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

2018/2220(BUD) - 20/07/2018 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist the Netherlands faced with redundancies in the financial services industry.

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

CONTENT: the rules applicable to financial contributions from the European Globalisation Adjustment Fund 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 considered the request to mobilise the EGF to assist the Netherlands and stated the following:

The Netherlands - Application EGF/2018/001 NL/Financial service activities: on 23 February 2018, the Netherlands submitted an application for a financial contribution from the EGF following 1324 redundancies in the economic sector classified under the NACE Revision 2 Division 64 - Financial service activities, except insurance and pension funding in the NUTS level 2 regions of NL12 - Friesland, NL13 - Drenthe and NL21 - Overijssel in the Netherlands.

In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argues that the financial and economic crisis had **serious impact on the services and functioning of the Dutch banks**. The low interest rate environment, introduced as a response to the financial crisis, the stricter regulatory conditions, the substantial decline of the mortgage market and in the credit provision for small and medium sized enterprises (SMEs) caused falling profitability and created an urgent need for reduction of costs.

As a result banks reduced their staff, mainly by closing of regional branch offices and transforming towards online banking. Half of the branch offices disappeared in 2004-2014 and the trend is still going on. Most of the dismissed persons are those who dealt directly with the clients and who were engaged in related administration.

To date, the `Financial service activities, except insurance and pension funding` sector has **not been subject of any EGF application**.

Basis of the Dutch request: 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 one or two contiguous regions defined at NUTS 2 level in a Member State.

The reference period of nine months for the application runs from 24 March 2017 to 24 December 2017.

The application relates to **1 324 workers** made redundant, the majority of workers are aged between 30 and 54. The redundancies are expected to have a significant adverse effect on the local economy.

The Netherlands is considering **seven types of actions** in favour of the dismissed employees that are the subject of the application: (i) intake; (ii) job search assistance; (iii) mobility pool; (iv) entrepreneurship promotion training and coaching; (v) training and re-training; (vi) outplacement assistance; (vii) entrepreneurship promotion grant.

BUDGETARY IMPLICATION: following its assessment of this application, the Commission concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met. It proposed to mobilise the EGF for the amount of **EUR 1 192 500**, 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 requested.