Globalisation's impact on employment and the EU

Find out how much the EU aims to benefit from globalisation while tackling its negative effects on employment.

Globalisation creates job opportunities but can also result in job losses. Managing globalisation to make the most of it is a priority for the EU as it is trying to create a more social Europe that helps redundant workers find new jobs.

Job opportunities in Europe

The number of jobs supported directly or indirectly by EU exports outside the union is continuously growing. It increased from 21.7 million jobs in 2000 to 36 million jobs in 2017.
Every billion in exports from the EU supports on average about 13,000 EU jobs.

Job opportunities aren't limited to exporting companies. They also extend to firms supplying goods and services to them.

For example, in Germany exports to non-EU countries support 6.8 million jobs. Thanks to the EU's single market an additional 1.1 million German jobs depend on exports from other EU countries to non-EU countries. In total, 18% of jobs in Germany rely on EU exports.

The share of highly skilled workers in export related jobs is increasing and export-related jobs are on average 12% better paid than other jobs.

Globalisation's negative impact on employment

Globalisation leads to increased competition between companies, which can result in closures, offshoring and job losses.

The most vulnerable EU sectors are characterised by a predominance of low-skilled jobs: textiles, clothing, footwear and leather, basic metals and fabricated metal products, and manufacturing industries.

Manufacturing is the sector that is the most exposed to offshoring because of competition from low-wages countries.

While offshoring is a central element of the debate on globalisation, data show that the amount of job losses due to offshoring in the EU is steadily decreasing.

Offshoring trends are shifting and it now happens more in eastern European countries than in western member states. Destination countries are in North Africa and Asia.

While the overall results of international trade liberalisation are positive, some sectors are hit hard and the duration of the adjustment period needed by workers to relocate in other sectors can undermine the initial benefits.

How the EU is helping workers affected by globalisation
The European Globalisation Adjustment Fund

In order to reduce the negative impact of globalisation and decrease unemployment, the EU created the European Globalisation Adjustment Fund in 2006. Its goal is to provide support to redundant workers who lost jobs due to globalisation.

This emergency solidarity fund co-finances up to 60% of labour policies to re-employ workers or create businesses. Funded projects include education and training, career advice, as well as help looking for a job, mentoring and business creation.

In 2009, the fund was extended to cover job losses resulting from major structural changes triggered by the economic and financial crisis.

The fund can be used:

1) when more than 500 workers have been made redundant by a single company and its suppliers, or

2) when a large number of workers lose their jobs in a specific sector in one or more neighbouring regions

Since 2007, the fund has spent €630 million helping about 150,000 dismissed workers and 3,369 young people. For example, the fund spent €3.35 million to help former call centre workers in Italy, €6.4 million for redundant supermarket workers in Greece and €2.6 million for 821 former Nokia workers in Finland.

The European Parliament called for a reform to improve the fund in January 2019.

More on globalisation and the EU

Check out the following articles:

- Globalisation: how the EU's trade policy helps to promote human rights
- The EU's position in world trade (infographic)
- EU international trade policy explained
- Facts: the benefits of economic globalisation in Europe