Basic information

2011/0147(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure lapsed or withdrawn
European Globalisation Adjustment Fund (EGF): temporary derogation **Subject** 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 4.15.12 Workers protection and rights, labour law 5.03 Global economy and globalisation	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	BERÈS Pervenche (S&D)	07/07/2011
	Shadow rapporteur CORNELISSEN Marije (Verts/ALE) SCHROEDTER Elisabeth (Verts/ALE) CABRNOCH Milan (ECR)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	06/07/2011

Council of the European Union

Council configuration	Meetings	Date
Employment, Social Policy, Health and Consumer Affairs	3131	2011-12-01

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	ANDOR László

European Economic and Social Committee

European Committee of the Regions

Key events

Date	Event	Reference	Summary
10/06/2011	Legislative proposal published	COM(2011)0336	Summary
23/06/2011	Committee referral announced in Parliament, 1st reading		
08/09/2011	Vote in committee, 1st reading		Summary
14/09/2011	Committee report tabled for plenary, 1st reading	A7-0308/2011	
29/09/2011	Decision by Parliament, 1st reading	T7-0428/2011	Summary
29/09/2011	Results of vote in Parliament		
29/09/2011	Debate in Parliament		
21/05/2014	Proposal withdrawn by Commission		Summary

Technical information

Procedure reference	2011/0147(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the European Union TFEU 175-p3
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	EMPL/7/06276

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A7-0308/2011	14/09/2011	
Text adopted by Parliament, 1st reading/single reading		T7-0428/2011	29/09/2011	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0336	10/06/2011	Summary

National parliaments

	Parliament			

Document type	/Chamber	Reference	Date	Summary
Contribution	IT_SENATE	COM(2011)0336	11/08/2011	
Contribution	PT_PARLIAMENT	COM(2011)0336	20/09/2011	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1384/2011	21/09/2011	

Additional information		
Source	**Document**	**Date**
National parliaments	IPEX	
European Commission	EUR-Lex	

European Globalisation Adjustment Fund (EGF): temporary derogation

2011/0147(COD) - 01/12/2011

The Council did not reach a political agreement on the extension of the crisis derogation concerning the European globalisation adjustment fund (EGF), since a qualified majority could not be achieved.

However, the presidency was able to report on the progress made until now.

General background: the proposed regulation aims at extending the crisis-related derogation (introduced in 2009 and due to expire on 31 December 2011) for another 2 years until 31 December 2013, i.e. the end of the current multiannual financial framework. The extension of the derogation is thus without prejudice to the negotiations on the future of the EGF.

The EGF was established in 2006 by regulation 1927/2006 with the main objective of providing support to workers affected by redundancies resulting from changes in world trade patterns.

In the light of the scale and speed of developments in the financial and economic crisis in 2008, the Commission proposed a first revision of the regulation. The aim of the 2009 revision was inter alia to introduce a temporary derogation as part of Europe's crisis response, turning the EGF into an early, more effective crisis intervention instrument in line with the fundamental principles of solidarity and social justice. This derogation enlarged the scope of the EGF to cover support in favour of workers made redundant as a direct consequence of the financial and economic crisis and to increase the level of EGF co-funding from 50 to 65 %.

Since the introduction of the crisis derogation, there has been a **sharp increase in the number of applications for EGF support** and an increase in the number of member states applying for EGF support: between May 2010 and July 2011, 62 applications for 52 875 workers were introduced for a **total amount of EUR 275 857 280**.

State of Play: the Council held several meetings as regards this proposal. The debate concentrated essentially on the need to extend the crisis derogation and on the level of co-financing.

- As to the Commission proposal, a large number of delegations expressed their wish to see the **crisis derogation extended until 31 December 2013** as suggested by the Commission. Some of them see the EGF as the only instrument at EU level to show solidarity with individual workers made redundant as a consequence of the financial crisis. It was also emphasised that the fund is not targeting specific Member States and is not intended as a tool to redistribute money between Member States. In the interim a "sovereign debt crisis" has placed further pressure on employment and social conditions, which makes the EGF, in the view of some delegations, even more valuable, and the extension justified. It was indicated that the available figures have demonstrated how important the crisis-related derogation was. Some argued that the determining factor should be the actual impact of the measures, not the number of applications. Some delegations were of the view that, given the EGF's strong public visibility, a refusal by the Council to extend the crisis derogation would undoubtedly be seen as sending the wrong political signal against the current background of deterioration in the labour market situation due to the financial disturbance and the economic downturn.

- Some delegations had reservations concerning the extension of the crisis derogation as suggested by the Commission, advancing different arguments in favour of their position, inter alia that the financial crisis can no longer be considered the cause of redundancies and that the **Fund has failed to achieve its aim because money has been allocated to Member States that have suffered comparatively less from the crisis**. One delegation argued that the European Social Fund (ESF) could be used instead as regards the crisis criterion, while the EGF should focus on the effects of globalisation. Another delegation raised the question of subsidiarity, suggesting that things should be dealt with on a national level with national resources rather than via decisions taken at EU level. Furthermore, one delegation considered that a fuller impact assessment was needed (concerning the principles of subsidiarity and proportionality).

Responding to the concern of some delegations that the extension of the crisis-related derogation should be without prejudice to the future of the EGF, it was stressed that this extension would not pre-empt the negotiations on the future EGF, as they will be linked to the negotiations on the new MFF (2014-2020), which have just started.

- Given this situation, the Presidency submitted a **first compromise proposal** extending the crisis derogation only until the **end of 2012**. The Working Party did not reach agreement on this proposal, some of the delegations indicating that a shorter, one-year extension of the crisis derogation was not a solution. Others argued that it was important to find a solution that would be valid until the end of the current MFF programming period.

- The Presidency's **second compromise proposal** introduced a **differentiated co-financing rate for the remaining period of validity** of the Regulation until 31 December 2013. This compromise proposal also **failed to obtain the required majority support**.

Other issues: COREPER decided on 9 November, that the Working Party should examine a proposal submitted by Malta. This proposal is to extend the applicability of the second Presidency compromise proposal to Member States eligible for the Cohesion Fund. At the same time the group also examined a **third Presidency compromise proposal** suggesting an extension of the **crisis derogation until 2013 and a co-financing rate of 50 %.**

Neither of these two compromise proposals found qualified majority support in the group.

In view of the above, COREPER agrees:

- to submit the Report to Council;
- to recommend to Council to further examine the existing proposals with a view to finding a possible agreement.

European Globalisation Adjustment Fund (EGF): temporary derogation

2011/0147(COD) - 10/06/2011 - Legislative proposal

PURPOSE: to extend the temporary derogation to support workers made redundant as a result of the global financial and economic crisis until by 31 December 2013.

PROPOSED ACT: Regulation of European Parliament and of the Council.

BACKGROUND: the European Globalisation Adjustment Fund (EGF) was established in 2006 by Regulation (EC) No 1927/2006 with the main objective of showing solidarity with and providing support to workers affected by redundancies resulting from changes in world trade patterns.

In the light of the scale and the speed of development of the financial and economic crisis in 2008, the Commission, in its European Economic Recovery Plan, envisaged the revision of Regulation (EC) No 1927/2006. The aim of this revision, brought about by Regulation (EC) No 546/2009, was to extend the scope of the EGF as part of Europe's crisis response and to turn it into an early, more effective crisis intervention instrument in line with the fundamental principles of solidarity and social justice.

The amendments included permanent changes, such as the reduction from 1 000 to 500 of the required number of redundancies to trigger an application for EGF support and an extension from 12 to 24 months of the implementation period for EGF supported measures.

A temporary derogation was introduced in order (1) to enlarge the scope of the EGF to cover support in favour of workers made redundant as a direct consequence of the financial and economic crisis (paragraph 1a of Article 1 of Regulation (EC) No 1927/2006) and (2) to increase the level of EGF co-funding from 50 to 65% (Article 10(1) of Regulation (EC) No 1927/2006).

The temporary derogation expires on 30 December 2011 and the possibility of reviewing it is provided for in the second paragraph of Article 20 of Regulation (EC) No 1927/2006.

Therefore, it is proposed to extend the temporary crisis-related derogation, which expires on 30 December 2011.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASIS: Article 175(3) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: in order to extend the temporary derogation to support workers made redundant as a result of the global financial and economic crisis the date laid down in the second paragraph of paragraph 1a of Article 1 of Regulation (EC) No 1927/2006 is replaced by **31 December 2013**. This amendment also automatically extends the increased co-financing rate of 65% until the same date, as laid down in Article 10(1) of the Regulation.

BUDGETARY IMPLICATION: Article 28 of the Interinstitutional Agreement of 17 May 2006on budgetary discipline and sound financial management provides that the EGF may not exceed a maximum annual amount of EUR 500 million.

Based on the requests for EGF support in the past the proposed extension of the crisis related derogation in Regulation (EC) No 1927/2006 is not expected to exceed this maximum annual amount. These requests reached EUR 51.8 million in 2007 and EUR 20.6 million in 2008. In 2009 the total amount of EGF support requested reached EUR 131.7 million, of which 75% concerned crisis related applications and 25% trade related applications. In 2010 the total amount of EGF support requested reached EUR 132,5 million, of which 87% related to crisis related applications and 13% to trade related applications.

European Globalisation Adjustment Fund (EGF): temporary derogation

2011/0147(COD) - 29/09/2011 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 498 votes to 63, with 13 against, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1927/2006 establishing the European Globalisation Adjustment Fund.

Parliament adopted its position at first reading under the ordinary legislative procedure taking over the Commission proposal.