

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 126 final

Brussels, 16 April 1975

Proposal for a Council Decision on intervention by the
Social Fund to encourage structural adjustment measures

(Article 4 of the Council Decision of 1 February 1971)

(submitted by the Commission to the Council)

COM(75) 126 final

EXPLANATORY MEMORANDUM:

1. At the "summit" meeting held in Paris in December 1974, the Heads of government expressed concern about the employment situation in the Community which had been steadily deteriorating. They stated that it was essential to take "vigorous and coordinated action at Community level to deal with the problem of employment" and referred to the possibility of increasing the resources of the Social Fund to take account of "the problems of the regions and categories of workers most affected by employment difficulties". The concept of assistance from the Social Fund was supported by both sides of industry.

Although observers in our countries are not all in agreement on the nature and expected duration of the recession or crisis affecting the Community, it is generally acknowledged that the economic phenomena comprise rapidly growing problems of structural adjustment or readaptation. At the employment level, these structural changes will inevitably entail greater mobility of labour, taking the form more especially of transfers to zones of new activities, changes within undertakings and sectors undergoing redevelopment or diversification.

2. In the Social Fund, the Community has independently of other possible and desirable measures, an instrument for encouraging a significant and exemplary common effort capable of improving the adaptation between supply and demand on the labour market necessitated by structural changes. In view of the number of persons affected by restructuring, it seems perfectly justifiable for the Community to take specific joint action under Article 4 of the Decision of 1 February 1971, by opening the Social Fund to a carefully chosen selection of intervention measures.

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It is clear that such an opening will not affect the intervention methods already used by the Social Fund to support operations in regions in difficulty, particularly those with an under developed industrial structure. This fact will have to be taken into account in future decisions on aid under Article 5, which is specifically designed to help with such regional problems. Similarly, it will be possible, by means of assistance from the Fund pursuant to Article 4 of the Decision of June 1974 on migrant workers, to solve some of difficulties encountered by migrant workers.

3. Joint specific action could primarily encourage vocational training operations facilitating new forms of growth or rapid expansion, of value in the context of the Community's medium-term economic development prospects. As regards the Community, this means taking part in the effort to rapidly provide a supply of skilled labour for a limited number of activities which guarantee, in particular, easier access to new trades : projects on the development of energy resources or the more rational use of energy, new production formulae or action corresponding to priority collective needs, e. g., in the field of joint transport or the improvement of the quality of life. Other operations chargeable to the Fund will be those dealing with staff training and recycling projects forming part of structural adjustment, reconversion or diversification measures . in sectors or branches where present or planned changes are clearly affecting employment structures. Unless unemployment trends and sectoral employment prospects are suddenly reversed, such sectors or branches will primarily be found among those often referred to in recent consultations held at Community level : motor vehicle, building, textile and certain sections of the chemical industries, as well as certain associated or sub-contracted activities.

Lastly, each operation will have to form part of a group of projects which in turn will form part of a programme drawn up at the level of either the sector, the Member State, the region or even the undertaking, stating the economic context and the scope of the action taken to adapt and develop the undertakings. The Commission thus hopes to ensure that the interventions receiving assistance from the Fund are sufficiently guaranteed as to their advisability and efficacy in the national context, and make it possible to gradually ensure that they are consistent with the economic and social guidelines of the Community.

4. Pursuant to the desire expressed at the "summit" which was particularly concerned with the categories of persons and regions most affected by employment difficulties, assistance from the Fund should give priority to persons in sectors or branches where the unemployment rate has risen sharply and to young people^{and women}, a traditionally one of the most vulnerable categories in times of crisis or recession. It seems reasonable, however, to restrict such priority to persons in regions most affected by employment difficulties.

Women will be granted priority on the basis of selective criteria and for specific projects resulting from the work connected with the implementing of the programme referred to in the communication from the Commission to the Council (Doc. COM (75) 36).

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5. The Council should also list the types of aid which could receive assistance from the Fund within the framework of its Decision in accordance with Article 4.

During the prior consultations, it appeared that the Council was not likely, at this stage, to approve the setting-up of a new aid enabling the Fund to bear the costs of expenditure on interim allowances or other forms of guaranteed income.

In implementing its Decision, the Commission therefore proposes to consider only the aids referred to in the Regulation containing the list of aids.

Proposal for a Council Decision on intervention by the
Social Fund to encourage structural adjustment measures

(submitted by the Commission to the Council)

The Council of the European Communities,

Having regard to the Treaty establishing the European Economic Community;

Having regard to the Council Decision of 1 February 1971 (1) on the reform of the European Social Fund, and in particular Article 4 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament ;

Having regard to the Opinion of the Economic and Social Committee;

Whereas the methods of action and operation of the Social Fund are defined by Council Regulation (EEC) no 2396/71 of 8 November 1971 implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund;

State or/
Whereas the Heads of Government meeting in Paris on 10 December 1974 called for the implementation of "vigorous and co-ordinated action at Community level to deal with the problem of employment" strengthened, if necessary, by greater use of the resources of the European Social Fund, with due regard to the problem of the regions and categories of workers most affected by employment difficulties ;

Whereas, in view of the employment situation in the Community, it is necessary to take specific common action to ensure adjustment of supply and demand on the labour market;

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(1) OJ. No. L 28, 4.2.1971, p. 15

Whereas, to enable mobility to be achieved under good conditions, the operations to be granted assistance from the Social Fund must be provided for in restructuring or development programmes capable of providing the labour force with productive employment or re-employment;

Whereas such programmes should encourage the development of the economic branches the expansion of which is particularly desirable from the standpoint of the medium-term economic development prospects in the Community and facilitate the structural adjustment of the sectors most affected,

Whereas economic restructuring is liable to particularly effect certain categories of persons and certain regions which should therefore be given priority;

Whereas the European Social Fund decided on by the Council makes it possible to contribute to the costs resulting from measures taken or to be taken in the Member States to boost employment and the geographic or vocational mobility of persons whose jobs are jeopardized by the economic difficulties in the sectors being restructured;

Whereas the operations and working methods of the Fund are defined in Council Regulation (EEC) no. 2396/71 of 8 November 1971 implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund;
HAS DECIDED AS FOLLOWS :

Article 1

1. Pursuant to Article 4 of the Council Decision of 1 February 1971, the assistance of the Social Fund may be granted for operations likely to facilitate the geographical and/or vocational mobility of persons seeking stable employment in economic activities whose development or structural reorganization require adequately skilled labour.

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2. For the purpose of applying the present Decision and in accordance with the criteria referred to in the above paragraph, the operations have been selected which are likely to encourage:

- the development of activities linked with the restructuring of the energy sector ;

- the promotion of activities corresponding to priority Community needs,
- the structural adjustment, diversification and reconversion of sectors, branches or production activities with structural problems seriously affecting employment to development activities.

Article 2

In order to receive assistance from the Fund, operations concerning persons referred to in Article 1 must run in line with the implementing of adjustment and development programmes consistent with the economic and social objectives of the Community. Such programmes will outline the economic context of the projects that they organize and define the objectives and resources.

Article 3

Within the terms and limits of Article 1, priority shall be granted to operations carried out in regions most affected by employment difficulties, benefiting :

- persons employed in sectors or branches with structural problems seriously affecting employment;

- young people under 25 years and women who are unemployed or seeking employment.

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Article 4

Pursuant to Article 1, the assistance of the Fund may be granted for aid, listed in Regulation (EEC) n° 2397/71 on aid which may qualify for assistance from the European Social Fund.

Article 5

This Decision shall enter into force on the fifth day following its publication in the Official Journal of the European Communities.

It is applicable to operations for which the proposal has received the agreement of the Commission before the expiry of a delay of two years after the coming into force of this Decision, without prejudice to the implementation of Article 11 of the Council Decision of 1 February 1971 on the reform of the European Social Fund.

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