Basic information

2009/2183(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in car industry in Sweden and Austria, and in construction sector in the Netherlands **Subject** 3.40.03 Motor industry, cycle and motorcycle, commercial and agricultural vehicles 3.40.07 Building industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 5.03 Global economy and globalisation 8.70.60 Previous annual budgets **Geographical area** Austria Netherlands Sweden	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	BÖGE Reimer (PPE)	21/07/2009
	Shadow rapporteur GARDIAZABAL RUBIAL Eider (S&D) PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	2979	2009-11-30

Key events

Date	Event	Reference	Summary

27/10/2009	Non-legislative basic document published	COM(2009)0602	Summary
12/11/2009	Committee referral announced in Parliament		
30/11/2009	Draft budget approved by Council		
02/12/2009	Vote in committee		Summary
04/12/2009	Budgetary report tabled for plenary	A7-0079/2009	
14/12/2009	Debate in Parliament		
16/12/2009	Decision by Parliament	T7-0107/2009	Summary
16/12/2009	Results of vote in Parliament		
16/12/2009	End of procedure in Parliament		
24/12/2009	Final act published in Official Journal		

Technical information

Procedure reference	2009/2183(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/01441

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Budgetary report tabled for plenary, 1st reading		A7-0079/2009	04/12/2009	
Budgetary text adopted by Parliament		T7-0107/2009	16/12/2009	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2009)0602	27/10/2009	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2009/1006
OJ L 347 24.12.2009, p. 0028 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in car industry in Sweden and Austria, and in construction sector in the Netherlands

2009/2183(BUD) - 27/10/2009 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) following redundancies in car industry in Sweden and Austria, and in the construction sector in the Netherlands.

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

CONTENT: Regulation (EC) No 1927/2006 set up the European Globalisation Adjustment Fund (EGF) which provides additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market (COD/2006/0033).

The Interinstitutional Agreement of 17 May 2006 allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million.

The Commission services carried out a thorough examination of 3 applications for the mobilisation of the EGF as follows:

1. Sweden: Case EGF/2009/007 SE/ Volvo: the application was presented to the Commission on 5 June 2009 by the Swedish authorities. It was based upon the specific intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to that Regulation. Since this application was received after 1 May 2009, it was assessed on the basis of the modified rules laid down in Regulation (EC) No 546/2009. Sweden submitted this application under the intervention criteria which requires at least 500 redundancies over a four-month period. It concerns 4 687 workers dismissed from 26 production sites, of whom 2 258 were dismissed by Volvo Cars. In order to establish the link between the redundancies and the global financial and economic crisis, Sweden argues that the crisis has affected the automotive sector particularly severely. The current difficulties in access to credit are another major concern to Volvo Cars and its suppliers, as regards both production and sales, since potential consumers are now limited in their access to funds.

- **Impacts**: 73% of the redundancies occurred in the region Västsverige. Layoffs during the last quarter of 2008 and the first quarter of 2009 were almost nine times higher than during the same period a year earlier. A new report has calculated that a total of 60 000 to 70 000 workers are employed in the broader automotive industry (with its suppliers in other sectors) in that county, which equals some 8 to 9 % of its total employment. Therefore, the redundancies can be seen to have a significantly negative effect on the local and regional economy.
- **In conclusion**: for the reasons set out above, it is proposed to accept application **EGF/2009/007 SE/Volvo** submitted by Sweden relating to the redundancies in Volvo Cars. A direct and demonstrable link has been provided that these redundancies result from the global financial and economic crisis. A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 9 839 674**.

2. Austria: Case EGF/2009/009 AT/Steiermark: the Austrian authorities submitted the application to the Commission on 9 July 2009 based upon specific intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to that Regulation. The application cites a total of 744 redundancies during the 9-month period of reference in 9 enterprises operating in the region of Styria. In order to establish the link between the redundancies and the global financial and economic crisis, Austria argues that the crisis has led to a sharp decrease in the world-wide demand for cars. Between January 2008 and January 2009 the export of road vehicles from the Community-27 to countries outside the Community decreased by 47.7 % and for passenger cars by 52.5 %. For Austria, for the same period, the decline in exports was even more pronounced: for road vehicles exports decreased by 51.3 % and for passenger cars by 59.4 %. In the automotive sector, the financial crisis, the global setback in economic activities, the increasing difficulties in getting access to credit and the increasing uncertainty, caused inter alia by the volatility of prices for crude oil and motor fuels, led to a sharp and unpredicted decrease in sales volumes.

- **Impacts**: the Land of Styria, where the redundancies occurred, suffers from structural weaknesses, in particular a relatively small share of the services sector, an export oriented economy and a high dependence on the demand in the automotive sector. This makes the region particularly vulnerable to the impacts of the global crisis. The 744 redundant workers in the present application represent an increase of about 7 %. In view of these circumstances, the redundancies can be seen to have a significantly negative effect on the local and regional economy.
- **In conclusion**: it is proposed to accept application **EGF/2009/009 AT/Steiermark** submitted by Austria. A direct and demonstrable link has been provided that these redundancies result from the global financial and economic crisis. Therefore, a co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 5 705 635.**

3. The Netherlands: Case EGF/2009/011 NL/Heijmans N.V.: the Netherlands submitted the application to the Commission on 4 August 2009. It was based upon the specific intervention criteria Article 2(a) of Regulation (EC) No 1927/2006 and was submitted within the deadline of 10 weeks referred to in that Regulation. Since this application was received after 1 May 2009, it was assessed on the basis of the modified rules laid down in Regulation (EC) No 546/2009. The Netherlands submitted this application under the intervention criteria which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers. The application cites 570 redundancies in one enterprise Heijmans N.V. during the four-month period of reference from 29 January 2009 to 29 May 2009. In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argue that the construction sector was one of the first economic sectors to be affected by the crisis. Since early 2008 the prices of raw materials such as steel, fuel and various materials for road construction increased exponentially. This affected the profit margin of construction firms and resulted in an increased demand for project financing through loans, which became subject to very strict rules. Simultaneously, due to declining consumer confidence, low house prices and high mortgage costs the demand for new houses and offices declined (new utility building projects will diminish by 6 % in 2009 and by 10 % in 2010).

- **Impacts**: the redundancies will have an impact at all three levels: at national level, because Heijmans N.V. has subsidiaries located all around the Netherlands, workers were made redundant in the following locations: Groningen, Leeuwarden, Assen, Hengelo, Eindhoven, Best, Rosmalen, Tilburg, Breda and Rotterdam and at regional level, because about 40 % of the redundancies occurred in the province of Northern Brabant. At the local level, because 15 % of the redundancies occurred in Rotterdam. Both the province of Northern Brabant and the city of Rotterdam already in 2008 had an above-average decline in economic activity. In conclusion, in these circumstances, the redundancies can be seen to have a significantly negative effect on the local and regional economy.
- **In conclusion**, it is proposed to accept application **EGF/2009/011 NL/Heijmans** submitted by the Netherlands relating to the redundancies in Heijmans N.V, as evidence of a direct and demonstrable link has been provided that these redundancies result from the global financial and economic crisis. Therefore, a co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 386 114.**

IMPACT ASSESSMENT: not applicable.

BUDGETARY IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 37 107 624 has already been mobilised for prior applications in 2009 leaving an amount of EUR 462 892 376 available. In the light of the examination of these applications8, and considering the maximum possible amount of a grant from the Fund as Well as the scope for reallocating appropriations, the Commission proposes to deploy the EGF for a total amount of **EUR 15 931 423,** to be allocated under heading 1a of the financial framework, via the simplified trialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006.

The Commission invites the first of the two arms of the Budgetary Authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in car industry in Sweden and Austria, and in construction sector in the Netherlands

2009/2183(BUD) - 16/12/2009 - Budgetary text adopted by Parliament

The European Parliament adopted by 531 votes to 61, with 18 abstentions, a resolution approving 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 15 931 423** in commitment and payment appropriations. This amount is intended to provide assistance to Sweden, Austria and the Netherlands in respect of cases concerning redundancies in the automotive and in the construction sector.

Parliament recalls that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who suffer from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that these three countries have requested assistance in respect of cases concerning redundancies in the automotive sector in Sweden and Austria, and in the construction sector in one enterprise, Heijmans N.V., in the Netherlands and that these applications have fulfilled the eligibility criteria set up by the EGF Regulation, Parliament calls on the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount.

In addition, it recalls the institutions' commitment to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the Fund, providing one-off, time-limited individual support geared to helping workers who have suffered redundancies as a result of globalisation. It stresses that the European Union should use all its means to face the consequences of the global economic and financial crisis and that in this respect the EGF can play a crucial role in the reintegration of the workers made redundant into the labour market.

Parliament also recalls that:

- the possibility of grouping proposals for decisions on the mobilisation of the fund together into batches **puts in jeopardy the right of the budgetary authority to examine each application on the basis of its own merits** and could, as a consequence, penalise certain of them;

- assistance from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;

- in the context of mobilising the EGF, not to systematically transfer payment appropriations from the European Union Social Fund, since the EGF was created as a separate specific instrument with its own objectives and deadlines;
- the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and other various instruments created by the IIA of 17 May 2006, within the process of the 2007-2013 multiannual financial framework budget review.

Lastly, Parliament approves the decision to mobilise the European Globalisation Adjustment Fund for an amount of EUR 15 931 423.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in car industry in Sweden and Austria, and in construction sector in the Netherlands

2009/2183(BUD) - 17/12/2009 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) following redundancies in car industry in Sweden and Austria, and in the construction sector in the Netherlands.

LEGISLATIVE ACT: Decision 2009/1006/EC of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

CONTENT: the European Parliament and the Council have decided to mobilise the European Globalisation Adjustment Fund for an amount **EUR 15 931 423** in commitment and payment appropriations under the framework of the 2009 budget.

This amount shall provide assistance to:

- Sweden which submitted an application to mobilise the EGF, in respect of redundancies in automotive sector, for an amount of EUR 9 839 674;
- Austria which submitted an application to mobilise the EGF, in respect of redundancies in the automotive sector, for an amount of EUR 5 705 635;
- The Netherlands which submitted an application to mobilise the EGF, in respect of redundancies in the construction sector, for an amount of EUR 386 114.

In the light of the examination of these applications, and considering the maximum possible amount of a grant from the Fund established in accordance with Article 10 of Regulation (EC) No 1927/2006 (EGF Regulation) as well as the scope for reallocating appropriations, the European Parliament and the Council have decided to grant the abovementioned amount.

To recall, the European Globalisation Adjustment Fund (EGF) was established to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million. The scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a result of the global financial and economic crisis.