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COM(2020) 485 final

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**

## EXPLANATORY MEMORANDUM

### CONTEXT OF THE PROPOSAL

1. The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006<sup>1</sup> (the ‘EGF Regulation’).
2. 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<sup>2</sup> in the economic sectors classified under the NACE Revision 2 Division 24 (Manufacture of basic metals), 25 (Manufacture of fabricated metal products, except machinery and equipment), 30 (Manufacture of other transport equipment), 32 (Other manufacturing), 33 (Repair and installation of machinery and equipment) and 43 (Specialised construction activities) in the NUTS level 2 region of Galicia (ES11) in Spain. Hereafter, these sectors will be referred as shipbuilding ancillary sectors.
3. 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.

### SUMMARY OF THE APPLICATION

EGF application	EGF/2020/001 ES/Galicia shipbuilding ancillary sectors
Member State	Spain
Region(s) concerned (NUTS <sup>3</sup> level 2)	Galicia (ES11)
Date of submission of the application	13 May 2020
Date of acknowledgement of receipt of the application	13 May 2020
Date of request for additional information	27 May 2020
Deadline for provision of the additional information	8 July 2020
Deadline for the completion of the assessment	30 September 2020
Intervention criterion	Article 4(2) of the EGF Regulation
Number of enterprises concerned	38

<sup>1</sup> OJ L 347, 20.12.2013, p. 855.

<sup>2</sup> Within the meaning of Article 3 of the EGF Regulation.

<sup>3</sup> Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

Sectors of economic activity (NACE Revision 2 Division) <sup>4</sup>	Division 24 (Manufacture of basic metals), Division 25 (Manufacture of fabricated metal products, except machinery and equipment), Division 30 (Manufacture of other transport equipment), Division 32 (Other manufacturing), Division 33 (Repair and installation of machinery and equipment), and Division 43 (Specialised construction activities).
Reference period (nine months):	23 May 2019 – 23 February 2020
Number of redundancies during the reference period	960
Total number of eligible beneficiaries	960
Total number of targeted beneficiaries	500
Budget for personalised services (EUR)	3 274 000
Budget for implementing EGF <sup>5</sup> (EUR)	150 000
Total budget (EUR)	3 424 000
EGF contribution (60 %) (EUR)	2 054 400

## ASSESSMENT OF THE APPLICATION

### Procedure

- Spain submitted application EGF/2020/001 ES/Galicia shipbuilding ancillary sectors within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met, on 13 May 2020. The Commission acknowledged receipt of the application on the same date, and requested additional information from Spain on 27 May 2020. Such additional information was provided within six weeks of the request. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 30 September 2020.

### Eligibility of the application

#### *Enterprises and beneficiaries concerned*

- The application relates to 960 workers made redundant in the shipbuilding ancillary sectors, in enterprises located in the NUTS level 2 region of Galicia (ES11).

<sup>4</sup> OJ L 393, 30.12.2006, p. 1.

<sup>5</sup> In accordance with the fourth paragraph of Article 7 of Regulation (EU) No 1309/2013.

<b>Enterprises and number of dismissals within the reference period</b>			
<b>Division 24</b>	<b>Manufacture of basic metals</b>		
	PIPEWORKS, S.L.	15	
<b>Division 25</b>	<b>Manufacture of fabricated metal products, except machinery and equipment</b>		
	ELABORADOS METALICOS EMESA, S.L.U.	33	
	INDUSTRIAL DE ACABADOS, S.A. (INDASA)	15	
	IRIS SOCIEDAD COOP. GALLEGA DE TRABAJO ASOCIADO	22	
	MONTAJES ROTELU, S.L.	7	
	MONTAJES TUBACER, S.L.	128	
	NAVALIBER, S.L.	88	
	TALLERES DIZMAR, S.L.	7	
	TALLERES MECANICOS GALICIA, S.L.	4	
	WELDMAN SERVICIOS CALDERIA, TUBERIA Y SOLDADURA, S.L.	31	
<b>Division 30</b>	<b>Manufacture of other transport equipment</b>		
	AZZERO MORRAZO	12	
	DOMAYO METAL SL	15	
	FACTORIAS VULCANO, S.A.	69	
	INDUSTRIAS NAVALES A XUNQUEIRA, S.L.	3	
	TUYCALDE, S.L.	8	
	VIGUESA DE CARPINTERIA Y POLIURETANO, S.L. (VICARPO)	37	
<b>Division 32</b>	<b>Other manufacturing</b>		
	CYSTERCLEAN SA	57	
<b>Division 33</b>	<b>Repair and installation of machinery and equipment</b>		
	AISLAMIENTOS SOAMAR, S.L.	2	
	BULBO	6	
	CALSOMATU SL	8	
	CANCELAS NAVAL SL	1	
	COGALSO FERROLTERRA, S.C.G.T.	5	
	EXACTA SERVICIOS NAVALES E INDUSTRIALES, S.L.	54	
	GABADI, S.L.	18	
	INSTALACIONES Y MANTENIMIENTOS IMAFER, S.L.	5	
	J.J. NAVAL HISPANOGALAICA, S.L.	29	
	M. BLANCO, S.L.	13	
	MONTAJES CANCELAS, S.L.	20	
	MONTAJES HERMANOS RAMALLO, S.L.	2	
	MONTAJES HERMANOS RODRIGUEZ RAMALLO, S.L.	6	
	SERFRIMEC, S.L.	11	
	TALLERES NAVALES RUIZ, S.L.	3	
	TUBERIA NAVAL FERRADAS, S.L.	22	
<b>Division 43</b>	<b>Specialised construction activities</b>		
	ELINCO CONSTRUCCIONES ELECTRICAS SL	92	
	MONTAXES AGORPA, S.L.L.	62	
	NORINVER MONTAJES E INGENIERIA, S.L.	22	
	PROTECNAVI, S.L.	4	
	URKIRA OX, S.L.	24	
<b>Total no. of enterprises: 38</b>		<b>Total no. of dismissals:</b>	<b>960</b>
		<b>Total no. of eligible workers:</b>	<b>960</b>

#### *Intervention criteria*

- Spain submitted the application under the intervention criteria of Article 4(2), which derogates from the criteria of Article 4(1)(b) of the EGF Regulation requiring at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State. There were 960 redundancies in the NUTS level 2 region of

Galicia (ES11) in the shipbuilding ancillary sectors. However, as the redundancies did not take place in the same economic sector (see paragraph 2), the derogation from article 4(1)(b) provided for in article 4(2) is applied (see paragraphs 17-22 for more details on the exceptional circumstances concerning the admissibility of the application).

7. The reference period of nine months for the application runs from 23 May 2019 to 23 February 2020.

#### *Calculation of redundancies and of cessation of activity*

8. The 960 redundancies during the reference period have been calculated from the date of the de facto termination of the contract of employment or its expiry.

#### *Eligible beneficiaries*

9. The total number of eligible beneficiaries is 960.

#### *Link between the redundancies and major structural changes in world trade patterns due to globalisation.*

10. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Spain argues that the global maritime industry changed dramatically over the last 20 years. Resulting from massive growth of the order book in the period 2002 - 2008 (from 48,9 million Compensated Gross Tonnes (CGT)<sup>6</sup> to 194,2 million)<sup>7</sup>, new shipyards were built and most of them in Asia. However, the global economic and financial crisis already halved the orders between 2008 and 2012. The declining trend has continued ever since. Since 2012 and until the end of 2019, orders decreased by 13,6% (from 92,3 million CGT to 79,7 million)<sup>8</sup>. As a result of the reduced orders and the significant expansion of shipbuilding in Asia, the sector has been suffering from global overcapacity leading to tough global competition.
11. The fact that a new ocean-going vessel can load its first freight independent of the location where it has been built adds to the flexibility of ship buyers in procuring vessels, intensifying competition of shipyards across the globe<sup>9</sup>.
12. Within 15 years (from 2004 to 2019), Europe has lost its merchant shipbuilding (i.e. the building of tankers, bulkers and containerships) to East-Asia. In the light of fierce competition from East-Asian countries European shipyards refocused their shipbuilding activities to new markets and entered into the niche markets of complex shipbuilding such as passenger ships and other non-cargo carrying vessels (ONCCV)<sup>10</sup>. In 2019, passenger ships, ONCCV and offshore accounted all together for 95% of the European orders<sup>11</sup>.
13. However, confronted with a serious overcapacity in merchant shipbuilding in recent years, countries like China, South Korea and Japan have equally decided to enter Europe's market of high-tech/complex ship types recently. Moreover, these countries

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<sup>6</sup> CGT - Compensated Gross Tonnes - International unit of measure that facilitates the comparison of different shipyards' production regardless of the types of vessel produced.

<sup>7</sup> Source: [Sea Europe Shipbuilding Market Monitoring, report 46 FY 2018](#).

<sup>8</sup> Ibid.

<sup>9</sup> [An analysis of market-distorting factors in shipbuilding. OECD Science, Technology and Industry Policy Papers. April 2019, No. 67.](#)

<sup>10</sup> [SEA Europe Annual Report 2018 2019](#).

<sup>11</sup> EU28 and Norway.

have introduced new sectoral strategies and policies and apply a toolbox of measures, including state aid and other financial incentives, aimed at stimulating domestic demand. In addition, these countries have also introduced new or additional trade measures in support of their local shipyards as well as their local maritime equipment companies<sup>12</sup>.

14. This has led to a considerable shift in the global production from Europe towards Asia. In 2002, the global market leaders in shipbuilding, measured by production volume, were South Korea and Japan (30% each) followed by Europe (22,5%). China represented only 7% of the shipbuilding worldwide. By 2018, China, (35,5%) had become the leader, followed by Japan (23,4%) and South Korea (22,7%), whilst Europe's market share had fallen to only 6,8%<sup>13</sup>. In terms of the order book, Europe's share in 2019 was 14,7% (five p.p. less than in 2002), China as market leader had a share of 34%, South Korea 26% and Japan 15%<sup>14</sup>.
15. Europe has thus largely lost out to Asian countries with lower labour costs, subsidy policies and preferential fiscal treatment<sup>15</sup>.
16. To date, the shipbuilding sector in the broader sense has been the subject of seven EGF applications<sup>16</sup>, with two based on trade related globalisation and the other five on the global financial and economic crisis. Four of these cases relate to machinery and equipment for ships, while the other three relate to shipyards.

*Explanation of the exceptional circumstances underlying the admissibility of the application*

17. Article 4(2) of the EGF Regulation allows that a collective application involving SMEs located in one region may cover SMEs operating in different economic sectors as defined at NACE Revision 2 division level, provided that it is SMEs that are the main or the only type of business in that region.
18. According to the Galician Institute of Statistics, in 2018, 247 631, enterprises were registered in Galicia, of which 247 478 (99,94%) had less than 250 workers<sup>17</sup>. SMEs are, therefore, the backbone of this region's economy.
19. Moreover, all the 38 enterprises concerned by this application are SMEs.
20. European shipbuilding is mostly made up of small and medium shipyards (60-150 ton ships), with an estimated subcontracting of 80% of the value<sup>18</sup> and 89% of employment<sup>19</sup>. The Galician shipbuilding follows this subcontracting pattern. The subcontractors have a high level of specialisation and therefore a high degree of dependence on the main shipyard. When the main shipyard has economic difficulties,

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<sup>12</sup> Cf. [SEA Europe Annual Report 2018 2019](#).

<sup>13</sup> Source: Sea Europe Shipbuilding Market Monitoring, report 46 FY 2018.

<sup>14</sup> [SEA Europe Annual Report 2018 2019](#).

<sup>15</sup> [ECORYS \(2009\) Study on the Competitiveness of the European Shipbuilding Industry](#).

<sup>16</sup> These are: EGF/2010/001 DK/ Nordjylland COM(2010) 451; EGF/2010/006 PL/ Cegielski-Poznan COM(2010) 631; EGF/2010/025 DK/ Odense Steel Shipyard COM(2011) 251; EGF/2011/008 DK/ Odense Steel Shipyard COM(2012) 272; EGF/2011/019 ES/ Galicia Metal COM(2012) 451; EGF/2014/008 FI/ STX Rauma COM(2014) 630; and the current case.

<sup>17</sup> [www.ige.eu](http://www.ige.eu)

<sup>18</sup> [Ardan economic and competitiveness report 2019. Consortium of Vigo free zone](#).

<sup>19</sup> [González Rodríguez, A. \(2009\) "Socio-labour consequences of the new flexible production organization models. The case of the naval industry/Consecuencias socio-laborales de los nuevos modelos de organización de la producción flexibles. El caso de la industria naval". Revista de Economía \(Curitiba\), 8, 22-42.](#)

the ancillary shipbuilding industry is severely affected. The interdependencies and consequences on employment in the ancillary shipbuilding industry are therefore the same as if the companies were within a single NACE economic sector.

21. The concentration of all commercial shipyards (seven<sup>20</sup> in 2019) in a small territory, the Vigo Ria, exacerbates the negative effects on the regional labour market. The redundancies thus have a serious impact on the regional economy.
22. The conditions of Article 4(2), enabling to consider an application under article 4(1)(b) as admissible even if its criteria are not entirely met, are thus fulfilled.
23. Thus, this application should be assimilated to an application under Article 4(1)(b) of the EGF Regulation due to exceptional circumstances (the combination of the serious impact of the redundancies on employment and the local economy and the SMEs being the main type of business in the region).

#### *Events giving rise to the redundancies and cessation of activity*

24. Shipyards in Galicia build technologically advanced military ships, oil and chemical tankers, offshore vessels, oceanographic and seismic research vessels, tugboats, and passenger ships (ferries, cruise ships and pleasure boats). Galician shipyards stand out also for the construction of fishing vessels<sup>21</sup>.
25. The EU's declining market share in global ship production and the increased global competition have led to dire consequences for the ancillary shipbuilding industry in Galicia. The liquidation and closure of 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. Half of the dismissals subject to this application happened in companies that are creditors of HJ Barreras.

#### *Expected impact of the redundancies as regards the local, regional or national economy and employment*

26. The shipbuilding sector (shipyards and ancillary industries) in Galicia had an annual turnover of around EUR 2 000 million (3,3% of the regional GDP) and 10 000 direct jobs and 25,000<sup>22</sup> indirect jobs depended on shipbuilding, in 2018. According to the Galician Association of Metal Industries (ASIME), due to difficulties in some Galician shipyards, the sector's turnover dropped by 11% and 20,8% of the jobs were lost in 2019<sup>23</sup>.
27. In 2019, the unemployment rate in Vigo — a town of about 295 000 inhabitants — was 16,3%<sup>24</sup>, almost five p.p. higher than the regional average (11,7%<sup>25</sup>), and 21 247 workers were registered as job-seekers. As already stated, all Galician commercial shipyards are located in Vigo. The concentration of shipyards in a small territory

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<sup>20</sup> Astilleros Armon Vigo, Cardama Shipyard, Factorías Vulcano (liquidated in 2019), Freire Shipyard, Hijos de J. Barreras, Metalships & Docks, Nodosa Shipyard and J. Valiña.

<sup>21</sup> Ardan economic and competitiveness report 2019. Consortium of Vigo free zone.

<sup>22</sup> Ibid.

<sup>23</sup> About 2 000 direct jobs were lost in the Galician shipyards and ancillary industries in 2019. However, the current application will provide support only to the workers made redundant during the nine-month reference period (23 May 2019 – 23 February 2020). Article 4(1)(b) of the EGF Regulation does not foresee the participation in the measures of workers whose redundancies were triggered by the same event that triggered the redundancies during the reference period but occurred before or after it.

<sup>24</sup> [EPA municipios \(labour force survey/municipalities\)](#)

<sup>25</sup> [EPA Comunidades autónomas \(labour force survey/ NUTS level 2 regions\)](#)

multiply the negative effects of the declining turnover and job losses in the shipbuilding industry leading to a more severe impact on the regional labour market than the numbers tend to indicate.

## Targeted beneficiaries and proposed actions

### Targeted beneficiaries

28. The estimated number of redundant workers expected to participate in the measures is 500. The breakdown of these workers by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	470	(94,0 %)
	Women <sup>26</sup> :	30	(6,0 %)
Citizenship:	EU citizens:	487	(97,4 %)
	non-EU citizens:	13	(2,6 %)
Age group:	15-24 years:	17	(3,4 %)
	25-29 years:	36	(7,2 %)
	30-54 years:	391	(78,2 %)
	55-64 years:	56	(11,2 %)
	over 64 years:	0	(0,0 %)

### Eligibility of the proposed actions

29. The personalised services to be provided to redundant workers consist of the following actions:
- Information sessions and preparatory workshops: The information session is the first measure to be offered to all targeted beneficiaries and includes general information on available counselling and training programmes, as well as on allowances and incentives. This also includes the profiling of the participants. Preparatory workshops, will provide more in-depth information on redeployment, sectors that require licensing or certificates of professional competence, certification of competencies and soft skills acquired in work situations; and how to complete compulsory education. Workshops on entrepreneurship are also foreseen.
  - Occupational guidance towards employment or self-employment will be provided throughout the implementation period.
  - Training. This will include (1) training on key competencies and horizontal competencies; (2) preparation for tests towards recognition of skills acquired through work experience (recognition of prior learning); (3) re-skilling vocational training such as maintenance of buildings and urban equipment, warehouse operations, warehouse logistics, Scrum Master, etc.; and (4) up-

<sup>26</sup> Women are underrepresented in the ancillary shipbuilding industry. As a consequence, only 6% of the redundant workers were women.



skilling vocational training such as composite material in shipbuilding, HSLA<sup>27</sup> steel for naval structures, virtual reality and augmented reality in shipbuilding, CAD/CAM<sup>28</sup> solutions for shipbuilding, 3D control technologies applied to shipbuilding (straightening and shaping of pieces), FSW<sup>29</sup> and hybrid laser MAG<sup>30</sup> welding techniques, monitored electric arc welding systems, and additive manufacturing in shipbuilding. Training towards entrepreneurship will be provided for those aiming at self-employment.

- Intensive job-search assistance, including active search of the local and regional employment opportunities (also for self-employed persons) and job-matching.
- Tutoring after reintegration into work. The workers reintegrated into employment will be guided during the first months to prevent possible problems arising in their new jobs.
- Incentives. There will be a variety of incentives. (1) Participation incentive. The workers who take part in the measures and follow the agreed pathway to reintegration will receive up to EUR 400 (one pay-off or instalments). (2) Contribution to commuting expenses (EUR 0,19/kilometre plus additional costs such as tolls and parking costs, when duly justified and reimbursement of public transport costs). (3) Contribution to expenses for carers of dependent persons. Workers with caring responsibilities (children, elderly or disabled persons) will receive up to EUR 20 per day of participation in the measures. This aims to cover the additional costs faced by the participants with caring responsibilities in order to avail themselves of training or other measures. (4) Outplacement incentives. Those who return to employment as dependent workers or as self-employed will receive EUR 200 per month, for a maximum period of six months. The incentive is designed to stimulate workers, particularly those who are older, to remain in the labour market and to encourage quick reemployment.

30. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.
31. Spain has provided the required information on actions that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. They have confirmed that a financial contribution from the EGF will not replace such actions.

#### *Estimated budget*

32. The estimated total costs are 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.

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<sup>27</sup> HSLA stands for high-strength low-alloy.

HSLA steel is a type of alloy steel that provides better mechanical properties or greater resistance to corrosion than carbon steel. HSLA steel vary from other steels in that they are not made to meet a specific chemical composition but rather specific mechanical properties.

<sup>28</sup> CAD/CAM stands for computer-aided design & computer-aided manufacturing.

<sup>29</sup> Friction Stir Welding

<sup>30</sup> Metal Active Gas (MAG) welding

33. The total financial contribution requested from the EGF is EUR 2 054 400 (60 % of total costs).

Actions	Estimated number of participants	Estimated cost per participant (EUR) <sup>31</sup>	Estimated total costs (EUR) <sup>32</sup>
<b>Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)</b>			
Information sessions and preparatory workshops ( <i>Acogida y diagnóstico inicial, medidas de sensibilización</i> )	500	541	270 500
Occupational guidance ( <i>Orientación laboral</i> )	500	500	250 000
Training ( <i>Formación</i> )	350	4 871	1 705 000
Intensive job-search assistance ( <i>Prospección laboral</i> )	300	1 300	390 000
Tutoring after reintegration into work ( <i>Seguimiento en el empleo</i> )	250	250	62 500
Sub-total (a): Percentage of the package of personalised services		–	2 678 000 (81,80 %)
<b>Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)</b>			
Incentives ( <i>Programa de incentivos</i> )	400	1 490 <sup>33</sup>	596 000
Sub-total (b): Percentage of the package of personalised services:		–	596 000 (18,20 %)
<b>Actions under Article 7(4) of the EGF Regulation</b>			
1. Preparatory activities		–	0
2. Management		–	100 000
3. Information and publicity		–	32 000
4. Control and reporting		–	18 000
Sub-total (c):		–	150 000

<sup>31</sup> To avoid decimals, the estimated costs per worker have been rounded. However, the rounding has no impact on the total cost of each measure, which remains as in the application submitted by Spain.

<sup>32</sup> Totals do not tally due to rounding.

<sup>33</sup> The cost per participant for this measure is provided for presentation purposes only. The cost per participant of the incentives will depend on the individual situation of each worker and on its eligibility for the different types of incentives, as explained under point 29.

Percentage of the total costs :		(4,38 %)
Total costs (a + b + c):	–	3 424 000
EGF contribution (60 % of total costs)	–	2 054 400

34. The costs of the actions identified in the table above as actions under Article 7(1)(b) of the EGF Regulation do not exceed 35 % of the total costs for the coordinated package of personalised services. Spain confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

*Period of eligibility of expenditure*

35. Spain starts providing the personalised services to the targeted beneficiaries on 13 August 2020. The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 13 August 2020 to 13 August 2022.
36. Spain started incurring the administrative expenditure to implement the EGF on 8 June 2020. The expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 8 June 2020 to 13 February 2023.

*Complementarity with actions funded by national or Union funds*

37. The source of national pre-financing or co-funding are funds of the Consellería de Economía, Emprego e Industria de la Xunta de Galicia.
38. Spain has confirmed that the measures described above receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments.

*Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities*

39. Spain has indicated that ASIME and the trade unions CCOO<sup>34</sup> and UGT<sup>35</sup>, the social partners that participate in the Social Dialogue in Galicia, supported Xunta de Galicia when preparing the application by providing detailed information on the shipbuilding sector and related labor market. The co-ordinated package of personalised services has been drawn up in consultation with the social partners and discussed in two meetings on 4 November 2019 and 19 February 2020. Through a collaboration agreement, the social partners will also be involved in the implementation of the services.

**Management and control systems**

40. The application contains a description of the management and control system, which specifies the responsibilities of the bodies involved. Spain has notified the Commission that the financial contribution will be managed and controlled by the same bodies that manage and control the ESF. The Xunta de Galicia<sup>36</sup> will be the intermediate body for the managing authority.

<sup>34</sup> Federation of Industry of CCOO Galicia.

<sup>35</sup> Federation of Metal, Construction and Related Industries of UGT (MCA-UGT).

<sup>36</sup> Xunta de Galicia and in particular the Consellería de Facenda –Dirección General de política financiera, tesoro y fondos europeos / Servicio de inspección y control de fondos comunitarios in cooperation with

## **Commitments provided by the Member State concerned**

41. Spain has provided all necessary assurances regarding the following:
- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation,
  - the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
  - the dismissing enterprises, which have continued their activities after the lay-offs, have complied with their legal obligations governing the redundancies and provided for their workers accordingly,
  - the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented,
  - the proposed actions will be complementary with actions funded by the Structural Funds,
  - the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

## **BUDGETARY IMPLICATION**

### **Budgetary proposal**

42. The EGF shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020<sup>37</sup>.
43. Having examined the application in respect of the conditions set out in Article 13(1) of 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.
44. The aggregate amount of contributions in exceptional circumstances in the current year does not exceed 15% of the annual maximum amount of the EGF, in accordance with Article 4 (2) of the EGF Regulation.
45. The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>38</sup>.

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the Consellería de Economía, Emprego e Industria –Secretaría Xeral de Emprego/Subdirección Xeral de Relacións Laborais will be the intermediate body for the managing authority.

<sup>37</sup> OJ L 347, 20.12.2013, p. 884.

<sup>38</sup> OJ C 373, 20.12.2013, p. 1.

### **Related acts**

46. 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 for the amount of EUR 2 054 400.
47. At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

**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**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006<sup>39</sup>, and in particular Article 15(4) thereof,

Having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>40</sup>, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.
- (2) The EGF is not to exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013<sup>41</sup>.
- (3) On 13 May 2020, Spain submitted an application to mobilise the EGF, in respect of redundancies in the economic sectors classified under the Statistical classification of economic activities in the European Community ('NACE') Revision 2 Divisions 24 (Manufacture of basic metals), 25 (Manufacture of fabricated metal products, except machinery and equipment), 30 (Manufacture of other transport equipment), 32 (Other manufacturing), 33 (Repair and installation of machinery and equipment) and 43 (Specialised construction activities) in the NUTS level 2 region of Galicia (ES11) in Spain. It was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. That application complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.
- (4) In accordance with Article 4(2) of Regulation (EU) No 1309/2013, the application from Spain is considered admissible, since it is a collective application involving only

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<sup>39</sup> OJ L 347, 20.12.2013, p. 855.

<sup>40</sup> OJ C 373, 20.12.2013, p. 1.

<sup>41</sup> Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

SMEs located in a region, Galicia, where the SMEs are the main type of business in that region and the redundancies have a serious impact on employment and the local, regional or national economy.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 2 054 400 in respect of the application submitted by Spain.
- (6) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the Union for the financial year 2020, the European Globalisation Adjustment Fund shall be mobilised to provide the amount of EUR 2 054 400 in commitment and payment appropriations.

*Article 2*

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from *[the date of its adoption]*\*.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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\* Date to be inserted by the Parliament before the publication in OJ.