Basic information

2018/2043(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the machinery sector in Belgium **Subject** 3.40.08 Mechanical engineering, machine-tool industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.58 2018 budget **Geographical area** Belgium	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARDIAZABAL RUBIAL Eider (S&D)	26/03/2018

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3615	2018-05-14

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	THYSSEN Marianne

Key events

Date	Event	Reference	Summary
23/03/2018	Non-legislative basic document published	COM(2018)0156	Summary

16/04/2018	Committee referral announced in Parliament		
24/04/2018	Vote in committee		
26/04/2018	Budgetary report tabled for plenary	A8-0148/2018	Summary
03/05/2018	Decision by Parliament	T8-0195/2018	Summary
03/05/2018	Results of vote in Parliament		
14/05/2018	Draft budget approved by Council		
08/06/2018	Final act published in Official Journal		

Technical information

Procedure reference	2018/2043(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/12604

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE620.786	09/04/2018	
Amendments tabled in committee		PE620.960	18/04/2018	
Budgetary report tabled for plenary, 1st reading		A8-0148/2018	26/04/2018	Summary
Budgetary text adopted by Parliament		T8-0195/2018	03/05/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0156	23/03/2018	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2018/0847
OJ L 144 08.06.2018, p. 0005 Summary

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

2018/2043(BUD) - 23/03/2018 - Non-legislative basic document

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.

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

2018/2043(BUD) - 26/04/2018 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Eider GARDIAZABAL RUBIAL (S&D, ES) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund to the amount of **EUR 4 621 616** in commitment and payment appropriations to assist Belgium in the event of redundancies in the machinery sector.

The European Globalisation Adjustment Fund (EGF) is designed to provide additional support to workers who suffer the consequences of major structural changes in world trade patterns.

Belgian request: Belgium submitted application EGF/2017/010 BE/Caterpillar for a financial contribution from the EGF, following **2 287 redundancies in Caterpillar Solar Gosselines** and its 5 suppliers in the economic sector of the manufacture of machinery and equipment in the Hainaut region in Belgium.

Given that the redundancies are expected to have a significant adverse effect on the local economy, Members agreed with the Commission that the conditions set out in Article 4(1) of the EGF Regulation are met and that Belgium is entitled to a financial contribution of EUR 4 621 616 under that Regulation, which represents 60 % of the total cost of EUR 7 702 69.

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, Members 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.

They also deplored the total **lack of information** and respect for workers and union representatives, who received no information prior to the closure of the company and that this brutal decision was not made in **consultation** with the local and regional authorities.

Package of personalised services: Members noted that Belgium is planning five types of actions for the redundant workers:

- individual job search assistance, case management and general information services;
- training and re-training;
- promotion of entrepreneurship;
- contribution to business start-up;
- allowances.

Members 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. They stressed that the majority of workers are between **30 and 54 years of age** and 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).

Lastly, they recalled the resolution of 5 October 2016 on the need for a European reindustrialisation policy in the light of the recent Caterpillar and Alstom cases, which called for Europe to deploy a genuine industrial policy based in particular on research and development and innovation, but also emphasizes the importance of protecting Union industry from unfair commercial practices in third countries.

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.

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

2018/2043(BUD) - 30/05/2018 - Final act

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

NON-LEGISLATIVE ACT: Decision (EU) 2018/847 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Belgium — EGF/2017/010 BE/Caterpillar.

CONTENT: with this Decision, the European Parliament and the Council decide to mobilise an amount of **EUR 4 621 616** in commitment and payment appropriations from the European Globalisation Adjustment Fund within the Union budget for 2018.

This amount was granted in **response to Belgium's application** for EGF funding for redundancies at Caterpillar Solar Gosselines and its five suppliers. This application complies with the conditions for setting the amount of the financial contribution from the EGF in accordance with Regulation (EU) No 1309/2013. Under the Regulation, Belgium also decided to provide personalised services co-financed by the EGF to **300 young people who are not working, studying or training** (NEET).

As a reminder, the European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis.

The annual allocation of the EGF shall not exceed the maximum annual amount of EUR 150 million for the period 2014-2020.

ENTRY INTO FORCE: 8.6.2018. This Decision shall apply from the date of its adoption, 30.5.2018.