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) to assist Belgium following redundancies in the automotive industry.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) within the annual ceiling of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF for applications submitted until **31 December 2013** are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council on establishing the EGF.

To recall, this Fund 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.

In this context, the Commission examined the request for mobilisation of the EGF with a view to assisting Belgium and stated that:

Belgium: EGF/2013/012 BE/Ford Genk: on 23 December 2013, Belgium submitted application EGF /2013/012 BE/Ford Genk for a financial contribution from the EGF, following redundancies in the assembly plant of Ford-Werke GmbH located in Genk ('Ford Genk') and in 10 suppliers of Ford Genk in Belgium. The application was supplemented by additional information up to 12 June 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, the Belgian authorities argue that the sector of the production of passenger cars, in which Ford Genk is active, has undergone serious economic disruption, in particular a rapid decline of the EU's market share.

According to data referred to by the Belgian authorities, between 2007 and 2012, the production of passenger cars in the EU-27 decreased from 17.10 million units to 14.61 million units (14.6 %; 3.1 % annual growth), whereas, during the same period, at worldwide level, the production of passenger cars increased from 53.05 million units to 63.07 million units (+ 18.9 %; + 3.5 % annual growth). This has led to a decrease of the EU-27's market share in the production of passenger cars at worldwide level, measured in volume terms, from 32.2 % to 23.2 %.

These data therefore show a rapid decline of the EU's market share in the sector of the production of passenger cars at worldwide level.

Background to the request from Belgium: the application therefore partly meets the intervention criteria laid down in Article 2(a) of the EGF Regulation, as it relates to redundancies over a period of four

months in an enterprise in a Member State, but it derogates from these criteria as regards the minimum number of redundancies during the reference period as there are less than 500 redundancies.

The Belgian authorities argue that **exceptional circumstances** are applicable because, although, for this first wave of redundancies, the number of redundancies during the reference period is below the threshold of 500 redundancies, two other waves of redundancies are expected to occur in 2014 (approximately 650 redundancies at Ford Genk and its suppliers) and at the closure of the plant at the end of 2014 (approximately 4 000 redundancies at Ford Genk and its suppliers), for which the Belgian authorities may submit EGF applications. As regards this first wave of redundancies, even though the threshold of 500 redundancies is not met, the Belgian authorities have wished to implement specific measures in favour of this first group of redundant workers as rapidly as possible, so as to increase the possibilities for them to find new employment and to give all redundant workers the same opportunity. In total, the number of direct redundancies expected to be caused by the closure of Ford Genk is very high (approximately 4 340 redundancies at Ford Genk and 2 820 redundancies at its suppliers located in the same geographical area).

These redundancies will have a serious impact on employment and the local economy.

On the basis of the application from Belgium, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 570 945**, representing 50% of the total cost.

BUDGETARY IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF, laid down by Article 12 of Council Regulation (EU, Euratom) No 1311/2013, and the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of the requested contribution of **EUR 570 945**.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

The Commission presents separately a transfer request in order to enter in the 2014 budget specific commitment appropriations, as required under point 13 of the Interinstitutional Agreement of 2 December 2013.

Appropriations allocated to the EGF budget line in the 2014 budget will be used to cover the requested amount.