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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Belgium facing redundancies in the retail sector.

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

CONTENT: the rules applicable to financial contributions from the European Globalisation Adjustment Fund 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 has examined the application for the mobilisation of the EGF for Belgium and has concluded the following:

Belgium - EGF/2019/001 BE/Carrefour

On 20 June 2019, Belgium submitted the application for a financial contribution from the EGF, following 751 redundancies in Carrefour Belgique S.A. operating in the economic sector of the retail trade (excluding motor vehicles and motor cycles).

In order to establish the link between the redundancies and the major structural changes in international trade patterns resulting from globalisation, the Belgian authorities ensure that the retail trade is going through a period of major changes due in particular to online purchases, which leads to redundancies.

Worldwide online sales have been steadily growing for many years. In 2023 worldwide retail e-commerce sales are expected to triple the sales accounted in 2018, making up 22% of total retail spending.

In the EU, the percentage of the population purchasing online increased from 47% to 69% over the period 2013-2018. The three main players are Amazon, Aliexpress and eBay, which operate as global players.

Online purchases outside the EU have a major impact on sales in traditional retail stores in the EU. The global trends also apply to Belgium. According to Comeos, 67% of the Belgians bought online in 2018, compared to only 46% in 2012.

The events leading to the redundancies are the closure of one Carrefour hypermarket (19 of the 45 Carrefour hypermarkets are not profitable) and the renting out of the stores' surface to external retailers in some of the hypermarkets still operating. For Carrefour, the growth in online sales has contributed to the decline in non-food sales in its hypermarkets (the turnover of non-food products declined by 6% in 2017, and by 19% since 2010).

Basis for 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 30 November 2018 to 30 March 2019.

Beneficiaries

In addition to the 751 employees made redundant during the reference period, eligible beneficiaries include 268 employees made redundant before or after the reference period. The total number of eligible beneficiaries is therefore 1019.

Although the redundancies concern the whole of the country, Belgium expects that they have a particularly significant adverse impact on the employment situation and thus on the regional economy of Wallonia, where the unemployment rate is higher than the EU average (6.9%).

Due to the particularly difficult employment situation in Wallonia, Belgium expects that only the 400 workers made redundant in this region will participate in the measures. In addition, Belgium will provide personalised services co-financed by the EGF to a maximum of 330 unemployed young people not in education or training (NEET) under the age of 25 at the time of application.

The personalised services to be provided to redundant workers include the following actions: (i) support, guidance and professional integration; (ii) training, retraining and vocational training; (iii) support to business start-up; (iv) job-search allowance and training allowance, contribution to travel expenses, assistance in setting up a business and allowances for returing to school.

Financial contribution

The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020.

Having examined the application in respect of the conditions set out in 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 1 632 028**, representing 60% of the total costs of the proposed actions, in order to provide a financial contribution for the application.