

Establishing the European Globalisation Adjustment Fund (EGF)

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In accordance with the requirements of Regulation (EC) No 1927/2006 the Commission presents a report on the activities of the European Globalisation Adjustment Fund in 2010. The trends available so far show that EGF applications are being presented in a growing number of sectors, and by an increasing number of Member States. Member States are furthermore gaining experience in selecting the most suitable measures, programming their assistance to redundant workers, and making use of the EGF to test new approaches.

Developing the full potential of the EGF, in complementarity with other available instruments and in consultation with the major stakeholders, will increasingly help redundant workers in a tailor-made and personalised manner, thereby improving their opportunities on the labour market.

Overview of EGF activities in 2010: the Commission received **31 applications** for contributions from the EGF, which was one application more than in 2009. The Budgetary Authority took 31 decisions to mobilise the EGF in 2010, which represents a 300% increase in terms of decisions and a 60% increase in terms of EGF co-financing compared to 2009. Six EGF contributions granted in previous years were wound up.

The applications received related to 16 sectors, and may be summarised as follows: Austria (two applications: basic metals, electronic equipment), Belgium (one application: automotive), Czech Republic (one application: retail trade), Denmark (four applications: machinery/equipment, shipbuilding), France (one application: automotive), Germany (one application: machinery/equipment), Ireland (three applications: construction), Netherlands (seven applications: electronic equipment, printing industry, financial services, wholesale trade), Poland (three applications: automotive, machinery/equipment), Portugal (one application: shoe manufacture), Spain (six applications: automotive, wearing apparel, stone /marble, retail trade), Slovenia (one application: wearing apparel).

The EGF contributions requested per case in 2010 **ranged from EUR 114 250 to EUR 38 052 069 (average EUR 5 483 695).**

The 31 contributions granted targeted 23 688 redundant workers in nine Member States with a total of EUR 83 554 141 paid from the EGF (16.7% of the annual maximum amount available to the EGF). The amounts proposed per worker in 2010 varied from slightly above EUR 600 to over EUR 23 000.

Actions funded with EGF assistance: the measures approved for the 31 EGF contributions granted in 2010 aimed to reintegrate 23 688 redundant workers into the labour market. They consisted mainly of intensive, personalised job search assistance and case management, a variety of vocational training, up-skilling and retraining measures, various temporary financial incentives/allowances for the duration of the job search, training and other active labour market measures up to the period of actual work reintegration, and other types of activities such as entrepreneurship promotion and supported employment.

Complementarity with actions funded by the Structural Funds, notably the European Social Fund (ESF): the EGF is designed to increase employability and ensure the rapid reintegration of redundant workers within the labour market through active labour market measures, thus complementing the ESF, which is the major EU instrument for promoting employment in the EU. The report gives specific examples of good complementarity between the ESF and the EGF.

Results achieved by the EGF: the main sources of information on the results achieved by the EGF are the final reports presented by Member States. The four final reports presented by the three Member States in 2010 (Spain, Portugal and Germany) showed that at the end or shortly after the end of the EGF implementation period, 629 workers (20% of 3 146) had found new jobs or were self-employed. The others were either in education or training (approximately 5%), or unemployed or inactive for personal reasons. The results in terms of reintegration into work were hampered by the significantly reduced absorption capacities of local and regional labour markets as a direct consequence of the global financial and economic crisis. The importance of the reintegration rate should not be overestimated since it merely provides a snapshot of the workers' employment situation at the moment the data are collected. It does not give any information on the type of employment and the quality of the work that the person has found, and can change significantly a short time later. According to information received from several Member States, the reintegration rates already tend to be higher a few months after submission of the final reports, especially in cases where workers continue to receive the tailor-made assistance beyond the EGF period, at the Member States' own expense or with the help of the ESF.

The Member States reported a series of interesting facts and encouraging information indicating that the personal situation, self-confidence and employability of the workers concerned visibly improved thanks to the EGF assistance and services, even if they did not always find new work quickly. The EGF gave Member States the opportunity to act more intensively in the regions affected by redundancies, in terms of the number of people assisted and the duration and quality of support, than would have been possible without EGF funding. The EU funds enabled them to respond more flexibly and to include in their packages highly personalised, sometimes innovative, actions and more attention for the least skilled. The assistance co-funded by the EGF therefore represents an enhanced investment in skills, which can have a positive impact in the medium and longer term when markets gradually recover from the crisis. In addition, the EGF was felt to be a useful instrument at a time of budget deficits and public sector cuts, when national resources have become scarce and when Member States and companies are struggling to recover from the global crisis. The mid-term evaluation of the EGF, due in 2011 as required by Regulation (EC) No 1927/2006, will assess the impact of the EGF in more detail.