Mobilisation of the European Globalisation Adjustment Fund: redundancies in metal products manufacturing in Spain

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to help Spain facing redundancies in the metal sector.

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

CONTENT: on 25 June 2021, Spain submitted an application for a financial contribution from the EGF, following **redundancies in the metal manufacturing sector (excluding machinery and equipment) in the Basque region in Spain**.

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

Grounds for the application

The Spanish application is based on the intervention criteria of Article 4(2)(b) of the EGF Regulation, which requires the cessation of activity of at least 200 redundant workers, over a reference period of six months, in enterprises all operating in the same economic sector and located in one region or two contiguous regions at NUTS level 2 in a Member State

There were **491 redundant workers** in the NUTS level 2 region of the Basque region in Spain. The six-month reference period for the application is from 2 June 2020 to 2 December 2020.

Events leading to the redundancies and cessation of activity

The event leading to the redundancies is the economic crisis caused by the COVID-19 pandemic. The strict lock down measures implemented by Spain in the second quarter of 2020 led to a slowdown in non-essential economic activities and services, which severely affected the metals sector.

In 2020 (compared to the previous year), **production fell by more than 50% in 18% of metal companies** . In 16% of companies, turnover also fell by more than 50%. One third of the metalworking companies experienced a fall in production and turnover of between 30% and 50%.

Despite the intensive use of partial unemployment, 14% of the companies in the metal sector made redundancies, affecting 10.6% of their workforce.

Given the high weight of the metal products manufacturing sector in the economy of the Spanish Basque Country (27.4% of the industry's gross added value), the difficulties it has encountered have had a significant impact on the economy and employment in the region. In August 2020, there were **25% more unemployed than six months earlier**. Although the registered unemployment rate fell (6.21%) between January and May 2021, it remains 4.6% higher than before the pandemic.

Beneficiaries

Out of 491 redundant workers, it is estimated that 300 redundant workers should participate in the measures.

The **personalised services** to be provided to the redundant workers include the following actions: (i) general information on vocational counselling and training programmes and available incentives; (ii) vocational guidance; (iii) intensive job search assistance; (iv) support and contribution to business creation of up to EUR 8000; (v) training and (vi) participation, job search and training allowances.

The measures have been designed in line with the Spanish circular economy strategy. The training helps to stimulate the process of digital transformation of the industry.

The total estimated cost amounts to EUR 1 428 950. It corresponds to the expenditure for personalised services, which amounts to EUR 1 384 950, and to the expenditure for financing the preparation, management, information and publicity activities, as well as to the expenditure for monitoring and reporting, amounting to EUR 44 000.

Budget proposal

The annual allocation to the EGF does not exceed EUR 186 million (in 2018 prices), as foreseen in the Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021-2027.

Following the assessment of the application, the Commission proposes to **mobilise the EGF for an amount of EUR 1 214 607**, representing 85% of the total cost of the proposed actions, in order to provide a financial contribution for the application.