








Procedure file

Basic information			
BUD - Budgetary procedure		2024/0049(BUD)	
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the metal sector in Germany		Awaiting Parliament's position on the draft budget	
Subject			
3.40.02 Iron and steel industry, metallurgical industry			
4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)			
8.70.54 2024 budget			
Geographical area			
Germany FR			
Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		29/02/2024
		 GEIER Jens	
		Shadow rapporteur	
		 COLLADO JIMÉNEZ	
		Ana	
		 DLABAJOVÁ Martina	
		 VANA Monika	
		 RZOŃCA Bogdan	
		 PAPADIMOULIS	
		Dimitrios	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs	Chair on behalf of committee	05/03/2024
		 PÎSLARU Dragoș	
	REGI Regional Development	The committee decided not to give an opinion.	
European Commission	Commission DG	Commissioner	
	Budget	SCHMIT Nicolas	

Key events			
29/02/2024	Non-legislative basic document published	COM(2024)0030	Summary
29/02/2024	Committee referral announced in Parliament		
08/04/2024	Vote in committee		
09/04/2024	Budgetary report tabled for plenary	A9-0166/2024	

Technical information	
Procedure reference	2024/0049(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Awaiting Parliament's position on the draft budget
Committee dossier	BUDG/9/14305

Documentation gateway					
Non-legislative basic document		COM(2024)0030	29/02/2024	EC	Summary
Committee draft report		PE759.759	05/03/2024	EP	
Specific opinion	EMPL	PE759.834	19/03/2024	EP	
Amendments tabled in committee		PE759.851	26/03/2024	EP	
Budgetary report tabled for plenary, 1st reading		A9-0166/2024	09/04/2024	EP	

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

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to support Germany in the face of redundancies in the metal manufacturing sector.

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

CONTENT: on 15 November 2023, Germany submitted an application for a financial contribution from the EGF, following displacements in Vallourec (Vallourec Deutschland GmbH (VAD)) in Germany.

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

Grounds for the application

Germany submitted the application under the intervention criteria of Article 4(2), point (a), of EGF Regulation, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months in an enterprise in a Member State.

The application relates to 1 518 displaced workers whose activity has ceased in Vallourec (Vallourec Deutschland GmbH (VAD)). This enterprise operates in the economic sector classified under the NACE Revision 2 division 24 (Manufacture of basic metals). The reference period of four months for the application runs from 26 April 2023 to 26 August 2023.

Events leading to the displacements and cessation of operations

The enterprise, Vallourec Deutschland GmbH (VAD), is the German subsidiary of Vallourec S.A, France. The enterprise manufactured seamless hot-rolled steel tubes at its two steel mills in Germany, namely in the neighbouring cities of Düsseldorf and Mülheim an der Ruhr. The steel mills, previously known as Mannesmannröhren-Werke AG, were founded in 1899 and 1966, respectively.

The enterprise had been reporting losses since 2014, and, as a consequence, responded by several restructuring and downsizing measures. In 2018, the VAD Recovery Plan was launched, with the aim of leading to substantial savings by 2020. Despite some success, the economic situation following the Covid-19 pandemic resulted in further difficulties for the German tube mills. Since 2015, more than 1 400 jobs were already lost due to restructuring.

On 17 November 2021, the supervisory board of Vallourec S.A. decided to sell the German tube mills, and to offshore production to Brazil.

Even though Vallourec S.A. received offers from potential buyers, none of the offers proved viable. On 18 May 2022, the supervisory board declared that all attempts to sell the production sites had failed. This meant the definitive closure of the sites, as no successor to operate the facilities could be found.

Production will continue until the offshoring process is completed. Therefore, it has been decided to close the sites in three phases. A first batch of workers has left the company by 1 January 2024, a second batch will leave by 1 July 2024, and the third batch by 1 January 2025.

The enterprise will continue activities in Germany, but only as a sales company.

Beneficiaries

An estimated 835 redundant workers are expected to participate in the following measures.

The personalised services to be provided to the redundant workers include the following actions: (i) upskilling measures; (ii) guidance counselling and vocational orientation/activation measures; (iii) business start-up advisory services; (iv) business start-up grants; (iv) job search assistance; (v) upskilling incentives; (vi) training allowance; (vii) digital basic skills.

Germany has informed about activities already undertaken for the assistance of the displaced workers.

The estimated total costs are 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.

Budgetary proposal

The EGF should not exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027.

Having examined the application, the Commission proposes to mobilise the EGF for the amount of EUR 2 984 627, representing 60 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.

Transparency				
GEIER Jens	Rapporteur	BUDG	04/03/2024	IG Metall
GEIER Jens	Rapporteur	BUDG	29/02/2024	IG Metall