 18 from the Netherlands (COM(2011)387 final)**

Dear Mr Lamassoure,

The Committee on Employment and Social Affairs (EMPL) as well as its Working Group on the EGF examined the mobilisation of the EGF for the case EGF/2010/028 NL/Overijssel Division 18 and adopted the following opinion.

The EMPL committee and the Working Group on the EGF are in favour of the mobilisation of the Fund concerning this request. In this respect, the EMPL committee presents some remarks without, however, putting into question the transfer of the payments.

The deliberations of the EMPL committee are based on the following considerations:

- A) Whereas this application is based on Article 2 c) of the EGF regulation and targets 214 out of 214 workers of the NACE Revision 2 Division 18 (Printing and reproduction of recorded media)<sup>1</sup> made redundant in the NUTS II region of Overijssel in the Netherlands between 16 January and 16 October 2010;
- B) Whereas the Netherlands established a link between the financial and economic crisis and the decrease in demand for graphic media industry which suffered from a 8,6% drop in turnover in 2009 due to a reduced number of orders for printed advertising material and drops in demand for newspapers and magazines (by 25,7 % and 24,4% respectively);
- C) Whereas in the area of Overijssel the unemployment rate as a whole increased by 175% and reached 7,2 % in October 2010 and whereas between January 2008 and January 2010, 17,5 % of the jobs in the graphic media industry were lost;
- D) Whereas the Commission while assessing in 2010 other EGF applications related to the same sector in the Netherlands admitted that the graphic industry suffered from the economic crisis;

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<sup>1</sup> In accordance with Regulation (EC) No 1893/2006.

- E) Whereas this application is part of a package of 4 interrelated applications, all of which concern redundancies in 6 different NUTS II regions in the Netherlands operating in the graphic sector; whereas this application is particularly related to application EGF/2010/030 NL/Noord Holland and Flevoland Division 18 from the Netherlands, as Overijssel is a contiguous region at NUTS II level with Flevoland;
- F) Whereas the Dutch authorities claim that despite costly restructuring of the sector and efforts to make employees ready for the new way of working in a supply-oriented industry, the sector turned out to loose with competitors from outside the EU and that the negative impact of the crisis could not have been foreseen;
- G) Whereas, furthermore, statistics forecast a further shrink of the employment market for technical industries and the construction sector, which will have a huge impact on the job finding chances of unemployed workers;
- H) Whereas, 65,0 % of the workers targeted by the measures are men; whereas 25, 2 % of the workers are older than 54 years and 18, 2 % younger than 24 years
- I) Whereas 41% of the redundant workers are technicians and associated professionals and 28% fall under the category of machine operators and assemblers;
- J) Whereas the EU-budget 2011 includes for the first time appropriations in payments on the EGF budget line 04 05 01 superseding also for this case the transfer of payments from other unused budget lines;

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution concerning the Dutch application:

1. Agrees with the Commission that the conditions set out in Article 2 c) of the EGF regulation (1927/2006) are met and that, therefore, the Netherlands is entitled for a financial contribution under this regulation;
2. Notes that the economic situation of Overijssel deteriorated in 2009 as the economic growth was negative (-4,2%) and 7,3 % of Dutch graphic industry is located in this region;
3. Notes that according to Eurostat the national unemployment rate in the Netherlands in October 2010 stood at 4.4 % and was the second lowest in the EU;
4. Reiterates that according to the EGF regulation, its financial contribution should be concentrated on workers in the most seriously affected regions and economic sectors of the Community;

5. Welcomes the involvement of the social partners in the design of the coordinated package; reminds that the application is based on a Sectoral Social Partner agreement although this is not explicitly stated in the application, assumes therefore that the co-financing will be provided also by the Social Partners as it was the case in all previous Dutch applications based on Article 2(b) of the Regulation;
6. Welcomes the coordinated package but disappointingly has to repeat the comments made to the application EGF/2009/026 concerning the poor quality of descriptions of the specific elements and the objectives of the package as well as concerning the lack of explanations on the expected results for the workers;
7. Wonders whether any lessons were learnt from the implementation of the coordinated package proposed in the six applications of 2009 and whether its impact on the local labour market was analysed to adapt the measures in the future;
8. Welcomes the fact that the EGF contribution is planned to support solely active labour measures (training and counselling) and will not be used for allowances.

Yours sincerely,

Pervenche Berès

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	8.9.2011
<b>Result of final vote</b>	+: 26 -: 1 0: 0
<b>Members present for the final vote</b>	Damien Abad, Alexander Alvaro, Reimer Böge, Andrea Cozzolino, Jean-Luc Dehaene, James Elles, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Estelle Grelier, Jutta Haug, Monika Hohlmeier, Anne E. Jensen, Sergej Kozlík, Alain Lamassoure, Giovanni La Via, Barbara Matera, Helga Trüpel, Derek Vaughan, Angelika Werthmann, Jacek Włosowicz
<b>Substitute(s) present for the final vote</b>	Derk Jan Eppink, Roberto Gualtieri, Peter Šťastný, Georgios Stavrakakis