Establishing the European Globalisation Adjustment Fund (EGF)

2006/0033(COD) - 04/09/2012 - Follow-up document

In accordance with the requirements of Regulation (EC) No 1927/2006 the Commission presents a report on the activities of the European Globalisation Adjustment Fund (EGF) in 2011. The report states that the trends evident so far show that EGF applications have been presented in a growing number of sectors, and by an increasing number of Member States. Member States have furthermore gained experience in selecting the most suitable measures, programming their assistance to redundant workers in an efficient manner, and making use of the EGF to test new approaches. They are also increasingly using the possibility of re-allocating funds between measures during project implementation in order to make full use of the available funds.

Overview of activities in 2011: the Commission received 26 applications for contributions from the EGF, which was slightly less than in 2010 (31 applications). The 26 applications were submitted by 10 Member States, targeted 16 870 redundant workers and requested a total of EUR77 546 044 from the EGF. Two Member States were first-time applicants in 2011: Greece and Romania. In 2011, the Budgetary Authority took 22 decisions to draw on the EGF to co-finance active labour market policy measures. Five of these concerned applications made in 2011, while 16 concerned applications received in 2010 and one was in response to an application received in 2009. Regulation (EC) No 546/2009, adopted on 18 June 2009, applies to all contributions granted (i.e. 65 % co-funding rate, 24-month implementation period from the date of application, etc.).

The 22 contributions granted targeted 21213 redundant workers in twelve Member States with a total of EUR 128 167 758 paid from the EGF (25.6 % of the annual maximum amount available to the EGF). This represents a 54.1% increase in terms of EGF co-financing compared to 2010 (EUR 83 171 941 for 30 contributions granted).

Actions funded: the measures approved for the 22 EGF contributions granted in 2011 aimed to reintegrate 21213 redundant workers into the labour market. They consisted mainly of intensive, personalised job search assistance and case management including placement research with potential employers, a variety of vocational training, upskilling and retraining measures, various temporary financial incentives/allowances for the duration of the active support measures up to the period of actual work reintegration, some mentoring during the initial phase in the new job and other types of activities such as entrepreneurship promotion/business creation, supported employment and one-time employment /hiring incentives.

Summary of the results: in 2011, the Commission received four final reports presented by the three Member States on the following applications FEM/2009/004 BE/Oost-West Vlaanderen, FEM/2009/005 BE/Limburg, FEM/2009/007 SE/Volvo et FEM 2009/008 IE/Dell. The four reports, presented by three Member States (BE, IE and SE) showed that, at the end of the EGF implementation period, 2 352 workers (45.0% of 5 228) had found new jobs or were self- employed. The others were either in education or training (approximately 10.9%), or unemployed or inactive for personal reasons (NEET: not in education, employment, or training): approximately 44.1%.

Temporary crisis derogation: applying for EGF support was made a lot easier by the temporary ‘crisis derogation’ (applicable for EGF applications submitted between 1.5.2009 and 30.12.2011, according to the amended EGF Regulation) allowing the EGF to support workers made redundant as a result of the global financial and economic crisis and increasing the EGF contribution from 50% to 65% of total costs.

The permanent changes, i.e. the reduction of the threshold from 1 000 to 500 redundancies and the extension of the implementation period from 12 to 24 months from the date of application, also had a positive impact: Member States were able to request EGF support for workers made redundant by smaller enterprises and to programme longer support for the workers than was possible in the past. The impact of the longer duration of EGF support on the employment and employability of redundant workers will be apparent after completion of the projects.

In June 2011, the Commission proposed to extend the 'crisis derogation' until the end of 2013, and this was fully endorsed by the European Parliament on 21 September 2011. However, despite extensive debates in Council, the Commission proposal did not receive a qualified majority in the Council. Since no political agreement on the extension of the 'crisis derogation' was reached, as from 31 December 2011 applications for EGF support can be justified only on the grounds of structural changes in world trade patterns, and the co-funding rate has been reduced to the original 50 % of total eligible costs.

The report states that the fact that the EGF's temporary 'crisis derogation' has not been extended beyond the end of 2011 (failure to achieve a qualified majority in the Council as eight countries voted against) has limited the possibilities for EU assistance to workers who are still greatly affected by the economic and financial crisis.

From 2012 until the end of the current programming period (end of 2013), the permanent changes in the amended Regulation (threshold reduced to 500 redundancies, implementation period increased to 24 months from the date of application) will continue to apply, facilitating applications from Member States related to redundancies as a consequence of major structural changes in world trade patterns. If the full potential of the EGF is developed, in complementarity with other available instruments and in consultation with the major stakeholders, dismissed workers who are eligible for EGF support can be helped in a tailor- made and personalised manner, thereby improving their opportunities in the labour market in the medium and longer term as markets gradually recover from the crisis.

Post-2013: the EGF Regulation has to be reviewed by 31 December 2013, which coincides with the end of the programming period (see COD/2011/0269). The Commission is keen to maintain the EGF over the next programming period 2014 to 2020, and wants specific, one-off support to be provided over this period to workers made redundant as a result of major structural changes triggered by the increasing globalisation of production and trade patterns. The EU should also be able to provide support in the event of large-scale redundancies resulting from serious disruption of local, regional or national economies caused by an unexpected crisis. Furthermore, the scope of the EGF should be extended to provide compensation in certain cases for the consequences of trade agreements in certain agricultural sectors.