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**NOTE**

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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	ST 9701/18 + ADD 1
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Globalisation Adjustment Fund (EGF) - Progress Report

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**I. BACKGROUND**

1. On 30 May 2018, the Commission adopted the proposal for a Regulation of the European Parliament and the Council on the European Globalisation Adjustment Fund (doc. 9701/18 + ADD 1)
2. The proposal provides that the funding from the EGF aims at improving the skills and employability of workers who lost their jobs. Workers can get support from the Fund when their job losses are due not only to changing trade patterns or consequences of the financial and economic crisis, but also for other reasons for restructuring, such as automation and digitalisation.

The proposal includes a threshold of 250 dismissed workers for a case to be eligible, which is lower than the current threshold of 500 workers. It is proposed that the EGF co-financing rate will be aligned with the highest ESF+ co-financing rate for a given Member State. The EGF would remain the special instrument that allows the Union to react to unforeseen circumstances.

3. The Committee of the Regions and the Economic and Social Committee have not yet delivered their opinions on this proposal.
4. The EMPL committee of the European Parliament is expected to vote on the Report on the proposal on 27 November 2018, followed by the announcement in European Parliament plenary, foreseen in December 2018.

## II. STATE OF PLAY

5. The proposal for the EGF was presented at EPSCO Council on 21 June 2018. In the discussions of the Social Questions Working Party (5 June, 4 and 23 July, 11 and 27 September, 23 October, 14 November), a majority of Member States considered the EGF proposal useful, except few delegations that expressed concerns about the initiative.
6. Under the Austrian Presidency considerable progress has been achieved in the discussion of the entire text. The main elements of the compromise text that could be supported by the majority of delegations, as set out in document 12835/18, include the following amendments :
  - clarification of the general and specific objectives of the EGF (Article 3),
  - clarification regarding the exclusion of cases resulting from budget cuts by a Member State. Delegations considered the Presidency's proposal as a step in the right direction, while noting that further work would be necessary (Article 5.4),
  - the dissemination of digital skills should be strongly recommended rather than made mandatory (Article 8),
  - shortening of the period for assessment of the application by the Commission (Article 9.4),

- deletion of the provision regarding the obligation to grant rights on all communication and visibility materials to the Commission (Article 13.3 second paragraph onwards),
  - addition providing that the co-financing rate of the EGF measures would be aligned with the co-financing rate of the ESF+ *'or shall be 60%, whichever is the higher'*, which refers to the current EGF rate (Article 14),
  - simplification of the indicators and requirements, by inter alia deletion of a long-term indicator, some of the result indicators and the beneficiary survey (Articles 9, 20 and the annex).
7. The proposal requires some further work. A larger amount of Member States suggested that the validity of the EGF should be limited and aligned with the MFF time period. Several Member States supported amendments for small labour markets. At this stage there was not sufficient support for changes in the eligible measures and its classifications or the deletion of the references to the use of delegated acts.
8. In accordance with the guidance on the Impact Assessment (doc. 6270/18) delegations were requested to respond to the questionnaire on the proposal. The Presidency's summary on the delegations' views was presented at the Social Questions Working Party meeting on 11 September 2018 and set out in document 11744/18.
9. Since the proposed Regulation is one of the package of proposals linked to the Multiannual Financial Framework (MFF), all provisions with budgetary implications or of horizontal nature have been set aside - and thus excluded from discussion at the Working Party - pending further progress on the MFF. These provisions, which appear between square brackets in the text, concern sound financial management and the rule of law (recital 35) and EU's commitments under Paris agreement and UN Sustainable Goals on climate action target of 25 % (recital 37).
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