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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 following
an application from Germany – EGF/2020/003 DE/Germany GMH Guss
(COM(2021)0207 – C9-0156/2021 – 2021/0107(BUD))

Committee on Budgets

Rapporteur: Jens Geier

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	7
EXPLANATORY STATEMENT	8

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 following an application from Germany – EGF/2020/003 DE/Germany GMH Guss (COM(2021)0207 – C9-0156/2021 – 2021/0107(BUD))

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2021)0207 – C9-0156/2021),
 - having regard to Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹ (“EGF Regulation”),
 - having regard to Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021-2027², 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 resources³, (“IIA of 16 December 2020”), and in particular point 9 thereof,
 - having regard to the opinion of the Committee on Employment and Social Affairs,
 - having regard to the report of the Committee on Budgets (A9-0000/2021),
- 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/2020/003 DE/GMH Guss for a financial contribution from the European Globalisation Adjustment Fund (EGF), following 585 redundancies⁴ in 4 subsidiaries of the company Guss GmbH classified under the NACE Revision 2 Division 24 (Manufacture of basic metals) in the NUTS level 2 of

¹ OJ L 347, 20.12.2013, p. 855.

² OJ L 433I, 22.12.2020, p. 11.

³ OJ L 433I, 22.12.2020, p. 28.

⁴ Within the meaning of Article 3 of the EGF Regulation.

Düsseldorf (DEA1)⁵ and Arnsberg (DEA5)⁶, within a reference period for the application from 31 July 2020 to 30 November 2020;

- C. whereas the application relates to 585 workers made redundant by four subsidiaries of GMH Guss GmbH in Germany;
 - D. whereas the application is based on the intervention criteria of point (a) of Article 4(1) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State;
 - E. whereas the foundry industry in Germany is facing acute challenges such as changes in international trade in goods and services, for example in the automotive industry, as well as relocating activities to non-EU countries, including to EU candidate countries, where lower environmental standards apply⁷ and industries are highly subsidized;
 - F. whereas the overall metal casting production in Germany decreased by 8,9 % between 2018 and 2019⁸ due to these globalisation-related challenges, affecting in particular North Rhine-Westphalia where 25 % of the German cast metals are produced;
1. Agrees with the Commission that the conditions set out in Article 4(1)(a) of the EGF Regulation are met and that Germany is entitled to a financial contribution of EUR 1 081 706 under that Regulation, which represents 60 % of the total cost of EUR 1 802 845, comprising expenditure for personalised services of EUR 1 730 731 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 72 114;
 2. Notes that the German authorities submitted the application on 15 December 2020, and that, following the provision of additional information by Germany, the Commission finalised its assessment on 27 April 2021 and notified it to Parliament on the same day;
 3. Notes that the application relates in total to 585 workers made redundant in the German industrial sector; regrets that Germany expects that only 476 out of the total eligible beneficiaries will participate in the measures (targeted beneficiaries);
 4. Underlines that those redundancies are expected to have a considerable impact on the local economy, since they took place in a context of high level of unemployment (10,7% in September 2020) in the Ruhr area due to structural challenges since the 1960s and the consequences of the Covid-19 pandemic;
 5. Points out that most of the workers made redundant are in the second half of their professional career, have a low level of formal qualification, and often a poor command

⁵ Subsidiaries Friedrich Wilhelms-Hütte Eisenguss GmbH and Friedrich Wilhelms-Hütte GmbH, both located in Mülheim an der Ruhr.

⁶ Subsidiary Dieckerhoff Guss GmbH in Gevelsberg, and the subsidiary Walter Hundhausen GmbH (as well as the main seat of GMH Guss GmbH) in Schwerte.

⁷ Deutsche Bank Research (2020): Automobilindustrie – Produktion in China überflügelt heimische Fertigung; Eurofound (2016): -ERM report 2016: Globalisation slowdown? Recent evidence of offshoring and reshoring in Europe; Eurofound (2020): ERM report 2020: Restructuring across borders.

⁷ Measured in compensated gross tonnage (cgt).

⁸ Stephen, Sophie (2020): Deutsche Gussproduktion 2019 und Ausblick 2020, in: GIESSEREI, 04/2020.

of German language; further underlines that most of the beneficiaries are men with a migrant background and that a successful re-integration in the labour market should comprise the inclusion of their families and especially their wives and children, as they often have a much better knowledge of German than the employees, as also considered by the application;

6. Highlights and welcomes that some peer groups will focus on a common background of participants, such as a migratory background, or older participants;
7. 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 this EGF to the workers, which include upskilling measures and German courses, workshops, vocational orientation, job counselling, as well as training allowances, to make the area, and the overall labour market, more sustainable and resilient in the future;
8. Notes that Germany started providing personalised services to the targeted beneficiaries on 1 August 2020 and that the period of eligibility for a financial contribution from the EGF will therefore be from 1 August 2020 to 15 December 2022;
9. Notes that Germany started incurring administrative expenditure to implement the EGF on 1 November 2020 and that expenditure on preparatory, management, information and publicity, control and reporting activities will therefore be eligible for a financial contribution from the EGF from 1 November 2020 to 15 June 2023;
10. Welcomes that the co-ordinated package of personalised services was drawn up by Germany in consultation with the social partners, and that a monitoring committee comprising representatives of the Ministry of Labour and Social Affairs, the Public Employment Services, the transfer company, representatives of the social partners, representatives of IG Metall trade union, the liquidators of the dismissing enterprise and its subsidiaries, as well as representatives of the works councils, was set up to steer the EGF co-financed intervention; highlights that the social partners of the concerned enterprises already cooperated in the years and months prior to the mobilisation of the EGF to improve the difficult economic conditions and situation, which also included significant salary concessions made by the workers;
11. Notes that the German authorities have informed that the eligible actions are complementing without replacing measures offered by the European Social Fund (ESF) through the ESF Operational Programme for North Rhine-Westphalia;
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 following an application from Germany – EGF/2020/003 DE/Germany GMH Guss

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) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹, and in particular Article 15(4) 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 resources², and in particular point 9 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.
- (2) The EGF is not to exceed a maximum annual amount of EUR 186 million (2018 prices), as laid down in Article 8(1) of Council Regulation (EU, Euratom) 2020/2093³.
- (3) On 15 December 2020, Germany submitted an application to mobilise the EGF, in respect of redundancies in GMH Guss GmbH in Germany. It was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. That application complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 1 081 706 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,

¹ OJ L 347, 20.12.2013, p. 855.

² OJ L 433I, 22.12.2020, p. 29.

³ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021-2027 (OJ L 433I, 22.12.2020, p. 15).

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2021, the European Globalisation Adjustment Fund shall be mobilised to provide the amount of EUR 1 081 706 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*]*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

* Date to be inserted by the Parliament before the publication in OJ.

EXPLANATORY STATEMENT

I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of Article 8(1) of Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021-2027⁴ and of Article 15 of Regulation (EU) No 1309/2013⁵, the Fund may not exceed a maximum annual amount of EUR 186 million (2018 prices).

As concerns the procedure, according to point 9 of the Interinstitutional Agreement of 16 December 2020 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 resources⁶, in order to activate the Fund the Commission, in case of a positive assessment of an application, presents to the budgetary authority a proposal for mobilisation of the Fund and, at the same time, a corresponding request for transfer.

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

On 15 December 2020, Germany submitted an application EGF/2020/003 DE/GMH Guss for a financial contribution from the EGF, following 585 redundancies⁷ in four subsidiaries of the company GMH Guss GmbH, located in the NUTS level 2 regions of Düsseldorf (DEA1)⁸ and Arnsberg (DEA5)⁹.

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 27 April 2021, 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 476 targeted beneficiaries, i.e. workers made redundant in the economic sector classified under the NACE Revision 2, namely Division 4 (Manufacture of basic metals).

The Commission Belgium deemed the application admissible under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 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.

⁴OJ L 433I, 22.12.2020, p. 15.

⁵ OJ L 347, 20.12.2013, p. 855.

⁶ OJ L 433I, 22.12.2020, p. 28.

⁷ Within the meaning of Article 3 of the EGF Regulation.

⁸ subsidiaries Friedrich Wilhelms-Hütte Eisenguss GmbH and Friedrich Wilhelms-Hütte GmbH, both located in Mülheim an der Ruhr.

⁹ subsidiary Dieckerhoff Guss GmbH in Gevelsberg, and the subsidiary Walter Hundhausen GmbH (as well as the main seat of GMH Guss GmbH) in Schwerte.

This is the fourth application of 2020 and the third to be examined under the 2021 budget, including the new MFF (to Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027¹⁰ and the IIA of 16 December 2020. The Budget 2021 has reserve budget lines for EGF payments (prior 2021) which will be used for payments mobilised under the EGF regulation 2014-2020. The successor EGF regulation for 2021-2027 (2018/0202(COD)) has been adopted by the European Parliament plenary on 28 April 2021, but will have no impact on this procedure nor any upcoming procedures for mobilisations under the old 2014-2020 programme.

The number of 585 total redundant workers has been calculated from the date on which the employer, in accordance with Article 3(1) of Council Directive 98/59/EC¹¹, notified the competent public authority in writing of the projected collective redundancies. Germany confirmed that these 585 redundancies have actually been effected.

The application concerns a targeted 476 workers made redundant and refers to the mobilisation of a total amount of EUR 1 081 706 from the EGF for Germany representing 60 % of the total costs of the proposed actions.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Germany bases the application on the argument that the foundry industry in Germany is facing profound challenges such as changes in international trade in goods and services, as well as relocating activities to non-EU countries.

In Germany, the main customers of metal casting foundries are the automotive industry (60 %) and machine industry (26 %)¹². As foundries are highly specialised and provide custom-made products for their clients, the activities of the foundries are highly dependent on demand by specific main customers. As concerns the automotive industry, due to the rising demand in the region, Asia now dominates in global car production by far, with a world market share of 54 % of global car production in 2019. In total numbers, in 2019, car production in Germany dropped to the lowest level since 1996¹³. As concerns heavy truck producers, the production of heavy trucks weighing more than 3,5 tons nearly halved in Germany, from 256 131 vehicles in 2008, to 133 997 in 2019. Furthermore, on the European market, a trend developed in the whole automotive industry to nearshore production or parts of the supply chain to Eastern Europe, including third countries. Lower environmental standards, in particular in non-EU countries, are a further reason for nearshoring of metal casting products¹⁴. As concerns the shipbuilding industry, average yearly shipbuilding in Europe halved during 2011-2019 in comparison with 2002-2010¹⁵. These globalisation-related challenges have put severe strains on the metal casting

¹⁰ OJ L 433I, 22.12.2020, p. 11.

¹¹ Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.1998, p. 16).

¹² Bundesverband der Deutschen Gießerei-Industrie (BDGUss): Die Gießerei-Industrie. Eine starke Branche in Zahlen (2019).

¹³ <https://www.vda.de/de/services/zahlen-und-daten/jahreszahlen/automobilproduktion> sowie <https://www.quest-trendmagazin.de/automobilindustrie/internationalisierung/weltregion-automobilproduktion.html>.

¹⁴ Deutsche Bank Research (2020): Automobilindustrie – Produktion in China überflügelt heimische Fertigung; Eurofound (2016): -ERM report 2016: Globalisation slowdown? Recent evidence of offshoring and reshoring in Europe; Eurofound (2020): ERM report 2020: Restructuring across borders.

¹⁵ Measured in compensated gross tonnage (cgt).

industry, leading to a 8,9 % decrease of overall metal casting production in Germany between 2018 and 2019¹⁶.

The eight types of actions to be provided to redundant workers, for which EGF co-funding is requested consist of:

- a. Upskilling measures: These are offered following profiling and career guidance interviews. Courses can be provided individually or in groups. Considering the high number of participants with a migratory background, German courses will be offered to participants with a poor command of German.
- b. Peer groups / workshops: These will be group fora assisted by a facilitator, helping participants to exchange ideas and reflect on their experiences. Some peer groups focus on a common background of participants – such as participants with a migratory background, or older participants.
- c. Business start-up advisory service: This will comprise a package of advisory services for those interested in starting their own businesses. These services will include individualised tailor-made coaching measures, as well as the participation in group coaching sessions.
- d. Job search assistance: Professional job scouts will help to locate potential job vacancies that are not yet published, and which might suit eligible workers.
- e. Guidance counselling and vocational orientation: Based on the initial profiling interviews, guidance counsellors will not only inform about developments on the job market and possible career paths, but also provide applicants with motivational and inspirational help and support. Workers shall be encouraged to upgrade their skills or to learn new skills, and participate in education and training measures aimed at finding new employment, possibly in a different sector.
- f. International job counselling: For job seekers willing to accept a position in another EU member state, special counsellors will assist in job search, inform about work conditions in the respective member state, and help in getting qualifications translated and recognized.
- g. Follow-up mentoring: Workers can benefit from further counselling services after taking up new employment in order to facilitate transition into a new job and to minimise the risk of a job loss.
- h. Training allowance: The payment starts from the date when the worker enters the transfer company, and ends as soon as the person leaves the transfer company. Participation in active labour market measures is a prerequisite for receiving an allowance.

Given that a large share of the beneficiaries have a low level of qualification, and often a poor command of German language, financing German classes is deemed important for their future employment.

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.

¹⁶ Stephen, Sophie (2020): Deutsche Gussproduktion 2019 und Ausblick 2020, in: GIESSEREI, 04/2020.

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 1 081 706 from the EGF reserve (30 04 02) to the EGF (prior 2021) budget line (16 02 99 01). The trilogue procedure shall be initiated in the event of disagreement, as provided for in Article 15(4) of the EGF Regulation.

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