



Just Transition Platform – Project fiche:

ODENSE STEEL SHIPYARD – HOW RESKILLING, JOBS-CREATION AND DIVERSIFICATION WERE ACHIEVED AFTER THE CLOSURE OF THE CENTRAL LOCAL EMPLOYER

Denmark, Southern Region

This document is part of a series presenting information and lessons learned on policy approaches at national, regional or local level supporting a just transition to a climate-neutral economy. The Just Transition Platform (JTP) assists EU Member States and regions to unlock the support in this transition. Visit the JTP website: https://ec.europa.eu/regional_policy/funding/just-transition-fund/just-transition-platform_en

Member State:

Denmark

Region:

Southern Region

Sector:

Steel

Total project budget (€):

n/a

Financing conditions (co-financing rate in %):

n/a

Sources of funding:**EU funding:**

n/a

Other funding:

European Globalisation Adjustment Fund (EGF): EUR 20.4 million

National funding:

n/a

Regional funding:

n/a

Project Duration:

Two rounds of funding from EGF in 2010 and 2011

Responsible managing authority / agency / company:

Stakeholders of EGF application: workers' representatives, the municipalities of Odense and Kerteminde, the region of Southern Denmark

Summary

The repurposing project of the Odense Steel Shipyard in Denmark is a showcase example of a successful redevelopment project with a strong reskilling perspective. When the Odense Steel Shipyard closed down, a concept was developed on how to reskill the laid-off workers and get them back into employment again. It was essential that the workers should (and wanted to) stay in the region – which in turn means that no brain-drain occurred. With the help of the local unions, individual plans to reskill the workers were created. These ensured that every worker received bespoke training. To achieve this, not only did the workers need to be retrained,

but also, new employment opportunities needed to be created as the shipyard's closing signified the demise of the largest regional employer. With government initiatives aimed at establishing different sectors in the region, it was ensured that economic diversification could be kickstarted. A couple of years after the closure, more jobs were created than the number of jobs lost, and more people were employed at the old site than when the steel shipyard was still running. The shipyard was transformed into a large industrial area, housing many different companies.

Type of activities:

The activities can be clustered in two main strands: the skills and the jobs-creation aspects. First, the skills aspect is the characterising factor – namely the offer to retrain the workers from the shipyard and ability to find them work in different sectors. This should also ensure that the employees could stay in the region. The education and training measures for the laid-off workers that were funded with the European Globalisation Fund were oriented at future growth sectors that were identified in the national Growth Plan. Those sectors included energy technology, welfare technology, robot and automation, technology, and construction. Workers were supported with individualised plans that contributed to faster re-employment due to the adaptation to individual strengths and needs. The employment measures included guidance services, vocational training and general education, measures to attract/retain youth in education, employment incentives and measures concerning business creation/entrepreneurship. Secondly, the jobs-creation aspect was crucial to re-employ the workers and ensure a general attractiveness of the city. Central for this aspect was the further use of the large industrial site of the former shipyard. Three main strands were developed by the owner company for the industrial area. The first focus is heavy industrial production and offshore wind energy generation. The second strand is the marine industry and lastly, the use of the site as a port business. Taken together, those strands ensure a sustainable business model of the site.

Goals and approach:

The main goal of the project was to ensure that the laid-off workers would resume employment in an appropriate timeframe after the closure. In addition, the new employment opportunities should be, in the best case, in the same region, i.e. Odense and surroundings, as many workers expressed the wish to stay in the region.

To achieve these objectives, the project followed an individualised approach for the laid-off workers. That means that individualised plans for workers were developed that should ensure that reskilling or upskilling programmes reflected the individual needs. The high degree of unionisation of the labour force was a supporting factor in this regard. Reskilling trainings was a special focus as it was needed to enable the workers to find employment in other sectors.

As it was envisaged to keep the workers in the region it was necessary to create additional and new employment opportunities with future potential. Therefore, the regional diversification aspect of the project was a decisive factor. The government plans to establish offshore wind energy sector in the region and other sectors were therefore important inputs.

Important outputs, results or achievements:

The project was conducive to the creation of employment opportunities so that only three years after the closure of the shipyard, the number of jobs lost was restored. Now, more people are employed at the old site than before (around 6 000). The speed with which people got back into work again was also higher than in previous, comparable experiences in Denmark. In addition, the site hosts around 30 companies which is an important aspect that contributes to economic diversification. The workforce in the region is no longer strongly dependent on a single company. Nowadays, if a company closes or decides to move, many other employment opportunities exist.

Another notable achievement is that with the project's approach, combining the skills perspective with economic diversification, it was possible for people to find employment in green and digital sectors before these took to the limelight in Europe. Now, work in these future-proof sectors is widespread, people's skills-sets are already adapted and consequently, they can earn a higher wage. Due to the sectoral shift to more digital and automated technologies, it is now possible again to build ships at the shipyard, largely thanks to the efforts of the local university in research on automating production processes.

Scalability¹ and transferability²:

One specificity about this case is that in Denmark there is a high degree of unionisation which was decisive for the implementation of the project. Reskilling is a crucial aspect of the collective bargaining system in Denmark.

For workers, retraining courses are free of charge and the Danish education system is well-developed, providing qualitative reskilling opportunities. This simplified many things for achieving the project's goals. For transferability this means that a comparable amount of collective agreements in the forms of unions' support should be given in order to achieve similar results. The case at hand could provide some interesting learnings for other regions as it is an example of how the closure of a large company was successfully managed, especially for the workers.

The project is also scalable to the extent that with the approach a higher number of people could be addressed. The funding of the European Globalisation Fund was of course a decisive financial support, however, with more funding and a higher number of workers this approach could be upscaled – given that the individualised support for retraining still stays feasible. Nowadays, the potential to scale the approach up is even higher than 10 years before as now, the green and digital sectors strongly increased in importance.

¹ Scalability entails that a policy approach can be adapted to a bigger scale than just the local context.

² Transferability entails that a policy approach can be applicable to a similar setting and replicated.

Key success factors and lessons learnt:

A positive factor of the project was the cooperation between the municipalities, the region and partners representing the labour market. This cooperation was especially valuable as it contributed to future employment possibilities. The cooperation was enshrined in a joint secretariat that worked as a hub for partners, e.g. jobcentres, and enhanced the effectiveness and efficiency between the partners. The role of the union has also been an essential factor as this was the driving force on ensuring that everyone could get the support tailored to their personal needs.

In addition, the fact that the region of Odense experienced an above-average growth and provided a general good economic environment is a factor that contributed to a faster re-employment of the retrained workers as it contributed to better job-opportunities.

Key challenges:

Due to the sectoral shift and digital evolution the requirements for work have shifted as well. With the establishment of a broad range of industries, different skill sets are in demand; however, they mostly refer to more advanced skills and competences which might exclude parts of the workforce. However, this is not a crucial problem for the project site, as the unemployment is nowadays comparatively low. In addition, this is a difficulty that arose after the actual project's activities (re-employment and diversification).

Tools for supporting economic diversification and reskilling/ upskilling via projects:

- supporting vulnerable workers during the period of industrial transition;
- providing workforce and start-up with training and upskilling programmes;
- other (please specify): rehabilitation and reuse measures for closed industrial sites.

Central framework conditions³:

The shipping industry used to be the largest industry in Denmark. The shipyard in Odense was established in 1918 and for some time built the largest container ships in the world. In 2009, the operator, A.P. Møller–Mærsk, decided that the yard would be closed. The shipyard was one of the largest industrial employers of the region. Back then, the shipping industry in Denmark (and in Europe in general) was challenged by the Asian market which increased the pressure on labour costs in Europe significantly.

The Danish labour market is coined with a high degree of unionisation, which is a distinctive factor of the underlying approach for the redevelopment project of the shipyard and its employees.

Outlook:

Now, at the former shipyard site an industrial park has been established. The park comprises around 120 companies and focuses on future-proof sectors. In addition, the region continues to address upcoming industries, such as the robotics sector.

The goal of keeping the workers in the region by creating jobs was achieved. However, the demand has shifted – nowadays there are too many jobs, and more people are needed.

³ Framework conditions encompass the institutional, informational and socio-economic factors that determine a given environment (contextual information), e.g. market conditions, access to finance, tax regulation, infrastructure and support.

Partners & contacts:

- Odense Port AS;
- Dansk Metal;
- municipalities of Odense and Kerterminde;
- region of Southern Denmark.

Website / Social media:

Odense Port: <https://odensehavn.dk/en/>

Sources:

European Commission (2011): EUR 20.4 million from EU Globalisation Fund to help redundant workers in Denmark. Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_11_544.

European Commission (2011): Odense Steel Shipyard. Reference: EGF/2011/008. Download available at: <https://ec.europa.eu/social/BlobServlet?docId=7763&langId=en>.

European Commission (2011): Odense Steel Shipyard. Reference: EGF/2010/025. Download available at: <https://ec.europa.eu/social/BlobServlet?docId=6787&langId=en>.

European Commission (2015): Ex-post evaluation of the European Globalisation Adjustment Fund - Final Report. Available at: <https://ec.europa.eu/social/BlobServlet?docId=14371&langId=en>.

Interview with representative of Dansk Metal, 30 April 2023.

Museum Odense. The History of the Odense Steel Shipyard. Available at: <https://museumodense.dk/en/research/research-projects/the-history-of-the-odense-steel-shipyard/>.

Odense Port. Companies. Available at: <https://odensehavn.dk/en/companies/>

Presentation of Johan Moesgaard Andersen at the JTP Conference. Session on 'Skills and life-long learning for the green and future-proof economy – the case for social dialogue in anticipating change'. 24 October 2022. Recording available at: <https://webcast.ec.europa.eu/just-transition-platform-conference-jenk-20221024/6230>.

Project Cargo Weekly (2019): LINDØ – PORT OF ODENSE, DENMARK. Available at: <https://www.projectcargo-weekly.com/2019/08/07/lindo-port-of-odense-denmark/>.

Syddansk Universitet (2021): Back to where it all began: Digital twins in ship production. Available at: https://www.sdu.dk/en/forskning/centre-for-industrial-elektronics/sduue+nyheder/nyt_fra_det_tekniske_fakultet/skibsproduktion-faar-digitale-tvillinger

Manuscript completed in July 2023

Luxembourg: Publications Office of the European Union, 2024

© European Union, 2024



The Commission's reuse policy is implemented by Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39, ELI: <http://data.europa.eu/eli/dec/2011/833/oj>).

Unless otherwise noted, the reuse of this document is authorised under the Creative Commons Attribution 4.0 International (CC BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed, provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightsholders.

Print ISBN 978-92-68-16786-1 doi:10.2776/389860 KN-09-24-391-EN-C
PDF ISBN 978-92-68-16785-4 doi:10.2776/57694 KN-09-24-391-EN-N

This document was prepared by researchers at Prognos AG having conducted desk research, interviews and surveys. Any information and views contained in the present document do not reflect the official opinion of the European Commission. Reuse is authorised provided the source is acknowledged.