Mobilisation of the European Globalisation Adjustment Fund: redundancies in the construction of buildings in the Netherlands

2014/2055(BUD) - 10/07/2014 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist the Netherlands following redundancies in the building construction industry.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) within the annual ceiling of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

In this context, the Commission examined the request for mobilisation of the EGF with a view to assisting the Netherlands and stated that:

The Netherlands: EGF/2014/002 NL/Gelderland-Overijssel construction: on 20 February 2014, the Dutch authorities submitted application EGF/2014/002 NL/Gelderland-Overijssel construction for a financial contribution from the EGF, following redundancies in 89 enterprises operating in the NACE Rev. 2 division 41 ('Construction of buildings') in the contiguous NUTS level 2 regions of Gelderland and Overijssel in the Netherlands.

The Dutch authorities submitted the application within **12 weeks** of the date on which the intervention criteria set out in Regulation were met. This deadline expires on10 July 2014.

To establish the link between the redundancies and the global financial and economic crisis addressed in Regulation (EC) No 546/2009, the Dutch authorities argue that there are several reasons for the negative trends in production and employment in the construction sector and especially the construction of buildings (utility buildings and houses) - all relating to the financial and economic crisis: the policy of banks to implement more stringent rules for the provision of mortgages and credits which reduced the provision of mortgages and credits considerably; the austerity measures of the government to reduce national debt and budget deficit thus reducing public spending; and the sharp decline of prices and values on the housing market, which makes it difficult to sell and buy houses.

The construction sector is highly dependent on the regional domestic market. The negative economic trend caused by the economic and financial crisis and as a consequence the reduction of the public budget programmes leaves the construction sector in a vulnerable position.

Over the period 2008-2013, total production of new houses declined by 61 014 units in the Netherlands. For Overijssel production of new houses fell by 2625 and in Gelderland by 7941.

Background to the request from the Netherlands: the Dutch authorities submitted the application under the intervention criterion of Article 4(1)(b) of the EGF Regulation, which requires at least 500 redundancies over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Rev.2 division level and located in one region or two contiguous regions defined at NUTS level 2.

The application relates to:

- 562 workers made redundant in enterprises operating in the NACE Rev.2 Division 41 (Construction of buildings) in the contiguous regions of Gelderland (NL 22) and Overijssel (NL 21);
- the reference period of nine months runs from 1 March 2013 to 1 December 2013.

These criteria comply with the Regulation.

On the basis of the application from the Netherlands, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 625 781**.

BUDGETARY IMPLICATION: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of **EUR 1 625 781**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount of EUR 1 625 781.

It will also adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.