

## General Electric: Stop destroying the capacities GE needs for long-term growth and quality jobs!

### Declaration by the European trade unions representing workers in General Electric energy businesses

Brussels, 20 March 2018

In January 2016, following its acquisition of Alstom Power, General Electric targeted 6,500 European jobs to be cut. At the time, GE management stated that the restructuring plan was meant to put GE energy-related activities back on the right track. And yet, in December 2017, another massive cost reduction plan was introduced which targets an additional 5,500 European jobs. **In just two years, no fewer than 12,000 jobs in GE energy businesses were put on the chopping block across Europe.**

Trade unions that represent GE workers in Austria, Belgium, Finland, France, Germany, Italy, Poland, Spain, Switzerland and the United Kingdom unanimously condemn these decisions and say ENOUGH to a short-sighted, mainly financially-driven strategy that is jeopardising the future of the company. It is high time for GE management to learn its lesson: brutal restructuring plans and massive layoffs have nothing but an adverse effect as they destroy GE capabilities to serve the energy market. We keep telling, management keep ignoring and GE is inevitably heading to disaster!

Are the brutal and massive job cuts and site closures justified by any difficult situation GE is encountering? **Absolutely not, GE is doing well.**

GE businesses in Power, Renewable Energy and Oil & Gas segments remain profitable: they all display positive revenues in 2017 (up to 63.5 billion dollars in the aggregate) as well as positive profit (an aggregate 3.7 billion dollars). The order backlog at GE Power even grew by 3% to reach 98 billion dollars and GE Renewable Energy business increased its profit by 26% in 2017. Prospects are promising since GE expects global electricity use to rise by 26% over the next decade, while the Oil & Gas business “is making strong progress on integration and synergy targets are on track”<sup>1</sup>. What GE has faced lately is nothing but a bumpy return to earth, i.e. realistic and achievable levels of profitability, which are finally consistent with the market situation.

**The only rationale behind, once again, putting thousands of workers and their families, as well as GE industrial capacities at risk, is to generate as much cash as possible** as quickly as possible, to reassure shareholders who have seen the stock price reach historically low levels, dropping by 47% in one year.

Let us recall that “run the company for cash” is one of GE’s official mottos. Albeit to the detriment of workers!

Albeit to the detriment of shareholders too, who are wholly mistaken if they believe the massive 20 billion dollar divestment in industrial assets and accompanying jobs, as well as site eliminations will bring back industrial growth.

Albeit to the detriment of GE customers, whose confidence in GE abilities to deliver is fading fast as the shortage of workers’ strategic know-how and lack of investment is already preventing the demand from being met in production and maintenance.

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<sup>1</sup> GE 2017 annual report.

Albeit to the detriment of GE suppliers, who will be directly impacted by the intended 30% reduction of GE's manufacturing footprint.

GE is confronted with a changing world: transition to low-carbon economies, climate change, energy efficiency, digitalisation and electrification of transportation vehicles are challenges likely to yield both constructive and disruptive results. GE's plan to adjust to the transformation of market needs does not, however, mean complete upheaval of its current industrial activities: "We will cultivate new technologies, while revitalising traditional ones so that they can work together synergistically in the 21<sup>st</sup> century global power system" promised GE management<sup>2</sup>.

Unfortunately, the **many inconsistencies that exist between the new GE industrial strategy and its current restructuring choices will prevent GE management from keeping their promise:**

- How can GE be an "innovation-driven company" when it is planning to close R&D centres and drastically cut innovation investments?
- How can GE rely on strong industrial capacities when it is exposing itself to even further skills shortages and loss of GE workers' essential technological expertise and know-how?
- How can GE "believe that we have the right technologies, platforms, people, and mindset to successfully lead this transition"<sup>3</sup> and scrap it all for the sole purpose of generating short-term cash and shareholder value?
- How can GE maintain its leading position in the face of an energy transition which requires long-term planning and industrial anticipation while it continues to be driven by financial quarterly-based decisions?
- How can GE promote itself as a "sustainable company" when it chooses plant closures, job cuts and massive layoffs instead of working on repositioning its existing capabilities and securing GE workers' employability via retraining, upskilling and internal mobility?

Thanks to highly committed workers and 125 years of active experience in Europe, GE has become a key player in providing Europe's energy equipment. Even today, GE is powering 30% of the world's electricity and equips 90% of power transmission utilities worldwide. At a time when Europe is no longer the most profitable "regional hotspot" for GE and global trade relations with some parts of the world are becoming strained, we are also appealing to EU policy-makers to confront GE with its responsibility in contributing to EU energy policy and energy independence.

**Trade unions from across Europe put it very bluntly: we will not let workers bear the brunt of incoherent management** which failed in anticipating the speed and scale of the transformation in the energy market. We therefore demand that GE:

- #1** Suspend the restructuring plan, stop job cuts and plant closures;
- #2** Adopt an alternative long-term industrial growth-oriented strategy based on high-level investments, ground-breaking innovation, job creation and quality jobs;
- #3** Provide full transparency and regular information on GE strategy via close dialogue between trade unions and worker representatives on the one hand and actual GE decision-makers on the other, to anticipate and manage transition within GE in a socially responsible manner;
- #4** Commit to maintaining GE manufacturing capacities in Europe to support EU energy policy.

European trade unions are committed to defending the future of GE jobs and sites across Europe and will pursue their coordination at national and European level in the coming weeks under the auspices of

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<sup>2</sup> GE "Reimagining our electricity future" Whitepaper.

<sup>3</sup> Ibid.

industriAll Europe. Further trade union actions and worker mobilisation are planned, and contact will be established with both EU and local policy-makers.