

Procedure file

Basic information		
BUD - Budgetary procedure	2016/2211(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT sector in Finland		
Subject 3.40.06 Electronics, electrotechnical industries, ICT, robotics 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.56 2016 budget		
Geographical area Finland		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgets	 SARVAMAA Petri	13/07/2016
	Committee for opinion	Rapporteur for opinion	Appointed
	 Employment and Social Affairs	The committee decided not to give an opinion.	
	 Regional Development	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Competitiveness (Internal Market, Industry, Research and Space)	3485	28/09/2016
European Commission	Commission DG	Commissioner	
	Budget	GEORGIEVA Kristalina	

Key events			
29/07/2016	Non-legislative basic document published	COM(2016)0490	Summary
12/09/2016	Committee referral announced in Parliament		
28/09/2016	Vote in committee		
28/09/2016	Draft budget approved by Council		
29/09/2016	Budgetary report tabled for plenary	A8-0273/2016	Summary
04/10/2016	Results of vote in Parliament		

04/10/2016	Decision by Parliament	T8-0366/2016	Summary
04/10/2016	End of procedure in Parliament		
20/10/2016	Final act published in Official Journal		

Technical information

Procedure reference	2016/2211(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/07168

Documentation gateway

Non-legislative basic document	COM(2016)0490	29/07/2016	EC	Summary
Committee draft report	PE587.428	30/08/2016	EP	
Amendments tabled in committee	PE589.289	19/09/2016	EP	
Budgetary report tabled for plenary, 1st reading	A8-0273/2016	29/09/2016	EP	Summary
Budgetary text adopted by Parliament	T8-0366/2016	04/10/2016	EP	Summary

Final act

[Decision 2016/1857](#)
[OJ L 284 20.10.2016, p. 0023](#) Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT sector in Finland

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone sector).

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the [multiannual financial framework for the years 2014-2020](#) provides that the EGF is not to exceed a maximum annual amount of EUR 150 million (2011 prices).

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](#).

Against this backdrop, the Commission examined the application to mobilise the EGF to assist Finland and expressed its position as follows:

Finland: EGF/2016/001 FI/Microsoft: on 11 March 2016, Finland submitted an application EGF/2016/001 FI/Microsoft for a financial contribution from the EGF, following redundancies in Microsoft (Microsoft Mobile Oy) and 8 suppliers and downstream producers in Finland.

Finland submitted its application within the 12 week deadline set out in the EGF Regulation. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 29 July 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that in recent years the distribution of ICT sector employment between the EU and other economies has developed to the detriment of the EU share. These effects were particularly felt in Finland, where the ICT sector plays a key role in the economy.

In 2014, the number of people employed by technology businesses in Finland decreased by 2 %, i.e. by over 5 000 employees. During the same period, the share of China and the United States in the ICT sector personnel of the developed countries increased, while the share of Europe decreased.

The mobile phone markets have developed under constant competition between different operating systems. During the first decade of the 2000s Nokia dominated the markets. Since then the Android operating system rapidly achieved a strong market position, while Microsoft failed to achieve a significant market share. This has led to growing imports into the Union.

Thus, the main reason behind the workforce reductions at Microsoft is the declining market share of its phones (Lumia) with the Microsoft Windows operating system. Android and iOS, the two US-designed operating systems used by various Asian based manufacturers, have risen to dominate the market in recent years.

The current application is the continuation of a series of previous applications from Finland, all revolving around the decline of Nokia in its country of origin.

To date, the NACE Division 62 sector has been the subject of two previous EGF applications, both based on trade related globalisation ([EGF/2013/001 FI/Nokia](#) and [EGF/2015/005 FI/Computer programming](#)).

Basis of the Finnish request: Finland submitted the application under the intervention criteria of 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, including workers made redundant by suppliers.

The reference period of four months for the application runs from 11 September 2015 to 11 January 2016. There were 2 035 redundancies within this reference period.

The redundancies during the reference period are as follows:

1 889 workers made redundant by Microsoft,

146 workers made redundant by eight suppliers and downstream producers.

In addition to the 2 035 workers already referred to, the eligible beneficiaries include 126 workers made redundant before or after the reference period of four months. These workers were all made redundant after the general announcement of the projected redundancies on 8 July 2015.

The total number of eligible beneficiaries is therefore 2 161.

The Commission proposes to mobilise the EGF for the amount of EUR 5 364 000.

FINANCIAL IMPLICATIONS: 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 5 364 000, 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 [Inter-institutional 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.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT sector in Finland

The Committee on Budgets adopted the report by Petri SARVAMAA (EPP, FI) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Union Solidarity Fund for an amount of EUR 5 364 000 in payment and commitment appropriations to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone sector).

Members recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis and to assist their reintegration into the labour market.

Finnish application: Finland submitted application EGF/2016/001 FI/Microsoft for a financial contribution from the EGF under the intervention criteria set out in Article 4(1)(a) of the EGF Regulation, following 2161 redundancies in Microsoft Mobile Oy and 8 of its suppliers and downstream producers in Finland, operating in the NACE Revision 2 division 62 (Computer programming, consultancy and related activities).

Members agreed with the Commission that the conditions set out in Article 4(1)(a) of the EGF Regulation are met and that, therefore, Finland is entitled to a financial contribution of EUR 5 364 000 under that Regulation, which represents 60 % of the total cost of EUR 8 940 000.

Nature of the redundancies: Members noted that the main reason behind the redundancies at Microsoft is the declining market share of its phones using the Microsoft Windows operating system from over 50 % in 2009 to 0.6 % in the second quarter of 2016.

They considered that the redundancies in Microsoft are linked with the trend that has affected the entire Finnish electronics industry since the decline of Nokia in its country of origin and for which four previous applications have been presented. Those events are directly linked to structural changes in world trade patterns due to globalisation.

Members also noted that redundancies are concentrated in NUTS 2 regions Helsinki-Uusimaa (FI1B), Etelä-Suomi (FI1C) and Länsi-Suomi, (FI197) and concern workers with highly varying competencies, 89 % of them between 30 and 54 years of age. However, the situation is already difficult as regards the unemployment situation of highly skilled and educated people, especially women who face a greater challenge in finding employment.

A package of personalised services: Member welcomed the fact that the Finnish authorities started providing the personalised services to the affected workers on 11 September 2015, well ahead of the application for the EGF support for the proposed coordinated package.

Finland is planning six types of measures for the redundant workers covered by this application:

- coaching measures and other preparatory measures;
- employment and business services;
- vocational labour training;
- pay subsidies;
- start-up grants;
- allowances for travel, overnight and removal costs, sufficient funds have been allocated to control and reporting.

Members noted that the Microsoft case will cooperate with Labour Mobility in Europe 2014/2020, which is a national EURES service development project. They noted that international recruitment events will be organised regionally in cooperation with EGF and EURES services. They welcomed such measures and the fact that the Finnish authorities are encouraging the redundant workers to fully benefit from their right to free movement.

It also noted that a national package of measures entitled "Models between the recruiting company and the retrenching company" has been launched within the European Social Fund and welcomed the efforts of the Finnish authorities to search for synergies with other actions funded by national or Union funds.

In parallel, Members noted that the Finnish authorities have confirmed that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that such actions are complementary to actions funded by the Structural Funds.

Lastly, they recalled that the financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT sector in Finland

The European Parliament adopted by 594 votes to 68, with 12 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Union Solidarity Fund for an amount of EUR 5 364 000 in payment and commitment appropriations to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone sector).

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Pay subsidies: Parliament noted that the pay subsidies will be between 30 and 50 % of the workers payroll costs and will be given for a period of 6 to 24 months. It called on Member States to pay strict attention when using pay subsidies to ensure that redundant workers hired with a subsidy are not replacing, in whole or in part, a position held previously by another employee at the company concerned. It called on the Commission to evaluate and provide information about the impact of the income support measures over a period of several years, to ensure that they are supporting high-quality employment and not being used to subsidise short-term, low-cost contracts.

Synergies with other actions: Parliament noted that the Microsoft case will cooperate with Labour Mobility in Europe 2014/2020, which is a national EURES service development project. It welcomed such measures and the fact that the Finnish authorities are encouraging the redundant workers to fully benefit from their right to free movement.

It also noted that a national package of measures entitled "Models between the recruiting company and the retrenching company" has been launched within the European Social Fund and welcomed the efforts of the Finnish authorities to search for synergies with other actions funded by national or Union funds.

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Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT sector in Finland

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for EUR 5 364 000 to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone sector).

NON-LEGISLATIVE ACT: Decision (EU) 2016/1857 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (following an application from Finland EGF/2016/001 FI/Microsoft).

CONTENT: under this Decision, the European Parliament and the Council decided to mobilise EUR 5 364 000 in commitment and payment appropriations under the European Globalisation Adjustment Fund in the framework of the 2016 budget.

This amount shall assist Finland financially in respect of redundancies in Microsoft (Microsoft Mobile Oy) and 8 suppliers and downstream producers.

Given that the application complies with the requirements for determining a financial contribution from the EGF as laid down in [Regulation \(EU\) No 1309/2013](#), the European Parliament and the Council have responded by granting the above-mentioned amount.

In brief, the European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.

[Council Regulation](#) (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF is not to exceed a maximum annual amount of EUR 150 million.

ENTRY INTO FORCE: the Decision shall enter into force on 20.10.2016 and shall apply from 11.10.2016.