



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES
UNIONE EUROPEA DELL' ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

UEAPME Position on European Globalisation Adjustment Fund

On 1st March 2006, the European Commission adopted its proposal for a regulation concerning the European Globalisation Adjustment Fund (EGF).

The fund will serve as a solidarity fund and is designed to provide additional support for workers made redundant as a result of major structural changes in world trade patterns.

General remarks:

UEAPME very much regrets that European Social Partners have not been consulted on this proposal, particularly because of the importance of this topic for social partners, and industrial relations in general.

The political justification of such a fund can easily be understood. It can be seen as a tool against European scepticism, showing that Europe cares about its citizens. It could help giving a positive signal of European solidarity and reinforcing European membership feeling, under the condition that this fund will become easily accessible and very visible for the persons who will benefit from it.

UEAPME believes that the economic justification is more questionable. In addition, it has to be ensured that the use of this fund does not prevent Member States to undertake the necessary structural reforms.

Moreover globalisation is presented in a very negative manner various times in the text, giving the impression that workers should be protected from the globalisation process instead of providing them with the right support to address the new challenges.

Structural change is a reality and workers have to be accompanied to adapt to the new reality without fearing the economic and social changes. At the same time, resource allocation should be better focused on future activities.

On the Fund itself, 500 millions Euros per year, can be either too limited or too broad, according to the very strict criteria set up for its use.

Moreover, the nature of this new Fund can create a lot of confusion and overlap with the already existing European support in the field of managing change, particularly through the structural funds.

Finally, UEAPME is very concerned about the risk of creating a new bureaucracy and some parallel processes with the structural funds, which should be clearly avoided.

On the technical part of intervention criteria:

Article 2: Intervention criteria

A financial contribution from the Fund shall be provided where major structural changes in world trade patterns lead to serious economic disruption, notably a massive increase of imports into the EU or a progressive decline of the EU market share in a given sector or a delocalisation to third countries, and which results in:

(a) at least 1000 redundancies in an enterprise, including workers made redundant in its suppliers or downstream producers, in a region where unemployment measured at NUTS III level is higher than the EU or national average,

or

(b) at least 1000 redundancies, over a period of 6 months, in one or more enterprises in a sector, measured at NACE 2 level, which represents at least 1% of regional employment measured at NUTS II level.

One of the difficult points is that the intervention of the Fund is depending on the existence of a link between the redundancies and changing world trade patterns. Evidence of a direct link between specific redundancies and changing trade patterns will be very difficult to establish. Therefore even if the criteria are very strict, some flexibility will be needed to apply them

The second difficult point is the quantitative threshold of 1000 redundancies in an enterprise including suppliers and downstream producers.

We consider it as unrealistic and very difficult for workers of SMEs to have access to it, even if the text states the EGF is available equally and under the same conditions to workers of all types of enterprises.

In fact, in many regions, redundancies that affect less than 1000 people including suppliers and producers can create with no doubt serious economic disruption and have a significant impact.

Therefore the current proposal will be more in favour of large countries with larger companies and very seriously limit the possible participation of small countries with a high number of very small companies.

UEAPME considers that the threshold should be significantly reduced, for example to 500 or even less redundancies.

Article 3: Eligible actions

The fund is based on two main principles: to provide tailored made services to each single worker and to reintegrate dismissed workers into the labour market as soon as possible, principles that UEAPME can easily support.

In fact, it is clearly demonstrated that a combination of active tailored labour market measures and at the same time incentive to make work pay is the best way of facilitating the reintegration of workers on the labour market.

Nevertheless, the financial contribution given to workers should clearly focus on innovative actions, should support entrepreneurship or help employment creation and not only be limited to self-employment.

Article 6: Complementarity, compliance and co-ordination

The communication states very clearly that assistance from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements.

However, we would like to draw the attention to a possible paradoxical effect of this Fund. In fact, even if according to this article 6, the responsibilities of companies are not affected, the redundancies of workers could become less expensive for companies, in particular global reduced contributions to social plans, thanks to the general co-financing coming from the Fund.

Therefore due to the strict intervention criteria, larger companies will be more encouraged to relocate their activities to third countries than to EU member states, which is contrary to EU policy.

Finally it could also create a feeling of unfair treatment between workers made redundant because of relocation or restructuring limited within the European Union and others made redundant because of relocation of activities outside of the European Union.

Conclusion:

UEAPME can easily understand the political dimension of this Fund but is questioning its real economical impact.

In addition, we see a high risk of setting up a new bureaucratic process with very few results, because of the strict criteria in terms of number of redundancies and the very complicated procedure.

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	<p>UEAPME is the employer's organisation representing the interests of crafts, trades and SMEs from the EU and accession countries at European level.</p> <p>UEAPME has 78 member organisations, which represent crafts and SMEs across the whole of Europe, covering over 11 million enterprises with nearly 50 million employees.</p> <p>UEAPME is a European Social Partner.</p>
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