



Closure of the OPEL factory in Antwerp For a future European industrial policy

Background:

General Motors, leading manufacturer in the car industry, found itself on the edge of bankruptcy in 2008. It was bailed out by the US government with a federal aid of \$9 billion and announced its restructuring plans, with job cuts around 8000 and a reduction of 20% in capacity in response to falling demand. GM planned to sell Opel to a consortium, which could have led to save at least a part of the workforce, but the deal was off when GM decided Opel was part of its worldwide strategy. GM's car production in Europe is concentrated in Germany, Belgium, Spain, Poland and the UK.

Closure - job cuts:

From 2001 onwards, when the first rumours about a possible closure of the Antwerp plant started to circulate. The regional government of Flanders has given almost € 18 million in direct support to Opel, while workers contributed for the new small SUV vehicle € 26 million per year since 2007 via wage cuts, bonuses and working time.¹ It seems that whenever Opel needed help, the government and the workers were ready to open their wallets. But now GM's European management has to restructure, both governments and workers find that their calls remain unanswered. After a year of rumours and uncertainty, the closure of the Opel plant in Antwerp was announced on the 21 January 2010 by Chief Executive *Nick Reilly*, who explained it as "the unfortunate result of the current economic and business reality". However, according to the European Works Council, the closure was "one-sided and economically unreasonable". The EWC actually put down on the table a proposal based on European solidarity and which would have led to the maintenance of production in all plants across Europe. Despite this, Opel's management seems determined to close the plant and feels it can behave with total disregard for the letter and the spirit of the European Works Council Directive. It is an attack on the basic rules of the European social model.

As a result, 2600 workers will lose their jobs when the factory will stop the production and close in June - July 2010. Job losses at suppliers and part manufacturers are estimated around 5000! Job cuts are also estimated in Germany, up to 4000. The models, formerly produced in Antwerp will be manufactured mainly in South Korea and partly in Germany (N.B. South Korea only needs the approval of the EP for entering a full free trade agreement with the EU). In order to ensure the survival of Opel, GM is asking for € 2,7 billion in state aid. In the framework of the planned restructurings, GM has decided that it has no place any more for Opel's Antwerp plant, even though this factory made a handsome profit of € 3,4 million in 2009 - the *annus horribilis* of the European automobile industry. And that was after it had already transferred € 30 million to GM Europe in order to help cover others' losses.

¹ GME EWC press release of 21-Jan

S&D solidarity visit in Antwerp:

On the 26 January, workers from the company's German factories, as well as a delegation of S&D Members (Kathleen Van Brempt, Jutta Steinruck, Evelyn Regner and Olle Ludvigsson) visited the Antwerp plant and called for European solidarity. Given the success of this delegation, other similar delegations could be organised to sites where major restructuring is taking place

Debate in plenary:

On Monday 8th February our Group has strongly pressed the Commission to be pro-active and propose a European solution to the crisis based on solidarity while ensuring proper implementation of EU law and state aid rules. Our members also underlined the lack of solidarity in the ranks of the EPP and ALDE groups with the Belgian workforce (mainly Belgian MEPs were present among their Members).

Weak response from the European Commission:

The European Commission announced that Antwerp factory would be eligible for an application to the European Globalization and Adjustment Fund in case Belgium decided to ask for it. It also promised an investigation on the legality of any State aid and also initiated an ex-ante report on the restructuring of Opel Antwerp despite the lack of a proper legal base. However, this remains too little, too late. When it comes to mergers and acquisitions, the European Commission plays a prime role in checking that certain criteria are taken into account. Even the world's biggest companies, such as Microsoft, fear the Commission's judgement and powers. With restructurings, on the other hand, we can only ascertain the manifest weakness of the Commission.

Respect of European legislation and contractual obligations:

The Antwerp plant closure announcement has apparently come in advance of the presentation of a business plan for Opel's operations more generally, on which it should be dependent. On the basis of Article 27 of the EU Charter of Fundamental Rights², the Directive on worker information and consultation rights (Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002) and the European Works Council directive it's difficult to see how the rights of GM's European workforce are being respected and the company's obligations fulfilled, in the absence of such a business plan.

Furthermore, existing collective agreements between GM Europe and unions in the company include commitments that production of SUV vehicles would be reserved for the Antwerp plant. However, the company's announcement of 21st January 2010, states that these vehicles will be produced in South Korea. This is a clear breach of GME's contractual obligations. Meanwhile GM Europe's management are hoping to attract European and national state aid and apply for European Investment Bank (EIB) loans.

Future strategy

Close to a billion cars will be built in the next 20 years: the question is how many among them will be green and how many will be built in Europe. Rather than fighting for small bits of the market among Member States, the EU should seek to win new markets and distribute them among the production sites across Europe. The Socialists and Democrats should act now to put forward a strategy to develop production in the EU with a gradual change towards green cars.

² "Workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Union law and national laws and practices."

In the **short-term**, we should:

- put political pressure on Opel's management in order to **maintain production** in the Antwerp plant and monitor the Belgian court case concerning the contractual obligations of Opel to produce SUV cars in Antwerp (the issue of applicability of cross-border collective agreements)
- ensure that the **Commission enforces the European Works Council Directive** and puts in place sanctions in case of non-respect
- organise an **S-D conference on the future of industrial policy** in Europe (October 2010)
- adopt a **Group paper developing our green jobs' strategy**, including a sector specific strategy for car and utility vehicle production

In the **longer-term**, we must put pressure on the new Barroso Commission in order to:

- **create an effective, pro-active and ambitious European industrial policy** in order to maintain and develop high quality industrial activities and better linkage between competitiveness, industry and skills in the framework of the Strategy 2020.
- set up a **European Automotive Sectoral Council** and create a European sectoral strategy for automobile (similar to the one set up in the shipbuilding sector LeaderSHIP), as requested by the European Metal Workers Federation, in order to ensure an integrated policy for the automotive sector including the supply sector, new qualifications etc.
- ensure that **European funds** (10 billion in 2009) are linked with a **strong conditionality** for investment into R&D and the transition to a low carbon economy and respect of contractual obligations; ensure that European Investment Bank does not simply encourage relocation to lower-wage regions without investment in innovation, because such policy leads to capacity reduction within the whole of the EU with taxpayers' money covering the social consequences (European Social Fund and European Globalisation Adjustment Fund) and creates direct pressure on wages and working conditions in the existing production sites
- adopt a **new legal framework** regarding the role of the European Commission in **transnational restructurings with clear rules and control mechanisms** similar to those which exist in the area of mergers and acquisitions including **ex-ante assessment powers**. This would allow the Commission to assess the attainability, soundness and objectiveness of the restructuring on the basis of a clear business plan handed over to the Commission in advance. This power can be based on article 6 of the treaty on the functioning of the European Union which includes the promotion of a high level of employment, adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.
- create a **legal framework for transnational collective bargaining and agreements** at either enterprise level or sectoral level in order to support companies and sectors to handle challenges dealing with issues such as work organisation, employment, working conditions, training. It will give the social partners a basis for increasing their capacity to act at transnational level.
- **strengthen the European Works Councils Directive** in order to strengthen their capacity to anticipate change and avoid social crises.

Stephen Hughes
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