

# Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Belgium

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**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automobile sector in Belgium.

**PROPOSED ACT:** Decision of the European Parliament and of the Council.

**CONTENT:** the European Globalisation Adjustment Fund (EGF) was established by [Council Regulation No 1927/2006](#) to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The [Interinstitutional Agreement of 17 May 2006 on budgetary discipline](#) 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 Commission services have carried out a thorough examination of the application submitted by Belgium to mobilise the EGF. The main elements of the assessment are as follows:

**Belgium: application EGF/2010/031 BE/General Motors Belgium:** on 20 December 2010, Belgium submitted application EGF/2010/031 BE/General Motors Belgium for a financial contribution from the EGF, following redundancies in General Motors Belgium and four of its suppliers in Belgium. The application was supplemented by additional information up to 24 January 2011.

In order to establish the link between the redundancies and the global financial and economic crisis, Belgium argues that due to the crisis the production of motor vehicles (cars, lorries and busses) in Europe dropped dramatically in 2009: a decrease of 17.3% compared to 2008 and 23% compared to the pre-crisis situation of 2007. The production of motor vehicles in Belgium followed the same trend. In 2009, the assembly of motor vehicles decreased by 23.8% compared to 2008, for the assembly of passenger cars the decrease reached even 34.8%.

Belgium 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.

The application cites 1 336 redundancies in General Motors Belgium and three of its suppliers during the four-month reference period from 14 June 2010 to 14 October 2010 and a further 1 498 redundancies after the reference period in General Motors Belgium and two of its suppliers.

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.

On the basis of the application from Belgium, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 9 593 931**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPACT: 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 of EUR 9 593 931, to be allocated under heading 1a of the financial framework.

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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified triologue 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 triologue meeting will be convened.

The 2011 budget showing payment appropriations of EUR 47 608 950 on budget line 04.0501 "European Globalisation Adjustment Fund (EGF)", this budget line will be used to cover the amount of EUR 9 593 931 needed for the present application.