Mobilisation of the European Globalisation Adjustment Fund: redundancies in the food industry in Denmark

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to support Denmark in the face of redundancies in the sector of food product manufacturing.

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

CONTENT: on 6 December 2023, Denmark submitted an application EGF/2023/004 DK/Danish Crown for a financial contribution from the EGF, following displacements in Danish Crown and 2 suppliers and downstream producers in Denmark.

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

Denmark submitted the application under the intervention criteria of Article 4(2), point (a), of the EGF Regulation, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months.

The application relates to 692 displaced workers whose activity has ceased in Danish Crown (Danish Crown A/S) and 2 suppliers and downstream producers. The primary enterprise operates in the economic sector classified under the NACE Revision 2 division 10 (Manufacture of food products). The reference period of four months for the application runs from 19 May 2023 to 19 September 2023.

Events leading to the displacements and cessation of operations

Danish Crown is a group of Danish food companies engaged in the butchery, processing and sale of primarily pork and beef. The event giving rise to these displacements is the closure of Danish Crown's slaughterhouse in Sæby in Frederikshavn Municipality following the decline of pig available for slaughtering.

The Danish slaughterhouse sector is in a structural crisis. Since 2005, the number of pigs slaughtered in Denmark has decreased by 4.4 million (20 %). The decline is largely due to the shift from raising pigs for slaughter to raising piglets for export. Exporting piglets is more profitable for Danish farmers than fattening pigs for slaughter due to low pork prices.

The number of pigs slaughtered has been decreasing in parallel with the increase in piglets exported. Denmark exported 13.8 million piglets in 2022, 380 % more than in 2005 (3.65 million piglets). Most exports went to Germany (41.3 %) and Poland (45 %). Germany and Poland have been plagued by African swine fever for several years, so they have not been able to raise enough pigs to meet their domestic demand.

Local demand drives Danish production of pork only to a limited extent. Danish Crown exports 90 % of its production to the European, Chinese and US markets.

Beneficiaries

The estimated number of displaced workers expected to participate in the following measures is 390.

The personalised services to be provided to the redundant workers include the following actions: (i) motivation; (ii) retention; (iii) training on general competences; (iv) upskilling/reskilling training; (v) training/job-search allowance.

The estimated total costs are EUR 3 137 021, comprising expenditure for personalised services of EUR 2 878 001 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 259 020.

Budgetary proposal

The EGF should not exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in 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 1 882 212, representing 60 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.