



Committee on Employment and Social Affairs
The Chair

19.3.2024

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on 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 Denmark – EGF/2023/004 DK/Danish Crown (2024/0044(BUD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Employment and Social Affairs has been asked to submit an opinion to your committee and decided to send the opinion in the form of a letter.

The Committee on Employment and Social Affairs considered the matter at its meeting of 19 March 2024 and decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Dragoș Pîslaru

SUGGESTIONS

- A. Whereas, on 6 December 2023, Denmark submitted an application EGF/2023/004 DK/Danish Crown for a financial contribution from European Globalisation Adjustment Fund for Displaced Workers (EGF) following displacements in Danish Crown and 2 suppliers and downstream producers in Denmark;
- B. Whereas the application relates to 692 displacements within the reference period for the application, that is 651 displaced workers whose activity has ceased in Danish Crown (Danish Crown A/S), operating in the economic sector classified under the NACE Revision 2 division 10 (Manufacture of food products), and 41 displaced workers in 2 suppliers and downstream producers of Danish Crown in the NUTS 2 region of Nordjylland (North Jutland, DK05); whereas in addition to these workers, the eligible beneficiaries include 59 displaced worker whose activity ceased before or after the reference period of four months; whereas the total number of eligible beneficiaries is 751;
- C. Whereas the Commission deemed this Danish application admissible under the intervention criteria of Article 4(2)(a) of the EGF Regulation, which requires at least 200 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased;
- D. Whereas on 29 February 2024, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Denmark to support the reintegration in the labour market of 390 targeted beneficiaries, i.e. workers made redundant as a result of the closure of Danish Crown's slaughterhouse in Sæby;
- E. Whereas Danish Crown is a group of Danish food companies engaged in the butchery, processing and sale of primarily pork and beef; whereas the event giving rise to these displacements is the closure of Danish Crown's slaughterhouse in Sæby in Frederikshavn Municipality following the decline of pig available for slaughtering;
- F. Whereas the Danish slaughterhouse sector is in a structural crisis; whereas since 2005, the number of pigs slaughtered in Denmark has decreased by 4,4 million (20 %); whereas the decline is largely due to the shift from raising pigs for slaughter to raising piglets for export; whereas exporting piglets is more profitable for Danish farmers than fattening pigs for slaughter due to low pork prices;
- G. Whereas since the financial crisis of 2008, the number of industrial and production jobs in the municipality of Frederikshavn has decreased by 36 %, three times the national rate; whereas although the unemployment in North Jutland is low (3,1 % in August 2023) it is slightly higher than the national average (2,8 %); whereas the number of unemployed people in the region increased by 10 % in 2023 compared to 2022; whereas all of the municipalities were affected; whereas the number of unemployed women remained the same, while men's unemployment increased by 20 %; whereas these gender imbalances in the regional labour market add to difficulties when hiring; whereas men work mainly in the private sector and are overrepresented in agriculture, industry and crafts, while women are overrepresented in public administration,

education, health, culture and leisure; whereas the gender breakdown of Danish Crown displaced workers illustrates this imbalance (86 % men and 14 % women); whereas according to FremKom4 analysis, there is shortage of qualified labour in North Jutland, both in the technical field (the green transition) and in care, health and pedagogy (social welfare) which is expected to increase;

- H. Whereas Danish Crown complied with Danish law on collective redundancies, which establishes a mandatory procedure for informing and consulting workers representatives; whereas the procedure makes it possible to explore any possibility of avoiding or reducing the number of redundancies; whereas directly after the decision to close down the Sæby site, the management of the enterprise and employee representatives started negotiations of a social plan, which includes offers for outplacement in other Danish Crown sites, individual counselling, job and training interviews, and relocation allowances for those outplaced at another Danish Crown slaughterhouse; whereas an internal career fair, focusing on approximately 400 internal jobs at Danish Crown, was held in May 2023, followed by a bus tour to other Danish Crown slaughterhouses in Denmark; whereas Danish Crown also contributes one million Danish krone (approximately EUR 134 050) to the national co-financing share of the cost of the measures;
- I. Whereas Denmark has confirmed that the measures receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments;
- J. Whereas Denmark has indicated that the co-ordinated package of personalised services has been drawn up in consultation with the trade union NNF, in compliance with Article 7(4) of Regulation (EU) 2021/691;
- K. Whereas 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 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027;

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution:

- 1. Recalls that the objective of the EGF is to demonstrate solidarity with, and provide support to beneficiaries; considers that financial contributions from the EGF should be primarily directed at active labour market policy measures and personalised services that aim to reintegrate beneficiaries rapidly into decent and sustainable employment within or outside their initial sector of activity; stresses the importance of preparing workers for the urgently needed green and digital transitions of the European economy and society; reiterates in this context the important role the Union plays, including through the EGF, in contributing to the financing of necessary qualifications for the just transition in line with the European Green Deal;
- 2. Agrees with the Commission that the conditions set out in Article 4(2), point (a), of the EGF Regulation are met and that Denmark is entitled to a financial contribution of EUR 1 882 212 under that Regulation, which represents 60 % of the total cost of EUR 3 137

021, comprising expenditure for personalised services of EUR 2 878 001 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 259 020;

3. Welcomes the fact that Denmark's application was prepared in close collaboration with the municipality of Frederikshavn, the Danish Agency for Labour Market and Recruitment and the Labour Market Council North Denmark, that the municipality of Frederikshavn held a meeting with relevant educational institutions that could be involved in the upskilling/reskilling training to align offer to needs and expectations, as well as the fact that the co-ordinated package of personalised services has been drawn up in consultation with the trade union NNF;
4. Notes that the application relates to 751 displaced workers affected by the closure of Danish Crown's slaughterhouse in Sæby; notes further that 390 displaced workers in total will be targeted beneficiaries and are expected to participate in the measures; acknowledges that profiles of the displaced workers do not correspond to the skills sought in the labour market, as most of the displaced workers have low levels of formal qualifications (46 %) or rather outdated qualifications and skills (40 %) as well as most workers with only primary education belong to the age group of 30-39 years, while most of the workers with vocational education or training (VET) as the highest educational level belong to the age group of 50-59 years; notes that 41 % of the redundant workers have a migrant background and are not fluent in Danish; further notes that 85,90 % are men, 14,10 % are women and 10% are below 30 years; stresses the specific needs of these groups should be taken into account when providing personalised services;
5. Stresses that Denmark has confirmed that the measures supported by the EGF will not receive any financial contributions from other Union financial instruments;
6. Notes that personalised services to be provided to the workers consist of the following measures: (a) motivation (a combination of information, motivation, and counselling, along with workers' profiling), (b) retention (seeking to maintain motivation to participate in educational and upskilling pathways by supporting redundant workers through individual mentoring and advice, helping them resolve challenges and minimize barriers), (c) training on general competences (general adult education that allows improving one or more subjects at primary school level, as well as language skills in Danish), (d) upskilling/reskilling training, and (e) training/job-search allowance;
7. Strongly welcomes the fact that training offers were drawn considering several studies such as Jobbarometer 2023 (an analysis of local labour needs in Frederikshavn, Hjørring, Jammerbugt and Brønderslev Municipality), the Labour Market Balance that provides an overview of possible job openings, and FremKom4 analysis on skills, and that it aims to raise general competencies (including language and numeracy), digital competencies and skills improvement for jobs with skills shortages;
8. Stresses in particular the importance of Article 7.2 of the EGF Regulation, which requires the coordinated package to anticipate future labour market perspectives and required skills, which are compatible with the shift towards a resource-efficient and sustainable economy and with a particular focus on the dissemination of skills required

in the digital industrial age;

9. Recalls the possibility for special time-limited measures within the coordinated package including, *inter alia*, to pay childcare allowances, as provided in Article 7.2 b of the EGF regulation to facilitate job seekers' participation in the activities proposed.