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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/2010/028 NL/Overijssel Division18 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 20 December 2010, the Netherlands submitted application EGF/2010/028 NL/Overijssel Division 18 for a financial contribution from the EGF, following redundancies in nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')³ in the NUTS II region of Overijssel (NL21) in the Netherlands.

This application is part of a package of four interrelated applications, all of which concern redundancies in six different NUTS II regions in the Netherlands in enterprises operating in the printing and reproduction of recorded media sector.

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/2010/028
Member State	Netherlands
Article 2	(c)
Enterprises concerned	9
NUTS II region	Overijssel (NL21)
NACE Revision 2 Division	18 ('Printing and reproduction of recorded media')
Reference period	16.1.2010 – 16.10.2010
Starting date for the personalised services	16.1.2010
Application date	20.12.2010
Redundancies during the reference period	214
Redundant workers targeted for support	214
Expenditure for personalised services (EUR)	1 060 639
Expenditure for implementing EGF ⁴ (EUR)	44 193
Expenditure for implementing EGF (%)	4,0

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.

Total budget (EUR)	1 104 832
EGF contribution (65 %) (EUR)	718 140

1. The application was presented to the Commission on 20 December 2010 and supplemented by additional information up to 7 March 2011.
2. The application meets the conditions for deploying the EGF as set out in Article 2(c) 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 economic crisis resulted in a substantial decrease in demand for the graphic media industry. As a consequence the turnover in the graphic industry decreased by 8,6 % in 2009. The orders from other economic sectors for printed advertising material, which represents 35 % of the total turnover of the printing and publishing sector, decreased dramatically between 2008 and 2009 due to the reduction of budgets for media and advertising activities induced by the economic crisis. The application cites several examples. In the construction industry, the budget for information and publicity was cut by 36,8 % following the start of the crisis; in the financial sector by 33,2 % and in consumer electronics by 30,6 %. In addition, the economic crisis negatively affected demand for various types of printed media material: in 2009, demand for popular magazines decreased by 25,7 %, for newspapers by 24,4 %, for commercial newspapers distributed free of charge by 10,54 % and for professional magazines by 23,4 %.

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

4. The Netherlands submitted this application under the intervention criteria of Article 2(c) of Regulation (EC) No 1927/2006, which provides that, in small labour markets or in exceptional circumstances, where duly substantiated by the Member State concerned, an application for a contribution from the EGF may be considered admissible even if the intervention criteria laid down in Article 2(a) and 2(b) are not entirely met, when redundancies have a serious impact on employment and the local economy. In this case the applicant must specify which of the main intervention criteria its application fails to meet.
5. The Netherlands has specified that the application seeks to derogate from Article 2(b), where the required threshold is 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.
6. The application cites 214 redundancies in nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media')⁵ in the NUTS

⁵ 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

II region of Overijssel (NL21) during the nine-month reference period from 16 January 2010 to 16 October 2010. Of these redundancies 198 occurred in three enterprises and were calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. A further 16 redundancies occurred in six enterprises and were calculated in accordance with the second indent of the same paragraph.

7. The Dutch authorities argue that this application meets the requirements for a submission under Article 2(c) of Regulation (EC) No 1927/2006 citing exceptional circumstances: it covers further redundancies in the same NACE 2 Division during the same reference period as the redundancies covered by application EGF/2010/030 NL/Noord-Holland and Flevoland Division 18 that was submitted by the Netherlands under Article 2(b) of Regulation (EC) No 1927/2006. In addition, Overijssel constitutes a contiguous region at NUTS II level with Flevoland. The exceptionality of the case lies in the combination of these factors, which together pose an unusual and difficult situation for the workers and the region concerned.
8. According to the Netherlands, Overijssel is in a very difficult situation. In this province the unemployment rate increased by 175 % due to the impact of the economic and financial crisis and reached 7,2 % in October 2010, while the national average is 6,8 %. Between January 2008 and January 2010, 17,5 % of the jobs in the graphic media industry in Overijssel were lost. In addition, forecasts state that the labour market of Overijssel will further shrink due to the crisis in the technical industries and the construction sector which will have a huge impact on the job finding chances of unemployed workers.
9. At the same time, the graphics sector in the Netherlands has suffered from large-scale redundancies, as is also shown by the three other interrelated EGF applications submitted by the Netherlands, which show a high number of redundancies in enterprises in the graphics sector in other parts of the Netherlands. Moreover, in 2009 the Netherlands successfully applied for EGF co-funding to support workers made redundant in the same sector and in the same NUTS II region⁶.
10. The Commission services therefore consider that the redundancies in question have a serious impact on employment and the local economy and that the difficult economic and labour market situation in Overijssel and the further redundancies in other NUTS II level regions of the Netherlands due to the same cause and during the same period in the same NACE Revision 2 Division combine to meet the criteria of Article 2(c) of Regulation (EC) No 1927/2006.
11. This interpretation is also in line with the statement of the Commission on the occasion of the adoption of Regulation (EC) No 546/2009⁷ according to which "*in cases where an EGF application under Article 2(b) is submitted by a Member State,*

Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

⁶ EGF/2009/029 Gelderland and Overijssel Division 18. This application was approved by the Budgetary Authority on 24 November 2010 (2010/743/EU) (OJ L 318, 4.12.2010, p. 40)

⁷ Regulation (EC) No 546/2009 of the European Parliament and of the Council of 18 June 2009 amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund (OJ L 167, 29.6.2009, p. 26).

if further redundancies have occurred in another NUTS II level region of the same Member State due to the same cause and during the same period in the same NACE 2 Division, the Commission considers that an application for EGF assistance for the latter workers can be made under Article 2(c) citing exceptional circumstances"⁸.

Explanation of the unforeseen nature of those redundancies

12. The Dutch authorities argue that the financial and economic crisis and its impact on the sector could not have been foreseen. The application states that before the crisis the printing and publishing industry in the Netherlands went through an expensive restructuring process in order to remain competitive with enterprises from outside the EU. The sector was transformed from a demand driven to a supply oriented industry which meant a great deal of effort to prepare employees for the new way of working. The current crisis bears the risk of cancelling out the benefits of the heavy investments and efforts made by the sector.

Identification of the dismissing enterprises and workers targeted for assistance

13. The application relates to 214 redundancies all of whom are targeted for assistance in the following nine enterprises.

Enterprises and number of dismissals	
SMG, Hasselt (SchuttersMagazijnGroep)	10
Drukkerij Schippers, Wijhe	1
Eproh Etiketten BV, Ommen	1
Jellema Druk, Almelo	2
VK Print, Harfsen	1
OLBO, Hardenberg	1
Thieme Rotatie Zwolle BV, Zwolle	65
Plantijn Casparie Zwolle BV, Zwolle	76
Thieme Deventer	57
Total enterprises: 9	Total dismissals: 214

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

Category	Number	Percent
Men	139	65,0
Women	75	35,0
EU citizens	201	93,9
Non EU citizens	13	6,1
15-24 years old	39	18,2
25-54 years old	117	54,7
55-64 years old	54	25,2
> 64 years old	4	1,9

15. Nine of the targeted workers are disabled.

⁸ Council of the European Union, 10304/09 ADD1, 8.6.2009.

16. In terms of occupational categories, the break-down is as follows:

Category	Number	Percent
Manager	15	7,0
Professional	43	20,1
Technicians	45	21,0
Clerical support workers	26	12,1
Service and sales workers	26	12,1
Plant and machine operators and assemblers	59	27,6

17. 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

18. The territory concerned covers the province of Overijssel. It is the fourth largest province and the seventh most populous province of the Netherlands with a population density of 335 inhabitants per km². The service sector represents 71,8 % of total employment in Overijssel; while the industrial sector represents 23,4 % and the agriculture 4,8 %.
19. The main authorities concerned are the Ministry for Social Affairs and Employment (SZW) and the Training Fund for the graphics and media sector (A&O Fonds Grafimedia) on behalf of Raad for Overleg in de Grafimedia Branche-ROGB (Council for consultation in the graphics and media sector). Other relevant stakeholders are the Institute for creative industry (GOC); the public organisation responsible for allowances (UWV werkbedrijf); UWV mobility centre; ROC van Twente (government vocational training centre at regional level) and the Dentioncollege; the organisation for SMEs (MKB-ondernemingen); the social partner organisations: FNV Kiem (trade union), CNV Media (trade union), Koninklijk Verbond van Grafische Ondernemingen-KVGO (employers' organisation) for the district De Groote Veenen; and NUV (employers' organisation).

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

20. The economic situation of the province of Overijssel deteriorated in 2009 and its economic growth was negative (-4,2 %) compared with the previous year. In this province the unemployment rate increased from 5,3 % in October 2008 to 7,2 % in October 2010 and it is higher than the national average (6,8 %). Of the almost 2 000 graphic media enterprises in the Netherlands 7,3 % are located in this province and represent 9,9 % of the jobs in the graphic media sector.
21. The Dutch authorities argue that the redundancies in the graphics sector will aggravate the unemployment situation, which has already deteriorated as a result of the economic and financial crisis. In October 2010 there were 40 % more unemployed job-seekers in the graphic media industry in Overijssel than in 2008, before the crisis. In addition forecasts indicate that in the next years the construction sector and the engineering industry will further shrink. This will reduce substantially the chances of finding a new job as construction represents 9 % of the GDP in

Overijssel and construction and engineering together, represent 23,4 % of the total jobs.

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

22. 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. They will be offered to the dismissed workers through a mobility centre, called Creative Career Centre (C3).

Preparatory activities

- Intake and registration: This covers an initial interview in order to register the dismissed worker and to identify the most suitable types of measures.
- Information and helpdesk: This relates to collective meetings and a helpdesk function to provide information to the dismissed workers about the available measures.

Counselling

- Work to work counselling: This job to job accompaniment covers an individualised programme including screening, the establishment of a career and vocational action plan, labour market orientation and initial counselling at the new workplace.
- Outplacement: This seeks to give active support to dismissed workers in their exploration of new job opportunities.
- Job interview training: This covers the analysis of available job vacancies, support for the drafting of a CV and an application letter and preparation for job interviews.
- Guidance for starting one's own company: The accompaniment towards business creation seeks to assist dismissed workers who envisage creating their own business. This covers the provision of legal advice, assistance for the elaboration of a business plan, support on administrative requirements.

Training

- 'Education': This covers vocational training and re-training, management and social skills training and specific technical re-training for workers whose technical training has become obsolete.
- Recognition of prior experience (APL): This covers the evaluation of prior knowledge and experience of individual workers as well as the identification of areas where further training is required.

23. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers management and control activities as well as information and publicity.
24. 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 1 060 639 and the expenditure for implementing the EGF at EUR 44 193 (4 % of the total amount). The total contribution requested from the EGF is EUR 718 140 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national cofinancing) (EUR)
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Intake and registration	214	193	41 302
Information and helpdesk	214	86	18 404
Work to work counselling	80	3 623	289 840
Outplacement	64	4 485	287 040
Job interview training	64	1 421	90 944
Guidance for starting one's own company	11	4 526	49 786
Education	90	2 487	223 830
Recognition of prior experience (APL):	21	2 833	59 493
Sub total personalised services			1 060 639
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Management			11 048
Information and publicity			11 048
Control activities			22 097
Sub total expenditure for implementing EGF			44 193
Total estimated costs			1 104 832
<i>EGF contribution (65 % of total costs)</i>			<i>718 140</i>

25. The Netherlands confirms that the measures described above are complementary with actions funded by the Structural Funds. ESF measures are available only for workers in employment while EGF actions aim to bring back to employment workers already made redundant. The managing authority for the EGF, which is also managing authority for the ESF, has put in place the necessary control procedures to eliminate any risk of double funding.

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

26. The Netherlands started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 16 January 2010. 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

27. The social partners were consulted through the Foundation Labour Market and Training Fund for the graphics and media sector (Arbeids & Opleidingsfonds Grafimedia branche), which in the light of the crisis agreed on the creation of a mobility centre for the sector named C3 (Creative Career Centre). The aim of this mobility centre is to coordinate the various active labour market measures in consultation with the social partners.
28. 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

29. 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.

Management and control systems

30. 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. The Agency for Social Affairs and Employment (Agentschap SZW) will be the intermediate body for the managing authority.

Financing

31. On the basis of the application from the Netherlands, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 718 140, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by the Netherlands.
32. 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.

33. 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.
34. The aggregated amount of EGF contributions for EGF applications referring to exceptional circumstances for 2011, including the amount proposed in the present Proposal, will not exceed 15 % of the annual maximum amount of the EGF, as required by Article 2(c) of Regulation (EC) No 1927/2006.
35. 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.
36. The Commission presents separately a transfer request in order to enter in the 2011 budget specific payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Source of payment appropriations

37. An amount of EUR 6 024 454 remains available on the EGF Budget line 04.0501 after adoption by both arms of the Budgetary Authority of three Decisions totalling an amount of EUR 10 371 321, and taking into account the six cases currently discussed by the Budgetary Authority for a total amount of EUR 31 213 175. This available amount will be used to cover the amount of EUR 718 140 needed for the present application.

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/2010/028 NL/Overijssel Division 18 from the Netherlands)

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 management⁹, 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 Fund¹⁰, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission¹¹,

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 nine enterprises operating in the NACE Revision 2 Division 18 ('Printing and reproduction of recorded media') in the NUTS II region of Overijssel

⁹ OJ C 139, 14.6.2006, p. 1.

¹⁰ OJ L 406, 30.12.2006, p. 1.

¹¹ OJ C [...], [...], p. [...].

(NL21), on 20 December 2010 and supplemented it by additional information up to 7 March 2011. This application complies with the 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 718 140.

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

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2011, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 718 140 in commitment and payment appropriations.

Article 2

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

Done at [Brussels/Strasbourg],

For the European Parliament
The President

For the Council
The President