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

2023/0068(BUD) - 16/03/2023 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in support of Spain in relation to displaced workers in the metallurgy sector in Alu Ibérica LC S.L.

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

CONTENT: on 30 November 2022, Spain submitted an application for a financial contribution from the EGF, relating to the **redundancies in Alu Ibérica LC S.L**. in Spain.

Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

Grounds for the application

Spain submitted this application under the intervention criterion of 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 concerns **303 workers made redundant** in Alu Ibérica. The enterprise concerned was active in the manufacture of metal sector. The redundancies took place in the NUTS 2 region of Galicia. The four-month reference period runs from 10 May 2022 to 10 September 2022.

Events that led to the displacements and cessation of activity

The event giving rise to these displacements is the loss of competitiveness resulting from the increase in the prices of energy and raw materials, such as magnesium, together with the decline in world aluminum prices resulting from production overcapacity in China that led Alu Ibérica into liquidation.

About one million tonnes of aluminium production were halted or idled between October 2021 (when energy prices started to rise) and October 2022, because of rising energy prices and the difficulties in securing energy contracts at long-term fixed prices. Halting or closing production in Europe triggers increased imports. According to Eurometaux, China covers more than half of the global production of processed minerals and metals and is the major EU supplier for several critical raw materials (in particular magnesium, a key material in aluminium production).

According to OECD, China’s growing dominance of the aluminium industry has led to substantial disruption for other countries and global trade patterns.

The closure of Alu Ibérica has a significant impact on the labour market and the economy of the city of A Coruña, due to its size. The impact of the closure of Alu Ibérica is estimated at **615 job losses** (303 direct and 312 in in ancillary enterprises), which represent a loss of 8.2% of the manufacturing jobs.

The context of the COVID-19 crisis coupled with the Russian war of aggression against Ukraine worsen the outlook for economic development. According to the Spanish authorities, 35% of Alu Ibérica redundant workers belong to the 45+ age group, the displacements are expected to have a strong impact on the unemployment of this age group.

Beneficiaries

An estimated **303** redundant workers are expected to participate in the measures.

The personalised services to be provided to the redundant workers include the following measures: (i) general information services and preparatory workshops; (ii) occupational guidance towards employment or self-employment; (iii) training on key competencies (in particular IT skills) and re-skilling; (iv) intensive job search assistance; (v) post-reintegration tutoring; (vi) incentives.

The estimated total costs are EUR 1 500 000, comprising expenditure for personalised services of EUR 1 429 400 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 70 600.

Budget proposal

The EGF should 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 proposed measures and the estimated costs, the Commission proposes to mobilise the EGF for the amount of **EUR 1 275 000**, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.