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PROPOSAL

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date of receipt:	11 February 2026
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2026) 10 final
Subject:	Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for Displaced Workers following an application from Austria - EGF/2025/005 AT/KTM

Delegations will find attached document COM(2026) 10 final.

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EUROPEAN
COMMISSION

Brussels, 6.2.2026
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2026/0037 (BUD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund for Displaced Workers following an application from Austria – EGF/2025/005 AT/KTM

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EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

1. The rules applicable to financial contributions from the European Globalisation Adjustment Fund for Displaced Workers (EGF) are laid down in Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013[1].

2. On 15 September 2025, Austria submitted an application EGF/2025/005 AT/KTM for a financial contribution from the EGF, following displacements in KTM in Austria.

3. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of Regulation (EU) 2021/691, that the conditions for awarding a financial contribution from the EGF are met.

SUMMARY OF THE APPLICATION

EGF application	EGF/2025/005 AT/KTM
Member State	Austria
Region(s) concerned (NUTS[2] level 2)	Upper Austria (AT31)
Date of submission of the application	15 September 2025
Date of acknowledgement of receipt of the application	15 September 2025
Date of request for additional information	28 October 2025
Deadline for provision of the additional information	18 November 2025
Deadline for the completion of the assessment	6 February 2026
Intervention criterion	Article 4(2), point (a), of Regulation (EU) 2021/691
Primary enterprise	KTM (KTM Gruppe[3])
Sector(s) of economic activity (NACE Revision 2 division)[4]	Division 30 (Manufacture of other transport equipment)
Reference period (four months):	25 February 2025 – 25 June 2025
Number of displacements during the reference period (*a*)	233
Number of displacements before or after the	1 255

[1] OJ L 153, 3.5.2021, p. 48.

[2] Commission Delegated Regulation 2019/1755 of 8 August 2019 amending the Annexes to 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). OJ L 270, 24.10.2019, p. 1–56.

[3] KTM Gruppe consists of KTM AG, KTM Components GmbH (including Vöcklabrucker Metallgießerei GmbH) and KTM R&D GmbH.

[4] OJ L 393, 30.12.2006, p. 1.

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reference period (*b*)	
Total number of displacements (*a* + *b*)	1 488
Total number of eligible beneficiaries	1 488
Total number of targeted beneficiaries	420
Budget for personalised services (EUR)	2 895 120
Budget for implementing EGF[5] (EUR)	115 920
Total budget (EUR)	3 011 040
EGF contribution (60 %) (EUR)	1 806 624

ASSESSMENT OF THE APPLICATION

Procedure

4. Austria submitted application EGF/2025/005 AT/KTM within 12 weeks of the date on which the intervention criteria set out in Article 4 (2), point (a), of Regulation (EU) 2021/691 were met, on 15 September 2025. The Commission acknowledged receipt of the application the same date. The Commission was in possession of the translation of the application on 14 October 2025 and requested additional information from Austria by 28 October 2025. Such additional information was provided within 15 working days of the request. The deadline of 50 working days of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 6 February 2026.

Eligibility of the application

Enterprises and beneficiaries concerned

5. The application relates to 233 displaced workers whose activity has ceased in KTM (KTM Gruppe) in the economic sector classified under the NACE Revision 2 division 30 (Manufacture of other transport equipment). The redundancies made by the enterprise are located in the NUTS 2 region of Upper Austria (AT31).

Intervention criteria

6. Austria submitted the application under the intervention criteria of Article 4(2), point (a), of Regulation (EU) 2021/691, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months in an enterprise in a Member State, including workers displaced in suppliers and downstream producers and / or self-employed persons whose activity has ceased.

7. The reference period of four months for the application runs from 25 February 2025 to 25 June 2025.

8. There were 233 displaced workers in KTM during the reference period.

Calculation of displacements and of cessation of activity

9. Pursuant to Article 6, first paragraph, point (a), in conjunction with Article 5, first paragraph of Regulation (EU) 2021/691, the cessation of activities of the 233 displaced workers during the reference period has been calculated as from the date of the de facto termination of the contract of employment or its expiry.

[5] In accordance with Article 7(5) of Regulation (EU) 2021/691.

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Eligible beneficiaries

10. In addition to the workers already referred to, the eligible beneficiaries include 1 255 displaced workers whose activity ceased before or after the reference period of four months. All these workers ceased their activity within the six months before the start of the reference period on 25 February 2025 and/or between the end of the reference period and the day before the adoption of this proposal, pursuant to Article 6, first paragraph, point (b), of Regulation (EU) 2021/691, as required by Article 6, second paragraph, of Regulation (EU) 2021/691. A clear causal link can be established with the event that triggered the cessations of activity of the displaced workers during the reference period as required by Article 6, second paragraph, of Regulation (EU) 2021/691.

11. The total number of eligible beneficiaries is 1 488.

Description of the events that led to the displacements and cessation of activity

12. The events giving rise to these displacements are the insolvency proceedings of KTM Gruppe.

13. KTM was the largest subsidiary of Pierer Mobility AG (90 % of Pierer's turnover). As a motorcycle producer, KTM developed into being the largest motorcycle producer in the European Union (since 2012). KTM is headquartered in Mattighofen in the district of Braunau in Upper Austria.

14. In December 2023, Pierer announced the offshoring of production to China and India, leading to a first wave of dismissals cutting 300 jobs at the Mattighofen plant. This was primarily due to the far lower labour costs in these countries. Other factors included the proximity to growth markets, as demand in Europe was dwindling, as well as less stringent labour restrictions, allowing to more flexibly adjust production levels to market developments.

15. During 2024, the company slid into a major crisis: sales dropped by 29,4 %, resulting in excessive inventory (265 000 motorcycles in stock) and a loss of EUR 1,1 billion. KTM's debt reached EUR 1,642 billion. KTM began massive cost reductions, including laying off over 500 employees.

16. Despite efforts to relocate production to India, insolvency proceedings were inevitable. Restructuring proceedings began for Pierer, with a restructuring plan drafted for KTM and its affiliates. On 29 November 2024, KTM filed for insolvency. KTM had its first production shutdown from December 2024 to March 2025. Over 750 additional employees were made redundant. On 25 February 2025, creditors approved a restructuring plan that offered them a quota of 30% of what was owed. However, an investor was needed to take over KTM and to pay the quota.

17. At the time of the creditors' meeting, the KTM Group insolvency proceedings were the largest ever in Upper Austria.

18. On 17 March 2025, production resumed with a one-shift rhythm (instead of full production capacity). Remaining staff worked reduced hours with pay cuts to help manage costs. Further redundancies were inevitable. On 28 April 2025, production had to be stopped again due to continuing supply shortages of parts and components.

19. An investor was finally found. Bajaj Auto International Holdings B.V. provided the necessary resources to ensure the continuation of KTM on 22 May 2025. The payment of the agreed quota to the creditors warded off the threat of KTM's bankruptcy and the risk of the company being closed for good. Production could

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resume on 28 July 2025, while continuing austerity measures and focusing on cost-efficiency.

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

20. The insolvency of KTM hit the region around the Mattighofen headquarters hard. Employing over 4 000 staff directly in Upper Austria, the company is not only a significant employer, but also the economic backbone of many suppliers and service providers. The insolvency hit the regional economy hard and caused serious disruption.

21. Consequently, unemployment in the Braunau district rose by 39.8% in October 2024 and by 37.1% in November 2024, compared to the same months of the previous year.

22. In March 2025, this led to an all-time high unemployment in the Braunau district which represented the highest unemployment level of all labour market districts in Austria. Unemployment remained consistently high across 2025.

Application of the EU Quality Framework for anticipation of change and restructuring (QFR)

23. Austria has described how the recommendations set out in the EU Quality Framework for anticipation of change and restructuring have been taken into account. In Austria, companies making redundancies are not required, either by law or by collective agreement, to set up or participate in an employment programme or other measures to support the impacted workers. However, the enterprise concerned may voluntarily co-finance a labour foundation responsible for the measures in an employment programme[6].

24. KTM AG was in insolvency proceedings during the period in question and was therefore unable to contribute to a labour foundation.

25. Regarding the activities undertaken to assist the displaced workers, Austria has reported that immediately after the notification of KTM's insolvency application, the Upper Austria Public Employment Service started providing advice to the affected workers, and, together with the Province of Upper Austria, decided to voluntarily set-up and pre-finance an insolvency foundation and apply for EGF assistance.

Complementarity with actions funded by national or Union funds

26. Austria has confirmed that the measures described below receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments.

27. The coordinated package of personalised services complements actions funded by other national funds.

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

28. Austria has indicated that the co-ordinated package of personalised services has been drawn up in consultation with the social partners, in compliance with Article 7(4) of

[6] An employment programme is a personalised package of measures for workers made redundant. It is commonly initiated by the enterprise that makes the staff redundant and takes the legal form of a labour foundation (Arbeitsstiftung) in accordance with Section 18 of the Austrian Unemployment Insurance Act. In case of insolvency, public authorities can set up such a foundation in the form of an insolvency foundation (Insolvenzstiftung).

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Regulation (EU) 2021/691. KTM's insolvency petition was filed on 29 November 2024. On 5 December 2024, the first coordination meeting with representatives of the Province of Upper Austria and the social partners regarding the establishment of an insolvency foundation took place.

29. As part of the recognition procedure of the insolvency foundation carried out by the Upper Austria Public Employment Service, the social partners, as representatives of the local economy and the workers concerned, were consulted[7]. All actors approved the establishment of the insolvency foundation. The social partners were subsequently informed of the application to the EGF by the Upper Austria Labour Market Service.

30. Participation in the insolvency foundation is on a voluntary basis for the workers affected. Measures are geared at those that need comprehensive, in-depth assistance.

Targeted beneficiaries and proposed measures

Targeted beneficiaries

31. The estimated number of displaced workers expected to participate in the measures is 420. Pursuant to Article 8(7), point (f), of Regulation (EU) 2021/691, the provided breakdown of these workers by gender, age group and educational level is as follows:

Category		Number of expected beneficiaries	
Gender:	Men:	279	(66,4 %)
	Women:	141	(33,6 %)
	Non-binary	0	(0 %)
Age group:	Below 30 years:	67	(16 %)
	30-54 years:	311	(15 %)
	Over 54 years:	42	(10 %)
Educational level	Lower secondary education or less[8]	90	(21,4 %)
	Upper secondary[9] or post-secondary education[10]	173	(41,2 %)
	Tertiary education[11]	157	(37,4 %)

7 The Upper Austria Chamber of Commerce on 6 February 2025, and the Private Employees Trade Union (GPA) and the Production Workers Trade Union (PROGE) on 7 February 2025.

8 ISCED 0-2

9 ISCED 3

10 ISCED 4

11 ISCED 5-8

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Proposed measures

32. Pursuant to Article 8(7), point (h) of Regulation (EU) 2021/691, the personalised coordinated package to be provided to displaced workers consists of the following measures:

– Case management: This measure aims at offering highly individualised support by accompanying participants in the implementation of their individual action plan and documenting and assessing their individual training pathways.

– Career guidance – career orientation: This measure precedes the individual action plan and serves primarily to clarify career prospects based on participants' interests, strengths and weaknesses. To set up an action plan, individual training objectives are identified, and training possibilities discussed. This is based on a thorough research of labour market trends and prospective job opportunities.

– Training and retraining: In drawing up the action plan, particular attention will be paid to improving vocational skills. Therefore, participants can follow training and retraining courses in line with labour market needs, enabling participants to find a new and sustainable job as quickly as possible.

– Pro-active job-search: This measure includes assistance with preparing convincing applications, developing search strategies and individual and job-related application strategies, promoting initiative and motivation, dealing with rejection, strengthening resilience, etc.

– Training allowance – training-related subsidy: A training allowance will be granted to each participant in the programme to cover the additional training-related expenses related to participation in the training measures.

33. Career guidance as well as training and retraining measures cater for the dissemination of the skills required in the digital industrial age and in a resource-efficient economy, as required by Article 7(2) of Regulation (EU) 2021/691. In the context of career guidance, particular attention is drawn to the importance of career prospects in green jobs (employment in sectors such as renewable energy, sustainable construction and renovation, water and wastewater management). In training and retraining measures, when designing individual action plans, emphasis is put on digital skills, in particular for those participants without or with only very basic previous knowledge.

34. The proposed actions, here described, constitute active labour market policy measures within the eligible actions set out in Article 7 of Regulation (EU) 2021/691. These actions do not substitute passive social protection measures.

35. Austria has provided the required information on measures that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. In accordance with Article 9(1) of Regulation (EU) 2021/691, Austria has confirmed that a financial contribution from the EGF will not replace such measures.

Estimated budget

36. The estimated total costs are EUR 3 011 040, comprising expenditure for personalised services of EUR 2 895 120 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 115 920.

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37. The total financial contribution requested from the EGF is EUR 1 806 624 (60 % of total costs).

38. Pursuant to Article 8(7), point (m), of Regulation (EU) 2021/691, Austria has specified that the national pre-financing is shared equally by the government of Upper Austria and the Austrian Public Employment Service (Arbeitsmarktservice). The co-funding is provided by the Austrian Public Employment Service (Arbeitsmarktservice).

Measures	Estimated number of participants	Estimated cost per participant *(EUR)*[12]	Estimated total costs *(EUR)*[13]
Personalised services (measures under Article 7(2), second subparagraph, point (a), of Regulation (EU) 2021/691)			
Case Management	420	920	386 400
Career guidance – career orientation (Berufsberatung – Berufsorientierung)	420	1 000	420 000
Training and retraining (Aus- und Weiterbildung)	300	3 436	1 030 800
Pro-active job-search (Aktive Arbeitssuche)	120	500	60 000
Sub-total (a): Percentage of the package of personalised services	–		1 897 200 (65,53 %)
Allowances and incentives (measures under Article 7(2), second subparagraph, point (b), of Regulation (EU) 2021/691)			
Training allowance – training-related subsidy (Ausbildungsbeihilfe – Ausbildungsbedingter Zuschuss)	420	2 376	997 920
Sub-total (b): Percentage of the package of personalised services:	–		997 920 (34,47 %)
Activities under Article 7(5) of Regulation (EU) 2021/691			
1. Preparatory activities	–		0
2. Management	–		115 920
3. Information and publicity	–		0
4. Control and reporting	–		0
Sub-total (c):	–		115 920

[12] 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 Austria.

[13] Totals do not tally due to rounding.

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Percentage of the total costs :		(3,85 %)
Total costs (a + b + c):	–	3 011 040
EGF contribution (60 % of total costs)	–	1 806 624

39. The costs of the measures identified in the table above as measures under Article 7(2), second subparagraph, point (b), of Regulation (EU) 2021/691 do not exceed 35 % of the total costs for the coordinated package of personalised services. Austria confirmed that these measures are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Period of eligibility of expenditure

40. Austria started providing the personalised services to the targeted beneficiaries on 1 March 2025. The expenditure on the measures will therefore be eligible for a financial contribution from the EGF from 1 March 2025 until 24 months after the date of the entry into force of the Financing Decision.

41. Austria started incurring the administrative expenditure to implement the EGF on 1 March 2025. 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 March 2025 until 31 months after the date of the entry into force of the Financing Decision.

Management and control systems

42. The application contains a description of the management and control system required under Article 23 of Regulation (EU) 2021/691, which specifies the responsibilities of the bodies involved. Austria has notified the Commission that by administrative agreement between the Austrian Federal Ministry of Labour, Social Affairs, Health, Care and Consumer Protection (unit IX/A/3) as the Austrian EGF managing authority, and Upper Austria, the financial contribution will be managed by the Upper Austria Department for Economy and Research. The first level control function has been contracted out to Public Management & Consulting GmbH, Vienna. The function of the audit authority is performed by the same department within the Upper Austria Directorate for Regional Planning, Economic and Rural Development that also acts as the Upper Austria audit authority for the European Fund for Regional Development as well as the Just Transition Fund. The audit authority thus operates separately and independently from the Department for Economy and Research to ensure adequate separation of duties.

Commitments provided by the Member State concerned

43. Austria has provided all necessary assurances regarding the following:

- the principles of equality of treatment and non-discrimination will be respected in access to the proposed measures and their implementation,
- the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
- any double financing will be prevented,
- the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

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BUDGETARY IMPLICATION

Budgetary proposal

44. The EGF shall not exceed a maximum annual amount of EUR 30 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027[14] amended by Council Regulation (EU, Euratom) 2024/765 of 29 February 2024[15].

45. Having examined the application in respect of the conditions set out in Article 13(1) and (2) of Regulation (EU) 2021/691, and having taken into account the number of targeted beneficiaries, the proposed measures and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 1 806 624, representing 60 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.

46. The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council pursuant to Article 15(1), first subparagraph, second sentence, of Regulation (EU) 2021/691 and, 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 resources[16].

Related acts

47. 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 to transfer to the relevant budgetary line the amount of EUR 1 806 624.

48. At the same time as it adopted this proposal for a decision to mobilise the EGF, the Commission adopted a decision on a financial contribution that constitutes a financing decision within the meaning of Article 110 of Regulation (EU, Euratom) 2024/2509[17]. That financing decision will enter into force on the date on which the Commission is notified of the approval of the budgetary transfer by the European Parliament and the Council pursuant to Article 15(2), first subparagraph, of Regulation (EU) 2021/691.

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14 OJ L 433 I, 22.12.2020, p. 11.

15 OJ L, 2024/765, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/765/oj.

16 OJ L 433 I, 22.12.2020, p. 28.

17 Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast), OJ L, 2024/2509, 26.9.2024, ELI: http://data.europa.eu/eli/reg/2024/2509/oj.

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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund for Displaced Workers following an application from Austria – EGF/2025/005 AT/KTM

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) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013[18], and in particular Article 15(1), first subparagraph, 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 resources[19], and in particular point 9 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The European Globalisation Adjustment Fund for Displaced Workers (EGF) aims to demonstrate solidarity and promote decent and sustainable employment in the Union by providing support for workers made redundant and self-employed persons whose activity has ceased in the case of major restructuring events and assisting them in returning to decent and sustainable employment as soon as possible.

(2) The EGF is not to exceed a maximum annual amount of EUR 30 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093[20] amended by Council Regulation (EU, Euratom) 2024/765[21], and Article 16 of Regulation (EU) 2021/691.

(3) On 15 September 2025, Austria submitted an application to mobilise the EGF in accordance with Article 8(1) of Regulation (EU) 2021/691, in respect of workers' displacements in KTM (KTM Gruppe) in Austria. It was supplemented by additional information provided in accordance with Article 8(5) of Regulation (EU) 2021/691. That application is considered to comply with the conditions for providing a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) 2021/691, on the basis of the assessment made by the Commission in the Proposal for a mobilisation decision of the European Parliament and of the Council[22].

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18 OJ L 153, 3.5.2021, p. 48.

19 OJ L 433 I, 22.12.2020, p. 28

20 Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11).

21 OJ L, 2024/765, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/765/oj.

22 COM(2026) 10

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(4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 1 806 624 in respect of the application submitted by Austria.

(5) 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 2026, the European Globalisation Adjustment Fund for Displaced Workers shall be mobilised to provide the amount of EUR 1 806 624 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	*For the Council*
The President	*The President*

[*] Date to be inserted by the Parliament before the publication in OJ.

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