Basic information

2023/0068(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the metal sector 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) 8.70.53 2023 budget **Geographical area** Spain	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARDIAZABAL RUBIAL Eider (S&D)	17/03/2023
	Shadow rapporteur WINZIG Angelika (EPP) VANA Monika (Greens/EFA) KUHS Joachim (ID) PAPADIMOULIS Dimitrios (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	TOMC Romana (EPP)	10/03/2023
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	SCHMIT Nicolas

Key events

Date	Event	Reference	Summary
16/03/2023	Non-legislative basic document published	COM(2023)0129	Summary
29/03/2023	Committee referral announced in Parliament		
17/04/2023	Vote in committee		
20/04/2023	Budgetary report tabled for plenary	A9-0154/2023	Summary
09/05/2023	Decision by Parliament	T9-0129/2023	Summary
09/05/2023	Results of vote in Parliament		
25/05/2023	Final act published in Official Journal		
10/05/2024	Draft budget approved by Council		

Technical information

Procedure reference	2023/0068(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/9/11524

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE745.347	20/03/2023	
Amendments tabled in committee		PE745.437	29/03/2023	
Specific opinion	EMPL	PE745.298	04/04/2023	
Budgetary report tabled for plenary, 1st reading		A9-0154/2023	20/04/2023	Summary
Budgetary text adopted by Parliament		T9-0129/2023	09/05/2023	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2023)0129	16/03/2023	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Decision 2023/1022 OJ OJ L 25.05.2023

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

2023/0068(BUD) - 09/05/2023 - Budgetary text adopted by Parliament

The European Parliament adopted by 585 votes to 30, with 11 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 (EGF) for redundant workers (application submitted by Spain - EGF /2022/003/ES/Alu Ibérica).

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 1 275 000** in commitment and payment appropriations from the Union budget for the financial year 2023, in response to the application submitted by Spain relating to redundancies in the metalworking sector in the company Alu Ibérica LC S.L. in the Spanish region of Galicia.

This contribution represents 85% of the total cost of EUR 1 500 000, which includes EUR 1 429 400 for personalised services and EUR 70 600 for preparation, management, information and publicity, and monitoring and reporting activities.

Events leading to the redundancies

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 rise in energy and raw material prices and the downward pressure on world aluminium prices resulting from overcapacity in China contributed to the bankruptcy of Alu Ibérica.

Beneficiaries

The application concerns **303 workers** made redundant at Alu Ibérica, which was among the 0.1% of Galician companies with more than 250 employees.

Members stressed the significant impact of the redundancies on the local economy and labour market of A Coruña, a city with a high unemployment rate well above the EU average (9.5% in the third quarter of 2022). The redundant workers will need additional support to find a new job in the labour market, as 35% of them are in the 45+ age group and may face additional difficulties in finding a job.

Personalised services

The personalised services to be provided to workers and self-employed persons include the following actions information services, intensive job search assistance, including assistance in determining job prospects in other regions or Member States, occupational guidance and outplacement assistance, training (including horizontal compentencies, retraining, further training and internships), retraining, vocational training, support for business start-ups, and incentives and allowances, including a payment for participation in agreed reintegration measures, a contribution to travel and care costs for dependants.

Parliament welcomed the fact that Spain had developed the coordinated package of personalised services in consultation with the social partners. It welcomed the fact that priority had been given to the skills needed in digitalisation, robotisation and the transition to a green economy when designing the training offer.

In this context, Members reiterated the important role the Union should play in providing **the necessary qualifications for the just transformation** in line with the European Green Deal. It strongly supported the fact that, during the 2021-2027 MFF period, the EGF will continue to show solidarity with all persons affected, without discrimination, and maintain the focus on the impact of restructuring on workers.

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.

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

2023/0068(BUD) - 16/03/2023 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in support of Spain in relation to displaced workers in the metallurgy sector in Alu Ibérica LC S.L.

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

CONTENT: on 30 November 2022, Spain submitted an application for a financial contribution from the EGF, relating to the **redundancies in Alu Ibérica LC S.L**. in Spain.

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

Spain submitted this application under the intervention criterion of 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 concerns **303 workers made redundant** in Alu Ibérica. The enterprise concerned was active in the manufacture of metal sector. The redundancies took place in the NUTS 2 region of Galicia. The four-month reference period runs from 10 May 2022 to 10 September 2022.

Events that led to the displacements and cessation of activity

The event giving rise to these displacements is the loss of competitiveness resulting from the increase in the prices of energy and raw materials, such as magnesium, together with the decline in world aluminum prices resulting from production overcapacity in China that led Alu Ibérica into liquidation.

About one million tonnes of aluminium production were halted or idled between October 2021 (when energy prices started to rise) and October 2022, because of rising energy prices and the difficulties in securing energy contracts at long-term fixed prices. Halting or closing production in Europe triggers increased imports. According to Eurometaux, China covers more than half of the global production of processed minerals and metals and is the major EU supplier for several critical raw materials (in particular magnesium, a key material in aluminium production).

According to OECD, China's growing dominance of the aluminium industry has led to substantial disruption for other countries and global trade patterns.

The closure of Alu Ibérica has a significant impact on the labour market and the economy of the city of A Coruña, due to its size. The impact of the closure of Alu Ibérica is estimated at **615 job losses** (303 direct and 312 in in ancillary enterprises), which represent a loss of 8.2% of the manufacturing jobs.

The context of the COVID-19 crisis coupled with the Russian war of aggression against Ukraine worsen the outlook for economic development. According to the Spanish authorities, 35% of Alu Ibérica redundant workers belong to the 45+ age group, the displacements are expected to have a strong impact on the unemployment of this age group.

Beneficiaries

An estimated **303** redundant workers are expected to participate in the measures.

The personalised services to be provided to the redundant workers include the following measures: (i) general information services and preparatory workshops; (ii) occupational guidance towards employment or self-employment; (iii) training on key competencies (in particular IT skills) and re-skilling; (iv) intensive job search assistance; (v) post-reintegration tutoring; (vi) incentives.

The estimated total costs are EUR 1 500 000, comprising expenditure for personalised services of EUR 1 429 400 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 70 600.

Budget proposal

The EGF should 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 proposed measures and the estimated costs, the Commission proposes to mobilise the EGF for the amount of **EUR 1 275 000**, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.