Mobilisation of the European Globalisation Adjustment Fund: redundancies in the steel sector in Belgium

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Belgium following redundancies in its steel sector.

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 provides that the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006 (the 'EGF Regulation').

In this context, the Commission examined the application for mobilisation of the EGF to assist Belgium and concluded the following:

Belgium: EGF/2014/012 BE/ArcelorMittal: the Belgian authorities submitted application EGF/2014/012 BE/ArcelorMittal for a financial contribution from the EGF, following redundancies in ArcelorMittal Liège S.A. in Belgium.

The Belgian authorities submitted the application within **12 weeks** of the date on which the intervention criteria were met. The deadline expires on 9 December 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Belgium argued that the sector of the production of steel, in which ArcelorMittal Liège S.A operated, has undergone serious economic disruption, in particular a rapid decline of the EU's market share.

Between 2007 and 2013, the production of crude steel in the EU-27 decreased from 210.1 million tonnes to 166.2 million tonnes (20.9 %), whereas, at worldwide level, production increased from 1 348.1 million tonnes to 1 649.3 million tonnes (+ 22.3 %). As a consequence, in the period 2007-2013, the EU's share of steel production continuously decreased (from 16% of global steel production in 2007 to 10% in 2013). On the contrary, there is a very sharp increase in the share for Asia, going from 56% to 67% during the same period.

The effects of these changes in trade patterns have been worsened by other factors, such as a decrease in demand for steel in the automotive and construction sectors in the EU as a consequence of the economic crisis and a relative increase of production costs (raw materials, energy, environmental constraints, etc.). For instance, between 2008 and 2013, the number of persons employed in the metallurgic industry (NACE Rev. 2 division 24 'Manufacture of basic metals') in the EU-27 decreased by 19.4%.

Since the start of the EGF in 2007, there have been four EGF applications in the steel sector.

The application relates to 1 285 workers made redundant in ArcelorMittal Liège S.A which operated in the economic sector classified under NACE Division 24 (‘Manufacture of basic metals’). The redundancies made by the enterprise concerned are located in the NUTS level 2 region of Liège (BE33).

Basis of the Belgian application: the Belgian authorities submitted the application under the intervention criterion of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.

The application relates to 752 workers made redundant in the enterprise during the reference period of four months.

On the basis of the application from Belgium, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 591 486.**

FINANCIAL IMPLICATION: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 1 591 486, representing 60% of the total costs of the proposed actions, in order to provide a financial contribution for the application.

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.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present a proposal for a transfer to the relevant budgetary line for the requested amount.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.