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**COMMUNICATION TO THE COMMISSION**

**on applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and  
EGF/2009/005 BE/Limburg textiles  
received from Belgium for a financial contribution from the  
European Globalisation Adjustment Fund**

## COMMUNICATION TO THE COMMISSION

### on applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles received from Belgium for a financial contribution from the European Globalisation Adjustment Fund

Belgium has submitted applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles for a financial contribution from the European Globalisation Adjustment Fund (hereinafter 'EGF') following redundancies in enterprises operating in NACE Revision 2 division 13 ('manufacture of textiles') in two contiguous NUTS II regions of East (BE230) and West Flanders (BE225) and a single NUTS II region, Limburg (BE220), respectively.

1. The two applications were presented to the Commission on 5 May 2009 and supplemented by additional information on 29 June 2009.
2. In accordance with Article 2 of Regulation (EC) N°546/2009 of the European Parliament and of the Council of 18 June 2009 amending Regulation (EC) N°1927/2006 on establishing the European Globalisation Adjustment Fund<sup>1</sup>, the applications were assessed on the basis of Regulation (EC) N°1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund<sup>2</sup> as amended by Regulation (EC) N°546/2009.
3. The two applications meet the conditions for deploying the EGF as set out in Article 2(b) of Regulation (EC) N°1927/2006, and were submitted within the deadline of 10 weeks provided for in Article 5 of that Regulation.

#### SUMMARY OF THE APPLICATIONS AND ANALYSIS

##### (a) Analysis of the link between the redundancies and major structural changes in world trade patterns

4. The two applications relate to 2 199 redundancies in 46 enterprises operating in the Belgian textiles sector. Of these redundancies 1 568 occurred in East and West Flanders and 631 in Limburg.
5. In order to establish a link between the redundancies and the major structural changes in world trade patterns, Belgium argues<sup>3</sup> in both applications that there has been an increase of 23 % in imports of textiles into EU-25 over the period 2003-07; over the same period export of textiles from EU-25 to the rest of the world only increased by 3,6 %. The trade balance for textiles for EU-25 decreased from a surplus of €2,3 billion in 2003 to a deficit of €744,8 million in 2007. The applicant also uses statistics from the World Trade Organisation to demonstrate that the EU-27

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<sup>1</sup> OJ L 167, 29.6.2009, p. 26

<sup>2</sup> OJ L 406 of 30.12.2006, p. 1 Regulation as corrected in OJ L 48, 22.2.2008, p.82

<sup>3</sup> EURATEX – SITC Nomenclature

market share in textiles decreased from 37,9 % in 2003 to 33,9 % in 2007. The textiles industry in Belgium has also been directly affected by a delocalisation of production to third countries, in particular Turkey and China, owing to significantly lower labour costs.

6. In conclusion, the opinion of the Commission services is that the 2 199 redundancies in the 46 enterprises involved in manufacturing activities in NACE Revision 2 division 13 ('manufacture of textiles') in two contiguous regions of East (BE230) and West Flanders (BE225) and in a single region Limburg (BE220) can be linked, as required by Articles 1 and 2 of Regulation (EC) N°1927/2006, to major structural changes in world trade patterns, which have led in the textiles sector to an increase in imports into the EU, a decrease of the EU market share and a delocalisation of production to third countries, in particular Turkey and China.

(b) Demonstration of the number of redundancies

7. Belgium submitted the two applications under the intervention criterion of Article 2(b) of Regulation (EC) N°1927/2006 which requires at least 500 redundancies over a nine-month period in a NACE 2 sector<sup>4</sup> in one region or two contiguous regions at NUTS II level.
8. The two applications cite the following number of redundancies:

- East (BE230) and West Flanders (BE225): **1 568** redundancies during the nine-month reference period from 31 May 2008 to 28 February 2009, of which 881 occurred in East Flanders and 687 in West Flanders.
- Limburg (BE 220): **631** redundancies during the eight-month reference period from 1 August 2008 to 31 March 2009.

In the opinion of the Commission services, in each application, the total number of job losses in enterprises classified in the same NACE Revision 2 division during the reference period, in two contiguous regions at NUTS II level as regards the application relating to East and West Flanders and in a single region at NUTS II level as regards the application relating to Limburg, is sufficient to comply with the criteria in Article 2(b) of Regulation (EC) N°1927/2006.

(c) Explanation of the unforeseen nature of those redundancies

9. The Belgian authorities have used the same justification for the two applications. They argue that the impact of the rapid liberalisation of the Chinese import quota in 2002 and 2005 on the European textiles sector was not foreseen. This situation was further exacerbated by the liberalisation of import quotas for Chinese textiles and other third countries such as Turkey and by high import duties on textiles from the EU in countries such as Brazil and India. According to the applicant, the situation was further exacerbated by the collapse of the real estate market in the United

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<sup>4</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, OJ L 393, 30.12.2006, p.1

Kingdom since November 2007 and the resulting drop in UK imports of textiles, such as carpets, upholstery and furnishing fabrics. The recent economic and financial crisis added further to the downturn.

(d) Identification of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of workers to be targeted

10. Application EGF/2009/004 BE/Oost en West Vlaanderen textiles concerns **1 568** redundancies in the following 39 enterprises:

Osta Carpets, Avelgem	11	Carlos Vantieghem, Ootegem	2
Lys Yarns, Lendelede	16	Blekerij De Kortekeer,	
AW Prado, Kuurne	66	Koolskamp	1
Meubinx, Kuurne	7	Vandenberghe, Wielsbeke	9
BIG Ter Lembeek, Wielsbeke	109	Jeanelli, Wetteren	14
Lami Mouse, Wakken	20	Livian bvba, Temse	6
Pajo Weavers, Desselgem	4	Rimano bvba, Stekene	2
BIG Floorcoverings, Wielsbeke	142	Ralos, Hamme	22
Balcaen NV, Ingooigem	9	Domo Cushion Floor, Gent	138
Toutrex, Roeselare	14	Big Berry Yarns, Ninove	173
Bekaert Textiles, Waregem	144	UCO Sportswear	437
Versari NV, Wakken	3	Jean Allen, Gijzegem	11
Pieters textiel, Oostrozebeke	4	De Saedeleir, Dendermonde	27
Libeltex, Meulebeke	4	Caro bedding, Lokeren	10
Grandeco, Tielt	22	Colortex, Sint Niklaas	5
Sioen, Ardoois	3	Printed Carpets, Ronse	4
Ieperband, Ieper	7	Helioscreen, Lokeren	6
Monks, Wielsbeke	7	Bel.tein.Ka, Oudenaarde	5
Deslee weaving, Beselare	63	Utexbel, Ronse	12
Masureel, Wevelgem	20	Microfibres, Laarne	9

Application EGF/2009/005 BE/Limburg textiles concerns **631** redundancies in the following seven enterprises:

Ralos, Lanklaar	215	Superset NV, Peer	61
Kempense Wolspinnerij		Swinkels/Thijs De Beer NV,	
International bvba, Peer	78	Bree	70
Spin Group, Peer	12	General Carpets, Bocholt	49
Spindor International NV, Peer	146		

11. Of the 2 199<sup>5</sup> workers targeted for assistance in applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles, 75 % are male and 25 % are female, 92 % belong to the 25-to-54 age group, more than 4 % are between 55 and 64 years of age, 3 % are under 25 years old and those remaining are 65 years or older. In terms of professional categories<sup>6</sup> 25,9 % belong to the 'elementary occupations' category, 23,8 % to the 'craft and related trades workers' category, 14 % to the 'plant and machine operators and assemblers' category, 12,4 % to the 'clerks' category, 8,5 % to the 'technicians and associate professional' category, 3,9 % to the 'legislators, senior officials and managers' category, 3,7 % to the 'service

<sup>5</sup> The % distribution is the same in both applications, as it results from a calculation based on a representative sample  
<sup>6</sup> Categories based on the International Standard Classification of Occupations (ISCO-88)

workers and shop and market sales workers' category, 1,1 % to the 'professionals' category, and for the remaining workers the applications could not identify the occupational category.

(e) Description of the territories concerned and their authorities and stakeholders

12. The territories concerned by the redundancies are the provinces of East (BE 230) and West Flanders (BE 225) for application EGF/2009/004 BE/Oost en West Vlaanderen textiles and the province of Limburg (BE 220) for EGF/2009/005 BE/Limburg textiles. The relevant stakeholders are the same for both applications. The ESF Agency Flanders is the authority responsible; other stakeholders involved are the service for employment and social economy of the Flemish region and the Flemish employment and professional training service (VDAB), Cobot vzw (sectoral training centre for the textiles industry), the three representative trade unions - ABVV ('Algemeen Belgisch Vakverbond'), ACLVB ('Algemene Centrale der Liberale Vakbonden van België'), ACV ('Algemeen Christelijk Vakverbond'), and the employers' organisation Fedindustria.

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

13. The applicant states that 86,6 % of the jobs in the textiles industry in Belgium are located in the three NUTS II regions concerned by the two applications. Between 2005 and 2007, 3 419 jobs were lost in the textiles industry, i.e. a reduction of 12,5 %, whereas in the same period the reduction was only 0,7 % for the manufacturing sector as a whole. The current direct job losses in the textiles industry, covered by both applications, as well as the ensuing indirect job losses in sectors such as transport, maintenance and catering will have a significant impact on local and regional employment. The situation will be further exacerbated by the low job mobility in the textiles industry (the internal mobility in the textiles industry is only 2 % against 5,5 % for the Flemish labour market as a whole). In addition, as a result of the current economic and financial crisis, a large number of job losses in other sectors have occurred in the regions concerned.
14. In conclusion, in such circumstances, the redundancies can be seen to have a significantly negative effect on the local and regional labour market.

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

15. In the two applications, the following types of measures are proposed, all of which combine to form a co-ordinated package of personalised services aimed at re-integrating the workers into the labour market.

*Measures common to both applications*<sup>7</sup>

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<sup>7</sup> For some of the measures the unit costs are different in the two applications: this is due to economies of scale that result in lower unit cost in application EGF/2009/004 BE/Oost en West Vlaanderen textiles, which has a higher number of workers targeted for assistance.

- Competence screening: this is intended to identify through screening the competencies of the individual participants. This assessment can be supplemented by a personal portfolio, including degrees, training certificates, etc. An allowance of EUR 15 per participant is included in the costs of this measure.
- Grant for joining the EGF package: this covers a single payment of €150 as an incentive for redundant workers to participate in at least one of the training measures after the completion of the competence screening.
- Interview skills training: this measure aims to develop skills that are required to pass job interviews. A training allowance of up to €75 per participant is included in the cost of this measure.
- Job search assistance: this is intended to inform participants regularly about job vacancies and to develop a job vacancy database with profiles that match those of the ex-textiles workers.
- Individual job search support: this measure aims to provide for individual coaching during job-searching activities. An allowance of up to € 75 per participant is included in the cost of this measure.
- Career assistance: this covers an allowance to help dismissed workers who accepted a new job very quickly, to reflect on their career in a structured manner.
- Encouragement for the certification of prior experience and/or skills: this covers the costs of validation of professional competences in order to enhance the possibilities of the dismissed workers on the labour market, including an allowance of €100 for successful applicants.
- Training for the acquisition of generic competences in the context of Life Long Learning: this covers the costs of more general training courses, including a training allowance of up to €250 per participant.
- Individual training: this relates to the development of a tailor-made training programme aimed at preparing dismissed workers for very specific skills meeting the demand on the labour market, to train older workers to become trainers for younger workers and a training allowance of up to €500 per participant.
- Re-employment grants for job-finders: this covers an incentive of €250 granted to dismissed workers who have participated in the EGF funded actions and have found a new job themselves.
- Contribution to the training costs incurred by the new employer: this covers a recruitment incentive of up to €720 that can be granted to an employer who offers a long-term contract to a dismissed textile worker and agrees to provide him/her with on-the-job training of up to 120 hours during the 3 months following recruitment.
- Re-employment through individual vocational training: this covers the costs of individual training with a duration of between one and six months, including training allowance, for a job in a different sector or profession. After completion

of this training the company which provided the training is obliged to offer the worker a contract of employment of indefinite duration.

Additional measures included in application EGF/2009/004 BE/Oost en West Vlaanderen textiles

- Job search assistance through job fairs: this measure aims to contribute to the efforts made by the dismissing employers to help workers find a new job through the organisation of job fairs.
- Contribution to support in the event of dismissal through outplacement: this offers the possibility of providing outplacement assistance to workers below 45 years of age.
- Additional support for training where provided by the dismissing employer: this is for dismissed workers who agree to follow a certified professional qualification and can receive an allowance of up to €20 per day during a maximum of 80 days.
- Contribution to the training costs (registration fees) where provided by dismissing employer: this covers the reimbursement of up to €1 600 of the registration fee for certified professional qualifications.

16. The administrative expenditure, as described in the two Belgian applications, in accordance with Article 3 of Regulation (EC) N°1927/2006, covers the various stages of preparation of the applications, management and control activities as well as information and publicity. The latter will include information sessions organised in cooperation with the social partners in the regions concerned.

17. The personalised services that form part of the co-ordinated packages presented by the Belgian authorities in the two applications are active labour market measures constituting eligible actions as defined in Article 3 of Regulation (EC) No 1927/2006.

- For application EGF/2009/004 BE/Oost en West Vlaanderen textiles, the Belgian authorities estimate the total costs of these services at € 11 068 654 and the administrative expenditure at €500 000 (= 4,3 % of the total amount). The total requested contribution from the EGF is **€7 519 625** (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (in €)	Total costs (EGF and national co financing) (in €)
<b>Personalised services</b> (first paragraph of Article 3 of Regulation (EC) N°1927/2006)			
Competence screening ('competentiescreening')	1 568	175,5	275 184
Grant for joining the EGF package	1 568	150	235 200



('instappremie EGF traject')			
Interview skills training ('sollicitatietraining')	600	600	360 000
Job-search assistance ( 'hulp bij het zoeken naar een baan via een vacature aanbod' )	2 000	29	58 000
Job search assistance through job fairs ('hulp bij het zoeken naar een baan via jobbeurzen georganiseerd door bedrijven')	1 568	25,51	40 000
Individual job search support ('individuele begeleiding in de zoektocht naar een baan')	600	930	558 000
Career assistance ('loopbaanbegeleiding')	150	50	7 500
Encouragement for the certification of prior experience and/or skills ('aanmoedigingspremie ervaringsbewijs en/of attest talentenservice')	150	319	47 850
Training for the acquisition of generic competences in the context of Life Long Learning ('opleidingen voor het verwerven van generieke competenties i.k.v. leven lang leren')	750	1 730	1 297 500
Individual training ('individuele opleidingstrajecten')	600	3 460	2 076 000
Re-employment grants for job-finders ('tewerkstellingspremies bij het vinden van een baan')	1 568	250	392 000
Contribution to the training costs incurred by the new employer ('tussenkost in de opleidingskosten van de nieuwe werkgever')	1 568	1 440	2 257 920

Re-employment through individual vocational training ('tewerstelling via individuele beroepsopleiding')	150	4 290	643 500
Contribution to the support in case of dismissal via outplacement ('tussenkomst in de ontslagbegeleiding via outplacement')	500	1 800	900 000
Additional support for training where provided by the dismissing employer ('toeslag voor opleidingen indien voorzien in aanbod van de ontslaggevende werkgever')	600	1 600	960 000
Contribution to the training costs (registration fees) where provided by dismissing employer ('tussenkomst in de opleidingskosten (inschrijvingsgeld) indien voorzien in aanbod van ontslaggevende werkgever')	600	1 600	960 000
<b>Subtotal personalised services</b>			<b>11 068 654</b>
<b>Technical assistance for implementing EGF</b> (third paragraph of Article 3 of Regulation (EC) N°1927/2006)			
Preparatory			50 000
Management			250 000
Information and publicity			130 000
Control activities			70 000
<b>Subtotal technical assistance</b>			<b>500 000</b>
<b>Total estimated costs</b>			<b>11 568 654</b>
<b><i>EGF contribution (65 % of total costs)</i></b>			<b><i>7 519 625</i></b>

- For application EGF/2009/005 BE/Limburg textiles the total costs of these services are estimated by the Belgian authorities at € 2 470 460 and the administrative expenditure at €113 000 (= 4,6 % of the total amount). The total requested contribution from the EGF is **€1 679 249** (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (in €)	Total costs (EGF and national co financing) (in €)
<b>Personalised services</b> (first paragraph of Article 3 of Regulation (EC) No 1927/2006 )			
Competence screening ('competentiescreening')	600	175,5	105 300
Grant for joining the EGF package ('instappremie EGF traject')	600	150	90 000
Interview skills training ('sollicitatietraining')	120	600	72 000
Job search assistance ('hulp bij het zoeken naar een baan via een vacature aanbod')	600	49,10	29 460
Individual job search support ('individuele begeleiding in de zoektocht naar een baan')	120	1 288,5	154 620
Carreer assistance ('loopbaanbegeleiding')	30	50	1 500
Encouragement for the certification of prior experience and/or skills ('aanmoedigingspremie ervaringsbewijs en/of attest talentenservice')	30	727,66	21 830
Training for the acquisition of generic competences in the context of Life Long Learning ('opleidingen voor het verwerven van generieke competenties i.k.v. leven lang leren')	150	1 765	264 750
Individual training ('individuele opleidingstrajecten')	120	3 600	432 000
Re-employment grants for job-finders ('tewerkstellingspremies bij het	600	250	150 000

vinden van een baan')			
Contribution to the training costs incurred by the new employer ('tussenkost in de opleidingskosten van de nieuwe werkgever')	500	1 440	720 000
Re-employment through individual vocational training ('tewerstelling via individuele beroepsopleiding')	100	4 290	429 000
<b>Subtotal personalised services</b>			<b>2 470 460</b>
<b>Technical assistance for implementing EGF</b> (third paragraph of Article 3 of Regulation (EC) N°1927/2006)			
Preparatory			8 000
Management			50 000
Information and publicity			30 000
Control activities			25 000
<b>Subtotal technical assistance</b>			<b>113 000</b>
<b>Total estimated costs</b>			<b>2 583 460</b>
<b><i>EGF contribution (65 % of total costs)</i></b>			<b><i>1 679 249</i></b>

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

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

19. Personalised services to the affected workers included in the co-ordinated packages proposed for co-financing through the EGF were started by Belgium on:
- 1 July 2008 for the redundancies covered by application EGF/2009/004 BE/Oost en West Vlaanderen textiles;
  - 1 September 2008 for the redundancies covered by application EGF/2009/005 BE/Limburg textiles.

These dates therefore represent the beginning of the periods of eligibility for assistance under the EGF (Article 11 of Regulation (EC) N°1927/2006).

(i) Procedures followed for consulting the social partners

20. The Belgian authorities have confirmed that the package of measures has been designed in full consensus with the social partners and that all measures included in the package were supported by the social partners.
21. The Belgian authorities have confirmed that the requirements laid down in national and Community legislation concerning collective redundancies have been complied with.

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

22. As regards the fulfilment of the criteria set out in Article 6 of Regulation (EC) N°1927/2006, the Belgian authorities in their applications:
- have confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
  - have demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
  - have confirmed that the eligible actions referred to under points 14 to 16 above are not receiving any assistance from other Community financial instruments.

23. Management and control systems

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

## CONCLUSION

24. In conclusion, for the reasons set out above, it is proposed that applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles submitted by Belgium, relating to the redundancies in 39 enterprises in East and West Flanders and 7 enterprises in Limburg involved in manufacturing activities falling under NACE Revision 2 division 13 ('manufacture of textiles') in two contiguous NUTS II regions of East (BE230) and West Flanders (BE225) and in a single NUTS II region Limburg (BE220), respectively, be accepted as evidence has been provided that these redundancies result from major structural changes in world trade patterns which have led to serious economic disruption, affecting the regional or local economy. A co-ordinated package of eligible personalised services has been proposed. It is therefore proposed that the EGF be mobilised in response to the two applications from Belgium.

## **FINANCING**

The total annual budget available for the EGF is €500 million. So far, two cases have been accepted for funding in 2009, and a further three cases have been proposed, amounting to a total of €13 077 700.

Article 12(6) of Regulation (EC) N°1927/2006 states that on 1 September of each year, at least EUR 125 million should remain available in order to cover any needs arising until the end of the year.

After deduction of the amounts already accepted or proposed for commitment, an amount of €486 922 300 remains available.

It is proposed to deploy €9 198 874 from the EGF comprising:

- €7 519 625 for application EGF/2009/004 BE/Oost en West Vlaanderen textiles;
- €1 679 249 for application EGF/2009/005 BE/Limburg textiles.

### **THE COMMISSION IS THEREFORE INVITED TO:**

- conclude that the conditions for a financial contribution from the EGF to applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles submitted by Belgium are met;
- submit to the budgetary authority a proposal to authorise commitment appropriations corresponding to €7 519 625 for application EGF/2009/004 BE/Oost en West Vlaanderen textiles and €1 679 249 for application EGF/2009/005 BE/Limburg textiles, as specified in point 17 and a request for the transfer of these amounts in commitment appropriations to budget line 04.0501 (European Globalisation Adjustment Fund) in accordance with Article 12(3) of Regulation (EC) N°1927/2006;
- authorise the transfer of an identical amount in payment appropriations from budget line 04.0217 (European Social Fund (ESF) - convergence) to budget line 04.0501 (European Globalisation Adjustment Fund).