

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Denmark

2012/2110(BUD) - 16/07/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on budgets adopted the report drafted by Bendt BENDTSEN (EPP, DK) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 6 455 104** in commitment and payment appropriations to assist Denmark in respect of redundancies in the shipbuilding industry.

Members recall that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market.

Given that Denmark has requested assistance for 981 redundancies, of which 550 are targeted for assistance, in the Odense Steel Shipyard primary enterprise and in four suppliers and downstream producers in Denmark within a four-month reference period, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Denmark is entitled to a financial contribution under that Regulation.**

Members note that the direct losses at Odense Steel Shipyard covered by the two EGF applications (this one and EGF/2010/025 DK/Odense Steel Shipyard) amount to around 2 % of the local workforce, and together with indirect job losses, the shipyard closure is regarded as a **major crisis in the regional economy.**

They note that the shipbuilding workforce in Europe declined by 23% over the past three years and that EGF assistance has already been mobilised in three cases in the shipbuilding sector over the past three years ([EGF/2010/001 DK/Nordjylland](#), [EGF/2010/006 PL/H. Cegielski-Poznan](#) and [EGF/2010/025 DK /Odense Steel Shipyard](#)). They welcome the fact that the municipalities of Odense and Kerteminde, which are heavily affected by the dismissals in the Odense Steel Shipyard, were closely involved in the application and that the Danish authorities decided to start the implementation of the measures **ahead of the final decision** on granting the EGF support for the proposed coordinated package.

They note that the Danish authorities propose a relatively expensive coordinated package of personalised services (EUR 11 737 of EGF support per worker) but this package consists of measures that are additional and innovative compared to those offered regularly by the employment agencies and which are adapted to assist highly skilled workers in a difficult employment market. They also welcome the fact that the coordinated package of personalised services offers also incentives and courses to start a new business which are foreseen for ten workers (including one start-up loan of EUR 26 000).

In general, Members welcome the emphasis on new areas of potential growth and development in the regional economy such as energy technology, robotics and welfare technology. They also welcome the fact that the EGF support in this case is coordinated by a **newly set-up EGF Secretariat under the Odense Municipality** and that a dedicated website was established and two conferences are planned to promote the outcome of the two EGF applications.

Members:

- appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants;
- hope that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved;
- recall the institutions' commitment to ensuring a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- stress that EGF should support the reintegration of individual redundant workers into employment;
- reiterate that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- deplore the fact that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
- notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- reiterate their call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and that no duplication of Union-funded services can occur.

Moreover, Members welcome the fact that following requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Members **regret the decision of the Council to block the extension of the "crisis derogation"**, which allows provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and which allows an increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. **They call on the Council to reintroduce this measure without delay.**

Members deplore the fact that, despite several successful Danish mobilisations of the EGF under both the trade-related and the crisis-related criteria, **Denmark is among the countries undermining the future of the EGF after 2013**, blocking the extension of the crisis derogation and decreasing the financial allocation to the Commission for technical assistance for the EGF for 2012.