



5.3.2024

## **DRAFT REPORT**

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  
(COM(2024)0030 – C9-0041/2024 – 2024/0049(BUD))

Committee on Budgets

Rapporteur:

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## MOTION FOR A EUROPEAN PARLIAMENT 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 (COM(2024)0030 – C9-0041/2024 – 2024/0049(BUD))**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2024)0030 – C9-0041/2024),
  - having regard to Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013<sup>1</sup> (“EGF Regulation”),
  - having regard to Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021-2027<sup>2</sup> as amended by Regulation (EU, Euratom) 2024/765<sup>3</sup>, and in particular Article 8 thereof,
  - having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources<sup>4</sup>, and in particular point 9 thereof,
  - having regard to the opinion of the Committee on Employment and Social Affairs,
  - having regard to the letter of the Committee on Regional Development,
  - having regard to the report of the Committee on Budgets (A9-0000/2023),
- A. whereas the Union has set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis, and to assist their reintegration into the labour market; whereas this assistance is made through a financial support given to workers and the companies for which they worked;
- B. whereas Germany submitted application EGF/2023/003 DE/Vallourec for a financial contribution from the European Globalisation Adjustment Fund (EGF), following 1 518 redundancies<sup>5</sup> in the economic sector classified under the NACE Revision 2 division 24 (Manufacture of basic metals) in the neighbouring cities of Düsseldorf and Mülheim an der Ruhr within a reference period for the application from 26 April 2023 to 26 August

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<sup>1</sup> OJ L 153, 3.5.2021, p. 48.

<sup>2</sup> OJ L 433 I, 22.12.2020, p. 11.

<sup>3</sup> Council Regulation (EU, Euratom) 2024/765 of 29 February 2024 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L, 2024/765, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/765/oj>).

<sup>4</sup> OJ L 433 I, 22.12.2020, p. 28.

<sup>5</sup> Within the meaning of Article 3 of the EGF Regulation.

2023;

- C. whereas the application relates to 1 518 workers made redundant in the company Vallourec Deutschland GmbH (VAD);
  - D. whereas the application is based on the intervention criteria of Article 4(2), point (a), of the EGF Regulation, which requires at least 200 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased;
  - E. whereas 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;
  - F. whereas VAD, the German subsidiary of Vallourec S.A, France, manufactured seamless hot-rolled steel tubes at its two steel mills in Germany; whereas 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 and more than 1400 jobs lost since 2015 due to this restructuring; whereas Vallourec S.A. decided in 2021 to sell its German tube mills and to offshore production to Brazil; whereas the sale failed, leading to the definitive closure of the sites and resulting in the displacement of the remaining workforce by 1 January 2025;
  - G. whereas 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;
  - H. whereas financial contributions from the EGF should be primarily directed at active labour market policy measures and personalised services that aim to reintegrate beneficiaries rapidly into decent and sustainable employment within or outside their initial sector of activity, while preparing them for a climate neutral and more digital European economy;
  - I. whereas the MFF revision reduces the maximum annual amount of the EGF from EUR 186 million to EUR 30 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093 as amended by Regulation (EU, Euratom) 2024/765; whereas all institutions need to ensure that, despite these cuts, workers made redundant can count on EU solidarity via support of the EGF;
- 1. Agrees with the Commission that the conditions set out in Article 4(2), point (a), of the EGF Regulation are met and that Germany is entitled to a financial contribution of EUR 2 984 627 under that Regulation, which 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;
  - 2. Notes that the German authorities submitted the application on 15 November 2023, and that, following the provision of additional information by Germany, the Commission finalised its assessment on 29 February 2024 and notified it to Parliament on the same

day;

3. Notes that the application relates to 1 518 workers made redundant in the company Vallourec Deutschland GmbH (VAD); notes further that 835 workers will be targeted beneficiaries in total;
4. Underlines that those redundancies are expected to have a significant adverse effect on the local economy which has been subject to major structural changes in the past decades with a marked reduction of jobs in production and especially in metal manufacturing; points out that the dismissals will cause the unemployment rate in the cities of Mülheim and Düsseldorf to rise, by 11,6 % and 5,6 % respectively;
5. Points out that the profiles of the displaced workers do not match the skills sought after on the job market; further underlines that 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; stresses that up- and re-skilling the workers in line with labour market demands for qualified jobs will thus be a challenge, in particular considering the large number of people dismissed at the same time; stresses further that the up- and re-skilling of workers made redundant needs to consider the medium- to long-term qualification needs of the industrial transformation to a climate neutral future;
6. 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; welcomes, therefore, 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;
7. Welcomes 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; acknowledges that VAD made considerable efforts to minimise the social impact of the site closures;
8. Recalls 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;
9. Notes that 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;
10. Notes that Germany started incurring administrative expenditure to implement the EGF on 1 January 2023 and that expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 1 January 2023 until 31 months after the date of the entry into force of the financing decision;

11. Stresses 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;
12. Reiterates that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements;
13. Approves the decision annexed to this resolution;
14. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the *Official Journal of the European Union*;
15. Instructs its President to forward this resolution, including its Annex, to the Council and the Commission

## **ANNEX: 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**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013<sup>1</sup>, and in particular Article 15(1), first subparagraph, thereof,

Having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources<sup>2</sup>, and in particular point 9 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund for Displaced Workers (EGF) aims to demonstrate solidarity and promote decent and sustainable employment in the Union by providing support for workers made redundant and self-employed persons whose activity has ceased in the case of major restructuring events and assisting them in returning to decent and sustainable employment as soon as possible.
- (2) The EGF is not to exceed a maximum annual amount of EUR 30 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093<sup>3</sup>.
- (3) On 15 November 2023, Germany submitted an application to mobilise the EGF in accordance with Article 8(1) of Regulation (EU) 2021/691, in respect of workers' displacements in Vallourec (Vallourec Deutschland GmbH (VAD)) in the economic sector classified under the Statistical classification of economic activities in the European Community ('NACE')<sup>4</sup> Revision 2 division 24 (Manufacture of basic metals) in the Nomenclature of Territorial Units for Statistics ('NUTS') level 2 region of Düsseldorf (DEA1) in Germany. It was supplemented by additional information provided in accordance with Article 8(5) of Regulation (EU) 2021/691. That application is considered to comply with the conditions for providing a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) 2021/691, on the basis of the

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<sup>1</sup> OJ L 153, 3.5.2021, p. 48.

<sup>2</sup> OJ L 433 I, 22.12.2020, p. 28

<sup>3</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11).

<sup>4</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

assessment made by the Commission in the Proposal for a mobilisation decision of the European Parliament and of the Council <sup>5</sup>.

- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 2 984 627 in respect of the application submitted by Germany.
- (5) In order to minimise the time taken to mobilise the EGF, this Decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

#### *Article 1*

For the general budget of the Union for the financial year 2024, the European Globalisation Adjustment Fund for Displaced Workers shall be mobilised to provide the amount of EUR 2 984 627 in commitment and payment appropriations.

#### *Article 2*

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from [*the date of its adoption*]<sup>□</sup>.

Done at,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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<sup>5</sup> COM(2024) 30.

<sup>□</sup> Date to be inserted by the Parliament before the publication in OJ.



## EXPLANATORY STATEMENT

### I. Background

The European Globalisation Adjustment Fund (EGF) was created to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

In accordance with point 9 of the Interinstitutional Agreement of 16 December 2020<sup>6</sup>, the Commission is required, following the positive assessment of an application, to submit a proposal to mobilise the Fund to the budgetary authority and to complement it with a corresponding request for transfer to the relevant budget lines.

### II. Germany's application and the Commission's proposal

On 15 November 2023, Germany submitted an application EGF/2023/003 DE/Vallourec for a financial contribution from the EGF, following 1 518 redundancies<sup>7</sup> at the company Vallourec Deutschland GmbH (VAD) resulting from closure of its two production sites. This is the third such application of 2023 and the first to be examined under the 2024 budget.

Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

On 29 February 2024, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Germany to support the reintegration in the labour market of 835 targeted beneficiaries, i.e. workers made redundant by VAD. In total, EUR 2 984 627 will be mobilised from the EGF for Germany, representing 60 % of the total costs of the proposed actions.

The Commission deemed the German application admissible under the intervention criteria of Article 4(2)(a) of the EGF Regulation, which requires at least 200 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased.

EGF co-funding has been requested for the following types of actions, to be provided to redundant workers:

- a) Upskilling Measures. Tailor-made courses provided individually or in groups. Emphasis on German courses for participants with a poor command of the language and specialised basic digital skills for participants with a low level of digital skills.
- b) Guidance counseling and vocational orientation / activation measures. Personalized support from guidance counsellors. Peer groups and workshops, including with a focus on single mothers or older participants. A further focus will be on measures aiming at stabilising and improving the physical and mental health of participants.

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<sup>6</sup> Interinstitutional agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management as well as on new own resources, including a roadmap towards the introduction of new own resources, OJ L 433I, 22.12.2020, p. 28.

<sup>7</sup> Within the meaning of Article 3 of the EGF Regulation.

- c) Job search assistance: Professional job scouts will help to locate potential job vacancies that are not yet published, and which might suit eligible workers. In addition, a variety of job search events, such as job fairs, will be organised.
- d) Support for business creation: Advisory services for those interested in starting their own businesses, including individualised tailor-made coaching measures as well as group coaching sessions.
- e) Contribution to business creation: Grants of up to EUR 21 871 can be used for investments in equipment, but also for the rent of business premises or further coachings or trainings during the start-up phase.
- f) Incentives and allowances. (1) Upskilling incentives. Can be paid upon successful participation in certain measures, depending on type, level and duration of a measure. (2) Further incentives. These will primarily focus on the integration of participants in the job market, and can be paid as a bonus for taking up employment during the duration of the transfer company or be paid in the form of salary top-ups to compensate for wage loss in the new job. (3) Training allowance. Allowance of EUR 1 296 is paid during workers' stay in the transfer company. Participation in active labour market measures is a prerequisite for receiving an allowance.

According to the Commission, the described measures constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation and do not substitute passive social protection measures.

Germany provided the required information on actions that are mandatory for the enterprises concerned by virtue of national law or pursuant to collective agreements. They confirmed that a financial contribution from the EGF will not replace such actions.

## **Procedure**

In order to mobilise the Fund, the Commission has submitted to the Budgetary Authority a request to transfer a global amount of EUR 2 984 627 from the EGF reserve (budget line 30 04 02; commitment appropriations) to the EGF (budget line 16 02 02; commitment appropriations).

According to an internal agreement within the Parliament, the Employment and Social Affairs Committee and the Committee on Regional Policy should be associated to the process, in order to provide constructive support and contribute to the assessment of the applications from the Fund.

**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he has received input from the following entities or persons in the preparation of the draft report:

<b>Entity and/or person</b>
Two representatives of IG Metall (German trade union of steel workers)

The list above is drawn up under the exclusive responsibility of the rapporteur.