Basic information

2012/2228(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the wind turbine manufacturing industry in Denmark **Subject** 3.40.08 Mechanical engineering, machine-tool industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Denmark	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	SURJÁN László (PPE)	04/10/2012

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
Transport, Telecommunications and Energy	3196	2012-10-29

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
13/09/2012	Non-legislative basic document published	COM(2012)0502	Summary
18/10/2012	Vote in committee		
19/10/2012	Budgetary report tabled for plenary	A7-0345/2012	Summary
22/10/2012	Committee referral announced in Parliament		

23/10/2012	Decision by Parliament	T7-0381/2012	Summary
23/10/2012	Results of vote in Parliament		
29/10/2012	Draft budget approved by Council		
29/10/2012	End of procedure in Parliament		
28/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2228(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/7/10720

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE496.683	04/10/2012	
Amendments tabled in committee		PE497.800	09/10/2012	
Budgetary report tabled for plenary, 1st reading		A7-0345/2012	19/10/2012	Summary
Budgetary text adopted by Parliament		T7-0381/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0502	13/09/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0731
OJ L 328 28.11.2012, p. 0019 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the wind turbine manufacturing industry in Denmark

2012/2228(BUD) - 13/09/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the wind turbine manufacturing 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: EGF/2012/003 DK/Vestas:

on 14 May 2012, Denmark submitted application EGF/2012/003 DK/Vestas for a financial contribution from the EGF, following redundancies in *Vestas Group* in Denmark. The application was supplemented by additional information up to 10 July 2012.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Denmark argues that the wind turbine manufacturing industry in the EU has been seriously affected by changes in world trade patterns, in particular a significant reduction of the EU market share.

Denmark explains that, although the European production of wind turbines has increased in the past few years, the global market for wind turbines has developed even faster, especially in Asia and North America. For the first time in 2010, more than half of all new wind power capacities were added outside the traditional markets of Europe and North America. This development was mainly driven by the continuing economic boom in China. Resulting from the dynamic global growth of the sector, Europe's share in total capacity was reduced from 65.5% in 2006 to 43.7% in 2010.

This would appear to be a trend that is likely to continue since the wind turbine manufacturing and servicing will move to places, where they are demanded and to regions with rapid economic growth. In addition to the considerably lower labour costs, the high costs of transporting the big parts of wind turbines require European producers to move their production closer to the most dynamic end-user markets to ensure their competiveness and market position. As a result, production has been progressively migrating out of the EU.

Vestas Group has been part of the trend described above. In order to maintain their leadership on the market, *Vestas* has recently implemented a new strategy governed by the principle "In the region for the region" with the aim of reducing production costs. Moreover, whereas most of the components of a wind turbine were produced in-house in the past, component production will be increasingly outsourced to regional partners and as a result, *Vestas* will have a lower need for investments and will reduce its staff.

This is the third EGF case in the wind turbines sector. The arguments presented in the two previous cases (EGF/2010/017 DK Midtjylland Machinery and EGF/2010/022 DK/LM Glasfiber) remain valid.

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 720 redundancies in Vestas Group during the four-month reference period from 8 February 2012 to 8 June 2012.

On the basis of the application from Denmark, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 7 488 000,** representing 50% 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 trilogue 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 trilogue 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 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the wind turbine manufacturing industry in Denmark

2012/2228(BUD) - 19/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by László SURJÁN (EPP, HU) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF), for an amount of **EUR 7 488 000** in commitment and payment appropriations in respect of redundancies in the wind turbine sector in Denmark.

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 in respect of a case concerning 720 redundancies at the wind turbine manufacturer *Vestas Group*, they request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount noting, moreover, that the conditions set out in Article 2(a) of the EGF Regulation are met. As a result, **Denmark is entitled to a financial contribution under this Regulation**.

Recalling the conditions that at the source of the request for an EGF contribution, Members underline that attracting an innovative enterprise such as *Vestas* provided many high-skilled and high-quality industrial jobs for workers and that the loss of these jobs has put the region into difficulties; at a time when unemployment is rising rapidly.

Members also welcome the fact that, in order to provide workers with speedy assistance, the Danish authorities decided to start the implementation of the measures well ahead of the final decision on granting the EGF support and 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. They welcome the fact that the package contains **considerable financial incentives for setting-up own businesses** which will strictly be linked to participation in entrepreneurship courses and monitoring exercise at the end of the EGF project. However, they note that **more than half of the EGF support will possibly be spent on financial allowances** - 720 workers are said to receive subsistence allowance (including student grants) which is estimated at EUR 10 400 per worker. They recall that the **EGF support should be of complementary nature and should never replace allowances under the responsibility of Member States**.

Lessons from the implementation of the EGF: Members consider that it is important to that lessons should be learned from the preparation and implementation of this Danish application and call on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF. They appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants. They hope 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.

Members reiterate their 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.

Lastly, Members welcome the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the wind turbine manufacturing industry in Denmark

2012/2228(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 559 votes to 65, with 16 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 7 488 000** in commitment and payment appropriations **in respect of redundancies in the wind turbine sector in Denmark**.

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 in respect of a case concerning 720 redundancies at the wind turbine manufacturer *Vestas Group*, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount noting, moreover, that the conditions set out in Article 2(a) of the EGF Regulation are met. As a result, **Denmark is entitled to a financial contribution under this Regulation.**

Recalling the conditions that at the source of the request for an EGF contribution, Parliament underlines that attracting an innovative enterprise such as *Vestas* provided many high-skilled and high-quality industrial jobs for workers and that the loss of these jobs has put the region into difficulties; at a time when unemployment is rising rapidly.

Parliament also welcomes the fact that, in order to provide workers with speedy assistance, the Danish authorities decided to start the implementation of the measures well ahead of the final decision on granting the EGF support and 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. Parliament welcomes the fact that the package contains **considerable financial incentives for setting-up own businesses** which will strictly be linked to participation in entrepreneurship courses and monitoring exercise at the end of the EGF project. However, it notes that **more than half of the EGF support will possibly be spent on financial allowances** - 720 workers are said to receive subsistence allowance (including student grants) which is estimated at EUR 10 400 per worker. Parliament recalls that the **EGF support should be of complementary nature and should never replace allowances under the responsibility of Member States**.

It observes in passing that this is the third EGF application addressing the layoffs in the wind turbine industry, all of them from Denmark (EGF/2010/017 DK/Midtjylland Machinery and EGF/2010/022 DK/LM Glasfiber).

Lessons from the implementation of the EGF: Parliament considers that it is important to that lessons should be learned from the preparation and implementation of this Danish application and 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.

Lastly, 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.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the wind turbine manufacturing industry in Denmark

2012/2228(BUD) - 21/11/2012 - Final act

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

NON-LEGISLATIVE ACT: Decision 2012/731/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/2012/003 DK/*Vestas* from Denmark).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 7 488 000** 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 redundancies in the wind turbine manufacturer *Vestas*.

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 recap, 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.