



**EUROPEAN COMMISSION**

**PRESS RELEASE**

Brussels, 9 August 2012

## **Employment: Commission proposes €1.5 million from Globalisation Fund to help Dutch workers in aluminium industry**

The European Commission has today proposed to provide €1.5 million from the European Globalisation Adjustment Fund (EGF) to help 616 redundant workers from Zalco Aluminium Zeeland Company NV and two suppliers with their re-integration into the labour market. The proposal now goes to the European Parliament and the EU's Council of Ministers for their approval.

EU Commissioner for Employment, Social Affairs and Inclusion László Andor commented: *"EGF funding can help the former workers of Zalco Aluminium to get new jobs by training them in new skills. Redundancies like this one are major shocks to regional economies. EU solidarity in helping to manage these difficult transitions is therefore important."*

The Netherlands applied for support from the EGF for 616 workers made redundant by Zalco Aluminium Zeeland Company NV and two suppliers following the bankruptcy of Zalco at the end of 2011. The personalised package of EGF co-funded measures aims to help the workers by offering them guidance, training and re-training, outplacement services and entrepreneurship promotion. There will also be measures to stimulate older workers to remain in the labour market. All 616 redundant workers are targeted for assistance from the EGF.

The total estimated cost of the package is approximately €2.3 million, to which the EGF would provide €1.5 million.

## **Background**

The economic and financial crisis has seriously hit the construction and transport industries, two sectors which represent the main end-user market of aluminium products. As a consequence the European aluminium sector suffered from a sudden drop in consumer demand which results in redundancies.

The Zalco redundancies were a direct result of this drop in demand for aluminium products, in particular for extrusion billets used in construction and in the automotive sector. The construction industry in the EU has seen demand plummet as a result of the crisis. Construction output fell in the EU-27 for eight consecutive quarters (Q1/2009 to Q4/2010) compared with the same period respectively of the previous year. Faced with a severe drop in demand, the production of motor vehicles in the EU decreased by 17 % in 2009 compared to 2008 and by 23 % compared to 2007. 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 2008.

EU aluminium production decreased accordingly to adjust to the slowdown in demand. Between 2008 and 2009 EU aluminium production fell by 21 %. This drop in demand together with the rising energy costs in particular between April 2010 and October 2011 had a great impact on Zalco's Aluminium Zeeland Company NV revenues and eventually the enterprise was declared bankrupt.

The territory concerned by the redundancies is within the region of Zeeland. The consequence of the Zalco redundancies on the regional labour market will be a considerable increase in unemployment because the number of vacancies is already limited and expected to continue decreasing. The peripheral location of this region within The Netherlands and 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 thus the impact of these redundancies will be further exacerbated.

There have been 102 applications to the EGF since the start of its operations in 2007. Some €438.4 million has been requested to help about 91,000 workers. EGF applications are being presented to help redundant workers in a growing number of sectors, and by an increasing number of Member States. More open trade with the rest of the world leads to overall benefits for growth and employment, but it can also cost some jobs, particularly in vulnerable sectors and affecting lower-skilled workers.

This is why Commission President Barroso first proposed setting up a fund to help those adjusting to the consequences of globalisation. The EGF was established at the end of 2006 and was designed to demonstrate solidarity from the many who benefit from openness to the few who face the sudden shock of losing their jobs. In June 2009, the EGF rules were revised to strengthen the role of the EGF as an early intervention instrument forming part of Europe's response to the financial and economic crisis. The revised EGF Regulation entered into force on 2 July 2009 and applied to all applications received from 1 May 2009 to 30 December 2011. In the absence of an agreement in the Council, the EGF's crisis response function could not be prolonged beyond 2011.

Building on the experience acquired with the EGF since 2007 and its value added for the assisted workers and affected regions, the Commission has proposed to maintain the Fund also during the 2014-2020 multiannual financial framework, while further improving its functioning.

## **Further information**

László Andor's website:

[http://ec.europa.eu/commission\\_2010-2014/andor/](http://ec.europa.eu/commission_2010-2014/andor/)

Follow László Andor on Twitter: <http://twitter.com/laszloandoreu>

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