

European Globalisation Adjustment Fund

The 2018 European Commission's proposal to revise the European Globalisation Adjustment Fund, modified under the 2020 recovery plan for Europe, introduces changes to eligibility criteria, co-financing rules and the mobilisation procedure. Outside the 2021-2027 Multiannual Financial Framework (MFF) ceilings, it should continue to serve as a solidarity and emergency fund used on an ad hoc basis. Following an early second-reading agreement reached in January 2021, Parliament is expected to vote in April to formally adopt the proposal.

Background

Created in 2006, the European Globalisation Adjustment Fund (EGF) is a solidarity fund, financing active labour market measures (such as training, job searches and business start-ups) in the context of unexpected and significant dismissals provoked by globalisation or by global economic and financial crises. It is outside the MFF ceilings so can be used in case of emergency. Its [mobilisation](#) involves the Council and European Parliament. Some [evaluations](#) of the programme show its uneven use across Member States and regions, while [others](#) point to the difficulty of assessing its effectiveness due to the lack of available data.

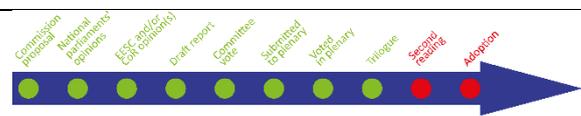
European Commission proposal

Following its [evaluations](#), the Commission decided to keep the EGF as a special instrument outside the MFF ceilings for 2021-2027. On 30 May 2018, it adopted a [proposal](#) revising the Fund. The most significant modifications were: a simplified procedure, a more general objective to offer assistance in case of unexpected major restructuring events (e.g. transition to low-carbon economy or events caused by digitalisation and automation), reduction of the threshold of redundancies to 'more than 250 workers', co-financing at the highest co-financing rate of the European Social Fund Plus (ESF+) applicable in the respective Member State, a maximum amount for the 2021-2027 EGF of about €1.6 billion (at current prices), on average annually €225 million. In the [Recovery Plan for Europe](#), the threshold for EGF activation was to be lowered to 250 redundancies and the maximum annual amount increased to €386 million.

European Parliament position

On 27 November 2018, Parliament's Committee on Employment and Social Affairs (EMPL) adopted its [report](#) on the proposal. It suggested the enlargement of EGF's scope and to rename it as the European Fund for Transition indicating its support for broad socio-economic transformations, thus clearly stating its role in the just transition agenda. It called for lowering the eligibility threshold and giving the possibility to fund NEETs (young people not in employment education or training); increasing the funding for the self-employed; better operationalising the fund; and setting up a helpdesk for technical assistance for national and regional authorities in the application procedure. In December 2020, the co-legislators reached a [political agreement](#) on the proposal. It provides for a maximum annual amount of €186 million. It widens the fund's scope in terms of eligibility factors beyond redundancies, with a focus on impacts of restructuring and the coronavirus crisis. It lowers the threshold of redundancies to 200 and speeds up the allocation procedure, reducing the involvement of Parliament and Council. By allowing increased contributions to the cost of services, it could facilitate the use of the EGF in less developed regions. The provisional agreement was endorsed by Coreper, for the Council in January 2021 and then approved by EMPL on 27 January 2021. The Council formally adopted its [first-reading position](#) on 8 April 2021, and Parliament is expected to vote at second reading during the April plenary session, thus completing the legislative procedure.

Recommendation for second reading: [2018/0202 \(COD\)](#);
Committee responsible: EMPL; Rapporteur: Vilija
Blinkevičiūtė (S&D, Lithuania).



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PE 690.559 – April 2021

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