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

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The Committee on Budgets adopted the report by Eider GARDIAZABAL RUBIAL (S&D, ES) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for a total of EUR 1 214 607 in commitment and payment appropriations to assist Spain in supporting displaced workers.

The European Globalisation Adjustment Fund (EGF) is intended to provide additional support to workers suffering from the consequences of major structural changes in world trade patterns. In light of the COVID-19 pandemic and its social and economic consequences, the Commission reinforced the role of the EGF as an emergency tool and allowed for cases directly linked to the pandemic to be financed from the EGF.

Spanish application

Spain submitted application EGF/2021/001 ES/País Vasco metal for a financial contribution from the European Globalisation Adjustment Fund (EGF), following the displacement of 491 workers in the economic sector classified under the NACE Revision 2 division 25 (Manufacture of fabricated metal products, except machinery and equipment) in the NUTS 2 region of País Vasco (ES21) in Spain. The application relates to a total of 491 displaced workers whose activity has ceased, out of which 192 occurred in the course of collective redundancies that were notified to the authorities in six companies. Furthermore, the report noted that Spain expects that 300 out of the total eligible beneficiaries will participate in the measures (targeted beneficiaries).

Members agreed with the Commission that the conditions set out in the EGF Regulation are met and that Spain is entitled to a financial contribution of **EUR 1 214 607 under that Regulation**, which represents 85 % of the total cost of the proposed actions.

Link between the redundancies and a global financial and economic crisis

The report noted that the COVID-19 pandemic, the strict lockdown measures implemented in the second quarter of 2020 in Spain and the subsequent shortages of supplies and raw materials have adversely affected the metal sector in the country. In the Basque region, the fabricated metal products sector represents 27.4 % of the gross value added (GVA) of the industry, while the EU-28 average is 18.8 %. In 2020, production in Spain fell by more than 50 % in 18 % of the metal enterprises, turnover fell by more than 50 % in 16 % of the businesses and a third of metal enterprises experienced a decrease between 30 % and 50 % of both production and turnover.

The social impacts of the redundancies are expected to be important for workers, as well as the entire Basque region, where the number of unemployed persons increased by 25 % between March and August 2020, and where long-term unemployment represented 55.6 % of total unemployment in May 2021. Moreover, the report noted that the wage gap between men and women is 22.6 % and the temporary employment rate is 25.8 % in the Basque region, 11.6 % above the EU average, which is 14.2 %.

Personalised package of services

Members noted that Spain is planning **seven types** of actions for the displaced workers and self-employed persons:

- profiling sessions;

- occupational guidance;

- job-search assistance;

- support and/or contribution to business creation;

- re-skilling, up-skilling;

- on-the-job training;

- participation allowances.

Lastly, Members reiterated that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements, or any allowances or rights of the recipients of the EGF allocation to ensure full additionality of the allocation.