

European Globalisation Adjustment Fund (EGF) 2014-2020

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The Council took stock of the **state of play** on the proposal to maintain the European Globalisation Adjustment Fund (EGF) for the period 2014-2020, whilst introducing a number of changes, in particular an extension of its scope.

Under the Commission's proposal, the fund would not only provide support to workers made redundant due to structural changes in world trade patterns, as under the initial regulation, but could also be used in two other cases: (i) redundancies resulting from serious economic disruption caused by an unexpected crisis and (ii) difficulties faced by farmers having to adjust or change their activities as a consequence of international agricultural trade agreements. Other changes compared to the 2006 Regulation relate to the co-financing rate and to the acceleration and simplification of decision-making on applications for support from the fund.

Development of the discussion under the Cypriot Presidency: the Working Party on Social Questions has, over the course of three meetings, continued the examination of the Commission proposal on the basis of three Presidency compromise proposals.

While the majority of delegations welcome the Commission proposal, considering the EGF is a very important and much needed instrument of solidarity with workers, underlining that it sets a positive sign in times of ongoing economic difficulties, **many other delegations reiterated their scepticism** concerning different aspects of the proposal. A number of Member States continue, as a matter of principle, to be **opposed to the continuation of the EGF**. A couple of delegations argue that similar measures could be financed under the European Social Fund (ESF).

Nevertheless, all delegations participated very actively and constructively in the discussions.

- **Inclusion of farmers:** a major issue in the Commission proposal is the differentiated treatment of farmers in relation to other categories of workers. **Many delegations either oppose or question the inclusion of farmers** and the high amount to be reserved for this group. Other delegations could accept to include farmers if they were treated on **the same terms as the other categories of workers**. To this effect, the Presidency deleted all specific references to farmers in all relevant articles of the proposed Regulation. This approach was broadly supported by delegations.

- **Co-financing** (Article 13, in combination with Recital 14): the co-financing rate is another controversial issue; the views expressed range from a preference for a single rate (with most of the delegations concerned **favouring 50%**) to differentiated rates of up to 65%. Some delegations would prefer a rate comparable to the ESF. The Presidency concluded that this issue needs to be discussed further.

As regards the co-financing criteria, no agreement could be reached either. While the majority of delegations expressed the view that the co-financing criteria should allow all Member States to apply for funding, the **Working Party was not in a position to determine which of the proposed criteria** (European Stability Mechanism (ESM), Balance of Payments (BOP), overall unemployment rate in a Member State, sectoral unemployment rates, economic development) **should be taken into account**.

In view of this, the Presidency concluded that more in-depth work is required on this topic.

- **Pre-financing, speeding up the disbursement of funds, simplification of procedures, shortening of the examination time:** the proposals introduced by the Presidency concern the pre-financing of the applications. It suggested that financial contribution would be given in a **single instalment**, following the approval of the application by the Commission. The majority of delegations expressed their support to this proposal with the understanding that all categories of beneficiaries are to be treated on the same footing.

Concerning the submission of additional information by the Member States and the timeframe for assessing the application by the Commission, the Presidency has redrafted the relevant Article to ensure more clarity. Although there were a few delegations that **favoured a shorter examination timeframe**, the majority of delegations expressed their support to this proposal. The Commission explained that, for administrative reasons, the timeframe cannot be shortened.

- **Broadening of the scope: a considerable number of Member States continues to oppose the extension of the scope to other categories of workers** (i.e. farmers, temporary agency workers, ownermanagers of micro, small- and medium-sized enterprises and self-employed), compared to the current EGF.

Conclusion: the Cypriot Presidency concentrated on tabling compromise solutions on a series of specific elements. On a variety of aspects of the proposal, the final position of many delegations will depend on further developments concerning the file in the framework of the negotiations on the multiannual financial framework (MFF).

DK, MT and UK maintain their parliamentary scrutiny reservations.

It should be noted that **several delegations are opposed to the continuation of the fund** during the next budgetary period up to 2020.

Discussions on the proposal will continue under the forthcoming Irish Presidency.