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*Plenary sitting*

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**A8-0272/2015**

30.9.2015

## **REPORT**

on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, in accordance with 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 (application EGF/2015/003 BE/Ford Genk, from Belgium) (COM(2015)0336 – C8-0250/2015 – 2015/2209(BUD))

Committee on Budgets

Rapporteur: Paul Rübig

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the 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 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 (application EGF/2015/003 BE/Ford Genk, from Belgium)  
(COM(2015)0336 – C8-0250/2015 – 2015/2209(BUD))**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2015)0336 – C8-0250/2015),
  - 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 1927/2006<sup>1</sup> (EGF Regulation),
  - 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<sup>2</sup>, 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<sup>3</sup> (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 (A8-0272/2015),
- 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 or of the global financial and economic crisis 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

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<sup>1</sup> OJ L 347, 20.12.2013, p. 855.

<sup>2</sup> OJ L 347, 20.12.2013, p. 884.

<sup>3</sup> OJ C 373, 20.12.2013, p. 1.

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/2015/003 BE/Ford Genk for a financial contribution from the EGF following 5 111 redundancies of which 3701 workers were made redundant in Ford Genk and 1180 in 11 suppliers and downstream producers, operating in the NACE Rev. 2 division 29 ('Manufacture of motor vehicles, trailers and semi-trailers') and 11 suppliers or downstream producers, whereas the estimate number of 4 500 redundant workers are expected to participate in the measures;
- E. whereas the application fulfils the eligibility criteria set down by the EGF Regulation;
1. Agrees with the Commission that the conditions set out in Article 4(1)(a) of the EGF Regulation are met and that, therefore, under that Regulation Belgium is entitled to a financial contribution of EUR 6 268 564 from the total costs of EUR 10 447 607;
  2. Notes that the Belgian authorities submitted the application for a financial contribution from the EGF on 24 March 2015, and that its assessment was finalised by the Commission on 14 July 2015 and notified to Parliament on 1 September 2015; welcomes the speedy evaluation period of less than five months;
  3. Notes that the production of passenger cars decreased by 14,6 % in the EU-27 between 2007 and 2012 and that in the same period China more than doubled its market share in passenger car production; concludes that those events are directly linked to major structural changes in world trade patterns due to globalisation;
  4. Recalls that a first wave of dismissals in Ford Genk in 2013 gave way to a first EGF application also based on globalisation, which is currently being implemented<sup>1</sup> and that 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;
  5. Notes that the Belgian car industry has suffered a production decline of 15,58% as global production increased by 18,9%;
  6. Recalls that Ford Genk has been the largest employer in the province of Limburg; notes that redundancies cause considerable damage to the Limburg economy with a total loss of more than 8 000 jobs (including indirect job losses), most of which are EU citizens between 30 and 54 years of age, a rise in the unemployment rate of between 1,8 and 2

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<sup>1</sup> COM(2014) 532 final

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;

7. Notes that, to-date, the NACE Revision 2 Division 29 sector (Manufacture of motor vehicles, trailers and semi-trailers) has been the subject of 22 EGF applications, 12 of which were based on trade related globalisation and 10 on the global financial and economic crisis; recommends, therefore, that the Commission makes a study on the Asian and South American markets in order for the EU manufacturers to learn more about the new import licensing requirements and how to be more present and competitive on these markets;
8. 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 2015, well ahead of the decision and even the application on the granting the EGF support for the proposed coordinated package;
9. Notes that Belgium is planning three types of measures for the redundant workers covered by this application: (i) individual job search assistance, case management and general information services, (ii) training and re-training, and (iii) allowances and incentives;
10. Welcomes that dismissed workers can benefit from a large variation of proposed measures, containing a number of actions for individual job search assistance, case management and general information services; training and re-training, also provided by the former employer;
11. Notes that the coordinated 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;
12. 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;
13. Stresses that vocational training measures should aim to improve workers' employability and should be adapted to the actual labour market demands; notes at the same time that the training and re-training measures should recognise and also build upon the specific skills and competences that the affected workers have acquired in the automotive and its supplying industry;
14. Reminds 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;

15. Notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on complementarity with actions funded by the Structural Funds; stresses that the Belgian authorities confirm that the eligible actions do not receive assistance from other Union financial instruments; reiterates its call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect for the existing regulations and that no duplication of Union-funded services can occur;
16. Welcomes that the authorities plan to utilise most of the available funds for personalised services and only 4,94% of the total costs for the coordinated package of personalised services will be used for allowances and incentives, which remains much below the maximum allowed 35% ;
17. Appreciates the improved procedure put in place by the Commission, following the Parliament's request for the accelerated release of grants; notes the time pressure that the new timetable implies and the potential impact on the effectiveness of case instruction;
18. Approves the decision annexed to this resolution;
19. 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*;
20. 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 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 1927/2006<sup>1</sup>, 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 management<sup>2</sup>, 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 1311/2013<sup>3</sup>.
- (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.
- (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.

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<sup>1</sup> OJ L 347, 20.12.2013, p. 855.

<sup>2</sup> OJ C 373, 20.12.2013, p. 1.

<sup>3</sup> 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).

- (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*

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

## **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<sup>1</sup> and of Article 15 of Regulation (EU) No 1309/2013<sup>2</sup>, 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<sup>3</sup>, 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 Ford Genk application and the Commission's proposal**

On 14 July 2015, 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 in Ford Genk, operating in the economic sector classified under NACE Rev. 2 division 29 ('Manufacture of motor vehicles, trailers and semi-trailers') and 11 suppliers or downstream producers.

This is the fourteenth application to be examined under the 2015 budget and refers to the mobilisation of a total amount of EUR 6 268 564 from the EGF for Belgium. It concerns 4 500 out of 5 111 workers made redundant in Ford Genk and 11 suppliers or downstream producers. The application was sent to the Commission on 24 March 2015 and supplemented by additional information up to 19 May 2015. The Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the application meets the conditions for a financial contribution from the EGF.

The Belgian authorities state that the event giving rise to the redundancies in Ford Genk is the permanent closure of the Ford plant in Genk. They link this closing down to major structural changes in world trade patterns due to globalisation by recalling that the European automotive industry has lost significant market share within the past decade.

The personalised services which are to be provided to workers made redundant consist of three types of measures, (i) individual job search assistance, case management and general information services, (ii) training and re-training, and (iii) allowances and incentives;

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<sup>1</sup> OJ L 347, 20.12.2013, p. 884.

<sup>2</sup> OJ L 347, 30.12.2013, p. 855.

<sup>3</sup> OJ C 373, 20.12.2013, p. 1.

According to the Commission, the described measures 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.

The Belgian authorities have 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.

Belgium has notified the Commission that the source of national pre-financing or co-funding are the Flemish Service for Employment and Vocational Training (VDAB), the National Employment Service (RVA), the Provincial Government of Limburg, the City of Genk, the Employment and Training Fund for the Limburg Metalworking Industry (FTML), the Limburg Institute for the Training of Employees in the Metalworking Industry (LIMOB), the Training centre Syntra and Ford.

### **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 6 268 564 from the EGF reserve (40 02 43) to the EGF budget line (04 04 01).

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

The trilogue procedure shall be initiated in the event of disagreement, as provided for in Article 15(4) of the EGF Regulation.

According to an internal agreement, the Employment and Social Affairs Committee should be associated to the process, in order to provide constructive support and contribution to the assessment of the applications from the Fund.

## **ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

ZP/jb D(2015)38804

M. Jean Arthuis  
Chair of the Committee on Budgets  
ASP 09G205

**Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the case EGF/2015/003 BE/Ford Genk from Belgium (COM(2015)336)**

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/2015/003 BE/Ford Genk (II) 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 the European Globalisation Adjustment Fund Regulation (EC) No 1309/2013 and relates to 5111 workers dismissed in Ford Genk and 11 suppliers and downstream producers which operated in the economic sector classified under NACE Rev. 2 division 29 ('Manufacture of motor vehicles, trailers and semi-trailers'); whereas the redundancies made by the enterprises concerned are located in the NUTS level 2 region of Limburg within the reference period between 1 September 2014 and 31 December 2014;
- B) Whereas in order to establish link between the redundancies and major structural changes in world trade patterns due to globalisation, Beglim argues that the European automotive industry has lost significant market share within the past decade; whereas the main reason for the fall is the geographical shift in consumption linked to globalisation;
- C) Whereas the majority (87.9%) of the workers targeted by the measures are men and 12.1% are women; whereas 70.1% of the workers are between 30 and 54 years old, and 27.6% between 55 and 64 years old;

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 following an application from 2013, this is the second application relating redundancies in the Ford Genk plant;
3. Welcomes that the authorities plan to utilise most of the available funds for personalised services and only 4.94% of the costs will be used for allowances and incentives, which remains much below the maximum allowed 35% of all costs;
4. Welcomes that dismissed workers can benefit from a large variation of proposed measures, containing a number of actions for individual job search assistance, case management and general information services; training and re-training, also provided by the former employer;
5. Stresses that vocational training measures should aim to improve workers' employability and should be adapted to the actual labour market demands; notes at the same time that the training and re-training measures should recognise and also build upon the specific skills and competences that the affected workers have acquired in the automotive and its supplying industry;
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,

Thomas HÄNDEL

EMPL Chair

## **ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT**

Mr Jean ARTHUIS  
Chairman  
Committee on Budgets  
European Parliament

Dear Mr. Arthuis,

Subject:       **Mobilisation of the European Globalisation Adjustment Fund**

A Commission proposal for a decision to mobilise the European Globalisation Adjustment Fund (EGF) has been referred for opinion to the Committee on Regional Development. I understand that it is intended that a report on this will be adopted in the Committee on Budgets on 28 September 2015:

-       **COM(2015)0336** proposes an EGF contribution of EUR 6 268 564 for active labour market measures in order to facilitate the re-integration into the labour market of 5 111 workers made redundant in the sector of manufacture of motor vehicles, trailers and semi-trailers, in the region of Limburg, Belgium.

The rules applicable to financial contributions from the 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 1927/2006.

The Committee coordinators have assessed this proposal, and asked me to write to you reporting that the majority of this Committee has no objection to this mobilisation of the European Globalisation Adjustment Fund to allocate the above-mentioned amount as proposed by the Commission.

Yours sincerely,

Iskra MIHAYLOVA

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	29.9.2015
<b>Result of final vote</b>	+ : 26 - : 7 0 : 1
<b>Members present for the final vote</b>	Nedzhmi Ali, Jonathan Arnott, Jean Arthuis, Reimer Böge, Lefteris Christoforou, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Jens Geier, Ingeborg Gräßle, Iris Hoffmann, Monika Hohlmeier, Bernd Kölmel, Zbigniew Kuźmiuk, Vladimír Maňka, Ernest Maragall, Siegfried Mureşan, Victor Negrescu, Jan Olbrycht, Paul Rübig, Petri Sarvamaa, Patricija Šulin, Eleftherios Synadinos, Paul Tang, Indrek Tarand, Isabelle Thomas, Monika Vana, Daniele Viotti, Marco Zanni, Auke Zijlstra
<b>Substitutes present for the final vote</b>	Michał Marusik, Andrej Plenković, Nils Torvalds, Anders Primdahl Vistisen