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

2018/2043(BUD) - 03/05/2018 - Budgetary text adopted by Parliament

The European Parliament adopted by 545 votes to 94, with 12 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from Belgium – EGF/2017/010 BE/Caterpillar).

Parliament approved the proposal for a decision to mobilise the EGF to provide a **financial contribution of EUR 4 621 616** in commitment and payment appropriations to assist Belgium in the event of redundancies in the machinery sector.

As a reminder, the application for financial assistance from the EGF was submitted by Belgium on 18 December 2017 following **2 287 redundancies** at Caterpillar Solar Gosselies (Caterpillar) and five of its suppliers in the machinery and equipment manufacturing sector in Hainaut province.

Parliament noted the following points:

Reason for the redundancies: Belgium argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation, to worldwide competition in the construction and mining machinery sectors, and to the consequent decrease in the Caterpillar Group’s share in the machinery market.

While being aware of the decline in production of the mining sector in Europe and the dramatic decline in EU-28 exports in that sector since 2014, the increase in the European steel price and the high production costs for machines resulting therefrom, in particular compared to China, Parliament regretted that the Caterpillar Group has decided to allocate the volumes produced in the Gosselies plant to other production units in France (Grenoble) and to other plants outside Europe, including China and South Korea, which resulted in an abrupt shut down of the Gosselies site and the making redundant of 2 300 workers.

Members also deplored that the workers of the Gosselies site were informed of the closure of the site by a simple communiqué and deplored the fact that this brutal decision was not made in consultation with the local and regional authorities. They recalled that the redundancies in Caterpillar are expected to have a significant negative effect on the local economy while stressing the importance of **strengthening the supply of information to and consultation with workers** in the Union. They insisted on the mitigation of the socio-economic consequences for the Charleroi region.

Proposed measures: Belgium is planning five types of actions for the redundant workers and young people under the age of 30 not in employment, education or training (NEETs) (i) individual job search assistance, case management and general information services, (ii) training and re-training, (iii) promotion of entrepreneurship, (iv) contribution to business start-up, (v) allowances.

Parliament welcomed that the income support measures will account for **13.68 % of the overall package of personalised measures**, well below the maximum 35 % set out in the EGF Regulation. It welcomed the fact that the coordinated package of personalised services was drawn up in consultation with a working group, which included the Public Employment Service for Wallonia, the investment fund SOGEPA, the representatives of the trade unions and other social partners.

According to Parliament, the design of the coordinated package of personalised services should **anticipate future labour market perspectives** and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

Beneficiaries: the resolution stressed that the majority of workers are between **30 and 54 years of age** and that more than 11 % of the redundant workers are between 55 and 64 years of age with skills specific to the manufacturing sector. It welcomed the fact that personalised services co-financed by the EGF will also be provided to up to **300 young people under the age of 30** not in employment, education or training (NEETs).

On a general note, Parliament recalled its resolution of 5 October 2016 on the need for a genuine industrial policy based in particular on research and development and innovation, while emphasising the importance of protecting Union industry from unfair commercial practices in third countries.

The Commission is called on to: (i) urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people, as well as to; (ii) gather substantiated data on the impact of the EGF funding, including on the quality of jobs and the reintegration rate achieved through the EGF.