

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 support Belgium in the face of redundancies in the retail sector at Makro Cash & Carry Belgium NV.

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

CONTENT: on 3 July 2023, Belgium submitted application EGF/2023/002 BE/Makro for a financial contribution from the EGF, in respect of redundancies in Makro Cash & Carry Belgium NV (Makro) and in Belgium.

Following the 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.

Reasons for the application

Belgium submitted the application under the intervention criteria of Article 4(2), point (a), of Regulation (EU) 2021/691, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months in an enterprise in a Member State.

The application relates to **1 431 displaced workers** whose activity has ceased in Makro. The redundancies are located in the NUTS 2 regions of Provincie Antwerpen (BE21), Provincie Oost-Vlaanderen (BE23), Provincie Vlaams-Brabant (BE25), Province Hainaut (BE32), and Province Liège (BE33). The reference period of four months for the application runs from 10 January 2023 to 10 May 2023.

Description of the events that led to the displacements and cessation of activity

In 1970, Makro Cash & Carry Belgium NV opened stores for self-employed, liberal profession practitioners, and hospitality professionals selling food and non-food products. In 2017, after about ten years of financial difficulties, the enterprise decided to open access of its Makro shops also to general customers, whilst its Metro shops remained limited to food and beverage services professionals (hotels, restaurants, and caterers).

Despite the decision, the losses amounted to EUR 67 million in the financial year 2018/2019 and EUR 44 million in 2019/2020. Makro's sales continued to decline.

During the pandemic, the hospitality sector stopped activity for several months, affecting Makro's sales line for food and beverage services professionals. Makro's sales line for general customers was affected as well, because of mandatory closures of non-food stores and non-food aisles in supermarkets, which led to a drop in sales and an increased use of ecommerce, that has continued after the restrictive measures were lifted.

On 1 September 2022, Makro applied for judicial reorganisation by transfer of undertakings under judicial authority to the Antwerp Business Court. A tender process for the enterprise started.

Makro's sale line for general customers (branded as Makro) consisted in 6 stores. The receivers rejected the only offer for the Makro stores because it did not meet the bidding requirements and was not sound. Makro was declared bankrupt on 10 January 2023 and 1 431 workers were made redundant.

Makro stores for general customers were in Flanders (four stores) and in Wallonia (two stores). Due to the differences between the Flemish and the Walloon labour markets, the territorial impact of the redundancies varies.

In the first quarter of 2023, the employment rate in Flanders was 77.3%. The employment rate in Wallonia was 65% (12.3% lower than in Flanders). In the Walloon labour market, the registered job seekers aged fifty or more represent about 25% of the total job seekers in March 2023. Two out of three Makro redundant workers (65%) are over 50 years old. Makro workforce is essentially made up of cashiers and warehouse workers. For these workers, it is more difficult to re-integrate into employment.

Beneficiaries

An estimated **421** redundant workers are expected to participate in the measures (189 men and 232 women).

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

The total estimated cost is EUR 3 327 322. This includes expenditure on personalised services amounting to EUR 3 233 822 and expenditure on preparatory, management, information and publicity activities, as well as monitoring and reporting activities, amounting to EUR 93 500.

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 provide a financial contribution of EUR 2 828 223**, representing 85% of the total cost of the proposed measures.