Basic information

2022/0170(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of electrical equipment sector in Greece **Subject** 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.52 2022 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	RZOŃCA Bogdan (ECR)	23/05/2022
	Shadow rapporteur ASIMAKOPOULOU Anna-Michelle (EPP) GUALMINI Elisabetta (S&D) GHEORGHE Vlad (Renew) VANA Monika (Greens/EFA) PAPADIMOULIS Dimitrios (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	Chair on behalf of committee PÎSLARU Dragoş (Renew)	02/06/2022
REGI Regional Development	OMARJEE Younous (The Left)	07/06/2022

Council of the European Union

Key events

Date	Event	Reference	Summary
30/05/2022	Non-legislative basic document published	COM(2022)0248	Summary

06/06/2022	Committee referral announced in Parliament		
21/06/2022	Vote in committee		
21/06/2022	Budgetary report tabled for plenary	A9-0185/2022	
23/06/2022	Decision by Parliament	T9-0256/2022	Summary
23/06/2022	Draft budget approved by Council		
06/07/2022	Final act published in Official Journal		

Technical information

Procedure reference	2022/0170(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/9/09114

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE732.656	31/05/2022	
Amendments tabled in committee		PE732.740	08/06/2022	
Specific opinion	EMPL	PE732.749	14/06/2022	
Specific opinion	REGI	PE734.073	14/06/2022	
Budgetary report tabled for plenary, 1st reading		A9-0185/2022	21/06/2022	
Budgetary text adopted by Parliament		T9-0256/2022	23/06/2022	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2022)0248	30/05/2022	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2022/1163
OJ L 179 06.07.2022, p. 0043

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of electrical equipment sector in Greece

2022/0170(BUD) - 30/05/2022 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund to assist displaced workers in the electrical equipment manufacturing sector in Greece.

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

CONTENT: on 21 December 2021, Greece submitted an application EGF/2021/008 EL/Attica electrical equipment manufacturing for a financial contribution from the EGF, following displacements in the manufacture of electrical equipment sector.

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

Grounds for the application

Greece submitted its application under the intervention criteria set out in 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 relates to 206 displaced workers whose activity has ceased in the economic sector classified under the NACE Revision 2 division 27 (Manufacture of electrical equipment). The redundancies are located in the NUTS 2 region of Attica (EL30). The collective redundancies concern 6 enterprises in total.

The reference period of six months for the application runs from 1 April 2021 to 1 October 2021.

Events leading to the displacements and cessation of operations

The primary event giving rise to these redundancies is the closure of Pitsos' production plant in Attica, while retaining the brand, sales and service department in Greece. A combination of factors, including the lack of automation and advanced manufacturing, high production costs of electrical household appliances and domestic supply shortages of electrical components resulted in a loss of competitiveness of Pitsos' factory. To reduce manufacturing costs and to optimise production facility, the plant required substantial capital investments. However, such investments were not supported by BSH-Pitsos management, and eventually it was decided to move production to Turkey, where the production costs are lower.

Moreover, a long-lasting socioeconomic crisis (2008-2016) in Greece had a significant impact in consumers’ expenditure, which in turn decreased domestic demand for new household appliances. Between 2008 and 2016 spending on household appliances in Greece has decreased by 35 %, from approximately EUR 824 million in 2008 to around EUR 536 million in 2016. Even if expenditure on household appliances recovered by 9.5 % from 2017 to 2019, it was hit again by the Covid-19 pandemic and was down by 50% in 2020 compared to 2019.

Attica region is the largest in Greece in terms of population and also has the highest number of unemployed with 342 744 people in December 2021, representing 31 % of registered unemployed people in the country. The redundancies in the manufacturing of electrical equipment sector in Attica region will further aggravate the unemployment situation, as well as the expansion of poverty in the region.

Beneficiaries

The estimated number of displaced workers expected to participate in the measures is 206 (87.4% men and 12.6% women).

The personalised services to be provided to displaced workers consist of the following measures: (i) professional counselling; (ii) training in digital skills; (iii) vocational training /education; (iv) higher education; (v) contribution to business start-up.

The proposed actions constitute active labour market measures and do not substitute passive social protection measures.

Greece has provided the required information on measures that are mandatory for the enterprises concerned by virtue of national law or pursuant to collective agreements. It has also confirmed that a financial contribution from the EGF will not replace such measures.

Budgetary implication

The EGF shall 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 Commission proposes to mobilise the EGF for the amount of EUR 1 495 830, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line the amount of EUR 1 495 830.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacturing of electrical equipment sector in Greece

2022/0170(BUD) - 23/06/2022 - Budgetary text adopted by Parliament

The European Parliament adopted by 564 votes 26, with 6 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 Displaced Workers following an application from Greece – EGF /2021/008 EL/Attica electrical equipment manufacturing.

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 1 495 830** in commitment and payment appropriations in response to the application submitted by Greece in the electrical equipment manufacturing sector.

This contribution represents 85 % of the total cost of EUR 1 759 800, comprising EUR 1 689 800 of expenditure for personalised services and EUR 70 000 of expenditure for implementing the EGF.

Background

On 21 December 2021, Greece submitted an application to mobilise the EGF, in respect of displacement of workers in the economic sector classified under the statistical classification of economic activities in the European Community ('NACE') Revision 2 division 27 (Manufacture of electrical equipment) in the Nomenclature of Territorial Units for Statistics ('NUTS') level 2 region of Attica (EL30) in Greece.

The application relates to 206 displaced workers whose activity ceased in six companies during the reference period, and who will all be considered to be eligible beneficiaries.

The social impact of the redundancies is expected to be significant for the Attica region in Greece, which had the highest number of unemployed people in Greece in December 2021 (342 744, representing 31 % of registered Greek unemployed people), and where 24.1 % of the population is at risk of poverty and social exclusion.

Events leading to the redundancies

The primary event giving rise to these redundancies is the closure of Pitsos' production plant in Attica, while retaining the brand, sales and service department in Greece. A combination of factors, including the lack of automation and advanced manufacturing, high production costs of electrical household appliances and domestic supply shortages of electrical components resulted in a loss of competitiveness of Pitsos' factory. To reduce manufacturing costs and to optimise production facility the plant required substantial capital investments. However, such investments were not supported by BSH-Pitsos management, and eventually it was decided to move production to Turkey, where the production costs are lower.

Moreover, expenditure for new household appliances in Greece was strongly impacted first by the economic crisis in the years from 2008 to 2016 (35 % decrease) and second by the COVID-19 pandemic (50 % decrease between 2019 and 2020), having recovered by 9.5 % between 2017 and 2019.

The basic digital skills of the Greek population also remain underdeveloped and behind the Union average, which implies a high risk of technological lag and digital illiteracy.

Beneficiaries and proposed measures

The application relates in total to **206 displaced workers** whose activity has ceased. Greece expects that all of the eligible beneficiaries will participate in the measures (targeted beneficiaries). 81.1 % of the dismissed workers have lower secondary education or less and will face difficulties in finding re-employment opportunities.

Greece will start providing the personalised services to the targeted beneficiaries as soon as the mobilisation decision is adopted by the budgetary authorities.

The personalised services to be provided to the workers consist of the following actions: (i) professional counselling, (ii) training in digital skills, (iii) vocational training and education, (iv) higher education, (v) contribution to business start-up, (vi) and a variety of allowances.

Parliament welcomed that training in digital skills was included as a horizontal element in designing the proposed actions, which will contribute to the dissemination of horizontal skills required in the digital industrial age as well as in a resource-efficient economy. It also called on the Commission to reduce the time taken to assess EGF assistance requests and to mobilise the EGF in a more rapid way, so as to reduce the pressure on national social security systems of the affected regions.

Lastly, the resolution reiterated that, to ensure full additionality of the allocation, assistance from the EGF must not replace actions or any allowances or rights of the displaced workers which are the responsibility of companies, by virtue of national law or collective agreements.