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

2022/0170(BUD) - 23/06/2022 - Budgetary text adopted by Parliament

The European Parliament adopted by 564 votes 26, with 6 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for Displaced Workers following an application from Greece – EGF/2021/008 EL /Attica electrical equipment manufacturing.

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 1 495 830** in commitment and payment appropriations in response to the application submitted by Greece in the electrical equipment manufacturing sector.

This contribution represents 85 % of the total cost of EUR 1 759 800, comprising EUR 1 689 800 of expenditure for personalised services and EUR 70 000 of expenditure for implementing the EGF.

Background

On 21 December 2021, Greece submitted an application to mobilise the EGF, in respect of displacement of workers in the economic sector classified under the statistical classification of economic activities in the European Community ('NACE') Revision 2 division 27 (Manufacture of electrical equipment) in the Nomenclature of Territorial Units for Statistics ('NUTS') level 2 region of Attica (EL30) in Greece.

The application relates to 206 displaced workers whose activity ceased in six companies during the reference period, and who will all be considered to be eligible beneficiaries.

The social impact of the redundancies is expected to be significant for the Attica region in Greece, which had the highest number of unemployed people in Greece in December 2021 (342 744, representing 31 % of registered Greek unemployed people), and where 24.1 % of the population is at risk of poverty and social exclusion.

Events leading to the redundancies

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, expenditure for new household appliances in Greece was strongly impacted first by the economic crisis in the years from 2008 to 2016 (35 % decrease) and second by the COVID-19 pandemic (50 % decrease between 2019 and 2020), having recovered by 9.5 % between 2017 and 2019.

The basic digital skills of the Greek population also remain underdeveloped and behind the Union average, which implies a high risk of technological lag and digital illiteracy.

Beneficiaries and proposed measures

The application relates in total to **206 displaced workers** whose activity has ceased. Greece expects that all of the eligible beneficiaries will participate in the measures (targeted beneficiaries). 81.1 % of the dismissed workers have lower secondary education or less and will face difficulties in finding re-employment opportunities.

Greece will start providing the personalised services to the targeted beneficiaries as soon as the mobilisation decision is adopted by the budgetary authorities.

The personalised services to be provided to the workers consist of the following actions: (i) professional counselling, (ii) training in digital skills, (iii) vocational training and education, (iv) higher education, (v) contribution to business start-up, (vi) and a variety of allowances.

Parliament welcomed that training in digital skills was included as a horizontal element in designing the proposed actions, which will contribute to the dissemination of horizontal skills required in the digital industrial age as well as in a resource-efficient economy. It also called on the Commission to reduce the time taken to assess EGF assistance requests and to mobilise the EGF in a more rapid way, so as to reduce the pressure on national social security systems of the affected regions.

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