

# European Globalisation Adjustment Fund (EGF)

## 2021–2027

2018/0202(COD) - 30/05/2018 - Legislative proposal

**PURPOSE:** to ensure the continuation of the European Globalisation Adjustment Fund (EGF).

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

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the European Globalisation Adjustment Fund (EGF) - initially established for the programming period 2007-2013 - **is a concrete expression of EU solidarity with European workers who lost their jobs.**

It was set up to provide support to workers made redundant as a result of major structural changes in world trade patterns caused by globalisation and whose redundancies have a significant adverse impact on the regional or local economy.

Union involvement through the EGF **complements national measures in order to re-integrate dismissed workers** by offering them a unique combination of tailored measures that lead to more sustainable results, increase the self-esteem of beneficiaries, who finally have a more proactive approach to job seeking, and improve their employability.

Experience achieved so far with the EGF indicates that the help offered would not have been available without the involvement of the EGF.

For the multiannual financial framework 2014-2020, the scope of the EGF has been extended by [Regulation \(EU\) No 1309/2013](#) of the European Parliament and of the Council, which has to be revised by the end of 2020.

The prime objective of this proposal is to **ensure that the EGF continues to operate beyond 31 December 2020**, to enlarge its objective offer and to amend some technical details in order to have more coherence and synergies, flexibility, focus on performance, and simplification.

**IMPACT ANALYSIS:** the most important finding regarding the EGF is that as an emergency assistance fund, the EGF should **remain outside the budgetary ceilings of the multiannual financial framework.**

**CONTENT:** the proposed Regulation - presented for a Union of 27 Member States – seeks to establish the **European Globalisation Adjustment Fund (EGF)**. It lays down the objectives of the EGF, the forms of Union funding and the rules for providing such funding, including applications by the Member States for financial contributions from the EGF for measures targeting the eligible beneficiaries.

**Mission and objectives of the EGF:** it is proposed to explicitly include in the mission the role played by the EGF in contributing to the implementation of the principles defined under the **European Pillar of Social Rights**. In addition, the specific objective of the EGF is to offer assistance in case of unexpected major restructuring events, particularly those caused by globalisation-related challenges, such as:

- changes in world trade patterns;

- trade disputes;
- financial or economic crises;
- the transition to low-carbon economy;
- or as a consequence of digitisation or automation.

Particular emphasis shall lie on measures that help the **most disadvantaged groups**.

**Intervention criteria:** the Commission proposes to lower the threshold of displaced workers for a case to be eligible, from 500 to **250 within a reference period of four months (or 6 months in sectoral cases)**. This is because there is a general trend of fewer very large scale redundancies and because the dismissal of 250 workers usually has a significant impact in most regions. This is also to acknowledge the fact that in many Member States, most workers are employed by small and medium-sized enterprises (SMEs).

A new provision has been added allowing Member States to apply for EGF assistance if redundancies occur in the same region but in different economic sectors.

**Eligible measures:** as a change to the current Regulation, the inclusion of the dissemination of **skills required in the digital age** shall be a mandatory horizontal element of any coordinated package of personalised services offered. The proposed measures shall be based on the personal needs and qualifications of the beneficiary.

**Technical assistance from the Commission:** this assistance shall support any measures necessary to implement the proposed Regulation. This amount could reach up to **0.5 % of the annual maximum amount of the EGF**. This is higher than in the current programming period. This shall also include additional measures to increase networking and the exchange of good practice between Member States.

**Amount of financial contribution:** the Fund's co-financing rate which currently stands at 60%, will be **aligned with the highest ESF+ co-financing rates for a given Member State**. In several cases this would mean that the EU co-finances a higher share of the total cost.

**Eligibility period:** the standard period for the implementation of EGF measures shall remain at 24 months. However, the proposal stipulates that the 24-month period shall be counted from the time the decision to mobilise the EGF is adopted and not from the date of application for EGF support.

**Funding allocated to the EGF:** the EGF is not included in the budgetary ceilings of the multiannual financial framework. The maximum amount that can be used by the EGF for the period 2021-2027 is estimated at **EUR 1.57 billion** (in current prices), or an average of **EUR 225 million per year**.