Procedure file

Basic information

BUD - Budgetary procedure	2021/0076(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the tourism sector in Estonia Subject 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 4.50 Tourism 8.70.51 2021 budget Geographical area Estonia		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		29/03/2021
		epp FERNANDES José Manuel	
		Shadow rapporteur	
		renew europe. GHEORGHE Vlad	
		VANA Monika	
	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs	Chair on behalf of committee	15/04/2021
		ECR ĎURIŠ NICHOLSONOVÁ Lucia	
Council of the European Union			
European Commission	Commission DG	Commissioner	
	Employment, Social Affairs and Inclusion	SCHMIT Nicolas	

Key events

31/03/2021	Non-legislative basic document published	COM(2021)0151	Summary
26/04/2021	Committee referral announced in Parliament		
30/04/2021	Draft budget approved by Council		
10/05/2021	Vote in committee		

11/05/2021	Budgetary report tabled for plenary	A9-0158/2021	
18/05/2021	Decision by Parliament	T9-0229/2021	Summary
02/06/2021	Final act published in Official Journal		

Technical information

Procedure reference	2021/0076(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/05711

Documentation gateway

Non-legislative basic document		COM(2021)0151	31/03/2021	EC	Summary
Committee draft report		PE691.275	12/04/2021	EP	
Amendments tabled in committee		PE691.382	20/04/2021	EP	
Specific opinion	EMPL	PE691.290	22/04/2021	EP	
Budgetary report tabled for plenary, 1st reading		A9-0158/2021	11/05/2021	EP	
Budgetary text adopted by Parliament		T9-0229/2021	18/05/2021	EP	Summary

Final act

Decision 2021/886
OJ L 194 02.06.2021, p. 0043

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the tourism sector in Estonia

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to support Estonia facing redundancies in the tourism sector.

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

CONTENT: on 12 November 2020, Estonia submitted an application for a financial contribution from the EGF, following redundancies in the tourism sector.

Following the examination of this application, the Commission has concluded, in accordance with all the relevant provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF are met.

Basis of the application

Estonias application is based on the intervention criteria set out in Article 4(2) of the EGF Regulation. The Estonian authorities argue that although the application concerns a combination of economic sectors falling under 14 different divisions of NACE Rev. 2, it should nevertheless be treated as an application under Article 4(1)(b) of the EGF Regulation because of exceptional circumstances having a serious impact on employment and the local, regional or national economy, SMEs being the main type of enterprise in Estonia.

The application concerns 1 715 self-employed workers made redundant and 8 365 workers made redundant in the tourism sector in Estonia, of which 3 873 were in the context of collective redundancies notified to the authorities. The collective redundancies involve a total of 68 enterprises. The total number of eligible beneficiaries is 10 080.

The reference period for the application is from 13 March 2020 to 11 November 2020.

Link between the redundancies and a global financial and economic crisis

The events giving rise to these redundancies and cessations of activity occurred unexpectedly in early 2020 due to the global spread of the

Covid-19 pandemic.

The pandemic and the ensuing global economic crisis caused a huge shock to the Estonian economy, resulting in a projected decline in GDP of 4.6% in 2020. Before the crisis, 90% of tourism spending in Estonia was generated by international tourism. However, the Estonian tourism sector has experienced a near total shutdown during 2020, leading to a wave of redundancies in the sector.

The Estonian authorities claim that the national economy suffered a significant 9.5% drop in total turnover in 2020. The tourism sector has suffered the heaviest losses. The turnover of the tourism sector decreased by 19% (EUR 943 million) in the first half of 2020 alone. The overall employment rate in Estonia fell from 68.4% in 2019 to 66.7% in 2020. The unemployment rate increased from 4.4% to 6.8%.

Although the crisis has hit the whole country, some parts of Estonia have been more severely affected than others. The most affected county is Harju County, including Tallinn, the capital. The tourism sector is unlikely to recover quickly from the crisis. According to economic forecasts, it will take between two and four years for the tourism sector to return to pre-crisis levels.

Beneficiaries

Out of the 10 080 eligible persons, an estimated 5 060 redundant workers and self-employed persons are expected to participate in EGF measures.

The personalised services to be provided to the redundant workers include the following actions: (i) labour market training to acquire new skills and qualifications and to increase their employment opportunities; (ii) business start-up grants of up to EUR 6 000 per person and additional support of up to EUR 2 500; (iii) organisation of apprenticeships; (iv) support for formal studies in vocational or higher education; (v) training allowances.

The proposed actions are active labour market measures and do not substitute passive social protection measures.

Budgetary proposal

The annual allocation for the EGF shall not exceed EUR 186 million (in 2018 prices), as provided for in Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021-2027.

Following the assessment of the application, the Commission proposes to mobilise the EGF for an amount of EUR 4 474 480, representing 60% of the total cost of the proposed actions, in order to provide a financial contribution for the application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the tourism sector in Estonia

The European Parliament adopted by 659 votes to 30, with 7 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, following an application by Estonia (EGF/2020/002 EE/Estonia Tourism).

Parliament approved the proposal to mobilise the EGF to provide a financial contribution of EUR 4 474 480 in commitment and payment appropriations from the EU budget for the financial year 2021 to assist Estonia facing redundancies in the tourism sector

This contribution represents 60% of the total cost of EUR 7 457 468, corresponding to expenditure on personalised services up to EUR 7 452 468 and expenditure on preparatory, management, information and publicity, monitoring and reporting activities up to EUR 5 000.

The resolution recalls that the COVID-19 pandemic and the resulting global economic crisis have caused a considerable shock to the Estonian economy, in particular the tourism sector, where, before the crisis, 90% of tourist expenditure in Estonia came from international tourism, while the average for OECD countries was around 25%.

The application covers a total of 10 080 workers, 1 715 self-employed workers who have been made redundant and 8 365 workers made redundant in the Estonian tourism sector. The social impact of the redundancies is expected to be considerable, as the tourism sector includes a large share of low-skilled workers, workers without professional qualifications, young people and seasonal or part-time workers. Over 60% of those eligible are women, with the most affected age group being 30-64.

Members deplored the fact that Estonia foresees that only 5 060 eligible beneficiaries will participate in the measures.

Parliament welcomed the fact that the coordinated package of personalised services had been drawn up by Estonia in consultation with the competent authorities and representatives of the associations and that the progress of the measures would be discussed in the supervisory board of the Estonian Unemployment Insurance Fund (EUIF), which involves the social partners.

Further consultations with representatives of the tourism sector will be carried out to define the most appropriate type of support, taking into account the age structure, educational profile and other characteristics of the beneficiaries. In addition, possible input from the Estonian Hotel and Restaurant Association is foreseen for the design of some of the sectoral training measures.

The Commission is invited to keep the duration of the examination of applications for EGF assistance and mobilisation of the EGF to a minimum in order to reduce the pressure on national social security systems in the context of the COVID-19 crisis.