Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT wholesale trade in the Netherlands

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the ICT wholesale trade in the Netherlands

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

The Netherlands: EGF/2010/012 NL/Noord Holland ICT: on 8 April 2010, the Netherlands submitted application EGF/2010/012 NL/Noord Holland ICT for a financial contribution from the EGF, following redundancies in two enterprises operating in the NACE Revision 2 Division 46 ('Wholesale trade, except of motor vehicles and motorcycles') in the NUTS II region of Noord Holland (NL32) in the Netherlands. The application was supplemented by additional information up to 5 August 2010.

In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argues that the information and communication technologies (ICT) sector, in particular enterprises involved in the development and sales of hardware, has been negatively affected by the crisis. The applicant refers to the sharp drop in the Netherlands of the ICT-indicator[5] developed by Ernst & Young: from a value of about 160 in August 2008 to a value of about 30 in April 2009. This indicator sums up the main research results related to the business cycle, expenditure and budgeting in the ICT sector. Global figures cited in the application show that in Western Europe the growth in the ICT market was lower in 2009 compared to the years before: a growth rate of 2.7% in 2007, of 2% in 2008 and of 1.2% in 2009.

The Dutch authorities highlight that in the two enterprises concerned by this application turnover dropped significantly in 2009 as a consequence of the global financial and economic crisis: for Getronics the decrease was 25% and for HP it was 17% for the PC division and 19% for the printing division. The Netherlands further argues that the negative impact on employment in the ICT sector of the global financial and economic crisis has been exacerbated by structural changes in the global ICT market, in particular a delocalisation of production to China and India.

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 2 557 135**, representing 65 % of the total cost.

IMPACT ASSESSMENT: not applicable

FINANCIAL IMPLICATION: given 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 2 557 135, 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 trialogue 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 trialogue 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.