



**COUNCIL OF
THE EUROPEAN UNION**

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PROPOSAL

from:	European Commission
dated:	16 July 2012
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Subject:	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/2011/009 NL/Gelderland Construction 41 from the Netherlands)

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

Encl.: COM(2012) 395 final



EUROPEAN COMMISSION

Brussels, 16.7.2012
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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/2011/009 NL/Gelderland Construction 41 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 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')³ in the NUTS II region of Gelderland (NL22) 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/2011/009
Member State	Netherlands
Article 2	(b)
Enterprises concerned	54
NUTS II region	Gelderland (NL22)
NACE Revision 2 Division	41 ('Construction of buildings')
Reference period	1.2.2011 – 1.11.2011
Starting date for the personalised services	1.1.2012
Application date	15.12.2011
Redundancies during the reference period	516
Redundant workers expected to participate in the measures	435
Expenditure for personalised services (EUR)	4 281 000
Expenditure for implementing EGF ⁴ (EUR)	178 375
Expenditure for implementing EGF (%)	4,0
Total budget (EUR)	4 459 375
EGF contribution (65 %) (EUR)	2 898 594

1. The application was presented to the Commission on 15 December 2011 and supplemented by additional information up to 11 June 2012.

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 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.
4. The Commission recognised in its Economic Recovery Plan that the construction industry in the EU had seen demand plummet as a result of the crisis. Available data confirms the significant downturn in the construction sector, which fell in the EU-27 for eight consecutive quarters (Q1/2009 to Q4/2010) compared with the same period of the previous year, mainly due to the decrease in private investment in the residential sector.
5. A sharp decline in output by 12,9 % from 2008 to 2010 was identified in the Dutch construction industry. Although the first quarter of 2011 showed a recovery by 9,3 %, the trend was again slowed down in the second and third quarters of 2011 and the forecasts for 2012 are not positive. 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 (0,6 % for Gelderland compared to 1,1 % of the Netherlands). Many economic indicators (turnover, employment, investment) turned from positive in 2010 to negative in 2011. 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.
6. The economic and financial crisis resulted in cuts in order to reduce the government budget deficit. Reduction of public expenditure had a direct negative impact on investments in infrastructure and housing programmes. The reduction of central government expenditure influences also the regional governments so that they too are obliged to reduce their expenditure. The province of Gelderland will have to reduce its expenditure by EUR 58 million per year starting from 2011. Since the construction sector is highly dependent on the regional domestic market, the reduction of public budgets and programmes puts the construction sector in a vulnerable position. The budget cuts will continue to have negative consequences for employment in the sector.
7. Furthermore, the market for new housing has been shrinking due to the declining investments of housing corporations and municipalities. There has been also an increase in the number of bankruptcies in the third quarter of 2011.

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

8. 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.

9. 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. These redundancies were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

Explanation of the unforeseen nature of those redundancies

10. The Dutch authorities argue that the financial and economic crisis and its impact on the sector could not have been foreseen. Before the crisis, the construction sector in the Netherlands was prosperous. The turnover realised by residential and non-residential building companies has been in decline continually since the first quarter of 2009 and was nearly 20 % below the record level of 2008. Since the first quarter of 2010, the consequences of the economic crisis have been also felt in civil engineering. The turnover achieved by civil engineering companies was more than 7 % down in 2010 compared to 2009, despite the measures taken by the government to expedite the construction of projected infrastructure projects. In 2009 such measures still had a positive effect on turnover.

Identification of the dismissing enterprises and workers targeted for assistance

11. The application relates to 516 redundancies in 54 enterprises. The Netherlands estimates that only 435 will be targeted for the assistance; the remaining workers are expected to find employment through their own initiative or to retire. The redundancies occurred in the following enterprises:

Enterprises and number of dismissals			
Aannemersbedrijf Kranen BV	2	Dijkman Bouw B.V.	5
Aannemersbedrijf Kruisselbrink BV	5	EMHA B.V.	6
Aannemersbedrijf Volman	6	Engelaer v.o.f.	1
Aannemersbedrijf W. Kusters B.V.	8	Gebr. Heuting & zn B.V.	1
Aannemersbedrijf Wibo Lochem BV	40	GML Gelders Metsel- en Lijmbedrijf BV	8
aannemingsbedrijf Berendsen-van Geemen BV	1	Hermesen Bouw & Timmerwerken B.V.	3
Aannemingsmaatschappij Van Gelder BV	13	Hiddink Grondwerken transport B.V.	12
Ad Hofmans Hedel B.V.	1	Joosten Bouwservice B.V.	5
B&V Geveltechniek b.v.	1	KBZ BV (Keijzer Betonwerken Zutphen BV)	22
Borreman Bouw BV	6	Klaassen Bouwmaatschappij Arnhem B.V.	1
Borst Aannemersbedrijf BV	7	Kroeze Betonbouw BV	9
Bouw Service Ermelo BV	42	Kroeze Geodesie BV	2
Bouwbedrijf Bolster BV	6	La Paloma	1

Bouwbedrijf Folmer de Vries BV	1	Lenting Bouw V.O.F.	2
Bouwbedrijf Heimensen BV	8	Metselbedrijf Asselman BV	18
Bouwbedrijf Jansen-Bolk BV	8	Metselbedrijf W. Renden	6
Bouwbedrijf Kiezenbrink BV	4	P.B. Huberts Aanneming- en Wegenbouw-	45
Bouwbedrijf Kuiperij BV	16	Scholten Gevelrenovatie BV	13
Bouwbedrijf Rusbo BV	4	Scholten Metsel- en Stelwerken BV	35
Bouwmij Te Brake B.V.	6	Schutten Bouw B.V.	1
Bouw's Staalbouw B.V.	10	T.S. Alround Services BV	1
Burgers van der Wal	3	Van den Boom Bouwbedrijf BV	8
Claes B.V.	1	Veerdonk en Mulder Bouwbedrijf	2
D & G Timmerfabriek BV	10	Verboon Bouwbedrijf B.V.	1
D & M Bouw VOF	8	Voegersbedrijf Scholten BV	15
Daams H.T.	3	Weijers Eikhout Vestiging Groesbeek BV	66
De Boer Montagetechnieken	1	Welling Bouw Didam B.V.	6
Total enterprises:	54	Total dismissals:	516

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

Category	Number	Percent
Men	420	96,55
Women	15	3,45
EU citizens	435	100,00
Non EU citizens	0	0
15-24 years old	25	5,75
25-54 years old	290	66,67
55-64 years old	120	27,59
> 64 years old	0	0

13. There are no workers with a longstanding health problem or disability.

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

Category	Number	Percent
Manager	2	0,46
Professional	50	11,49
Technicians	55	12,64
Clerical support workers	35	8,05
Service and sales workers	10	2,30
Elementary occupations	283	65,06

15. 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

16. The Dutch province of Gelderland is the biggest province of the Netherlands counting approximately 2 million inhabitants. The region has a well-educated population and counts 146 000 companies. There are relatively many people working in construction (approximately 60 000 in 2011) compared with other sectors of industry such as chemical (9 000), food (15 000) and metal / electrical (40 300) industries.
17. The main authorities concerned are the Ministry of Social Affairs and Employment; the *Opleidingsbedrijf Doetinchem*, a sectoral organisation in the construction sector; the Provincial Government of Gelderland; *UWVwerkbbedrijf*, the regional public employment agency assisting people in finding a new job and *Platform Arbeidsmarkt Onderwijs*, in which all educational and vocational institutions are represented. Other relevant stakeholders are: *Bouwend Nederland regio oost*, the regional representation of the employers' federation of the construction sector; *FNV Bouw regio oost*, the regional representation of the trade union federation for the construction sector; *CNV Vakmensen*, the representation of the Christian trade union federation for the construction sector and *OBD opleidingen*, other vocational training centres for the construction sector.

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

18. The Dutch authorities argue that given the importance of the the construction sector in Gelderland, the redundancies are deeply felt. The unemployment rate in 2011 in Gelderland was 5,9 %, a fraction higher than the Dutch average. In 2010, employment in the construction sector in Gelderland was 6,5 % of the total employment in the province. In 2010 4 100 jobs were lost in the construction sector (drop by 6,5 %). In 2011 a small recovery was seen (500 jobs), however, the fourth quarter of 2011 was again characterised by numerous redundancies in the sector. Youth unemployment increased by 10 % in 2011.

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

19. The personalised services will be offered to redundant workers at the vocational training centers managed by the construction sector. Apart from job-search assistance, each of the targeted workers will participate only in one measure, although in limited cases, the measures will be combined to achieve the desired results. The Netherlands proposes a package of measures in support of redundant workers, that is built around three consecutive stages: intake (job-search assistance), preparation for labour market (individual package of measures) and work:
 - Job-search assistance: This programme is offered to the individual participant and is composed of counselling on available training and career opportunities, intensive training in applying for a job and writing application letters. Every participant will be given a contact point for assistance in their neighbourhood (since every regional UWV is involved) where they will find help in transferring necessary documents (income declarations, unemployment benefit documents)

and will also initiate contacts with the construction industry. It is estimated that all targeted workers will take up this action.

- Training and retraining: This covers an intensive training programme that is targeted at new occupational profiles. Training sessions contain several modules, which can be followed separately, depending on personal needs and skills. A full training course takes about a year and consists of a package of modules, e.g. 11,5-month training in bricklayer/masonry is composed of: treatment of facades, masonry, tiling and flushing. It is estimated that 75 workers will take this intensive training option.
 - Outplacement assistance: This covers counselling the targeted workers towards new sectors like engineering, electro-technical installation work, the health sector or catering services. It can also result in counselling for the construction sector to retrain skills which are more up to date in what the construction sector requires (e.g. in composition construction). The counselling is done on an individual basis and consists of: assessment of skills and profile, finding the right job or educational path on the basis of the assessed skills/profile and monitoring progress of the individual outplacement process. It is estimated that 150 workers will take part in this measure.
 - Entrepreneurship promotion: This relates to guiding redundant workers into self-employment and supporting them in starting their own businesses. The measure will consist of vocational training (e.g. in craftsmanship) and courses in running a business. It is estimated that 60 workers will take up this measure.
 - Flexpool: This is the flexible pool for both job-seekers and employers in the construction sector that can offer temporary employment. Thanks to this service, flexible deployment can be organised. The retrained workers will be able to gain new work experience, but also working will be combined with learning. Workers will receive a normal regular salary as noted in the collective labour agreement and its duration will be limited in time according to the Dutch law on flexible work. It is estimated that 150 workers will participate in this measure.
20. 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.
21. 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 4 281 000 and the expenditure for implementing the EGF at EUR 178 375 (4,00 % of the total amount). The total contribution requested from the EGF is EUR 2 898 594 (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)			
Job-search assistance	435	2 600	1 131 000
Training and re-training	75	18 000	1 350 000
Outplacement assistance	150	8 200	1 230 000
Entrepreneurship promotion	60	4 500	270 000
Flexpool	150	2 000	300 000
Sub total personalised services			4 281 000
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			0
Management			44 594
Information and publicity			44 594
Control activities			89 187
Sub total expenditure for implementing EGF			178 375
Total estimated costs			4 459 375
<i>EGF contribution (65 % of total costs)</i>			<i>2 898 594</i>

22. The Netherlands confirms that the measures described above are complementary with actions funded by the Structural Funds. The Netherlands will put in place the necessary control procedures to eliminate any risk of double funding and will also ensure a clear audit trail for EGF funded activities.

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

23. 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 January 2012. 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

24. Social partners were involved in preparing the application. The proposal was initiated by the Opleidingsbedrijf Doetinchem, a sectoral organisation for the construction sector in which social partners are represented. Preparation activities included series of regional meetings with sector representatives and construction companies and discussions among collaborating partners and UWV. The discussions resulted in a plan for redundant workers including the establishment of a service point for occupations in the construction and technical sector professions. Many aspects of the plan were later introduced into the project. Social partners are also involved in implementation as they govern the training and educational facilities in the sector.
25. 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

26. 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

27. 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 in the Netherlands. The Agency for Social Affairs (department of the Ministry of Social Affairs and Employment) will have responsibility for monitoring, control, information, publicity and payments for the EGF case.

Financing

28. On the basis of the application from the Netherlands, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 2 898 594, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by the Netherlands.
29. 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.

30. 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.
31. 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.
32. 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.

Source of payment appropriations

33. Appropriations from the EGF budget line will be used to cover the amount of EUR 2 898 594 needed for the present application.

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/2011/009 NL/Gelderland Construction 41 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 management⁵, 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 Fund⁶, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission⁷,

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 30 December 2011 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 54 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Gelderland (NL22), on 15 December 2011 and supplemented it by additional information up to 11 June 2012. This application complies with the requirements for determining the financial

⁵ OJ C 139, 14.6.2006, p. 1.

⁶ OJ L 406, 30.12.2006, p. 1.

⁷ OJ C [...], [...], p. [...].

contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 2 898 594.

- (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 2012, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 2 898 594 in commitment and payment appropriations.

Article 2

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President