Mobilisation of the European Globalisation Adjustment Fund: redundancies in the machinery sector in Belgium

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Belgium faced with redundancies in the machinery sector.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the rules applicable to financial contributions from the European Globalisation Adjustment Fund are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

In this context, the Commission considered the request to mobilise the EGF to assist Belgium and stated the following:

Belgium - Application EGF/2017/010 BE/Caterpillar: on 18 December 2017, Belgium submitted the application for a financial contribution from the EGF **following 2 287 workers** made redundant in Caterpillar Solar Gosselies (Caterpillar) and five suppliers (manufacture of machinery and equipment). The redundancies made by the enterprises concerned are located in the NUTS level 2 Hainaut region BE32.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Belgium argues that the main reason behind the workforce reductions is the worldwide competition in the construction and mining machinery sectors, and the consequent loss of machinery market share by Caterpillar.

The mining sector´s production in Europe has decreased from EUR 234 million in 2012 to EUR 180 million in 2015 and the EU 28 exports have been in dramatic declining since 2014.

The primary event giving rise to these redundancies is the announcement by Caterpillar Belgium S.A. on 2 September 2016 of starting the collective redundancy procedure at its production plant located in Gosselies.

This is already Belgium's second EGF application in relation to Caterpillar.

In 2014, 1 399 workers were the subjects of the first EGF application involving redundancies at the enterprise. The current proposal includes the remaining 1 997 workers at the site.

In 2015, Caterpillar invested in a new assembly line to boost its position on the market. However, contrary to expectations, economic growth in Europe was very slow and consequently the economic situation of the enterprise did not recover as expected.

Compared to other plants, its Gosselies facility in Belgium is no longer competitive. Consequently, Caterpillar has been relocating its production in emerging countries in Asia and Latin America, such as

China and South Korea because of the fast-growing new markets and low production costs, linked to less restrictive environmental regulation and lower hourly labour costs. The company is now closing down all its activities in Belgium.

Basis of the Belgian request: Belgium submitted the application under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State.

The reference period for the application runs from 31 May 2017 to 30 September 2017.

The application relates to **2 287 workers made redundant**.

Belgium is considering **five types of actions** in favour of the dismissed employees and NEETs: (i) individual job search assistance, case management and general information services; (ii) training and re-training; (ii) promotion of entrepreneurship; (iv) contribution to business start-ups; (v) allowances.

BUDGETARY IMPLICATION: following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met. It proposed to mobilise the EGF for the amount of **EUR 4 621 616**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

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.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount requested.