

Mobilisation of the European Globalisation Adjustment Fund: redundancies in machinery sector (Danfoss) in Denmark

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PURPOSE: to mobilise the European Globalisation Adjustment Fund in respect of redundancies in the mechanical and electronic machinery sector (Danfoss Group).

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: [Regulation \(EC\) No 1927/2006](#) establishing the European Globalisation Adjustment Fund was set up to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The [Interinstitutional Agreement of 17 May 2006](#) allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.

The Commission examined the application made by Denmark to mobilise the EGF. The main elements of the assessment are as follows:

Denmark: EGF/2009/015 DK/Danfoss Group: on 8 September 2009, Denmark submitted application EGF/2009/015 DK/Danfoss Group for a financial contribution from the EGF, following 1 443 redundancies in the Danfoss Group in Denmark. The application was supplemented by additional information up to 30 March 2010.

In order to establish the link between the redundancies and the global financial and economic crisis Denmark argues that the redundancies in Danfoss A/S, Sauer Danfoss ApS and Danfoss Drives A/S are a direct consequence of the abrupt deterioration of demand for mechanical and electronic machinery as a result of the economic crisis and associated recession.

Denmark submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise and in its suppliers and downstream producers. The application cites 588 redundancies in 3 enterprises of the Danfoss Group during the four-month reference period from 1 March 2009 to 30 June 2009.

The redundancies at Danfoss coincide with another series of redundancies requesting assistance from the EGF (**EGF/2009/031 DK/Linak** – see [BUD/2010/2133](#)).

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.

The proposed contribution from the EGF to the coordinated package of personalised services is **€8 893 336**, representing 65 % of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATION: 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 of **€8 893 336** to be allocated under heading 1a of the financial framework.

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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified triologue procedure, as required by Point 28 of the Inter-institutional 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 triologue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.