Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of electrical equipment sector in Greece

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PURPOSE: to mobilise the European Globalisation Adjustment Fund to assist displaced workers in the electrical equipment manufacturing sector in Greece.

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

CONTENT: on 21 December 2021, Greece submitted an application EGF/2021/008 EL/Attica electrical equipment manufacturing for a financial contribution from the EGF, following displacements in the manufacture of electrical equipment sector.

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

Greece submitted its application under the intervention criteria set out in Article 4(2)(a) of the EGF Regulation, which requires at least 200 workers to be made redundant over a reference period of four months in an enterprise in a Member State.

The application relates to 206 displaced workers whose activity has ceased in the economic sector classified under the NACE Revision 2 division 27 (Manufacture of electrical equipment). The redundancies are located in the NUTS 2 region of Attica (EL30). The collective redundancies concern 6 enterprises in total.

The reference period of six months for the application runs from 1 April 2021 to 1 October 2021.

Events leading to the displacements and cessation of operations

The primary event giving rise to these redundancies is the closure of Pitsos' production plant in Attica, while retaining the brand, sales and service department in Greece. A combination of factors, including the lack of automation and advanced manufacturing, high production costs of electrical household appliances and domestic supply shortages of electrical components resulted in a loss of competitiveness of Pitsos' factory. To reduce manufacturing costs and to optimise production facility, the plant required substantial capital investments. However, such investments were not supported by BSH-Pitsos management, and eventually it was decided to move production to Turkey, where the production costs are lower.

Moreover, a long-lasting socioeconomic crisis (2008-2016) in Greece had a significant impact in consumers’ expenditure, which in turn decreased domestic demand for new household appliances. Between 2008 and 2016 spending on household appliances in Greece has decreased by 35 %, from

approximately EUR 824 million in 2008 to around EUR 536 million in 2016. Even if expenditure on household appliances recovered by 9.5 % from 2017 to 2019, it was hit again by the Covid-19 pandemic and was down by 50% in 2020 compared to 2019.

Attica region is the largest in Greece in terms of population and also has the highest number of unemployed with 342 744 people in December 2021, representing 31 % of registered unemployed people in the country. The redundancies in the manufacturing of electrical equipment sector in Attica region will further aggravate the unemployment situation, as well as the expansion of poverty in the region.

Beneficiaries

The estimated number of displaced workers expected to participate in the measures is 206 (87.4% men and 12.6% women).

The personalised services to be provided to displaced workers consist of the following measures: (i) professional counselling; (ii) training in digital skills; (iii) vocational training /education; (iv) higher education; (v) contribution to business start-up.

The proposed actions constitute active labour market measures and do not substitute passive social protection measures.

Greece has provided the required information on measures that are mandatory for the enterprises concerned by virtue of national law or pursuant to collective agreements. It has also confirmed that a financial contribution from the EGF will not replace such measures.

Budgetary implication

The EGF shall not exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in Article 8 of 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 the amount of EUR 1 495 830, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line the amount of EUR 1 495 830.