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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2010/031 BE/General Motors Belgium from Belgium)

EXPLANATORY MEMORANDUM

Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹ allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund².

On 20 December 2010, Belgium submitted application EGF/2010/031 BE/General Motors Belgium for a financial contribution from the EGF, following redundancies in General Motors Belgium³ and four of its suppliers in Belgium.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

SUMMARY OF THE APPLICATION AND ANALYSIS

Key data:	
EGF Reference no.	EGF/2010/031
Member State	Belgium
Article 2	(a)
Primary enterprise	General Motors Belgium
Suppliers and downstream producers	4
Reference period	14.6.2010 – 14.10.2010
Starting date for the personalised services	14.06.2010
Application date	20.12.2010
Redundancies during the reference period	1 336
Redundancies before and after the reference period	1 498
Total eligible redundancies	2 834
Redundant workers targeted for support	2 834
Expenditure for personalised services (EUR)	14 324 894,84
Expenditure for implementing EGF ⁴ (EUR)	435 000,00
Expenditure for implementing EGF (%)	2,95
Total budget (EUR)	14 759 894,84
EGF contribution (65 %) (EUR)	9 593 931

1. The application was presented to the Commission on 20 December 2010 and supplemented by additional information up to 24 January 2011.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ Generally referred to as 'Opel Antwerp'

⁴ In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

2. The application meets the conditions for deploying the EGF as set out in Article 2(a) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

Link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis

3. In order to establish the link between the redundancies and the global financial and economic crisis, Belgium argues that due to the crisis the production of motor vehicles (cars, lorries and busses) in Europe dropped dramatically in 2009: a decrease of 17,3 % compared to 2008 and 23 % compared to the pre-crisis situation of 2007. The production of motor vehicles in Belgium followed the same trend. In 2009 the assembly of motor vehicles decreased by 23,8 % compared to 2008, for the assembly of passenger cars the decrease reached even 34,8 %.
4. Belgium argues that the financial and economic crisis impacted upon the automotive industry in the following way:
 - Firstly, through a significant drop in demand for passenger cars and commercial vehicles as a result of more stringent conditions governing access to consumer credits, low consumer confidence and a decrease of consumer purchasing power;
 - Secondly, financing difficulties in different parts of the automotive industry, lack of liquidity and the inertia of money flows through the supply chain, which is particularly relevant for small suppliers;
 - Thirdly, the highly competitive environment which requires continuous reduction of production costs and improvement of internal efficiency.

Demonstration of the number of redundancies and compliance with the criteria of Article 2(a)

5. Belgium submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.
6. The application cites 1 336 redundancies in General Motors Belgium and three of its suppliers during the four-month reference period from 14 June 2010 to 14 October 2010 and a further 1 498 redundancies after the reference period in General Motors Belgium and two of its suppliers. All of these redundancies were calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

Explanation of the unforeseen nature of those redundancies

7. The Belgian authorities argue that the main production in General Motors Belgium was the Opel Astra model. The decision taken by the management of the General Motors mother company to close the production line of the Opel Astra at its plant in Antwerp was unforeseen. As a result of the economic and financial crisis, which could equally not be foreseen, General Motors was not in a position to invest in the establishment of a production line for a new Opel model at its Belgian plant.

Identification of the dismissing enterprises and workers targeted for assistance

8. The application relates to a total of 2 834 redundancies, of which 2 593 occurred in General Motors Belgium and 241 in four of its suppliers: 18 in Wissan Produktionservice GMBH, Antwerp, 26 in Dussman, Antwerp, 21 in SCA Service Center Antwerpen and 176 in Johnson Controls automotive, Antwerp. All of these redundant workers are targeted for assistance.

9. The break-down of the targeted workers is as follows:

Category	Number	Percent
Men	2 430	85,8
Women	404	14,2
EU citizens	2 693	95,0
Non EU citizens	141	5,0
15-24 years old	11	0,4
25-54 years old	2 717	95,9
55-64 years old	105	3,7
> 64 years old	1	0,04

10. There are 42 workers (1,5 %) with a longstanding health problem or disability included in the categories above.

11. In terms of professional categories, the break-down⁵ is as follows:

Category	Number	Percent*
Production worker	470	16,6
Forklift operator	188	6,6
Assistant metal worker	160	5,7
Warehouse worker	122	4,3
Fitter of metal pieces	99	3,5
Maintenance mechanic	83	2,9
Responsible for production	79	2,8
Quality controller	70	2,5
Administrative clerks	53	1,9
Electro-mechanical technician	52	1,8
Fitter of motor vehicles	44	1,6
Salesman	38	1,4
Executive clerk	34	1,2
Accomplices (semi-heavy work)	31	1,1
Driver carrier service	30	1,1
Others	1 281	45,2

* Total does not tally due to roundings.

The category 'others' covers all professional categories that represent less than 1 % of the total number of targeted workers. This is the case for i.a. engineers, welder, motor vehicle mechanic, maintenance electrician etc. It further includes 5,5 % where the professional category is not known by the applicant Member State.

⁵ This breakdown is based on an extrapolation of the known relative shares of each category for 2 354 dismissed workers to the whole population of targeted workers.

12. In accordance with Article 7 of Regulation (EC) No 1927/2006, Belgium has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

Description of the territory concerned and its authorities and stakeholders

13. The province of Antwerp (NUTS II region BE21) is most concerned by the closure of the General Motors Belgium plant located in Antwerp. The four supplier companies are also located in the province of Antwerp.
14. The main authority concerned is the ESF Agency Vlaanderen. Relevant stakeholders are the Flemish vocational training and employment service (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding or VDAB), as social partners for the workers' side: the three representative trade unions - ABVV (Algemeen Belgisch Vakverbond), ACLVB (Algemene Centrale der Liberale Vakbonden van België), ACV (Algemeen Christelijk Vakverbond), and for the employers' side: Flemish Network for Enterprises (Vlaams netwerk van ondernemingen or VOKA) and the Union of independent entrepreneurs (Unie van zelfstandige ondernemers or Unizo), the government of the Province of Antwerp and the Flemish Minister for Labour.

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

15. The Belgian authorities argue that the region most affected by the redundancies is the administrative district ('*arrondissement*') of Antwerp: about 75 % of the redundancies occurred in this region and about 66 % of the redundant workers lives in this region. The Belgian authorities further state that the redundancies will also impact the employment situation in the administrative districts of Dendermonde and Sint-Niklaas, where a relevant share of the redundant workers live. Whilst the number of job seekers in the period October 2009 – October 2010 decreased by 1,64 % in Flanders, in the administrative districts of Antwerp, Dendermonde and Sint-Niklaas it increased respectively by 2,39 %, 2,71 % and 4,05 %. For the same period the unemployment rate for Flanders decreased by 0,21 %, in the administrative district of Antwerp it increased by 0,10 %.

Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds

16. The following types of measures are proposed, all of which combine to form a coordinated package of personalised services aimed at re-integrating the workers into the labour market:
- A first series of measures concerns Job-search assistance: These include as a first measure an initial interview and a limited screening of workers' profiles and comparison with available job vacancies. A second measure covers individual accompaniment when searching for a job comprising an in depth screening of the possibilities and aspirations of the dismissed workers and establishment of a trajectory towards finding a new job. A third measure relates to the provision of social intervention advisers of the VDAB to assist the dismissed workers with information sessions, to provide a contact point in the dismissing enterprise. A fourth measure concerns the provision of vocational guidance to the dismissed

workers. A fifth measure concerns the organisation of job fairs which will bring together the dismissed workers and representatives of companies offering vacancies that correspond to the profiles of the dismissed workers.

- A second series of measures concerns Training and re-training: This covers various types of vocational training organised by the VDAB, by training providers following a procurement procedure or by the Fund for the Metal sector in Antwerp (FTMA). It further covers training on the various techniques required when applying for a job. As a third measure there is individual vocational training (Individuele Beroepsopleiding or IBO) for an average duration of three months aimed at offering to dismissed workers lasting employment in a different sector or a different function.
- Outplacement assistance: This covers three months of outplacement assistance to dismissed workers younger than 45 years. For workers older than 45 years this is a legal obligation for the dismissing enterprise and falls therefore outside the package of measures eligible for EGF support.
- Aid for self-employment: This fits into the project 'Ondernemen werkt' ('It works to become an entrepreneur'). It relates to the selection of potential candidates, the provision of training for entrepreneurship, assistance for the establishment of a business plan and a feasibility study as well as support with administrative requirements. Each candidate-entrepreneur follows an individual development plan and is mentored closely.

17. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, management and control activities as well as information and publicity.

The personalised services presented by the Belgian authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Belgian authorities estimate the total costs of these services at EUR 14 324 894,84 and the expenditure for implementing the EGF at EUR 435 000 (2,95 % of the total amount). The total contribution requested from the EGF is EUR 9 593 931 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national cofinancing) (EUR)
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Job search assistance			
1. Initial interview ('gesprekken voor eerste opvang')	2 834	16,00	45 344,00
2. Individual accompaniment when searching for a job ('individuele begeleiding in zoektocht naar een baan')	1 750	1 000,00	1 750 000,00

3. Provision of social intervention advisers ('SIA werking')	2 834	3,96	11 222,64
4. Provision of vocational guidance ('beroepskeuzevoorlichting')	16	1 095,88	17 534,00
5. Jobfair ('Jobbeurs')	1 000	42,00	42 000,00
Training and re-training			
6.a&b. training by the VDAB or through procurement ('opleidingen in eigen beheer of uitbesteding')	500	12 708,80	6 354 400,00
6.c. Training by the Fund for the Metal sector in Antwerp ('opleiding door FTMA')	577	610,00	351 970,00
7. Application training ('sollicitatietraining')	500	1 955,20	977 600,00
8. Employment through individual vocational training ('tewerstelling via IBO')	250	4 300,00	1 075 000,00
Outplacement assistance ('outplacementbegeleiding')	1 253	2 873,76	3 600 824,20
Aid for self-employment ('ondersteuning naar zelfstandige beroepsactiviteit')	90	1 100,00	99 000,00
Sub total personalised services			14 324 894,84
Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			10 000,00
Management			130 000,00
Information and publicity			270 000,00
Control activities			25 000,00
Sub total expenditure for implementing EGF			435 000,00
Total estimated costs			14 759 894,84
EGF contribution (65 % of total costs)			9 593 931

18. Belgium confirms that the measures described above are complementary with actions funded by the Structural Funds. Continuous follow-up of funding through EGF and Structural Funds will be ensured through the data bases of the ESF Agency Flanders as well as through the Flemish client follow up system (ClientVolgSysteem or light CVS) that contains the data for each individual participant.

Date(s) on which the personalised services to the affected workers were started or are planned to start

19. Belgium started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 14 June 2010. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

Procedures for consulting the social partners

20. The Belgian authorities confirmed the package of measures proposed for EGF support was established in consensus with the social partners and that all measures included in the package are supported by the social partners.
21. The Belgian authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

Information on actions that are mandatory by virtue of national law or pursuant to collective agreements

22. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Belgian authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
 - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
 - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

Management and control systems

23. Belgium has notified the Commission that the financial contribution will be managed and controlled by the same body that manages and controls the ESF in Flanders ('ESF-Agentschap Vlaanderen'). A monitoring committee will be created in order to monitor the implementation of the EGF contribution. This committee will have the same responsibilities as the Flemish monitoring committee for ESF Objective 2 in Flanders.

Financing

24. On the basis of the application from Belgium, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 9 593 931, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Belgium.
25. Considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the

total amount referred to above, to be allocated under heading 1a of the financial framework.

26. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.
27. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal dialogue meeting will be convened.
28. The Commission presents separately a transfer request in order to enter in the 2011 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Source of payment appropriations

29. The 2011 budget showing payment appropriations of EUR 47 608 950 on budget line 04.0501 "European Globalisation Adjustment Fund (EGF)", this budget line will be used to cover the amount of EUR 9 593 931 needed for the present application.

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on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2010/031 BE/General Motors Belgium from Belgium)

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 the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management⁶, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund⁷, and in particular Article 12(3) thereof,

Having regard to the proposal from the Commission⁸,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.
- (2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Belgium submitted an application to mobilise the EGF, in respect of redundancies in the enterprise General Motors Belgium and four of its suppliers, on 20 December 2010 and supplemented it by additional information up to 24 January 2011. This application complies with the requirements for determining the financial contributions as laid

⁶ OJ C 139, 14.6.2006, p. 1.

⁷ OJ L 406, 30.12.2006, p. 1.

⁸ OJ C [...], [...], p. [...].

down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 9 593 931.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Belgium.

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2011, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 9 593 931 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at [Brussels/Strasbourg],

For the European Parliament
The President

For the Council
The President