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Lucian Cernat and Federica Mustilli\*

# Trade and Labour Market Adjustments: What Role for the European Globalisation Adjustment Fund?

Trade agreements have become a growing source of concern due to the potential job losses that some sectors can incur as a result of increased competition. Although the economic literature shows that the overall results of trade liberalisation are positive, some sectors may be adversely affected, leading to job losses and adjustment costs. In 2006 the European Commission established the European Globalisation Adjustment Fund (EGF) to help workers who have lost their jobs due to globalisation. Despite the relevance of the EGF as a trade-adjustment mechanism, the existing evidence suggests that its use is still limited compared to its potential. This paper reviews some of the constraining factors identified in the latest mid-term evaluation by the European Commission and suggests several avenues for further improvement.

2017 marked the 10th anniversary of the European Globalisation Adjustment Fund (EGF). Set up in 2006 by the first Barroso Commission, the EGF was welcomed by many, including EU member states, trade unions and other social actors, international organisations, etc. Launching the EGF, Commission President Barroso stated:

The fund will express the Union's solidarity towards those severely and personally affected by trade-adjustment redundancies. In this way, it will provide a stimulus to respond appropriately and effectively to the adverse impact of market opening. The fund will help workers made redundant back to work because we want a competitive, but also a fair EU.<sup>1</sup>

A decade later, Commissioner Thyssen remained equally resolute: "The Globalisation Fund is Europe's main instrument to show solidarity with those harmed by the crisis and it has proven its worth over the years."<sup>2</sup>

\* The views expressed herein are those of the authors and do not necessarily reflect an official position of the European Commission.

1 European Commission: Commission proposes up to €500 million per year for a new European Globalisation Adjustment Fund to support workers, Press release IP/06/245, 1 March 2006.

2 European Commission: Commission proposes €1.8 million from Globalisation Fund to help 800 Dutch former retail workers, European Commission daily news, 29 November 2016.

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**Federica Mustilli**, European Commission, Brussels, Belgium.

The issues that led to the creation of the EGF have not faded away – quite the contrary. The current political context has brought these issues even more acutely to the fore. Anti-trade views and claims of the trade-related negative effects on labour are not only regularly in the pages of newspapers; they were also some of the main issues (alongside migration and income disparity) that influenced the current political situation.

A general reflection on the social impacts of globalisation was recently produced by the European Commission, signed by Vice President Dombrovskis and Commissioner Thyssen. It mainly focuses on "how to adapt our social models to current and future challenges and galvanise Europe's social spirit".<sup>3</sup>

Despite having a relatively small budget, little political visibility and somewhat complex procedures, the EGF has delivered tangible results for tens of thousands of workers across the EU. However, in the first decade of its existence, the EGF has not reached its potential and remains underutilised.

This paper aims to provide a reassessment of the main issues that may be of relevance to the impact the EGF could have in the future in the trade and globalisation debate. We begin by reviewing the main elements in the economic literature and in the current policy debates that are of key relevance to the original rationale and current functioning of the EGF. On the basis of existing *ex post* evaluations and additional information, we then identify the strengths and weaknesses of the EGF in its current form. We conclude with some suggestions for the future,

3 European Commission: Reflection paper on the social dimension of Europe, COM(2017) 206, 26 April 2017.

in particular in those areas that could make the EGF better able to face the globalisation challenges confronting the European economy.

### Trade liberalisation and the labour market

There is a consensus among economists that trade liberalising policies are beneficial for trading partners, as they improve the variety of goods for consumers and foster increases in firms' productivity levels by forcing them to rely on their comparative advantage. However, gains from trade are unevenly distributed both among and within countries, due to the short-term adjustment costs incurred by shrinking sectors or the fact that some people will simply be worse off in absolute terms.<sup>4</sup>

A recent literature survey summarises the main sources of welfare gains coming from trade liberalisation.<sup>5</sup> First, trade liberalisation fosters specialisation, depending on the comparative advantage of each commercial partner. Second, it enables access to bigger markets, reduces prices due to economies of scale and increases consumers' choice. Finally, resources are reallocated in such a way that the most productive firms thrive and the least productive ones lose market share and, sometimes, are forced to exit the market. Indeed, trade liberalisation is beneficial for firms whose comparative advantages increase when bilateral tariffs are removed, and this is good for the economy as a whole.

This trade-induced competitive specialisation involves labour churning. The so-called losers from trade tend to experience an adjustment period, during which the workers relocate themselves, ideally to the most competitive firms and sectors of the economy, which expand thanks to trade reforms. The duration of the adjustment period can undermine the initial benefits, especially in periods of limited economic growth. In this respect, institutions can play a significant role by taking care of those adversely affected by trade liberalisation. In the EU's "Trade for all" strategy, this aspect is specifically acknowledged. In particular, the strategy recommends a more proactive response to deal with trade-related labour adjustment costs:

Actively managing change is therefore essential to making sure the benefits of globalisation are fairly dis-

tributed and negative impacts are mitigated. The social consequences of market opening must be addressed.<sup>6</sup>

### Beyond FTAs: Adverse impacts of import competition in a globalised world

There is a growing popular perception that bilateral and multilateral free trade agreements are the main causes of income inequality. However, the picture is much more complex, and economic interdependence is not a reversible process – at least not without major economic upheavals.

Recently, the economic literature has started to identify the long-term effects of the globalisation process in some industries and countries. In particular, Autor et al. analysed the role of the Chinese export-oriented policy in the decline of the US manufacturing industry.<sup>7</sup> The authors estimated the net impact on the aggregate demand and real-location effects, finding that growing imports from China between 1999 and 2011 led to an employment reduction of 2.4 million workers in the United States. This figure includes the impacts on both the manufacturing sectors directly exposed to Chinese competition and those indirectly linked to it. Their analysis is partially confirmed by Lawrence, who analysed the effect of Chinese imports on job displacements in the United States between 2000 and 2007.<sup>8</sup> He noticed that even if the effect on the displacement of US workers was substantial in some sectors, it only represented a fifth of the annual total displacement in the US manufacturing industry (the sector most affected by strong Chinese competition) and less than five per cent of the job displacement in the overall economy.

These labour adjustment costs may suggest that trade with a large, low-wage emerging economy necessarily leads to negative overall effects for the importing partner. Without diminishing their importance, these results must nevertheless be framed in the right context: first, workers displaced for trade-related reasons represent a small fraction of the normal labour churn that is constantly taking place in the overall economy. Second, whenever such labour displacement effects occur, the gains from trade liberalisation are typically large enough to ensure that dis-

4 M. Obstfeld: Get on Track with Trade, in: Finance and Development, Vol. 53, No. 4, 2016, pp. 12-16.

5 C. Hornok, M. Koren: Winners and Losers of Globalisation: Sixteen Challenges for Measurement and Theory, in: R. Blundell et al. (eds.): Economics Without Borders. Economic Research for European Policy Challenges, Cambridge 2016, Cambridge University Press.

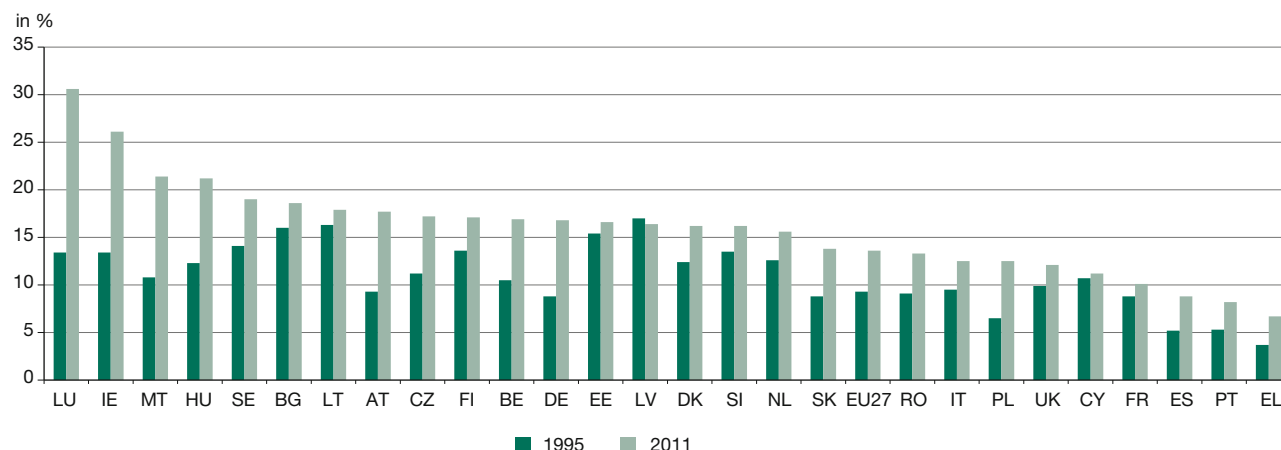
6 European Commission: Trade for all. Towards a more responsible trade and investment policy, Luxembourg 2015, Publications Office of the European Union, available at [http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf).

7 D.H. Autor, D. Dorn, G.H. Hanson: The China syndrome: local labor market effects of import competition in the United States, in: American Economic Review, Vol. 103, No. 6, 2013, pp. 2121-2168.

8 R.Z. Lawrence: Adjustment Challenges for US Workers, in: C.F. Bergsten, G.C. Hufbauer, S. Miner (eds.): Bridging the Pacific: Toward Free Trade and Investment between China and the United States, Washington DC 2014, Peterson Institute for International Economics.

Figure 1

Employment supported by EU exports as a percentage of total employment, by member state, 1995 and 2011



Sources: I. Arto et al.: EU exports to the world: effects on employment and income, European Commission, Luxembourg 2015, Publications Office of the European Union.

placed workers can be covered by trade adjustment assistance programmes like the ones discussed in this paper.

#### Job reallocation effects and trade liberalisation reforms in Europe

One of the main pillars of the EU's trade policy is to support trade liberalisation by establishing free trade agreements with its main commercial partners. The main objective of these trade initiatives is to exploit any possible sources of growth to support employment in all EU member states and their trading partners. Recent data shows that exports from each EU member state not only support jobs in their domestic market but also in other member states where production contributes directly or indirectly along the complex supply chains created by the single market. For instance, in 2011 10.1% of total employment in France was supported by exports from the whole of the EU to the rest of the world (see Figure 1).<sup>9</sup> Thus, in recent decades international trade has been a strategy that has supported a growing share of total EU jobs (from nine per cent of total EU employment in 1995 to 14% in 2011), reaching over 31 million jobs across Europe.<sup>10</sup>

Moreover, trade is an important vehicle for the successful internationalisation of EU small and medium-sized enterprises (SMEs). Over 600 000 EU SMEs engage in direct

export activities beyond the single market, and they employ over 6 million workers.<sup>11</sup> Many more SMEs stay competitive by benefiting from cheaper imported intermediates or by being engaged indirectly in international trade as suppliers of larger firms along the supply chain.

Therefore, the international market interdependence made possible by growing global value chains also allows SMEs that are not able to export their products to be part of those value chains by providing intermediates to bigger firms. Firms engaged in international trade not only employ a growing number of EU workers but also offer a wage premium. Compared to a non-exporting firm, workers in exporting firms, regardless of their skill level, enjoy a wage premium ranging from five per cent for low-skilled workers to 16% for high-skilled workers.<sup>12</sup> However, while trade has a clear net positive effect on jobs and wages in Europe, several data and methodological constraints prevent the analyses mentioned above from investigating the labour adjustment impact created by increased imports.

#### The European Globalisation Adjustment Fund: Strengths and weaknesses

The EGF is a unique policy tool at the EU level which is able to support workers made redundant due to the ef-

<sup>9</sup> I. Arto et al.: EU exports to the world: effects on employment and income, European Commission, Luxembourg 2015, Publications Office of the European Union.

<sup>10</sup> J.M. Rueda-Cantuche, N. Sousa: EU exports to the world: overview of the effects of employment and income, Chief Economist Note, Issue 1, February 2016, DG Trade, European Commission.

<sup>11</sup> L. Cernat, A. Norman-Lopez, A. Duch T-Figueras: SMEs are more important than you think! Challenges and opportunities for EU exporting SMEs, DG Trade Chief Economist Note, No. 3, September 2014.

<sup>12</sup> L. Cernat, N. Sousa: The Trade and Jobs Nexus in Europe: How Important Are Mode 5 Services Exports?, in: CESifo Forum, Vol. 16, No. 4, 2016, pp. 65-67.

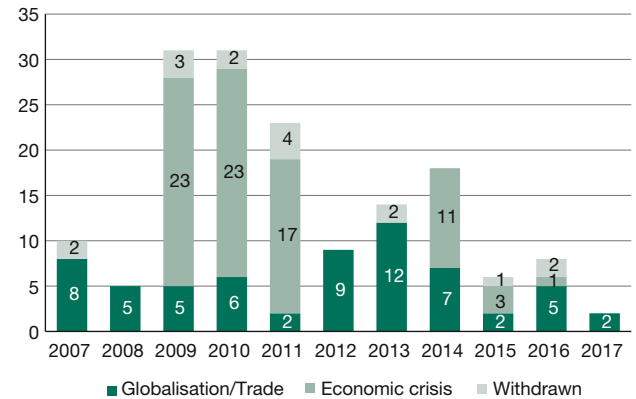
fects of globalisation and economic crisis by co-financing active labour market policies.<sup>13</sup> The purpose of the EGF is to provide immediate support to workers who have lost their jobs as a consequence of the globalisation process. The objective of the EGF is to provide co-funding for 60% of active labour market policies (such as job searching, training, upskilling, business start-up, etc.) oriented towards the retraining and re-employment of workers, not necessarily within the same sector.

In practice, the competent authority, who is also responsible for the successful implementation of the training, profiles the needs of the respective workers, designs the measures on the basis of those needs and allocates the budget accordingly. The competent authorities in each EU member state (national, regional or local) are also responsible for 40% of the funding and must deliver a final report at the end of the programme on the implemented measures.

The scope of the support envisaged by the regulation assumes that a financial contribution is needed if workers have been made redundant as a result of globalisation, defined as major structural changes in world trade patterns (such as an increase in imports, sudden shifts in the trade in goods or services, offshoring, or a decline in market share), or as a result of global financial crisis. According to the current regulations, any economic consequences that are potentially directly linked to EU policies such as free trade agreements or economic sanctions are not covered unless the applicant shows that the scope and intervention criteria are fulfilled. Applications are accepted if one of the two intervention criteria is fulfilled. The first criterion is that at least 500 workers have been made redundant (a) over a period of four months or (b) over a period of nine months if workers belong to the same sector or have been grouped by SMEs. The second intervention criterion consists of proving a serious impact on employment at the local, regional or national level.

Figure 2 shows the actual number of applications processed by the European Commission since 2007. It is worth underlining that, with the exception of the period from 2009 to 2011, the main reasons for applying have been an increase in imports, offshoring or a decline in market shares as a result of globalisation. Out of the 168

**Figure 2**  
**EGF applications, 2007-2017, by scope**



Source: Authors' elaboration based on latest EGF statistics.

applications received, 118 have already come to the end of the implementation period and are close to the final drafting of the summary report. Another 25 are having the adopted measures implemented, seven are currently under assessment, 17 have been withdrawn and just one has been rejected.<sup>14</sup>

The kind of intervention currently envisaged under the EGF is such that it can provide support only in *ex post*, unexpected circumstances. This is the main reason why the EGF's annual budget was placed outside the standard EU Multiannual Financial Framework (MFF) and, unlike most other EU financial instruments, requires the approval of the budgetary authority for every application. As a result, the approval process for individual cases is longer and procedurally more cumbersome.

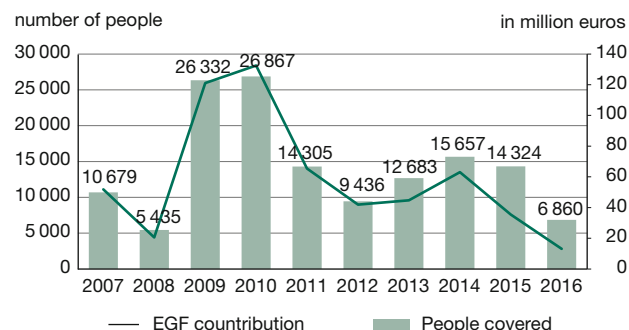
The EGF represents one of the two EU trade-specific adjustment instruments in place. The other policy tool dealing with labour adjustments is the European Social Fund (ESF). The ESF is included in the MFF and represents a complementary policy measure that deals with the general effects of globalisation. The ESF provides financial support for a long-term strategic response to the challenges imposed by the globalisation process. Unlike the EGF, it is not meant to support on a one-off basis the consequences of a specific restructuring event that has caused workers to be made redundant.

As shown in Figure 2, the number of cases does not offer a clear picture of the dimension of the intervention provided by the EGF and its full potential. In this respect, Figure 3 shows that the annual budget (€150 million in 2011 prices) provided for by the EGF regulation has never

13 See Regulation (EC) No. 1309/2013 of the European Parliament and of the Council of 17 December 2013 on establishing the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No. 1927/2006; Regulation (EC) No. 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund; Regulation (EC) No. 546/2009 of the European Parliament and of the Council of 18 June 2009 amending Regulation (EC) No. 1927/2006 on establishing the European Globalisation Adjustment Fund.

14 These numbers reflect the situation as of March 2017.

**Figure 3**  
**EGF contributions and workers covered, 2007-2016**



Note: Workers covered include those not in employment, education and training.

Source: Authors' elaboration based on latest EGF statistics.

been exhausted, with the amount used reaching around €120 million only during the period of financial crisis. Despite not fully using its financial envelope, the figures show that since its establishment the EGF has co-funded retraining for almost 142 300 redundant European workers. Leaving aside the 2009-2010 crisis period, the average annual EGF contribution has been around €40 million, less than a third of what could be used.

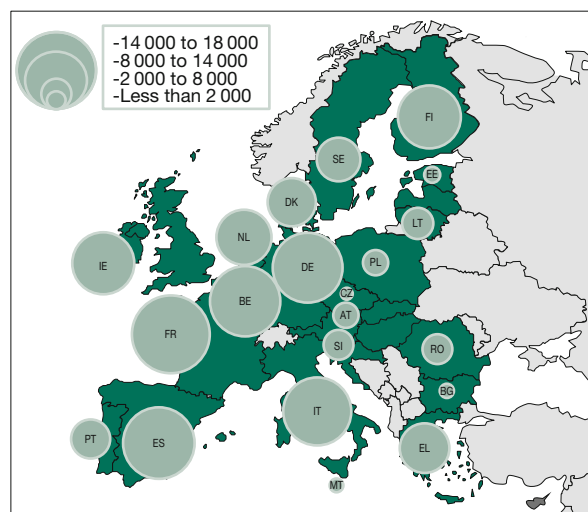
Another possible way to draw some conclusions from the applications received so far is to look at the number of job redundancies in each member state that have been supported by EGF retraining programmes since its establishment (see Figure 4). Regardless of the absolute numbers, which may be lower than the actual redundancies incurred by member states, the difference between Western and Eastern European states is quite striking.

This evidence raises two possible conclusions: either some member states (mainly in Eastern Europe) have not been so dramatically hit by the adverse consequences of globalisation and economic crisis, or they cannot use the funds effectively, due to administrative or budgetary restraints, given the need to put forward well-documented retraining programmes in order to apply for EGF-funded activities.

A recent study indicates that the impact of globalisation on employment, which is currently at the centre of the policy debate, is declining compared to the pre-crisis level.<sup>15</sup> Data from Eurofound's European Restructuring Moni-

<sup>15</sup> J. Hurley, D. Storrie, E. Peruffo: ERM annual report 2016: Globalisation slowdown? Recent evidence of offshoring and reshoring in Europe, Eurofound, Luxembourg 2016, Publications Office of the European Union.

**Figure 4**  
**Number of people covered by the EGF, by member state, 2007-2017**



Note: The number of workers receiving EGF assistance ranges from 17 586 in France to 460 in the Czech Republic.

Source: Authors' elaboration based on EGF actual cases.

tor (ERM) show that offshored jobs accounted for seven per cent of all announced job losses between 2003 and 2007, but this declined to four per cent between 2008 and 2010 and three per cent in 2015-2016. While estimates of actual job creation/destruction could be improved to shed more light on the relative importance of the EGF, data on sectoral employment shifts (see Figure 5) suggest where retraining activities ought to be focused to foster the movement of people between sectors and, if needed, between member states.<sup>16</sup> The health services sector (both public and private), together with the professional services and administrative services sectors, grew during the crisis and are still characterised by skill sets that are difficult to replace with automation.

### Looking ahead: How should the EGF be redesigned to support EU workers affected by trade liberalisation?

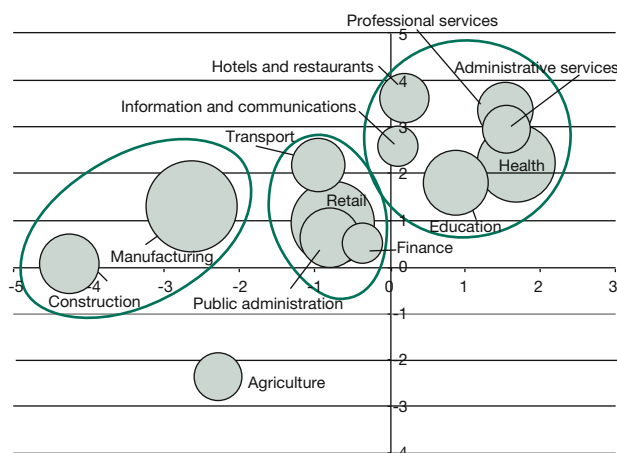
After decades of open trade and investment, coupled with technological developments and widespread global supply chains, maintaining open markets is more important than ever for the EU's economic competitiveness and leadership in world markets. However, as amply illustrated in the

<sup>16</sup> The EU has already set up a web portal that fosters and supports labour mobility across EU member states and EEA countries by providing language training, advice and information; see EURES – The European Job Mobility Portal, available at <https://ec.europa.eu/eures/public/en/homepage>.



**Figure 5**  
**Annual EU employment growth by sector, comparing 2008-2013 with 2013-2016**

in %



Note: Selected sectors. Q1 data in each year. The horizontal axis represents the annual percentage change in 2008-2013. The vertical axis represents the annual percentage change in 2013-2016. Bubble areas are scaled to sector employment in 2016 (for example, manufacturing = 33 million; hotels and restaurants = 10 million).

Source: Based on J. Hurley, D. Storrie, E. Peruffo: ERM annual report 2016: Globalisation slowdown? Recent evidence of offshoring and reshoring in Europe, Eurofound, Luxembourg 2016, Publications Office of the European Union, Figure 3.

preceding sections, such deep integration processes also create temporary, sector-specific and localised negative adjustment costs in the EU labour force. Denying this simple fact or assuming that labour markets work perfectly and that displaced workers find new jobs seamlessly jeopardises the very economic legitimacy that made globalisation and trade a major driving force for prosperity around the world.

Based on this premise, the founding rationale for the EGF, as one of the instruments offering a safety net for those workers that need to find a new job in a more efficient EU economy that is equipped to reap the benefits of global open markets, is stronger than ever. (See Box 1 for a mid-term evaluation of the EGF.)

Beyond this general argument, several other, more specific elements plead in favour of a stronger and more effective EGF. First, there is a coherence argument. Under the EU treaties, the Union's trade policy is an exclusive community competence. It is logical that at least part of the financial responsibility for the negative side effects induced by EU policies should also be borne by the EU budget.

Second, there is an economic argument. Some of the predicted benefits of the EU's trade policy would not mate-

rialise if the reallocation of capital and labour resources from less competitive firms/sectors to more competitive ones were not facilitated by active labour market policies such as the ones put in place thanks to the EGF.

Third, there is a cohesion argument. The EU's trade policy may lead to bigger gains being accrued in some member states, sectors or regions, while the adjustment costs are concentrated in other member states, sectors or regions. Having a trade-specific cohesion and redistribution instrument at the EU level that ensures that the losers in one member state can be compensated by the winners in another makes both political and economic sense.

Last but not least, there is a political argument in favour of having a reinforced response to both real and perceived trade-related costs for the EU labour force. Without such a credible response, the rise of protectionist and anti-trade sentiments will erode the very benefits of open markets that millions of EU firms, workers and consumers have come to enjoy.

Assuming these arguments provide a powerful rationale, what concrete improvements could lead to a reinforced EGF? First of all, the scope of the EGF should reflect the current evolution of globalisation and assist redundant workers who are suffering from the uneven distribution of its effects. The scope of the EGF could be broadened to include the effect not only of trade-related policies but also of innovation-driven globalisation. The revision of the EGF regulation for the MFF might be an opportunity to envisage new approaches.

In addition to its scope, some procedural elements of the EGF could be improved. One important element that has been seen by many as a procedural obstacle is the length of time needed to process an EGF application. One way to shorten this process is to make the EGF part of the EU's MFF and thus save precious months in approval procedures through the European Parliament and the Council on every single EGF application.

Further procedural improvements that could be more effectively used as part of the EGF mechanisms are the more forceful identification and advocating of "best EGF practices" across member states or sectors. The *ex post* evaluation carried out so far has identified certain initiatives which are very effective at ensuring a high re-employment rate and specific activities with optimal cost-benefit ratios. Such best practices can then be deployed and adopted by other member states.

The EGF could also improve its rate of utilisation. One reason often heard for member states' underutilisation of the EGF is the relatively high ratio of co-financing required from member states. For those member states with tight budget-

## Box 1

## The EGF mid-term evaluation report

The European Commission carried out a mid-term evaluation of the EGF's performance in EU member states as a basis for future reflections on how to improve the role of the EGF.<sup>1</sup> Although there are relatively few cases under assessment that can be used to run any significant econometric estimates (just 29 funded cases in ten member states in 2014 and 2015), the analysis can still provide useful insights thanks to other methodological tools, such as detailed case research, survey data provided by beneficiaries and open public consultation.

The most significant result of the analysis consists in the average re-employment rate across 13 cases that have completed the implementation of the EGF programmes, which was estimated at 56%. In the previous assessment, which was based on 73 EGF cases in the 2007-2013 period, the reported average rate was 49%.<sup>2</sup> Most interestingly, half of the respondents of the beneficiary survey were again in employment at the end of the implementation phase, 59% of whom had permanent jobs. It is difficult, however, to assess in a straightforward manner whether those people managed to relocate themselves to different sectors and whether they have been upskilled thanks to the EGF. What we know is that the EGF may have been helpful, but clearly its intervention cannot be seen as the only determinant of successful cases.

Interestingly, the report shows that there is no correlation between the re-employment rate and allocated funding. Other factors are also important for the successful reintegration of redundant workers, such as the education and skills profile of beneficiaries; the economic performance of the affected regions, including the rate of unemployment; and the responsiveness of the measures to the needs of beneficiaries. Another encouraging finding from the beneficiary survey reports is that in almost half of the case studies, re-employed workers successfully shifted between economic sectors. The number is probably lowered by the fact that many EGF beneficiaries were close to retirement age, reducing the motivation to relocate to different sectors.

Furthermore, in 50% of cases, EGF beneficiaries found a job for more than 12 months but, due to data limitations, it is not possible to disentangle the exact contribution of the EGF.<sup>3</sup> However, according to EGF beneficiary surveys, 64% of respondents said that the EGF increased the likelihood of them finding a new job. Demand-side factors such as the smooth functioning of domestic labour markets are also crucial to make any labour reallocation strategy successful. The role of the member states' authorities, as those mainly responsible for the application of the EGF and as coordinator and co-sponsor of active labour market policies, appears to be key to the success of the implementation phase. The chances of success are positively influenced by adequate knowledge of the application procedure, by well-established and targeted assistance and, most importantly, by well-functioning and pre-existing national restructuring framework programmes into which the EGF is integrated. Finally, the evaluation offers convincing evidence that even in countries where active labour market policies are already quite developed, the EGF's contribution remains essential to reinforce and improve their efficiency.

To conclude, although the case analysis is limited, the evidence shows that the EGF provides a substantial contribution to active labour market policies. The financial support allows domestic reallocation strategies to be reinforced and intensified. Much can still be done, however, to promote the use of the EGF in countries where restructuring programmes are not so well established.

1 T. Weber, I. Pavlovaite, R. Smith, M. Andrews: Ex-post evaluation of the European Globalisation Adjustment Fund (EGF), Final Report, DG Employment, Social Affairs and Inclusion, Luxembourg 2015, Publications Office of the European Union.

2 Ibid.

3 Given the timeline considered for this assessment, there are no data on long-term sustainability.

ary constraints and underdeveloped active labour market institutions, putting in place all the necessary resources for a successful EGF case can be quite demanding. This significantly reduces the number of requests for EGF assistance.

This can be addressed either directly (reducing the national co-financing rate) or indirectly. A potentially promising indirect way to reduce the burden for those member states eligi-

ble under the Cohesion Fund and that have tight budget constraints is to cover the national co-financing requirements under the EGF rules with Cohesion Funds. Using the Cohesion Fund to remove the budget constraint from EGF applications by certain member states would represent a very small fraction of the €63.4 billion available under the Cohesion Fund. Moreover, the objectives pursued under both funds can be very complementary, since in many cases improving the



transport infrastructure or the environmental sustainability of various manufacturing activities can provide for a natural transition of displaced workers to a related economic sector.<sup>17</sup>

The EGF could also facilitate the cross-border movement of workers (when they are willing to relocate) from shrinking sectors located in some member states to expanding ones in other member states. This should help the EGF to act as a shock absorber across sectors, offering a broad range of employment opportunities. In order to coordinate this process, social actors at the EU level can play an important role, allowing them to be more involved in the functioning of the EGF. For example, the European Trade Union Confederation expressed interest in being more actively involved and consulted in the functioning of the EGF from the very outset.<sup>18</sup>

One could also envisage a situation where the EGF could be more directly linked to certain trade policy instruments. For instance, in the specific anti-dumping cases in which, under the EU trade defence instrument rules, a decision is taken under the “Union interest test” not to pursue the anti-dumping proceedings despite evidence of negative effects on certain EU firms, the workers that would be negatively affected by the non-imposition of anti-dumping duties would then automatically qualify under the EGF rules for active labour market policies.

Finally, since the importance of self-employed workers is recognised in the EGF eligibility criteria, extending the Fund's coverage to SMEs and start-ups could create a promising new field that would also promote entrepreneurship, another key economic priority in which some EU member states lag behind.

Obviously, these are simply some generic proposals that would need to be discussed in greater detail with all the key stakeholders. As already indicated, some proposals are fairly straightforward, while others are less so. As always, not all possible ideas can be translated into policy priorities, but one thing is sure: as the EU's “Trade for all” strategy affirms, trade and jobs will remain key European priorities, and finding the optimal policy mix to ensure that benefits are well distributed across the EU is critical to ensuring that EU policies are in sync with the current concerns and future priorities of EU citizens.

17 The European Trade Union Confederation also emphasised the need for greater coordination between the various existing EU instruments, something that would also support the idea of combining different EU funds, whenever necessary. See European Trade Union Confederation: The ETUC welcomes the setting up of the European Globalisation Adjustment Fund but would like to see a reinforcement of the social partners' role in the process of reintegration into employment, ETUC press release, 1 March 2006, available at <https://www.etuc.org/press/etuc-welcomes-setting-european-globalisation-adjustment-fund-would-see-reinforcement-social#>.

18 Ibid.