

Basic information

2011/0269(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Regulation

European Globalisation Adjustment Fund (EGF) 2014-2020

Repealing Regulation (EC) No 1927/2006 [2006/0033\(COD\)](#)

Amended by [2016/0282A\(COD\)](#)

Amended by [2019/0180\(COD\)](#)

Subject

4.15.05 Industrial restructuring, job losses, redundancies, relocations,
Globalisation Adjustment Fund (EGF)

5.03 Global economy and globalisation

Procedure completed

Key players

European
Parliament

Committee responsible

EMPL Employment and Social Affairs

Rapporteur

HARKIN Marian (ALDE)

Appointed

27/10/2011

Shadow rapporteur

BAUER Edit (PPE)

DAERDEN Frédéric (S&D)

CORNELISSEN Marije
(Verts/ALE)

CABRNOCH Milan (ECR)

ZUBER Inês Cristina (GUE
/NGL)

BIZZOTTO Mara (EFD)

Committee for opinion

INTA International Trade

WINKLER Iuliu (PPE)

08/12/2011

BUDG Budgets

SOUSA Alda (GUE/NGL)

06/02/2012

CONT Budgetary Control

CHATZIMARKAKIS Jorgo
(ALDE)

24/11/2011

ITRE Industry, Research and Energy

The committee decided not
to give an opinion.

	REGI Regional Development	GEIER Jens (S&D)	23/11/2011
	AGRI Agriculture and Rural Development (Associated committee)	ALVES Luís Paulo (S&D)	23/11/2011
	FEMM Women's Rights and Gender Equality	BLINKEVIČIŪTĖ Vilija (S&D)	22/11/2011
	Committee for opinion on the legal basis	Rapporteur for opinion	Appointed
	JURI Legal Affairs	LICHTENBERGER Eva (Verts/ALE)	05/09/2012
Council of the European Union	Council configuration	Meetings	Date
	Employment, Social Policy, Health and Consumer Affairs	3177	2012-06-21
	Employment, Social Policy, Health and Consumer Affairs	3206	2012-12-06
	Employment, Social Policy, Health and Consumer Affairs	3247	2013-06-20
	Agriculture and Fisheries	3285	2013-12-16
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
06/10/2011	Legislative proposal published	COM(2011)0608 	Summary
25/10/2011	Committee referral announced in Parliament, 1st reading		
21/06/2012	Debate in Council		Summary
13/09/2012	Referral to associated committees announced in Parliament		
06/11/2012	Vote in committee, 1st reading		
06/12/2012	Debate in Council		Summary
07/01/2013	Committee report tabled for plenary, 1st reading	A7-0005/2013	Summary
20/06/2013	Debate in Council		
10/12/2013	Debate in Parliament		

11/12/2013	Decision by Parliament, 1st reading	T7-0572/2013	Summary
11/12/2013	Results of vote in Parliament		
16/12/2013	Act adopted by Council after Parliament's 1st reading		
16/12/2013	End of procedure in Parliament		
17/12/2013	Final act signed		
20/12/2013	Final act published in Official Journal		

Technical information	
Procedure reference	2011/0269(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealing Regulation (EC) No 1927/2006 2006/0033(COD) Amended by 2016/0282A(COD) Amended by 2019/0180(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 043 Treaty on the Functioning of the European Union TFEU 175-p3 Treaty on the Functioning of the European Union TFEU 042-p1
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 completed
Committee dossier	EMPL/7/07500

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee opinion	INTA	PE483.733	31/05/2012	
Committee opinion	CONT	PE486.029	01/06/2012	
Committee draft report		PE483.708	06/06/2012	
Committee opinion	FEMM	PE483.818	07/06/2012	
Committee opinion	REGI	PE483.720	10/07/2012	
Amendments tabled in committee		PE492.873	16/07/2012	
Committee opinion	BUDG	PE487.691	18/10/2012	
Specific opinion	JURI	PE500.729	29/11/2012	
Committee report tabled for plenary, 1st reading/single reading		A7-0005/2013	07/01/2013	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0572/2013	11/12/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00099/2013/LEX	17/12/2013	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0608 	06/10/2011	Summary
Document attached to the procedure	SEC(2011)1130 	06/10/2011	
Document attached to the procedure	SEC(2011)1131 	06/10/2011	
Document attached to the procedure	SEC(2011)1133 	06/10/2011	
Commission response to text adopted in plenary	SP(2014)148	13/02/2014	
Follow-up document	COM(2015)0355 	22/07/2015	Summary
Follow-up document	COM(2017)0636 	31/10/2017	Summary
Follow-up document	COM(2018)0297 	16/05/2018	Summary
Follow-up document	SWD(2018)0192 	16/05/2018	
Follow-up document	COM(2019)0415 	16/09/2019	Summary
Follow-up document	COM(2021)0486 	20/08/2021	
Follow-up document	COM(2021)0788 	13/12/2021	
Follow-up document	SWD(2021)0381 	13/12/2021	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0608	01/12/2011	
Contribution	IT_SENATE	COM(2011)0608	07/12/2011	
Contribution	CZ_SENATE	COM(2011)0608	12/01/2012	
Contribution	RO_CHAMBER	COM(2011)0608	13/01/2012	

Contribution	PL_SENATE	COM(2011)0608	06/02/2012	
Contribution	DE_BUNDESRAT	COM(2011)0608	14/02/2012	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0482/2012	22/02/2012	

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

Final act	
Regulation 2013/1309 OJ L 347 20.12.2013, p. 0855	Summary

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 16/05/2018 - Follow-up document

The Commission presented a report on the mid-term evaluation of the European Globalisation Adjustment Fund (EGF).

The evaluation covers all 29 applications for EGF assistance received in 2014 and 2015. The cases, concerning **10 different Member States, cover 21 economic sectors**, with the automotive sector (four cases) and retail sector (three cases) accounting for the most EGF applications over this time period.

Main conclusions: as the mid-term evaluation of the EGF was carried out at an early stage, only limited information and experience relating to the current period could be gathered. In addition, the improved economic situation has led to a decrease in the number of applications for EGF assistance, which has further reduced the available evidence.

The report concludes the following:

- the **re-integration rate** of redundant workers into the job market improved compared to the previous funding period (from 49 % to 56 %). It is therefore not only difficult to compare re-integration rates over cases, but also to find suitable comparators of similar measures. In order to overcome this obstacle it is highly recommended that Member States develop case-specific targets;
- the mobilisation of assistance offered to redundant workers can either be justified by showing that redundancies occurred as a result of '**globalisation**' or the '**financial and economic crisis**'. However, neither of these two terms has been defined in the EGF Regulation. In general, the lack of definitions can be perceived as offering a certain flexibility, but also as leaving grey areas of uncertainty. Finding the right evidence to justify a case is a major challenge and frequently keeps Member States from applying;
- Member States are not certain about how to show that redundancies are likely to have a **significant impact on the economy**, especially on the employment levels, as this impact is also not further defined by the Regulation. It seems to be very important that the significant impact be defined more clearly, for example by developing specific indicators or a scorecard that would help analyse the impact;
- **administrative and financial capacity problems of national authorities** during both the application and implementation phases are a further obstacle for Member States when deciding on a possible application;
- a derogation clause allows Member States facing high youth unemployment rates to include young people 'not in education, employment, or training (**NEET**)' in EGF applications until the end of 2017. Member States concerned showed a great interest in using it, except Spain. However, in total, the derogation was used only in nine cases in three different Member States;
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EGF measures are offered on top of regular national measures and/or intensify them. No displacement effects were observed at case level. The help offered by the EGF would otherwise not have been available. This shows the complementarity and additionality of EGF measures. EGF assistance also removes barriers to participating in national or EGF measures, by offering additional services such as travel assistance or childcare facilities;

- on the **sustainability of results**, no robust data is available. General employability improved due to the upgrading and updating of skills. At an individual level it was observed that beneficiaries developed higher self-esteem, which was likely to result in a more proactive approach to job seeking;
- as for the **efficiency of the assistance mobilised**, the length of procedures during the decision-making process has still been criticised despite the substantial shortening of the timing and the stricter deadlines for Commission and Member States;
- more efforts are needed to **ensure the coherence of funding**. There is scope to better align the EGF and the European Social Fund (ESF);
- lastly, it is necessary to take account of the **EGF's scope** which covers globalisation and the financial crisis, but no other major economic developments such as those resulting from automation for example.

Implications for future policy design: the mid-term evaluation shows that the EGF generated **European added value** by providing support to workers who have lost their jobs during major restructuring. However, the Commission considers it necessary to improve the design of the EGF. Several challenges could be addressed in the future, especially in the light of the post-2020 debates.

The report makes the following recommendations:

- **review or redefine the design of the EGF**, including its scope and the criteria that trigger its use: as the notion of 'significant impact' is not clearly defined, it seems important to define a **clear indicator on employment and social effects**. Redundancies below the usual threshold of 500 workers in rural areas could, for example, fall under the derogation clause in Article 4(2) of the EGF Regulation. In addition, consideration could be given to including all large-scale redundancies that have a serious impact within the scope of the EGF;
- oblige Member States to **collect more detailed monitoring data**, in particular on the category of workers (professional and educational background), their employment status and the type of employment found;
- **strengthen the capacity to submit EGF applications:** as redundancies can occur unexpectedly, it is important that Member States are ready to react immediately and can submit an application as soon as possible. A permanent budget for technical assistance could allow for constant capacity building in Member States;
- integrate EGF assistance more closely into the EU's quality framework for **anticipating change and restructuring**, and develop a more coordinated approach both for measures to prevent large-scale restructuring and for one-off reactive measures such as those currently co-financed by the EGF;
- determine whether the EGF is the right solution to **assist NEETs** or whether other means could better reach the young people concerned.

Lastly, the **European pillar of social rights**, which takes account of the changing realities of the work environment, should be taken into consideration.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 16/09/2019 - Follow-up document

The Commission presents its report on the activities of the European Globalisation Adjustment Fund in 2017 and 2018.

The report provides an overview of the EGF activities and results in 2017 and 2018.

Main overview

Applications submitted

In 2017 and 2018, the Commission received 13 applications from the following 10 Member States (Belgium, Germany, Greece, Spain, France, Italy, Netherlands, Portugal, Finland and Sweden) for a total of EUR 41 million, targeting 12 896 workers and 1 155 young people not in employment, education or training. The largest numbers of workers were in the machinery/equipment sector followed by retail trade and air transport. All of them had applied for EGF funding in previous years as well.

For the first time since the start of the EGF, applications were submitted for the following sectors: mining of coal and lignite, manufacturing of rubber and plastic products, and financial services.

Decisions adopted and contributions granted

The European Parliament and Council adopted seven decisions to mobilise EGF funding in 2017 and eight decisions in 2018. In all cases, the co-financing rate was 60%.

The 15 contributions granted targeted 15 672 beneficiaries in 10 Member States, with a total amount of EUR 45 467 387 EGF co-funding and an average of EUR 2 901 per targeted beneficiary.

From the 14 517 workers targeted (representing 80% of the workers dismissed) 57% were men, 69% were aged 25 to 54 and 98% were EU citizens.

Results reported in 2017 and 2018

Member States reported back on 23 EGF cases adopted between 2014 and 2016. The results mark an increase compared to 2015-2016 and showed that 60% of the workers who participated in the measures had found new jobs by the end of the implementation period. In 2015-2016, only 47% of the assisted workers had found new jobs. Particularly high reintegration rates were observed in the following cases: Volvo Trucks (Sweden,) 84%, Broadcom (Finland) 84%, Aleo Solar (Germany) 81%, and PWA International (Ireland) 79%.

These reports showed that 12 723 workers (60% of the workers assisted) and 288 NEETs, thus 56% of the 23 030 EGF beneficiaries, had found new jobs by the end of the EGF implementation period (12 561 as employees, 450 as self-employed).

Proposed improvements

In order to ensure the EGF remains fit-for-purpose to respond to changes in the labour market and economic challenges, the Commission proposes the following improvements:

- broader scope - workers displaced because of unexpected major restructuring events, caused not only by globalisation-related challenges or financial or economic crises, but also by the transition to low-carbon economy, digitisation or automation;
- reduction of the threshold of dismissed workers (from 500 to 250) - better reflecting the average size of today's businesses where in many Member States most workers are employed by small and medium-sized enterprises. The dismissal of 250 workers has a significant impact on the labour market in most regions;
- the alignment of the EGF co-financing rate (which currently stands at 60%) with the highest ESF+ co-financing rate for the given Member State will encourage countries to apply for funding in the most efficient manner;
- faster application process and mobilisation procedure - expected to reduce the administrative burden linked to extensive justification of an application required from Member State and faster decision-making process;
- to better analyse the EGF's effectiveness the Commission proposes to extend the number of common output and results indicators in order to collect more detailed monitoring data, especially on the category of workers (professional and educational background), their employment status and the type of employment found.

EGF legislative proposal post-2020

In its proposal for the EGF post-2020, the Commission has proposed to expand its use so that it can intervene more effectively to support more workers who have lost their jobs. As a result, the EGF will offer support to workers not only in case of major structural changes in world trade patterns due to globalisation and a global financial and economic crisis, but also due to other reasons such as automation, digitalisation or transition to low-carbon economy. This takes into account the new challenges of the evolving world of work.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 31/10/2017 - Follow-up document

The Commission presented a report on the activities of the European Globalisation Adjustment Fund (EGF) in 2015 and 2016.

The EGF aims to provide assistance to workers who have lost their jobs due to major changes in the structure of world trade. It co-finances active labour market policy measures taken by the Member States to help redundant workers to find new jobs.

Overview: in 2015 and 2016, the Commission received **20 applications** from the following 11 Member States: Belgium, Estonia, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Spain and Sweden.

The budgetary authority decided to mobilise the EGF in **17 cases**, while three applications were withdrawn by the Member States. With regard to those 17 applications, a total EGF amount of EUR 51 171 249 was requested by the Member States (EUR 35 400 623 in 2015, EUR 15 770 626 in 2016).

The greatest number of applications was received for the **sector motor vehicles**, trailers and semitrailers, followed by computer, electronic and optical products and machinery and equipment. For the first time, a request for intervention was submitted regarding redundancies in the sector manufacture of coke and refined petroleum products.

In 2015 and 2016, the budgetary authority took **25 decisions** to mobilise the EGF funding. The 25 contributions granted targeted **25 353 beneficiaries** (thereof 1 251 NEETs) in **11 Member States**, with a total amount of **EUR 70 392 546** granted from the EGF funding (average EUR 2 776 per targeted beneficiary).

Results achieved by the EGF: the 26 final reports submitted by Member States show that by the end of the EGF implementation period, **8 986 workers**, or 46% of the 19 434 beneficiaries who had benefited from the Fund, had found work (7 521 as employees, 1 465 as self-employed). About 3% were still in education or training, while 49% were unemployed or inactive for various reasons.

The support packages provided by the Member States to the targeted beneficiaries include a **wide range of personalised job search**, outplacement and (re)qualification measures.

The highest amounts were spent on 3 categories:

- job search allowances: EUR 48.8 million;

- individual case management: EUR 24.2 million;
- training and retraining: EUR 23.3 million.

The EGF evaluation findings show that EGF assistance helps beneficiaries (the redundant workers or the NEETs) build-up self-esteem, not only through intense guidance counselling, but also particularly through tailor-made training measures. The EGF often also enables beneficiaries to take part in these measures by offering assistance such as mobility allowances or by supporting childcare provision.

Regulation (EC) No 546/2009, with its inclusion of the crisis criterion, had a considerable impact on the number of applications received by the Commission: from 2009 (when the relevant amendment became applicable) to 31 December 2011, there was a significant rise in applications.

The report noted that 147 applications submitted by Member States from 2007 to 2016. A total of **EUR 592 894 194** has been requested so far for measures in favour of 140 545 targeted beneficiaries.

The Commission proposed the extension of the derogation for NEETs in the EGF-Regulation, as well as some changes that would facilitate the budgetary procedure regarding the mobilisation of the EGF.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 06/10/2011 - Legislative proposal

PURPOSE: to establish the European Globalisation Adjustment Fund (EGF) for the period of the Multiannual Financial Framework from 1 January 2014 to 31 December 2020 and to extend the scope of the EGF to provide transitory support to farmers.

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

BACKGROUND: in its Communication '[A Budget for Europe 2020](#)' the Commission recognised the need to provide, for the duration of the Multiannual Financial Framework (MFF) 2014 – 2020, specific, one-off support to workers made redundant as a result of major structural changes triggered by the increasing globalisation of production and trade patterns.

As in the 2007-2013 programming period, this specific support should be provided through the European Globalisation Adjustment Fund (EGF), one of the existing special instruments whose mobilisation does not affect the expenditure ceilings of the MFF.

In the same Communication the Commission indicated that through the EGF the Union should also be able to provide support in the event of large-scale redundancies resulting from a serious disruption of the local, regional or national economy caused by an unexpected crisis. The scope of the EGF will furthermore be extended to provide transitory support to farmers to facilitate their adaptation to a new market situation resulting from the conclusion by the Union of trade agreements affecting agricultural products.

The prime objective of this proposal is to ensure that the EGF continues to operate in the next programming period in line with the basic principles laid down for the MFF 2014 – 2020, which also extended its scope.

IMPACT ASSESSMENT: the impact assessment considered **three options** for the EGF:

- **Option 1 – No policy change**, i.e. the EGF continues without its own budget. Following each application the budgetary authority has to take a decision whether this particular situation merits support. The main disadvantage is the long delay caused by the administrative procedures surrounding the decision-making process. The main advantages are the flexibility of the instrument, in particular taking into account the largely unpredictable nature of the expenditure, the awareness it raises in the European Parliament of mass redundancies, the high visibility of each application as well as the high visibility of the EGF itself.
- **Option 2 – Incorporation of EGF actions into the ESF.** The main disadvantages are the need for a clear budget allocation during the programming period despite the 'unprogrammable' nature of mass redundancies, the possible conflict with overall allocation criteria used in cohesion policy and a reduction of the political visibility of Union support as the budgetary authority would not be involved. The main advantages of this option are increased coherence and complementarity with the ESF, the shortening of the decision-making process and the simplification and streamlining of EGF applications as the EGF could benefit from ESF structures, procedures, management and control systems as well as ESF simplifications in areas such as eligible costs.
- **Option 3 – the EGF as a stand-alone fund with its own budgetary allocation.** The main disadvantages are the loss of budgetary flexibility as it would earmark for a variable expenditure pattern a fixed amount of expenditure, the delivery mechanism (a negative impact on the delivery mechanism compared with option 2 as the EGF would not benefit from ESF structures, procedures and simplification) and finally the risk of some overlap with the ESF. The main advantage is the high degree of visibility for European solidarity.

The assessment has shown that in terms of speed of delivery of EGF assistance options 2 and 3 are preferable. However, these options involve a higher risk of reduced efficiency because of non-use of allocated resources. The involvement of policy makers in option 1 guarantees the highest level of public commitment of the Union to the welfare of redundant workers. Therefore, **option 1 is the preferred option**, offering as it does the necessary flexibility to enable effective use of resources, without affecting the Multiannual Financial Framework.

LEGAL BASIS: the third paragraph of Article 175, as well as Articles 42 and 43 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposal aims to ensure that the EGF continues to operate in the next programming period in line with the basic principles laid down for the MFF 2014-2020.

The main provisions of this proposal may be summarised as follows:

Scope: the EGF will provide support in cases:

- where workers have been made redundant as a result of major structural changes in world trade patterns, in line with the initial scope of the EGF as laid down in Article 1 of Regulation (EC) No 1927/2006;
- where workers made redundant as a result of a serious disruption of the local, regional or national economy caused by an unexpected crisis (comparable to the financial and economic crisis that hit the economy from 2008 onwards) provided that a direct and demonstrable link can be established between the redundancies and that crisis;
- to help farmers adjust to a new market situation resulting from a trade agreement, such as an agreement on agricultural products concluded by the Union. Examples of such possible forthcoming trade agreements are those under negotiation with Mercosur countries, or in the context of the World Trade Organisation under the Doha Development Agenda.

Intervention criteria: in order to ensure that the EGF remains a valid European-level instrument, an application for EGF support for workers can be triggered when the number of redundancies reaches a **minimum threshold**. Experience with the functioning of Regulation (EC) No 1927/2006 has shown that a threshold of 500 redundancies within a given reference period is acceptable, in particular taking into account the possibility to submit applications for a lower number of redundancies in small labour markets or in exceptional circumstances.

For the agricultural sector, an EGF application would be triggered on a different basis. Ex-ante information about the sectors and / or products likely to be affected by increased imports as a direct result of trade agreements will be provided in the analysis carried out by the Commission departments for the trade negotiations. Once the trade agreement is initialled, the Commission departments further check the sectors or products for which a substantial increase in Union imports and a significant drop in prices are expected and will assess the likely effect on sectoral income. On this basis the Commission would designate agricultural sectors or products and, where relevant, regions as eligible for possible EGF support. Member States would have the possibility to submit applications for an EGF contribution, provided that they can prove that eligible sectors experience significant trade-related losses, that farmers operating in these sectors are affected and that they have identified and targeted the affected farmers.

As the access to EGF support is conditioned by the fact that the workers must have been made redundant, or for farmers that they are adjusting that part of their activity affected by the relevant trade agreement, the proposal contains specific provisions on how the redundancy should be counted for each worker.

Revision of the notion of 'workers': in order to ensure that EGF support is available to workers independently of their contract of employment or employment relationship, the notion of 'workers' is extended to include not only workers with contracts of employment of indefinite duration as in [Regulation \(EC\) No 1927/2006](#), but also workers with fixed-term contracts, temporary agency workers and owner-managers of micro, small and medium-sized enterprises and self-employed workers (including farmers).

The EGF is designed to contribute to the growth and employment objectives of the Europe 2020 strategy. Therefore, its focus is on **active labour market measures aimed at reintegrating dismissed workers rapidly into stable employment**.

As does Regulation (EC) No 1927/2006, this proposal provides for a financial contribution from the EGF for a **package of active labour market measures**. It cannot contribute to the funding of passive measures as these are not compatible with the growth and employment objectives of the Europe 2020 strategy. Allowances may only be included if they are designed as incentives to facilitate the participation of dismissed workers in active labour market policy measures. In order to ensure a reasonable balance between genuinely active labour market policy measures and 'activated' allowances, the share of allowances in a coordinated package of active labour market measures is **capped**.

For farmers, including all members of the farm household active on the farm, the measures would focus on the **acquisition of appropriate training and skills** and use of advisory services enabling them to adjust their activities, including carrying out new activities, within and / or outside agriculture, as well as to support to a limited extent the initial investments in changing or adjusting their activities so as to assist them to become structurally more competitive and secure their livelihoods. Support could also be given to cooperation activities with a view to creating new market options especially for small-scale farmers.

Application and intervention deadlines: the effectiveness of the EGF has suffered from the length and procedural requirements of the decision-making process. Shortening as much as possible the time lag between the date of application for EGF support and the date of payment, and simplifying the procedures, should be a common concern for all parties involved in the EGF process:

- Member States should strive to submit a complete application as soon as possible once the relevant criteria are met;
- the Commission should assess and conclude on eligibility soon after the submission of a complete application;
- the budgetary authority should swiftly take its decision on deploying the EGF funding.

In order to cover the needs arising at the beginning of the year, the Commission will continue to propose within the annual budgetary procedure a minimum amount in payment appropriations for the relevant budgetary line.

In view of the unpredictable nature of the needs arising for support from the Fund, it is necessary to reserve a part of the annual maximum amount for applications receiving financial contributions after 1 September each year. In case the needs for support from the Fund exceed the amount remaining available, the Commission's proposals will reflect the proportion set for support of the agricultural sector during the duration of the MFF.

Complementarity, compliance and coordination: assistance from the EGF will be in addition to the efforts of the Member States, at national, regional and local levels. For reasons of sound financial management the EGF cannot replace measures that are already covered by Union Funds and Programmes included in the MFF. Nor can the EGF financial contribution replace measures that are the responsibility of dismissing companies under national law or collective agreements.

Budget procedure: the budget procedure in the proposal follows directly from point 13 of the draft Interinstitutional Agreement. Whenever possible, the process will be shortened and streamlined. Taking account of the fact that the measures co-funded by the EGF are implemented by means of shared management with the Member States, the payment mechanism for the financial contribution will remain in line with those applied for this management

mode of the Union budget. At the same time, the financing arrangements should reflect the scope of the actions to be carried out by the Member States as proposed in their applications.

The co-funding rate will be modulated, with a 50% contribution to the cost of the package and its implementation as the norm, and the possibility to **raise this rate to 65%** in the case of applications submitted by those Member States on the territory of which at least one region at NUTS II level is eligible under the "Convergence" objective of the Structural Funds. The purpose of this modulation is to ensure that the Union's expression of solidarity with workers in these Member States and regions is not hampered by a lack of Member State co-funding resources, as recognised by the higher co-funding rates laid down under the Structural Funds. The Commission, in its assessment of such applications, will decide whether the higher co-funding rate is justified in the specific case proposed by the Member State.

One of the key messages for the period 2014-2020 is that expenditure at Union level should be result-oriented, thus ensuring that the output and impact of the expenditure push forward the implementation of the Europe 2020 strategy and the achievement of its targets. For expenditure related to the EGF the MFF sets the target that at least 50% of workers assisted through the EGF should find a new and stable job after 12 months.

Implementing reports: Member States will present an interim report on the implementation of EGF support after 15 months. Within the same results-oriented approach the proposal provides for the possibility that Member States, subject to approval by the Commission, can amend the planned active labour market policy measures if in the course of the 24-month implementation period other measures become more relevant and promising to reach a higher reintegration rate.

BUDGETARY IMPLICATION: the EGF is one of the special instruments not included in the MFF, with a maximum amount from January 2014 to 31 December 2020 of EUR 3 billion, while the amount in support of the agricultural sector shall not exceed EUR 2.5 billion (2011 prices). It may not exceed a maximum annual amount of **EUR 429 million**.

DELEGATED ACTS: this proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU).

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 06/12/2012

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.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 07/01/2013 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Employment and Social Affairs adopted the report by Marian HARKIN (ALDE, IE) on the proposal for a regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020).

The committee recommended that the European Parliament's position adopted in first reading, following the ordinary legislative procedure, should amend the Commission proposal as follows:

Legal basis: Members propose deleting Articles 42 and 43 from the proposal so as to simplify the legal basis specifically as regards agriculture policy. They consider that farmers should be included in the Regulation under the same conditions as all other redundant workers.

Objectives: Members clarify that the aim of the EGF shall be to contribute to **smart, inclusive and sustainable economic growth** and **sustainable** employment in the Union.

Coverage: actions benefiting from financial contributions by the Fund shall aim to ensure that **all workers (and not 50% of them)** participating in these actions find sustainable employment or become involved in a new activity within three months after the completion of the measures. This objective should be reassessed as part of the mid-term review of the Regulation.

Scope: the amended text stipulates that this Regulation shall apply to workers made redundant as a result of major changes in world trade patterns due to globalisation, demonstrated, in particular, by a **serious shift in the export-import pattern** of the Union's trade in goods or services, a decline of the Union's market share in a given sector or a delocalisation of activities to non-member countries, where these redundancies have a significant adverse impact on the local regional or national economy.

Members suggest extending the scope of the Regulation to **include economic and financial crises**.

Definitions: the amended text stipulates that 'a worker' shall be defined as a person having a contract or employment relationship defined by the law in force in a Member State and/or governed by the law in force in a Member State or in a de facto employment relationship regardless of the contractual situation. This includes **fixed-term workers and temporary agency workers**.

Eligible actions: the report increases the scope of the coordinated package of personalised services. It is suggested to include: **tailor-made training and retraining**, including information and communication technology skills and certification of acquired experience, job search assistance, aid for self employment, business start-ups and employee take overs, aid for changing their previous activities and cooperation activities.

Measures to stimulate disadvantaged workers, in particular **young** and workers at risk of **poverty**, to remain in or return to the labour market have been included by the Members.

Coordinated package: a new Article stipulates that the design of the coordinated package of personalised services shall take into account the underlying reasons for the redundancies and anticipate future labour market perspectives and required skills. The co-ordinated package should be compatible with the shift towards a resource efficient and environmentally sustainable economy.

As regards the **cost of the measures**, they may **not exceed 25%** (as opposed to 50% proposed by the Commission) of the total costs of the coordinated package of personalised services. The cost of investments in physical assets for self-employment, business start-up and employee take-overs or for changing or adjusting activity may **not exceed EUR 25 000**. The proposed decrease from EUR 35 000 to EUR 25000 is due to equity concerns.

A new amendment stipulates that the co-ordinated package of personalised services shall be drawn up in **consultation with the social partners**, the targeted workers or their representatives.

The amended text stresses that the success of the EGF depends to a significant extent on the package for workers and also on the timeliness of the Fund. Therefore, Members propose that at the initiative of the applicant Member State, a financial contribution of a maximum of **5% of the requested**

EGF support for the coordinated package of personalised services may be **made available for the preparatory**, management, information and publicity, control and reporting activities and for co-operation with all actors.

Given that timeliness is so important, the application may be supplemented with additional information by the applicant Member State within **3 months** (as opposed to 6) from the date of application, following which the Commission shall assess the application on the basis of the available information. The Commission shall complete its assessment of the application within **10 weeks** (instead of 12) of the date of receipt of a complete application or (in the case of an incomplete application) six months after the date of the initial application.

Special time-limited measures: the report states that special time-limited measures (such as unemployment benefits) shall **not be eligible for a financial contribution from the EGF**. This amendment helps to ensure that EGF money does not simply end up financing all of the Member States obligations.

Applications: the amended text states that a **general skills profile** and an initial assessment of the overall educational and training needs of workers shall be included in the application.

As well as the budget itself, the application should also contain a **description of the components** of the package of personalised services.

Members suggest that information shall be provided as to whether the undertaking, with the exception of micro enterprises and SMEs, has been a beneficiary of State aid or previous funding from Union Cohesion or Structural Funds in the preceding five years.

Complementarity, compliance and coordination: the financial contribution shall be limited to what is necessary to provide solidarity and **temporary, one-off support** for individual redundant workers. The activities supported by the EGF shall comply with Union and national law, including state aid rules and shall **not replace actions for which Member States or companies are responsible**.

The amended text stipulates that the Commission shall ensure that the **entitlement to benefit from the EGF will not influence the eligibility to benefit under any other Union fund for other purposes**.

Reporting: the Commission shall implement information and communication activities on EGF cases and outcomes based on objective evaluations with the purpose of improving the effectiveness of the EGF and ensuring that EU citizens and workers know about the EGF. The Commission shall **report on the use of the fund annually** on a country and sector by sector basis.

Determination of financial contribution: the report points out that some Member States do not apply for the EGF because of the low co-financing rate. For that reason an extra tier has been included where certain Member States can benefit from a higher co-financing rate.

The amount may not exceed:

- 60% of the total of the estimated costs of the components of the coordinated package of personalised services in support of the targeted workers;
- 70% of these costs in the case of applications submitted by a Member State eligible for support under the Regulation on the Cohesion Fund;
- 80% of these costs in the case of applications submitted by a Member State receiving financial assistance from the European Financial Stability Facility.

Payment and use of the financial contribution: although the current mechanism for disbursement of the financial contribution is working well, the withholding of 50% of the Union's financial contribution could put Member States under severe financial pressure and might well contribute to a slower start in delivering the package of personalised services. Therefore, Members propose that the Commission pay the financial contribution to the Member State in a **single instalment, in principle within 15 days**.

Biennial report: Members consider that an **annual report** is more appropriate than a biennial report. By **June of every year**, and for the first time in 2015, the Commission shall present a comprehensive, quantitative and qualitative report on the activities under this Regulation.

Evaluation: the amended text states that the Commission shall carry out at its own initiative and in close cooperation with the Member States by **30 June 2017**, a mid-term evaluation of the effectiveness and sustainability of the results obtained and by **31 December 2021**, an ex-post evaluation with the assistance of external experts, to measure the impact of the EGF and its added value.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 11/12/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 543 votes to 126, with 22 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014 - 2020).

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between the European Parliament and the Council.

Objectives: the aim of the EGF shall be to contribute to smart, inclusive and sustainable economic growth and to promote **sustainable employment in the Union** by enabling the Union to demonstrate solidarity towards, and to **support workers made redundant and self-employed persons** whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation. .

Actions benefiting from financial contributions from the EGF shall aim to ensure that the largest possible number of beneficiaries participating in these actions find sustainable employment as soon as possible.

Scope: the Regulation shall apply to applications by the Member States for financial contributions from the EGF for actions targeting:

- workers made redundant and self-employed persons whose activity has ceased as a result of **major structural changes in world trade patterns due to globalisation**, demonstrated, in particular, by a substantial increase in imports into the Union, a serious shift in Union trade in goods or services, a rapid decline of the Union market share in a given sector or a delocalisation of activities to third countries, provided that these redundancies have a significant adverse impact on the local, regional or national economy;
- workers made redundant and self-employed persons whose activity has ceased as a result of the continuation of the global financial and economic crisis.

Intervention criteria: a financial contribution from the EGF shall be provided in the following cases:

- at least **500 workers being made redundant or self-employed persons' activity ceasing**, over a reference period of **four months**, in an enterprise in a Member State;
- at least **500 workers being made redundant or self-employed persons' activity ceasing**, over a reference period of **nine months, particularly in SMEs, all operating in the same economic sector** defined at NACE Revision 2 division level and located in one region or two contiguous regions defined at NUTS 2 level, or in more than two contiguous regions defined at NUTS 2 level provided that there are more than 500 workers or self-employed persons affected in two of the regions combined;
- **when the redundancies have a serious impact on employment** and the local, regional or national economy, the applicant Member State shall specify which of the intervention criteria are not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed **15 % of the annual maximum amount of the EGF**.

Specific provisions are laid down to determine the calculation of redundancies and of cessation of activities.

Eligible beneficiaries: may include:

- workers made redundant and self-employed persons whose activity has ceased, calculated in accordance with the draft Regulation. The workers and self-employed persons shall be considered eligible provided that they were made redundant or their activity ceased after the general announcement of the projected redundancies and provided that a clear causal link can be established with the event which triggered the redundancies during the reference period.

Applicant Member States may, until 31 December 2017, provide personalised services co-financed by the EGF to up to a number of **young people** not in employment, education or training (NEETs) under the age of 25.

Eligible actions: a financial contribution from the EGF may be made for active labour market measures that form part of a coordinated package of personalised services, designed to facilitate:

- the re-integration of the targeted beneficiaries and, in particular, disadvantaged, older and young unemployed persons, into employment or self-employment including in particular tailor-made training;
- special time-limited measures, such as job-search allowances, employers' recruitment incentives;
- measures to stimulate in particular disadvantaged, older and young unemployed persons to remain in or return to the labour market.

The costs of the measures may not exceed 35 % of the total costs for the coordinated package of personalised services.

The cost of investments for self-employment, business start-ups and employee take-overs may not exceed EUR 15 000.

Actions which are the responsibility of enterprises by virtue of national law or collective agreements **shall not be eligible** for a financial contribution from the EGF.

The actions supported by the EGF shall not substitute passive social protection measures.

At the initiative of the applicant Member State, a financial contribution from the EGF may be made for the preparatory, management, information and publicity, control and reporting activities.

Applications: the draft Regulation specifies the content of applications and deadlines to be respected. It stated that these should include a description of the components of the package of personalised services. The Commission may also request additional information.

Based on information provided by the Member State, the Commission should complete its assessment of the compliance of the application with the conditions for granting a financial contribution within 12 weeks of receipt of the complete application.

The measure details in particular information that should be provided to the Commission to analyse the application. A complete application shall contain the following information: a reasoned analysis of the link between the redundancies or cessation of activity and the major structural changes in world trade patterns, an assessment of the number of redundancies and an explanation of the events giving rise to those redundancies; the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by sex and age group; the sources of national pre-financing or co-funding and other co-funding if applicable.

Complementarity, compliance and coordination: a financial contribution from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements.

Support for targeted beneficiaries should:

- complement actions of the Member States at national, regional and local level including those co-financed by Union funds;
- be limited to what is necessary to provide solidarity and temporary, one-off support for targeted beneficiaries;

- ensure that the specific actions receiving a financial contribution from the EGF shall not also receive assistance from other Union financial instruments.

Equality between men and women and non-discrimination: measures have been introduced to ensure that equality between men and women and the integration of the gender perspective are an integral part of, and are promoted during, the various stages of the implementation of the financial contribution from the EGF.

Technical assistance at the initiative of the Commission: at the initiative of the Commission, a maximum of 0.5% of the annual maximum amount of the EGF may be used to finance the preparation, monitoring, data gathering and creation of a knowledge base relevant to the implementation of the EGF.

Information, communication and publicity: the Commission should implement information and communication activities on EGF cases and outcomes based on its experience with the aim of improving the effectiveness of the EGF and ensuring that Union citizens and workers know about the EGF. It should maintain and update regularly an internet website to provide updated information on the EGF. It should report on the use of the EGF every two years by country and by sector.

Determination of financial contribution: the Commission should propose as quickly as possible the amount of a financial contribution from the EGF, if any, that may be made within the limits of the resources available. The amount may not exceed 60 % of the total estimated costs.

Budgetary procedure: the draft Regulation outlines the conditions to mobilise the financial resources in the framework of the EU budget and the general framework of a budgetary procedure associating the European Parliament and the Council.

Payment and use of the financial contribution: provisions specifying the conditions of payment as well as the technical conditions are laid down in the draft Regulation.

Final and biennial report: Member States concerned shall present a final report to the Commission on the implementation of the financial contribution, including information on aspects such as the type of actions and main outcomes, etc.

By 1 August 2015 and every two years thereafter, the Commission shall present to the European Parliament and to the Council a comprehensive, quantitative and qualitative report on the activities under this Regulation. The report shall focus mainly on the results achieved by the EGF and shall in particular contain information relating to applications submitted, decisions adopted, actions funded, including statistics on the reintegration rate for assisted beneficiaries per Member State.

Evaluation: the Commission should carry out on its own initiative and in close cooperation with the Member States: by 30 June 2017, a mid-term evaluation of the effectiveness and sustainability of the results achieved; by 31 December 2021, an ex-post evaluation with the assistance of external experts, to measure the impact of the EGF and its added value.

Management and financial control: provisions have been introduced as regards the management and financial control. Member States shall take responsibility in the first instance for the management of actions supported by the EGF and the financial control of the actions. They shall make the financial corrections required where an irregularity is ascertained.

Reimbursement of financial contribution: provisions have been introduced as regards the reimbursement of financial contribution in cases where the actual cost of an action is less than the estimated amount quoted. Where the Member State concerned fails to comply with the obligations stated in the decision on a financial contribution, the Commission shall take the necessary steps by adopting a decision, by means of an implementing act, to require that Member State to reimburse all or part of the financial contribution received.

Repeal: Regulation (EC) No 1927/2006 is repealed with effect from 1 January 2014. It shall continue to apply for applications submitted up to 31 December 2013.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 17/12/2013 - Final act

PURPOSE: to ensure the continuation of the European Globalisation Adjustment Fund throughout the next financial programming period continue from 1 January 2014 to 31 December 2020.

LEGISLATIVE ACT: Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

CONTENT: this Regulation establishes the European Globalisation Adjustment Fund (EGF) for the period of the Multiannual Financial Framework from 1 January 2014 to 31 December 2020.

Objectives: the aim of the EGF shall be to contribute to smart, inclusive and sustainable economic growth and to **promote sustainable employment in the Union** by enabling the Union to demonstrate solidarity towards, and to support workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation.

Actions benefiting from financial contributions from the EGF shall aim to ensure that the largest possible number of beneficiaries participating in these actions find sustainable employment as soon as possible.

Scope: the Regulation shall apply to applications by the Member States for financial contributions from the EGF for actions targeting:

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workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, demonstrated, in particular, by a substantial increase in imports into the Union, a serious shift in Union trade in goods or services, a rapid decline of the Union market share in a given sector or a delocalisation of activities to third countries, provided that these redundancies have a significant adverse impact on the local, regional or national economy;

- workers made redundant and self-employed persons whose activity has ceased as a result of the continuation of the global financial and economic crisis.

Intervention criteria: a financial contribution from the EGF shall be provided in the following cases:

- at least **500 workers being made redundant or self-employed persons'** activity ceasing, over a reference period of **four months**, in an enterprise in a Member State;
- at least **500 workers being made redundant or self-employed persons'** activity ceasing, over a reference period of **nine months, particularly in SMEs, all operating in the same economic sector** defined at NACE Revision 2 division level and located in one region or two contiguous regions defined at NUTS 2 level, or in more than two contiguous regions defined at NUTS 2 level provided that there are more than 500 workers or self-employed persons affected in two of the regions combined;
- when the redundancies have a serious impact on employment and the local, regional or national economy, the applicant Member State shall specify which of the intervention criteria are not entirely met. The aggregated amount of contributions in exceptional circumstances may **not exceed 15 % of the annual maximum amount of the EGF**.

Specific provisions are laid down to determine the calculation of redundancies and of cessation of activities.

Eligible beneficiaries: may include:

- workers made redundant and self-employed persons whose activity has ceased, calculated in accordance with the draft Regulation. The workers and self-employed persons shall be considered eligible provided that they were made redundant or their activity ceased after the general announcement of the projected redundancies and provided that a clear causal link can be established with the event which triggered the redundancies during the reference period.

Applicant Member States may, until 31 December 2017, provide personalised services co-financed by the EGF to up to a number of young people not in employment, education or training (NEETs) under the age of 25. Specific rules are set out in this regard.

Eligible actions: a financial contribution from the EGF may be made for active labour market measures that form part of a coordinated package of personalised services, designed to facilitate:

- the re-integration of the targeted beneficiaries and, in particular, disadvantaged, older and young unemployed persons, into employment or self-employment including in particular tailor-made training;
- special time-limited measures, such as job-search allowances, employers' recruitment incentives;
- measures to stimulate in particular disadvantaged, older and young unemployed persons to remain in or return to the labour market.

The costs of the measures may not exceed **35 %** of the total costs for the coordinated package of personalised services.

The cost of investments for self-employment, business start-ups and employee take-overs may not exceed **EUR 15 000**.

Non-eligible actions: actions which are the responsibility of enterprises by virtue of national law or collective agreements shall **not be eligible** for a financial contribution from the EGF.

The **actions supported by the EGF shall not substitute passive social protection measures**.

At the initiative of the applicant Member State, a financial contribution from the EGF may be made for the preparatory, management, information and publicity, control and reporting activities.

Social partners: the coordinated package of personalised services shall be drawn up in consultation with the targeted beneficiaries or their representatives, or the social partners.

Applications: based on information provided by the Member State, the Commission should complete its assessment of the compliance of the application with the conditions for granting a financial contribution **within 12 weeks** of receipt of the complete application.

The measure details in particular information that should be provided to the Commission to analyse the application. A complete application shall contain the following information: a reasoned analysis of the link between the redundancies or cessation of activity and the major structural changes in world trade patterns, an assessment of the number of redundancies and an explanation of the events giving rise to those redundancies; the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by sex and age group; the sources of national pre-financing or co-funding and other co-funding if applicable.

Complementarity, compliance and coordination: support for targeted beneficiaries should:

- complement actions of the Member States at national, regional and local level including those co-financed by Union funds;
- be limited to what is necessary to provide solidarity and temporary, one-off support for targeted beneficiaries;
- ensure that the specific actions receiving a financial contribution from the EGF shall not also receive assistance from other Union financial instruments.

Equality between men and women and non-discrimination: measures have been introduced to ensure that equality between men and women and the integration of the gender perspective are an integral part of, and are promoted during, the various stages of the implementation of the financial contribution from the EGF. Any form of discrimination should be prevented in access to the EGF.

Technical assistance at the initiative of the Commission: at the initiative of the Commission, a maximum of 0.5% of the annual maximum amount of the EGF may be used to finance the preparation, monitoring, data gathering and creation of a knowledge base relevant to the implementation of the EGF.

Information, communication and publicity: the Commission should implement information and communication activities on EGF cases and outcomes based on its experience with the aim of improving the effectiveness of the EGF and ensuring that Union citizens and workers know about the EGF. It should maintain and update regularly an internet website to provide updated information on the EGF. It should report on the use of the EGF every two years by country and by sector. It shall highlight the role of the Union and ensure that the contribution from the EGF is visible.

Determination of financial contribution: the Commission should propose as quickly as possible the amount of a financial contribution from the EGF, if any, that may be made within the limits of the resources available. The **amount may not exceed 60 % of the total estimated costs** for each of the components of the coordinated package of personalised services in support of the targeted beneficiaries and for any preparatory, management, information and publicity, control and reporting activities.

Budgetary procedure and financial framework: the Regulation outlines the conditions to mobilise the financial resources in the framework of the EU budget and the general framework of a budgetary procedure associating the European Parliament and the Council.

The appropriations concerning the EGF shall be entered in the general budget of the Union as a provision: a budget of EUR 150 million/year is provided for this purpose under the MFF.

The Commission, on the one hand, and the European Parliament and the Council, on the other hand, shall endeavour to minimise the time taken to mobilise the EGF.

Payment and use of the financial contribution: provisions specifying the conditions of payment as well as the technical conditions are laid down in the Regulation. The Commission shall pay the financial contribution to the Member State concerned in a single 100 % pre-financing payment, in principle within **15 days**. The pre-financing shall be cleared when the financial contribution is wound up.

The Member State shall carry out the eligible actions as soon as possible, and not later than **24 months** after the date of submission of the application.

Final and biennial report: Member States concerned shall present a final report to the Commission on the implementation of the financial contribution, including information on aspects such as the type of actions and main outcomes, etc.

By 1 August 2015 and every two years thereafter, the Commission shall present to the European Parliament and to the Council a comprehensive, quantitative and qualitative report on the activities under this Regulation. The report shall focus mainly on the results achieved by the EGF and shall in particular contain information relating to applications submitted, decisions adopted, actions funded, including statistics on the reintegration rate for assisted beneficiaries per Member State.

Evaluation: the Commission should carry out on its own initiative and in close cooperation with the Member States: by **30 June 2017**, a mid-term evaluation of the effectiveness and sustainability of the results achieved; by **31 December 2021**, an ex-post evaluation with the assistance of external experts, to measure the impact of the EGF and its added value.

Management and financial control: provisions have been introduced as regards the management and financial control. Member States shall take responsibility in the first instance for the management of actions supported by the EGF and the financial control of the actions. They shall make the financial corrections required where an irregularity is ascertained.

Reimbursement of financial contribution: provisions have been introduced as regards the reimbursement of financial contribution in cases where the actual cost of an action is less than the estimated amount quoted. In cases where the actual cost of an action is less than the estimated amount quoted, the Commission shall adopt a decision, by means of an implementing act, requiring the Member State concerned to reimburse the corresponding amount of the financial contribution received.

Repeal: Regulation (EC) No 1927/2006 is repealed with effect from 1 January 2014. It shall continue to apply for applications submitted up to 31 December 2013.

ENTRY INTO FORCE: 21.12.2013. It shall apply to all applications submitted between 1 January 2014 and 31 December 2020.

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 22/07/2015 - Follow-up document

The Commission presents a report on the activities of the European Globalisation Adjustment Fund (EGF) in 2013 and 2014. The EGF is intended to provide support to workers made redundant as a result of major structural changes in world trade patterns. It co-finances active labour market policy measures taken by the Member States to help redundant workers reposition themselves on the labour market and find new jobs.

Overview: the report notes that the e Fund has undergone a remarkable development since its beginnings in 2007. It covers a wide variety of sectors and economic activities and more and more Member States have benefited from its support. In 2013 and 2014, the Commission received **30 applications for contributions from the EGF, totalling EUR 109 million**. These were submitted by 10 Member States (Belgium, Germany, Ireland,

Finland, France, Greece, Italy, the Netherlands, Poland and Spain). The applications, which requested a total of **EUR 108 733 976** from the EGF, targeted **28 390 workers** made redundant as a result of structural changes in world trade patterns due to globalisation or the economic and financial crisis.

EGF applications were submitted **for the first time for 10 sectors**. The sectors concerned were: food products, slaughterhouses, chemicals, glass, manufacture of computer, electronic and optical products, jewellery, transport/warehouse, air transport, food and beverage services, programming and broadcasting, repair and installation of machinery and equipment, and information and communication.

The budgetary authority took 28 decisions targeting 27 610 redundant workers in 13 Member States, to make use of the EGF in 2013 and 2014, amounting to a total of EUR 114.4 million from the EGF's 2013-2014 budget.

Results from the EGF: the final reports presented by the 13 Member States showed that at the end of the EGF implementation period, 7 656 workers, or **44.9 %** of the 18 848 workers who received EGF assistance, **had found new jobs or were self-employed**. The Commission considers this a good result, particularly as the workers supported by EGF co-funded measures are usually among those facing the greatest difficulties on the labour market.

The support packages which the 13 Member States provided to workers made redundant included a wide range of **personalised job search, outplacement and (re)qualification measures**. The highest amounts were spent on two categories of measures:

- **training and retraining** (about EUR 56.5 million, or 32 % of the total personalised services for all 34 cases) and
- **financial allowances paid to the workers while they were pursuing active labour market policy measures** (about EUR 68.5 million, or 38.8 % of the total personalised services for all 34 cases).

Individual guidance and promotion of entrepreneurship were other frequently used measures.

The ex-post evaluation published in May 2014¹¹ indicates that the EGF made a **positive contribution to addressing significant social and labour market problems** resulting from large-scale redundancy procedures.

Trends: with the increasing number of EGF cases, the Commission possesses more data to identify trends in applications and to gain an overview of the direction of the Fund's activities.

A total of **EUR 561.1 million** has been so far requested on behalf of **122 121 workers** (this is the number of targeted workers estimated by the Member States). The report gives a detailed breakdown of data regarding the 134 applications made by Member States between 2007 and 2014.

The Commission stresses in particular:

- the trends so far show an **increasing number of sectors** for which EGF applications have been submitted, with 10 new sectors added in this reporting period ;
- Member States have **gained experience in selecting the most suitable measures**, directing their assistance to redundant workers in an efficient manner, and making use of the EGF to test new approaches;
- Member States are increasingly using the **option of reallocating funds** between measures during project implementation in order to make best use of the approved contribution.

The new EGF Regulation (2014-2020): the report recalls that failure to achieve a qualified majority in Council meant that the EGF's temporary 'crisis derogation' could not be extended beyond the end of 2011. This limited the possibilities for EU assistance to workers in 2012 and 2013, even though many were still seriously affected by the crisis.

However, the **economic and financial crisis criterion** was reintroduced by the new EGF Regulation (EU) No 1309/2013. The new Regulation also expanded the **categories of eligible workers** to include self-employed workers and workers on temporary contracts and -by derogation until the end of 2017 - young people 12 not in employment, education or training (NEETs). These changes broaden the scope for EGF support. The new streamlined adoption timeline means that measures to help workers should be implemented more quickly.

The Commission considers that if the EGF **is used to its full potential**, in a way that complements other available instruments and in consultation with the major stakeholders, workers eligible for EGF support can be helped in a **tailored and personalised manner**. This will improve their labour market opportunities in the medium and longer term as markets continue to recover from the crisis.

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.