

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding ancillary sectors in Spain

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain facing redundancies in related shipbuilding sectors.

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

CONTENT: the rules for financial contributions from the European Globalisation Adjustment Fund (EGF) are set out 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.

Against this background, the Commission has examined the application to mobilise the EGF for Spain and has concluded the following:

Spain's application (EGF/2020/001 ES/Galicia ancillary shipbuilding sectors)

On 13 May 2020, Spain submitted an application for a financial contribution from the EGF in respect of 960 redundancies in Galicia, a NUTS 2 region, in the ' ancillary shipbuilding sectors'.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain claimed that the global maritime industry has changed dramatically over the last 20 years due to the considerable expansion of shipbuilding in Asia, which is causing increased competition worldwide.

In the space of 15 years (from 2004 to 2019), Europe has largely lost the battle to Asian countries benefiting from lower labour costs, subsidy policies and preferential tax treatment. In terms of the order book, Europe's share in 2019 was 14.7% (5% lower than in 2002), while China's share as world leader was 34%, South Korea's share was 26% and Japan's share was 15%.

The decline in the EU's market share in global ship building sector and the increase in international competition have had disastrous consequences on the related shipbuilding sectors in Galicia. Due to difficulties in some of the region's shipyards, turnover in the sector has fallen by 11% and 20.8% of jobs have been lost in 2019.

The liquidation and closure of the Factorías Vulcano shipyard in July 2019 and the request for creditors pre-bankruptcy by HJ Barreras shipyard in October 2019 are the main events leading to the redundancies.

The Commission considers that the Spanish application is admissible as it is a collective application involving only SMEs located in a region, Galicia, where SMEs are the main type of business and where the redundancies have a serious impact on employment and on the local, regional or national economy.

Beneficiaries and personalised services

An estimated 500 redundant workers are expected to participate in the measures (470 men and 30 women), 78.2% of whom are aged between 30 and 54. The reference period covered by the application is 9 months (from 23 May 2019 to 23 February 2020).

The personalised services to be provided to the dismissed workers include: (i) information sessions on counselling and training programmes and preparatory workshops; (ii) occupational guidance towards paid employment or self-employment; (iii) training on key and horizontal skills, preparation for tests towards the recognition of prior learning, re-skilling; (iv) intensive job search assistance; (v) post-reintegration follow-up; (vi) incentives for participation.

The total cost is estimated at EUR 3 424 000, corresponding to expenditure on personalised services (EUR 3 274 000) and funding for preparation, management, information and publicity, monitoring and reporting activities (EUR 150 000).

Spain started to provide the personalised services to the targeted beneficiaries on 13 August 2020.

Financial contribution

The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 .

Having examined the application in respect of the conditions set out in the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of **EUR 2 054 400**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.