



Basic information	
2012/2110(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Denmark Subject 3.40.04 Shipbuilding, nautical industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	BUDG Budgets		BENDTSEN Bendt (PPE)	13/06/2012
			Shadow rapporteur 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
	Agriculture and Fisheries		3182	2012-07-16
European Commission	Commission DG		Commissioner	
	Budget		LEWANDOWSKI Janusz	

Key events			
Date	Event	Reference	Summary
04/06/2012	Non-legislative basic document published	COM(2012)0272 	Summary
12/06/2012	Committee referral announced in Parliament		

12/07/2012	Vote in committee		
16/07/2012	Budgetary report tabled for plenary	A7-0232/2012	Summary
16/07/2012	Draft budget approved by Council		
11/09/2012	Decision by Parliament	T7-0304/2012	Summary
11/09/2012	Results of vote in Parliament		
11/09/2012	End of procedure in Parliament		
04/10/2012	Final act published in Official Journal		

Technical information	
Procedure reference	2012/2110(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/7/09701

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE491.300	18/06/2012	
Amendments tabled in committee		PE492.679	29/06/2012	
Budgetary report tabled for plenary, 1st reading		A7-0232/2012	16/07/2012	Summary
Budgetary text adopted by Parliament		T7-0304/2012	11/09/2012	Summary
European Commission				
Document type	Reference	Date	Summary	
Non-legislative basic document	COM(2012)0272 	04/06/2012	Summary	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Denmark

2012/2110(BUD) - 12/09/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the shipbuilding sector in Denmark.

NON-LEGISLATIVE ACT: Decision 2012/537/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation 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 (application EGF/2011/008 DK/Odense Steel Shipyard from Denmark).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 6 455 104** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist Denmark in respect of 981 redundancies in the *Odense Steel Shipyard* primary enterprise and in four suppliers and downstream producers.

Given that the request for intervention from Denmark fulfils the conditions laid down in accordance with [Regulation \(EC\) No 1927/2006](#), the European Parliament and the Council have decided to grant the above-mentioned 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 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework. It should also be noted that the scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Denmark

2012/2110(BUD) - 04/06/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the shipbuilding industry in Denmark.

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

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by [Council Regulation No 1927/2006](#) 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 on budgetary discipline](#) allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Denmark to mobilise the EGF. The main elements of the assessment are as follows:

Denmark: application EGF/2011/008 DK/Odense Steel Shipyard: on 28 October 2011, Denmark submitted application EGF/2011/008 DK/Odense Steel Shipyard 2 for a financial contribution from the EGF, following redundancies in Odense Steel Shipyard in Denmark. The application was supplemented by additional information up to 8 March 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, Denmark argues that shipyards in Europe over the last decades have been losing substantial market shares to Asia. The decision to close Odense Steel Shipyard was taken on 10 August 2009, and a programme was agreed with all employees regarding the ships that would still be finished at the yard and thus, the timing of the redundancies required. A first application for EGF funding in support of the first wave of 1 356 redundant workers was made by the Danish authorities on 6 October 2010 and, following [approval of the Commission's proposal by the Council and the European Parliament](#), the funds were paid out on 2 August 2011. It was understood at the time of the first application that a second would follow, to take care of the later and final wave of redundancies, also including the workers made redundant by some of the suppliers to the shipyard.

The Danish authorities argue that the closure of the shipyard and the resulting redundancies could not have been foreseen. The shipyard owners invested heavily into the yard until 2009; this would not have happened if the closure had been expected. It must be noted that this is one of the biggest and most modern shipyards in Europe, holding records such as that of having built (in 2006-2008) the biggest container ships in the world.

Denmark submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, 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 and downstream producers. The application cites 509 redundancies in Odense Steel Shipyard during the reference period from 1 May 2011 to 31 August 2011 as well as further redundancies from sub-contractors, making a total of 585 redundancies from Odense Steel Shipyard and its suppliers. All of these redundancies were calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006 (981 redundancies in total in Odense Steel Shipyard and four of its suppliers).

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Denmark, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 6 455 104**, representing 65 % of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified triologue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. 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. In case of disagreement by either of the two arms of the budgetary authority, a formal triologue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Denmark

2012/2110(BUD) - 16/07/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on budgets adopted the report drafted by Bendt BENDTSEN (EPP, DK) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 6 455 104** in commitment and payment appropriations to assist Denmark in respect of redundancies in the shipbuilding industry.

Members recall that the European Union has set up the appropriate 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 has requested assistance for 981 redundancies, of which 550 are targeted for assistance, in the Odense Steel Shipyard primary enterprise and in four suppliers and downstream producers in Denmark within a four-month reference period, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Denmark is entitled to a financial contribution under that Regulation.**

Members note that the direct losses at Odense Steel Shipyard covered by the two EGF applications (this one and EGF/2010/025 DK/Odense Steel Shipyard) amount to around 2 % of the local workforce, and together with indirect job losses, the shipyard closure is regarded as a **major crisis in the regional economy.**

They note that the shipbuilding workforce in Europe declined by 23% over the past three years and that EGF assistance has already been mobilised in three cases in the shipbuilding sector over the past three years ([EGF/2010/001 DK/Nordjylland](#), [EGF/2010/006 PL/H. Cegielski-Poznan](#) and [EGF/2010/025 DK/Odense Steel Shipyard](#)). They welcome the fact that the municipalities of Odense and Kerteminde, which are heavily affected by the dismissals in the Odense Steel Shipyard, were closely involved in the application and that the Danish authorities decided to start the implementation of the measures **ahead of the final decision** on granting the EGF support for the proposed coordinated package.

They note that the Danish authorities propose a relatively expensive coordinated package of personalised services (EUR 11 737 of EGF support per worker) but this package consists of measures that are additional and innovative compared to those offered regularly by the employment agencies and which are adapted to assist highly skilled workers in a difficult employment market. They also welcome the fact that the coordinated package of personalised services offers also incentives and courses to start a new business which are foreseen for ten workers (including one start-up loan of EUR 26 000).

In general, Members welcome the emphasis on new areas of potential growth and development in the regional economy such as energy technology, robotics and welfare technology. They also welcome the fact that the EGF support in this case is coordinated by **a newly set-up EGF Secretariat under the Odense Municipality** and that a dedicated website was established and two conferences are planned to promote the outcome of the two EGF applications.

Members:

- appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants;
- hope that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved;
- recall the institutions' commitment to ensuring a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- stress that EGF should support the reintegration of individual redundant workers into employment;
- reiterate that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- deplore the fact that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
- notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- reiterate their call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and that no duplication of Union-funded services can occur.

Moreover, Members welcome the fact that following requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Members **regret the decision of the Council to block the extension of the "crisis derogation"**, which allows 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, and which allows an increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. **They call on the Council to reintroduce this measure without delay.**

Members deplore the fact that, despite several successful Danish mobilisations of the EGF under both the trade-related and the crisis-related criteria, **Denmark is among the countries undermining the future of the EGF after 2013**, blocking the extension of the crisis derogation and decreasing the financial allocation to the Commission for technical assistance for the EGF for 2012.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding industry in Denmark

2012/2110(BUD) - 11/09/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 578 votes to 65, with 21 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 6 455 104** in commitment and payment appropriations **to assist Denmark in respect of redundancies in the shipbuilding industry.**

Parliament recalls that the European Union has set up the appropriate 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 has requested assistance for 981 redundancies (of which 550 are targeted for assistance) in the *Odense Steel Shipyard* primary enterprise and in four suppliers and downstream producers in Denmark within a four-month reference period, Parliament requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, it agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, Denmark is entitled to a financial contribution under that Regulation.

Parliament notes that the direct losses at Odense Steel Shipyard covered by the two EGF applications (this one and EGF/2010/025 DK/Odense Steel Shipyard) amount to around 2% of the local workforce, and together with indirect job losses, the shipyard closure is regarded as a major crisis in the regional economy. It also notes that the shipbuilding workforce in Europe declined by 23% over the past three years and that EGF assistance has already been mobilised in three cases in the shipbuilding sector over the past three years ([EGF/2010/001 DK/Nordjylland](#), [EGF/2010/006 PL/H. Cegielski-Poznan](#) and [EGF/2010/025 DK/Odense Steel Shipyard](#)).

In this context, Parliament welcomes the allocation to Denmark of the amounts put forward in the proposal. It:

- expresses its satisfaction with the improvement of the procedure established by the Commission, following Parliament's request for accelerating the release of grants;
- hopes that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and for greater efficiency, transparency and visibility of the EGF to be achieved;
- recalls the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- reiterates that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and that it results in the co-funding of active labour market measures resulting in long-term employment;
- highlights the need to avoid any duplication in the services funded by the Union, including in the context of the EGF.

Parliament also welcomes the fact that the EGF support in this case is coordinated by a newly set-up EGF Secretariat under the Odense Municipality which coordinates the two FEM applications.

Revision of the EGF: Parliament welcomes the fact that following its repeated requests, the sum of EUR 50 million in payment appropriations has been allocated to the budget line 04 05 01 for the EGF. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past. It regrets the **decision of the Council to block the extension of the "crisis derogation"**. This derogation makes provision for 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. It also allows an increase in the rate of Union cofinancing to 65% of the programme costs for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay. Parliament deplores the fact that, despite several successful Danish mobilisations of the EGF under both the trade-related and the crisis-related criteria, **Denmark is among the countries undermining the future of the EGF after 2013**, blocking the extension of the crisis derogation and decreasing the financial allocation to the Commission for technical assistance for the EGF for 2012.