REPORT


Committee on Budgets

Rapporteur: Victor Negrescu
## CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION ............................................</td>
</tr>
<tr>
<td>ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ......</td>
</tr>
<tr>
<td>EXPLANATORY STATEMENT .................................................................</td>
</tr>
<tr>
<td>ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS</td>
</tr>
<tr>
<td>ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT ..........</td>
</tr>
<tr>
<td>RESULT OF FINAL VOTE IN COMMITTEE ................................................</td>
</tr>
</tbody>
</table>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION


The European Parliament,

– having regard to the Commission proposal to the European Parliament and the Council (COM(2014)0734 – C8-0014/2015),


– having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, and in particular Article 12 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 management (IIA of 2 December 2013), and in particular point 13 thereof,

– having regard to the trilogue procedure provided for in point 13 of the IIA of 2 December 2013,

– having regard to the letter of the Committee on Employment and Social Affairs,

– having regard to the letter of the Committee on Regional Development,

– having regard to the report of the Committee on Budgets (A8-0035/2015),

A. whereas the Union has 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 and to assist their reintegration into the labour market,

B. whereas the Union’s financial assistance to workers made redundant should be dynamic and made available as quickly and efficiently as possible, in accordance with the Joint Declaration of the European Parliament, the Council and the Commission adopted during the conciliation meeting on 17 July 2008, and having due regard to the IIA of 2 December 2013 in respect of the adoption of decisions to mobilise the European Globalisation

---

Adjustment Fund (EGF),

C. whereas the adoption of the EGF Regulation reflects the agreement reached between the Parliament and the Council to reintroduce the crisis mobilisation criterion, to increase the Union financial contribution to 60 % of the total estimated cost of proposed measures, to increase efficiency for the treatment of EGF applications in the Commission and by the Parliament and the Council by shortening the time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses;

D. whereas Belgium submitted application EGF/2014/012 BE/ArcelorMittal for a financial contribution from the EGF, following 1 285 redundancies in ArcelorMittal Liège S.A., a company operating in the NACE 2 Division 24 'Manufacture of basic metals', with 910 persons expected to participate in the measures, during and after the reference period from 1 January 2014 to 1 May 2014, linked to a serious economic disruption, in particular a rapid decline in the Union’s market share,

E. whereas the application fulfils the eligibility criteria laid down in the EGF Regulation,

1. Notes that the conditions set out in Article 4(1)(a) of the EGF Regulation are met, therefore agrees with the Commission that Belgium is entitled to a financial contribution under that Regulation;

2. Notes that the Belgian authorities submitted the application for EGF financial contribution on 22 July 2014, within 12 weeks of the date on which the intervention criteria set out were met, supplemented it by additional information up to 16 September 2014 and that its assessment was made available by the Commission on 9 December 2014;

3. Welcomes the fact that, in order to provide workers with speedy assistance, the Belgian authorities decided to initiate the implementation of the personalised services to the affected workers on 1 January 2014, well ahead of the decision and even the application on granting the EGF support for the proposed coordinated package;

4. Considers that the redundancies in ArcelorMittal Liège S.A. are linked to major structural changes in world trade patterns due to globalisation, as between 2007 and 2013 the production of crude steel in the EU-27 decreased from 210.1 million tonnes to 166.2 million tonnes\(^1\) (\(-20.9\%\); \(-3.8\%\) annual growth rate\(^2\)), whereas, at worldwide level, production increased from 1 348.1 million tonnes to 1 649.3 million tonnes (+ 22.3 %; + 3.4 % annual growth rate). Notes that the decrease in the Union's share of steel production from 16 % of global steel production in 2007 to 10 % in 2013 has been more significant than in the United States and Russia, while there is a very sharp increase in the share for Asia, going from 56 % to 67 % during the same period and, as a result, the metalworking sector in Liège has decreased in recent years, from 6 193 jobs in 40 enterprises in 2007 to 4 187 jobs in 35 enterprises in 2012, a reduction of 32 % in employment in the sector;


\(^2\) Compound annual growth rate.
5. Highlights that the effects of these changes in trade patterns have been worsened by other factors, such as a decrease in demand for steel in the automotive and construction sectors in the Union as a consequence of the economic crisis and a relative increase in production costs (raw materials, energy, environmental constraints, etc.). These factors have harmed the competitiveness of the Union’s steel industry and have led to a high number of job losses in the steel sector in recent years due to plant closures and restructuring by several steel manufacturers in Europe;

6. Stresses the need for an efficient and coordinated approach at Union level in order to reverse the decrease in competitiveness of the Union’s steel sector; emphasises the need for proper and targeted investments with the aim of ensuring innovation as the main driver for global competitiveness of the Union’s steel sector and a guarantee of keeping the jobs in Europe;

7. Notes the progress report on the implementation of the Commission Communication Action Plan for a competitive and sustainable steel industry in Europe of 11 June 2013 which concludes that half of the actions foreseen in the Communication have been implemented; stresses the need to ensure a proper implementation of the actions concerned in order to achieve tangible results which will lead to the relaunch of the Union’s steel sector;

8. Notes that this is the fourth EGF application of the steel sector, with three of those applications linked to major structural changes in world trade patterns due to globalisation\(^1\) and one to the global financial and economic crisis\(^2\); urges the Commission to prevent further redundancies in this sector by developing and implementing preventive and simulative measures;

9. Notes that the redundancies at ArcelorMittal Liège S.A. are expected to have huge negative impacts on the Liège region, a region highly dependent on the metalworking sector, where the impact of the downsizing of ArcelorMittal is all the more important as the share of ArcelorMittal in local employment is 78,9 % within the metal sector and 14,3 % within the manufacturing sector;

10. Notes that the coordinated package of personalised services to be co-funded covers three main areas: redeployment, training and retraining, and the promotion of entrepreneurship; stresses the importance of ensuring that the retraining services are performed in accordance with the actual needs of the labour market in the region concerned;

11. Advocates for the future use of provisions of the EGF Regulation to support young

---


people not in employment, education or training (NEETs) in this region;

12. Welcomes the fact that the coordinated package of personalised services has been drawn up in consultation with the targeted beneficiaries and the social partners;

13. Notes that more than half of the total estimated costs are to be spent on redeployment services, namely support, guidance and integration measures; notes that these services will be provided by FOREM (the public employment and training service of the Walloon Region), which acts as an intermediary body in the implementation of this application;

14. Recalls the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career; expects the training on offer in the coordinated package to be adapted not only to the needs of the dismissed workers but also to the actual business environment;

15. Recalls that in line with Article 7 of the EGF Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy;

16. Stresses that EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment; reiterates 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 restructuring companies or sectors;

17. Notes that measures which are mandatory under collective redundancy procedures in Belgium and which are carried out as part of the standard activities of the Redeployment Units (e.g. outplacement support, training, job-search assistance and careers advice, etc.) are not included in this EGF application;

18. Welcomes that financial support from the European Social Fund was in the past awarded to a project (EnTrain – En Transition-Reconversion-Accompagnement) which aimed to develop pedagogical methods for Redeployment Units in general and that the findings of this project are likely to prove useful in the implementation of the planned measures;

19. Approves the decision annexed to this resolution;

20. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the Official Journal of the European Union;

21. Instructs its President to forward this resolution, including its annex, to the Council and the Commission.
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund
(application EGF/2014/012 BE/ArcelorMittal 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 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management², and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The European Globalisation Adjustment Fund (EGF) was established 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 addressed in Regulation (EC) No 546/2009³, or as a result of a new global financial and economic crisis and to assist them with their reintegration into the labour market.

(2) Article 12 of Council Regulation (EU, Euratom) No 1311/2013⁴ allows the mobilisation of the EGF within a maximum annual amount of EUR 150 million (2011 prices).

(3) Belgium submitted an application to mobilise the EGF, in respect of redundancies⁵ in ArcelorMittal Liège S.A. in Belgium on 22 July 2014 and supplemented it by additional information as provided by Article 8(3) of Regulation (EU) No 1309/2013. This application complies with the requirements for determining a financial

⁵ Within the meaning of Article 3(a) of the EGF Regulation.
contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.

(4) The EGF should, therefore, be mobilised in order to provide a financial contribution of an amount of EUR 1 591 486 for the application submitted by Belgium,

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 1 591 486 in commitment and payment appropriations.

Article 2
This decision shall be published in the Official Journal of the European Union.

Done at Brussels,

For the European Parliament
The President

For the Council
The President
EXPLANATORY STATEMENT

I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of Article 12 of Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020\(^1\) and of the Article 12 of Regulation (EC) No 1927/2006\(^2\), the Fund may not exceed a maximum annual amount of EUR 150 million (2011 prices). The appropriate amounts are entered into the general budget of the Union as a provision.

As concerns the procedure, according to 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\(^3\), in order to activate the Fund the Commission, in case of a positive assessment of an application, presents to the budgetary authority a proposal for mobilisation of the Fund and, at the same time, a corresponding request for transfer. In the event of disagreement, a trilogue shall be initiated.

II. The ArcelorMittal application and the Commission's proposal

On 9 December 2014, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Belgium to support the reintegration in the labour market of workers made redundant, due to major structural changes in world trade patterns due to globalisation.

This is the third application to be examined under the 2015 budget and refers to the mobilisation of a total amount of EUR 1 591 486 from the EGF for Belgium. It concerns 752 redundancies in the reference period from 1 January 2014 to 1 May 2014 and 533 after that period. The application is based on the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant and / or self-employed persons' activity ceasing in its suppliers and downstream producers.

The application was sent to the Commission on 22 July 2014. The Commission has concluded that the application meets the conditions for deploying the EGF as set out in Article 4(1)(a) of Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013.

According to data referred to by the Belgian authorities, state that the sector of the production of steel, in which ArcelorMittal Liège S.A operated, has undergone serious economic disruption, in particular a rapid decline of the EU’s market share.

Between 2007 and 2013, the production of crude steel in the EU-27 decreased from 210.1 million tonnes to 166.2 million tonnes (−20.9 %; −3.8 % annual growth rate), whereas, at worldwide level, production increased from 1 348.1 million tonnes to 1 649.3 million tonnes (+22.3 %; +3.4 % annual growth rate). As a consequence and according to data referred to by the Belgian authorities, in the period 2007-2013, the EU’s share of steel production continuously decreased (from 16 % of global steel production in 2007 to 10 % in 2013). The decline in production has been more significant in Europe than in the United States and Russia. On the contrary, there is a very sharp increase in the share for Asia, going from 56 % to 67 % during the same period.

The effects of these changes in trade patterns have been worsened by other factors, such as a decrease in demand for steel in the automotive and construction sectors in the EU as a consequence of the economic crisis and a relative increase of production costs (raw materials, energy, environmental constraints, etc.). These factors have harmed the competitiveness of the EU’s steel industry and have led to a high number of job losses in the steel sector in recent years due to plant closures and restructuring by several steel manufacturers in Europe.

The coordinated package of personalised services to be co-funded covers three main areas: redeployment, training and retraining and promotion of entrepreneurship.

According to the Belgian authorities, the measures initiated on 1 January 2014 combine to form a co-ordinated package of personalised services and represent active labour market measures with the aim of re-integrating the workers into the labour market.

The Belgian authorities have confirmed in their application that:

- 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.

---

2 Compound annual growth rate.
3 The financial contribution from the EGF will enable the Belgian authorities to extend the provision of outplacement services beyond the mandatory periods and to carry out additional measures. For calculating the costs allocated to the EGF, the Belgian authorities will take into account the measures carried out during the legal obligation period (this only relates to the measure 'Redeployment (support / guidance / integration)'. The number of hours of outplacement services carried out during the mandatory period will be deducted from the total number of hours of outplacement services that each targeted beneficiary will have benefitted from.
Concerning management and control systems, Belgium has notified the Commission that the financial contribution will be administered by the same bodies as for the ESF. One entity within the ESF Agency of the Wallonia-Brussels Federation will act as managing authority and another separate entity within the ESF Agency will act as paying authority. The Secretariat-General of the Wallonia-Brussels Federation will act as certifying authority and FOREM will act as intermediary body.

III. Procedure

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request for a global amount of EUR 1 591 486.

This is the first transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2015.

The trilogue on the Commission's proposal for a Decision on the mobilisation of the EGF could take a simplified form, as provided for in Article 12(5) of the legal base, unless there is no agreement between the Parliament and the Council.

According to an internal agreement, the Employment and Social Affairs Committee will be associated to the process, in order to provide constructive support and contribution to the assessment of the applications from the Fund.
Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the case EGF/2014/012 BE/ArcelorMittal (COM(2014)734)

Dear Chair,

The Committee on Employment and Social Affairs (EMPL) as well as its Working Group on the EGF examined the mobilisation of the EGF for the case EGF/2014/012 BE/ArcelorMittal and adopted the following opinion.

The EMPL committee and the Working Group on the EGF are in favour of the mobilisation of the Fund concerning this request. In this respect, the EMPL committee presents some remarks without, however, putting into question the transfer of the payments.

The deliberations of the EMPL committee are based on the following considerations:

A) Whereas this application is based on Article 4(1)(a) of Regulation (EU) No 1309/2013 (EGF Regulation) and relates to 1285 workers in ArcelorMittal Liège S.A. operating in the economic sector classified under NACE Division 24 (‘Manufacture of basic metals’), in the region of Liège, who were made redundant within the reference period between 1 January 2014 and 1 May 2014;

B) Whereas in order to establish link between the redundancies and major structural changes in the world pattern the Belgian authorities argue that the sector of the production of steel has undergone serious economic disruption, in particular a rapid decline of the EU’s market share;

C) Whereas the effects of these changes in trade patterns have been worsened by other factors, such as a decrease in demand for steel in the automotive and construction sectors in the EU as a consequence of the economic crisis and a relative increase of production costs (raw materials, energy, environmental constraints, etc.) and have led to a high number of job losses in the steel sector in recent years due to plant closures and restructuring by several steel manufacturers in Europe;
D) Whereas since the launch of the EGF, there have been four EGF applications in the steel sector, three of these applications were linked to major structural changes in world trade patterns due to globalisation and one to the global financial and economic crisis;

E) Whereas the vast majority (96%) of the workers targeted by the measures are men and 4% are women; whereas the majority (88%) of the workers are between 30 and 54 years old;

F) Whereas the metalworking sector in Liege decreased in recent years, from 6 193 jobs in 40 enterprises in 2007 to 4 187 jobs in 35 enterprises in 2012, a reduction by 32% of employment in the sector, whereas the downsizing of ArcelorMittal will lead to further job losses in the region as the share of ArcelorMittal in local employment within the metal sector is 78.9% and 14.3% of employment in the manufacturing sector;

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution concerning the Belgian application:

1. Agrees with the Commission that the intervention criteria set out in Article 4(1)(a) of the Regulation (EU) No 1309/2013 are met and that, therefore, Belgium is entitled to a financial contribution under this Regulation;

2. Notes that measures which are mandatory under collective redundancies procedures in Belgium and which are carried out as part of the standard activities of the Redeployment Units (e.g. outplacement support, training, job-search assistance and careers advice, etc.) are not included in this EGF application;

3. Advocates for making future use of the provisions of the EGF Regulations to support NEETs in this region;

4. Welcomes that financial support from the ESF was in the past awarded to a project (EnTrain – En Transition-Reconversion-Accompagnement) which aimed to develop pedagogical methods for Redeployment Units in general and that the findings of this project are likely to prove useful in the implementation of the planned measures;

5. Notes that more than half of the total estimated costs are to be spent on redeployment services, namely support, guidance and integration measures; notes that these measures will be provided by FOREM (the public employment and training service of the Walloon Region), which acts as an intermediary body in the implementation of this application;

6. Reminds that in line with Article 7 of the Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

Yours sincerely,

Marita ULVSKOG,

Acting Chair, 1st Vice-Chair
ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT

Mr Jean ARTHUIS
Chairman
Committee on Budgets
European Parliament
ASP 09 G 205
B 1047 Brussels

Dear Mr. Arthuis,

Subject: Mobilisations of the European Globalisation Adjustment Fund

Six separate Commission proposals for decisions to mobilise the European Globalisation Adjustment Fund (EGF) have been referred for opinion to the Committee on Regional Development. I understand that it is intended that reports on each of these will be adopted in the Committee on Budgets on 26 February:

- **COM(2014)0725** proposes an EGF contribution of EUR 981 956 for active labour market measures in order to facilitate the re-integration of 708 workers made redundant following both the closure of Duferco Belgium SA and staff reductions at NLMK La Louvière SA, operating in the sector of the manufacture of basic metals in Hainaut Province, Belgium.

- **COM(2014)0726** is a proposal for an EGF contribution of EUR 1 094 760 for active labour market measures in order to facilitate the re-integration of 657 workers made redundant in aleo solar AG and its two subsidiaries, aleo solar Dritte Produktion GmbH (Prenzlau) and aleo solar Deutschland GmbH (Oldenburg), operating in the sector of the manufacture of computer, electronic and optical products in the regions of Brandenburg and Weser-Ems, Germany.

- **COM(2014)0734** proposes an EGF contribution of EUR 1 591 486 for active labour market measures in order to facilitate the re-integration of 1285 workers made redundant following redundancies in ArcelorMittal Liège S.A., operating in the sector of the manufacture of basic metals in Liège Region, Belgium.

- **COM(2014)0735** is a proposal for an EGF contribution of EUR 1 222 854 for active labour market measures in order to facilitate the re-integration of 1030 workers made redundant in Caterpillar Belgium S.A, operating in the sector of the manufacture of machinery and equipment redundant, in Hainaut Province, Belgium.

- **COM(2015)0009** proposes an EGF contribution of EUR 1 339 928 for active labour market measures in order to facilitate the re-integration of 257 workers made redundant in...
redundant following the closure of the automotive safety glass production plant of Saint-Gobain Sekurit Benelux in Auvelais, Belgium.

- **COM(2015)0013** proposes an EGF contribution of EUR 115 205 for active labour market measures in order to facilitate the re-integration of 615 workers made redundant in the manufacturer of chemical products Zaklady Chemiczne Zachem in Poland.

The Committee coordinators have assessed these proposals, and asked me to write to you stating that the majority of this Committee has no objection to these mobilisations of the European Globalisation Adjustment Fund to allocate the above-mentioned amounts as proposed by the Commission.

Yours sincerely,

Iskra MIHAYLOVA
## RESULT OF FINAL VOTE IN COMMITTEE

<table>
<thead>
<tr>
<th>Date adopted</th>
<th>26.2.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Result of final vote</strong></td>
<td></td>
</tr>
<tr>
<td>+:</td>
<td>29</td>
</tr>
<tr>
<td>-:</td>
<td>2</td>
</tr>
<tr>
<td>0:</td>
<td>0</td>
</tr>
<tr>
<td><strong>Members present for the final vote</strong></td>
<td>Jonathan Arnott, Jean Arthuis, Lefteris Christoforou, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Jens Geier, Ingeborg Gräßle, Monika Hohlmeier, Carlos Iturgaiz, Bernd Kölmel, Vladimir Maňka, Clare Moody, Victor Negreşcu, Liadh Ní Riada, Urmas Paet, Pina Picierno, Paul Rübig, Patricija Šuls, Eleftherios Synadinos, Paul Tang, Indrek Tarand, Isabelle Thomas, Inese Vaidere, Marco Valli, Daniele Viotti, Marco Zanni</td>
</tr>
<tr>
<td><strong>Substitutes present for the final vote</strong></td>
<td>Janusz Lewandowski, Andrey Novakov, Tomáš Zdechovský</td>
</tr>
<tr>
<td><strong>Substitutes under Rule 200(2) present for the final vote</strong></td>
<td>Paulo Rangel</td>
</tr>
</tbody>
</table>