

Mobilisation of the European Globalisation Adjustment Fund: redundancies in semiconductor manufacturing in the Netherlands

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PURPOSE: to mobilise the European Globalisation Fund in respect of redundancies in the semiconductors sector in the Netherlands.

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

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by [Council Regulation No 1927/2006](#) 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 on budgetary discipline](#) allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the applications submitted by the Netherlands. These are as follows:

Netherlands: EGF/2010/011 NL/NXP Semiconductors: on 26 March 2010, the Netherlands submitted application EGF/2010/011 NL/NXP Semiconductors for a financial contribution from the EGF, following redundancies in NXP Semiconductors Netherlands BV (hereinafter 'NXP') in the Netherlands. The application was supplemented by additional information up to 3 June 2010.

In order to establish the link between the redundancies and structural changes in world trade patterns due to globalisation, the Netherlands argues that the market for semiconductors is a highly competitive global market with a limited number of big players. The 20 biggest manufacturers in 2009 represented 63 % of the global market. This imposes a continuous pressure on manufacturers to reduce costs. The Netherlands refers to the much lower salaries for semiconductor manufacturers in Asia. The Netherlands further argue that the impact of the changes in world trade was further aggravated by the economic and financial crisis, as the market for semiconductors is highly sensitive to changes in economic growth.

The Netherlands 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 in a Member State, including workers made redundant in its suppliers and downstream producers. The application cites 590 redundancies in a single enterprise – NXP – during the four-month reference period from 1 October 2009 until 31 January 2010.

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.

On the basis of the application from the Netherlands, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 1 809 434, 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 **EUR 1 809 434** 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, as required by Article 12(6) of Regulation (EC) No 1927/2006.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified triologue procedure, as required by Point 28 of the Interinstitutional 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.