Eurofound

Restructuring in Belgium

Background paper

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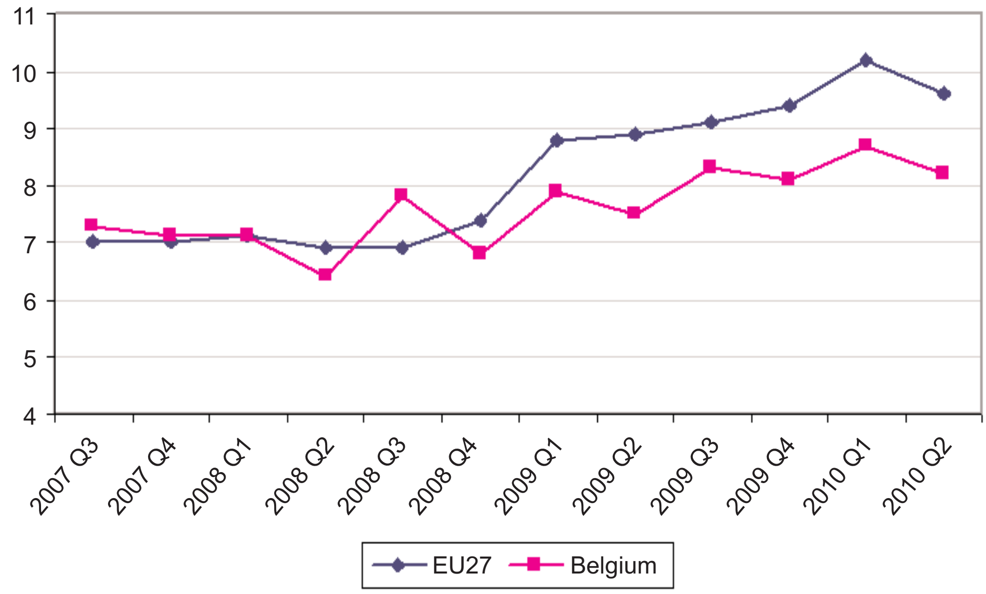
Development of employment levels in Belgium

The recent economic crisis has increased the national rate of unemployment from 6.4%, recorded in the second quarter of 2008, to 8.2% in the second quarter of 2010[1]. From the beginning of 2008 until the end of 2009, the unemployment rate reached a peak in the third quarter of 2009 (8.3%). Despite a recent cautious economic recovery, forecasts suggest that the unemployment rate may continue to rise slightly until 2011.[2] It should be noted, however, that Belgian unemployment remains below the EU average of 9.6% (second quarter of 2010)[3].

Figure 1: *Unemployment rate in Belgium and EU27, 2007Q3 - 2010Q2*



Source: *Eurostat*
Note: quarterly data presented for 2010 is not seasonally adjusted.

Employment data by region

Table 1: *Employment in Belgium by region (Nuts 2), 2010 (Q1)*

Code	Nuts 2	**Employment** (in thousands)
BE21	Antwerp	734
BE23	East Flanders	650
BE25	West Flanders	501
BE24	Flemish Brabant	479
BE32	Hainaut	454
BE10	Brussels-Capital Region	408
BE33	Liège	393
BE22	Limburg	358
BE35	Namur	187
BE31	Walloon Brabant	154
BE34	Luxembourg (Belgium)	110

Source: *Eurostat, 2010 (Q1)*

[1] Eurostat

[2] OECD, Belgium - Economic Outlook 87

[3] Eurostat

The majority of Belgian employment is located in the Flemish regions (BE2), which had comparatively low unemployment rates before the economic crisis (ranging from 2.7% to 4.6% in 2008)[4] and hopes are that employment will naturally return to pre-crisis levels with future economic recovery. The province of Antwerp currently has more employment than any other Belgian region. As well as being one of the largest ports in Europe, Antwerp is a focal point for the high-tech economy of Flanders. A large amount of foreign investment was attracted to the region in the 1950s to develop new industries such as pharmaceuticals and motor production – further development since has made Flanders one of the regions in Europe with high levels of employment in knowledge-intensive industries.[5]

Structural unemployment in the Walloon regions (BE3) is a pressing and contentious political issue. In 2008, the unemployment rate in the Walloon regions ranged from 6.5% to 11.6%[6]. Wallonia's centres of steelmaking and coal mining were the principal motors of the Belgian economy in the 19th century, when it became the second country in Europe to industrialise, but the local economies of Liege and Charleroi have struggled to fully revive after a protracted industrial decline. Nonetheless, the provinces of Liège and Hainaut together have almost 850,000 people in employment as they continue to act as centres of heavy industry (iron, steel, glass, chemicals, electrical engineering) and newer knowledge-intensive sectors (aeronautical engineering, information technology, biotechnology).

The economy of Brussels has been driven by its status as a national and European administrative capital ever since Belgium became a founding member of the European Coal and Steel Community in the 1950s. An international community of around 70,000 people is based in Brussels, also due to the fact that a number of multinationals have situated their European headquarters there. The wider Belgian economy has also benefited from the country's central geographic location within Europe and its role in the European Union.

Employment data by sector

Table 2: *Belgian employment by sector (NACE rev.2, 1 digit), in thousands and as % of the total*

Economic sector	2008 q1	2010 q1	2008 q1	2010 q1
Agriculture, forestry and fishing	81	53	1.8	1.2
Mining and quarrying	5	5	0.1	0.1
Manufacturing	717	651	16.1	14.6
Electricity, gas, steam and air conditioning supply	34	32	0.8	0.7
Water supply; sewerage, waste management and remediation activities	27	37	0.6	0.8
Construction	287	323	6.5	7.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	565	608	12.7	13.6
Transportation and storage	294	259	6.6	5.8
Accommodation and food service activities	141	142	3.2	3.2
Information and communication	127	152	2.8	3.4
Financial and insurance activities	182	142	4.1	3.2
Real estate activities	20	25	0.5	0.6
Professional, scientific and technical activities	222	198	5.0	4.4
Administrative and support service activities	168	177	3.8	4.0
Public administration and defence; compulsory social security	423	407	9.5	9.1
Education	381	417	8.6	9.3
Human health and social work activities	553	593	12.4	13.3
Arts, entertainment and recreation	60	61	1.3	1.4
Other service activities	96	101	2.1	2.3
Activities of households as employers	30	42	0.7	0.9
Activities of extraterritorial organizations and bodies	38	44	0.9	1.0
TOTAL	**4450**	**4470**		

Source: *European Labour Force Survey (ELFS), 2008q1 to 2010q1 for Belgium*

[4] VDAB

[5] Economist Intelligence Unit, Belgium Country Profile

[6] Eurostat

14.6% of the Belgian workforce was employed in the manufacturing industry in the first quarter of 2010[7] and the industrial sector contributed 24.2% of national GDP.[8] The share of employment in the manufacturing industry has declined from 16.1% recorded in the first quarter of 2008.

Years of development of major industries such as automotive and textiles helped Belgium become a major exporter, while, in recent decades, a number of high-tech manufacturing sectors have flourished. Production in aerospace, biomedical, pharmaceuticals, space and environmental industries has been supported by a strong knowledge base at Belgian universities. This concentration of knowledge has helped the high-tech sectors to withstand the recent economic downturn more successfully than longer established manufacturing industries.

The decline in manufacturing from an impressive 5.5% quarterly growth rate at the end of 2006 to a 4.2% contraction at the end of 2008[9] had been accentuated by a marked decline in a few key industries. Car assembly was still growing at an annual rate of 6% in 2007 but owing to a sharp global decline in car sales and a trend of production being transferred from western to eastern Europe, the Belgian motor industry contracted by 34% from 2008 to 2009. In the same period, textile production slumped from 9.2% growth to a 26.7% contraction. Another industry that suffered greatly was steelmaking, with the production of raw steel dropping to a historic low in December 2008.[10]

OECD figures indicate that the total Belgian export volume fell by 12.6% from 2008 to 2009. However, it is forecast to grow again in 2010.[11]

Another sector with rising employment is the wholesale and retail trade which contributes 4.2% of national GDP[12]. Employment in the wholesale and retail trade sector increased from 12.7% of the total workforce in the first quarter of 2008 to 13.6% in the first quarter of 2010. In this sector, the French Carrefour group is the biggest in the national market and dominates grocery sales together with Belgian supermarket chains Delhaize and Colruyt.

Health and social care constitutes another large sector employing a significant part of the national workforce – i.e. some 13.3% in the first quarter of 2010, amounting to 593,000 people.[13] Employment in this sector increased by 40.000 from 2008 to the first quarter of 2010. Education, public administration and defence follow with a share of employment of around 9% of the total. Sectoral employment levels have been relatively stable from 2008 to the beginning of 2010.

[8] OECD, Belgium - Economic Outlook 87

[9] Belgian Economic Ministry, Panorama of Belgian economy 2008, p.91

[10] Ibid p.147

[11] OECD, Belgium - Economic Outlook 87

[12] Ibid. p.150

[13] Eurostat, Labour Force Survey

Construction is another noteworthy sector, employing 7.2% of the Belgian workforce in the first quarter of 2010, amounting to some 323.000 people (This figure would possibly be higher if undeclared employment was included). In common with many other parts of the EU, the Belgian construction industry was growing strongly for much of the past decade. This growth was spurred by the construction of family homes, a major demand for new apartments and renovation work. The industry was enjoying 8.5% annual growth at the end of 2006 and contributed 4.7% of national GDP.[14] The bursting of the construction bubble did not spare Belgium. Not immune to the troubles experienced by the construction sector elsewhere in Europe some 1,172 construction firms went bankrupt across the country in 2008[15].

Another 5.8% of Belgian workers are employed in the transportation and storage sector[16]. There were fewer Belgians working in this sector in the first quarter of 2010 (259,000) than there had been in early 2008 (294,000). While commercial transport was affected to some degree by the recession (after recording several years of impressive growth), public transport has remained a growing sector with several major public transport schemes being launched recently, including a programme by the Flanders regional government to construct new bus and tram lines by 2010 and the NMBS/SNCB national rail company's €2.7 billion five-year investment programme from 2008.

Restructuring in Belgium: evidence from the European Restructuring Monitor (ERM)

The ERM dataset is based on news and media reports of individual cases of restructuring identified by a network of national correspondents in the EU27 and Norway. Belgian cases are typically drawn from the reports of national media sources such as *De Standaard*, *Het Laatste Nieuws*, *L'Écho*, *La Libre Belgique* and *Le Soir*. The ERM data for Belgium is also regularly checked against the collective redundancy data provided by the Belgian Ministry of Labour. In order to be included in the ERM, a restructuring case must involve at least 100 job losses or job gains announced by an employer[17], or involve sites employing more than 250 people and affecting at least 10% of the workforce.

The following section gives an overview of restructuring data for Belgium from the first quarter of 2008 until the third quarter of 2010. Along with basic descriptive statistics outlining the employment effect of restructuring activities in Belgium, this overview includes brief narratives of individual cases with a view to highlighting interesting patterns in restructuring or other noteworthy aspects.

Overview

The ERM recorded a total of 153 cases of restructuring in Belgium between January 2008 and September 2010. These cases involved 35,584 announced job losses and 11,820 announced job gains. Internal restructuring accounted for over 60% of the total announced job losses (23,042 jobs) recorded over this period, and bankruptcy/closure for a quarter of the total (9,229 jobs). Offshoring represented nearly 7% of total announced job loss between the first quarter of 2008 up to the third quarter of 2010 (2,484 jobs). The categories 'relocation' and 'merger or acquisition' are even more marginal (involving 270 and 404 job losses, respectively).

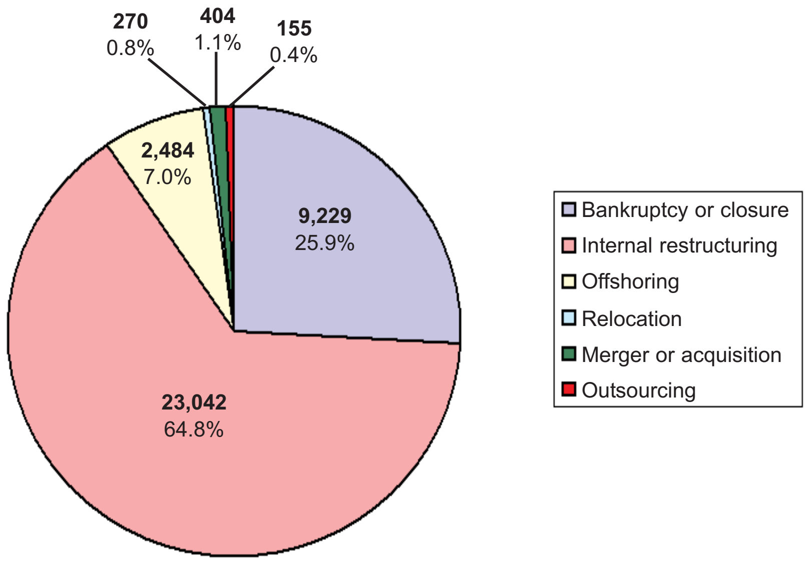
[14] Belgian Economic Ministry, Panorama of Belgian economy 2008 pp.95-96

[15] Ibid. p.104

[16] Eurostat, Labour Force Survey

[17] The ERM defines job loss at restructuring in a similar fashion to the EU directive on collective redundancies (95/59/EC) in that it refers to the number of intended redundancies. However, for ERM purposes the number of intended redundancies does not have to be registered with any public authority, but it is based on company announcements covered in the major print and broadcast media in each country.

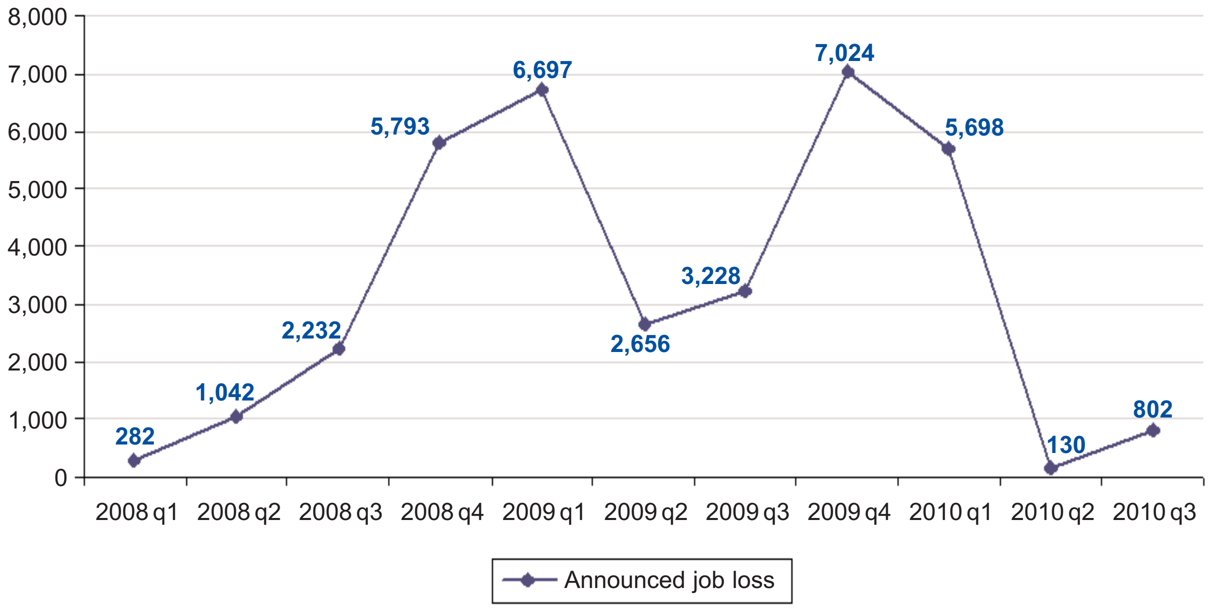
Figure 2: *ERM job losses by type of restructuring in Belgium (first quarter 2008 to third quarter 2010)*



Source: *European Restructuring Monitor (ERM)*

The highest level of restructuring related job losses announced in Belgium was recorded by the ERM during the first quarter of 2009, with some 6,697 jobs in total. Job losses then slowed down in the second quarter of 2009, only to peak again in the fourth quarter of 2009 with 7,024 announced job losses. They declined steadily until the second quarter of 2010. Since then very little large scale restructuring has been recorded by the ERM for Belgium.

Figure 3: *Summary of ERM announced job loss in Belgium by quarter (first quarter 2008 to third quarter 2010)*



Source: *European Restructuring Monitor (ERM)*

The number of job gains recorded by the ERM also fluctuated during the period. Compared to job loss, numbers stayed at a low level throughout, peaking at a little over 2,500 in the first quarter of 2009. Very little job creation was announced at the beginning of this year - the peak being reached in the second quarter with 1,220 new jobs being announced.

Large-scale cases of announced job loss

Looking at specific large-scale restructuring cases in Belgium from the beginning of 2008 until the third quarter of 2010, the **Belgian Armed Forces'** major restructuring programme, announced in October 2009, stands out. As part of a €100 million savings plan, the Ministry of Defence said it would seek to reduce troop numbers by 3,900 before the end of 2012 by encouraging voluntary redundancy and early retirement. At the same time the armed forces promised to hire close to 1,300 young people in the period, as part of an effort to refresh its ranks. Just a day earlier, the **Federal Police** had announced that it would deliberately avoid replacing retired officers in order to reduce their overall staff numbers by 600.

Another high profile case of restructuring in Belgium was that of car manufacturer Opel which, in early 2010, unveiled plans to close its production facilities in Antwerp and dismiss 2,606 workers. Having for several months tried to sell **Opel**, the parent company General Motors decided that it would reorganise the company by substantially reducing production across its Western European sites and closing the group's factory in Antwerp[18] Unions ran a campaign against the decision that involved direct action at the factory and intense lobbying. Although unable to make General Motors reverse its decision, labour representatives developed plans to restart production at the site by attracting investors. A deadline of 30 September was set for indentifying an investor before the plant would end over 85 years of operations and close its doors for good. Latest reports indicate that the investor search has failed and the plant is set to close by the end of the year. Unions have enjoyed strong political support, with the Belgian government promising to offer financial assistance to any rescue plan and getting involved in courting investors. Workers have also received promises of assistance from the Flemish Minister for Labour announcing that dismissed Opel workers would receive a state pension from the age of 50.

Between 2008 and 2010, a series of major restructuring programmes was also introduced at the Belgian sites of multinational steel producer **Arcelor Mittal**. As part of a global restructuring effort to tackle a decrease in demand and solve financial difficulties, 1,672 job cuts were announced at the group's Liège plant in the first quarter of 2009. Following negotiations with the unions, the number of job cuts was revised downwards. The new social plan envisages the loss of 1,092 jobs – 580 jobs will be saved. Another 800 job losses affecting several Belgian operations had already been announced by the company at the end of 2008.

A large scale restructuring programme was also announced by the French supermarket group **Carrefour** which had suffered a sharp drop in its Belgian sales in 2009. In February 2010, the group announced the closure of 21 stores in Flanders and the dismissal of close to 1,700 workers. Unions campaigned to renegotiate the restructuring programme and after three months of talks it was agreed that five of the outlets threatened by closure would remain open and job losses would be reduced to 1,092. As is common in union campaigns against major job losses, another negotiating objective was reducing the number of direct dismissals, which, in this case, helped to ensure that most of the dismissals would take place via an early retirement scheme.

In fifth place on the list of key restructuring cases in Belgium is B Cargo, the freight subsidiary of the national Belgian railway company, which, in October 2009, announced 900 job cuts across the country.

[18] Eurofound, *ERM quarterly Issue 1*, spring 2010 p.149

Table 3: *Top five cases of announced job reduction in Belgium (2008-2010 Q3)*

	Company	Jobs	Restructuring type	Nace code, 1 digit (sector)
13/10/2009	Belgian Armed Forces	3,725	Internal restructuring	Public administration
21/01/2010	Opel	2,606	Bankruptcy/Closure	Manufacturing
10/03/2009	Arcelor Mittal	1,700	Internal restructuring	Manufacturing
23/02/2010	Carrefour	1,092	Bankruptcy/Closure	Retail
08/09/2009	B Cargo	900	Internal restructuring	Transport / communication

Source: *European Restructuring Monitor (ERM)*

ERM data by region (Belgium)

Overall, the region to record the greatest number of job losses in the ERM over the period 2008-2010 (Q3) was Antwerp. As it has the biggest regional labour market in the country, this fact in itself is not unexpected, but the margin by which Antwerp's job losses (8,919) outstrips other regions is noteworthy. Restructuring affected a significant number of companies in the key local industries of metal manufacturing and pharmaceuticals, while the planned closure of the Opel plant with over 2,600 jobs will have a major negative impact on the local economy.

Four of the five regions experiencing highest job loss are located in Flanders: in total, the ERM recorded the announcement of 19,133 job losses between the beginning of 2008 and the third quarter of 2010.

ERM data by sector (Belgium)

99 out of 152 restructuring cases observed by the ERM in Belgium from January 2008 to September 2010 were in the manufacturing sector. It is not unusual that this sector is overrepresented in the ERM given the prevalence of large companies/units. With nearly 15% of the Belgian workforce employed in manufacturing[19] the ERM nonetheless provides a clear indication that employment in Belgian manufacturing was particularly sensitive to the economic downturn – over 22,000 announced job losses recorded in the ERM over the period 2008-2010 (Q3). However, this holds true across the EU, with the manufacturing sector accounting for nearly half of announced job losses in the ERM for the period between 2008 and 2010.

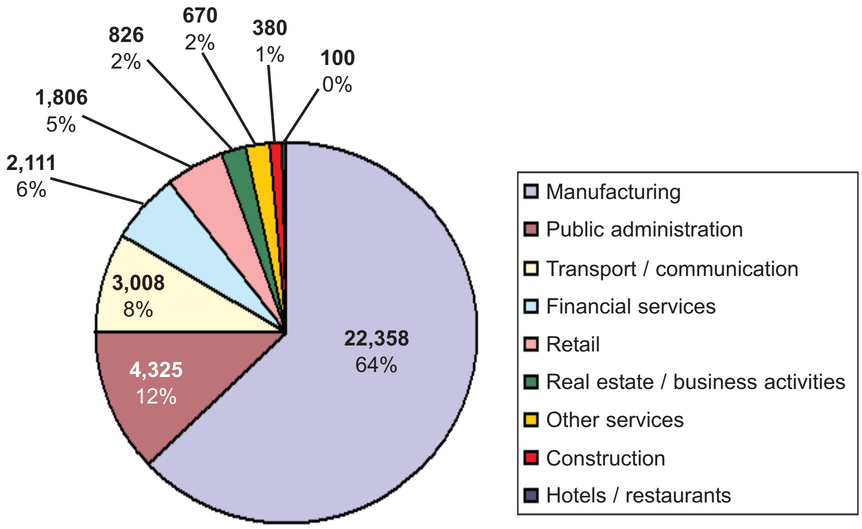
The prominence of public administration in the ranking of most exposed sectors during the period 2008-2010 (Q3) is due to the large scale restructuring announced by the Belgian Armed Force and Federal Police already mentioned in this report.

Transport and communications was another sector reporting a relatively large number of job losses (in total 3,008) from 2008 until the third quarter of 2010. It should be noted, however, that this sector also recorded the highest number of job gains announced over this period (4,370 new jobs). Most of these announcements were made in 2009 and 2010.

Ten cases of restructuring in the Belgian financial services sector made it the fourth most effected sector with regard to job reductions (over 2,000 announced job losses, representing 6% of the total job losses) over the period. In this sector, all ten cases were announced between 2009 and 2010.

[19] European Labour Force Survey

Figure 4: *ERM job losses by sector in Belgium (first quarter 2008 to third quarter 2010)*



Source: *European Restructuring Monitor (ERM)*

Manufacturing

The ERM recorded restructuring in virtually all sectors of Belgian manufacturing as the recession took hold between late 2008 and 2010. Labour-intensive industries such as textiles and car manufacturing were particularly affected by restructuring activity.

The Belgian textile sector has been under pressure for a number of years with greater volumes of imports from Asia largely responsible for reducing demand for European products. Work wear manufacturer **Initial Textiles** announced in June 2009 plans to cut 200 jobs due to a fall in demand, whilst **Bekaert Textiles** announced the loss of some 380 jobs in two waves of restructuring in 2009. The company finally decided to move production from Belgium to the cheaper labour markets of the Czech Republic and Turkey. Restructuring continued into 2010 with **UCO Yarns** closing its second Belgian factory in two years, putting 107 people out of work.

Of all the strands of textile production, carpet production was perhaps the most severely hit by the downturn, as it faced the added strain of depressed demand in its vital export market of Britain due to an unfavourable exchange rate. Three Belgian carpet producers announced job cuts during 2008 and 2009; 293 jobs were lost due to the bankruptcy of **Spin Group** in October 2008; **Prado Rugs** dismissed 143 workers in Kuurne and parent company **Associated Weavers** closed a tufting unit in the same town with the loss of 111 jobs.

Automotive companies in Belgium had also been adjusting to increased foreign competition in recent year (notably a general shift in production from western Europe to new EU Member States). Then global car production went into a severe and sudden decline in late 2008. A 30% drop in global demand from 2008 to 2009 had serious consequences for Belgium's export-orientated car industry. **Volvo Trucks** dismissed 600 workers at the end of 2008 in Ghent, a centre of the industry that was also affected by the cut of 250 jobs by **Volvo Cars** at around the same time. A decrease in production at the Genk site of US car maker **Ford** resulted in the loss of 800 jobs at the end of 2008 while **Renault** followed suit in February 2009 by cutting 170 jobs at their Vilvoorde factory.

Along with Belgian car producers, also makers of trucks, trailers, tanks and aircraft have cut jobs since 2008. After reducing production by over 50%, **DAF Trucks** cut over 1,500 jobs at their Westerlo site in two waves of restructuring in late 2008 and early 2009. Suffering from a 50% decline in business, trailer and tank manufacturer **LAG trailers** shed

100 jobs in October 2009 while aerospace firm **Sonaca** responded to the poor market conditions in the aeronautics industry by cutting a quarter of its 1,700-strong workforce in Gosselies during the second half of 2009.

As vehicle production suffered a sharp decline, suppliers to the automotive industry also often faced the need to restructure. German multinational car parts supplier **Bosch** implemented two restructuring programmes in 2009 that cut close to 600 jobs across their three Belgian plants. **Alro** attributed the dismissal of 385 workers at their part-making sites in Genk and Dilsen-Stokken during 2009 to the decrease in demand from national car and truck producers. **Tenneco Automotive**, a Sint-Truiden based maker of shock absorbers, announced the loss of 180 jobs in October 2008, while windscreen producer **AGC Automotive** cut 163 job in the second half of 2009 - leaving a factory that had employed 1,200 people in 2000 with less than 10% of that number ten years later. Transmission manufacturer **Punch Powertrain** was another company to reduce their payroll in Sint-Truiden, Flanders, cutting 100 posts.

In 2010, Belgian car makers cautiously began to recruit again. **Volvo Cars** announced in the first half of 2010 that they will be increasing production, hiring 250 workers in Gent (Flanders), while **Toyota** announced in April 2010 that they are to expand their research and development activities in Zaventem and will hire 200 people.

Metal making is another traditional Belgian industry that has been battling with decline. Production of raw steel in Belgium plummeted to a historic low in December 2008[20]. In addition to the already mentioned restructuring programmes announced by **ArcelorMittal**, a number of metal manufacturers that relied on trade with the automotive industry faced severe economic pressures – aluminium maker **Aleris** responded by reducing production by 50% at its Antwerp unit and cutting 510 jobs in 2009, while general car industry metal supplier **Giesen** closed its entire site in Hoboken, putting 237 people out of work. Steel tube producer **Bekaert** on the other hand blamed overseas competition for a decision to close its Antwerp plant towards the end of 2008 with the loss of 264 jobs. Earlier in 2008 the company had already closed its Lanklaar plant located in Limburg, cutting 136 jobs. Similarly, copper manufacturer **Cumerio** closed a site employing 64 persons at the end of 2008. Zinc producer **Nyrstar** also found itself suffering at the start of the economic crisis and shed 205 of its 800-strong workforce.

Glass manufacturing was hit by a spillover effect from the decline in other key industries. French glass maker **Saint-Gobain** blamed a fall in demand from the construction and car industry for its decision to cut 241 jobs at their plant in Auvelais (Wallonia) in spring 2009 despite vociferous complaints from unions. The poor market conditions took an even greater toll on the **Preiss Daimler** plant in Saint Ghislain, which went bankrupt in September 2009 with the loss of 173 jobs. **MD Verre**, another glass producing company, announced in November 2009 that they would be dismissing 73 workers.

Restructuring by plastics and polymer producers was also recorded by the ERM, with polyurethane foam maker **Recticel** laying off 110 employees owing to a decline in demand from car makers for their dashboard skins. Rubber tube producer **Gates** decided to close its plant in Aast and dismiss its 225 workers as demand, also dependent on the automotive industry, had suffered a severe drop.

Dutch electronics group **Philips** completed a number of substantial restructuring programmes in late 2008 and 2009 affecting workers in Belgium. Within just six months, it announced four separate restructuring activities affecting plants in Antwerp and Brugge removing over 700 workers from the payroll. **Havells** was another lighting producer that felt the need to restructure, dismissing 182 workers at its Tienen plant before the end of 2009. Swedish electronics firm **Atlas Copco** also cut back their Belgian operations in 2009, cutting 155 posts in Wilrijk (Antwerp).

[20] Belgian Economic Ministry, Panorama of Belgian economy 2008 p.147

Machinery makers were also affected by the drop in manufacturing demand. Owing to the turmoil in the textile sector, loom maker **Picanol** cut 115 jobs at their Flanders plant in early 2009. Similarly, agricultural machinery maker **Case New Holland (CNH)** cut 450 jobs as exports to Russia and the Ukraine dried up. Wind turbine maker **Hansen Transmissions** was also forced into cutting 109 jobs at its Lommel and Edegem units. The one case of business expansion in Belgian machine making recorded by the ERM since 2008 partly compensated for these combined job losses. **Caterpillar** extended their large operations in Charleroi by hiring some 600 workers by the end of 2010.

In printing, **Verheyen Graphics** went bankrupt with the loss of 115 jobs in June 2009 while **Sanoma** magazines cut 60 positions in the same month. In the latter case, the restructuring programme was implemented almost a year after its initial announcement as prolonged social dialogue between unions and management sought but failed to find ways to avert job losses.

Other workers were more successful in persuading employers to reconsider restructuring programmes. The best possible outcome was obtained by employees at brewing group **Inbev** in Belgium following a month of restructuring talks in February 2010 – management cancelled the proposed restructuring. The company was persuaded by union arguments that the plan to make 300 people redundant was not justified on economic grounds, and it was agreed to renegotiate employment terms instead. While the reversal or modification of restructuring programmes is not at all uncommon, these developments are not always recorded by the ERM, which relies on newspapers reporting restructuring announcements and their follow-up.

Transport and communications

The ERM has recorded a series of restructuring announcements in the Belgian transport and communications sector since late 2008, with freight and postal services seeing most structural change.

Belgian national rail company **SNBC/NMBS** was one of the few firms in the country which were able to complete an ambitious recruitment plan despite the onset of recession. In early 2009 the railway operator announced that it would hire some 1800 workers throughout 2009 – it took on a similar number of new recruits in 2008. The new jobs were created right across the group's operations (in clerical and technical roles) and were designed, in principle, to compensate for an ageing workforce nearing retirement. A €2.7 billion injection of public funds in 2008 helped the company to defy the economic cycle and maintain the expansion. Walloon public transport company **TEC** was also recruiting in the period, hiring 350 new workers in 2009, the majority as bus drivers.

While substantially enlarging their main body of staff, SNBC/NMBS was simultaneously cutting close to half the workforce of its **B Cargo** freight subsidiary in a drastic attempt to balance its books, entailing the loss of 900 employees. Cargo handlers **PSA Hesse-Noord Natie** announced the loss of 108 jobs at the Port of Antwerp as its trade suffered from the fall in export traffic. The struggles of supermarket chain Carrefour was the direct cause of another instance of restructuring in the transport sector - **Logistics** group distributes stock for the supermarket and was forced to cut 150 jobs in response to a drop in demand from their clients.

Postal delivery firm **DHL** launched three waves of restructuring at their Belgian subsidiaries in 2009. It was announced in June 2009 that 241 administrative jobs would go at the DHL Express unit in Diegem. At the same time 180 jobs were placed on the line at the EAT subsidiary at Brussels airport, as part of a relocation of activities to a European hub in Germany. Later in 2009, 788 dismissals were announced at DHL headquarters in Diegem as part of a separate centralisation of activities to Germany by parent company **Deutsche Post**.

Aircraft maintenance firm **Sabena Technics** announced that it would cut some 371 jobs in Brussels in early 2009 having suffered from the decline in the airline industry, although Air Cargo company **Cargo Avient** was able to expand its Belgian operations in a difficult period and create 100 jobs at Liege airport.

Financial services

In the financial services sector a significant case of restructuring was that of Dutch financial services provider **ING**, which announced the cut of 100 jobs in January 2009 and a further 315 positions the following month. The first set of cuts affected an ING investment management unit in Brussels that was seeing most of its activities relocated to The Hague –this was the first occasion where the global banking crisis had led to direct job losses in Belgian finance. The second wave of restructuring at the group came as it sought to make savings of €100 million.

Dexia was a bank severely hit by the financial crisis and it consequently launched two restructuring programmes in Belgium in 2009 as part of a plan to save €600 million from its global operations. Between 300 and 400 jobs were placed on the line in January 2009 with a further 445 dismissals announced in September of that year. In 2010 the bank announced another restructuring programme involving the cut of a further 385 jobs by the end of 2011.

US investment group **Bank of New York Mellon** decided in February 2010 that they would be scaling down their operations in Brussels with the loss of 199 jobs. The restructuring plan results from the company strategy of offshoring some of the activities affected to Manchester (UK), Pune (India) and Pittsburg (USA). **MasterCard** was another group that responded to the crisis by relocating 134 jobs away from its European base in Belgium to its global headquarters in the United States. Another bank that was severely affected by the financial crisis was Fortis - its Belgian units were sold to French bank BNP Paribas. As a result of the merger between Fortis bank and BNP Paribas some 168 employees were let go.

Retail

While the Belgian retail sector was affected by the European-wide decline in consumer confidence, it is the only sector in which the cases of job expansion as recorded by the ERM since 2008 matches the number of cases of job reduction (three).

One of the largest cases of restructuring in the retail sector is that of French supermarket group **Carrefour** with 1,092 announced job losses in early 2010, as already outlined in this report. Other significant instances of restructuring in this sector are those of CD retailer **Sonica** and cosmetics retailer **DI**.

After several years of poor sales, **Sonica** went bankrupt in November 2009 resulting in 421 job losses with the closure of its 68 shops. Cosmetics seller **DI** closed 34 stores throughout 2009 leading to 200 job losses after recording a €5.9 million loss in 2008. The poor performance of DI was accentuated by increased competition from Dutch cosmetics group **Kruidvat**, which had taken the opportunity presented by the economic crisis to increase its market dominance by expanding and hiring 100 new employees.

It is interesting to note that among the limited number of restructuring cases recorded by the ERM in the sector, budget retailers saw welcome increases in custom in the changed economic climate – Irish fashion retailer **Primark/Penneys**, for instance, decided to enter the Belgian market in 2009 with its first outlet in Liège employing some 200 people. Swedish clothing retailer **H&M** announced the creation of between 230 to 250 new jobs in Belgium by constructing a new centre in Ghlin (Wallonia) to act as a distribution hub for several national markets.

Real estate and business activities

Five cases of restructuring in real estate and business activities were recorded by the ERM since the final quarter of 2008. In October 2008, business and technology company **EDS** announced plans to restructure and cut 300 jobs at their site in Mechelen following the takeover by Hewlett Packard. Digital media technology firm and Cisco subsidiary **Scientific Atlanta Europe** followed the trend set by many banking groups and transferred parts of its activities out of Belgium, closing its Kortrijk production unit with the loss of 160 jobs by July 2009.

ACG Deurne, a company employing mainly people with mental or physical disabilities, was forced to dismiss 100 of its 330 workers at Antwerp following the decision of one of its main customers to relocate out of the country, transferring much of its production to eastern Europe.

With the employment market depressed in Belgium, recruitment consultancy **Adecco** suffered a drop in business and needed to cut staff at its national headquarters at Groot Bijgaarden by 150. **Accent Jobs** did not suffer the same difficulties, however, and announced an expansion in March 2009 that created another 120 jobs.

Industry in focus: pharmaceuticals

The pharmaceutical industry was one of the least aversely affected by the recent recession as global demand for medicinal products remained strong – on the back of 4.6% annual sector-wide growth in 2008, Belgian pharmaceutical firms continued to grow in 2009.[21] Nonetheless the industry has faced a number of challenges: the increasing popularity of generic medicines is providing tough competition for established patented products while a lack of available finance has stemmed the expansionary zeal of recent years. There has also been competition in the area of research from countries with lower labour costs.

From January 2008 until September 2010, the ERM recorded fourteen cases of restructuring involving the loss of 2,726 jobs. **Janssen Pharmaceutica**, one of Belgium's most significant home-grown international pharmaceutical companies, laid out plans to dismiss 154 and 318 workers from its Belgian operations in two separate restructuring programmes in late 2008 and late 2009. A set of factors specific to the company seemed to motivate the restructuring rather than the effects of the wider economic crisis. Janssen justified job cuts on the grounds that they were developing insufficient new drugs and competition was too intense to compensate for a loss of income caused by expired patents. A company spokesman said as the first wave of job losses was being announced in October 2008: "We know in advance which patents are going to expire and as a result where we are going to lose money but we do not know when we will discover a new drug."

The problem of expired patents was also cited by **UCB** as a justification for announcing 174 job cuts in November 2009. The Belgian firm was already in the process of cutting a quarter of its workforce (some 555 jobs) in 2008, a restructuring effort that was heavily criticised by unions as being disproportionate given the financial health of the company. Union concerns were unable to force the company to change their plans, however. Competition from generic medicines was directly blamed for the decision of **Sanofi-Aventis** to cut 43 jobs at its Diagem site in November 2009 due to poor sales of its Plavix anticoagulant.

[21] Belgian Economic Ministry, Panorama of Belgian economy 2008 p.146

GlaxoSmithKline has performed better in recent years and was able to recruit 600 new workers towards the end of 2009. This expansion was inspired by investment in its Belgian vaccine-production activities and a large level of demand for its Swine Flu vaccinations. **Baxter** was the other pharmaceutical firm to expand its Belgian staff in the period, creating 175 jobs over three years from March 2009 as it upped its production of immunodeficiency drugs in Lessines. The American company was able to gain some funding from the Walloon regional government for the expansion.

ERM outputs are easily accessible and downloadable from Eurofound's website at **http://www.eurofound.europa.eu/emcc**.
ERM data can be obtained by either searching the database by a number of criteria or sending an email to sri@eurofound.europa.eu.

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