Mobilisation of the European Globalisation Adjustment Fund: redundancies in the retail sector in the Netherlands

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist the Netherlands faced with redundancies in its retail sector.

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

CONTENT: 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 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

In this context, the Commission examined the application to mobilise the EGF to assist the Netherlands and stated that:

The Netherlands: EGF/2016/005 NL/Drenthe Overijssel Retail: on 12 July 2016, the Netherlands submitted an application EGF/2016/005 NL/ Drenthe Overijssel Retail for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 47 (Retail trade, except of motor vehicles and motorcycles) in the NUTS level 2 regions of NL13 - Drenthe and NL21 - Overijssel in the Netherlands.

The Netherlands submitted the application within **12 weeks** of the date on which the intervention criteria were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 29 November 2016.

In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argues that retail is a sector in crisis. The sector had to face fundamental changes and still has major difficulties in dealing with these changes. The difficulties had a substantial and negative influence on employment in the sector.

In the past few years, there were significant changes in consumption patterns, such as the decline of sales in the middle price category and the growing popularity of internet shopping. The development of new shopping areas in many Dutch cities outside the city centres and the declining trust of consumers in the economy also negatively affected the position of the conventional retail sector.

Furthermore, the weak financial position of the bigger department stores made it impossible to invest in other shop models in order to achieve the necessary changes and to be competitive again.

To date, the retail sector has been the subject of **6 EGF applications**.

Basis of the application from the Netherlands: the Netherlands submitted the application under the intervention criteria of Article 4(1)(b) of the EGF Regulation, which requires at least 500 workers being

made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in two contiguous regions defined at NUTS 2 level in a Member State.

There were **1 096 redundancies** combined in the NUTS level 2 regions of NL13 – Drenthe and NL21 – Overijssel. The reference period of nine months for the application runs from 1 August 2015 to 1 May 2016.

All the criteria comply with the Regulation.

FINANCIAL CONTRIBUTION FROM THE EGF: having examined the application, it is proposed to mobilise the EGF for the amount of **EUR 1 818 750**, 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 above-mentioned.