



Council of the
European Union

Brussels, 31 March 2021
(OR. en)

7535/21

**Interinstitutional File:
2021/0076(BUD)**

**FIN 239
SOC 177**

PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	31 March 2021
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2021) 151 final
Subject:	Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Estonia – EGF/2020/002 EE/Estonia Tourism

Delegations will find attached document COM(2021) 151 final.

Encl.: COM(2021) 151 final



Brussels, 31.3.2021
COM(2021) 151 final

2021/0076 (BUD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the mobilisation of the European Globalisation Adjustment Fund following an
application from Estonia – EGF/2020/002 EE/Estonia Tourism**

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

1. The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in 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 1927/2006¹ (the ‘EGF Regulation’)².
2. On 12 November 2020, Estonia submitted an application EGF/2020/002 EE/Estonia Tourism for a financial contribution from the EGF, following redundancies³ in the tourism industry. The application follows the methodology of Tourism Satellite Account Classification of Statistics Estonia⁴, comprising the economic sectors classified under the NACE Revision 2 Divisions listed in the table in point 3, hereafter referred to as tourism industry.
3. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

SUMMARY OF THE APPLICATION

EGF application	EGF/2020/002 EE/Estonia Tourism
Member State	Estonia
Region(s) concerned (NUTS ⁵ level 2)	EE00- Eesti ⁶
Date of submission of the application	12 November 2020
Date of acknowledgement of receipt of the application	12 November 2020
Date of request for additional information	25 November 2020
Deadline for provision of the additional information	6 January 2021
Deadline for the completion of the assessment	31 March 2021
Intervention criterion	Article 4(2) of the EGF Regulation
Number of enterprises concerned	68 (figure available for collective redundancy announcements only)
Sector(s) of economic activity (NACE Revision 2 Division) ⁷	Division 45 (Wholesale and retail trade and repair of motor vehicles and

¹ OJ L 347, 20.12.2013, p. 855.

² Regulation (EU) No 1309/2013 is applicable to all applications received by 31 December 2020.

³ Within the meaning of Article 3 of the EGF Regulation.

⁴ <https://www.stat.ee/en/find-statistics/methodology-and-quality/esms-metadata/21403>

⁵ Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

⁶ The Republic of Estonia is not divided into NUTS-level 2 regions.

	motorcycles) Division 49 (Land transport and transport via pipelines) Division 50 (Water transport) Division 51 (Air transport) Division 52 (Warehousing and support activities for transportation) Division 55 (Accommodation) Division 56 (Food and beverage service activities) Division 74 (Other professional, scientific and technical activities) Division 77 (Rental and leasing activities) Division 79 (Travel agency, tour operator and other reservation service and related activities) Division 90 (Creative, arts and entertainment activities) Division 91 (Libraries, archives, museums and other cultural activities) Division 92 (Gambling and betting activities) Division 93 (Sports activities and amusement and recreation activities)
Reference period (max. nine months):	13 March 2020 – 11 November 2020 ⁸
Total number of redundancies	10 080
Total number of eligible beneficiaries	10 080
Total number of targeted beneficiaries	5 060
Budget for personalised services (EUR)	7 452 468
Budget for implementing EGF ⁹ (EUR)	5 000
Total budget (EUR)	7 457 468
EGF contribution (60 %) (EUR)	4 474 480

ASSESSMENT OF THE APPLICATION

Procedure

4. On 12 November 2020, Estonia submitted application EGF/2020/002 EE/Estonia Tourism, i.e. within 12 weeks of the date on which the intervention criteria set out in

⁷ OJ L 393, 30.12.2006, p. 1.

⁸ The Estonian authorities opted for an early submission of the application, cutting short the reference period by one month and two days.

⁹ In accordance with Article 7(4) of Regulation (EU) No 1309/2013.

Article 4 of the EGF Regulation were met. The Commission acknowledged receipt of the application on the same date, and requested additional information from Estonia on 25 November 2020. Estonia provided additional information within six weeks of the request. In accordance with the Regulation, the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution by 31 March 2021.

Eligibility of the application

Enterprises and beneficiaries concerned

5. The application relates to 1 715 self-employed persons whose activity has ceased and 8 365 workers made redundant in the tourism industry in Estonia, out of which 3 873 in the course of collective redundancies notified to the authorities. The collective redundancies concern 68 enterprises in total, affecting between 5 and 1440 workers per enterprise concerned. A list of these enterprises can be found in the annex¹⁰.

Intervention criteria

6. Estonia submitted the application under the intervention criteria of Article 4(2) derogating from the criteria of Article 4(1) (b) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State. As the redundancies did not take place in the same economic sector (see paragraph 2), the derogation from Article 4(1)(b) provided for in Article 4(2) is applied (see point 26-29 for more details on the exceptional circumstances concerning the admissibility of the application).
7. The reference period for the application runs from 13 March 2020 to 11 November 2020.

Calculation of redundancies and of cessation of activity

8. The redundancies during the reference period have been calculated as follows:
 - 3 873 from the date on which the employer, in accordance with Article 3(1) of Council Directive 98/59/EC¹¹, notified the competent public authority in writing of the projected collective redundancies. Estonia confirmed, prior to the date of the completion of the assessment by the Commission, that these 3 873 redundancies have actually taken place,
 - 4 492 from the date of the de facto termination of the contract of employment or its expiry,
 - 1 715 self-employed persons from the date of cessation of activities, which has been determined in accordance with national law or administrative provisions.

¹⁰ However, not all redundancies fall under the registered collective redundancies that require notifying to the EUIF. Many workers have also lost their jobs in individual layoffs. These layoffs include workers with fixed-term employment, and other redundancies not constituting to collective cancellation of employment contracts as stipulated in the Estonian Employment Contract Act, mostly in micro and small enterprises. Likewise, self-employed whose activity has ceased are not yet registered in the database. Therefore, not all enterprises can be named in advance. The EUIF system can identify the people eligible for support by using the Employment Register data.

¹¹ Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.1998, p. 16).

Eligible beneficiaries

9. The total number of eligible beneficiaries is 10 080.

Link between the redundancies and a global financial and economic crisis

10. On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 to be a pandemic. On 27 May 2020, in its communication *The EU budget powering the recovery plan for Europe*¹², the European Commission declared that the health crisis resulted in an economic crisis, and set out a recovery plan for the economy. As part of this plan, the European Commission underlined the role of the EGF as an emergency tool to assist persons who lost their jobs due to the global economic crisis.
11. The Covid-19 pandemic and the following global economic crisis caused an immense shock to the Estonian economy, leading to an expected GDP decrease of 4,6 % in 2020¹³. The crisis hit the tourism industry especially hard, with sudden restrictions of movement taking place internationally. This caused a sharp and unforeseen decrease in international travel and tourism.
12. Before the crisis, 90 % of the tourism expenditure in Estonia was generated by international tourism, while the average for OECD countries was around 25 %¹⁴. The Estonian tourism industry experienced near to total cessation of activity during 2020, which led to a wave of redundancies in the Estonian tourism industry¹⁵.
13. The tourism industry in a broader sense as defined under point 2 has been subject of seven applications¹⁶ for support since the EGF was set-up.

Events giving rise to the redundancies and cessation of activity

14. 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.
15. Before the spread of the pandemic, the Estonian tourism industry enjoyed record-high numbers of visitors. In 2019, accommodation services hosted 5,3 % more international tourists and 5,9 % more domestic tourists than the year before. The share of international tourists was prevalent, accumulating to almost 60 % of all stays. In addition, passenger traffic was busy in maritime and air transport. In 2019, 10.64 million passengers travelled through the Port of Tallinn and 3.27 million passengers travelled through the Tallinn Airport¹⁷.
16. Estonia reports the value added in the tourism industry increased by 6,6 %, contributing to 25 % of the value added of the total economy. In 2019, Estonian

¹² COM(2020) 442 final

¹³ https://ec.europa.eu/economy_finance/forecasts/2020/autumn/ecfin_forecast_autumn_2020_ee_en.pdf

¹⁴ OECD Tourism Trends and Policies 2020: <https://www.oecd-ilibrary.org/sites/ee702954-en/index.html?itemId=/content/component/ee702954-en>

¹⁵ OECD Policy Responses to Coronavirus (Covid-19). Tourism Responses to the coronavirus (Covid-19), 2020: <https://www.oecd.org/coronavirus/policy-responses/tourism-policy-responses-to-the-coronavirus-covid-19-6466aa20/>

¹⁶ These applications concern dismissals in road transport, three in air transport, and one in the food and beverage sector. Three applications were based on trade related globalisation and four on the global financial and economic crisis addressed in Regulation (EC) No 546/2009. Applications concerned: EGF/2011/001 AT/Nieder- and Oberösterreich; EGF/2013/014 FR/Air France; EGF/2014/003 ES/Aragon food and beverage; EGF/2014/017 FR/Mory Ducros; EGF/2015/004 IT/Alitalia; EGF/2015/010 FR/MoryGlobal; EGF/2017/009 FR/Air France

¹⁷ Republic of Estonia - Ministry of Economic Affairs and Communications, Ministry of Finance. Overview of Economy, 2019: https://www.mkm.ee/sites/default/files/overview_of_economy_2019.pdf

tourism earnings reached a new record of EUR 2.1 billion, with EUR 1.6. billion generated by international tourists. Tourism was considered a significant sector for the Estonian competitiveness, and substantial investments were made to develop it further¹⁸.

17. In March 2020, events took an unexpected turn with the global spread of the Covid-19 pandemic. On 13 March 2020, Estonia declared a state of emergency due to the spread of the virus. Restrictions of travel were introduced and international borders were closed, which led to a sudden standstill in the tourism industry. In March 2020, the number of international tourists staying in accommodation establishments was 64 % lower than at the same time the previous year. In April-May, the decline was 97-99 % compared to the previous year. Not much improvement was seen in June and July, even with the restrictions temporarily easing over the summer¹⁹. In the second quarter of 2020, only 120 000 foreign visitors visited Estonia, which was 94 % less than the year before²⁰. In the third and fourth quarter of 2020, the decline was 67 % and 89 % in comparison with 2019 figures.
18. The restrictions of movement affected the transport sector, where passenger routes were either shut down or operated in a limited capacity. In maritime transport, the number of passengers travelling through the Port of Tallinn declined by 55 % during the first nine months of 2020 compared to the year before²¹. Leisure cruises were completely interrupted. During the first 11 months of 2020, passenger numbers in air transport decreased by 73 % compared to the previous year²².
19. As a result, jobs were lost quickly, especially in travel companies, accommodation, catering and conference services, event organization, and transport²³.

Expected impact of the redundancies as regards the local, regional or national economy and employment

20. The mass redundancies in the Estonian tourism industry are not only expected to affect the entire industry, but also the national economy as a whole. Estonia argues that tourism contributes largely to the national economic growth and competitiveness and is an important source of employment. According to data collected by the Estonian Ministry of Finance, in 2019, workplaces in the tourism industry accounted for 13,5 % of the total workplaces in Estonia. The difficulties faced in the tourism industry are directly spilling over into connected sectors²⁴.
21. Estonia argues that during 2020, the total turnover of the Estonian economy suffered a significant drop of 9,5 %. The tourism industry - suffered the biggest losses. The turnover in the tourism industry decreased by 19 % (EUR 943 million) during the first half of 2020 alone. Within the tourism industry, during the first half of 2020, the

¹⁸ Non-published data collected by the Estonian Ministry of Finance

¹⁹ Strict travel restrictions were reintroduced in September.

²⁰ Statistics Estonia: <https://andmed.stat.ee/en/stat> ; search: TU121 - accommodated tourists (months). Access on 12.11.2020.

²¹ Tallinna Sadam, Port of Tallinn. Passenger Statistics. <https://www.ts.ee/en/statistics/>

²² Tallinn Airport, Statistics. <https://www.tallinn-airport.ee/en/about-us/statistics/>

²³ Bank of Estonia, Labour Market Review 2020, 1 (2020):

<https://www.eestipank.ee/en/publication/labour-market-review/2020/labour-market-review-12020>

²⁴ OECD Policy Responses to Coronavirus (Covid-19). Tourism Responses to the coronavirus (Covid-19), 2020: <https://www.oecd.org/coronavirus/policy-responses/tourism-policy-responses-to-the-coronavirus-covid-19-6466aa20/>

drop was the sharpest among travel agencies and tour operator businesses (57,9 %) and accommodation services (50,9 %)²⁵.

22. 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 %²⁶. In absolute numbers, in comparison to the fourth quarter of 2019, the number of unemployed people increased by 21 800 to 53 100 workers in the fourth quarter of 2020, while the number of employed people declined by 11 800 to 659 500 workers. In addition, the number of workers in full-time jobs declined significantly, reducing by 19 200 people to 567 000 full-time workers in total²⁷.
23. Although the crisis hit the whole country, some parts of Estonia have been more severely affected than others. The most affected county is Harju County and the capital city of Tallinn²⁸. With its focus on hotels and conference venues, the city of Tallinn relies mostly on foreign visitors. In the second quarter of 2020, the unemployment rate in Tallinn increased by 62 % (8 500 unemployed more) from the previous year (40 % in the rest of Estonia)²⁹.
24. The tourism industry is unlikely to recover from the crisis quickly. With the pandemic evolving, it is too early to forecast the overall impact on the tourism industry and on employment. Economic forecasts predict that it will take between two and four years for the tourism industry to recover to the pre-crisis levels³⁰.
25. The social impacts of the redundancies are expected to be considerable. The unemployed tourism workers are likely to be disadvantaged in the Estonian labour market due to their profile. Workers in the sector include a large share of low skilled workers, workers with no professional qualifications, young people, and seasonal and part-time workers. Many self-employed people are active in the tourism industry. The sector is dominated by SMEs that have a weaker crisis resilience compared to bigger companies³¹.

Explanation of the exceptional circumstances underlying the admissibility of the application

26. Estonia argues that, despite the fact that the application concerns a combination of economic sectors classified under 14 different NACE Revision 2 Divisions, this

²⁵ Non-published data collected by the Estonian Ministry of Finance. Aggregate data on all tourism-related sectors concerned were not available yet for the second half of 2020. Over the whole year, turnover from accommodation, food and beverage service activities as well as travel agencies decreased by 43 % (EUR 584,6 million).

²⁶ Figures are yearly averages. In the fourth quarter of 2020, the unemployment rate was 7,4 %.

²⁷ Statistics Estonia: <https://andmed.stat.ee/en/stat> ; search: TT461 – labour status of population aged 15-74 quarters. The number of inactive decreased from 273 400 to 271 700.

²⁸ OECD Policy Responses to Coronavirus (Covid-19). Tourism Responses to the coronavirus (Covid-19), 2020: <https://www.oecd.org/coronavirus/policy-responses/tourism-policy-responses-to-the-coronavirus-covid-19-6466aa20/>

²⁹ Non-published analysis of PES data (EUIF database). - The city of Pärnu, a popular coastal resort, is also highly dependent on foreign tourism, and it suffered to a great degree due to the lack of international tourists. In addition, the crisis hit hard the island of Saaremaa, a popular destination for domestic tourists and visitors from neighbouring countries. In Saaremaa, special restrictions were introduced after the outbreak of the virus, and the unemployment rate rose by 55 % from the previous year.

³⁰ UNWTO World Tourism Barometer, May 2020. Special focus on the Impact of COVID-19 (Summary): <https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-05/Barometer%20-%20May%202020%20-%20Short.pdf> ;

OECD Policy Responses to Coronavirus (Covid-19): <https://www.oecd.org/coronavirus/policy-responses/tourism-policy-responses-to-the-coronavirus-covid-19-6466aa20/#endnotea0z15>

³¹ Non-published analysis of PES data (EUIF database).

application should nevertheless be assimilated to an application under Article 4(1)(b) of the EGF Regulation due to exceptional circumstances having a serious impact on employment and the local, regional or national economy, as SMEs are the main type of business in Estonia.

27. SMEs are a significant employer in Estonia, accounting for 79,2 % of the total workforce. As many as 91 % of all enterprises are micro-enterprises with less than 10 employees. In 2017, only 0,2 % of Estonian firms were large enterprises, employing more than 250 people. The tourism industry is also dominated by SMEs³². 80 % of the accommodation and food service companies, travel agencies and tour operators have only 1-9 employees. Tourism industries also involve a high degree of self-employed. There are some 436 self-employed in accommodation and food services, 3 122 in warehousing and support activities in transportation, and 1 901 in arts and entertainment³³.
28. The tourism industry is also highly fragmented, covering a wider range of interdependent sectors classified at NACE Revision 2 level, such as accommodation, food and beverage, land, air or water transport, tour operators etc. Estonia applies the Tourism Satellite Account System, in which Estonia Statistics, based on Eurostat "European Implementation Manual on Tourism Satellite Accounts", classifies goods and services into tourism specific products and non-specific products, for the purpose of measuring the contribution of tourism to the GDP. According to this methodology, the 14 sectors covered by this application compose the tourism industry in Estonia.
29. As the redundancies happened during the same timeframe and involved redundant workers with similar backgrounds in highly intertwined sectors that are all commonly summarised under the term tourism industry, combining these redundancies into one EGF application not only reduces administrative burden, but also offers synergy effects.

Targeted beneficiaries and proposed actions

Targeted beneficiaries

30. Out of the 10 080 eligible persons, the estimated number of redundant workers and self-employed persons expected to participate in EGF measures is 5 060. The breakdown of these workers and self-employed persons by sex, citizenship and age group is as follows:

Category		Number of targeted beneficiaries	
Sex:	Men:	1 970	(38,93 %)
	Women:	3 090	(61,07%)
Citizenship:	EU citizens:	4 288	(84,74 %)

³² European Commission. SBA Fact Sheet ESTONIA, 2019. <https://ec.europa.eu/docsroom/documents/38662/attachments/9/translations/en/renditions/native> ; OECD. Financing SMEs and Entrepreneurs: An OECD Scoreboard. 2020: <https://www.oecd-ilibrary.org/sites/f420f997-en/index.html?itemId=/content/component/f420f997-en>

³³ Statistics Estonia: <https://andmed.stat.ee/en/stat> ; search: ER003 – enterprises in commercial register, non-profit associations and foundations, 31 December by year, economic activity (EMTAK 2008) and legal form.

	non-EU citizens:	772	(15,26 %)
Age group:	15-24 years:	700	(13,83 %)
	25-29 years:	576	(11,38 %)
	30-54 years:	2 754	(54,43 %)
	55-64 years:	1 030	(20,36 %)
	over 64 years:	0	(0,0 %)

Eligibility of the proposed actions

31. The personalised services to be provided to redundant workers and self-employed persons consist of the following actions:
- Labour Market Training is provided for the beneficiaries to acquire new skills and qualifications to improve their employment opportunities. The selection of trainings may include language courses, professional qualifications, entrepreneurial skills, and skills to foster mobility such as driving instruction. The trainings are tailored to the beneficiaries' individual plans and to current and future trends in the labour market³⁴.
 - Business start-up subsidy and follow-up support: a grant of maximum EUR 6 000 per person, and follow-up support up to EUR 2 500, can be granted to set up a new company, based on a budget presented in a detailed business plan by the beneficiary³⁵.
 - Apprenticeships for learning new professional skills and practical knowledge directly at a workplace.
 - Support for Formal Studies - Payment of the Cost of Formal Studies is offered to encourage beneficiaries to enter formal studies in vocational or higher education. The support covers the participation costs and tuition fees in vocational training, professional higher education, or in Bachelor's studies in an accredited institution³⁶.
 - Training allowances and other allowances are offered to beneficiaries to support their participation in the active measures.³⁷

³⁴ Skills update in tourism would take into account the challenges of sustainable tourism and of digitalisation. In general, occupational health and safety are promoted with a specific focus on Covid-19 safety. The general need for green and digital skills investments will be reflected in the measures, in line with the EU Country Specific Recommendations of 2020 to Estonia.

³⁵ To qualify for the service, the person must have some prior training or experience in business or economics, and must show an overall good potential for operating a small business. Persons who have owned a company within the last six months will not qualify for the support.

³⁶ Considering that a large share of the beneficiaries have no professional qualifications or only a low level of education, supporting formal studies is deemed important for their future employment. In identifying the qualified participants for support, priority is given to beneficiaries with no prior education or with an outdated education, e.g. a degree obtained more than 15 years ago. Furthermore, the measures will take account of the current labour market situation in Estonia, giving more weight to study programmes in professional fields with growing demand for workforce.

³⁷ Allowances include: monthly study allowance for participating in formal studies, transport and accommodation allowances and stipends for undertaking apprenticeships and labour market trainings, and a mobility allowance for accepting a new job at a distance of 20 kilometres or more from home. The latter is restricted to a duration of four months, and depends on the distance travelled.

32. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.
33. Estonia has provided the required information on actions that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. They have confirmed that a financial contribution from the EGF will not replace such actions.

Estimated budget

34. The estimated total costs are EUR 7 457 468, comprising expenditure for personalised services of EUR 7 452 468 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 5 000.
35. The total financial contribution requested from the EGF is EUR 4 474 480 (60 % of total costs).

Actions	Estimated number of participants	Estimated cost per participant (EUR ³⁸)	Estimated total costs (EUR) ³⁹
Personalised services (Actions under Article 7(1)(a) and (c) of the EGF Regulation)			
Support for formal studies - cost of formal studies (tasemeõpe)	160	6 939	1 110 255
Labour market training (tööturukoolitus)	4 200	838	3 519 172
Apprenticeship (tööpraktika)	600	866	519 537
Business start-up subsidy / follow-up support (ettevõtluse alustamise toetus / ettevõtluse toetamine)	86	6 294	541 257
Sub-total (a): Percentage of the package of personalised services	—		5 690 221 (76,35 %)
Allowances and incentives (Actions under Article 7(1)(b) of the EGF Regulation)			
Study allowance for formal studies (tasemeõppes osalemise toetus)	160	5 222	835 552
Allowances to support participation in active measures (stipend, transport and accommodation allowance) (stipendium, sõidu- ja majutustoetus)	4 800	171	820 350

³⁸ To avoid decimals, the estimated costs per worker have been rounded. However, the rounding has no impact on the total cost of each measure, which remains as in the application submitted by Estonia.

³⁹ Totals do not tally due to rounding.

Mobility allowance (<i>mobiilsustoetus</i>)	110	967	106 345
Sub-total (b): Percentage of the package of personalised services:	—		1 762 247 (23,65 %)
Actions under Article 7(4) of the EGF Regulation			
1. Preparatory activities	—		
2. Management	—		
3. Information and publicity	—		
4. Control and reporting	—		5 000
Sub-total (c): Percentage of the total costs :	—		5 000 (0,07%)
Total costs (a + b + c):	—		7 457 468
EGF contribution (60 % of total costs)	—		4 474 480

36. The costs of the actions identified in the table above as actions under Article 7(1)(b) of the EGF Regulation do not exceed 35 % of the total costs for the coordinated package of personalised services. Estonia confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

37. Estonia confirmed that the costs of investments for self-employment, business start-ups and employee take-overs will not exceed EUR 15 000 per beneficiary.

Period of eligibility of expenditure

38. Estonia started providing the personalised services to the targeted beneficiaries on 1 January 2021. The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 1 January 2021 to 1 January 2023, with the exception of formal education or training courses the duration of which is two years or more, which will be eligible until 1 July 2023.

39. Estonia started incurring the administrative expenditure to implement the EGF on 1 January 2021. The expenditure for preparatory, management, information and publicity, control and reporting activities shall therefore be eligible for a financial contribution from the EGF from 1 January 2021 to 1 July 2023.

Complementarity with actions funded by national or Union funds

40. The source of national pre-financing or co-funding is the Foundation of labour market services and benefits, from which the Estonian Unemployment Insurance Fund (EUIF) as the public employment service is providing active labour market measures in Estonia. The Foundation is established from the assets of the unemployment insurance benefit trust fund - the trust fund for benefits upon lay-offs and insolvency of employers - and from the funds allocated from the state budget through the Ministry of Social Affairs.

41. Estonia has confirmed that the measures described above for a financial contribution from the EGF will not receive financial contributions for the same purpose from other Union financial instruments⁴⁰.

Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities

42. Estonia has indicated that the co-ordinated package of personalised services has been drawn up in consultation with the relevant authorities and association representatives⁴¹. The Supervisory Board of the EUIF discussed and approved the general outline of the co-ordinated package on 7 September 2020 and progress of the EGF measures will be regularly discussed in the board meetings. Social partners are members of the board, namely two members from the Estonian Employers' Confederation, one from the Estonian Trade Union Confederation, and one from Estonian Employees' Unions' Confederation.
43. Further consultations with tourism industry representatives will be conducted after analysing the profile of the dismissed workers. The most suitable kind of support will be identified, taking account of the age structure, the educational profile, and other characteristics of the beneficiaries. In addition, a possible contribution of the Estonian Hotel and Restaurant Association is planned for the design of some of the industry-related training measures.

Management and control systems

44. The application contains a description of the management and control system which specifies the responsibilities of the bodies involved. Estonia has notified the Commission that the financial contribution will be managed and controlled by the same bodies involved in the management of the ESF. Management tasks are performed by the Smart Development Department and the Employment Department of the Ministry of Social Affairs, acting as the EGF Managing Authority (MA). The Financial Control Department of the Ministry of Finance acts as the EGF Audit Authority (AA), whereas the State Shared Service Centre's Grant Payments Department⁴² is the EGF Certifying Authority (CA). The State Shared Service Centre also undertakes some EGF MA functions, acting as an Intermediate Body (IB).

Commitments provided by the Member State concerned

45. Estonia has provided all necessary assurances regarding the following:
- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation,

⁴⁰ On 3 February, 2021, Estonia requested a loan from the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) to cover the costs endured from March to June, 2020. There is no overlap with EGF as the SURE funding period predates that of EGF and as the instrument will be used for financing the short-term labour market related measures for preservation of jobs (furlough schemes).

⁴¹ The discussions were led by the Ministry of Social Affairs and involved the Ministry of Economic Affairs and Communications, Enterprise Estonia Tourism Development Centre, and the tourism industry representation organisations Estonian Travel & Tourism Association, Estonian Hotel and Restaurant Association, Estonian Spa Association, Estonian Rural Tourism, and Estonian Convention Bureau.

⁴² The State Shared Service Centre is a governmental agency that provides administrative services to all ministries and governmental agencies.

- the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
- the dismissing enterprises, which have continued their activities after the lay-offs, have complied with their legal obligations governing the redundancies and provided for their workers accordingly,
- the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented,
- the proposed actions will be complementary with actions funded by the Structural Funds,
- the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

BUDGETARY IMPLICATION

Budgetary proposal

46. The EGF shall not exceed a maximum annual amount of EUR 186 million (2018 prices), as laid down in Article 8(1) of Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021-2027⁴³.
47. Having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 4 474 480, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
48. The aggregate amount of contributions in exceptional circumstances in the current year does not exceed 15 % of the annual maximum amount of the EGF, in accordance with Article 4(2) of the EGF Regulation.

⁴³ OJ L 433I, 22.12.2020, p. 15.

49. The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 9 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources⁴⁴.

Related acts

50. At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount of EUR 4 474 480.
51. At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

⁴⁴ OJ L 433I, 22.12.2020, p. 29.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund following an application from Estonia – EGF/2020/002 EE/Estonia Tourism

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

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 1927/2006⁴⁵, and in particular Article 15(4) thereof,

Having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources⁴⁶, and in particular point 9 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.
- (2) The EGF is not to exceed a maximum annual amount of EUR 186 million (2018 prices), as laid down in Article 8(1) of Council Regulation (EU, Euratom) No 2020/2093⁴⁷.
- (3) On 12 November 2020, Estonia submitted an application to mobilise the EGF, in respect of redundancies and cessations of activities (hereafter referred to as 'redundancies') in the tourism industry, defined by the economic sectors classified under the Statistical classification of economic activities in the European Community ('NACE') Revision 2 Division 45 (Wholesale and retail trade and repair of motor vehicles and motorcycles), 49 (Land transport and transport via pipelines), 50 (Water transport), 51 (Air transport), 52 (Warehousing and support activities for transportation), 55 (Accommodation), 56 (Food and beverage service activities), 74 (Other professional, scientific and technical activities), 77 (Rental and leasing activities), 79 (Travel agency, tour operator and other reservation service and related activities), 90 (Creative, arts and entertainment activities), 91 (Libraries, archives,

⁴⁵ OJ L 347, 20.12.2013, p. 855.

⁴⁶ OJ L 433I, 22.12.2020, p. 29.

⁴⁷ Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021-2027 (OJ L 433I, 22.12.2020, p. 15).

museums and other cultural activities), 92 (Gambling and betting activities), 93 (Sports activities and amusement and recreation activities), in Estonia. The Republic of Estonia is one unit in the Nomenclature of Territorial Units for Statistics ('NUTS')⁴⁸ level 2 regions. The application was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. It complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.

- (4) In accordance with Article 4(2) of Regulation (EU) No 1309/2013, the application from Estonia is considered admissible since the redundancies have a serious impact on employment and the national economy.
- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 4 474 480 in respect of the application submitted by Estonia.
- (6) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2021, the European Globalisation Adjustment Fund shall be mobilised to provide the amount of EUR 4 474 480 in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from *[the date of its adoption]*^{*}.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

⁴⁸ Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

^{*} *Date to be inserted by the Parliament before the publication in OJ.*