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Proposal for a

DECISION 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/2010/012 NL/Noord Holland ICT from the Netherlands)

EXPLANATORY MEMORANDUM

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 management¹ 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 rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund².

On 8 April 2010, the Netherlands submitted application EGF/2010/012 NL/Noord Holland ICT for a financial contribution from the EGF, following redundancies in two enterprises operating in the NACE Revision 2 Division 46 ('Wholesale trade, except of motor vehicles and motorcycles')³ in the NUTS II region of Noord Holland (NL32) in the Netherlands.

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.

SUMMARY OF THE APPLICATION AND ANALYSIS

Key data:	
EGF Reference no.	EGF/2010/012
Member State	the Netherlands
Article 2	(b)
Enterprises concerned	2
NUTS II region	Noord Holland (NL32)
NACE Revision 2 Division	46 ('Wholesale trade, except of motor vehicles and motorcycles')
Reference period	1.5.2009 – 31.1.2010
Starting date for the personalised services	1.5.2009
Application date	8.4.2010
Redundancies during the reference period	613
Redundant workers targeted for support	613
Expenditure for personalised services (EUR)	3 776 693
Expenditure for implementing EGF ⁴ (EUR)	157 362
Expenditure for implementing EGF (%)	4
Total budget (EUR)	3 934 055
EGF contribution (65 %) (EUR)	2 557 135

1. The application was presented to the Commission on 8 April 2010 and supplemented by additional information up to 5 August 2010.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

⁴ In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

2. The application meets the conditions for deploying the EGF as set out in Article 2(b) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

Link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis

3. In order to establish the link between the redundancies and the global financial and economic crisis, the Netherlands argues that the information and communication technologies (ICT) sector, in particular enterprises involved in the development and sales of hardware, has been negatively affected by the crisis. The applicant refers to the sharp drop in the Netherlands of the ICT-indicator⁵ developed by Ernst & Young: from a value of about 160 in August 2008 to a value of about 30 in April 2009. This indicator sums up the main research results related to the business cycle, expenditure and budgeting in the ICT sector. Global figures cited in the application show that in Western Europe the growth in the ICT market was lower in 2009 compared to the years before: a growth rate of 2,7 % in 2007, of 2 % in 2008 and of 1,2 % in 2009.
4. The Dutch authorities highlight that in the two enterprises concerned by this application turnover dropped significantly in 2009 as a consequence of the global financial and economic crisis: for Getronics the decrease was 25 % and for HP it was 17 % for the PC division and 19 % for the printing division.
5. The Netherlands further argues that the negative impact on employment in the ICT sector of the global financial and economic crisis has been exacerbated by structural changes in the global ICT market, in particular a delocalisation of production to China and India. In 1996 the market share of OECD⁶ countries in total ICT trade was 88 %; in 2006 this share had decreased to 56 %.

Demonstration of the number of redundancies and compliance with the criteria of Article 2(b)

6. 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.
7. The application cites 613 redundancies in two enterprises operating in the NACE Revision 2 Division 46 ('Wholesale trade, except of motor vehicles and motorcycles') in the NUTS II region of Noord Holland (NL32) in the Netherlands during the nine-month reference period from 1 May 2009 until 31 January 2010. All redundancies were calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

Explanation of the unforeseen nature of those redundancies

⁵ <http://www.ict-barometer.nl>.

⁶ <http://www.oecd.org>.

8. The Dutch authorities argue that until mid-2008 the ICT market performed relatively well, with growth prospects both for ICT enterprises and their customer markets. This enabled the sector to counterbalance the impact of changes in global trade patterns. The economic and financial crisis resulted in a sudden and unforeseen reduction in investment budgets related to ICT goods and an ensuing significant reduction in turnover for ICT enterprises.

Identification of the dismissing enterprises and workers targeted for assistance

9. The application cites a total of 613 redundancies, all of whom are targeted for assistance in the following two enterprises:

Enterprises and number of dismissals			
Getronics	371	HP	242
Total enterprises: 2		Total dismissals: 613	

10. The break-down of the targeted workers is as follows :

Category	Number	Percent
Men	398	64,9
Women	215	35,1
EU citizens	576	94,0
Non EU citizens	37	6,0
15-24 years old	110	17,9
25-54 years old	338	55,1
55-64 years old	153	25,0
> 65 years old	12	2,0

There are 24 workers (3,9 %) with a longstanding health problem or disability included in the categories above.

11. In terms of professional categories, the break-down is as follows :

Category	Number	Percent
Manager	31	5,1
Professional	275	44,9
Technicians	215	35,0
Clerical support workers	61	9,9
Service and sales workers	31	5,1

12. In accordance with Article 7 of Regulation (EC) No 1927/2006, the Netherlands has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

Description of the territory concerned and its authorities and stakeholders

13. The territory concerned by the redundancies is the province of Noord-Holland, NUTS II region NL32. This is a region with a high concentration of ICT enterprises.
14. The responsible authority is the Dutch Ministry of Social Affairs and Employment and the Centre for Labour market questions in the ICT sector (CA 'Centrum Arbeidsmarktvraagstukken' -ICT). Other stakeholders involved are ICT-Office (employers organisation), the trade union FNV Bondgenoten, the trade union CNV

Dienstenbond, the trade union De Unie, the Institute for Employee Benefit Schemes UWV ('Uitvoeringsinstituut WerknemersVerzekeringen') WERKbedrijf, the municipality of Amsterdam, the regional training centre Amsterdam, the regional training centre Midden Nederland, Avans Hogeschool and re-integration offices.

Expected impact of the redundancies as regards local, regional or national employment

15. The dismissing enterprises are located in Amsterdam and Amstelveen, both of which are part of the same labour market and economic entity, namely the 'Randstad'. The Netherlands argue that the redundancies in the two enterprises concerned by this application will aggravate the employment situation in the province of Noord-Holland, which deteriorated already as a consequence of the global financial and economic crisis.
16. In 2008 the number of unemployed in the active population in Noord Holland reached 48 500 and in 2009 as a consequence of the global economic and financial crisis it had increased by 20 000 to 68 300. The largest number of unemployed in the active population is in the larger Amsterdam area: in 2008 it was 19 000 and in 2009 24 500.
17. In addition, the province of Noord Holland has been affected by the redundancies in the graphics sector covered by applications EGF/2009/024 NL/Noord Holland and Zuid Holland Division 58 and EGF/2009/026 NL/Noord Holland and Utrecht Division 18.

Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds

18. The following types of measures are proposed, all of which combine to form a coordinated package of personalised services aimed at re-integrating the workers into the labour market:
 - Coaching from job to job/accompaniment: This relates to the establishment of an individual tailor-made programme to facilitate the re-integration into active employment.
 - Mobility centres: This covers the establishment of mobility centres which will provide active accompaniment to the dismissed workers both with internal and external coaches, facilitation of job application and training opportunities by making available PCs, overview of job vacancies.
 - Outplacement: This covers the provision of personal attention and accompaniment to the dismissed workers during their vocational reorientation and labour market prospection phases.
 - Application training: This covers support for the drafting of a CV, the preparation of an application letter and the preparation of job interviews and self-presentation. The objective is to prepare and accompany workers during the application process.

- Training: This covers training measures with a view to increasing the employability of the dismissed workers. Depending on the situation of the individual worker the training can consist of vocational training, development of specific skills and technical training.
- Employability scan: This aims at the identification of the interests and preferences of the dismissed workers, the evaluation of the areas where their knowledge is up to date as well as those where further training is required.

19. The expenditure for implementing EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers management and control activities.

20. The personalised services presented by the Dutch authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Dutch authorities estimate the total costs of these services at EUR 3 776 693 and the expenditure for implementing EGF at EUR 157 362 (4 % of the total amount). The total contribution requested from the EGF is EUR 2 557 135 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national co-financing) (EUR)
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Coaching from job to job/accompaniment (<i>coaching van werk naar werk/begeleiding</i>)	613	760,13	465 959,69
Mobility centres (<i>mobility centres opzet</i>)	613	119,45	73 222,85
Outplacement	613	4 940,85	3 028 741,05
Application training (<i>sollicitatietraining</i>)	50	271,48	13 574,00
Training (<i>educatie</i>)	223	814,43	181 617,89
Employability scan	50	271,56	13 578,00
Sub total personalised services			3 776 693
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Management			39 340
Information and publicity			39 341
Control activities			78 681

Sub total expenditure for implementing EGF		157 362
Total estimated costs		3 934 055
<i>EGF contribution (65 % of total costs)</i>		<i>2 557 135</i>

21. The Netherlands confirmed that the measures described above are complementary with actions funded by the Structural Funds. The Dutch authorities specified that the dismissed workers might qualify for two specific ESF projects⁷ for workers in the ICT sector. The Netherlands have put in place the necessary mechanisms to prevent any risk of double funding from the EGF and other EU financial instruments.

Date(s) on which the personalised services to the affected workers were started or are planned to start

22. The Netherlands started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF, on 1 May 2009. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

Procedures for consulting the social partners

23. The Netherlands specified that both enterprises complied with the obligation to consult the social partners on a social plan in cases of collective redundancies exceeding 30 dismissals. CA-ICT, which is composed of representatives of employers and employees, played an important role in the preparation of the measures.
24. The Dutch authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

Information on actions that are mandatory by virtue of national law or pursuant to collective agreements

25. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Dutch authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
 - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
 - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

⁷ 2008ESFN226 (project period from 1-4-2009 until 31-3-2010) and 2008ESFB295 (project period from 1-11-2009 until 31-10-2010)

Management and control systems

26. The Netherlands has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the European Social Fund (ESF) funding in the Netherlands.

Financing

27. On the basis of the application from the Netherlands, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 2 557 135, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by the Netherlands.
28. 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 above, to be allocated under heading 1a of the financial framework.
29. 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.
30. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue 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 dialogue meeting will be convened.
31. The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Sources of payment appropriations

32. In the current state of implementation, it is foreseeable that the payment appropriations available in 2010 under the budget line 01.0404 "Competitiveness and Innovation Framework Programme - Entrepreneurship and innovation programme" will not be fully used this year.
33. This line covers expenditure related to the implementation of the financial instrument of this programme, the main objective of which is to facilitate the access of SMEs to finance. Some time lag exists between transfers to the trust accounts managed by the European Investment Fund and disbursement to the beneficiaries. The financial crisis has a major effect on the forecasts in terms of disbursements for 2010. As a result, in order to avoid excessive balances on the trust accounts, the methodology for calculation of payment appropriations has been reviewed, taking into account the

expected disbursements. The amount of EUR 2 557 135 can therefore be made available for transfer.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management⁸, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund⁹, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission¹⁰,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.
- (2) 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.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) The Netherlands submitted an application to mobilise the EGF, in respect of redundancies in two enterprises operating in operating in the NACE Revision 2 Division 46 ('Wholesale trade, except of motor vehicles and motorcycles') in the NUTS II region of Noord Holland (NL32) on 8 April 2010 and supplemented it by additional information up to 5 August 2010. This application complies with the

⁸ OJ C 139, 14.6.2006, p. 1.

⁹ OJ L 406, 30.12.2006, p. 1.

¹⁰ OJ C [...], [...], p. [...].

requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 2 557 135.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by the Netherlands.

HAVE DECIDED AS FOLLOWS:

Article 1

For the general budget of the European Union for the financial year 2010, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 2 557 135 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at,

For the European Parliament
The President

For the Council
The President