

# Establishing the European Globalisation Adjustment Fund (EGF)

2006/0033(COD) - 01/03/2006 - Legislative proposal

**PURPOSE :** to establish a European Globalisation adjustment Fund (EGF).

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

**CONTEXT :** increased market openness and international competition bring new opportunities in terms of economic dynamism, competitiveness and the creation of high-quality jobs. However, job losses in less competitive sectors are an inevitable impact of trade opening and globalisation: these adjustment costs of trade opening should be acknowledged and addressed through appropriate policy and financial instruments. The Commission report from October 20th 2005 on 'European Values in a Globalised world' highlighted the benefits of more open trade but also underlined the need to help those who experience the negative consequences of globalisation through job losses. In this context before the Hampton Court Summit, in a letter to the Presidents of the EU and the Parliament on 20/10/05, President Barroso proposed a Globalisation Fund.

**CONTENT :** this proposal aims to establish a European Globalisation adjustment Fund to enable the Community to provide support for workers made redundant as a result of major structural changes in world trade patterns where these redundancies have a significant adverse impact on the regional or local economy. It lays down rules regarding the operation of the EGF in order to facilitate re-integration into employment of workers affected by trade-related redundancies.

A financial contribution from the EGF shall be provided where major structural changes in world trade patterns lead to a serious economic disruption, notably a massive increase of imports into the EU, or a progressive decline of the EU market share in a given sector or a delocalisation to third countries, which results in:

- a) at least 1000 redundancies in an enterprise, including workers made redundant in its suppliers or downstream producers, in a region where unemployment, measured at NUTS III level, is higher than the EU or national average, or
- b) at least 1000 redundancies, over a period of 6 months, in one or more enterprises in a sector, measured at NACE 2 level, which represents at least 1% of regional employment measured at NUTS II level.

A financial contribution under this Regulation shall be made for actions, as part of a coordinated package of personalised services designed to re-integrate redundant workers into the labour market, including:

- a) active labour market measures, such as job-search assistance, occupational guidance, tailor-made training and re-training including ICT skills, outplacement assistance and entrepreneurship promotion or aid for self-employment;
- b) special in-work time-limited income supplements, such as job search allowances, mobility allowances, income support allowances to individuals participating in training activities; and temporary wage supplements for workers of at least 50 years of age who accept to re-enter the labour market at a lower wage.

**For further information concerning the financial implications of this measure, please refer to the financial statement.**