Basic information

2012/2154(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in construction of buildings in the Netherlands **Subject** 3.40.07 Building industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Netherlands	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	DAERDEN Frédéric (S&D)	06/09/2012

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

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3192	2012-10-16

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
16/07/2012	Non-legislative basic document published	COM(2012)0395	Summary

11/09/2012	Committee referral announced in Parliament		
10/10/2012	Vote in committee		
16/10/2012	Budgetary report tabled for plenary	A7-0334/2012	Summary
16/10/2012	Draft budget approved by Council		
23/10/2012	Decision by Parliament	T7-0378/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	End of procedure in Parliament		
07/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2154(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/7/10150

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE494.790	03/09/2012	
Amendments tabled in committee		PE496.459	24/09/2012	
Budgetary report tabled for plenary, 1st reading		A7-0334/2012	16/10/2012	Summary
Budgetary text adopted by Parliament		T7-0378/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0395	16/07/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0681
OJ L 307 07.11.2012, p. 0075 Summary

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

2012/2154(BUD) - 16/07/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the construction of buildings in the Netherlands.

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 the Netherlands to mobilise the EGF. The main elements of the assessment are as follows:

The Netherlands: application EGF/2011/009 NL/Gelderland Construction 41: on 15 December 2011, the Netherlands submitted application EGF/2011/009 NL/Gelderland Construction 41 for a financial contribution from the EGF, following redundancies in 54 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Gelderland (NL22) in the Netherlands. The application was supplemented by additional information up to 11 June 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argues that the construction sector in the Netherlands as well as in the entire European Union has been severely affected by the crisis. Loans to the construction sector and to individuals have been drastically reduced, prices of the construction materials increased while the demand for new houses decreased due to declining consumer confidence and the lack of cash.

A sharp decline in output by 12.9% from 2008 to 2010 was identified in the Dutch construction industry. The economic growth in the third quarter of 2011 compared to the same period of 2010 in the province of Gelderland slowed down more than in the rest of the country. The price level of houses in 2011 declined further by 3.6% in comparison to 2010 and reached the level of 2005; this had a negative impact on the construction sector. Furthermore, the market for new housing has been shrinking due to the declining investments of housing corporations and municipalities.

The Netherlands submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State. The application cites 516 redundancies in 54 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Gelderland (NL22) during the nine-month reference period from 1 February 2011 to 1 November 2011.

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 the Netherlands, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 2 898 594**, 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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue 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 trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations from the EGF budget line will be used to cover the amount of EUR 2 898 594 needed for the present application.

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

2012/2154(BUD) - 16/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund, the sum of **EUR 2 898 594** in commitment and payment appropriations, in order to provide a financial contribution for the application submitted by the Netherlands with respect to redundancies in the construction sector.

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. Noting that the Netherlands has requested assistance for 516 redundancies, 435 of which are targeted for assistance, in 54 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the region of Gelderland (NL), Members request the institutions involved to accelerate the mobilisation of the EGF. They agree with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **the Netherlands is entitled to a financial contribution under that Regulation**.

They welcome this call for the EGF financial contribution by the Dutch Government even though this Member State has opposed the extension of the crisis derogation for the current EGF and jeopardises the future of the EGF after 2013.

Members also stress that the number of people working in construction is relatively high (approximately 60 000 in 2011) compared with other sectors of industry. The unemployment rate in 2011 in Gelderland was 5.9 %, a fraction higher than the Dutch average. Gelderland is the biggest province of the Netherlands, counting approximately 2 million inhabitants, and counts about 146 000 companies. Members point out that the vast majority of redundant workers come from elementary professions. Therefore, there is a necessity for further training and education in order to allow them to re-integrate in the labour market.

At the same time, Members welcome the fact that, in order to provide workers with speedy assistance, the Dutch authorities decided to start the implementation of the measures well ahead of the final decision on granting the EGF support for the proposed coordinated package.

They recall the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career.

Lessons to be learned from the implementation of the EGF: the report highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals, especially with respect to the activities in anticipation of redundancies and timeliness of the preparation of EGF applications. It requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. Members appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They hope that **further improvements in the procedure will be integrated in the new Regulation** on the European Globalisation Adjustment Fund (2014–2020).

The committee reiterates its usual position on the approach to this kind of application:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- 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 must support the reintegration of individual redundant workers into long-term employment;
- the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that 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;
- the need for a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and
- no duplication of Union-funded services can occur.

The committee welcomes the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and therefore deserves a dedicated allocation, which will avoid 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 t**he decision of the Council to block the extension of the "crisis derogation",** allowing to provide 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 allowing the increase in the rate of Union co-financing 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.

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

2012/2154(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 572 votes to 63, with 13 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF), for an amount of **EUR 2 898 594** in commitment and payment appropriations **in respect of redundancies in the building construction sector in the Netherlands.**

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. Noting that the Netherlands has requested assistance for 516 redundancies, 435 of which are targeted for assistance, in 54 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the region of Gelderland (NL), Parliament requests the institutions involved to accelerate the mobilisation of the EGF. It agrees with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **the Netherlands are entitled to a financial contribution under that Regulation**.

Parliament welcomes this call for the EGF financial contribution by the Dutch Government even though this Member State has opposed the extension of the crisis derogation for the current EGF and **jeopardises the future of the EGF after 2013**.

Parliament also stresses that the number of people working in construction is relatively high (approximately 60 000 in 2011) compared with other sectors of industry. The unemployment rate in 2011 in Gelderland was 5.9 %, a fraction higher than the Dutch average. Gelderland is the biggest province of the Netherlands, counting approximately 2 million inhabitants, and counts about 146 000 companies. Parliament points out that the vast majority of redundant workers come from elementary professions. Therefore, there is a necessity for further training and education in order to allow them to re-integrate in the labour market, although it notes the very high cost of training amounting to EUR 18 000 per worker (foreseen for 75 workers) and the outplacement assistance - EUR 8 500 per worker (foreseen for 150 workers) and requests more information concerning those two measures and operators carrying them out.

Parliament welcomes the fact that, in order to provide workers with speedy assistance, the Dutch authorities decided to start the implementation of the measures well ahead of the final decision on granting the EGF support for the proposed coordinated package. It also recalls the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career. It also w elcomes the fact that the EGF contribution is planned to support solely active labour measures (training and counselling) and **will not be used for subsistence allowances**.

Lessons from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals in a high number of small and medium enterprises (SMEs) in one sector, in particular, in terms of the eligibility of self-employed and owners of the SMEs for EGF support in the future regulation. It calls on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to **accelerate the mobilisation of the EGF**. It appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants. It hopes that **further improvements in the procedure will be integrated** in the new Regulation on the EGF (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact 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 can co-finance only active labour market measures which lead to durable, long-term employment;
- 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;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact 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;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

Parliament welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. 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, which could be detrimental to the achievement of the policy objectives of the EGF. Parliament regrets the **decision of the Council to block the extension of the "crisis derogation"**, allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without delay.

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

2012/2154(BUD) - 25/10/2012 - Final act

PURPOSE: the mobilisation of the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the building construction sector in the Netherlands.

NON-LEGISLATIVE ACT: Decision 2012/681/EU of the European Parliament and of the Council on the 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 (application EGF/2011/009/NL/Gelderland Construction 41 from the Netherlands).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 2 898 594** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist the Netherlands in respect of redundancies in 54 enterprises in the Division 41 of the NACE Revision 2 (Building construction) and situated in Gelderland (NL22) NUTS 2 region.

Given that the request for intervention from the Netherlands 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.