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 23 September 2021, Spain submitted an application for a financial contribution from the EGF, following displacements in the automotive sector (manufacture of motor vehicles, trailers and semi-trailers) in the region of Cataluña in Spain.

Following the assessment of this application, the Commission 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 displaced workers over a reference period of six months in enterprises operating in the same economic sector and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

There were **346 displaced workers** in the NUTS 2 region of Cataluña in Spain. The six-month reference period for the application runs from 1 January 2021 to 1 July 2021. In addition, **359 workers** were dismissed after the six-month reference period.

Events leading to the economic crisis

The automotive industry is the third most important sector in Catalonia (after chemicals and food) both in terms of turnover and employment. The turnover of the automotive industry (EUR 23.8 billion) represents more than 10% of the region's GDP. The sector provides around 143 000 jobs (direct, indirect and induced jobs), that represents 4.2% of the Catalan employed population.

The event giving rise to these displacements is Nissan’s decision to stop activities and close down its plant in Catalonia. On 27 May 2020, Renault, Nissan and Mitsubishi presented their new strategic plan based on a leader-follower scheme and on complementarity between companies. Each company would focus on a particular type of vehicle, per product segment i.e. the leading company will engineer one mother vehicle (leader car) and sister vehicles with the support of the followers’ teams. Each enterprise will also focus on its core regions. Under this scheme, Nissan will focus on China, North America and Japan; Renault on Europe, Russia, South America and North Africa; and Mitsubishi on Southeast Asia and Oceania.

The following day, triggered by the steady contraction of the EU market share in global passenger car production, Nissan confirmed its intentions to reduce its presence in Europe to refocus on more profitable markets and announced the closure of its plant in Barcelona.

The closure of Nissan's plant in Barcelona resulted in more than 2 500 direct redundancies and the loss of 8 000 jobs among its suppliers (3 000 among top-tier suppliers, those who negotiate directly with vehicle manufacturers, and additional 5 000 among smaller suppliers).

Beneficiaries

Out of 705 redundant workers, it is estimated that **450 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) occupational guidance; (iii) training and reskilling; (iv) support and contribution to business creation of up to EUR 5000; (v) tutoring and (vi) incentives.

The measures have been designed in line with the Spanish circular economy strategy.

The estimated total costs are EUR 3 288 419, comprising expenditure for personalised services of EUR 3 138 300 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 150 119.

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 examination of the application, the Commission proposes to mobilise the EGF for **EUR 2 795 156**, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.