

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 21/06/2012

The Council **took note of a progress report** regarding the European Globalisation Adjustment Fund (EGF).

The Commission proposal foresees maintaining the EGF during the next MFF programming period (2014-2020) as a means for expressing solidarity in view of the ongoing crisis.

The objectives of the proposed fund have been extended compared to the current EGF and now encompass the following:

- contribute to economic growth and employment by enabling the EU to demonstrate solidarity with workers made redundant due to globalisation, trade agreements impacting upon the agricultural sector, or an unexpected crisis, and to provide financial support for their rapid reintegration into employment,
- or for changing or adjusting their agricultural activities.

Discussions of the proposal in the Council's working party can be summarized as follows:

(1) Some delegations welcomed the Commission proposal, considering the EGF to be a very important instrument of solidarity that was of proven merit.

(2) A large number of delegations expressed their scepticism concerning the proposal:

the major issue was the **extension of the EGF's scope to agriculture**. Too many aspects were left to the discretionary powers of the Commission with the risk that the Commission was negotiating trade agreements at the expense of the agricultural sector;

the high amount to be reserved for the agricultural sector was also called into question;

doubts were expressed about the added value of the fund;

concerns were also voiced about the co-financing rate (the basic co-financing rate of 50 % may be increased to 65 % for Member States with convergence regions), the link to cohesion, the fact that the fund seems to be more and more permanent and to be becoming purely sectoral;

doubts were expressed about the excessive use of "delegated acts" in determining the modalities for triggering the EGF;

(3) As to the MFF process, the latest version of the presidency's MFF negotiating box of June 2012 provides for only one option, i.e. **the discontinuation of the EGF**.

Added value of the fund: doubts were expressed as to the added value of the fund. A couple of delegations argued that the European Social Fund (ESF) could finance similar measures.

Different delegations made a series of further remarks:

- the crisis argument should not be included any more,
- the fund was not effective for smaller labour markets,
- hardest hit countries would have less access to the fund,
- smaller Member States might not get a fair share of the finances available,
- the responsibility for labour market policies should remain with the Member States, there generally was an urgent need for financing and thus no time to wait for the EU level funding, and it might be regarded as the norm that the fund remains outside the multiannual financial framework (MFF) as an extrabudgetary item.