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PROPOSAL

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 1 September 2015

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: COM(2015) 336 final

Subject: Proposal for a Decision of the European Parliament and of the Council on
the mobilisation of the European Globalisation Adjustment Fund
(application from Belgium – EGF/2015/003 BE/Ford Genk)

Delegations will find attached document COM(2015) 336 final.

Encl.: COM(2015) 336 final



Brussels, 14.7.2015
COM(2015) 336 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the mobilisation of the European Globalisation Adjustment Fund
(application from Belgium – EGF/2015/003 BE/Ford Genk)**

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

1. 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 of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹ (the ‘EGF Regulation’).
2. On 24 March 2015, Belgium submitted an application EGF/2015/003 BE/Ford Genk for a financial contribution from the EGF, following redundancies² in Ford Genk and 11 suppliers and downstream producers in Belgium.
3. 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.

SUMMARY OF THE APPLICATION

EGF application	EGF/2015/003 BE/Ford Genk
Member State	Belgium
Region(s) concerned (NUTS level 2)	BE22 (Limburg)
Date of submission of the application	24 March 2015
Date of acknowledgement of receipt of the application	7 April 2015
Date of request for additional information	7 April 2015
Deadline for provision of the additional information	19 May 2015
Deadline for the completion of the assessment	11 August 2015
Intervention criterion	Article 4(1)(a) of the EGF Regulation
Primary enterprise	Ford Genk
Number of enterprises concerned	12
Sector(s) of economic activity (NACE Revision 2 Division) ³	Division 29 (Manufacture of motor vehicles, trailers and semi-trailers)
Number of subsidiaries, suppliers and downstream producers	11
Reference period (four months):	1 September 2014 – 31 December 2014

¹ OJ L 347, 20.12.2013, p. 855.

² Within the meaning of Article 3 of the EGF Regulation.

³ OJ L 393, 30.12.2006, p. 1.

Number of redundancies during the reference period (a)	4 881
Number of redundancies before or after the reference period (b)	230
Total number of redundancies (a + b)	5 111
Total number of eligible beneficiaries	5 111
Total number of targeted beneficiaries	4 500
Number of targeted young persons not in employment, education or training (NEETs)	0
Budget for personalised services (EUR)	10 127 607
Budget for implementing EGF ⁴ (EUR)	320 000
Total budget (EUR)	10 447 607
EGF contribution (60 %) (EUR)	6 268 564

ASSESSMENT OF THE APPLICATION

Procedure

- Belgium submitted application EGF/2015/003 BE/Ford Genk on 24 March 2015 within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met. The Commission acknowledged receipt of the application within two weeks of the date of submission of the application, on 7 April 2015, and requested additional information from Belgium on the same date. Such additional information was provided within six weeks of the request. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 11 August 2015.

Eligibility of the application

Enterprises and beneficiaries concerned

- The application relates to 5 111 workers made redundant in Ford Genk and 11 suppliers and downstream producers. The primary enterprise operated in the economic sector classified under the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers). The redundancies made by the primary enterprise are mainly located in the NUTS⁵ level 2 region of Limburg (BE22).

⁴ In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

⁵ Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

Enterprises and number of dismissals within the reference period			
FORD	3 701	ISS Industrial Cleaning nv	23
BASF	16	LEAR	201
BELPLAS	89	SML	284
FACIL	34	SYNCREON	234
HENKEL	17	TRANSPORT SERVICE	47
IAC	171	ZENDER	64
Total no. of enterprises: 12		Total no. of dismissals: 4 881	
Total no. of self-employed persons whose activity has ceased:			0
Total no. of eligible workers and self-employed persons:			4 881

Intervention criteria

6. Belgium submitted the application under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and / or self-employed persons whose activity has ceased.
7. The reference period of four months for the application runs from 1 September 2014 to 31 December 2014.
8. The redundancies during the reference period are as follows:
 - 3 701 workers made redundant in Ford Genk;
 - 1 180 workers made redundant in 11 suppliers and downstream producers of Ford Genk.

Calculation of redundancies and of cessation of activity

9. The redundancies during the reference period have been calculated as follows:
 - 4 858 from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker,
 - 23 from the date of the de facto termination of the contract of employment or its expiry.

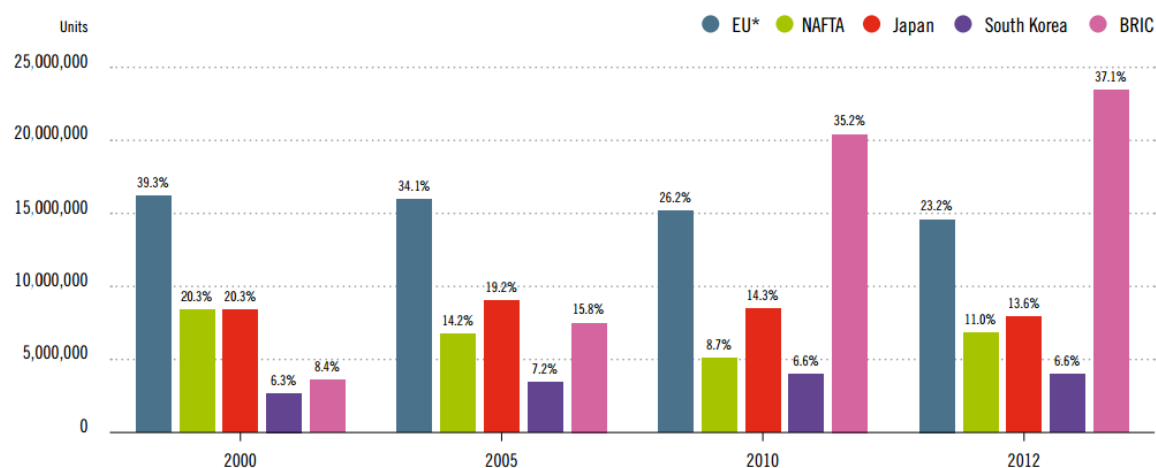
Eligible beneficiaries

10. In addition to the workers already referred to, the eligible beneficiaries include 230 workers made redundant before or after the reference period of four months. These workers were all made redundant after the general announcement of the projected redundancies on 22 October 2012. A clear causal link can be established with the event which triggered the redundancies during the reference period.
11. The total number of eligible beneficiaries is therefore 5 111.

Link between the redundancies and major structural changes in world trade patterns due to globalisation

12. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Belgium argues that the European automotive industry has lost significant market share within the past decade. The production of passenger cars decreased by 14.6 % in the EU-27 between 2007 and 2012. In the same period China more than doubled its market share in passenger car production.
13. A main driving force behind this trend is the geographical shift in consumption linked to globalisation, in particular the rapid growth in demand on the Asian market from which EU manufacturers are less able to benefit, being traditionally less well positioned on these markets. Passenger car registrations in the EU have continually declined between 2008 and 2012 with only a small increase in 2009⁶.

Passenger car manufacture - international comparison (% share)⁷



14. The graph above shows the decline in the EU market share for passenger cars from 2000 until 2012. The EU market share dropped from 32,2 % in 2007 to 23,2 % in 2012 representing a decline of 28,2 %.
15. In absolute terms, while the EU faced a production decline for passenger cars of 14,6 % between 2007 and 2012, global production increased by 18,9 %, notably in China (143,3 %) as well as other South-East Asian and Middle Eastern economies.
16. The economic and financial crisis aggravated the situation for the European automotive industry, which has also been hampered by import restrictions in third countries (new import licensing requirements, e.g. in Argentina and Brasil and rising import duties, e.g. in Russia).
17. Figures for Belgium indicate that the Belgian car industry has suffered the full impact of these trends, with a decline in the production of cars from 596 461 units in

⁶ Semi-Annual Report from the European Automobile Manufacturers' Association 2013

⁷ ECEA, The automobile Industry Pocket Guide 2013

2011 to 503 504 units in 2013 (a production decline of 15,58 %). Belgian car exports declined by 16,41 % in the same period⁸.

18. To date, the NACE Revision 2 Division 29 sector (Manufacture of motor vehicles, trailers and semi-trailers) has been the subject of 21 EGF applications, 11 of which based on trade related globalisation and 10 on the global financial and economic crisis.

Events giving rise to the redundancies and cessation of activity

19. The event giving rise to these redundancies is the permanent closure of the Ford plant in Genk, which was announced on 22 October 2012. An estimated 8 000 jobs are being lost in the province of Limburg due to the closure of the Ford production facility (including indirect job losses). The Ford management justified the closure of the Genk plant by a significant production overcapacity of approximately 20 % within the European branch of the company. Ford will keep three assembly lines in Europe and produce a reduced number of the Mondeo, S-MAX and Galaxy models in their production facilities in Valencia, Spain.
20. The closure of the Ford Genk plant was unanticipated since a future contract between the employer and employee sides was negotiated in 2010, establishing job security until 2020 (the agreement involved cuts in personnel costs of 12 %). In August 2012, the Ford management confirmed that they would honour the agreement reached until 2020. This statement was followed by speculations in the press and in October 2012 Ford announced the closure of their Genk plant.
21. The workers dismissed from the plant during 2013 were the subjects of a first EGF application also based on globalisation, which is currently being implemented⁹. This second application relates to the redundancies at the Ford Genk plant carried out in 2014 up to the final closure of the facility in December 2014.

Expected impact of the redundancies as regards the local, regional or national economy and employment

22. The economic impact for the region of the closure of Ford Genk was analysed in a study produced by the Knowledge Centre for Entrepreneurship and Innovation (KIZOK) at Hasselt University¹⁰. The study points to considerable damage for the Limburg economy with a total loss of more than 8 000 jobs (including indirect job losses), a rise in the unemployment rate by between 1,8 and 2 percentage points (up to a 29,4 % increase in the region's unemployment rate from 6,8 % to 8,8 %), a reduction in GDP of between 2,6 and 2,9 % and a potential drop in labour productivity of 10,9 %, due to the high importance of the automotive industry for labour productivity in the region. It will moreover be very difficult for the former Ford workers to find new employment due to very few job openings and a high concentration of unemployment in the area.

⁸ FEBIAC (la Fédération Belge de l'Automobile et du Cycle):
<http://www.febiac.be/public/statistics.aspx?lang=FR>

⁹ COM(2014) 532 final

¹⁰ Universiteit Hasselt, Kenniscentrum voor Ondernemerschap en Innovatie (Prof. Dr. Ludo Peeters and Prof. Dr. Mark Vancauteren: Studie van de Economische Impact van de Sluiting van Ford Genk, Nov. 2012.

Targeted beneficiaries and proposed actions

Targeted beneficiaries

23. The estimated number of redundant workers expected to participate in the measures is 4 500. The breakdown of these workers by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	3 956	(87,9 %)
	Women:	544	(12,1 %)
Citizenship:	EU citizens:	4 474	(99,4 %)
	non-EU citizens:	26	(0,6 %)
Age group:	15-24 years:	19	(0,4 %)
	25-29 years:	85	(1,9 %)
	30-54 years:	3 154	(70,1 %)
	55-64 years:	1 240	(27,6 %)
	over 64 years:	2	(0,0 %)

Eligibility of the proposed actions

24. The personalised services to be provided to the redundant workers consist of the following actions:

- (1) Individual job search assistance, case management and general information services
 - Launch Website: Development of a website with key information about the support provided by the employment units established for the companies. This website will be a valuable tool for both the redundant workers and potential new employers.
 - Key Account Manager: A significant number of potential employers have expressed interest in hiring some of the former Ford workers (construction companies, SMEs, health care organisations as well as public institutions). A key account manager will coordinate all these initiatives within a measure entitled "Jobs for Limburg".
 - Social Intervention Advisors: The social intervention service will provide first support and assistance with administrative files and undertake individual interviews to establish a profile of each job seeker.
 - Information on vocational education and training options: This measure will involve general information sessions about job opportunities, for instance at the national rail network company, Infrabel. These information sessions organised by potential employers specifically for the former Ford workers will clarify the qualification needs at the companies and aim to encourage the participants to actively seek employment within the enterprises.
 - Active job-oriented guidance: Employment promoting measure where the consultants take up direct contact with employers in order to support the targeted job seekers. This measure also involves company visits for beneficiaries.

- Job Fairs: Job fairs with a number of potential future employers offering jobs in line with the specific competences of the dismissed workers. These job fairs will be organised in partnership with the outplacement firms and sector organisations.
- Application training: Standard application training courses are offered by the outplacement agencies to strengthen the position of the beneficiaries on the labour market. Additional application training courses will be conducted by specialised companies, e.g. organised for particular target groups such as non-native speakers and older job seekers.
- Additional guidance and competence-consciousness in the context of career-oriented coaching: In-depth research of the competences of the beneficiaries during various phases of the reintegration process. This research will be carried out in order to facilitate even more customised assistance to the clients as needed.

(2) Training and re-training

- Training and competency enhancement: Courses for job seekers in the form of customised learning and training in a wide variety of domains targeting the service sector and several industries. The training courses can be provided either via "group learning" where all participants have a common pathway or "open learning" where individual pathways are established. Some of the basic training will be provided by the Flemish Service for Employment and Vocational training. More specialised training courses will either be organised in cooperation with sectoral training funds, Syntra training centre Limburg or outsourced to other training providers. This measure will also involve internships of both short and long durations either as a separate job-promoting measure or as part of a training path. The training undertaken can lead to certification recognised by the Flemish Employment Service or an accredited education diploma.
- Training by the former employer: For a limited number of ex-workers, Ford provides a number of training courses in the first half of 2015. These are mainly of a technical character.
- Employment through individual vocational training (IBO): This measure will involve workplace learning, which places the training in a realistic context and reduces the distance to employment for the job seekers. Following this training, the participating companies are obliged to offer the job seeker either an employment contract of indefinite duration or a temporary contract of at least the same duration as the training.

(3) Allowances and incentives

- Employer recruitment bonus: From 1 January 2015, companies in the Genk area, which employ a targeted beneficiary, can receive a recruitment bonus. The recruitment bonus is either EUR 2 000 or EUR 3 000 for a full-time job, depending on the entitlements of the job seeker. While the employment contract can be permanent or time-limited, a minimum of 12 months of employment has to be achieved within an 18-month period and the following

conditions apply: employment cannot take effect before 1 January 2015, the company can only claim the recruitment bonus once and the subsidy can only be granted once per redundant worker. Within the implementation period, an employer benefitting from this measure therefore cannot receive a recruitment bonus from other sources for persons forming the target group of this proposal.

25. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.
26. Belgium has provided the required information on actions that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. The Belgian authorities have confirmed that a financial contribution from the EGF will not replace such actions.

Estimated budget

27. The estimated total costs are EUR 10 447 607, comprising expenditure for personalised services of EUR 10 127 607 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 320 000.
28. The total financial contribution requested from the EGF is EUR 6 268 564 (60 % of total costs).

Actions	Estimated number of participants	Estimated cost per participant (EUR) ¹¹	Estimated total costs (EUR)
Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)			
Launch Website	4 500		10 000
Key Account Manager	4 500	7	30 000
Social Intervention Advisor (SIA)	4 500	111	500 000
Information on vocational education and training options	4 500		20 000
Active job-oriented guidance	1 000	870	870 000
Job fairs	4 500		30 000
Application training	1 600	251	401 600
Additional guidance and competence consciousness in the context of career-oriented coaching	1 000	128	128 000
In-house training courses in a VDAB-center	1 000	2 510	2 510 000
Training by outsourcing through tendering	400	5 020	2 008 000
Training courses in cooperation with sectorial training funds: FTML, LIMOB, LIMTEC	422	2 287	965 324
Training courses in cooperation with Syntra	200	4 500	900 000
Internships	1 200	617	739 800
Training by Ford	168	967	162 383

¹¹ Approximations based on the number of participants and total costs

Employment through individual vocational training (IBO)	750	470	352 500
Sub-total (a):			9 627 607
Percentage of the package of personalised services	–		(95,06 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
Employer Recruitment bonus	200	2 500	500 000
Sub-total (b):			500 000
Percentage of the package of personalised services:	–		(4,94 %)
Actions under Article 7(4) of the EGF Regulation			
1. Preparatory activities	–		0
2. Management	–		100 000
3. Information and publicity	–		20 000
4. Control and reporting	–		100 000
5. Others	–		100 000
Sub-total (c):			320 000
Percentage of the total costs :	–		(3,06 %)
Total costs (a + b + c):	–		10 447 607
EGF contribution (60 % of total costs)	–		6 268 564

29. The costs of the actions identified in the table above as actions under Article 7(1)(b) of the EGF Regulation do not exceed 35 % of the total costs for the coordinated package of personalised services. Belgium confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Period of eligibility of expenditure

30. Belgium started providing the personalised services to the targeted beneficiaries on 1 January 2014. The expenditure on the actions referred to in paragraph 24 shall therefore be eligible for a financial contribution from the EGF from 1 January 2014 to 24 March 2017.
31. Belgium started incurring the administrative expenditure to implement the EGF on 1 September 2014. The expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 1 September 2014 to 24 September 2017.

Complementarity with actions funded by national or Union funds

The sources of national pre-financing or co-funding are a number of parties involved in this application:

- Flemish Service for Employment and Vocational Training (VDAB);
- National Employment Service (RVA);
- Provincial Government of Limburg;
- City of Genk;
- Employment and Training Fund for the Limburg Metalworking Industry (FTML);
- Limburg Institute for the Training of Employees in the Metalworking Industry (LIMOB);
- Training centre Syntra;
- Ford.

32. Belgium has confirmed that the measures described above receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments.

Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities

33. Belgium has indicated that the co-ordinated package of personalised services has been drawn up in consultation with the targeted beneficiaries, their representatives, social partners, local, regional and national public employment bodies and training institutions as well as the company.

Management and control systems

34. The application contains a description of the management and control system which specifies the responsibilities of the bodies involved. Belgium has notified the Commission that the financial contribution will be managed and controlled by the same bodies which manage and control the European Social Fund in Flanders.

Commitments provided by the Member State concerned

35. Belgium has provided all necessary assurances regarding the following:
- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation,
 - the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
 - the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented,
 - the proposed actions will be complementary with actions funded by the Structural Funds,

- the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

BUDGETARY IMPLICATION

Budgetary proposal

36. The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020¹².
37. 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 proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 6 268 564, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
38. 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 management¹³.

Related acts

39. 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 amount of EUR 6 268 564.
40. 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.

¹² OJ L 347, 20.12.2013, p. 884.

¹³ OJ C 373, 20.12.2013, p. 1.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the mobilisation of the European Globalisation Adjustment Fund
(application from Belgium – EGF/2015/003 BE/Ford Genk)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹⁴, and in particular Article 15(4) thereof,

Having regard to 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 management¹⁵, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) 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.
- (2) The EGF is not to exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013¹⁶.
- (3) On 24 March 2015, Belgium submitted application EGF/2015/003 BE/Ford Genk for a financial contribution from the EGF, following redundancies and cessations of activities (hereafter referred to as ‘redundancies’) in Ford Genk and 11 suppliers and downstream producers. It was supplemented by additional information in accordance with Article 8(3) of Regulation (EU) No 1309/2013. That application complies with the requirements for determining a financial contribution from the EGF in accordance with Article 13 of that Regulation.

¹⁴ OJ L 347, 20.12.2013, p. 855.

¹⁵ OJ C 373, 20.12.2013, p. 1.

¹⁶ Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 6 268 564 in respect of the application submitted by Belgium.
- (5) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2015, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 6 268 564 in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from ... [the date of its adoption]*.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

* Date to be inserted by the Parliament before the publication in OJ.