Mobilisation of the European Globalisation Adjustment Fund: redundancies in warehousing and support activities for transportation in Belgium

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to support Belgium in the face of displaced workers in the warehousing and ancillary transport services sector at **Logistics Nivelles** SA (LNSA) and one of its suppliers in Belgium.

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

CONTENT: on 17 February 2023, Belgium submitted an application to mobilise the EGF, following redundancies in Logistics Nivelles SA (LNSA) and one of its suppliers in Belgium.

Following an examination of this application, the Commission has concluded, in accordance with all the relevant provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF have been met.

Grounds for the application

Belgium submitted this application under the intervention criteria of Article 4(2)(a) of the EGF Regulation, which requires at least 200 workers to be made redundant over a reference period of four months in an undertaking in a Member State.

The application concerns displaced workers whose activity has ceased at Logistics Nivelles SA (LNSA) (**447 workers**) and SuperTransport SA/NV, a supplier of Logistics Nivelles (**95 workers**). The total number of eligible workers is **542**. The four-month reference period runs from 23 August 2022 to 23 December 2022.

Events leading to the displacements and cessation of activity

The event leading to the redundancies is the decision by Kuehne+Nagel (K+N) to close down its Belgian subsidiary LNSA. The company has been facing financial difficulties in the past years. In 2020, LNSA's losses were higher than the total budget and a capital increase was necessary to offset the losses. In 2021, the losses were again higher than expected. LNSA could not continue in business in the long or medium term without profit or without breaking even. LNSA provides logistics services regarding fresh and dry food products, wines and spirits to Carrefour. With a view to renewing the contract with Carrefour, K+N carried out a study to define a future network, which would improve services at competitive costs. Based on the study results, K+N decided to turn its regional distribution of fresh and dry foods into a national distribution. That is, instead of delivering to northern stores from Logistics Kontich NV (Kontich) and to southern stores from LNSA, to make all deliveries from Kontich and close LNSA down.

Kontich was chosen because it was 25% more productive than LNSA, had lower stock variances and a more favourable geographical location.

Although LNSA was located in the province of Walloon Brabant, the redundancies also affected Hainaut, where 86.3% of the displaced workers live. In February 2023, the number of registered jobseekers rose by 9.8% year-on-year in Hainaut and by 3.7% in Walloon Brabant. The Walloon authorities argue that the displacements at LNSA will have a particular impact on two categories of workers (low-skilled workers and workers aged over 50) who are already disadvantaged in the regional labour market.

Beneficiaries

In addition to the 542 workers already mentioned, the eligible beneficiaries include 61 displaced workers whose activity ceased before or after the four-month reference period. This brings the total number of **eligible beneficiaries to 603**.

The personalised services to be provided to displaced workers include the following measures: (i) information services, career guidance and outplacement assistance; (ii) training, retraining and vocational training; (iii) business start-up support; (iv) business start-up contribution; (iv) incentives and allowances: job search and training allowances, bonus for improving computer and language skills, allowance for returning to education.

The total estimated cost is EUR 2 533 363, including EUR 2 484 363 for personalised services and EUR 49 000 for preparation, management, information and publicity, monitoring and reporting.

Budget proposal

The EGF should not exceed a maximum annual amount of EUR 186 million (in 2018 prices), in accordance with Article 8 of Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027.

Following examination of the application, the Commission proposes to **mobilise the EGF, to the amount of EUR 2 153 358**, representing 85% of the total cost of the proposed measures, in order to provide a financial contribution for the application.