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

2023/0068(BUD) - 20/04/2023 - Budgetary report tabled for plenary, 1st reading

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 1 275 000 in commitment and payment appropriations to assist Spain in supporting displaced workers.

Spain's application

On 30 November 2022, Spain submitted application EGF/2022/003 ES/Alu Ibérica for a financial contribution from the European Globalisation Adjustment Fund (EGF), following 303 redundancies in the economic sector classified under the NACE Revision 2 division 24 (Manufacture of basic metals), within a reference period for the application from 10 May 2022 to 10 September 2022.

The application relates to 303 workers made redundant in the company Alu Ibérica LC S.L. (Alu Ibérica) in the Spanish region of Galicia following the company's bankruptcy. The territories most affected by Alu Ibérica bankruptcy and subsequent redundancies in the A Coruña region and the city of the same name.

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 1 275 000 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 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. The COVID-19 pandemic and the Russian war of aggression against Ukraine have reduced economic competitiveness and have a negative impact on economic growth in Spain. The margins of the enterprises in Spain and their competitiveness have furthermore been reduced by the current rise in inflation, in particular the higher prices of raw materials and energy.

The redundancies stem from the dissolution of Alu Ibérica and the opening of the liquidation procedure following the company's voluntary bankruptcy since December 2021. Moreover, higher energy and raw material prices and downward pressure on world prices of aluminum resulting from production overcapacity in China contributed to the bankruptcy of Alu Ibérica.

Alu Ibérica was among the 0.1 % of businesses in Galicia with more than 250 employees. The report underlined the significant impact of the displacement on the local labour market and economy of A Coruña, a city which has been marked by a high unemployment rate well exceeding the Union average (9.5 % in Q3/2022). It also noted estimation of Spanish authorities that the liquidation of Alu Ibéria will trigger the loss of 312 jobs in ancillary enterprises, which would bring the total number of job losses to 615, equalling 8.2 % of the manufacturing jobs in A Coruña.

The displaced workers will need additional support to find new employment in the labour market, taking into account that 35 % of them belong to the age group 45+ and may experience additional reemployment challenges.

Personalised package of services

Members noted that Spain started providing personalised services to the targeted beneficiaries on 2 March 2023 and that the period of eligibility for a financial contribution from the EGF will therefore be from 2 March 2023 until 24 months after the date of the entry into force of the financing decision.

The actions include: (i) information services, intensive job-search assistance; (ii) occupational guidance and outplacement assistance; (iii) trainings, retraining, vocational training; (iv) contribution to business creation; (v) incentives and 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.