

Establishing the European Globalisation Adjustment Fund (EGF)

2006/0033(COD) - 20/12/2006 - Final act

PURPOSE: the establishment of a “European Globalisation Adjustment Fund” (EGF).

LEGISLATIVE ACT: Regulation (EC) No 1927/2006 of the European Parliament and of the Council on establishing the European Globalisation Adjustment Fund.

CONTENT: the Council adopted this Regulation accepting all amendments suggested by the European Parliament at first reading. Notwithstanding the positive effects of globalisation in terms of growth, jobs, prosperity and the need to enhance European competitiveness, globalisation may also have negative consequences for the most vulnerable and the least qualified workers in some sectors.

The purpose of this Regulation, therefore, is to establish a “European Globalisation Adjustment Fund” or EGF, the purpose of which is to provide support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and where these redundancies have a significantly adverse impact on the regional or local economy. The EGF will cover the period 1 January 2007 – 31 December 2013. The Fund may not exceed a maximum annual amount of EUR 500 million at current prices.

A financial contribution from the EGF will be provided where major structural changes in world trade patterns lead to a serious economic disruption, notably a substantial increase of imports into the EU, or a rapid decline of the EU market share in a given sector or a delocalisation to third countries, which results in:

- at least 1 000 redundancies over a period of 4 months in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers; or
- at least 1 000 redundancies, over a period of 9 months, particularly for small and medium sized enterprises, in a NACE 2 sector in one region or two contiguous regions at NUTS II level;
- small labour markets or in exceptional circumstances, duly substantiated by the Member State(s) concerned, an application for a contribution from the EGF may be considered admissible even if the conditions laid down above are not entirely met, when redundancies have a serious impact on employment and the local economy. The aggregated amount of contributions for exceptional circumstances may not exceed 15% of the EGF each year.

A financial contribution under this Regulation may be made for active labour market measures that form part of a coordinated package of personalised services designed to re-integrate redundant workers into the labour market, including:

- job-search assistance, occupational guidance, tailor-made training and re-training including ICT skills and certification of acquired experience, outplacement assistance and entrepreneurship promotion or aid for self-employment;
- special time-limited measures, such as job-search allowances, mobility allowances or allowances to individuals participating in lifelong learning and training activities; and

- measures to stimulate disadvantaged or older workers, to remain in or return to the labour market.

The EGF will not finance passive social protection measures.

The Regulation establishes provisions on: the type of financial contribution; applications; complementarity, compliance and co-ordination; equality between women and men and non-discrimination; technical assistance at the initiative of the Commission; information and publicity; determination of the financial contribution; the eligibility of expenditure; the payment and use of the financial contribution; and the use of the Euro.

Measure have also been put in place requiring the Commission:

- to prepare a final report (no later than six months after the expiry of the period specified);
- to present annual reports (the first being in 2008);
- to prepare a mid-term evaluation of the effectiveness and sustainability of results by 31 December 2011; and
- to prepare an ex-post evaluation by 31 December 2014, with the assistance of external experts.

On the basis of the first annual report the European Parliament and the Council may review this Regulation – no later than 31 December 2013.

APPLY: 1 January 2007.

ENTRY INTO FORCE: 20 January 2007.