



EUROPEAN  
COMMISSION

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COM(2014) 725 final

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/2013/007 BE/Hainaut steel (Duferco-NLMK) from Belgium)**

## EXPLANATORY MEMORANDUM

### CONTEXT OF THE PROPOSAL

1. The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) for applications submitted until 31 December 2013 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 Fund (the ‘EGF Regulation’)<sup>1</sup>.
2. On 27 September 2013, Belgium submitted application EGF/2013/007 BE/Hainaut steel (Duferco-NLMK) for a financial contribution from the EGF, following redundancies linked to the closure of Duferco Belgium SA (‘Duferco’) and to staff reductions at NLMK La Louvière SA (‘NLMK’) which are both located in La Louvière<sup>2</sup>. The application was supplemented by additional information up to 4 July 2014.
3. Having examined this application, the Commission has concluded, in accordance with the applicable provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF are met.

### SUMMARY OF THE APPLICATION

|   |  |
|---|--|
| EGF application:  | EGF/2013/007 BE/Hainaut steel (Duferco-NLMK) |
| Member State:   | Belgium                                      |
| Date of submission of the application:  | 27.9.2013                                    |
| Intervention criterion:   | Article 2(b) of the EGF Regulation           |
| Regions(s) concerned (NUTS level 2):  | BE32 Prov. Hainaut                           |
| Sector(s) of economic activity (NACE Rev. 2 division):                        | Division 24 ‘Manufacture of basic metals’    |
| Reference period:   | 22.1.2013-22.10.2013                         |
| Date on which the personalised services to the targeted workers were started: | 1.6.2013                                     |
| Number of redundancies during the reference period:                           | 708  |
| Number of persons expected to participate in the measures:                    | 701  |
| Budget for personalised services:   | EUR 1 891 134                                |
| Budget for implementing the EGF:  | EUR 72 778 (3.7 % of the total budget)       |
| Total budget:   | EUR 1 963 912                                |
| Financial contribution requested from the EGF:                                | EUR 981 956 (50 % of the total budget)       |

### ANALYSIS OF THE APPLICATION

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

4. The enterprises concerned are Duferco and NLMK. Duferco produced flat products (slabs) and long products (billets, wire). NLMK produces flat products (hot-rolled and cold-rolled products, strip). The sectors of economic activity concerned are classified under NACE Rev. 2<sup>3</sup> division 24 ‘Manufacture of basic metals’.

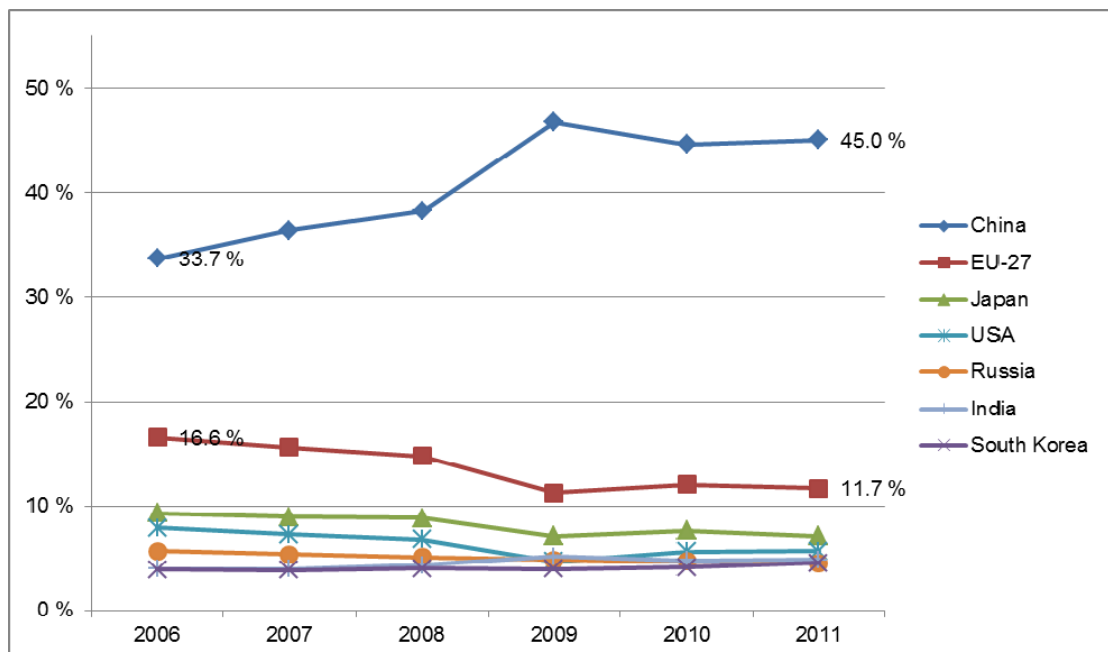
<sup>1</sup> OJ L 406, 30.12.2006, p. 1.

<sup>2</sup> Duferco was a client of Carsid, which was part of a joint venture between Duferco and NLMK in the period 2006-2011. This application is therefore linked with application EGF/2013/002 BE/Carsid.

<sup>3</sup> Statistical Classification of Economic Activities revision 2.

5. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, 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. Given the diversity of the products produced by Duferco and NLMK, in order to identify major structural changes in world trade patterns for these products, it is relevant to consider the market for crude steel as a whole, as a proxy indicator of trade patterns for the specific categories of products produced by Duferco and NLMK (flat products, long products, strip), in particular as some of these products are intermediate products that may be used for the production of other downstream products (i.e. billets to produce wire, flat products to produce strip).
6. According to data referred to by the Belgian authorities<sup>4</sup>, between 2006 and 2011, the production of crude steel in the EU-27 decreased from 206.9 million tonnes to 177.7 million tonnes (- 14.1 %; - 3.0 % annual growth<sup>5</sup>), whereas, at worldwide level, production increased from 1 249.0 million tonnes to 1 518.3 million tonnes (+ 21.6 %; + 4.0 % annual growth). This has led to a decrease of the EU-27's market share in the production of crude steel, measured in volume terms, from 16.6 % in 2006 to 11.7 % in 2011 (- 29.4 %; - 6.7 % annual growth). By comparison, during the same period, China's market share increased from 33.7 % to 45.0 % (+ 33.6 %; + 6.0 % annual growth), whereas the market shares of the five other largest producers (which account together for around 25 % to 30 % of worldwide production) either decreased, although to a lesser extent than for the EU-27 (Japan, USA, Russia), or increased moderately (South Korea, India). These data therefore show a rapid decline of the EU's market share in the sector of the production of crude steel at worldwide level.

#### Market share in the production of crude steel at worldwide level (volume)



Source: World Steel Association, own calculations.

7. The effects of these changes in trade patterns have been worsened by other factors such as a decrease in demand in steel in the automotive and construction sectors in

<sup>4</sup> Source: World Steel Association, *Steel Statistical Yearbook 2012*.

<sup>5</sup> Compound annual growth rate.

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<sup>6</sup>. For instance, between 2008 and 2013, the number of persons employed in the metallurgic industry (NACE Rev. 2 division 24 'Manufacture of basic metals') in the EU-27 decreased by around 280 000 from 1.44 million to 1.16 million (- 19.4 %)<sup>7</sup>.

8. Since the start of the EGF in 2007, there have been four EGF applications in the steel sector<sup>8</sup>. Three of these applications were linked to major structural changes in world trade patterns due to globalisation<sup>9</sup> and one to the global financial and economic crisis<sup>10</sup>.

### **Number of redundancies and compliance with the criteria of Article 2(b)**

9. The application is based on the intervention criteria of Article 2(b) of the EGF Regulation, which requires at least 500 redundancies over a period of nine months in enterprises operating in the same economic sector defined at NACE Rev. 2 division level and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.
10. The application relates to 708 redundancies made during a period of nine months from 22 January 2013 to 22 October 2013 (which includes 381 redundancies at Duferco and 327 redundancies at NLMK). Duferco and NLMK are located in the same NUTS level 2 region (BE32 Prov. Hainaut) and operate in the same sector of economic activity (NACE Rev. 2 division 24 'Manufacture of basic metals').
11. In 2006, the Duferco group signed an industrial agreement with the NLMK group (Novolipetsk Steel) to set up a joint venture, called SIF (Steel Invest & Finance), concerning various industrial activities in Belgium, including those of Duferco La Louvière SA, Duferco Clabecq SA and Carsid SA. However, in 2011, the shareholders decided to end the joint venture. As a result, Duferco La Louvière SA was split into NLMK La Louvière SA for the hot-rolling and cold-rolling mills and Duferco Belgium SA for electric steel production and the production of wire rod<sup>11</sup>. Therefore, when the redundancies at Duferco and NLMK were announced, both companies no longer had any legal tie, even though they still operated at the same site in La Louvière. Since their split in 2011, both companies kept economic and functional links but did not share any facilities or staff. The application therefore concerns two separate collective redundancies procedures (a company closure in the case of Duferco and a restructuring in the case of NLMK).

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<sup>6</sup> cf. Communication from the Commission to the Parliament, the Council, the European Economic and Social Committee and the Committee of Regions – Action Plan for a competitive and sustainable steel industry in Europe (COM(2013) 407).

<sup>7</sup> Source: Eurostat (online data code: Ifsa\_egan22d). Data on employment by sector is not available at a more disaggregated level than NACE Rev. 2 division level.

<sup>8</sup> See EGF database, available at <http://ec.europa.eu/social/main.jsp?catId=582>.

<sup>9</sup> See draft Commission proposals on cases EGF/2009/022 BG/Kremikovtzi (application rejected by the Commission), EGF/2012/010 RO/ Mechel (Decision COM(2014) 255 final of 7.5.2014), EGF/2013/002 BE Carsid (application presented to the Commission on 2 April 2013).

<sup>10</sup> Case EGF/2010/007 AT/Steiermark / Niederösterreich. Decision 2011/652/EU of 27 September 2011 (OJ L 263, 7.10.2011, p. 9).

<sup>11</sup> Duferco Clabecq SA remained owned by NLMK and became NKMK Clabecq SA. Carsid SA was sold off to the outside company Steel Project Development SA.

12. All the redundancies have been calculated from the date of the de facto termination of the contract of employment before its expiry, as laid down in the second indent of the second paragraph of Article 2 of the EGF Regulation ('method 2').

### **Explanation of the unforeseen nature of those redundancies**

13. The Belgian authorities argue that the redundancies at Dufenco and NLMK could not have been foreseen. Between 2007 and 2012, during and after the joint venture period, NLMK and Dufenco invested respectively EUR 82 million and EUR 20 million at their production plants in La Louvière, which shows that they had intended to develop their activities there. However, these efforts became rapidly undermined by uncertainties linked to the effects of the economic crisis on the structure of world trade in steel products, and to overcapacity problems and intensified competition. As a result, in December 2012, Dufenco announced its decision to close its plant in La Louvière and to lay off all 381 workers. The redundancies were carried out in May 2013. In December 2012, NLMK also announced its intention to reduce staff at its plant in La Louvière and to lay off 327 workers. The redundancies were carried out in four phases between May and November 2013.

### **Identification of the targeted workers**

14. The Belgian authorities estimate that 701 of the 708 workers made redundant will take part in the measures cofinanced by the EGF (374 workers from Dufenco and 327 workers from NLMK<sup>12</sup>). The breakdown of targeted workers per company is as follows:

#### Dufenco

15. The breakdown of targeted workers by sex, nationality and age group is as follows:

| Category     |                    | Number of targeted workers |
|--------------|--------------------|----------------------------|
| Sex:         | Men:               | 362                        |
|              | Women:             | 12                         |
| Nationality: | EU nationals:      | 372                        |
|              | Non-EU nationals:  | 2                          |
| Age group:   | 15-24 years old:   | 8                          |
|              | 25-54 years old:   | 312                        |
|              | 55-64 years old:   | 54                         |
|              | Over 65 years old: | 0                          |

16. None of the targeted workers have a longstanding health problem or disability.
17. The breakdown of targeted workers by occupational category<sup>13</sup> is as follows:

| ISCO-08 major group                       | Number of targeted workers |
|---|----------------------------|
| 1 Managers                                | 32                         |
| 2 Professionals                           | 2                          |
| 3 Technicians and associate professionals | 18                         |
| 4 Clerical support workers                | 17                         |
| 5 Service and sales workers               | 23                         |
| 7 Craft and related trades workers        | 127                        |

<sup>12</sup> The other 7 workers either refused to register to benefit from the redeployment measures or decided to request an exemption (being over 58 years old or having more than 38 years of seniority).

<sup>13</sup> Relevant major groups of the international standard classification of occupations (ISCO-08).

|  |     |
|--|-----|
| 8 Plant and machine operators and assemblers | 147 |
| 9 Elementary occupations                     | 8   |
| Unknown / not available                      | 0   |

**NLMK**

18. The breakdown of targeted workers by sex, nationality and age group is as follows:

| Category     |                    | Number of targeted workers |
|--------------|--------------------|----------------------------|
| Sex:         | Men:               | 316                        |
|              | Women:             | 11                         |
| Nationality: | EU nationals:      | 327                        |
|              | Non-EU nationals:  | 0                          |
| Age group:   | 15-24 years old:   | 6                          |
|              | 25-54 years old:   | 238                        |
|              | 55-64 years old:   | 83                         |
|              | Over 65 years old: | 0                          |

19. None of the targeted workers have a longstanding health problem or disability.

20. The breakdown of targeted workers by occupational category is as follows:

| ISCO-08 major group                          | Number of targeted workers |
|--|----------------------------|
| 1 Managers                                   | 19                         |
| 2 Professionals                              | 5                          |
| 3 Technicians and associate professionals    | 31                         |
| 4 Clerical support workers                   | 17                         |
| 5 Service and sales workers                  | 9                          |
| 7 Craft and related trades workers           | 85                         |
| 8 Plant and machine operators and assemblers | 126                        |
| 9 Elementary occupations                     | 35                         |
| Unknown / not available                      | 0                          |

21. In accordance with Article 7 of the EGF Regulation, the Belgian authorities have confirmed that the principles of equality of treatment and non-discrimination will be respected in the access to the measures and their implementation.

**Description of the territory concerned and its authorities and stakeholders**

22. The redundancies at Duferco and NLMK primarily affect the area of La Louvière in the province of Hainaut, in the Walloon Region, in southeast Belgium. La Louvière area, which forms part of the central Hainaut labour market area (the other main city being Mons), is a former coal-mining and steelmaking area in which employment is strongly dependant on traditional heavy industry and on the public sector. The central Hainaut labour market area has around 510 000 inhabitants (14 % of the Walloon population). The manufacturing industry accounts for nearly 12 % of paid employment in the area (15 100 jobs). The other main sectors are health and social services (18 % of paid employment), education and public administration (11 %), trade (11 %), and construction (7 %). In 2012, the employment rate in central Hainaut (52.9 %) was significantly below the regional and national averages (respectively 56.9 % and 61.3 %)<sup>14</sup>. In 2013, there were around 42 300 unoccupied jobseekers in central Hainaut (i.e. 16.7 % of unoccupied jobseekers in Wallonia).

<sup>14</sup> Source: Steunpunt WSE, FOREM calculations.

Employment demand has generally followed the regional trend, but situations differ within central Hainaut. Between 2008 and 2012, employment demand in the Mons area remained broadly stable (- 0.8 %), whereas it increased in the La Louvière area (+ 5.5 %), where the sectors most affected by the crisis (industry, construction) are also more present<sup>15</sup>. In 2012, the unemployment rate in central Hainaut was 17.7 %, compared to 15.8 % on average in Wallonia and 11.2 % at national level<sup>16</sup>. The level of qualification of jobseekers is generally low (51 % do not have higher secondary education, compared to 47 % in Wallonia) and long-term unemployment is high (38 % of jobseekers have been unoccupied for more than two years, compared to 36 % in Wallonia). The unemployment rate of persons aged 18 to 25 is also high (39 %, compared to 36 % in Wallonia)<sup>17</sup>.

23. The measures are implemented by FOREM (the public employment and training service of the Walloon Region) through two Redeployment Units (*cellules de reconversion*) specifically set up as part of the legal obligations for the two collective redundancies procedures for each separate company<sup>18</sup>. The Redeployment Units for Duferco and for NLMK are each managed by a committee which brings together representatives from the Walloon public services in charge of employment, training, and economic affairs, FOREM, trade unions, and sector-based vocational training organisations.
24. Besides FOREM, the other organisations involved in the general coordination and implementation of the measures therefore include:
- the Walloon Government (Minister-President of the Walloon Region in charge of Structural Funds coordination, Minister for Employment and Training, Minister for the Economy);
  - trade unions (FGTB, CSC);
  - the sectoral vocational and technological training centres active in the Walloon region (*centres de compétences*)<sup>19</sup>;
  - the European Social Fund (ESF) Agency of the French Community of Belgium.

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

25. The redundancies at Duferco and NLMK are expected to significantly worsen unemployment in the La Louvière area. As indicated above, the La Louvière area (central Hainaut) is characterised by a relatively high level of unemployment, with a high proportion of long-term unemployment and low qualification levels and skills. The redundancies at Duferco and NLMK are therefore set against a difficult local socioeconomic context. The metallurgic industry (mainly located in La Louvière) and the sector of the manufacture of non-metallic mineral products (in Mons, Saint-

<sup>15</sup> Source: ONSS / RSZ.

<sup>16</sup> Source: Steunpunt WSE.

<sup>17</sup> Source: FOREM.

<sup>18</sup> Even though two Redeployment Units have formally been set up, in practice, these Redeployment Units operate as a single entity for the two collective redundancies procedures as there are benefits to combining the measures for the workers of both companies, both for organisational reasons (staff, premises, equipment, etc.) and because of the nature of the activities carried out.

<sup>19</sup> The *centres de compétences* carry out training activities, forward studies and awareness-raising activities on specific occupations or sectors. The *centres de compétences* are set up in partnership by the Walloon Region, FOREM, the social partners from the sectors concerned, research centres, and universities.

Ghislain, and Soignies), which account for around 3 600 jobs (i.e. 24 % of jobs in industry in the central Hainaut area), have recorded a strong reduction in the number of jobs, namely – 18.3 % the metallurgic sector and – 27.6 % for the manufacture of non-metallic mineral products. The labour market in the central Hainaut area is characterised by a strong industrial presence. However, as the industrial sector is highly dependent on the global economy, the number of jobs in the manufacturing industry decreased from over 18 000 in 2000 to around 15 000 in 2012 (– 20 %). Like in the rest of Wallonia, most companies are SMEs (around 80 % of the 9 400 establishments in central Hainaut have less than 10 workers). However, medium-sized enterprises and large enterprises account for the most jobs. Establishments with between 20 and 99 workers (10.5 % of establishments in the area) account for nearly 32 % of jobs in the area, those with between 100 and 499 workers (2.3 % of establishments) account for 32.5 % of jobs, and those with at least 500 workers (2.5 % of establishments) account for 10.5 % of jobs. In recent years, the number of workers living in central Hainaut has decreased strongly, in particular in La Louvière and in the sectors of manufacturing industry (– 914 workers, – 5.2 %), construction (– 437 workers, – 4 %) and trade (– 326 workers, – 1.8 %). The neighbouring area of Charleroi (southern Hainaut) is also facing a similar situation of high unemployment and high job demand, and large-scale redundancies with 960 redundancies at Carsid (steel) in 2012/2013 and around 1 400 redundancies at Caterpillar (construction equipment) in 2014. In this context, to find a new job in the area, the workers from Duferco and NLMK will have to retrain to find jobs in other occupations and other sectors.

#### **Personalised services to be funded and breakdown of estimated costs**

26. Only some of the measures which form part of the actions implemented by the Belgian authorities to support the workers made redundant by Duferco and NMLK will be cofinanced by the EGF. 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.)<sup>20</sup> are therefore not included in this EGF application. The overall set of measures (mandatory measures and EGF measures) is managed by FOREM.
27. The personalised services provided to the redundant workers as part of the actions to be cofinanced by the EGF consist of the following measures (grouped by category)<sup>21</sup>:
- (1) Individual job-search assistance, case management and general information services:
    - *Redeployment (support / guidance / integration)*: This set of services builds upon the standard activities carried out by the Redeployment Units. The services will be provided by a team of FOREM staff (project manager, specialised advisers) in partnership with former workers' representatives who act as 'social attendants' (*accompagnateurs sociaux*) to encourage workers to take part in the measures and to help them with administrative procedures. To facilitate contacts between the workers, the services are provided jointly to all the redundant workers at dedicated premises. The services cover three types of

<sup>20</sup> See paragraph 34.

<sup>21</sup> In their submission of 4 July 2014, the Belgian authorities significantly amended the set of measures so as to correspond to the actual status of implementation of the measures. Several measures which were initially planned are now not included in the application.



activity: (i) collective information on job-search techniques (writing a CV and application letter, using web resources, etc.), explanations on labour regulations (outplacement, unemployment, employment contract, pension), awareness-raising on discrimination, presentation of occupations and sectors with potential, etc.; (ii) individual interviews with a FOREM adviser (skills audit, career pathway, guidance on training, etc.); (iii) free and open access to job-search tools (IT equipment with an internet connection, telephone, specialised documentation, etc.). This measure will concern all 701 targeted workers, for a maximum duration of 24 months.

- *Boosting job-search*: FOREM will carry out specific activities to help workers in their job search and to overcome difficulties in the redeployment process. This includes meetings between the redundant workers and potential employers (job matching), company visits, meetings with recruiters to prepare for job interviews, and exchanges of experience with other workers who have already retrained or have found a job after a collective redundancy. This measure could potentially be provided to all 701 targeted workers (on a voluntary basis, depending on individual needs); it is expected that 450 will wish to participate.

(2) Training and retraining:

- *Integrated training*: Different types of vocational training courses could potentially be provided to all 701 targeted workers (depending on the type of course) either by FOREM or by the *centres de competences* or IFAPME<sup>22</sup>. It is expected that 350 will wish to participate. As an initial step, FOREM staff will help each participant to define their work-related goals and guide them towards one of three types of training module. Workers who could retrain for an occupation similar to the one they held in Duferco or NLMK could either follow a specific or specialisation module (40 hours) to adapt their competences and bring them up to date (e.g. lift truck operator, specific welding process, IT skills), or a supplementary course leading to new qualifications (320 hours), which would enable the workers to apply for jobs in a new occupation in the industrial sector. For retraining into an entirely different sector of activity, workers could follow an occupational training course (on average 960 hours) to acquire the competences required for this occupation. At the end of each training module, the new skills can be assessed and documented. Depending on the type of training and the field of competences, participants will be awarded either a formal certification of skills (i.e. a certificate of competence), a certificate of attendance (for competences or occupations for which no formal certification exists) or a validation of skills (for skills and competences acquired outside formal training courses). The formal certification of skills is verified through assessment tests which lead to the award of a ‘Certificate of Skills Acquired through Training’ (*Certificat des Compétences Acquises en Formation – CECAF*). The validation of skills is verified through assessment tests which lead to the award of skills credentials (*titres de compétences*).
- *Transfer of experience*: Experienced workers can enhance their skills and know-how by becoming teachers or trainers in technical education. A specific

<sup>22</sup>

IFAPME (Institut wallon de Formation en Alternance et des indépendants et Petites et Moyennes Entreprises) is a public training institute that provides work-linked dual training in the form of apprenticeships and specific courses for SME managers.

awareness-raising and pre-training module will be developed by FOREM and the federations of the various branches of technical education to encourage certain workers to train to become vocational teachers. The module will include the provision of specific information, technical support, meetings with practitioners and site visits. The module will last for eight weeks and will target around 10 workers.

(3) Promotion of entrepreneurship:

- *Support for enterprise creation:* Workers who are considering setting-up their own business will receive guidance and support from a Business Creation Adviser from FOREM. This support includes two main activities: (i) collective information sessions to raise awareness on business creation opportunities, provide information on legal aspects and measures to support business creation; (ii) individual interviews with interested workers to review their project and put them in contact with business support organisations and service providers. The Adviser will work closely with the Redeployment Units to assist workers with their business projects. Around 50 workers are expected to attend the information sessions and around 10 would take part in the interviews and follow-up activities.
- *Support for collective projects:* Workers who might be considering setting-up a ‘social’ enterprise together as a group will receive guidance and support from a specialised consultancy (selected through a call for proposals) and from the Redeployment Units. This support includes information and awareness-raising sessions on business creation and basic management skills, as well as advice on setting-up the company (e.g. drawing-up a business plan, drafting legal statutes, marketing, etc.). Grants may be awarded to help cover the start-up costs of such business projects. The workers must submit an application which describes the project (e.g. workers’ skills and experience, feasibility study, financial analysis, market potential, growth prospects, socioeconomic benefits, etc.). The Redeployment Units’ Support Committees, which bring together representatives from the employer, trade unions and FOREM, assess the application and decide to award a grant or not. Each worker involved in the project may receive a grant of EUR 5 000 (with funds being pooled together among all workers taking part). The grants can be used to cover the purchase of equipment, merchandises, publicity, consultancy, training, etc. The consultancy will administer the grants and report to FOREM on the use of expenditure (invoices and supporting documentation). It is expected that 25 workers will take part in this measure, with 10 support grants being awarded to the workers.

28. These measures constitute active labour market measures within the eligible actions defined by Article 3 of the EGF Regulation.

29. The total costs of the measures are estimated at EUR 1 963 912, which includes EUR 1 891 134 for personalised services and EUR 72 778 for implementing the EGF (3.7 % of total costs). The total financial contribution requested from the EGF is EUR 981 956 (50 % of total costs).

| Measures  | Estimated number of targeted workers | Estimated cost per targeted worker (EUR)* | Total costs (EGF and national cofinancing) (EUR)* |
|---|--------------------------------------|---|---|
| Personalised services:  |                                      |   |   |
| (1) Individual job-search assistance, case management and general information services: |                                      |   |   |
| – Redeployment (support / guidance / integration)                                       | 701                                  | 1 963                                     | 1 375 800   |
| – Boosting job-search   | 450                                  | 100                                       | 45 000  |
| (2) Training and retraining:  |                                      |   |   |
| – Integrated training   | 350                                  | 1 100                                     | 384 834   |
| – Transfer of experience  | 10                                   | 300                                       | 3 000   |
| (3) Promotion of entrepreneurship:  |                                      |   |   |
| – Support for enterprise creation   | 50                                   | 450                                       | 22 500  |
| – Support for collective projects   | 25                                   | 2 400                                     | 60 000  |
| Subtotal:   | –                                    | –   | 1 891 134   |
| Expenditure for implementing the EGF:   |                                      |   |   |
| 1. Preparatory activities   | –                                    | –   | 0   |
| 2. Management   | –                                    | –   | 28 978  |
| 3. Information and publicity  | –                                    | –   | 43 800  |
| 4. Control activities   | –                                    | –   | 0   |
| Subtotal:   | –                                    | –   | 72 778  |
| Total costs:  | –                                    | –   | 1 963 912   |
| EGF contribution (50 % of total costs)  | –                                    | –   | 981 956   |

\* Rounded figures.

30. The Belgian authorities have confirmed that the measures are complementary with actions funded by the Structural Funds and that appropriate mechanisms are in place to prevent double financing.

**Date on which the personalised services to the targeted workers were started or are planned to start**

31. The Belgian authorities started to provide the personalised services to the targeted workers on 1 June 2013. Expenditure on these measures is therefore eligible for a financial contribution from the EGF from that date.

**Procedures for consulting the social partners**

32. The measures are the result of many discussions and preparatory meetings held between April 2012 and July 2013 among the various social partners involved. As mentioned above, the trade unions are directly involved in the management of the Redeployment Units and in the implementation of certain measures.
33. The Belgian authorities have 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**

34. Under Belgian federal legislation<sup>23</sup>, companies that carry out collective redundancies must provide outplacement services to the redundant workers. The duration of the outplacement services must be of at least 30 hours over three months for workers under the age of 45 and of at least 60 hours over six months for workers aged 45 and above. All non-temporary workers must take part in such outplacement services, except in the case of specific derogations. Under Walloon legislation<sup>24</sup>, workers' representative organisations can ask FOREM to set up a Redeployment Unit to provide support to the redundant workers. The decision by FOREM to set up a Redeployment Unit is discretionary and it is not mandatory for employers or for workers to take part in the measures carried out by a Redeployment Unit. However, the services provided by Redeployment Units can be considered as fulfilling the legal obligations regarding outplacement services.
35. The Belgian authorities have confirmed that:
- the financial contribution from the EGF will not replace measures which are the responsibility of enterprises by virtue of national law or collective agreements<sup>25</sup>;
  - the measures provide support for individual workers and are not used for restructuring enterprises or sectors;
  - the measures will not receive financial support from other Union funds or financial instruments<sup>26</sup>.

## **Management and control systems**

36. The application contains a detailed description of the management and control systems which specifies the responsibilities of the bodies involved. A steering committee composed of all the organisations involved in the implementation of the EGF measures ensures overall follow-up and coordination. The financial contribution from the EGF will be managed and controlled by the same bodies as for the ESF. One entity within the ESF Agency of the Wallonia-Brussels Federation (formerly the French Community of Belgium) 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.

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<sup>23</sup> *Arrêté royal relatif à la gestion active des restructurations du 9 mars 2006* (Belgisch Staatsblad / Moniteur Belge, 31.3.2006, éd. 2, p. 18309).

<sup>24</sup> *Décret de la Région wallonne relatif au plan d'accompagnement des reconversions du 29 janvier 2004* (Belgisch Staatsblad / Moniteur Belge, 10.3.2004, p. 13547).

<sup>25</sup> 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.

<sup>26</sup> Financial support from the ESF was awarded under Axis 2.2 of the Convergence Operational Programme for 2008-2013 to a project (EnTrain – En Transition-Reconversion-Accompagnement) which aimed to develop pedagogical methods for Redeployment Units in general.

## **Financing**

37. Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020<sup>27</sup> allows for the mobilisation of the EGF within the annual ceiling of EUR 150 million (2011 prices) over and above the relevant headings of the financial framework.
38. Considering the maximum possible amount of a financial contribution from the EGF and the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of the requested contribution (EUR 981 956), which represents 50 % of the total costs of the proposed measures.
39. The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>28</sup>.
40. The Commission presents separately a transfer request in order to enter in the 2015 budget specific commitment appropriations, as required under point 13 of the Interinstitutional Agreement of 2 December 2013.

## **Source of payment appropriations**

41. Appropriations allocated to the EGF budget line in the 2015 budget will be used to cover the amount of EUR 981 956.

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<sup>27</sup> OJ L 347, 20.12.2013, p. 884.

<sup>28</sup> OJ C 373, 20.12.2013, p. 1.

**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/2013/007 BE/Hainaut steel (Duferco-NLMK) 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 Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund<sup>29</sup>, and in particular Article 12(3) 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>30</sup>, and in particular point 13 thereof,

Having regard to the proposal from the European Commission<sup>31</sup>,

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 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 laying down the multiannual financial framework for the years 2014-2020<sup>32</sup>.
- (3) Belgium submitted an application to mobilise the EGF, in respect of redundancies in the enterprises Duferco Belgium SA and NLMK La Louvière SA, on 27 September 2013 and supplemented it by additional information up to 4 July 2014. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 981 956.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Belgium,

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<sup>29</sup> OJ L 406, 30.12.2006, p. 1.

<sup>30</sup> OJ C 373, 20.12.2013, p. 1.

<sup>31</sup> OJ C [...], [...], p. [...].

<sup>32</sup> OJ L 347, 20.12.2013, p. 884.

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2015, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 981 956 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*