Mobilisation of the European Globalisation Adjustment Fund: redundancies in the metal sector in Germany

2024/0049(BUD) - 24/04/2024 - Budgetary text adopted by Parliament

The European Parliament adopted by 590 votes to 24, with 12 abstentions, a resolution on the 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 Germany – EGF /2023/003 DE/Vallourec.

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial assistance contribution of **EUR 2 984 627** in commitment and payment appropriations from the EU budget for the financial year 2024, in response to the application submitted by Germany following the displacement of 1 518 workers made redundant in the company Vallourec Deutschland GmbH (VAD) - manufacture of basic metals.

This contribution represents 60 % of the total cost of EUR 4 974 379, comprising expenditure for personalised services of EUR 4 783 057 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 191 322.

Events leading to redundancies

The COVID-19 pandemic and the Russian war of aggression against Ukraine have reduced economic competitiveness and have a negative impact on economic growth in Germany. Moreover, VAD, the German subsidiary of Vallourec S.A, France, manufactured seamless hot-rolled steel tubes at its two steel mills in Germany. Following years of financial losses, a number of restructuring and downsizing measures and a dedicated recovery plan were launched in 2018, involving concessions by the workers on employment conditions. Despite some success, the economic situation following the COVID-19 pandemic resulted in further difficulties for the German tube mills and since 2015, more than 1400 jobs were already lost due to restructuring. In 2021, Vallourec S.A. decided to sell its German tube mills and to offshore production to Brazil. The sale failed, leading to the definitive closure of the sites and resulting in the displacement of the remaining workforce by 1 January 2025.

VAD agreed to the setting up a transfer company for each batch of dismissals and the enterprise also offered an early retirement plan for employees born 1966 or before, as well as voluntary termination plans for people that might not need longer assistance in finding a new job.

Beneficiaries

The application relates to 1 518 workers made redundant in the company Vallourec Deutschland GmbH (VAD). 835 workers will be targeted beneficiaries in total. The profiles of the displaced workers do not match the skills sought after on the job market. Furthermore, most of the workers concerned are in an advanced stage of their professional careers, having worked for VAD for a long time, with levels of formal qualifications that make them uncompetitive in the current labour market, as 20.1 % of them are over 54 years of age.

Parliament considers it as a social responsibility of the Union to provide these workers made redundant with the necessary qualifications for the ecological and just transformation of the Union industry in line with the European Green Deal, since they worked in a sector with high carbon intensity.

Personalised services

Parliament welcomed the personalised services provided by the EGF to the workers, which include upskilling measures, workshops, vocational orientation, job counselling, as well as training allowances, to make the region, and the overall labour market, more sustainable and resilient in the future.

Members welcomed the fact that the co-ordinated package of personalised services was drawn up by Germany in consultation with targeted beneficiaries, their representatives and social partners and that it has made considerable efforts to minimise the social impact of the site closures.

Germany started providing personalised services to the targeted beneficiaries on 1 December 2023 and that the period of eligibility for a financial contribution from the EGF will therefore be from 1 December 2023 until 24 months after the date of the entry into force of the financing decision.

Parliament recalled that personalised services to be provided to the workers and self-employed persons consist of the following actions: tailor-made training and retraining, occupational guidance, individual job-search assistance services and targeted group activities, support towards and contribution to business creation, as well as incentives and allowances. It also welcomed the proposed Digital basic skills (Digitale Grundqualifizierung) measure, which caters for the dissemination of the skills required in the digital industrial age.

Parliament stressed that the German authorities have confirmed that the eligible actions do not receive assistance from other Union funds or financial instruments, and that the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation. Moreover, assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements, or any allowances or rights of the displaced workers, to ensure full additionality of the allocation.