

Mobilisation of the European Globalisation Adjustment Fund: redundancies in manufacture of machinery and equipment in Denmark

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PURPOSE: to mobilise the European Globalisation Fund in respect of redundancies in the machinery and equipment for the shipbuilding sector in Denmark.

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 Denmark. These are as follows:

Denmark: EGF/2010/001 DK/Nordjylland: on 22 January 2010, Denmark submitted application EGF /2010/001 DK/Nordjylland for a financial contribution from the EGF, following redundancies in 45 firms operating in the NACE Revision 2 Division 28 (manufacture of machinery and equipment) sector in the NUTS II region of Nordjylland (DK05) in Denmark. The application was supplemented by additional information up to 28 April 2010.

In order to establish the link between the redundancies and the global financial and economic crisis, Denmark explains that the companies concerned were for the most part involved in producing machinery and equipment for the shipbuilding sector. CESA (the Community of European Shipyards Association) has prepared a Guestimate on World Shipbuilding Requirements until 2014, which states that the global financial crisis had changed several of the conditions and expectations for the future development of the market. A combination of factors brought about reduced shipbuilding requirements and by the end of 2008 /beginning of 2009, the placement of new orders came to an almost complete halt. In addition, about 10 % of new ship orders are expected to be cancelled. Several of the ships on order will have their delivery dates postponed. CESA estimates that some 30 % of the fleet in 2011 will be surplus.

Denmark submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in a NACE Revision 2 Division in one region or two contiguous regions at NUTS II level. The application cites 1 122 redundancies in 45 enterprises in the NACE Revision 2 Division 28 (manufacture of machinery and equipment) in the NUTS II region of Nordjylland (DK05) during the reference period from 15 February 2009 to 14 November 2009.

On the basis of the application from Denmark, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 7 521 359**, 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 7 521 359** 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.