



2 March 2011

EUROPEAN PARLIAMENT CONFERENCE ON THE EUROPEAN GLOBALISATION ADJUSTMENT FUND

ADDRESS BY MAXIME CERUTTI SOCIAL AFFAIRS SENIOR ADVISER

Dear Members of the European Parliament,
Ladies and gentlemen,

I would like to thank Ms Matera and Mr Daerden for taking the initiative to organise this conference.

The European Union budget will be high on the EU policy agenda in 2011 as part of discussions on a new Multi-annual Financial Framework. This could have an impact on the European Globalisation Fund. Therefore, it is a good idea to start reflecting upon its future in good time.

In order to be effective, a discussion on the future of any initiative needs to be based on a sound evaluation of its past achievements.

The European Parliament has played an essential role in assessing the functioning of the EGF. With the Portas resolution adopted in September 2010, it made concrete proposals to improve its functioning in the future. The discussion in the European Parliament is ongoing, as witnessed by the discussion we are having here today.

By contrast, a comprehensive and qualitative European Commission evaluation of the Fund is lacking.

What needs to be evaluated? The added value of the EGF. The fund was established in 2006. It can provide up to 500 million euros every year for one-off active measures enabling redundant workers to upskill and/or facilitating their return to the labour market.

Since its inception, only 114 million euros out of the 2 billion euros put at its disposal has been disbursed to projects benefiting around 30,000 redundant workers. A limited increase in uptake has been observed since the crisis derogations came into force in 2009.



For us, the fact that the funds made available to the EGF have been largely unused is a testament to the fact that it is not well-equipped to provide effective support to redundant workers.

We welcome the focus on activating redundant workers to help them find a new job more quickly. This is even more the case today with more than 23 million people unemployed on European labour markets.

The priority is to diminish unemployment. To achieve that, policies are needed to promote economic growth, remove obstacles to job creation and to maximise the job content of economic growth. As rightly identified in the Commission's annual growth survey, action is needed to ensure reasonable labour costs and an adequate level of wage flexibility to reflect productivity changes.

We have doubts as to whether a European instrument like the EGF would be the most effective means to achieve a reduction of unemployment. Active Labour Market Measures, one of the components of the flexicurity concept, should be put in place primarily at national level. The EGF presents the risk of creating a distinction between workers depending on whether or not they fall within the scope of EGF.

Later in 2011, the European Commission will assess whether the crisis derogations – widened scope to cover the crisis; increase of EU co-funding rate from 50% to 65% - should be prolonged or terminated. It has also started its work ahead of the more general review of the EGF it will conduct in 2013.

As Member States are progressively ending temporary crisis-related measures, so the EU should consider whether to end similar exceptional measures at European level.

The need to prolong the EGF crisis-related derogations should be weighed taking into account the fact that it will be increasingly hard to establish a causal link between redundancies and the economic crisis as the economy recovers.

With regard to the future of the EGF: several options have been put forward.

The European Parliament supports action to ease and shorten the procedure for Member States to apply to EGF funds. It aims to transform the EGF into a “permanent means of support for active job-seeking measures”.

Other ideas have been expressed such as the merger of the EGF into the European Social Fund.

We don't yet have a position on the future of the EGF. However, first internal discussions in BUSINESSEUROPE showed no support for action aiming to transform the EGF into a “permanent means of support for active-job-seeking measures”.

This would create confusion between the EGF and the European Social Fund (ESF) whose mission is indeed to bring continuous support to help workers access and return to the labour market.



By contrast, the EGF's specificity is to finance one-off measures when company restructuring decisions lead to a significant number of job losses. Therefore, our initial opinion is that there are objective factors against a merger of the EGF with the ESF.

Finally, the future of the EGF is connected to the upcoming debate on a European framework on restructuring on which the European Commission will launch a social partner consultation in the coming months.

To conclude,

Based on currently available analysis and data, our view is that the EGF has limited added value. The first element of a debate on the future of the EGF is to evaluate whether and how it can bring a genuine added value without excessive bureaucracy for the parties involved. We expect the European Commission to evaluate this, as requested in our 2009 position paper.

In the difficult times Europe is facing nowadays, the priority is for each Member State to identify and lift obstacles to job creation to ensure that unemployed people access or return to the labour market as quickly as possible. In order to be (cost) effective and consistent, we also believe that active labour market policies should be discussed and designed primarily at the national level.

We look forward to contributing to the debate on the future of the EGF.

Thank you for your attention.
