

Mobilisation of the European Globalisation Adjustment Fund: redundancies in wind turbine manufacturing in Denmark

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The Committee on Budgets adopted the report by Jan KOZOWSKI (EPP, PL) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 6 364 643** in commitment and payment appropriations to assist Denmark in respect of redundancies in manufacturing of wind turbines.

Members recalled that the European Union set up 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 submitted application EGF/2012/011 DK/Vestas for a financial contribution from the EGF, following 611 redundancies in Vestas Group with 611 workers targeted for EGF co-funded measures, during the reference period from 18 September 2012 to 18 December 2012, Members called on the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF for the requested amount, agreeing with the Commission that the conditions set out in Article 2(a) of the EGF Regulation have been met. **Therefore, Denmark is entitled to a financial contribution under that Regulation.**

Members considered that these redundancies are linked to major structural changes in world trade patterns due to globalisation, referring to a stagnation of demand for wind turbine installations in Europe and an increase of the market in Asia, a penetration of European market by Chinese wind turbine manufacturers at more competitive prices and a significant reduction of the EU market share in total capacity from 66% in 2006 to 27.5% in 2012.

They also noted that the concerned dismissals are the direct result of the strategic decision taken by Vestas group in November 2011 to reorganise its structure and increase proximity to its customers in the regional markets, especially in China. This decision put the region into difficulties.

Members recalled that this is the third EGF case involving the company Vestas Group and the fourth EGF case in the wind turbines sector.

In parallel, Members welcomed the fact that that, in order to provide workers with speedy assistance, the Danish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 March 2013, **well ahead of the final decision on granting the EGF support** for the proposed coordinated package.

Targeted measures: Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 611 redundant workers into employment such as counselling, mentoring and coaching, individualised targeted training packages, entrepreneurship allowances, 55+ measures with special mentoring and outplacement, subsistence allowances. They regretted however that **more than half of the EGF support will be spent on financial allowances - all workers are said to receive subsistence allowance which is estimated at EUR 10 400 per worker.**

They recalled that the EGF support should primarily be allocated to job search and training programs instead of contributing directly to financial allowances. Assistance from the EGF must **not replace actions which are the responsibility of companies by virtue of national law or collective agreements.**

Improving the future EGF: Members requested the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF. They appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They stressed that in this context that the new EGF regulation for 2014-2020 period will introduce a cap on financial allowances, which shall not constitute more than 35% of the cost of the package. They hoped that **further improvements in the procedure will be integrated in the new EGF Regulation for 2014-2020** and that greater efficiency, transparency and visibility of the EGF will be achieved.

Members welcomed the agreement reached in the Council on reintroducing in the EGF Regulation, for the period 2014-2020, the **crisis mobilisation criterion**, which allows for the 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.

In the process, Members reiterated their classic position when dealing with this type of request, notably to ensure that the EGF supports the reintegration of individual redundant workers into stable employment.