Basic information

2016/2074(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of machinery in Belgium **Subject** 3.40.08 Mechanical engineering, machine-tool industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.56 2016 budget **Geographical area** Belgium	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	NEGRESCU Victor (S&D)	04/05/2016
	Shadow rapporteur ŠULIN Patricija (PPE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Environment	3476	2016-06-20

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
04/05/2016	Non-legislative basic document published	COM(2016)0242	Summary
12/05/2016	Committee referral announced in Parliament		
15/06/2016	Vote in committee		
16/06/2016	Budgetary report tabled for plenary	A8-0207/2016	Summary
20/06/2016	Draft budget approved by Council		
23/06/2016	Decision by Parliament	T8-0285/2016	Summary
23/06/2016	Results of vote in Parliament		
23/06/2016	End of procedure in Parliament		
14/07/2016	Final act published in Official Journal		

Technical information

Procedure reference	2016/2074(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/06442

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE582.411	12/05/2016	
Amendments tabled in committee		PE584.104	02/06/2016	
Budgetary report tabled for plenary, 1st reading		A8-0207/2016	16/06/2016	Summary
Budgetary text adopted by Parliament		T8-0285/2016	23/06/2016	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2016)0242	04/05/2016	Summary

Additional information

Source	Document	Date

Final act

Decision 2016/1145
OJ L 189 14.07.2016, p. 0046

Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of machinery in Belgium

2016/2074(BUD) - 23/06/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 534 votes to 45 with 7 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 1.824.041**in commitment and payment appropriations to assist Belgium in respect of redundancies in the machinery sector.

Parliament recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis and to assist their reintegration into the labour market.

Belgian application: Belgium submitted application EGF/2015/012 BE/Hainaut *Machinery* for a financial contribution from the EGF, following dismissals in the economic sector classified under the NACE Revision 2 Division 28 (Manufacture of machinery and equipment n.e.c.) in the NUTS level 2 region of Hainaut.

Parliament noted that 488 dismissed workers, as well as 300 young people not in employment, education or training (NEETs) under the age of 30 from the same regions are expected to participate in the measures. It recalled that the redundancies were carried out by Carwall SA, Caterpillar Belgium SA and Doosan SA.

It noted that although the application does not fulfil the eligibility criteria set down in Article 4(1) of the EGF Regulation, it was submitted under the intervention criteria of Article 4(2), which allows for a derogation in respect of the number of workers made redundant.

Therefore, Belgium is entitled to a financial contribution amounting to EUR 1 824 041 representing 60 % of the total cost of EUR 3 040 069. Members welcomed the fact that Belgian authorities started providing the personalised services to the targeted beneficiaries on 1 January 2015, well ahead of the application for the EGF support.

Nature of the redundancies: Parliament noted that, following the announcement of Caterpillar Belgium SA on 23 February 2013 of a collective redundancy procedure in its Gosselies plant, the majority of its 1399 workers were the subject of EGF/2014/011 BE/Caterpillar application, and pointed out that the current application is a follow-up to that application.

Parliament underlined that Hainaut is facing a difficult labour market situation with an unemployment rate of 14.5 %, 1 236 job losses in 2013 and 1 878 in 2014 in the manufacturing sector, a drop in job offers of 13% since 2012 and a high proportion of under qualified labour, as well as high levels of long-term unemployment, which stands at 39,0 % overall unemployment in the Hainaut region.

A package of personalised services: Parliament noted that Belgium is planning the following types of measures for redundant workers covered by the application:

- support/guidance/integration;
- facilitating job-search;
- integrated training;
- support for enterprise creation;
- support for collective projects;
- job search allowances;
- training allowances.

Parliament welcomed the fact that, in addition to the 488 workers dismissed, 300 NEETs from the same region are expected to participate in the measures.

Whilst welcoming the fact that the Belgian authorities are proposing special measures designed for NEETs, Members noted the importance of launching an information campaign in order to reach the NEETs.

Labour market: Parliament noted that the proposed actions constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation and recalls that, in line with that Article, the personalised services provided are expected to **anticipate future labour market perspectives and required skills**. It highlighted the need to improve the employability of all workers by adapted training and expects that the training offered in the coordinated package will meet both the needs of the workers and the business environment.

Parliament welcomed the fact that the allowances and incentives, which Belgium confirmed are conditional on the active participation of the targeted beneficiaries in job-search or training activities (actions under point (b) of Article 7(1) of the EGF Regulation), are limited to less than **5 % of the total costs**, which is far below the threshold of 35 % of the total cost of the package of personalised measures allowed by the EGF Regulation. It noted that workers in the **55 - 64 age group** make up 35,9 % of the targeted beneficiaries. It considered that workers in this group are at a higher risk of long-term unemployment and social exclusion and have specific needs when it comes to providing them with personalised approach.

Parliament called on the Commission to revise the rules on state aid in order to enable state intervention to enhance socially and environmentally beneficial projects, and to help SMEs and industries in difficulty.

It noted that the Belgian authorities confirm that the eligible actions do not receive assistance from other Union financial instruments, and reiterated its call on the Commission to present a comparative evaluation of those data in its annual reports.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor measures for restructuring companies or sectors.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of machinery in Belgium

2016/2074(BUD) - 16/06/2016 - Budgetary report tabled for plenary, 1st reading

The **Committee on Budgets adopted the report by** Victor NEGRESCU (S&D, RO) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 1.824.041**in commitment and payment appropriations to assist Belgium in respect of redundancies in the machinery sector.

Members recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis and to assist their reintegration into the labour market.

Belgian application: Belgium submitted application EGF/2015/012 BE/Hainaut *Machinery* for a financial contribution from the EGF, following dismissals in the economic sector classified under the NACE Revision 2 Division

28 (Manufacture of machinery and equipment n.e.c.) in the NUTS level 2 region of Hainaut

Members noted that 488 dismissed workers, as well as 300 young people not in employment, education or training (NEETs) under the age of 30 from the same regions are expected to participate in the measures. Members recalled that the redundancies were carried out by Carwall SA, Caterpillar Belgium SA and Doosan SA.

They noted that although the application does not fulfil the eligibility criteria set down in Article 4(1) of the EGF Regulation, it was submitted under the intervention criteria of Article 4(2), which allows for a derogation in respect of the number of workers made redundant.

Therefore, Belgium is entitled to a financial contribution amounting to EUR 1 824 041 representing 60 % of the total cost of EUR 3 040 069. Members welcomed the fact that Belgian authorities started providing the personalised services to the targeted beneficiaries on 1 January 2015, well ahead of the application for the EGF support.

Nature of the redundancies: Members noted that, following the announcement of Caterpillar Belgium SA on 23 February 2013 of a collective redundancy procedure in its Gosselies plant, the majority of its 1399 workers were the subject of EGF/2014/011 BE/Caterpillar application, and pointed out that the current application is a follow-up to that application.

They underlined that Hainaut is facing a difficult labour market situation with an unemployment rate of 14.5 %, 1 236 job losses in 2013 and 1 878 in 2014 in the manufacturing sector, a drop in job offers of 13% since 2012 and a high proportion of under qualified labour, as well as high levels of long-term unemployment, which stands at 39,0 % overall unemployment in the Hainaut region.

A package of personalised services: Members noted that Belgium is planning the following types of measures for redundant workers covered by the application:

- support/guidance/integration;
- facilitating job-search;
- integrated training;
- support for enterprise creation;
- support for collective projects;
- job search allowances;
- training allowances.

Members welcomed the fact that, in addition to the 488 workers dismissed, 300 NEETs from the same region are expected to participate in the measures.

Whilst welcoming the fact that the Belgian authorities are proposing special measures designed for NEETs, Members noted the importance of launching an information campaign in order to reach the NEETs. They also noted that the proposed actions, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation and recalls that, in line with that article, the personalised services provided are **expected to anticipate future labour market perspectives.**

Members highlighted the need to improve employability of all workers by adapted training and expected that the training offered in the coordinated package will meet both needs of the workers and the business environment.

They called on the Commission to revise the rules on state aid in order to enable state intervention to enhance socially and environmentally beneficial projects, and to help SMEs and industries in difficulties.

They noted that the Belgian authorities confirm that the eligible actions do not receive assistance from other Union financial instruments, and reiterated their call on the Commission to present a comparative evaluation of those data in its annual reports.

Lastly, Members reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor measures for restructuring companies or sectors.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of machinery in Belgium

2016/2074(BUD) - 06/07/2016 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Belgium in respect of redundancies in the manufacturing of machinery.

NON-LEGISLATIVE ACT: Decision (EU) 2016/1145 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from Belgium — EGF/2015/012 BE/Hainaut Machinery).

CONTENT: under this Decision, the European Parliament and the Council decided to mobilise the European Globalisation Adjustment Fund to provide the sum of **EUR 1 824 041** in commitment and payment appropriations within the 2016 budget.

This application was submitted for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 28 (Manufacture of machinery and equipment n.e.c.) in the NUTS level 2 region of Hainaut (BE32) in Belgium.

Given that the Belgian application fulfils the conditions laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020), the European Parliament and the Council decided to grant the abovementioned amount. The request is justified as the **impact of the redundancies** on the local and regional economy and employment is expected to be significant.

In brief, the European Globalisation Adjustment Fund aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.

It should also be noted that Belgium has decided to provide personalised services co-financed by the EGF also to 300 young people not in employment, education or training (NEETs).

Council Regulation (EU, Euratom) No 1311/2013 lays down the multiannual financial framework for the years 2014-2020 providing that the EGF shall not exceed a maximum annual amount of **EUR 150 million**.

ENTRY INTO FORCE: 14.7.2016. The Decision shall apply from 6.7.2016.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of machinery in Belgium

2016/2074(BUD) - 04/05/2016 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Belgium in respect of redundancies in the manufacturing of machinery.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) 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 examined the application for mobilisation of the EGF to assist Belgium and concluded the following:

Belgium: EGF/2015/012 BE/Hainaut Machinery: on 17 December 2015, Belgium submitted application EGF/2015/012 BE/Hainaut Machinery for a financial contribution from the EGF, following redundancies in the economic sector of manufacture of machinery and equipment (NUTS level 2 region) of Hainaut in Belgium.

Belgium submitted application within the deadline of **12 weeks** set out in the Regulation. This deadline within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 5 May 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Belgium argued that Union trade in construction machinery has undergone serious disruptions in recent years. This has had a negative impact on the profitability in Europe of the three enterprises, which are all specialised in production of components and/or assemblage of machines used in the construction sector.

The sector concerned by the proposal is characterised by having production units close to the market. Therefore, the three enterprises mainly produce for the European market.

Due to declining public and private investments in infrastructure, the demand for the products produced by the three enterprises has decreased accordingly. The production of construction engines in Europe has seen a decline of 45.1 %. Simultaneously, steel prices in Europe have increased s ignificantly. Declining economies of scale and increasing unit costs have led to a loss of competitiveness for the European plants. This decline in competitiveness has led to the delocalisation to third countries of substantial production capacity (in particular Asian plants have benefitted from this development).

The primary event giving rise to these redundancies is the announcement by Caterpillar Belgium S.A. on 23 February 2013 to enter into a collective redundancy procedure at its production plant located in Gosselies (the majority of the 1399 workers concerned were the subjects of a first EGF application involving redundancies at the enterprise). The current proposal includes the remaining 169 workers at the site. Carwall S.A., a principal supplier of cabs for Caterpillar Belgium S.A., witnessed a falling demand for its products, mainly due to fewer orders coming from Caterpillar, and was forced to scale down production accordingly. The third enterprise concerned by this proposal, Doosan S.A., produces excavators. Falling demand for its products in Europe led to the decision to close a production plant located in Frameries and supply the European market from its production sites in South Korea.

The impact of the redundancies on the local and regional economy and employment is expected to be significant. Hainaut is facing a difficult labour market situation with an unemployment rate of 14.5 % (5.9 percentage points higher than the national average).

To date, the Manufacture of machinery and equipment n.e.c sector has been the subject of 14 EGF applications, eight of which based on trade related globalisation and six on the global financial and economic crisis.

Basis of the Belgian application: Belgium submitted the application under the intervention criteria of Article 4(2) derogating from the criteria of Article 4 (1) (b) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

There were 488 redundancies in the NUTS 2 region of Hainaut (B32). The reference period of nine months for the application runs from 25 December 2014 to 25 September 2015.

Having examined this application, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 824 041**.

BUDGETARY IMPLICATION: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the Commission proposed to mobilise the EGF for the amount of EUR 1 824 041, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

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 for a transfer to the relevant budgetary line for the proposed amount.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.