Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of machinery in Belgium

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Belgium following redundancies in the sector of machinery manufacturing.

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/2014/011 BE/Caterpillar: **t**he Belgian authorities submitted application EGF/2014/011 BE/Caterpillar for a financial contribution from the EGF, following redundancies in Caterpillar Belgium S. A. in Belgium.

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

In order to establish the link between the redundancies and cessations of activity and major structural changes in world trade patterns due to globalisation, Belgium states that Caterpillar has been strongly affected by declining demands for this type of products in Europe, which has led to the delocalisation to third countries of substantial production capacity. Caterpillar's Gosselies plant specialises in car assembly, production of components, soldered assemblies and structures. Its products are exclusively directed at the European construction and mining sectors. These trends have resulted in falling market shares for the Caterpillar Gosselies production facility and a declining competitiveness towards competitors in other parts of the world.

Since 2007, the Caterpillar Group has established plants in emerging economies in Asia and Latin America, and its growth is mainly linked to these markets. In particular, Asia’s share of Caterpillar's sales has more than doubled between 2007 and 2013. This is linked to the overall growth of the Asian economies, especially in China and India, and the construction industry in these countries. On the other hand, the main market for Caterpillar Gosselies, the European Union, is depending on public and private investments in infrastructure in Europe which have recently been reduced. This helps explain that an already decreasing amount of new orders plummeted further by 40 % in 2011, according to the Belgian authorities.

To date, the 'Manufacture of machinery and equipment n.e.c' sector has been the subject of 12 EGF applications, 6 of which were based on trade related globalisation and 6 on the global financial and economic crisis.

Basis of the Belgian application: the Belgian authorities submitted the application under the intervention criteria 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.

The application relates to 663 workers made redundant in the enterprise during the reference period from 1 January 2014 to 30 April 2014.

On the basis of the application from Belgium, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 222 854.**

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 1 222 854, 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 to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount requested.

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.