



*Committee on Employment and Social Affairs
The Chair*

19.3.2024

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on 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/Vellourec (2024/0049(BUD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Employment and Social Affairs has been asked to submit an opinion to your committee and decided to send the opinion in the form of a letter.

The Committee on Employment and Social Affairs considered the matter at its meeting of 19 March 2024 and decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Dragoş Pişlaru

SUGGESTIONS

- A. Whereas, on 15 November 2023, Germany submitted an application EGF/2023/003 DE/Vallourec for a financial contribution from the EGF, following displacements in Vallourec (Vallourec Deutschland GmbH (VAD)) in Germany;
- B. Whereas the application relates to 1 518 displaced workers whose activity has ceased in VAD; whereas this enterprise operates in the economic sector classified under the NACE Revision 2 division 24 (Manufacture of basic metals); whereas the redundancies made by the enterprise are located in the region of Düsseldorf;
- C. Whereas the Commission deemed this 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;
- D. Whereas 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;
- E. Whereas the enterprise, Vallourec Deutschland GmbH (VAD), is the German subsidiary of Vallourec S.A, France; whereas the enterprise manufactured seamless hot-rolled steel tubes at its two steel mills in Germany, in the neighbouring cities of Düsseldorf and Mülheim an der Ruhr; whereas following years of financial losses, a number of restructuring and downsizing measures were undertaken and a dedicated recovery plan was launched in 2018; whereas for saving the production sites, the employees showed willingness to make strong concessions; whereas despite this, more than 1400 jobs lost since 2015 due to this restructuring;
- F. Whereas Vallourec S.A. decided in 2021 to sell its German tube mills and to offshore production to Brazil; whereas all attempts to sell the production sites failed, leading to the definitive closure of the sites and resulting in the displacement of the remaining workforce by 1 January 2025 (in three phases, with a first batch of workers having left the company by 1 January 2024, a second batch about to leave by 1 July 2024, and the third batch 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 these job displacements 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; whereas the dismissals are expected to cause the unemployment rate in the cities of Mülheim and Düsseldorf to rise, by 11,6 % and 5,6 % respectively;
- I. Whereas local job markets within the region differ widely with high unemployment in

Mülheim and a very high degree of employment in the tertiary sector in Düsseldorf; whereas the profiles of the displaced workers do not match the skills sought after on the job market; whereas 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 are uncompetitive in the current labour market; whereas 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;

- J. Whereas Germany has indicated that the co-ordinated package of personalised services has been drawn up in consultation with the social partners, in compliance with Article 7(4) of Regulation (EU) 2021/691;
- K. Whereas Germany has confirmed that the measures receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments;
- L. Whereas the EGF shall not exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027;

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution:

1. Recalls that the objective of the EGF is to demonstrate solidarity with, and provide support to beneficiaries; considers that 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; stresses the importance of preparing workers for the urgently needed green and digital transitions of the European economy and society; reiterates in this context the important role the Union plays, including through the EGF, in contributing to the financing of necessary qualifications for the just transition in line with the European Green Deal;
2. 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;
3. Welcomes the fact that in November 2022, the German EGF Managing Authority entered discussions with the dismissing enterprise, the third-party contractor commissioned with setting-up the transfer company, the Public Employment Service, as well as the respective authorities of the Federal State of North-Rhine Westfalia about a possible EGF application and on 13 February 2023, a common action plan was agreed upon;

4. 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; stresses that 73.5% of the targeted beneficiaries are aged between 30-54 years while 20,1% are over the age of 54 years, that 89,1% have upper secondary or post-secondary education or lower and that 95,6 % of them are men; further stresses the specific needs of these groups should be taken into account when providing personalised services, particularly in view of their skills profile and the situation in the local job markets;
5. Stresses that Germany has confirmed that the measures supported by the EGF will not receive any financial contributions from other Union financial instruments;
6. Recalls that personalised services to be provided to the workers in accordance with Article 8(7)(h) of the EGF Regulation consist of the following measures: (a) upskilling measures, (b) guidance counseling and vocational orientation / activation measures, (c) business start-up advisory services, (d) business start-up grants, (e) job search assistance, (f) upskilling incentives, (g) further incentives, and (h) training allowance;
7. Strongly welcomes the proposed Digital basic skills (Digitale Grundqualifizierung) measure, which caters for the dissemination of the skills required in the digital industrial age, as required by Article 7(2) of the EGF Regulation; notes that this measure particularly aims at those participants with no or very little digital skills; welcomes the fact that participants will be provided with laptops so that they can follow the course and practise at home, as well as to the fact that special attention will be paid to applied skills that help participants to use internet tools for job search;
8. Recalls the possibility for special time-limited measures within the coordinated package including, *inter alia*, to pay childcare allowances, as provided in Article 7.2 b of the EGF regulation to facilitate job seekers' participation in the activities proposed.