

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the printing and publishing sector in the Netherlands (Drenthe)

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the printing and publishing sectors in the Netherlands (Drenthe).

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 application submitted by the Netherlands to mobilise the EGF. The main elements of the assessment are as follows:

The Netherlands: EGF/2009/030NL/Drenthe Division 18 from the Netherlands: on 30 December 2009, the Netherlands submitted application EGF/2009/030 NL/Drenthe Division 18 for a financial contribution from the EGF, following redundancies in two enterprises operating in the NACE Revision 2 Division 18 (printing and reproduction of recorded media) in the NUTS II region Drenthe (NL13) in the Netherlands. The application was supplemented by additional information up to 6 May 2010.

In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argues that the economic crisis resulted in a substantial decrease in demand for the printing and publishing sector. The orders from other economic sectors for printed advertising material, which represents 35% of the total turnover of the printing and publishing sector, decreased by 5.6% between 2008 and 2009 due to the reduction of budgets for media and advertising activities induced by the economic crisis.

This application is part of a package of six interrelated applications, all of which concern redundancies in eight different NUTS II regions in the Netherlands in enterprises operating in the graphics sector, the activities of which are classified under two different NACE Revision 2 Divisions, namely Division 18 (printing and reproduction of recorded media) and Division 58 (publishing activities).

The Netherlands submitted this application under the intervention criteria of Article 2(c) of Regulation (EC) No 1927/2006, which provides that, in small labour markets or in exceptional circumstances, where duly substantiated by the Member State concerned, 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. In this case the applicant must specify which of the main intervention criteria its application fails to meet.

The Netherlands has specified that the 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 140 redundancies in two enterprises operating in the same NACE Revision 2 Division during the nine-month reference period from 1 April 2009 to 29 December 2009, all located in the NUTS II region Drenthe (NL13).

The exceptionality of this case lies in the combination of these factors, which together pose an unusual and difficult situation on the workers and the region concerned.

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 Drenthe allowing a broader interpretation of the Regulation, citing exceptional circumstances.

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 453 632**, 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 453 632** 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 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.