



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 20 August 2012

13174/12

**FIN 606
SOC 692**

PROPOSAL

from:	Commission
dated:	10 August 2012
No Cion doc.:	COM(2012) 450 final
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/2011/021 NL/Zalco from the Netherlands)

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

Encl.: COM(2012) 450 final



EUROPEAN COMMISSION

Brussels, 9.8.2012
COM(2012) 450 final

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/2011/021 NL/Zalco 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 28 December 2011, the Netherlands submitted application EGF/2011/021 NL/Zalco for a financial contribution from the EGF, following redundancies in Zalco Aluminium Zeeland Company NV and in two supplier firms (ECL Services Netherlands bv and Start) 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/2011/021
Member State	Netherlands
Article 2	(a)
Primary enterprise	Zalco Aluminium Zeeland Company NV
Suppliers and downstream producers	2
Reference period	01.12.2011 – 27.12.2011
Starting date for the personalised services	02.01.2012
Application date	28.12.2011
Redundancies during the reference period	616
Redundancies before and after the reference period	0
Total eligible redundancies	616
Redundant workers expected to participate in the measures	616
Expenditure for personalised services (EUR)	2 185 145
Expenditure for implementing EGF ³ (EUR)	113 329
Expenditure for implementing EGF (%)	4,93
Total budget (EUR)	2 298 474
EGF contribution (65 %) (EUR)	1 494 008

1. The application was presented to the Commission on 28 December 2011 and supplemented by additional information up to 18 June 2012.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ 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(a) 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 European aluminium sector suffered from a sudden drop in consumer demand (a reduction by 25,7 % from average EU aluminium usage between 2008 and 2009)⁴.
4. The Netherlands explains that the production of Zalco Aluminium Zeeland Company NV was dependent on the construction and transport industry (which represented 63 % of the main end-user market of aluminium products in Europe in 2010)⁵. The majority of Zalco's Aluminium Zeeland Company NV production was produced for the rolling and extrusion industry. Almost their entire production of extrusion billets was used for the construction and transport industries, and in particular in the automotive sector.
5. The Netherlands argues that Zalco Aluminium Zeeland Company NV suffered from the declining demand - due to the global financial and economic crisis - in these two sectors leading, after unsuccessful attempts to overcome the difficulties, to bankruptcy at the end of 2011.
6. The Commission recognised in its Economic Recovery Plan⁶, that the construction industry in the EU had seen demand plummet as a result of the crisis. Available data⁷ 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 years, mainly due to the decrease in private investment in the residential sector.
7. The Commission has already recognised that, as some 60-80 % (depending on the Member State) of new cars in Europe are purchased with the aid of credit, the financial crisis at the origin of the downturn hit the automotive industry particularly severely. According to the European Automobile Manufacturers Association (ACEA)⁸, demand for new motor vehicles in the European Union decreased in 2009 by 5,8 % compared to 2008 and by 13,4 % compared to the pre-crisis year 2007⁹. The EU thus followed the trend noted at world-wide level where demand for new

⁴ Statistics based on Eurostat (PRODCOM and COMEXT data) quoted in the final report "Competitiveness of the EU Non-ferrous Metals Industries" - Framework Contract "Sector Competitiveness Studies" - European Commission, Directorate-General Enterprise and Industry - 5 April 2011.

⁵ European Aluminium Association (www.alueurope.eu).

⁶ Communication from the Commission to the European Council on A European Economic Recovery Plan, COM(2008) 800 final of 26.11.2008.

⁷ Eurostat: newsrelease euroindicators - Construction output.

⁸ <http://www.acea.be>.

⁹ ACEA - Statistics "new vehicle registrations by manufacturer and by vehicle category (Enlarged Europe)" - 2007 to 2009.

motor vehicles dropped by 5,6 % in 2009 compared to 2008¹⁰. Faced with this drop in demand, manufacturers of motor vehicles reduced their production even more drastically. In 2009 the production of motor vehicles in the EU decreased by 17 % compared to 2008 and by 23 % compared to 2007¹¹. This downward trend continued in 2010. The production of motor vehicles in the EU in the first three quarters of 2010 was 14,6 % below that of the same period in 2008¹².

8. The arguments presented in previous cases¹³ concerning the automotive industry and in which the redundancies were a direct result of the crisis remain valid.
9. The Netherlands also underlines the negative impact of the severe slow-down of aluminium production (a reduction by 21 % from average EU aluminium production between 2008 and 2009)⁴ on Zalco's Aluminium Zeeland Company NV revenues.
10. The Dutch authorities finally add in this context that the Court in Middelburg pronounced Zalco Aluminium Zeeland Company NV as bankrupt on 13 December 2011.

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

11. The Netherlands 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.
12. The application cites 616 redundancies in total (478 redundancies in Zalco Aluminium Zeeland Company NV, 18 redundancies in its supplier ECL Services Netherlands bv and 120 in Start) during the short reference period from 1 to 27 December 2011. These redundancies were calculated as follows: for Zalco Aluminium Zeeland Company NV using the third indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006, for ECL Services Netherlands bv using the first indent and for Start using the second indent.

Explanation of the unforeseen nature of those redundancies

13. The Dutch authorities argue that the international context was not favourable to the Zalco Aluminium Zeeland Company NV and had impacted on its revenues in an unexpected way.
14. Zalco Aluminium Zeeland Company NV had already unsuccessfully attempted to reduce the impact of the global financial and economic crisis by adapting its production process during its last three years (shutting down 256 of their 592

¹⁰ ACEA - The automobile industry pocket guide (2010).

¹¹ ACEA - Economic Report European Union (March 2010).

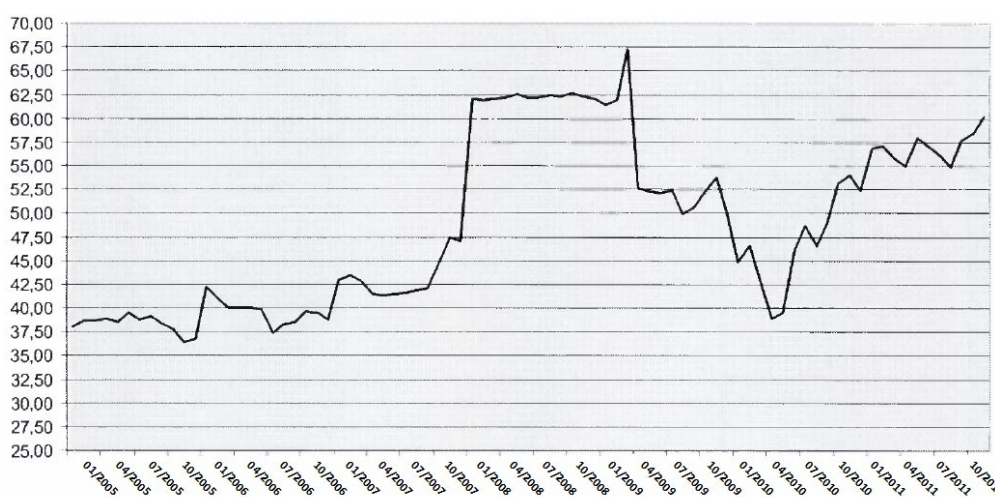
¹² ACEA - Economic Report European Union (July 2011).

¹³ EGF/2010/002 Cataluña Automoción, COM(2010)453 final; EGF/2010/004 Wielkopolskie, COM(2010)616 final; EGF/2010/031 GM Belgium COM(2011)212 final; EGF/2011/003 Arnsberg and Düsseldorf COM(2011)447 final; and EGF/2011/005 PT/Norte-Centro Automotive COM(2011)664 final.

industrial furnaces in 2009 and subsequently re-opening 192 furnaces in the first quarter of 2011).

15. Zalco Aluminium Zeeland Company NV suffered from rising energy costs (in particular between April 2010 and October 2011). The closure of nuclear plants in Germany following the nuclear disaster in Japan also contributed to further increase Zalco's Aluminium Zeeland Company NV production costs (42 % of which were energy costs).

Zalco's Aluminium Zeeland Company NV energy price (Euro / Mwh).



Identification of the dismissing enterprises and workers targeted for assistance

16. The application relates to 616 redundancies: 478 in Zalco Aluminium Zeeland Company NV, 18 in its supplier ECL Services Netherlands bv and 120 in its supplier Start. All of these workers are expected to participate in the measures.
17. The break-down of the workers is as follows:

Category	Number	Percent
Men	593	96,27
Women	23	3,73
EU citizens	616	100,00
Non EU citizens	0	0,00
15-24 years old	25	4,06
25-54 years old	387	62,82
55-64 years old	115	18,67
> 64 years old	89	14,45

18. There are 27 workers with longstanding health-related issues or disabilities among the targeted workers.

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

Category	Number	Percent
Manager	13	2,11
Professional	32	5,19
Technicians	273	44,32
Clerical support workers	8	1,30
Service and sales workers	5	0,81
Plant and machine operators and assemblers	262	42,53
Elementary occupations	23	3,73

20. 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 and, in particular, in access to the EGF.

Description of the territory concerned and its authorities and stakeholders

21. The territory concerned by the redundancies is within the NUTS II region of Zeeland, a province in the southwest of the Netherlands. Zeeland borders on the Dutch provinces of South Holland and North Brabant and the Belgian provinces of West Flanders, East Flanders and Antwerp. Zeeland has 381 730 inhabitants (30 September 2011). Zeeland can be regarded as a small labour market: its peripheral location within the Netherlands, its situation as a border region with huge areas under water, and the relative vastness of Zeeland with its island structure, results in rather limited access and mobility.
22. The main stakeholders are the employment agency (*UWV Werkbedrijf*), knowledge institutions (*ROC Zeeland* and *Hogeschool Zeeland*), the employers' organisation for large enterprises (*BZW: Brabants Zeeuwse Werkgevers*), the employers' organisation for small and medium sized enterprises (*MKB Zeeland*), the following trade unions: *FNV Bondgenoten*, *CNV Vakmensen*, the association of Zeeuwse municipalities (*Vereniging Zeeuwse Gemeente*), the Institutes for training funds (*Opleidingsfondsen*), and the Province of Zeeland (*Provincie Zeeland*).

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

23. The dismissed workers live in relatively small towns (up to about 50 000 inhabitants), so that the redundancies will have a noticeable local impact.
24. The consequence on the regional labour market will be a considerable increase in unemployment because the number of vacancies is already limited and expected to keep on decreasing. There are many job seekers in the region, compared with the numbers of open positions (in November 2011, a total of 7 342 persons were unemployed while there were only 585 vacancies in Zeeland).
25. The social partners expect that other workers in upstream or downstream companies may be dismissed as a direct result of the Zalco Aluminium Zeeland Company NV bankruptcy.

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

26. The following measures are proposed, all of which combine to form a co-ordinated package of personalised services aimed at re-integrating the workers into the labour market:
- Individual Process Guidance (Personal Intake). This activity started with a general meeting on bankruptcy, followed by 14 workshops of a general nature accessible to all dismissed workers in January 2012 the purpose of which were to draw a personal educational and skills profile of the workers and providing a certification of their skills. Advice on deploying education or training is part of the individual process guidance in order to encourage the job seeker to become more competent on the labour market. The availability and potential use of the other instruments in the *Mobiliteitscentrum*'s service are also discussed during this measure, for instance, workshops such as job application training, self-reliant entrepreneurship, learning-working advice etc. The guidance will be recorded by means of an initial intake form and a digital report at the end of the measure which will provide useful insight for the job seeker as well as the guidance staff.
 - Occupational guidance/assessments: This measure will map the knowledge and skills of the redundant workers against the labour market needs using the Accreditation of Prior Learning (APL) procedure¹⁴. An APL procedure results in an 'experience certificate', stating a person's knowledge and his/her capabilities. This knowledge and experience is compared with a national standard as is used for the Intermediate Vocational Education, Higher Vocational Education or by the industry. This measure will help the workers find suitable new jobs based on the acquired certificates.
 - Training and re-training: After the guidance and assessment, the services will prepare educational advice for further actions. This advice is central to drawing up an Individual Development Plan (IDP) per worker. During the IDP training, a focus on a new job can be recommended for which education or re-training may be necessary. The majority of the training courses will involve operator and foreman training at an Intermediate Vocational Education level 3 qualification which is the highest available training course in the industrial sector. The re-training activities will be mainly offered as courses and can take between one week and six months. Each participant receives a certificate on completion.
 - Outplacement services: These services can be deployed individually as well as in groups. The outplacement support includes profiling and job search assistance and will be tailored to the requirements of the individual participants fitting his/her competences and skills while taking into account the current labour market needs.
 - Entrepreneurship promotion: The core idea of this measure is to create a support programme in order to help the redundant workers to become entrepreneurs. The Netherlands considers that this requires a new view on entrepreneurship with the need to incorporate issues like the current economic crisis, climate change,

¹⁴ <http://www.kenniscentrumevc.nl/>

exploitation of natural resources, social diversity and Corporate Social Responsibility. The programme itself is a structured set of business activities with a supportive set of people and tools aimed at the successful launch of a new venture. The course will include small weekly assignments. Each week will provide two hours of lecturing and coaching. A coach or advisor can be a business person (or an employee of the Chamber of Commerce) who will function as a mentor for the worker or as an expert available as a resource.

- Measures to stimulate older workers: These measures will help the workers to cultivate a sense of self-respect, appreciation and usefulness in the labour market. During workshops and training, practical examples of private, local, regional and national initiatives and learning possibilities will be linked to the specific requirements and profile of older workers. These examples will generate practical insights and can help the participants understand their strengths and the challenges on the current labour market. The workers will have to learn how to deal with new assignments, based on their experience, for instance as trainer or tutor, and act accordingly. Possibly, an additional program will be set up at which a trainer or coach will implement individual guidance and coaching towards a new working environment.

27. 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.
28. 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 at EUR 2 298 474, of which the expenditure for personalised services at EUR 2 185 145 and the expenditure for implementing the EGF at EUR 113 329 (4,93 % of the total amount). The total contribution requested from the EGF is EUR 1 494 008 (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)			
Personal intake	616	139 ¹⁵	85 800
Occupational guidance/assessments	150	2 153	322 950
Training and re-training	250	4 108	1 027 000
Outplacement services	75	4 217	316 275
Entrepreneurship promotion	30	1 844	55 320
Measures to stimulate older workers	100	3 778	377 800
Sub total personalised services			2 185 145
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			0
Management			28 332
Information and publicity			28 332
Control activities			56 665
Sub total expenditure for implementing EGF			113 329
Total estimated costs			2 298 474
EGF contribution (65 % of total costs)			1 494 008

29. The Netherlands confirms that the measures described above are complementary with actions funded by the Structural Funds and that all double financing will be prevented.

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

30. The Netherlands started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 2 January 2012.

¹⁵ The real estimated cost per worker provided by the MS is EUR 139,2857. In order to simplify the presentation in the table this figure has been rounded down, without modifying the total estimated cost for the measure as calculated by the MS.

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

31. The proposed application was discussed on 15 December 2011 with the social partners referred to in point 22 above.
32. The social partners will also participate in the Mobility Centre Zalco (*Mobiliteitscentrum Zalco* - MCZ) which is a collective initiative of the parties involved in the Zeeland job market: workers' organisations (FNV, CNV, Union), employers' organisations (Brabant Zeeland Employers Association and SMB), the Zeeland municipalities (represented by one municipality per region), the training institutes (Regional Training Institutes and the Zeeland College), the Institute for Employee Benefits Schemes and the Province of Zeeland. The Province of Zeeland is in contact at the management and official level with the social partners about the organisation of the MCZ.
33. 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

34. 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

35. The Netherlands has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the ESF. The Netherlands has formulated a scheme published on 15 July 2009 including the major conditions from the EGF Regulation. For the Zalco application, an agreement will be drawn up between the Province of Zeeland and the Minister of SZW (Sociale Zaken en Werkgelegenheid) on the basis of which the Province of Zeeland will be obliged to keep clearly organised and verifiable administrative records. These will be audited by the Ministry Agency (Agentschap SZW).

Financing

36. 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 1 494 008, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by the Netherlands.

37. 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.
38. 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.
39. 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.
40. 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

41. Appropriations from the EGF budget line will be used to cover the amount of EUR 1 494 008 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/2011/021 NL/Zalco 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 management¹⁶, 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 Fund¹⁷, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission¹⁸,

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 the enterprise Zalco Aluminium Zeeland Company NV and in two supplier firms (ECL Services Netherlands bv and Start), on 28 December 2011 and supplemented it by additional information up to 18 June 2012. This application

¹⁶ OJ C 139, 14.6.2006, p. 1.

¹⁷ OJ L 406, 30.12.2006, p. 1.

¹⁸ OJ C [...], [...], p. [...].

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 1 494 008.

- (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 1 494 008 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