

European Globalisation Adjustment Fund (EGF): revision of rules

2008/0267(COD) - 16/12/2008 - Legislative proposal

PURPOSE: to amend certain existing provisions of the Regulation on the European Globalisation Adjustment Fund (EGF) with a view to enhancing its performance in terms of re-integrating into employment workers who are made redundant as a consequence of globalisation.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the European Globalisation Adjustment Fund is a response to a specific, European-scale crisis caused by globalisation. The Fund is an expression of EU solidarity with European workers left vulnerable because of the impact of globalisation. It provides one-off, time-limited individual support, geared directly to the redundant workers. Its objective is to reintegrate workers into the labour market, when they had been made redundant due to globalisation. It has at its disposal a potential maximum of EUR 500 million per year, an amount which may be reviewed in the light of the implementation of the revised Regulation.

In the Communication “Solidarity in the face of change: the EGF in 2007 - review and prospects”, the Commission announced its intention to amend the EGF Regulation before issuing the next annual report, which is due by mid-2009 (see [COD/2006/0033](#) in “*Follow-up documents*”). In its [European Economic Recovery Plan](#), published in November 2008, the Commission announced its intention to make the EGF a more effective early intervention instrument as part of Europe's crisis response. The Commission reaffirmed its intention to revise the rules of the EGF so that it can intervene more rapidly in key sectors, inter alia to co-finance training and job placements for those who are made redundant as a result of the economic crisis.

CONTENT: the proposed action aims to amend the EGF Regulation in order to ensure that the EGF fully meets the stated objective of solidarity with workers who have lost their job as a consequence of major changes brought about by globalisation, including **a temporary provision to support workers made redundant as a result of the global financial and economic crisis**. The changes should enhance the performance of the Fund by:

- lowering the eligibility threshold for EGF applications from 1000 to 500 redundant workers;
- extending to 24 months the duration of EGF support (currently 12 months) so as to allow sufficient time for the measures to be effective in re-integrating particularly the most vulnerable workers into new jobs;
- ensuring equitable and non-discriminatory treatment of those workers whose redundancy occurred before or after the 4-month reference period of the Regulation but can be clearly linked to the same redundancy event;
- increasing the EU financial contribution from 50% to 75% to better reflect the emergency nature of the contribution (the other portion being paid by Member States);
- providing that the European Parliament and the Council may review the EGF Regulation, including the temporary derogation that includes workers affected by the financial and economic crisis, on the basis of a proposal from the Commission.