

# 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.