

Brussels, 6 May 2011

€20.4 million from EU Globalisation Fund to help redundant workers in Denmark

The European Commission has approved today two applications from Denmark for €20,429,316 of assistance from the European Globalisation adjustment Fund (EGF). The grant will help 1775 redundant workers in the wind turbines industry and in the shipbuilding sector to find new jobs. The application will now be sent to the European Parliament and the Member States (the EU's Budgetary Authority) for approval.

Speaking about the EGF funding approved by the Commission for workers in the Danish shipbuilding sector, László Andor, EU Commissioner for Employment, Social Affairs and Inclusion said *"The global financial crisis has transformed the future of shipbuilding with much of this industry moving to low-cost areas like Asia whose market share has been growing spectacularly in the run-up to the crisis"*.

Mr Andor also commented on the challenges facing the Danish wind turbine industry where 1,650 jobs have been lost saying: *"Although the European production of wind turbines has increased overall, the global market has developed even faster, especially in Asia and North America, with European manufacturers progressively moving their production out of the EU."*

The Commissioner stressed how the redundant workers of both the shipbuilding and wind turbine sectors are finding it hard to identify new opportunities. *He said "I am confident that the support the EGF can provide will help cushion this dramatic change and prepare the Danish workers for new job opportunities."*

The Danish applications relate to 1,356 redundancies in Odense Steel Shipyard and to 1,650 workers made redundant by the wind turbine manufacturer LM Glasfiber.

Shipyards in Europe over the last decades have been losing substantial market shares to Asia. The global economic crisis then further affected the global shipbuilding market, such that, according to the Community of European Shipyards' Associations (CESA), the global order book dropped by 20% between 2008 and 2009, while new orders dropped by 37 % during the same period. The fall in demand is at the origin of the closure of the shipyard and the resulting redundancies.

Odense Steel Shipyard is located in the island of Funen, in the eastern part of the region of Southern Denmark. There are few employment opportunities for workers elsewhere on Funen and there is no shortage of workers in Denmark as a whole in the metallurgical sector. Major efforts will therefore have to be made to prepare the redundant workers for the transition to new sectors.

1,650 workers were made redundant when LM Glasfiber decided to close down its factories located in Lunderskov and Hammelev and offshore production to Asia, where the prospects for the wind energy sector are better and market growth is strong. The company increased its production capacity in China by the construction of two factories which were opened in 2009 in the Chinese province of Xinjiang and in the coastal city Qin Huang Dao.

The territory affected by the redundancies in LM Glasfiber is the '*Trekanten*', an area located in Syddanmark, the Southern part of Denmark. Unemployment in the *Trekanten* area increased by 25% in 2009 in comparison to 2008; the closure of two LM Glasfiber factories significantly raised the rate of unemployment in the area.

Of the total 3,006 workers made redundant, the 1,775 workers with the biggest difficulties for their re-integration into the labour market are targeted for assistance from the EGF. The package will help the workers by offering them vocational education in areas with employment potential such as tourism, energy technology, robotics, landscaping and design; remedial education in areas such as reading, spelling and mathematics; entrepreneurship courses and ongoing advice and mentoring for entrepreneurs; incentives to start a new business and incentives for young workers to return to education; as well as the necessary subsistence allowances.

These measures have been carefully designed to help the workers find jobs in sectors with a promising future. In addition, they go beyond what the Danish system can currently offer unemployed people and, if successful, will be applied more generally in future.

The total estimated cost of the EGF support package is approximately €31.6 million, of which the European Globalisation adjustment Fund will pay €20.4 million.

Background

There have been 76 applications to the EGF since the start of its operations in January 2007, for a total amount of about €381.3 million, helping more than 77.148 workers. EGF applications relate to the following sectors: automotive (France, Spain, Portugal, Poland, Austria, Germany, Sweden and Belgium); textiles (Italy, Malta, Lithuania, Portugal, Spain and Belgium); mobile phones (Finland and Germany); domestic appliances (Italy); computers and electronic products (Ireland, Portugal and the Netherlands); shipbuilding (Denmark); mechanical/electronic (Denmark, Poland and Germany); repair and maintenance of aircraft and spacecraft (Ireland); crystal glass (Ireland); ceramics and natural stone (Spain); financial services (Netherlands); construction (Netherlands, Italy, Ireland and Lithuania); carpentry and joinery (Spain); electrical equipment (Lithuania) publishing and printing industry (Netherlands), furniture (Lithuania), shoe manufacture (Portugal), retail trade (Czech Republic and Spain) and wholesale trade (Netherlands). Final reports from the earlier cases supported by the EGF show strong results in helping workers stay in the labour market and find new jobs.

The EGF, an initiative first proposed by President Barroso to provide help for people who lose their jobs due to the impact of globalisation, was established by the European Parliament and the Council at the end of 2006. In June 2009, the EGF rules were revised to strengthen the role of the EGF as an early intervention instrument. It forms part of Europe's response to the financial and economic crisis. The revised EGF Regulation entered into force on 2 July 2009 and applies to all applications received from 1 May 2009 onwards.

Further information

EGF website: <http://ec.europa.eu/egf>

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