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COVID-19 crisis led to doubling of EU restructuring job loss in first six months of 2020

The COVID-19 crisis has led to a doubling of restructuring job loss in the first half of 2020 compared to the rolling average. The labour market impacts have been highly selective, with two broad sectors – transport (including air transport) and hotels and restaurants – accounting for nearly half the overall announced job loss compared to less than 10% in ‘normal’ times. The new European Restructuring Monitor ‘ERM report 2020: Restructuring across borders’ reviews recent restructuring activity in the EU, from January 2019 up to and including the first impacts of the COVID-19 crisis. It also presents an

analysis of transnational restructuring cases – those that affect workers in more than one country.

Around 1 in 20 cases of large-scale restructuring are transnational, affecting activities in at least two countries, according to the report. The employment effects of such cases tend to be much larger and the restructuring processes longer and more complex. Large-scale transnational restructurings in the EU involve on average around 3,000 job losses.

While representing only 1 in 20 of the European Restructuring Monitor (ERM) database's 25,000 plus records, restructuring cases affecting workplaces in different jurisdictions and involving multinational enterprises (MNEs) may be of specific interest to policymakers, notably at European level. These enterprises account for nearly a quarter of jobs globally and an even higher share of output.

All restructuring activity is cyclical, with peaks coinciding with recessions, but transnational restructuring activity is particularly sensitive to the business cycle. Both the frequency of cases and the size of cases (in job losses) increases relatively faster during economic downturns, including that provoked by the COVID-19 crisis.

'Given their scale and their impact across Member State borders, including their potential to give rise to cross-border disputes in cases of production transfer, there is a strong rationale for EU involvement in monitoring transnational restructurings,' says **John Hurley**, senior research manager at Eurofound and co-author of the report. 'Funding instruments such as the EGF make provision for cross border applications, but in practice the majority of case applications for post-restructuring active labour market interventions tend to be national.'

More information

- Publication: [ERM report 2020: Restructuring across borders](#)
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