European Parliament

2014-2019



Committee on Budgetary Control

2015/2284(INI)

28.4.2016

OPINION

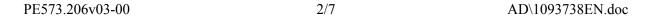
of the Committee on Budgetary Control

for the Committee on Employment and Social Affairs

on the activities, impact and added value of the European Globalisation Adjustment Fund between 2007 and 2014 (2015/2284(INI))

Rapporteur: Marco Valli

AD\1093738EN.doc PE573.206v03-00



SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund ('the EGF Regulation')¹,
- having regard to Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006 ('the new EGF Regulation')²,
- having regard to the Commission report of 22 July 2015 on the activities of the European Globalisation Adjustment Fund in 2013 and 2014 (COM(2015)0355),
- having regard to Court of Auditors Special Report No 7/2013 on the European Globalisation Adjustment Fund, together with the Commission's replies³ ('the Court of Auditors report'),
- A. whereas the European Globalisation Adjustment Fund (EGF) was established to provide support to workers made redundant as a result of major structural changes in world trade patterns;
- B. whereas Article 19 of Regulation (EU) No 1309/2013 requires the Commission to present to Parliament and to the Council every two years a quantitative and qualitative report on the activities of the EGF in the previous two years;
- C. whereas the EGF was designed to address short-term and ad hoc emergency situations, in contrast to the European Social Fund (ESF), which also supports redundant workers but whose purpose is to address long-term structural imbalances, mainly through lifelong learning programmes;
- 1. Notes that the total EGF-approved aid from the date of first application until September 2015 amounted to some EUR 545 million from the Union budget and to some EUR 390 million from the Member States' budgets for a total of 139 approved Member State applications;
- 2. Considers it necessary to step up the use of the EGF in preventing and dealing with relocation, as well as in response to sectoral crises caused by price and global demand fluctuations;
- 3. Acknowledges, as stated in the Court of Auditors report, that nearly all eligible workers were able to benefit from personalised EGF measures; observes that the services offered to potential beneficiaries were generally tailored to their needs and therefore most likely

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¹ OJ L 406, 30.12.2006, p. 1.

² OJ L 347, 20.12.2013, p. 855.

³ OJ C 182, 27.6.2013, p. 3.

to get results; notes in addition that the EGF support was in general well coordinated with the ESF and national labour market measures, in that existing measures were complemented by additional EGF measures specifically designed to address workers' needs;

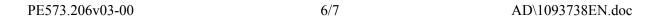
- 4. Calls on the Commission to ensure that the EGF meets the specific needs of self-employed workers; points out that relocations and other consequences of globalisation, such as the 'sharing economy' and robotics, are affecting major sectors of the European economy in which the number of self-employed people is constantly increasing;
- 5. Points out that, in some cases, redundant workers formerly employed by the suppliers of an affected enterprise were not included in EGF support; acknowledges the Commission's explanation that the affected workers of downstream suppliers have never been intentionally excluded, as the Commission strives together with the Member States to achieve a reasonable balance between comprehensive coverage and the time required to prepare and submit an application; notes that the Commission should include further details on sectors in which the workers were likely to find employment and on whether the training offer was aligned to the future economic prospects and labour market needs in the regions concerned by the redundancies;
- 6. Calls on the Commission to lower the threshold for EGF eligibility, which currently stands at 500 redundancies, to 100 redundancies in the case of medium-sized enterprises and 50 redundancies in the case of small enterprises, so as to ensure that the aid reaches workers employed by SMEs, who are generally most affected by the effects of globalisation;
- 7. Notes that, although the ESF is not expected to address unforeseeable events, all measures under the EGF Regulation may also be applied under the ESF; observes that the main reasons that some Member States prefer to deploy the ESF rather than the EGF are the higher co-financing rate under the ESF, the quicker implementation of the ESF, the lack of EGF pre-financing, the lengthy approval procedure for the EGF and the more restrictive conditions of the EGF;
- 8. Notes that in many cases Member States face further difficulties in providing evidence that mass redundancies meet EGF intervention criteria, a task which is even more challenging where a number of SMEs are affected; calls on the Commission, therefore, to address the aforementioned deficiencies in order to make the EGF a working solution for redundant workers;
- 9. Finds that the quality and availability of reintegration data was adversely affected by a number of different factors; points out that the Member States generally did not set quantitative reintegration objectives, and that in certain cases public or private employment services did not systematically differentiate between the EGF, the ESF and other national measures when collecting reintegration data; asks the Commission to provide, annually, a full assessment of the results achieved for each EGF intervention, and to provide data on, and the reasons for, EGF requests not approved at Commission level;
- 10. Highlights the fact that Member State authorities were not required to make a distinction



between active labour market measures, such as training and aid for self-employment, and income support for paid workers; notes, in addition, the absence of specific information that would make it possible, in order to help measure the impact of the EGF, to identify ESF co-financed projects that could actually have met the EGF intervention criteria; asks the Commission to examine this issue and produce a report on the number and scope of ESF projects that meet EGF intervention criteria;

- 11. Notes that the Commission made improvements to the EGF database in which quantitative data on EGF cases are recorded for statistical purposes, making it easier for Member States to submit applications and for the Commission to analyse and compare figures on EGF cases; notes, furthermore, that the Commission included the EGF in the Shared Fund Management Common System, which should result in the submission of more correct and complete applications and a further reduction in the time it takes for an application submitted by a Member State to be adopted by Parliament and the Council; notes that, for the sake of transparency and democratic accountability, the Commission should have ensured public access to all documents relating to EGF cases;
- 12. Notes that EGF application forms do not contain any details about companies whose employees have been concerned by EGF-related measures; asks the Commission to provide more detailed data and to assess whether closures and/or redundancies are being caused by companies relocating production to third countries or to other Member States with aggressive tax policies designed to attract investment; calls on the Commission to consider introducing an instrument that would oblige companies relocating production outside the EU to contribute to the reemployment of workers made redundant;
- 13. Considers that the EGF should be able to provide its financial contribution rapidly in order to maximise its impact and to allow affected workers to benefit from the funded measures at the earliest possible stage after having been made redundant; draws attention to the fact that, according to the Court of Auditors report, the average length of an EGF approval procedure is 41 weeks; acknowledges that the Commission is striving to minimise delays where possible; notes moreover that, according to the rules in force, certain parts of the procedure cannot be shortened; calls on the Commission to report on whether changes in its e-applications and forms have helped to shorten the EGF procedure;
- 14. Acknowledges the Commission's statement that the EGF Regulation does not include quantitative reintegration objectives, and that the various EGF measures can be assessed by other means; stresses that it has been difficult to clearly evaluate the success of the instrument and its real contribution as a single instrument for the reintegration of workers; points out that the coordinated package of personalised services co-funded by the EGF should be balanced with other actions and complement these in order to provide an 'EU added value' with clear and visible benefits for the Union and its citizens;
- 15. Recalls that financial contributions from the EGF should be primarily directed at active labour market measures aimed at reintegrating beneficiaries rapidly into sustainable employment, either within or outside their initial sector of activity; observes that measures to provide workers with income support were identified in all the audited cases mentioned in the Court of Auditors report, and that these support measures represented 33 % of the costs refunded for all EGF cases; points out that the new EGF Regulation limits the costs of special time-limited measures, such as job-search allowances and

employers' recruitment incentives, to 35 % of the total costs for the coordinated package, and that the actions supported by the EGF are not intended to substitute passive social protection measures provided by the Member States in their national systems.



RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	20.4.2016
Result of final vote	+: 23 -: 0 0: 2
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Zigmantas Balčytis, Dennis de Jong, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Bogusław Liberadzki, Verónica Lope Fontagné, Dan Nica, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský
Substitutes present for the final vote	Richard Ashworth, Caterina Chinnici, Cătălin Sorin Ivan, Benedek Jávor, Karin Kadenbach, Marian-Jean Marinescu, Markus Pieper, Julia Pitera, Miroslav Poche, Patricija Šulin
Substitutes under Rule 200(2) present for the final vote	Georg Mayer