Mobilisation of the European Globalisation Adjustment Fund: redundancies in warehousing and support activities for transportation in Italy

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to help Italy facing redundancies in the warehousing and support activities for transportation.

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

CONTENT: on 15 July 2021, Italy submitted an application for a financial contribution from the EGF, following redundancies in **Porto Canale** (Porto Industriale di Cagliari SpA) in Italy.

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

Grounds for the application

Italy submitted the application under the intervention criterion of Article 4(3), derogating from the criterion of Article 4(2)(a) of the EGF Regulation, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months in an enterprise in a Member State, including workers displaced in suppliers and downstream producers and / or self-employed persons whose activity has ceased.

The application concerns **190 redundant workers** who ceased their activity in Porto Canale. The redundancies occurred in the NUTS 2 region of Sardinia. The four-month reference period runs from 1 September 2020 to 1 January 2021.

Events leading to redundancies and cessation of activity

Between 2011 and 2018, the tonnes in transit along the Suez Canal increased by 42%, while the activity of the Italian ports increased only by 2% and activity in the port of Cagliari has been steadily declining over this period.

The process of concentration involving global shipping lines has lead to changes in the transhipment operations in the Mediterranean Sea. Container volumes and operations have been moved to the hubs located at the edges of the Mediterranean basin, such as Piraeus, Port Said, Tanger-Med and Algeciras.

The Port of Cagliari has a significant disadvantage in the global trade network: it cannot offer land connections with the rest of Italy and Europe. In 2018, traffic fell by 90% and losses amounted to more than EUR 3 million. In 2019, the container terminal of Cagliari did not receive any ship calls during a few months, as a result of its main customer's (Hapag Lloyd) strategic choices.

Consequently, Contship Italia Group, the sole shareholder of Porto Industriale di Cagliari S.p.A, the concessionaire of the container terminal, decided to end its operations in Cagliari and to voluntarily liquidate its subsidiary Porto Industriale di Cagliari SpA.

The pandemic crisis has led to a significant deterioration of the Sardinian labour market, which due to its insularity far away from the mainland constitutes a small labour market.

Beneficiaries

All 190 displaced workers are expected to be eligible.

The **personalised services** to be provided to redundant workers include: (i) general information and career guidance; (ii) career development advice; (iii) job search assistance; (iv) mentoring to adapt to a new job; (v) business start-up support and contribution up to EUR 22 000; (vi) training related to logistics (goods movement, transport planning, etc.) and maintenance of machinery involved in freight distribution; (vii) recruitment incentives for companies recruiting former Porto Canale workers and reimbursement of mobility costs.

The measures were planned in line with the Italian national strategy for sustainable development. The training will improve the digital skills of the redundant workers.

The estimated total costs are EUR 1 756 950, comprising expenditure for personalised services of EUR 1 686 750 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 70 200.

Budgetary proposal

The maximum annual amount should not exceed EUR 186 million (in 2018 prices), as laid down in Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027.

Having examined the application, the Commission proposes to **mobilise the EGF for EUR 1 493 407**, representing 85 % of the total costs of the proposed measures, to provide a financial contribution for the application.