Mobilisation of the European Globalisation Adjustment Fund: redundancies in the graphic media industry in the Netherlands (Zuid-Holland and Utrecht)

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the graphic media industry in the Netherlands (Zuid-Holland and Utrecht).

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.

The main elements of the assessment are as follows:

The Netherlands: application EGF/2010/029 NL/Zuid-Holland and Utrecht Division 18: on 20 December 2010, the Netherlands submitted application EGF/2010/029 NL/Zuid-Holland and Utrecht Division 18 for a financial contribution from the EGF, following redundancies in 52 enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')in the NUTS II regions of Zuid-Holland (NL33) and Utrecht (NL31) in the Netherlands. The application was supplemented by additional information up to 3 March 2011.

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 graphic media industry. As a consequence the turnover in the graphic industry decreased by 8.6% in 2009. The orders from other economic sectors for printed advertising material, which represents 35% of the total turnover of the printing and publishing sector, decreased dramatically between 2008 and 2009 due to the reduction of budgets for media and advertising activities induced by the economic crisis. The application cites several examples. In the construction industry, the budget for information and publicity was cut by 36.8% following the start of the crisis; in the financial sector by 33.2% and in consumer electronics by 30.6%. In addition, the economic crisis negatively affected demand for various types of printed media material (popular magazines; newspapers; newspapers distributed free of charge, etc).

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 800 redundancies in 52 enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')in the NUTS II regions of Zuid-Holland (NL33) and Utrecht (NL31) during the nine-month reference period from 16 January 2010 to 16 October 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 2 649 148**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: 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 referred to above, 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 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 trialogue meeting will be convened.

An amount of EUR 5 306 313 remains available on the EGF Budget line 04.0501 after adoption by both arms of the Budgetary Authority of three Decisions totalling an amount of EUR 10 371 321, and taking into account the seven cases currently discussed by the Budgetary Authority for a total amount of EUR 31 931 316. This available amount will be used to cover the amount of EUR 2 649 148 needed for the present application.