

Procedure file

Basic information		
BUD - Budgetary procedure	2021/0107(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the metal manufacturing industry in Germany		
Subject 3.40.02 Iron and steel industry, metallurgical industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.51 2021 budget		
Geographical area Germany FR		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgets	 GEIER Jens	29/04/2021
		Shadow rapporteur	
		 HOHLMEIER Monika	
		 KÖRNER Moritz	
		 VANA Monika	
		 KUHS Joachim	
		 RZOŃCA Bogdan	
		 PAPADIMOULIS Dimitrios	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Employment and Social Affairs	 ZDECHOVSKÝ Tomáš	18/05/2021
Council of the European Union	Commission DG	Commissioner	
European Commission	Employment, Social Affairs and Inclusion	SCHMIT Nicolas	

Key events			
27/04/2021	Non-legislative basic document published	COM(2021)0207	Summary
29/04/2021	Committee referral announced in Parliament		
31/05/2021	Vote in committee		
02/06/2021	Budgetary report tabled for plenary	A9-0189/2021	
03/06/2021	Draft budget approved by Council		
07/06/2021	Decision by Parliament	T9-0265/2021	Summary
24/06/2021	Final act published in Official Journal		

Technical information	
Procedure reference	2021/0107(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/05928

Documentation gateway					
Non-legislative basic document		COM(2021)0207	27/04/2021	EC	Summary
Committee draft report		PE692.655	05/05/2021	EP	
Amendments tabled in committee		PE692.809	12/05/2021	EP	
Specific opinion	EMPL	PE692.905	27/05/2021	EP	
Budgetary report tabled for plenary, 1st reading		A9-0189/2021	02/06/2021	EP	
Budgetary text adopted by Parliament		T9-0265/2021	07/06/2021	EP	Summary

Final act
Decision 2021/1021 OJ L 224 24.06.2021, p. 0014

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

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to help Germany facing redundancies in the metal sector.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: on 15 December 2020, Germany submitted an application for a financial contribution from the EGF, in respect of redundancies in the company GMH Guss GmbH in Germany.

Following the examination of this application, the Commission concluded, in accordance with all relevant provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF have been met.

Grounds for the application

Germany submitted the application under the intervention criterion of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers

to be made redundant over a reference period of four months in an enterprise in a Member State.

The application concerns 585 workers made redundant by four subsidiaries of GMH Guss GmbH. This enterprise operates in the manufacture of basic metals sector. The redundancies occurred in the NUTS 2 regions of Düsseldorf and Arnsberg. These sites are located in the Ruhr area, the traditional industrial region of North Rhine-Westphalia.

The four-month reference period runs from 31 July 2020 to 30 November 2020.

Link between the redundancies and a global financial and economic crisis

Germany argues that the German foundry industry is facing profound challenges such as changes in international trade in goods and services, as well as the relocation of activities to third countries.

While in 2019 it was the largest producer of foundry products in the EU, producing more than twice as much as Italy and three times as much as France, Germany had only a 5% share of global production, behind China (45.5%), India (11%) and the US (8.8%).

In the automotive industry, which is one of the main customers of German metal foundries, Asia is now largely dominant, with a 54% market share of global car production in 2019. For the first time in their history, German car manufacturers produced more cars in China than in Germany. Overall, car production in 2019 fell to its lowest level since 1996.

In addition, in the European market, the entire car industry is tending to relocate production or parts of the supply chain to Eastern Europe, including to non-EU countries.

As far as truck manufacturers are concerned, production of vehicles over 3.5 tonnes in Germany has roughly halved from 256 131 vehicles in 2008 to 133 997 in 2019. China now dominates the world market, with a 40% market share of global production.

Lastly, in the shipbuilding industry, annual production in Europe has halved in the period 2011-2019 compared to the period 2002-2010.

These globalisation-related challenges have put the metal casting industry under severe pressure and led to an 8.9% decline in the total production of foundry products in Germany between 2018 and 2019.

The facts behind the redundancies are the insolvency proceedings against GMH Guss. While one subsidiary, Dieckerhoff Guss GmbH, has been fully closed, the others have been partially closed and are currently subject to insolvency proceedings.

The redundancies are expected to have a significant negative effect on the local economy. Between September 2019 and September 2020, the unemployment rate in North Rhine-Westphalia rose from 6.5% to 7.9% and from 9% to 10.7% in the Ruhr region. The Covid-19 pandemic has further aggravated the consequences for the labour market.

Beneficiaries

Of the 585 eligible persons, an estimated 476 redundant workers are expected to participate in the measures.

The personalised services to be provided to the redundant workers include the following actions: (i) upskilling measures, including German language courses which can be provided to participants with a migratory background; (ii) peer groups and discussion workshops; (iii) business start-up assistance; (iv) job search assistance; (v) guidance counselling and vocational orientation; (vi) international job counselling; (vii) follow-up mentoring; and (viii) training allowance.

The proposed actions are active labour market measures and do not substitute for passive social protection measures.

The total estimated cost amounts to EUR 1 802 845, including EUR 1 730 731 for personalised services and EUR 72 114 for preparation, management, information and publicity, monitoring and reporting.

Budget proposal

The annual allocation to the EGF does not exceed EUR 186 million (in 2018 prices), as foreseen in Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021-2027.

Following the assessment of the application, the Commission proposes to mobilise the EGF for an amount of EUR 1 081 706, representing 60% of the total cost of the proposed actions, in order to provide a financial contribution for the application.

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

The European Parliament adopted by 670 votes to 22, with 4 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 (EGF), following the application submitted by Germany - EGF/2020/003 DE/GMH Guss.

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of EUR 1 081 706 in commitment and payment appropriations from the Union budget for the financial year 2021, in response to the application submitted by Germany, which is facing redundancies in the metalworking sector.

This contribution represents 60 % of the total cost of EUR 1 802 845, corresponding to expenditure on personalised services of EUR 1 730 731 and expenditure on preparatory, management, information and publicity, monitoring and reporting activities of EUR 72 114.

Link between the redundancies and globalisation

The resolution noted that the German foundry industry is facing major challenges, such as the development of international trade in goods and services and Chinese overproduction, in particular in the automotive and machinery industries, as well as the relocation of activities to third countries, including EU candidate countries, where environmental standards are lower and industries are heavily subsidised.

Total German cast metal production decreased by 8.9% between 2018 and 2019 due to these globalisation challenges, affecting in particular North Rhine-Westphalia, where 25% of the German cast metals are produced.

Eligible beneficiaries

The application concerns 585 workers made redundant by four subsidiaries of GMH Guss GmbH in Germany.

Most of the redundant workers are in the second half of their working careers, have low levels of qualification and often an insufficient command of the German language, with a large number of the beneficiaries being men with a migrant background.

The redundancies are expected to have a significant impact on the local economy, as they have taken place in a context of high unemployment (10.7% in September 2020) in the Ruhr region due to structural challenges since the 1960s and the consequences of the COVID-19 pandemic.

Members deplored the fact that Germany foresees that only 476 eligible beneficiaries, including 455 men and 21 women, mostly between 30 and 54 years of age, will participate in the measures.

Personalised services

Parliament believes that it is the EU's social responsibility to provide redundant workers with the skills needed for the green and fair transformation of EU industry in line with the European Green Deal, given that they work in a carbon-intensive sector.

Members therefore welcomed the personalised services provided by the EGF to workers, including retraining measures, German language courses, workshops, career guidance, employment counselling, as well as training allowances and business start-up assistance.

The resolution also welcomed the fact that the coordinated package of personalised services was developed by Germany in consultation with the social partners and that a monitoring committee composed of representatives of the Ministry of Labour and Social Affairs, the public employment services, the transfer company, representatives of the IG Metall trade union, the liquidators of the dismissing company and its subsidiaries, as well as representatives of the works councils, was set up to guide the EGF co-financed intervention.