Basic information

2021/0316(BUD) BUD - Budgetary procedure	Awaiting Council's 1st reading position
Mobilisation of the European Globalisation Adjustment Fund: redundancies in metal products manufacturing in Spain **Subject** 3.40.02 Iron and steel industry, metallurgical industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.51 2021 budget **Geographical area** Spain	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARDIAZABAL RUBIAL Eider (S&D)	11/10/2021
	Shadow rapporteur FERNANDES José Manuel (EPP) GARICANO Luis (Renew) VANA Monika (Greens/EFA) RZOŃCA Bogdan (ECR)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	Chair on behalf of committee ĎURIŠ NICHOLSONOVÁ Lucia (Renew)	26/10/2021

Council of the European Union

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	SCHMIT Nicolas

Key events

Date	Event	Reference	Summary
07/10/2021	Non-legislative basic document published	COM(2021)0618	Summary
18/10/2021	Committee referral announced in Parliament		
09/11/2021	Vote in committee		
10/11/2021	Budgetary report tabled for plenary	A9-0319/2021	Summary
25/11/2021	Decision by Parliament	T9-0471/2021	Summary
25/11/2021	Results of vote in Parliament		

Technical information

Procedure reference	2021/0316(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	BUDG/9/07358

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE698.965	12/10/2021	
Specific opinion	EMPL	PE699.070	26/10/2021	
Amendments tabled in committee		PE699.240	28/10/2021	
Budgetary report tabled for plenary, 1st reading		A9-0319/2021	10/11/2021	Summary
Budgetary text adopted by Parliament		T9-0471/2021	25/11/2021	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2021)0618	07/10/2021	Summary

Additional information

Source	Document	Date

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

2021/0316(BUD) - 25/11/2021 - Budgetary text adopted by Parliament

The European Parliament adopted by 662 votes to 30, with 3 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 workers made redundant following an application from Spain - EGF/2021/001 ES/País Vasco metal.

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 1 214 607 in commitment and payment appropriations** from the Union budget for the financial year 2021 in response to an application from Spain for assistance with redundancies in the metal sector in the Spanish Basque region.

This contribution represents 85% of the total cost of EUR 1 428 950, including expenditure of EUR 1 384 950 for personalised services and EUR 44 000 for EGF implementation.

Grounds for the Spanish application

The COVID-19 pandemic, the strict lockdown measures implemented in the second quarter of 2020 in Spain and the subsequent shortages of supplies and raw materials have adversely affected the metal sector in the country.

In 2020 (year on year variation), production in Spain fell by more than 50 % in 18 % of the metal enterprises, turnover fell by more than 50 % in 16 % of the businesses and a third of metal enterprises experienced a decrease between 30 % and 50 % of both production and turnover. In the Basque region, the fabricated metal products sector represents 27.4 % of the gross value added of the industry.

Eligible beneficiaries

The application relates in total to **491 displaced workers** whose activity has ceased, out of which 192 occurred in the course of collective redundancies notified to the authorities in six companies. In addition, Spain expects that **300 out of the total eligible beneficiaries will participate in the measures**. Most of the displaced workers are in the second half of their professional career and have a low level of formal qualification.

The **social impacts** of the redundancies are expected to be important for the workers, as well as the entire Basque region, where the number of unemployed increased by 25% between March and August 2020, where the gender pay gap is 22.6% and where the temporary employment rate is 25.8%.

Personalised services

Parliament welcomed that the co-ordinated package of personalised services was drawn up by Spain in consultation with the **social partners**. It welcomed that the coordinated package of personalised services will contribute to the dissemination of horizontal skills required in the **digital industrial age** as well as in a resource-efficient economy.

The proposed actions constitute active labour market measures within the eligible actions set out in the EGF Regulation and do not substitute passive social protection measures. The financial contribution will be managed and controlled by the same bodies that perform these functions for European Social Fund Plus.

In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption.

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

2021/0316(BUD) - 10/11/2021 - 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 1 214 607 in commitment and payment appropriations to assist Spain in supporting displaced workers.

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. In light of the COVID-19 pandemic and its social and economic consequences, the Commission reinforced the role of the EGF as an emergency tool and allowed for cases directly linked to the pandemic to be financed from the EGF.

Spanish application

Spain submitted application EGF/2021/001 ES/País Vasco metal for a financial contribution from the European Globalisation Adjustment Fund (EGF), following the displacement of 491 workers in the economic sector classified under the NACE Revision 2 division 25 (Manufacture of fabricated metal products, except machinery and equipment) in the NUTS 2 region of País Vasco (ES21) in Spain. The application relates to a total of 491 displaced workers whose activity has ceased, out of which 192 occurred in the course of collective redundancies that were notified to the authorities in six companies. Furthermore, the report noted that Spain expects that 300 out of the total eligible beneficiaries will participate in the measures (targeted beneficiaries).

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 1 214 607 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 report noted that the COVID-19 pandemic, the strict lockdown measures implemented in the second quarter of 2020 in Spain and the subsequent shortages of supplies and raw materials have adversely affected the metal sector in the country. In the Basque region, the fabricated metal products sector represents 27.4 % of the gross value added (GVA) of the industry, while the EU-28 average is 18.8 %. In 2020, production in Spain fell by more than 50 % in 18 % of the metal enterprises, turnover fell by more than 50 % in 16 % of the businesses and a third of metal enterprises experienced a decrease between 30 % and 50 % of both production and turnover.

The social impacts of the redundancies are expected to be important for workers, as well as the entire Basque region, where the number of unemployed persons increased by 25 % between March and August 2020, and where long-term unemployment represented 55.6 % of total unemployment in May 2021. Moreover, the report noted that the wage gap between men and women is 22.6 % and the temporary employment rate is 25.8 % in the Basque region, 11.6 % above the EU average, which is 14.2 %.

Personalised package of services

Members noted that Spain is planning **seven types** of actions for the displaced workers and self-employed persons:

- profiling sessions;

- occupational guidance;

- job-search assistance;

- support and/or contribution to business creation;

- re-skilling, up-skilling;

- on-the-job training;

- participation 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.

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

2021/0316(BUD) - 07/10/2021 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to help Spain facing redundancies in the metal sector.

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

CONTENT: on 25 June 2021, Spain submitted an application for a financial contribution from the EGF, following **redundancies in the metal manufacturing sector (excluding machinery and equipment) in the Basque region in Spain**.

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

Grounds for the application

The Spanish application is based on the intervention criteria of Article 4(2)(b) of the EGF Regulation, which requires the cessation of activity of at least 200 redundant workers, over a reference period of six months, in enterprises all operating in the same economic sector and located in one region or two contiguous regions at NUTS level 2 in a Member State

There were **491 redundant workers** in the NUTS level 2 region of the Basque region in Spain. The six-month reference period for the application is from 2 June 2020 to 2 December 2020.

Events leading to the redundancies and cessation of activity

The event leading to the redundancies is the economic crisis caused by the COVID-19 pandemic. The strict lock down measures implemented by Spain in the second quarter of 2020 led to a slowdown in non-essential economic activities and services, which severely affected the metals sector.

In 2020 (compared to the previous year), **production fell by more than 50% in 18% of metal companies**. In 16% of companies, turnover also fell by more than 50%. One third of the metalworking companies experienced a fall in production and turnover of between 30% and 50%.

Despite the intensive use of partial unemployment, 14% of the companies in the metal sector made redundancies, affecting 10.6% of their workforce.

Given the high weight of the metal products manufacturing sector in the economy of the Spanish Basque Country (27.4% of the industry's gross added value), the difficulties it has encountered have had a significant impact on the economy and employment in the region. In August 2020, there were **25% more unemployed than six months earlier**. Although the registered unemployment rate fell (6.21%) between January and May 2021, it remains 4.6% higher than before the pandemic.

Beneficiaries

Out of 491 redundant workers, it is estimated that 300 redundant workers should participate in the measures.

The **personalised services** to be provided to the redundant workers include the following actions: (i) general information on vocational counselling and training programmes and available incentives; (ii) vocational guidance; (iii) intensive job search assistance; (iv) support and contribution to business creation of up to EUR 8000; (v) training and (vi) participation, job search and training allowances.

The measures have been designed in line with the Spanish circular economy strategy. The training helps to stimulate the process of digital transformation of the industry.

The total estimated cost amounts to EUR 1 428 950. It corresponds to the expenditure for personalised services, which amounts to EUR 1 384 950, and to the expenditure for financing the preparation, management, information and publicity activities, as well as to the expenditure for monitoring and reporting, amounting to EUR 44 000.

Budget proposal

The annual allocation to the EGF does not exceed EUR 186 million (in 2018 prices), as foreseen in the Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021-2027.

Following the assessment of the application, the Commission proposes to **mobilise the EGF for an amount of EUR 1 214 607**, representing 85% of the total cost of the proposed actions, in order to provide a financial contribution for the application.