

Basic information**2020/1996(BUD)**

BUD - Budgetary procedure

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding ancillary sectors in Spain

Subject

3.40.04 Shipbuilding, nautical industry
 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)
 8.70.50 2020 budget

Geographical area

Spain

Procedure completed

Key players

European Parliament	Committee responsible		Rapporteur	Appointed
	BUDG Budgets		HAYER Valérie (Renew)	21/09/2020
			Shadow rapporteur KYRTSOS Georgios (EPP) GARDIAZABAL RUBIAL Eider (S&D) VANA Monika (Greens/EFA) RZOŃCA Bogdan (ECR) LAPORTE H��l��ne (ID)	
	Committee for opinion		Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs		Chair on behalf of committee ��URIŠ NICHOLSONOV�� Lucia (ECR)	22/09/2020
	REGI Regional Development		Chair on behalf of committee OMARJEE Younous (GUE /NGL)	14/09/2020
Council of the European Union				

Key events

Date	Event	Reference	Summary
11/09/2020	Non-legislative basic document published	COM(2020)0485 	Summary
11/09/2020	Draft budget approved by Council		
17/09/2020	Committee referral announced in Parliament		
12/10/2020	Vote in committee		
14/10/2020	Budgetary report tabled for plenary	A9-0192/2020	
19/10/2020	Results of vote in Parliament		
20/10/2020	Decision by Parliament	T9-0269/2020	Summary
20/10/2020	Results of vote in Parliament		
21/10/2020	Results of vote in Parliament		
22/10/2020	Results of vote in Parliament		
23/10/2020	Results of vote in Parliament		
03/11/2020	Final act published in Official Journal		

Technical information

Procedure reference	2020/1996(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/04132

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Specific opinion	REGI	PE657.432	21/09/2020	
Committee draft report		PE657.462	24/09/2020	
Specific opinion	EMPL	PE658.729	01/10/2020	
Amendments tabled in committee		PE658.806	02/10/2020	
Budgetary report tabled for plenary, 1st reading		A9-0192/2020	14/10/2020	
Budgetary text adopted by Parliament		T9-0269/2020	20/10/2020	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2020)0485 	11/09/2020	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

[Decision 2020/1598](#)
[OJ L 365 03.11.2020, p. 0001](#)

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding ancillary sectors in Spain

2020/1996(BUD) - 20/10/2020 - Budgetary text adopted by Parliament

The European Parliament adopted by 645 votes to 33, with 9 abstentions, the resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Spain - EGF/2020/001 ES/Galicia shipbuilding ancillary sectors.

Basis for the redundancies

On 13 May 2020, Spain submitted an application EGF/2020/001 ES/Galicia shipbuilding ancillary sectors for a financial contribution from the EGF, following redundancies in the shipbuilding ancillary sectors, in enterprises located in the NUTS level 2 region of Galicia (ES11). In particular, it concerns 960 workers made redundant and refers to the mobilisation of a total amount of EUR 2 054 400 from the EGF for Spain representing 60 % of the total costs of EUR 3 424 000, comprising expenditure for personalised services of EUR 3 274 000 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 150 000.

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

In this resolution, Parliament agreed to mobilise the European Globalisation Adjustment Fund to provide the amount of **EUR 2 054 400** in commitment and payment appropriations.

Reasons for the redundancies

SMEs are the backbone of the region's economy which has more than 95 % of its enterprises with less than 250 workers and whereas the 38 enterprises concerned by this application are SMEs. Galicia is part of the Atlantic Axis association and its economy considerably relies on cross-border companies and workers.

Galician shipbuilding follows the subcontracting pattern of the European shipbuilding sector which is mostly made up of small and medium shipyards, with a very high percentage of subcontracting in value and employment.

Spain argued that, since 2004, Europe has been losing its merchant shipbuilding industry to East-Asia and that the economic and financial crisis that started in 2008 resulted in a significant decline in orders, the expansion of shipbuilding in Asia and intensive global competition.

Targeted beneficiaries and incentives

Parliament noted that 94 % of targeted beneficiaries are men and 78.2 % of them are between 30 and 54 years old. The proposed personalised services to be provided to redundant workers include: (i) information sessions and preparatory workshops, (ii) occupational guidance towards employment or self-employment, training (including training towards entrepreneurship will be provided for those aiming at self-employment), (iii) tutoring after reintegration into work, (iv) intensive job-search assistance and (v) a variety of incentives.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements. It also recalled that according to the current rules, the EGF could be mobilised to support permanently dismissed workers and the self-employed in the context of the global crisis caused by COVID-19 without amending the EGF Regulation, as Spain is one of the Member States with a severe negative impact following the pandemic.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding ancillary sectors in Spain

2020/1996(BUD) - 11/09/2020 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Spain facing redundancies in related shipbuilding sectors.

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

CONTENT: the rules for financial contributions from the European Globalisation Adjustment Fund (EGF) are set out in [Regulation \(EU\) No 1309/2013](#) of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927 /2006.

Against this background, the Commission has examined the application to mobilise the EGF for Spain and has concluded the following:

Spain's application (EGF/2020/001 ES/Galicia ancillary shipbuilding sectors)

On 13 May 2020, Spain submitted an application for a financial contribution from the EGF in respect of 960 redundancies in Galicia, a NUTS 2 region, in the ' ancillary shipbuilding sectors'.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain claimed that the global maritime industry has changed dramatically over the last 20 years due to the considerable expansion of shipbuilding in Asia, which is causing increased competition worldwide.

In the space of 15 years (from 2004 to 2019), Europe has largely lost the battle to Asian countries benefiting from lower labour costs, subsidy policies and preferential tax treatment. In terms of the order book, Europe's share in 2019 was 14.7% (5% lower than in 2002), while China's share as world leader was 34%, South Korea's share was 26% and Japan's share was 15%.

The decline in the EU's market share in global ship building sector and the increase in international competition have had disastrous consequences on the related shipbuilding sectors in Galicia. Due to difficulties in some of the region's shipyards, turnover in the sector has fallen by 11% and 20.8% of jobs have been lost in 2019.

The liquidation and closure of the Factorías Vulcano shipyard in July 2019 and the request for creditors pre-bankruptcy by HJ Barreras shipyard in October 2019 are the main events leading to the redundancies.

The Commission considers that the Spanish application is admissible as it is a collective application involving only SMEs located in a region, Galicia, where SMEs are the main type of business and where the redundancies have a serious impact on employment and on the local, regional or national economy.

Beneficiaries and personalised services

An estimated 500 redundant workers are expected to participate in the measures (470 men and 30 women), 78.2% of whom are aged between 30 and 54. The reference period covered by the application is 9 months (from 23 May 2019 to 23 February 2020).

The personalised services to be provided to the dismissed workers include: (i) information sessions on counselling and training programmes and preparatory workshops; (ii) occupational guidance towards paid employment or self-employment; (iii) training on key and horizontal skills, preparation for tests towards the recognition of prior learning, re-skilling; (iv) intensive job search assistance; (v) post-reintegration follow-up; (vi) incentives for participation.

The total cost is estimated at EUR 3 424 000, corresponding to expenditure on personalised services (EUR 3 274 000) and funding for preparation, management, information and publicity, monitoring and reporting activities (EUR 150 000).

Spain started to provide the personalised services to the targeted beneficiaries on 13 August 2020.

Financial contribution

The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Council Regulation (EU, Euratom) No 1311 /2013 laying down the multiannual financial framework for the years 2014-2020 .

Having examined the application in respect of the conditions set out in the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of **EUR 2 054 400**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.