
€1.4 million from EGF to support dismissed workers in automotive sector in Spain

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The European Commission proposes to support 320 dismissed workers in the automotive sector in the Aragón region in Spain, who lost their jobs due to the COVID-19 pandemic.

The proposed €1.4 million from the European Globalisation Adjustment Fund for Displaced Workers (EGF) will help these people find new jobs through further education or training.

Commissioner for Jobs and Social Rights, Nicolas Schmit, said: “Investing in people means investing in their skills and opportunities to succeed on the labour market. Today, the EU shows solidarity with 320 former workers in the car sector in Spain by helping them to relaunch their careers with new and additional skills, targeted job-search support and advice on how to start their own business.”

The lockdown measures introduced during the COVID-19 pandemic and the shortage of semiconductors forced car companies to interrupt or significantly slow down their production. Despite the wide and successful use of short-time work schemes, some manufacturers had to shut down production leading to job losses. Thanks to the EGF, 320 workers laid off from 50 Aragón businesses in the automotive sector in Spain will receive targeted active labour market support to help them return to work.

The €1.4 million of EGF funds will help the Aragón authorities finance measures ranging from career guidance and individualised job-search support, to acquiring new or additional skills, to advice on starting an own business. Training will also help improve digital skills and knowledge on new industrial production processes, therefore contributing to the digital transition in the car industry. Participants can receive allowances for taking part in these measures and a contribution to their commuting expenses.

The total estimated cost of the support measures is €1.7 million, of which the EGF will cover 85% (€1.4 million). The region of Aragón will cover the remaining amount (€0.3 million). Aragón’s public employment service (INAEM) will contact workers eligible for support and will manage the measures.

The Commission's proposal requires approval by the European Parliament and the Council.

Background

The lockdown measures necessary to contain the COVID-19 pandemic as well as the shortage of semiconductors had a significant impact on the activity and turnover of the businesses in the automotive sector in Spain. In 2020, production declined by 18.9% compared to 2019, with negative consequences on employment.

In Aragón, the automotive sectors represents 2.4% of the net employment. In June 2021, the overall regional unemployment rate was 10.7% – 3.6 percentage points higher than the EU average (7.1%).

The Aragón regional authorities expect that most displaced workers in the automotive sector will have difficulties in finding new jobs, unless they receive additional and personalised support. This is because many belong to categories of workers that are already at a disadvantage on the regional labour market.

Under the new [EGF regulation 2021-2027](#), the Fund continues to support displaced workers and the self-employed whose activity has been lost. With the new rules, EGF support becomes more easily available for people affected by restructuring events: all types of unexpected major restructuring events can be eligible for support, including the economic effects of the COVID-19 crisis, as well as larger economic trends like decarbonisation and automation. Member States can apply for EU funding when at least 200 workers lose their jobs within a specific reference period.

Since 2007, the EGF has made available some €652 million in 166 cases, offering help to nearly 160,000 workers and more than 4,000 young people not in employment, education or training in 21 Member States. EGF supported measures add to national active labour market measures.

(European Commission)