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 its 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 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 Commission examined the application for mobilisation of the EGF to assist Belgium and concluded the following:

Belgium: EGF/2015/003 BE/Ford Genk: on 24 March 2015, Belgium submitted an application EGF /2015/003 BE/Ford Genk for a financial contribution from the EGF, following redundancies in Ford Genk and 11 suppliers and dowstream producers in Belgium.

Belgium submitted its application within **12 weeks** of the date on which the intervention criteria set out in the EGF Regulation were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 11 August 2015.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Belgium argues that the European automotive industry has lost significant market share within the past decade.

A main driving force behind this trend is the geographical shift in consumption linked to globalisation, in particular the rapid growth in demand on the Asian market from which EU manufacturers are less able to benefit, being traditionally less well positioned on these markets.

In absolute terms, while the EU faced a production decline for passenger cars of 14.6% between 2007 and 2012, global production increased by 18.9%, notably in China (143.3%) as well as other South-East Asian and Middle Eastern economies.

The economic and financial crisis aggravated the situation for the European automotive industry, which has also been hampered by import restrictions in third countries (new import licensing requirements, e.g. in Argentina and Brazil and rising import duties, e.g. in Russia).

Figures for Belgium indicate that the Belgian car industry has suffered the full impact of these trends.

To date, the NACE Revision 2 Division 29 sector (Manufacture of motor vehicles, trailers and semi-trailers) has been the subject of 21 EGF applications, 11 of which based on trade related globalisation and 10 on the global financial and economic crisis.

Basis of the Belgian application: Belgium 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 over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased.

The reference period of four months for the application runs from 1 September 2014 to 31 December 2014.

The redundancies during the reference period are as follows:

- 3 701 workers made redundant in Ford Genk;
- 1 180 workers made redundant in 11 suppliers and downstream producers of Ford Genk.

In view of the Belgian request, it is proposed to mobilise the EGF for the amount of **EUR 6 268 564** to make a contribution to the package of personalised services.

BUDGETARY 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 6 268 564, 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 required 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.