

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the paper manufacture and machinery 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 paper manufacture and machinery sector.

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

CONTENT: on 19 July 2024, Belgium submitted an application EGF/2024/002 BE/Limburg machinery and paper for a financial contribution from the EGF, following displacements in the economic sectors classified under the NACE Revision 2 division 17 (Manufacture of paper and paper products) and division 28 (Manufacture of machinery and equipment) in the NUTS 2 region of Provincie Limburg (BE22) in Belgium.

Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding 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 the EGF Regulation, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months.

The application relates to 681 displaced workers whose activity has ceased in the economic sectors classified under the NACE Revision 2 division 17 (Manufacture of paper and paper products) and 28 (Manufacture of machinery and equipment). The redundancies are located in the NUTS 2 region of Provincie Limburg (BE22) .

The reference period of four months for the application runs from 31 December 2023 to 30 April 2024.

Events leading to the displacements and cessation of operations

Paper sector: the events giving rise to the displacements in the paper sector are the declining demand for graphics products resulting from increased digitalisation and the resulting growing overcapacity of the European woodfree coated paper (WCP) industry. In 2009, the European paper industry indicated having a capacity of 9.3 million tons of WCP. In 15 years, the capacity of the European WCP Industry has declined by 50 %, to 4.6 million tons in 2023. In 2023, the industry did not make use of the maximum capacity, but only produced 2.7 million tons. WCP production in Sappi group has been following the same declining trend as the European WCP industry.

Machinery sector: the events giving rise to the displacements in the machinery sector is Purmo's decision to stop production of 50 mm panel radiators in its Zonhoven plant and close the relevant production line. This is resulting in 114 dismissals.

The reason to discontinue production is the sharp decline in demand for panel radiators in the EU. The demand for alternative heating systems, such as heat pumps and low-temperature systems, is experiencing rapid growth mainly due to the European Union's commitment to emissions targets and the clear intention to decarbonise buildings and industry in the EU.

Furthermore, the unexpected situation regarding gas availability and prices, resulting from the Russian war of aggression against Ukraine began to modify consumer purchasing habits in favour of alternative heating solutions, partly due to the efforts to reduce dependence on Russian gas supplies, and EU legislation benefiting low-temperature heating systems to the detriment of panel radiators. In such scenario, demand recovery is unlikely as the panel radiator market will increasingly be limited to replacing units in use.

Redundant workers concentrate in Lanaken (83 %) and Zonhoven (27 %), so the province of Limburg in Flanders is the territory affected by the redundancies.

Beneficiaries

The estimated number of displaced workers expected to participate in the measures is 632.

The personalised coordinated package to be provided to displaced workers consists of the following measures: (i) social Intervention Advisor (SIA); (ii) guidance, counselling, and vocational orientation; (iii) active job-search support; (iv) training, retraining and vocational training; (v) training at the workplace.

The estimated total costs are EUR 1 173 559, comprising expenditure for personalised services of EUR 1 126 559 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 47 000.

Budgetary proposal

The EGF will not exceed a maximum annual amount of EUR 30 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 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 704 135, representing 60 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.