



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Employment: Commission proposes €2 million from Globalisation Fund for Spanish shipbuilding workers in Galicia**

The European Commission has proposed to provide €2m from the European Globalisation Adjustment Fund (EGF) to help 450 redundant workers in the shipbuilding ancillary industry in Galicia back into employment. The funds, requested by the Spanish authorities, would help former workers from 35 small and medium sized enterprises. The proposal now goes to the European Parliament and the EU's Council of Ministers for approval.

EU Commissioner for Employment, Social Affairs and Inclusion László Andor commented: *"The crisis has transformed the shipbuilding sector and much of the industry is moving to low-cost areas, particularly in Asia. Workers in the shipbuilding sector and related industries have been hit especially hard so this proposal for 2 million euros from Europe's Globalisation Fund aims to help them adapt their skills, find new jobs and build a new future."*

Spain applied for support from the EGF concerning 878 redundancies from 35 manufacturers of fabricated metal products sector which operate in the shipbuilding ancillary industry in Galicia, a region in North-West Spain. Of the total 878 redundant workers, 450 workers with the most difficulty to get new jobs are targeted for assistance from the EGF. The package aims to help the workers by offering them occupational guidance and guidance towards business creation or self-employment; various types of training and retraining and on the-job-training; accompanying measures such as job-search assistance and tutoring after reintegration into work, as well as job-search allowance and other incentives.

The total estimated cost of the package is approximately €3 million, to which the EGF would provide €2 million.

## **Background**

The enterprises concerned by the application are manufacturers of fabricated metal products which operate in the shipbuilding ancillary industry.

Order books of European yards decreased both in compensated gross tonnage (CGT) and value terms as an effect of the global economic crisis. The European order book dropped by 30% between 2008 and 2009, and a further 32.5% in 2010 compared with the previous year. In September 2011 the order book was of 5.95 million CGT (6.9% less than in 2010). Consequently the shipbuilding workforce in Europe declined by 23 % over the past three years, from 148 792 workers in 2007 to 114 491 in 2010.

The evolution of shipbuilding in Spain has followed the negative trend observed at European level in this sector. In September 2011 Spanish order books had an accumulated decline of 73.18% compared with 2008. As a direct consequence of the decrease of new orders, the shipbuilding workforce in Galicia declined by 30% over the past three years, from 10 000 workers (3 500 direct jobs and 6 500 jobs in the ancillary industry) at the end of 2008 to 7 000 in October 2011.

Galicia, located in the western tip of the Iberian Peninsula, is surrounded in the north and west by the Atlantic Ocean and on the south by Portugal. It is a small labour market owing to its peripheral location and difficult access - due to the range of mountains which separates this region from the rest of Spain - and its situation as a border region. The redundancies in the shipbuilding ancillary industry will further exacerbate the difficult employment situation of the region. In Galicia 6 839 enterprises out of 203 374 have closed down since 2008 and unemployment has consequently increased. The unemployment rate rose from 8 % at the end of 2008 to 17.25 % in the third quarter of 2011.

There have been 102 applications to the EGF since the start of its operations in 2007. Some €438.4 million has been requested to help about 91,000 workers. EGF applications are being presented to help redundant workers in a growing number of sectors, and by an increasing number of Member States.

More open trade with the rest of the world leads to overall benefits for growth and employment, but it can also cost some jobs, particularly in vulnerable sectors and affecting lower-skilled workers. This is why Commission President Barroso first proposed setting up a fund to help those adjusting to the consequences of globalisation. The EGF was established at the end of 2006 and was designed to demonstrate solidarity from the many who benefit from openness to the few who face the sudden shock of losing their jobs. In June 2009, the EGF rules were revised to strengthen the role of the EGF as an early intervention instrument forming part of Europe's response to the financial and economic crisis. The revised EGF Regulation entered into force on 2 July 2009 and applied to all applications received from 1 May 2009 to 30 December 2011. In the absence of an agreement in the Council, the EGF's crisis response function could not be prolonged beyond 2011.

Building on the experience acquired with the EGF since 2007 and its value added for the assisted workers and affected regions, the Commission has proposed to maintain the Fund also during the 2014-2020 multiannual financial framework, while further improving its functioning.

## **Further information**

László Andor's website:

[http://ec.europa.eu/commission\\_2010-2014/andor/](http://ec.europa.eu/commission_2010-2014/andor/)

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