

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

2020/1996(BUD) - 20/10/2020 - Budgetary text adopted by Parliament

The European Parliament adopted by 645 votes to 33, with 9 abstentions, the resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Spain - EGF/2020/001 ES/Galicia shipbuilding ancillary sectors.

## *Basis for the redundancies*

On 13 May 2020, Spain submitted an application EGF/2020/001 ES/Galicia shipbuilding ancillary sectors for a financial contribution from the EGF, following redundancies in the shipbuilding ancillary sectors, in enterprises located in the NUTS level 2 region of Galicia (ES11). In particular, it concerns 960 workers made redundant and refers to the mobilisation of a total amount of EUR 2 054 400 from the EGF for Spain representing 60 % of the total costs of EUR 3 424 000, comprising expenditure for personalised services of EUR 3 274 000 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 150 000.

Following its assessment of this application, the Commission concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

In this resolution, Parliament agreed to mobilise the European Globalisation Adjustment Fund to provide the amount of **EUR 2 054 400** in commitment and payment appropriations.

## *Reasons for the redundancies*

SMEs are the backbone of the region's economy which has more than 95 % of its enterprises with less than 250 workers and whereas the 38 enterprises concerned by this application are SMEs. Galicia is part of the Atlantic Axis association and its economy considerably relies on cross-border companies and workers.

Galician shipbuilding follows the subcontracting pattern of the European shipbuilding sector which is mostly made up of small and medium shipyards, with a very high percentage of subcontracting in value and employment.

Spain argued that, since 2004, Europe has been losing its merchant shipbuilding industry to East-Asia and that the economic and financial crisis that started in 2008 resulted in a significant decline in orders, the expansion of shipbuilding in Asia and intensive global competition.

## *Targeted beneficiaries and incentives*

Parliament noted that 94 % of targeted beneficiaries are men and 78.2 % of them are between 30 and 54 years old. The proposed personalised services to be provided to redundant workers include: (i) information sessions and preparatory workshops, (ii) occupational guidance towards employment or self-employment, training (including training towards entrepreneurship will be provided for those aiming at

self-employment), (iii) tutoring after reintegration into work, (iv) intensive job-search assistance and (v) a variety of incentives.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements. It also recalled that according to the current rules, the EGF could be mobilised to support permanently dismissed workers and the self-employed in the context of the global crisis caused by COVID-19 without amending the EGF Regulation, as Spain is one of the Member States with a severe negative impact following the pandemic.