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PROGRESS REPORT

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| from: | Presidency |
| to: | Permanent Representatives Committee (Part I) / Council (EPSCO) |
| No Cion doc.: | 15440/11 SOC 867 ECOFIN 678 FSTR 56 COMPET 440 CODEC 1672 - COM(2011) 608 final |
| No previous doc. | 10490/12 SOC 428 ECOFIN 446 FSTR 48 COMPET 324 AGRI 353 CODEC 1465 |
| Subject: | Proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) - Progress Report |

The Commission submitted its proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) on 6 October 2011 to the European Parliament and the Council¹.

¹ COM(2011) 608 final (see doc. 15440/11).

The EP Employment Committee has voted its position in first reading on 6 November 2016². The vote in the EP Plenary has not yet been scheduled. The European Economic and Social Committee has delivered its opinion on 23 February 2012³, the Committee of the Regions on 3 May 2012⁴.

I. STATE OF PLAY

Under the Cyprus Presidency, the Working Party on Social Questions has, over the course of three meetings⁵, continued the examination of the Commission proposal on the basis of three Presidency compromise proposals⁶.

While the majority of delegations welcome the Commission proposal, considering the EGF as a very important and much needed instrument of solidarity with workers, underlining that it sets a positive sign in times of ongoing economic difficulties, many other delegations reiterated their scepticism concerning different aspects of the proposal. A noteworthy number of Member States continues, as a matter of principle, to be opposed to the continuation of the EGF. A couple of delegations argue that similar measures could be financed under the European Social Fund (ESF). Nevertheless, all delegations participated very actively and constructively in the discussions.

1. Inclusion of farmers

A major issue in the Commission proposal is the differentiated treatment of farmers in relation to other categories of workers. Many delegations either oppose or question the inclusion of farmers and the high amount to be reserved for this group. Other delegations could accept to include farmers if they were treated on the same terms as the other categories of workers. To this effect, the Presidency deleted all specific references to farmers in all relevant articles of the proposed Regulation. This approach was broadly supported by delegations.

² Report not yet available.

³ CCMI/097 - CESE 482/2012 - 2011/0269(COD) EN/o

⁴ <https://toad.cor.europa.eu/corwipdetail.aspx?folderpath=ECOS-V/023&id=21186>

⁵ Documents 12243/1/12 REV 1, 15215/1/12 REV 1 and 16343/12.

⁶ Documents 11827/12, 13859/12 and 15759/12.

2. Co-financing (Article 13, in combination with Recital 14)

The co-financing rate is another controversial issue; the views expressed range from a preference for a single rate (with most of the delegations concerned favouring 50 %) to differentiated rates of up to 65 %. Some delegations would prefer a rate comparable to the ESF. The Presidency concluded that this issue needs to be further discussed.

In respect of the co-financing criteria no agreement could be reached either: While the majority of delegations expressed the view that the co-financing criteria should allow all Member States to apply for funding, the Working Party was not in a position to determine which of the proposed criteria (European Stability Mechanism (ESM), Balance of Payments (BOP), overall unemployment rate in a Member State, sectoral unemployment rates, economic development) should be taken into account. In view of this, the Presidency concluded that more in-depth work is required on this topic.

3. Pre-financing (Article 16), speeding up the disbursement of funds, simplification of procedures, shortening of the examination time (Article 8(1))

The proposals introduced by the Presidency on Article 16 concern the pre-financing of the applications. It suggested that financial contribution would be given in a single instalment, following the approval of the application by the Commission. The majority of delegations expressed their support to this proposal with the understanding that all categories of beneficiaries are to be treated on the same footing.

Concerning the submission of additional information by the MS and the timeframe for assessing the application by the Commission, as referred to in Article 8, the Presidency has redrafted the relevant Article to ensure more clarity. Though there were a few delegations that favoured a shorter examination timeframe, the majority of delegations expressed their support to this proposal. The Commission explained that for administrative reasons the timeframe cannot be shortened.

4. Further issues

Broadening of the scope

A considerable number of Member States continues to oppose the extension of the scope to other categories of workers (i.e. farmers, temporary agency workers, owner-managers of micro, small and medium-sized enterprises and self-employed), compared to the current EGF.

III. CONCLUSION

All aspects of the proposal having already been examined under the Danish Presidency in the attempt to clarify as many provisions as possible but without reaching agreement on a global compromise, the Cyprus Presidency concentrated on tabling compromise solutions on a series of specific elements. On a variety of aspects of the proposal the final position of many delegations will depend on further developments concerning the file in the framework of the negotiations on the multiannual financial framework (MFF).

DK, MT and UK maintain their parliamentary scrutiny reservations.

The Committee is invited to take note of this Report and to forward it to the EPSCO Council on 6 December 2012 for information.