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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund to assist Belgium in respect of redundancies its glass 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.

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

Belgium:EGF/2015/007 BE/Hainaut-Namur Glass: on 19 August 2015, Belgium submitted an application EGF/2015/007 BE/HainautNamur Glass for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 23 (Manufacture of other non-metallic mineral products) in the NUTS level 2 regions of Hainaut (BE32) and Namur (BE35) in Belgium.

Belgium submitted its application within the **12 week deadline** laid down in the Regulation. The deadline within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 20 January 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Belgium argued that Union trade in glass products has undergone serious disruptions in recent years. While demand has stagnated in Europe between 2000 and 2013, imports have dramatically increased, with foreign producers capturing a growing share of the European market. This can be explained by the fact that a production overcapacity in Asia (notably in China) has resulted in downward price pressure, which European producers find hard to cope with, due to higher production costs and stricter environmental standards, notably CO2 emission quotas.

Between 2000 and 2010, in the glass sector as a whole, employment decreased by 32 % in Europe (particularly affecting Germany, Poland, France and Belgium). Production of glass in Belgium fell below 1 million tons in 2009 for the first time since the mid-sixties, and it continued to decrease by 5 % in both 2011 and 2012.

The event giving rise to these redundancies is the closure of two production plants in Wallonia owned by the two enterprises, AGC Europe SA and Saint-Gobain Glass Benelux, respectively.

To date, the Manufacture of other non-metallic mineral products sector has been the subject of five EGF applications, two of which (including this one) based on trade related globalisation and three on the global financial and economic crisis

Basis of the Belgian application: Belgium submitted the application under the intervention criteria of Article 4(2) derogating from the criteria of Article 4(1) (b) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

The reference period of nine months for the application runs from 31 August 2014 to 31 May 2015.

There were 412 redundancies combined in the NUTS level 2 regions of Hainaut (B32) and Namur (B35).

Having examined this application, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 095 544**.

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 1 095 544, 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 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.