Briefing
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European Globalisation Adjustment Fund 2014-20

Through its European Globalisation Adjustment Fund (EGF), the EU supports redundant workers, co-financing tailor-made services aimed at reintegrating them in the labour market. In trilogue, Parliament and Council negotiators have agreed on new rules for the EGF up to 2020.

EGF: overview and main data

Operational since 2007, the Fund can intervene in case of mass job losses due to major changes in global trade patterns. From May 2009 to December 2011, it could also address mass redundancies caused by the global economic crisis, with a significant increase in the number of applications. The EGF supports packages of tailored active labour-market measures designed by Member States (MS) to help affected workers acquire new skills and find new jobs. So far, 20 MS have submitted 113 requests for EGF aid to the Commission (EC). These cases related to services for 102 411 workers in more than 30 different sectors. Total EU contributions paid under the scheme have amounted to €416 million. A 2011 evaluation carried out for the EC identified both positive results and shortcomings in the functioning of the EGF. In 2012, the EC received MS' final reports on 41 cases. These had an average re-integration rate of 50% when funding ended. A repeated criticism, including from the European Court of Auditors (ECA), concerns the length of time taken for the procedures.

Budget and intervention criteria

In June 2011, the EC proposed to continue the Fund as a solidarity tool beyond 2013. The February 2013 European Council agreed to keep the EGF outside the ceilings of the 2014-20 Multiannual Financial Framework (MFF), but to cut its maximum annual budget from the current €500 million to €150 million (in 2011 prices). As one of the EU flexibility instruments outside the MFF ceilings, it can be mobilised only in case of a specific crisis, and on an MS' request. The EC must submit each individual case to the budgetary authority for approval, if it meets the EGF criteria (currently set in Regulation (EC) No 1927/2006 as reviewed in 2009). The intervention threshold (500 redundancies) applies either to an enterprise in an MS (including its suppliers and downstream producers) or to companies active in a single economic activity, in no more than two adjacent NUTS2 regions. In exceptional cases, aid can be given even if the threshold is not reached.

2014-20: what changes

Following up a 2011 resolution on the EGF's future, in January 2013 the EP's Employment and Social Affairs Committee (rapporteur Marian Harkin, ALDE, Ireland) adopted a report with over 100 amendments to the EC proposal. This served as a basis for the EP's negotiators in trilogue, with agreement reached in September 2013, which now comes to plenary.

Key points of the deal for 2014-20 include:

- The EGF will, again, not be restricted to job losses caused by globalisation, but also able to deal with losses due to global financial and economic crises.
- The EU co-financing rate is raised from 50% to 60% (it was 65% from May 2009 to 2011).
- The scheme will be available for additional categories of beneficiaries, such as fixed-term and temporary-agency workers, and self-employed people whose activity ended.
- If redundancies occur in a region eligible under the Youth Employment Initiative, a temporary derogation (until end-2017) will enable MS to offer services to an equal number of young people not in employment, education or training (NEETs).
- Special provisions for farmers proposed by the EC were not retained, with the budget of the EGF considered too small for this.
- Financial allowances may not exceed 35% of the total costs for the package of services, with the aim of increasing the focus on training measures.
- Various steps of the procedures will need to meet defined deadlines, with a view to speeding up the availability of support.

A September 2013 Briefing provides more details of the EGF.

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