

## Opinion of the European Committee of the Regions on ‘European Globalisation Adjustment Fund’

(2019/C 86/12)

**Rapporteur:** Ximo PUIG I FERRER (ES/PES), Presidente de la Generalidad Valenciana

**Reference documents:** Proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (EGF)

COM(2018) 380 final

### 1. RECOMMENDATIONS FOR AMENDMENTS

#### Amendment 1

Title of Regulation

| Text proposed by the European Commission   | Amendment   |
|--|---|
| Proposal for a Regulation of the European Parliament and of the Council on the European <b>Globalisation Adjustment</b> Fund ( <b>EGF</b> ). | Proposal for a Regulation of the European Parliament and of the Council on the European <b>Transitions’ Support</b> Fund ( <b>ETSF</b> ). |

#### Reason

Article 2 of the draft regulation clearly foresees to enlarge the Fund’s scope beyond globalisation. The name change should be applied throughout the text.

#### Amendment 2

Recital 1

| Text proposed by the European Commission  | CoR amendment   |
|---|---|
| Horizontal principles as set out in Article 3 of the Treaty on European Union (‘TEU’) and in <b>Article</b> 10 TFEU, including principles of subsidiarity and proportionality as set out in Article 5 TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The objectives of the Funds should be pursued in the framework of sustainable development and the Union’s promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Articles 11 and 191(1) TFEU, taking into account the polluter pays principle. | Horizontal principles as set out in Article 3 of the Treaty on European Union (‘TEU’) and in <b>Articles 9 and</b> 10 TFEU, including principles of subsidiarity and proportionality as set out in Article 5 TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. <b>In accordance with Article 8 TFEU</b> , Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The objectives of the Funds should be pursued in the framework of sustainable development and the Union’s promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Articles 11 and 191(1) TFEU, taking into account the polluter pays principle. |

**Reason**

Insertion of essential legal references.

**Amendment 3**

## Recital 6

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| <p>In its 'Reflection Paper on Harnessing Globalisation'[20] the Commission identifies the combination of trade related globalisation and technological change as the major drivers of an increased demand for skilled labour and a reduced number of jobs that require lower qualifications. <b>Despite</b> the <b>overall tremendous</b> advantages of more open trade and further integration of world economies, <b>these</b> negative side effects need to be tackled. As the current benefits of globalisation are already unequally distributed among people and regions, causing a significant impact on those adversely affected, there is a danger that <b>the ever faster evolving</b> technological <b>advances</b> will further fuel these effects. Therefore, in line with the principles of solidarity and sustainability, it will be necessary to ensure that the benefits of globalisation <b>will be</b> shared more fairly <b>by reconciling economic opening and technological advance with social protection</b>.</p> <p>[20] <a href="https://ec.europa.eu/commission/publications/reflection-paper-harnessing-globalisation_en">https://ec.europa.eu/commission/publications/reflection-paper-harnessing-globalisation_en</a>.</p> | <p>In its 'Reflection Paper on Harnessing Globalisation' the Commission identifies the combination of trade related globalisation and technological change as the major drivers of an increased demand for skilled labour and a reduced number of jobs that require lower qualifications. <b>Therefore, despite</b> the advantages of more open trade and further integration of world economies, <b>the</b> negative side effects, <b>which particularly affect certain business areas, certain companies, certain groups of more vulnerable workers and certain regions</b>, need to be tackled. As the current benefits of globalisation are already unequally distributed among people and regions, causing a significant impact on those adversely affected, there is a danger that technological <b>and environmental transitions</b> will further fuel these effects. Therefore, in line with the principles of solidarity and sustainability, it will be necessary to ensure that the benefits of globalisation <b>are</b> shared more fairly and <b>that the simultaneous adverse effects of globalisation and technological and environmental transitions are more widely anticipated</b>.</p> |

**Reason**

Self-explanatory.

**Amendment 4**

## Recital 14

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| <p>As stated, in order to maintain the European nature of the <b>EGF</b>, an application for support should be triggered when a major restructuring event causes a significant impact on the local or regional economy. Such an impact should be defined by a minimum number of job displacements within a specific reference period. Taking into account the findings of the mid-term evaluation, the threshold shall be set at <b>250</b> jobs displacement within a reference period of <b>four months (or 6 months in sectoral cases)</b>. Taking into account that waves of dismissals in different sectors but the same region have an equally significant impact on the local labour market, regional applications shall be possible as well. In small labour markets, such as small Member States or remote regions, including the outermost regions as referred in Article 349 of the TFEU, or in exceptional circumstances, applications could be submitted in case of a lower number of job displacements.</p> | <p>As stated, in order to maintain the European nature of the <b>ETSF</b>, an application for support should be triggered when a major restructuring event causes a significant impact on the local or regional economy. Such an impact should be defined by a minimum number of job displacements within a specific reference period. Taking into account the findings of the mid-term evaluation, the threshold shall be set at <b>150</b> jobs displacement within a reference period of <b>nine</b> months. Taking into account that waves of dismissals in different sectors but the same region have an equally significant impact on the local labour market, regional applications shall be possible as well. In small labour markets, such as small Member States or remote regions, including the outermost regions as referred in Article 349 of the TFEU, or in exceptional circumstances, <b>such as in the case of regions that have already been severely affected by a high unemployment rate</b>, applications could be submitted in case of a lower number of job displacements.</p> |

**Reason**

Consistency with the legislative amendments suggested to Article 5.

**Amendment 5**

## Recital 15

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| <p>In order to express Union solidarity with displaced workers and self-employed persons whose activity has ceased, the co-funding rate of the cost of the package of personalised services and its implementation should <b>equal that of the ESF+ in the respective Member State concerned</b>.</p> | <p>In order to express Union solidarity with displaced workers and self-employed persons whose activity has ceased, the co-funding rate of the cost of the package of personalised services and its implementation should <b>be not less than 60 %. This minimum percentage may be increased by a further 5 % if objective and operational measures and instruments for anticipation and restructuring have been provided for</b>.</p> |

**Reason**

Consistency with the legislative amendments suggested to Article 14(2).

## Amendment 6

## Recital 19

| Text proposed by the European Commission  | CoR amendment   |
|---|---|
| <p>(19) Financial contributions from the <b>EGF</b> 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. Measures should reflect the prospected needs of the local or regional labour market. <b>However, whenever relevant, the mobility of displaced workers should also be supported in order to help find new employment elsewhere. There shall be particular focus on</b> the dissemination of skills required in the digital age. The inclusion of pecuniary allowances in a coordinated package of personalised services <b>should be restricted. Companies could</b> be encouraged to participate in the national co-funding for the <b>EGF-supported</b> measures.</p> | <p>(19) Financial contributions from the ETSF 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. Measures should reflect the prospected needs of the local or regional labour market; <b>thus, the active involvement of local and/or regional authorities is essential. The need to rebuild subnational capacity should be addressed by means of an approach that focuses on local characteristics and is rooted in subnational entities' strengths and local resources. Cluster policies, the dissemination of knowledge and innovation, and the creation of businesses that boost employment will create an environment that is conducive to growth based on equal opportunities for all, irrespective of their place of residence. This approach shall prioritise</b> the dissemination of skills required in the digital age.</p> <p>The inclusion of pecuniary allowances in a coordinated package of personalised services <b>shall always be secondary to active measures. Similarly, companies should</b> be encouraged to participate in the national co-funding for the <b>ETSF</b> measures, <b>where compatible.</b></p> <p><b>Moreover, support for the mobility of workers involving movement to other locations should be a last resort because of the destabilising effect this has and the loss of regional attractiveness.</b></p> |

**Reason**

Restructuring policies should foster an environment conducive to employment and growth and should introduce measures to enable workers to return to working life, including exceptional time-limited assistance.

Regional authorities must be actively involved in the process as they are familiar with and manage the situation on the ground.

**Amendment 7**

New point after Recital 19

| Text proposed by the European Commission | CoR amendment  |
|--|--|
|  | <p><i>In its 'Reflection paper on harnessing globalisation', the Commission acknowledges the pronounced regional dimension of the uneven territorial impact of globalisation, as new jobs created by trade and technological change do not necessarily materialise in the same places where jobs have disappeared, and the workers concerned very often lack the necessary skills to take up these new jobs.</i></p> <p><i>Therefore, EU trade agreements should be accompanied by territorial impact assessments, as an instrument enabling the relevant authorities to identify and quantify early on the possible asymmetric impact of trade agreements, prepare for this impact, anticipate changes and deal with potential restructuring by devising strategies based on the right mix of policies and effective use of EU funds.</i></p> |

**Reason**

The CoR is supportive of EU trade policy provided that it is accompanied by territorial impact assessments that measure the possible consequences and serve as a tool to draw up transparent trade policies based on sound evidence.

**Amendment 8**

Recital 20

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| <p>(20) When drawing up the coordinated package of active labour market policy measures, Member States should favour measures that will significantly contribute to the employability of the beneficiaries. Member States should strive towards the reintegration into sustainable employment of the largest possible number of beneficiaries participating in these measures as soon as possible within the six-month period before the final report on the implementation of the financial contribution is due.</p> | <p>(20) When drawing up the coordinated package of active labour market policy measures, Member States should favour measures that will significantly contribute to the employability of the beneficiaries. Member States should strive towards the reintegration into sustainable employment <b>at regional and local level</b> of the largest possible number of beneficiaries participating in these measures as soon as possible within the six-month period before the final report on the implementation of the financial contribution is due.</p> |

**Reason**

Creating jobs in specific areas where redundancies have occurred needs to be prioritised.

**Amendment 9**

## Recital 23

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| (23) In the interest of beneficiaries and bodies responsible for implementation of the measures, the applicant Member State should keep all actors involved in the application process informed of the progress of the application. | (23) In the interest of beneficiaries and bodies responsible for implementation of the measures, the applicant Member State should keep all actors involved in the application process, <b>in particular local and regional authorities</b> , informed of the progress of the application. |

**Reason**

Highlighting the fact that local and regional authorities must be involved in the progress of the application.

**Amendment 10**

## Recital 39

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| (39) Considering the fact that the digital transformation of the economy requires a certain level of digital competence of <b>the workforce</b> , the dissemination of skills required in the digital age should be a mandatory horizontal element of any coordinated package of personalised services offered. | (39) Considering the fact that the digital transformation of the economy requires a certain level of digital competence of <b>European citizens, and in particular the active population</b> , the dissemination of skills required in the digital age should be a mandatory horizontal element of any coordinated package of personalised services offered. |

**Reason**

It does not seem appropriate for a regulatory provision to refer to the 'workforce' when talking about citizens or people who work. There is an extensive body of literature that recognises and conceptualises the socio-occupational dimension of workers, beyond just viewing them as a material factor of production.

**Amendment 11**

## New point after Recital 39

| Text proposed by the European Commission | CoR amendment  |
|--|--|
|  | <b>Public investment in skills and human capital needs to be better aligned with smart specialisation strategies and addressed using a place-based approach that analyses how structural changes can create specific problems and challenges for the regional and/or local economy. Moreover, given the need to match these skills to the needs of regional industry, economic development strategies will have to be coordinated with education and labour policies in order to build local capacity.</b> |

**Reason**

To highlight the need to tailor public investment in skills to the specific needs of a given region and to link regional development with education and labour policies in order to maximise impact.

**Amendment 12**

## Article 2

| Text proposed by the European Commission  | CoR amendment   |
|---|---|
| The <b>EGF</b> shall <i>contribute to a better distribution of the benefits</i> of globalisation and technological <i>advance</i> by helping <i>displaced</i> workers adapt to structural change. As such, the <b>EGF</b> shall contribute to the implementation of the principles defined under the European Pillar of Social Rights and enhance social and economic cohesion among regions and Member States. | The <b>ETSF</b> shall <i>support socioeconomic transformations that are the result</i> of globalisation and <i>of the</i> technological <i>and environmental transition</i> , by helping workers <i>in receipt of this aid</i> adapt to structural change. As such, the <b>ETSF</b> shall contribute to the implementation of the principles defined under the European Pillar of Social Rights and enhance social and economic cohesion among regions and Member States. |

**Reason**

This wording is broader: it covers displaced workers, self-employed persons and ‘workers in undertakings in difficulty’, which this opinion proposes be included.

**Amendment 13**

## Article 3(1)

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| 1. The general objective of the programme is to demonstrate solidarity <i>with</i> and <i>offer</i> support to displaced workers and self-employed persons whose activity has ceased in the course of unexpected major restructuring events, <i>referred to</i> in Article 5. | 1. The general objective of the programme is to demonstrate solidarity and <i>responsibility, offering</i> support to displaced workers and self-employed persons whose activity has ceased in the course of unexpected major restructuring events, <i>as well as to workers in undertakings in difficulty who are threatened by displacement as set out</i> in Article 5. |

**Reason**

The consequences of globalisation of markets or the crisis can be side-effects of Commission policies. As well as an act of solidarity, the Fund also represents an act of responsibility on the part of the EU in its decision-making.

The term ‘workers in undertakings in difficulty’ is consistent with the proposal made in this opinion.

**Amendment 14**

## Article 3(2)

| Text proposed by the European Commission   | CoR amendment   |
|--|---|
| <p>2. The specific objective of the <b>EGF</b> is to offer assistance in case of unexpected major restructuring events, particularly those caused by globalisation-related challenges, such as changes in world trade patterns, trade disputes, financial or economic crises, the transition to low-carbon economy or as a consequence of digitisation or automation. Particular emphasis shall lie on measures that help the most disadvantaged groups.</p> | <p>2. The specific objective of the <b>ETSF</b> is to offer assistance in case of unexpected major restructuring events, particularly those caused by globalisation-related challenges, such as changes in world trade patterns, trade disputes, <b>decisions adopted under the EU's trade defence instruments</b>, financial or economic crises, the transition to low-carbon economy or as a consequence of digitisation or automation. Particular emphasis shall lie on measures that help the most disadvantaged groups <b>as defined in Article 4</b>.</p> |

**Reason**

Workers adversely affected by the non-imposition of anti-dumping measures should automatically benefit from the rights set out in the ETSF rules and benefit from the Fund's measures.

The closing reference to Article 4 refers to inserting a definition on what are to be considered most disadvantaged groups.

**Amendment 15**

## Article 4

| Text proposed by the European Commission  | CoR amendment   |
|---|---|
| <b>Definitions</b>  | <b>Definitions</b>  |
| For the purposes of this Regulation,  | For the purposes of this Regulation,  |
| (a) 'displaced worker' means a worker whose employment is ended prematurely by redundancy, or whose contract is not renewed, due to economic reasons; | (a) 'displaced worker' means a worker whose employment is ended prematurely by redundancy, or whose contract is not renewed, due to economic reasons; |
| (b) 'self-employed person' means a person who employed fewer than 10 workers;   | (b) 'self-employed person' means a person who employed fewer than 10 workers;   |



| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| (c) 'beneficiary means' a person participating in <b>EGF</b> co-funded measures;  | (c) <i>'vulnerable worker' means any person considered a beneficiary by virtue of any of the following characteristics or circumstances:</i><br>— <i>they are over 54 years of age,</i><br>— <i>they are under 30 years of age,</i><br>— <i>they are female,</i><br>— <i>they are a person with any type of disability (motor, cognitive or sensory),</i><br>— <i>one or more persons are economically dependent on the beneficiary,</i><br>— <i>they do not hold an upper secondary educational or vocational qualification (International Standard Classification of Education 3), or</i><br>— <i>They belong to an ethnic minority in a Member State.</i> |
| (d) 'irregularity' means any breach of applicable law, resulting from an act or omission by an economic operator involved in the implementation of the <b>EGF</b> , which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget. | (d) 'beneficiary means' a person participating in <b>ETSF</b> co-funded measures;<br><br>(e) 'irregularity' means any breach of applicable law, resulting from an act or omission by an economic operator involved in the implementation of the <b>ETSF</b> , which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget.  |

### Reason

It is sensible to make explicit in regulatory terms the general references made in the draft regulation to 'disadvantaged beneficiaries' or 'most disadvantaged groups', without further definition. The amendment also suggests that including young people and introducing a gender- and equality-based perspective should be reconsidered.

### Amendment 16

Article 5(1) and 5(2)

| Text proposed by the European Commission   | CoR amendment  |
|--|--|
| <b>Intervention criteria</b><br><br>1. Member States may apply for financial contributions from the <b>EGF</b> for measures targeting displaced workers <b>and</b> self-employed persons in accordance with the provisions laid down in this Article | <b>Intervention criteria</b><br><br>1. Member States may apply for financial contributions from the <b>ETSF</b> for measures targeting displaced workers, self-employed persons <b>whose activity has ceased, and workers in undertakings in difficulty who are threatened by displacement,</b> in accordance with the provisions laid down in this Article. |

| Text proposed by the European Commission   | CoR amendment   |
|--|---|
| <p>2. A financial contribution from the <b>EGF</b> shall be provided in major restructuring events that result in the following:</p> <p>(a) the cessation of activity of more than <b>250</b> displaced workers or self-employed persons, over a reference period of <b>four</b> months, in an enterprise in a Member State, including where that cessation applies in its suppliers or downstream producers;</p> <p>(b) the cessation of activity of more than <b>250</b> displaced workers or self-employed persons, over a reference period of <b>six</b> months, particularly in SMEs, where all operate 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 <b>250</b> workers or self-employed persons affected in two of the regions combined;</p> <p>(c) the cessation of activity of more than <b>250</b> displaced workers or self-employed persons, over a reference period of <b>four</b> months, particularly in SMEs, operating in the same or different economic sectors defined at NACE Revision 2 division level and located in the same region defined at NUTS 2 level.</p> <p>3. In small labour markets or in exceptional circumstances, in particular with regard to applications involving SMEs, where duly substantiated by the applicant Member State, an application for a financial contribution under this Article may be considered admissible even if the criteria laid down in points (a), (b) or (c) of paragraph 1 are not entirely met, when the redundancies have a serious impact on employment and the local or regional economy. The applicant Member State shall specify which of the intervention criteria set out in points (a), (b) or (c) of paragraph 1 are not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed 15 % of the annual ceiling of the <b>EGF</b>.</p> | <p>2. A financial contribution from the <b>ETSF</b> shall be provided in major restructuring events that result in the following:</p> <p>(a) the cessation of activity of more than <b>150</b> displaced workers or self-employed persons, over a reference period of <b>nine</b> months, in an enterprise in a Member State, including where that cessation applies in its suppliers or downstream producers;</p> <p>(b) the cessation of activity of more than <b>150</b> displaced workers or self-employed persons, over a reference period of <b>nine</b> months, particularly in SMEs, where all operate 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 <b>150</b> workers or self-employed persons affected in two of the regions combined;</p> <p>(c) the cessation of activity of more than <b>150</b> displaced workers or self-employed persons, over a reference period of <b>nine</b> months, particularly in SMEs, operating in the same or different economic sectors defined at NACE Revision 2 division level and located in the same region defined at NUTS 2 level.</p> <p>3. In small labour markets or in exceptional circumstances, in particular with regard to applications involving SMEs, where duly substantiated by the applicant Member State, an application for a financial contribution under this Article may be considered admissible even if the criteria laid down in points (a), (b) or (c) of paragraph 1 are not entirely met, when the redundancies have a serious impact on employment and the local or regional economy. The applicant Member State shall specify which of the intervention criteria set out in points (a), (b) or (c) of paragraph 1 are not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed 15 % of the annual ceiling of the <b>ETSF</b>.</p> |

### Reason

To introduce uniformity and consistency with the wording of Article 3.

Access to assistance is increased for a smaller group of displaced workers, reflecting the small size of businesses: large-scale redundancies are less frequent.

The reason for the different timeframes is not clear. It is proposed to harmonise the period and extend it to nine months.

**Amendment 17**

Article 5(4)

| Text proposed by the European Commission  | CoR amendment |
|---|---------------|
| <b>4. The EGF may not be mobilised when workers are dismissed as a result of budget cuts taken by a Member State, which affect sectors that depend on public financing.</b> |               |

**Reason**

Assistance should be available to all dismissed workers without distinction from sectors that depend on public financing. Moreover, it could be particularly challenging for the relevant authorities to tell which sectors depend on public financing and which do not.

**Amendment 18**

New paragraph in Article 5

| Text proposed by the European Commission | CoR amendment  |
|--|--|
|  | <b>4 (or 5). When applying for financial contributions from the ETSF, Member States shall be able to include workers in undertakings in difficulty who are threatened by displacement — in accordance with the definition for these businesses given in the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (2014/C 249/01) — as beneficiaries, together with the other beneficiaries mentioned in the previous paragraphs, to participate exclusively in tailor-made training and retraining, including in information and communication technology skills and other skills required in the digital age, provided that these actions are not included among the measures that are the responsibility of businesses by virtue of national law or applicable collective agreements.</b> |

**Reason**

The digital transformation of the economy requires all European citizens to have a certain level of digital competence, and workers threatened by displacement must be the principal recipients of these personalised services for acquiring digital skills.

**Amendment 19**

New final subparagraph in Article 7

| Text proposed by the European Commission | CoR amendment   |
|--|---|
|  | <b>Workers in undertakings in difficulty who are threatened by displacement shall also be considered beneficiaries, under the restrictions set out in Article 5(4) (or 5(5)).</b> |

**Reason**

Wording that is consistent with and complements the previous provisions in the text.

**Amendment 20**

## Article 8

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| <b>Eligible measures</b>  | <b>Eligible measures</b>   |
| <p>1. A financial contribution from the <b>EGF</b> 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, the most disadvantaged among the displaced workers, into employment or self-employment.</p> <p>The dissemination of skills required in the digital industrial age is a mandatory horizontal element of any package of personalised services offered. The level of training shall be adapted to the qualifications and the needs of the respective beneficiary.</p> <p>The coordinated package of personalised services may include in particular:</p> <ul style="list-style-type: none"> <li>(a) tailor-made training and retraining, including in information and communication technology and other skills required in the digital age, certification of acquired experience, job-search assistance, occupational guidance, advisory services, mentoring, outplacement assistance, entrepreneurship promotion, aid for self-employment, business start-ups and employee take-overs, and cooperation activities;</li> <li>(b) special time-limited measures, such as job-search allowances, employers' recruitment incentives, mobility allowances, training or subsistence allowances, including allowances for carers.</li> </ul> <p>The costs of the measures referred to in point (b) may not exceed 35 % of the total costs for the coordinated package of personalised services listed in this paragraph.</p> | <p>1. A financial contribution from the <b>ETSF</b> 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, the most disadvantaged among the displaced workers, into employment or self-employment.</p> <p>The dissemination of skills required in the digital industrial age is a mandatory horizontal element of any package of personalised services offered. The level of training shall be adapted to the qualifications and the needs of the respective beneficiary, <b>to the specific challenges created within the regional and/or local economy and, in particular, to the skills of the workers at risk of displacement.</b></p> <p>The coordinated package of personalised services may include in particular:</p> <ul style="list-style-type: none"> <li>(a) tailor-made training and retraining, including in information and communication technology and other skills required in the digital age, certification of acquired experience, job-search assistance, occupational guidance, advisory services, mentoring, outplacement assistance, entrepreneurship promotion, aid for self-employment, business start-ups and employee take-overs, and cooperation activities;</li> <li>(b) special time-limited measures, such as job-search allowances, employers' recruitment incentives, mobility allowances, training or subsistence allowances, including allowances for carers.</li> </ul> <p>The costs of the measures referred to in point (b) may not exceed 35 % of the total costs for the coordinated package of personalised services listed in this paragraph, <b>with the exception of beneficiaries considered vulnerable, in which case this rate may be up to 50 %.</b></p> |

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| The investments for self-employment, starting an own business or for employee take-overs may not exceed EUR 20 000 per displaced worker.  | The investments for self-employment, starting an own business or for employee take-overs may not exceed EUR 20 000 per displaced worker.<br><br><i><b>These investments shall be channelled towards projects that satisfy conditions of technical, economic and financial viability and, to this end, the authorities shall make provision for mentoring and guidance measures to ensure their viability.</b></i>  |
| The design of the coordinated package of personalised services shall anticipate future labour market perspectives and required skills. The coordinated package shall be compatible with the shift towards a resource-efficient and sustainable economy, and shall also focus on the dissemination of skills required in the digital industrial age and take into account the demand on the local labour market. | The design of the coordinated package of personalised services shall anticipate future labour market perspectives and required skills. The coordinated package shall be compatible with the shift towards a resource-efficient and sustainable economy, and shall also focus on the dissemination of skills required in the digital industrial age and take into account the demand on the <b>regional and/or</b> local labour market, <i><b>ensuring the active involvement of regional and/or local authorities in defining the package of services.</b></i> |
| 2. The following measures shall not be eligible for a financial contribution from the <b>EGF</b> :  | 2. The following measures shall not be eligible for a financial contribution from the <b>ETSF</b> :  |
| (a) special time-limited measures referred to in point (b) of paragraph 1, which are not conditional on the active participation of the targeted beneficiaries in job-search or training activities;  | (a) special time-limited measures referred to in point (b) of paragraph 1, which are not conditional on the active participation of the targeted beneficiaries in job-search or training activities;   |
| (b) measures which are the responsibility of enterprises by virtue of national law or collective agreements.  | (b) measures which are the responsibility of enterprises by virtue of national law or collective agreements.   |
| The measures supported by the <b>EGF</b> shall not substitute passive social protection measures.   | The measures supported by the <b>ETSF</b> shall not substitute passive social protection measures.   |
| 3. The coordinated package of services shall be drawn up in consultation with the targeted beneficiaries or their representatives, or the social partners.  | 3. The coordinated package of services shall be drawn up in consultation with the targeted beneficiaries or their representatives, or the social partners, <i><b>and with the active involvement of regional and local authorities.</b></i>  |
| 4. At the initiative of the applicant Member State, a financial contribution from the <b>EGF</b> may be made for the preparatory, management, information and publicity, control and reporting activities.  | 4. At the initiative of the applicant Member State, a financial contribution from the <b>ETSF</b> may be made for the preparatory, management, information and publicity, control and reporting activities <i><b>as well as for capacity building measures for those regional and/or local authorities that are affected by the unexpected major restructuring event.</b></i>  |

### Reason

Structural changes cause specific problems in regions; regional authorities need to be involved.

In line with the proposal relating to Article 4, more favourable treatment of vulnerable workers is proposed.

Advice should also be provided on the viability of self-employment projects, avoiding future failures.

**Amendment 21**

## Article 9(5)

| Text proposed by the European Commission   | CoR amendment   |
|--|---|
| <p>5. An application shall contain the following information:</p> <p>(a) an assessment of the number of redundancies in accordance with Article 6, including the method of calculation;</p> <p>(b) the confirmation that, where the dismissing enterprise has continued its activities after the lay-offs, it has complied with its legal obligations governing the redundancies;</p> <p>(c) a brief description of the events that led to the displacement of workers;</p> <p>(d) the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by gender, age group and educational level;</p> <p>(e) the expected impact of the redundancies as regards the local, regional or national economy and employment;</p> <p>(f) a detailed description of the coordinated package of personalised services and related expenditure, including, in particular, any measures in support of employment initiatives for <b>disadvantaged, older and young</b> beneficiaries;</p> <p>(g) an explanation to what extent the recommendations set out in the EU Quality Framework for anticipation of change and restructuring were taken into account, <b>and how the coordinated package of personalised services complements actions funded by other national or Union funds, including information on measures that are mandatory for the dismissing enterprises concerned by virtue of national law or pursuant to collective agreements;</b></p> | <p>5. An application shall contain the following information:</p> <p>(a) an assessment of the number of redundancies in accordance with Article 6, including the method of calculation;</p> <p>(b) the confirmation that, where the dismissing enterprise has continued its activities after the lay-offs, it has complied with its legal obligations governing the redundancies;</p> <p>(c) a brief description of the events that led to the displacement of workers;</p> <p>(d) the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by gender, age group and educational level;</p> <p>(e) the expected impact of the redundancies as regards the local, regional or national economy and employment;</p> <p>(f) a detailed description of the coordinated package of personalised services and related expenditure, including, in particular, any measures in support of employment initiatives for <b>vulnerable</b> beneficiaries <b>under the terms set out in Article 4(c) and, where appropriate, workers in undertakings in difficulty who are threatened by displacement and are to be included in training measures teaching digital skills, under the restrictions set out in Article 5(4) (or 5(5)); and an explanation of how the coordinated package of personalised services complements actions funded by other national or Union funds, including information on measures that are mandatory for the dismissing enterprises concerned by virtue of national law or pursuant to collective agreements;</b></p> <p>(g) an explanation to what extent the recommendations set out in the EU Quality Framework for anticipation of change and restructuring were taken into account, <b>including those related to promoting the revitalisation of regions affected by restructuring and the facilitation of cooperation between relevant actors, and whether objective and operational anticipation and restructuring measures and instruments are available for the purposes set out in Article 14(2);</b></p> |

| Text proposed by the European Commission   | CoR amendment   |
|--|---|
| (h) the estimated budget 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;   | (h) the estimated budget 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;  |
| (i) for evaluation purposes, indicative case specific targets defined by the Member State regarding the re-employment rate of beneficiaries 6 months after the end of the implementation period;   | (i) for evaluation purposes, indicative case specific targets defined by the Member State, <b>following consultation with the local and regional authorities of the affected area</b> , regarding the re-employment rate of beneficiaries 6 months after the end of the implementation period;  |
| (j) the dates on which the personalised services to the targeted beneficiaries and the activities to implement the <b>EGF</b> , as set out in Article 8, were started or are due to be started;  | (j) the dates on which the personalised services to the targeted beneficiaries and the activities to implement the <b>ETSF</b> , as set out in Article 8, were started or are due to be started;  |
| (k) the procedures followed for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities or other reETSFevant stakeholders as applicable;   | (k) the procedures followed for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities or other relevant stakeholders as applicable;   |
| (l) a statement of compliance of the requested <b>EGF</b> support with the procedural and material Union rules on State aid as well as a statement outlining why the coordinated package of personalised services does not replace measures that are the responsibility of companies by virtue of national law or collective agreements; | (l) a statement of compliance of the requested <b>ETSF</b> support with the procedural and material Union rules on State aid as well as a statement outlining why the coordinated package of personalised services does not replace measures that are the responsibility of companies by virtue of national law or collective agreements; |
| (m) the sources of national pre-financing or co-funding and other co-funding if applicable.  | (m) the sources of national pre-financing or co-funding and other co-funding if applicable;   |
|  | (n) <b>where appropriate, a report substantiating the lack of administrative capacity to manage this aid and on the need for additional funding for technical and administrative assistance, as specified in Article 12 (5).</b>  |

### Reason

Regional authorities should be involved in the definition of objectives as they are familiar with the employment possibilities of the economy concerned.

The other issues are included for the sake of consistency with the provisions above or below (Quality Framework, complementary technical assistance).



**Amendment 22**

## Article 12(4)

| Text proposed by the European Commission   | CoR amendment  |
|--|--|
| 4. The Commission's technical assistance shall include the provision of information and guidance to the Member States for using, monitoring and evaluating the <b>EGF</b> . The Commission shall also provide information along with clear guidance on using the <b>EGF</b> to the European and national social partners. Guidance measures may also include the creation of taskforces in cases of severe economic disruptions in a Member State. | 4. The Commission's technical assistance shall include the provision of information and guidance to the Member States for using, monitoring and evaluating the <b>ETSF</b> . The Commission shall also provide information along with clear guidance on using the <b>ETSF</b> to the European and national social partners. Guidance measures may also include the creation of taskforces in cases of severe economic disruptions in a Member State, <b>at either national or regional level</b> . |

**Reason**

To ensure that local and regional authorities are kept informed.

**Amendment 23**

## New paragraph in Article 12

| Text proposed by the European Commission | CoR amendment   |
|--|---|
|  | <b>5. The Commission, when approving the financial contribution, may also mobilise funds out of the amount for technical and administrative assistance for Member States who apply for this with a report indicating the reasons for the shortcomings in administrative capacity, with a view to flexible and effective management of the preparation, monitoring, control, audit or evaluation for which they are responsible.</b> |

**Reason**

To help make the response more flexible and to remedy shortcomings in the management capacity of regions, upon a reasoned application, the Commission may authorise the mobilisation of part of the funds for technical assistance for preparatory, monitoring, control, audit and evaluation activities for which regions are responsible.

**Amendment 24**

## Article 14(2)

| Text proposed by the European Commission  | CoR amendment  |
|---|--|
| 2. The co-financing rate of the <b>EGF</b> for the measures offered shall be aligned with the highest co-financing rate of the ESF+ in the respective Member State. | 2. The co-financing rate of the <b>ETSF</b> for the measures offered shall be aligned with the highest co-financing rate of the ESF+ in the respective Member State, <b>which in no case shall be less than 60 %. This minimum percentage may be increased by a further 5 % if objective and operational measures and instruments for anticipation and restructuring have been provided for as a prerequisite, irrespective of the nature of the strategy and implementation, preferably in line with the approach based on local characteristics.</b> |



**Reason**

To prevent a lack of regional resources, as these are measures showing solidarity with workers affected, a minimum of 60 % is proposed for all cases.

Moreover, we would provide an incentive by increasing co-financing by 5 % for applications from Member States which already have anticipatory measures in place, implementing the good practices of the Quality Framework.

**Amendment 25**

## Article 17(5)

| Text proposed by the European Commission  | CoR amendment   |
|---|---|
| 5. The Member State concerned shall have the flexibility to re-allocate amounts between the budget items laid down in the decision on a financial contribution pursuant to Article 16(3). Should a reallocation exceed a 20 % increase for one or more of the items specified, the Member State shall notify the Commission beforehand. | 5. The Member State concerned, <b><i>after consulting the region in question</i></b> , shall have the flexibility to re-allocate amounts between the budget items laid down in the decision on a financial contribution pursuant to Article 16 (3). Should a reallocation exceed a 20 % increase for one or more of the items specified, the Member State shall notify the Commission beforehand. |

**Reason**

To ensure that regional authorities are kept informed.

**II. POLICY RECOMMENDATIONS**

## THE EUROPEAN COMMITTEE OF THE REGIONS

**European Globalisation Adjustment Fund***Preliminary points and comments*

1. stresses that Europe must be aware that one of the main areas which will be affected by the major structural challenges arising primarily from the opening-up of economies, climate change, processes of technological adaptation, increasing migration flows and population ageing, is future work and working conditions and the effects thereof on individuals, families and regions;

2. is concerned at and warns of the effects of the deterioration of the European social model arising from the emergence and spread of new forms of insecure employment relationships. These are fuelled by an environment of shortages and the needs of people in extreme situations, who have no choice but to accept the compensation offered by large international companies, which, moreover, are taxed outside the Member States and oust small local businesses because of their strong position on the markets;

3. notes that regions, as areas of social relations and integration affected by a combination of environmental, socio-cultural, economic, organisational and human factors, have considerable value when it comes to the development and progress of local communities, but can be seriously affected by the real and material effects of globalisation and other processes of transformation and deterioration, as their local resources and human capital become subject to change;

4. considers that our enlightened Europe has the capacity and sufficient sensitivity, as it has shown on numerous occasions, to address the tensions between, on the one hand, preserving the competitiveness of the global economy and guarantees for protecting and promoting our welfare system in general, and, on the other hand, employment, training and labour rights, in particular, in order to respond to the expectations of the citizens of the European Union and the needs of regions;

*Importance of the European Globalisation Adjustment Fund*

5. highlights and welcomes the Commission's legislative proposal of 30 May 2018 laying down a new Regulation on the European Globalisation Adjustment Fund (hereinafter the EGF), because of the role it has played since its launch in 2007: EUR 611 million have been used in 160 interventions to support 147 000 workers from different regions and countries. In this way the EU has shown solidarity and responsibility with regard to the decisions taken in the framework of the single market;

6. confirms its value as a useful instrument<sup>(1)</sup>, highlighting in particular its remarkable effectiveness, with a reintegration rate of around 50 %, employability sustainability over time and improved skills for beneficiaries, along with high political visibility<sup>(2)</sup>;

7. warns of European citizens' growing dissatisfaction and concern over global trends, known as the 'geography of discontent', which is fuelling isolationist movements; highlights the role that good implementation of the EGF measures can play, inter alia, in mitigating the effects of the unexpected incidents of major restructuring to which many regions of Europe are exposed because of their economic specialisation, labour costs or the level of education of their active population<sup>(3)</sup>;

*Complementarity and effective coordination between policies and Funds*

8. welcomes the emphasis on the role of disseminating the skills needed in the digital industrial era as a mandatory cross-cutting element of any package of personalised services offered, although it suggests greater alignment with smart specialisation strategies and region-focused approaches because of the specific problems in the regional economy;

9. calls on regional authorities to play an active part in regional economic development strategies, given the need to match skills and abilities to the needs of regional industry, through close cooperation between the education and training sector and regional social, trade union and business stakeholders;

10. points to the need for greater flexibility and adaptability among measures under the funds to enable support for a broader range of economic development measures that help close the gap between short-term measures and longer-term conversion strategies financed by cohesion policy<sup>(4)</sup>;

11. supports mutual complementarity and a more coordinated approach between the EGF, as a shock absorber providing support only in unexpected and unforeseen circumstances, and the ESF+, which supports a longer-term response to challenges and has to operate through structural, evolutionary, transformative measures which prepare for change, supporting active long-term labour market policies, learning and skills, as well as helping to pre-empt unemployment<sup>(5)</sup>;

12. stresses that the EU's investment policy, implemented through the ERDF and the Cohesion Fund, is becoming a key, necessary, solidarity-based instrument which brings added value to action taken at national and regional level to tackle many of the major challenges — globalisation, economic change, the shift to a low-carbon economy, environmental challenges, demographic challenges, migration and urban pockets of poverty — which are increasingly affecting numerous regions throughout the EU, even the most developed regions<sup>(6)</sup>;

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<sup>(1)</sup> Report from the Commission on the mid-term evaluation of the European Globalisation Adjustment Fund (EGF) (COM(2018) 297 final), 16 May 2018.

<sup>(2)</sup> This was confirmed by the stakeholders involved in the management of the EGF during the consultation process.

<sup>(3)</sup> As stated in the *Reflection paper on the future of EU finances*.

<sup>(4)</sup> Report on the mid-term evaluation, referred to above.

<sup>(5)</sup> Commission report on the performance evaluation of the EGF in 2015 and 2016, published on 31 October 2017.

<sup>(6)</sup> See the impact assessment accompanying the *Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund*.

*Scope and mission of the EGF*

13. endorses the Commission's proposal to include in the Fund's mission a more generic dimension of adapting to structural change, taking into account other causes of adjustment which arise from EU policies and decisions that affect the markets, thus making its mission more technically viable and fairer;

14. points out that, while the mission includes both contributing to the implementation of the principles defined under the European Pillar of Social Rights and enhancing social and economic cohesion among regions and Member States, these principles must be operational and aimed at achieving results in the social scoreboard;

*Budget*

15. draws the Commission's attention to its persisting doubts regarding the way the EGF is treated as a 'special instrument' outside the budgetary ceilings of the next Multiannual Financial Framework (MFF) for 2021-2027. Even though the Fund is a contingency fund, the uncertainty regarding the individual approval of each application is very worrying, in a general context of cutting the financial resources provided for the same cohesion policies in the 2021-2027 MFF;

16. stresses, with regard to extending the EGF's scope, that future European economic crises will require more adaptive financing, and therefore proposes that the amount available for support be increased from EUR 200 million to EUR 500 million per year. It is necessary to increase both the number of actions, with decisive involvement of SMEs, and the amount of financial support per employee;

*More favourable measures and criteria, and a specific reference to vulnerable workers*

17. welcomes the lower threshold for redundancies, whether within the same company or particular sectors, as this is closer to reality, and hopes that this decrease will lead to greater use and mobilisation of the funds; in view of this, proposes that the threshold be set at 150 jobs;

18. has doubts regarding the establishment of different reference periods for the different situations (four or six months), and, if there are no statistical grounds for this, suggests considering a single, longer period for all circumstances;

19. proposes the inclusion as a legal concept of a new category of potential beneficiaries exclusively of measures to help them upgrade their abilities and acquire new transformative skills for the digital age: 'workers in undertakings in difficulty who are threatened by displacement' <sup>(7)</sup>;

20. notes that, although EGF co-financing rates for the measures offered could be higher, aligning with the highest co-financing rate of the ESF+ in the respective Member State, there might be rates lower than the current 60 %, which should in all cases be a minimum rate for such scenarios, given the expected lack of regional resources and the exceptional and solidarity-oriented nature of the support provided by this Fund;

21. is pleased to note the increase to EUR 20 000 per redundant worker in the amount allocated for self-employment, but states that this measure should go hand in hand with advisory services, mentoring and the support necessary to make projects viable and avoid frustration and greater discouragement in the medium term;

22. warns against the idea of supporting mobility of redundant workers in order to help them find employment elsewhere, as it is not apposite: emigration of the most mobile labour — the most skilled workers — reduces the quality of the regional labour market and thus the competitiveness of the region <sup>(8)</sup>;

23. points out that while reference is made to the condition of 'disadvantaged beneficiaries', no measures are included to address the particular situation of these beneficiaries; we therefore suggest that the proposal define and include the term 'vulnerable worker' for the purposes of EGF aid. This will provide an element of solidarity between people, which should be perceived as a clear demonstration of the concept of European citizenship;

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<sup>(7)</sup> According to the definition for these businesses given in the Communication from the Commission on *Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty* (2014/C 249/01).

<sup>(8)</sup> As observed by Eurofound (European Foundation for the Improvement of Living and Working Conditions), referring to an OECD report.

24. appeals to the Commission, the European institutions and the Member States to ideally dispense across the board with the term 'NEET' referring to young people 'not in education, employment or training', as this term is more derogatory than descriptive, stigmatising young people and preventing them being recognised for what they are and do rather than what they do not do for lack of employment or training opportunities;

*Simplification and improvement of the procedure*

25. supports the efforts to improve and simplify the EGF process and welcomes the reduction of the administrative burden on the Member State when it is submitting the application and on the Commission when it is verifying eligibility, as it will not be necessary to carry out a detailed analysis of the circumstances and causes of the redundancies; payment of financial contributions will therefore be faster, as there will no longer be a need for Commission proposals to mobilise the EGF<sup>(9)</sup>;

*The role of local and regional authorities and players: decentralisation and shared management*

26. considers the introduction of the local and regional dimension to be useful but highlights the low visibility and lack of recognition of regional authorities' potential when it comes to EGF participation and action, and calls for more weight to be given in the management of the Fund to regional and local authorities in those Member States whose organisational structure allows decentralisation;

27. calls on the Commission and the Member States to increase cooperation with regional and local authorities, as well as with other stakeholders, in particular the social partners, in order to make available the legal, financial and organisational resources which will allow them to participate and collaborate fully in the development of these areas;

*Points on proactive measures*

28. advocates adopting mechanisms for improving Member States' institutional capacity, not just to react immediately and launch the application procedure without delay, but also to ensure efficient and effective implementation of the measures; suggests a more anticipatory and preemptive role of the EGF in the future;

29. proposes increasing the current role in evaluating globalisation and restructuring trends of the European Monitoring Centre on Change based in Eurofound, and extending the assistance it provides to the Commission and the Member States in assessing regional impact and implications for European regions, prior to any decision or trade agreement which is likely to have significant consequences at this level;

30. stresses the need to coordinate the EGF and to make the recommendations laid down in the EU Quality Framework for Anticipation of Change and Restructuring (QFR) broader, more pragmatic and more forceful, with the aim of further implementing good practices and suggestions for employees, enterprises, social partners and regional and national bodies;

31. considers that incentives should be provided for those Member States and regions that have provided for objective and operational measures for anticipation and restructuring as a prerequisite, irrespective of the nature of the strategy and implementation, preferably in line with the approach based on local characteristics, smart specialisation or fostering social innovation accompanying transition and structural change<sup>(10)</sup>.

Brussels, 5 December 2018.

*The President  
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

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<sup>(9)</sup> A survey of national authorities responsible for EGF programmes found that the possible deterrents include strict eligibility criteria, complex rules and the lengthy procedure.

<sup>(10)</sup> CoR opinion, *A European strategy for industry: the role and perspective of regional and local authorities*, (CDR3214/2017, rapporteur: Heinz Lehmann (DE/EPP), adopted on 23 March 2018).