Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Spain

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

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

CONTENT: on 26 July 2021, Spain submitted an application to mobilise the EGF, following **redundancies in the automotive sector in 50 enterprises in the Aragón region of Spain**.

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 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 redundancy 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.

The application concerns **592 redundant workers**. The four-month reference period runs from 1 November 2020 to 1 May 2021.

Events leading to the redundancies and closure

The events giving rise to these displacements are the impact on the Spanish automotive sector of the **COVID-19 pandemic** and the **shortage of semiconductors**.

The pandemic had a significant impact on the activity and turnover of the enterprises operating in the automotive sector in Spain, which resulted in a decline in sales (32.3%), production (18.9%), and turnover (11.3%) in 2020 compared to 2019. Production in June 2021 was lower by 33.8% compared to June 2019 and by 18.1% compared to June 2020.

The lockdown and the shortage of semiconductors forced to interrupt or slow down car production in Spain, which has led to subsequent job losses. It is estimated that the chip-crisis was forecast to lead to losses of approximately EUR 60 billion in the automotive sector. The figure has been revised upwards to over EUR 90 billion. The sector expects this issue to continue throughout the first half of 2022.

In Aragón, the automotive sector represents 2.42% of net employment and around 6% of regional GDP. Unemployment between February and June 2021 remains 26% higher than pre-pandemic levels (60 000 job seekers in June 2019).

Beneficiaries

An estimated **320 redundant workers** are expected to participate in the measures.

The **personalised services** to be provided to the redundant workers include: (i) general information and welcome sessions; (ii) vocational guidance; (iii) job search assistance; (iv) training, e.g. for soft and digital skills and reskilling; (v) incentives for participation in the measures and for outplacement.

The measures were planned in line with the Spanish circular economy strategy.

The estimated total costs are EUR 1 652 780, comprising expenditure for personalised services of EUR 1 600 280 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 52 500.

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 1 404 863, representing 85 % of the total costs of the proposed measures, to provide a financial contribution for the application.