

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the telecom industry in Sweden

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Sweden facing redundancies in the manufacturing of computer, electronic and optical products.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in [Regulation \(EU\) No 1309/2013](#) of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

In this context, the Commission examined the EGF application from Sweden to mobilise the EGF and made the following comments:

Sweden - Application EGF/2017/007 SE/Ericsson: on 9 August 2017, Sweden submitted an application EGF/2017/007 SE/Ericsson for a financial contribution from the EGF, **following 2 338 redundancies in Ericsson** (*Telefonaktiebolaget LM Ericsson*) in Sweden out of whom 900 workers will be targeted. This enterprise operates primarily in the economic sector of the manufacture of computer, electronic and optical products.

In order to establish the link between the redundancies and cessations of activity and major structural changes in world trade patterns due to globalisation, Sweden argues that redundancies occurred in the hardware-centric business line of the telecom industry due to the negative growth in this sector for the company in Sweden, because of global competition.

The events leading to the redundancies and cessations are part of the restructuring and offshoring telecommunications companies to Asia (China and India) that started in 2014. According to data by Ericsson, the company has been gradually cutting staff in Sweden (from 21 178 in 2005, to 14 483 in June 2017).

Ericsson faces an uncertain future due to the structural changes that the industry has undergone because of globalisation and globalisation-induced increased competition from competitors, especially in Asia, who can undercut European prices.

Ericsson sees its competitive advantage rather in software development, and is trying to shift its focus in line with globalisation-induced demand issues. The enterprise is thus not only moving its production abroad but also shifting its focus from hardwarecentric production to service and software related sales. The share of this sector has grown to 67 % of production in 2016, from 50 % ten years

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Basis of Swedish application: Sweden submitted the application under the intervention criteria set out in Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State.

The reference period of four months for the application runs from 17 January 2017 to 17 May 2017.

The redundancies during the reference period is 1 990.

The estimated number of redundant workers expected to participate in the measures is **900**. The package of personalised services to be provided to dismissed workers include the following: (i) career guidance and planning (job search assistance); (ii) measures for disadvantaged groups; (iii) entrepreneurship support; (iv) education and training measures; (v) job search and mobility allowances.

BUDGETARY IMPLICATION: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, **the Commission proposes to mobilise the EGF for the amount of EUR 2 130 400**, representing 60 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the [Interinstitutional Agreement](#) of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the requested amount.