Mobilisation of the European Globalisation Adjustment Fund: redundancies in the retail 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.

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

CONTENT: on 3 June 2024, Belgium submitted an application for a financial contribution from the EGF, following displacements in Match-Smatch supermarkets (Match SA. and Profi SA.) in Belgium.

Following the assessment of this application, the Commission concluded, in accordance with all the relevant provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF are met.

Grounds 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 513 displaced workers whose activity has ceased in Match-Smatch. This enterprise operates in the economic sector classified under the NACE Revision 2 division 47 (Retail trade, except for motor vehicles and motorcycles). The redundancies are mainly located in the NUTS 2 regions of Province of Hainaut (BE32), Province of Liège (BE33), and Province of Namur (BE35).

The reference period of four months for the application runs from 11 December 2023 to 11 April 2024.

Events leading to the displacements and cessation of operations

Match-Smatch faced a difficult economic situation for several years. In 2019, a first restructuring led to the closure of 15 stores and 140 redundancies. In 2020, the COVID-19 pandemic lead to a sharp increase of Match-Smatch's turnover, as well as in the retail food sector in general, because of the closure of the hospitality sector, rush to buy food, etc. This exceptional situation allowed Match-Smatch to obtain a positive net result of EUR 3.6 million. However, as the health situation was returning to normal, Match-Smatch again reported losses of EUR 11.9 million in 2021.

Overall, the Belgian food retail sector recorded a significant decline in volumes sold in 2023. Increased cross-border shopping and e-commerce are part of the explanation.

The Match-Smatch redundancies concern all of Belgium. However, the territorial impact of the redundancies varies due to the differences between the Flemish and Walloon labour markets and because more than 70 % of the layoffs are concentrated in Wallonia.

Beneficiaries

An estimated 365 displaced workers are expected to participate in the following measures.

The personalised coordinated package to be provided to displaced workers consists of the following measures: (i) information services, occupational guidance and outplacement assistance; (ii) training, retraining and vocational training; (iii) support towards business creation; (iv) contribution to business creation; (v) incentives and allowances.

Belgium started providing the personalised services to the targeted beneficiaries on 1 January 2024.

The estimated total costs are EUR 3 131 252, comprising expenditure for personalised services of EUR 3 009 752 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 121 500.

Budgetary proposal

The EGF will not exceed a maximum annual amount of EUR 30 million (in 2018 prices), as laid down in Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 as amended by Council Regulation (EU, Euratom) 2024/765 of 29 February 2024.

Having examined the application, the Commission proposes to mobilise the EGF for the amount of **EUR 2 661 564**, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.

Related acts

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 to transfer to the relevant budgetary line the amount of EUR 2 661 564.