Basic information

2013/2262(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in wind turbine manufacturing 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	KOZŁOWSKI Jan (PPE)	18/10/2013

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
Competitiveness (Internal Market, Industry, Research and Space)	3276	2013-12-03

Key events

Date	Event	Reference	Summary
16/10/2013	Non-legislative basic document published	COM(2013)0703	Summary
22/10/2013	Committee referral announced in Parliament		
21/11/2013	Final act published in Official Journal		
27/11/2013	Vote in committee		
28/11/2013	Budgetary report tabled for plenary	A7-0410/2013	Summary

03/12/2013	Draft budget approved by Council		
10/12/2013	Decision by Parliament	T7-0531/2013	Summary
10/12/2013	Results of vote in Parliament		
10/12/2013	End of procedure in Parliament		

Technical information

Procedure reference	2013/2262(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/7/14327

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE521.799	24/10/2013	
Amendments tabled in committee		PE523.113	18/11/2013	
Budgetary report tabled for plenary, 1st reading		A7-0410/2013	28/11/2013	Summary
Budgetary text adopted by Parliament		T7-0531/2013	10/12/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2013)0703	16/10/2013	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2013/0787
OJ L 349 21.12.2013, p. 0095 Summary

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

2013/2262(BUD) - 16/10/2013 - 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/2012/011 DK/Vestas**: on 21 December 2012, Denmark submitted application EGF/2012/011 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 16 July 2013.

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, leading to a significant reduction of the EU market share. Denmark explains that while the demand for wind turbine installations is stagnating in Europe, the global market, especially in Asia, has been rapidly developing. 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, which accounted for half of the new global wind installations. Resulting from the dynamic global growth of the sector, Europe's share in total capacity was reduced from 66% in 2006 to 27.5% in 2012.

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.

In this context, 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 involving the company Vestas Group and the fourth EGF case in the wind turbines sector. The arguments presented in the two previous cases (EGF/2010/017 DK Midtjylland Machinery, EGF/2010/022 DK/LM Glasfiber and EGF/2010/003 DK/Vestas) 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 611 redundancies in Vestas Group during the reference period from 18 September 2012 to 18 December 2012.

On the basis of the application from Denmark, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 6 364 643**, 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 2013 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 wind turbine manufacturing in Denmark

2013/2262(BUD) - 28/11/2013 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Jan KOZŁOWSKI (EPP, PL) on 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 6 364 643** in commitment and payment appropriations to assist Denmark in respect of redundancies in manufacturing of wind turbines.

Members recalled that the European Union set up 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 submitted application EGF/2012/011 DK/Vestas for a financial contribution from the EGF, following 611 redundancies in Vestas Group with 611 workers targeted for EFG co-funded measures, during the reference period from 18 September 2012 to 18 December 2012, Members called on the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF for the requested amount, agreeing with the Commission that the conditions set out in Article 2(a) of the EGF Regulation have been met. **Therefore, Denmark is entitled to a financial contribution under that Regulation**.

Members considered that these redundancies are linked to major structural changes in world trade patterns due to globalisation, referring to a stagnation of demand for wind turbine installations in Europe and an increase of the market in Asia, a penetration of European market by Chinese wind turbine manufacturers at more competitive prices and a significant reduction of the EU market share in total capacity from 66% in 2006 to 27.5% in 2012.

They also noted that the concerned dismissals are the direct result of the strategic decision taken by Vestas group in November 2011 to reorganise its structure and increase proximity to its customers in the regional markets, especially in China. This decision put the region into difficulties.

Members recalled that this is the third EGF case involving the company Vestas Group and the fourth EGF case in the wind turbines sector.

In parallel, Members welcomed the fact that that, in order to provide workers with speedy assistance, the Danish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 March 2013, **well ahead of the final decision on granting the EGF support** for the proposed coordinated package.

Targeted measures: Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 611 redundant workers into employment such as counselling, mentoring and coaching, individualised targeted training packages, entrepreneurship allowances, 55+ measures with special mentoring and outplacement, subsistence allowances. They regretted however that **more than half of the EGF support will be spent on financial allowances - all workers are said to receive subsistence allowance which is estimated at EUR 10 400 per worker**.

They recalled that the EGF support should primarily be allocated to job search and training programs instead of contributing directly to financial allowances. Assistance from the EGF must **not replace actions which are the responsibility of companies by virtue of national law or collective agreements.**

Improving the future EGF: Members requested the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF. They appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated 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 stressed that in this context that the new EGF regulation for 2014-2020 period will introduce a cap on financial allowances, which shall not constitute more than 35% of the cost of the package. They hoped that **further improvements in the procedure will be integrated in the new EGF Regulation for 2014-2020** and that greater efficiency, transparency and visibility of the EGF will be achieved.

Members welcomed the agreement reached in the Council on reintroducing in the EGF Regulation, for the period 2014-2020, the **crisis mobilisation criterion**, which allows for the 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.

In the process, Members reiterated their classic position when dealing with this type of request, notably to ensure that the EGF supports the reintegration of individual redundant workers into stable employment.

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

2013/2262(BUD) - 11/12/2013 - 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 2013/787/EU 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 (application EGF/2012/011 DK/Vestas from Denmark).

CONTENT: with this Decision, Parliament and Council decided to mobilise the European Globalisation Adjustment Fund in the sum of **EUR 6 364 643** in commitment and payment appropriations in the context of the 2013 budget.

This amount is intended to assist Denmark following redundancies in the Vestas Group.

Acknowledging that the conditions for a financial contribution Regulation (EC) No 1927/2006 have been met by Denmark, Parliament and Council decided to respond by granting the sum applied for.

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 EGF within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

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

2013/2262(BUD) - 10/12/2013 - Budgetary text adopted by Parliament

The European Parliament adopted by 572 votes to 67, with 16 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 6 364 643** in commitment and payment appropriations to assist Denmark in respect of redundancies in manufacturing of wind turbines.

Parliament recalled that the European Union set up 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 submitted application EGF/2012/011 DK/Vestas for a financial contribution from the EGF, following 611 redundancies in Vestas Group with 611 workers targeted for EFG co-funded measures, during the reference period from 18 September 2012 to 18 December 2012, Members called on the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF for the requested amount, agreeing with the Commission that the conditions set out in Article 2(a) of the EGF Regulation have been met. **Therefore, Denmark is entitled to a financial contribution under that Regulation**.

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It also noted that the concerned dismissals are the direct result of the strategic decision taken by Vestas group in November 2011 to reorganise its structure and increase proximity to its customers in the regional markets, especially in China. This decision put the region into difficulties.

Parliament recalled that this is the third EGF case involving the company Vestas Group and the fourth EGF case in the wind turbines sector.

In parallel, it welcomed the fact that that, in order to provide workers with speedy assistance, the Danish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 March 2013, **well ahead of the final decision on granting the EGF support** for the proposed coordinated package.

Targeted measures: Parliament noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 611 redundant workers into employment such as counselling, mentoring and coaching, individualised targeted training packages, entrepreneurship allowances, 55+ measures with special mentoring and outplacement, subsistence allowances. It regretted however that **more than half of the EGF support will be spent on financial allowances - all workers are said to receive subsistence allowance which is estimated at EUR 10 400 per worker**. It recalled that the EGF support should primarily be allocated to job search and training programs instead of contributing directly to financial allowances. Assistance from the EGF must **not replace actions which are the responsibility of companies by virtue of national law or collective agreements.**

Improving the future EGF: Members requested the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF. They appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated 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 stressed that in this context that the new EGF regulation for 2014-2020 period will introduce a cap on financial allowances, which shall not constitute more than 35% of the cost of the package. They hoped that **further improvements in the procedure will be integrated in the new EGF Regulation for 2014-2020** and that greater efficiency, transparency and visibility of the EGF will be achieved.

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