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DRAFT REPORT

on the proposal for a decision of the European Parliament and of the Council
on the mobilisation of the European Globalisation Adjustment Fund
(application from Spain – EGF/2021/001 ES/País Vasco metal)
(COM(2021)0618 – C9-0377/2021 – 2021/0316(BUD))

Committee on Budgets

Rapporteur: Eider Gardiazabal Rubial

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from Spain – EGF/2021/001)
(COM(2021)0618 – C9-0377/2021 – 2021/0316(BUD))**

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2021)0618 – C9-0377/2021),
 - having regard to Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013¹ (“EGF Regulation”),
 - having regard to Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021-2027², and in particular Article 8 thereof,
 - having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management as well as on new own resources, including a roadmap towards the introduction of new own resources³, and in particular point 9 thereof,
 - having regard to the opinion of the Committee on Employment and Social Affairs,
 - having regard to the letter of the Committee on Regional Development,
 - having regard to the report of the Committee on Budgets (A9-0000/2021),
- A. whereas the Union has set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of globalisation and of technological and environmental changes, such as changes in world trade patterns, trade disputes, significant changes in the trade relations of the Union or the composition of the internal market and financial or economic crises, as well as the transition to a low-carbon economy, or as a consequence of digitisation or automation;
- B. whereas 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 NUTS 2 region of País Vasco (ES21) in Spain, within a reference period for the application from 2 June 2020 to 2 December 2020;

¹ OJ L 153, 3.5.2021, p. 48.

² OJ L 433I, 22.12.2020, p. 11.

³ OJ L 433I, 22.12.2020, p. 28.

- C. whereas the application relates to 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 companies⁴;
- D. whereas the application is based on the intervention criteria of Article 4(2), point (b), of the EGF Regulation, which requires the cessation of activity of at least 200 displaced workers over a reference period of six 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;
- E. whereas the COVID-19 pandemic, the strict lockdown measures implemented in Q2 2020 in Spain and the subsequent shortages of supplies and raw materials have adversely affected the metal sector in the country;
- F. whereas in the Basque region, the fabricated metal products sector represents 27,4 % of the gross value added (GVA) of the industry⁵, while the EU-28 average is 18,8 %⁶;
- G. whereas 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 turnover⁷;
- H. whereas the Commission declared that the health crisis resulted in an economic crisis, set out a recovery plan for the economy, and underlined the role of the EGF as an emergency tool⁸;
1. Agrees with the Commission that the conditions set out in Article 4(2), point (b), of 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 EUR 1 428 950, comprising expenditure for personalised services of EUR 1 384 950 and expenditure for implementing the EGF⁹ of EUR 44 000;
 2. Notes that the Spanish authorities submitted the application on 25 June 2021, and that the Commission finalised its assessment on 7 October 2021 and notified it to Parliament on the same day;
 3. Notes that 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 companies¹⁰; further notes that Spain expects that 300 out of the total eligible beneficiaries will participate in the measures (targeted beneficiaries);

⁴ Auxiliar Troquelaría SL, Calderería del Oria, Matricería Deusto, Mecanizados de la Industria Vasca SLU, Taller Mecanizado Pablo López Lacalle SL, Tratamientos Superficiales Iontech SA.

⁵ <https://es.statista.com/estadisticas/1220166/porcentaje-del-vab-total-en-espana-por-sector/>

⁶ https://www.eustat.eus/elementos/EI-32-del-VAB-industrial-esta-generado-por-sectores-de-nivel-tecnologico-alto-o-medio-alto-en-2019/not0018911_c.html

⁷ [Report on the economic impact of COVID-19 on the metal sector. October 2020-https://atra.gal/files/noticias/Archivos_3680.pdf](https://atra.gal/files/noticias/Archivos_3680.pdf)

⁸ COM(2020) 442 final.

⁹ In accordance with Article 7(5) of the EGF Regulation.

¹⁰ Auxiliar Troquelaría SL, Calderería del Oria, Matricería Deusto, Mecanizados de la Industria Vasca SLU, Taller Mecanizado Pablo López Lacalle SL, Tratamientos Superficiales Iontech SA.

4. Recalls that the social impacts of the redundancies are expected to be important for workers in the Basque region, where the number of unemployed persons increased by 25 % between March and August 2020¹¹, and where long-term unemployment represented 55,6 % of total unemployment in May 2021 (3,6 p.p. higher than in January 2021) and unemployed persons with basic education or less represented 60,8 %;
5. Points out that most of the displaced workers are in the second half of their professional career and have a low level of formal qualification;
6. Notes that Spain started providing personalised services to the targeted beneficiaries on 11 June 2021 and that the period of eligibility for a financial contribution from the EGF will therefore be from 11 June 2021 until 24 months after the date of the entry into force of the Financing Decision;
7. Recalls that personalised services to be provided to the workers and self-employed persons consist of the following actions: profiling sessions, occupational guidance, job-search assistance, support and/or contribution to business creation, re-skilling, up-skilling and on-the-job training, as well as participation allowances; the measures were planned to be in line with the Spanish circular economy strategy and the training contributes to boost the process of digital transformation in the industry;
8. Notes that Spain started incurring administrative expenditure to implement the EGF on 1 February 2021 and that expenditure on preparatory, management, information and publicity, control and reporting activities will therefore be eligible for a financial contribution from the EGF from 1 February 2021 until 31 months after the date of the entry into force of the Financing Decision;
9. Welcomes that the co-ordinated package of personalised services was drawn up by Spain in consultation with the social partners¹²; the involvement of social partners was ensured by their representation in Lanbide's governance board, which is made up of representatives of the regional government, trade unions and employer organisations;
10. Stresses that the Spanish authorities have confirmed that the eligible actions do not receive assistance from other Union funds or financial instruments;
11. Reiterates that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements;
12. Approves the decision annexed to this resolution;
13. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the *Official Journal of the European Union*;
14. Instructs its President to forward this resolution, including its annex, to the Council and

¹¹ [Avance de los datos del mercado laboral del año 2020](#) (labor market data for 2020).

¹² The application was approved by Lanbide, the Basque public employment service (social partners are part of the governance board), on 2 July 2021. Meetings were also held on 19 January and 2 February 2021 with Federación Vizcaína de Empresas del Metal, (federation of metal enterprises of Biscay), Asociación de Empresas de Guipúzcoa - ADEGI (Business association of Gupúzcoa) and SEA-Empresas Alavesas (business associations of Alava).

the Commission;

ANNEX: 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 Spain – EGF/2021/001 ES/País Vasco metal

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) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013¹, and in particular Article 15(1) thereof,

Having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources², and in particular point 9 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund for Displaced Workers (EGF) aims to demonstrate solidarity and promote decent and sustainable employment in the Union by providing support for workers made redundant and self-employed persons whose activity has ceased in the case of major restructuring events and assisting them in returning to decent and sustainable employment as soon as possible.
- (2) The EGF is not to exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093³.
- (3) On 25 June 2021, Spain submitted an application to mobilise the EGF, in respect of worker's displacements in the economic sector classified under the Statistical classification of economic activities in the European Community ('NACE')⁴ Revision 2 division 25 (Manufacture of fabricated metal products, except machinery and equipment in the Nomenclature of Territorial Units for Statistics ('NUTS')⁵ level 2 region of País Vasco (ES21) in Spain. It was supplemented by additional information provided in accordance with Article 8(5) of Regulation (EU) 2021/691. That application complies

¹ OJ L 153, 3.5.2021, p. 48.

² OJ L 433, 22.12.2020, p. I/29

³ Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433, 22.12.2020, p. I/11).

⁴ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

⁵ Commission Delegated Regulation 2019/1755 of 8 August 2019 amending the Annexes to 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). OJ L 270, 24.10.2019, p. 1–56

with the conditions for a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) 2021/691.

- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 1 214 607 in respect of the application submitted by Spain.
- (5) 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 2021, the European Globalisation Adjustment Fund for Displaced Workers shall be mobilised to provide the amount of EUR 1 214 607 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

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

EXPLANATORY STATEMENT

I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of Article 8(1) of Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021-2027⁶ and of Article 15 of Regulation (EU) No 2021/691⁷, the Fund may not exceed a maximum annual amount of EUR 186 million (2018 prices).

As concerns the procedure, according to point 9 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management as well as on new own resources, including a roadmap towards the introduction of new own resources⁸, in order to activate the Fund the Commission, in case of a positive assessment of an application, presents to the budgetary authority a proposal for mobilisation of the Fund and, at the same time, a corresponding request for transfer.

II. Spain's application and the Commission's proposal

On 25 June 2021, Spain submitted an application EGF/2021/001 ES/País Vasco metal for a financial contribution from the EGF, following 491 displacements 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.

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.

On 7 October, the Commission adopted a proposal for a decision on the mobilisation of the EGF to support the reintegration in the labour market of 300 targeted beneficiaries, i.e. displaced workers in the economic sector classified under the NACE Revision 2 division 25 (Manufacture of fabricated metal products, except machinery and equipment).

The Commission deemed the application admissible under the intervention criteria of Article 4(2)(b) of the EGF Regulation, which requires the cessation of activity of at least 200 displaced workers over a reference period of six 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.

This is the first application of 2021 and the sixth to be examined under the 2021 budget, including the new MFF (Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027⁹ and the IIA

⁶ OJ L 433I, 22.12.2020, p. 15.

⁷ OJ L 153, 3.4.2021, p. 48.

⁸ OJ L 433I, 22.12.2020, p. 28.

⁹ OJ L 433I, 22.12.2020, p. 11.

of 16 December 2020. This is also the first EGF application to be examined under the new EGF Regulation¹⁰.

The number of 491 displaced workers has been calculated by adding 192 cessations of activities from the date on which the employer, in accordance with Article 3(1) of Council Directive 98/59/EC¹¹, notified the competent public authority in writing of the projected collective redundancies, to 299 from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker.

The application concerns a targeted 300 displaced workers and refers to the mobilisation of a total amount of EUR 1 214 607 from the EGF for Spain representing 85% of the total costs of the proposed actions.

The objectives of the EGF are to demonstrate solidarity and promote decent and sustainable employment in the Union by offering assistance in the case of major restructuring events, in particular those caused by challenges related to globalisation, such as changes in world trade patterns, trade disputes, significant changes in the trade relations of the Union or the composition of the internal market and financial or economic crises, as well as the transition to a low-carbon economy, or as a consequence of digitisation or automation¹².

The Covid-19 pandemic has caused an economic crisis. The strict lockdown measures implemented in Spain in Q2 2020 resulted in a curtail of non-essential economic activities and services, which hit the metal sector hard. When the lockdown measures were softened, the metal sector continued to suffer from shortages of supplies and raw materials, difficulties to adapt facilities to anti-COVID 19 protocols, contagions and workers' confinement, or mobility issues. According to data from Confemetal¹³, the pandemic has had a significant impact on the activity and turnover of the enterprises operating in the metal sector, with negative consequences on employment and on the liquidity of enterprises (payment defaults, access to credit, etc.).

Due to its high weight in the regional economy, the difficulties in the fabricated metal products sector has had a significant impact on the regional economy and employment. At the beginning of 2020, unemployment (year on year) in the sector was decreasing. However, since March 2020, the trend changed drastically, because of the pandemic. In August 2020, there were 25%¹⁴ more unemployed persons than six months before. Job destruction in industry has been greater than in all other sectors together.

The seven, types of actions to be provided to redundant workers, for which EGF co-funding is requested consist of:

- a. General information, welcome and profiling sessions: the information session is the first measure to be offered to all targeted beneficiaries and includes general information on available vocational counselling, training programmes and incentives. The individual information sessions include the profiling of the

¹⁰ OJ L 153, 3.5.2021, p. 48.

¹¹ Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.1998, p. 16).

¹² Regulation (EU) 2021/691.

¹³ Confemetal is the Spanish Confederation of Metal Business Organizations, which represents about 220,000 enterprises and more than one and a half million workers.

¹⁴ [Avance de los datos del mercado laboral del año 2020](#) (labor market data for 2020).

- participant and the allocation of the counsellor who will accompany the worker along the process towards reemployment.
- b. Occupational guidance will be provided through collective and individual sessions.
 - c. Intensive job-search assistance, including workshops on job-search and recruiting processes, the active search for local and regional employment opportunities, and job-matching.
 - d. Support for business creation: workers interested in becoming self-employed will receive individual tutoring sessions and training, which might cover planning, carrying out feasibility studies, preparing business plans, help with identifying financing possibilities, etc.
 - e. Contribution to business start-up: workers who start a business or an activity as self-employed persons will receive a contribution up to EUR 8 000, to help them with setting-up costs.
 - f. Training: This will include (1) training on key and horizontal competencies, such as digital skills, quality management, prevention of occupational risks, etc.; (2) re-skilling vocational training (for those who choose to redirect their career outside the metal sector), such as logistics, warehouse management, construction and energy efficiency, food industry, urban and industrial waste management, recreational activities for the elderly, etc.; (3) up-skilling vocational training to cater for the skills in demand in the metal sector such as 3D CAD assembly and part modelling; CNC machine tool programming; CATIA mechanical design; forklifts, overhead cranes and lifting platforms; fine sheet metal work and boilermaking; welding (oxy-fuel, semi-automatic, TIG, etc.); machining by chip removal, abrasive machining, deformation machining etc.; and (4) On-the-job training designed for vacancies that lack suitable candidates. After successfully completing the training, the worker in question will be offered a contract.
 - g. Participation, job-search and training allowances: a participation allowance up to EUR 300 is foreseen for those participating in all the individual counselling session set in their personalised itinerary of insertion. The workers participating actively in the measure 'Intensive job search assistance' or completing training will receive a lump sum of EUR 400.

According to the Commission, the described measures constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation and do not substitute passive social protection measures.

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

Procedure

In order to mobilise the Fund, the Commission has submitted to the Budgetary Authority a request to transfer a global amount of EUR 1 214 607 from the EGF reserve (30 04 02) to the EGF budget line (16 02 02).

According to an internal agreement, the Employment and Social Affairs and Regional Development Committees should be associated to the process, in order to provide constructive support and contribute to the assessment of the applications from the Fund.

