

Procedure file

Basic information		
BUD - Budgetary procedure	2017/2231(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the retail trade sector in Finland		
Subject		
3.40.17 Manufactured goods		
4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)		
8.70.57 2017 budget		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		24/10/2017
		 POPA Răzvan	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
	REGI Regional Development	The committee decided not to give an opinion.	
European Commission	Council configuration	Meeting	Date
	Competitiveness (Internal Market, Industry, Research and Space)	3580	30/11/2017
European Commission	Commission DG	Commissioner	
	Employment, Social Affairs and Inclusion	THYSSEN Marianne	

Key events			
23/10/2017	Non-legislative basic document published	COM(2017)0618	Summary
26/10/2017	Committee referral announced in Parliament		
22/11/2017	Vote in committee		
23/11/2017	Budgetary report tabled for plenary	A8-0366/2017	Summary
30/11/2017	Results of vote in Parliament		
30/11/2017	Decision by Parliament	T8-0457/2017	Summary
30/11/2017	Draft budget approved by Council		
06/01/2018	Final act published in Official Journal		

Technical information	
Procedure reference	2017/2231(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/11352

Documentation gateway					
Non-legislative basic document		COM(2017)0618	23/10/2017	EC	Summary
Committee draft report		PE612.295	25/10/2017	EP	
Amendments tabled in committee		PE613.486	16/11/2017	EP	
Budgetary report tabled for plenary, 1st reading		A8-0366/2017	23/11/2017	EP	Summary
Budgetary text adopted by Parliament		T8-0457/2017	30/11/2017	EP	Summary

Final act	
Decision 2018/7 OJ L 003 06.01.2018, p. 0003 Summary	

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

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland facing redundancies in the retail sector.

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.

Finland: Application EGF / 2017/005 FI / Retail: on 12 June 2017, Finland submitted an application for a financial contribution from the EGF, following redundancies in retail trade (except motor vehicles and motorcycles) in the NUTS level 2 regions of Lansi Suomi, Helsinki-Uusimaa, Etelä-Suomi and Pohjois- ja Itä-Suomi in Finland.

Finland submitted the application within 12 weeks of the date on which the intervention criteria were met. 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 23 October 2017.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation Finland argued that retail trade is going through a period of major changes, due to globalisation (online trading).

Online shopping has a major impact on the sales of conventional department stores. The lead web-shops are in China, India and the US. In Finland online sales of retail products have increased by 34 % in the period 2010-2015. Finns tend to purchase more from foreign online stores than other Scandinavians. As a consequence the sales in the Finnish department stores decreased.

The number of customers in Anttila's department stores decreased annually by 10-20 %. In music, films, games and household appliances the sales collapsed in Anttila's department stores, due to digitisation and online trading.

In 2016, it had to file for bankruptcy. A notice of termination was given to all the 1 222 employees.

Stockmann, a traditional Finnish department store chain, known as seller of high end, top quality products, was faced with similar problems like Anttila, but to less extent.

The number of customers in Stockmann's department stores decreased by more than 40 % in 2012-2016. In the same period sales turnover decreased by 38 %.

There is also a major swap in retail jobs. While routine, full time jobs disappear, there are new openings, as part time jobs, with new skills. 43 % of retail staff is over the age of 45 years and without the skills mentioned.

Basis of the application: Finland submitted the application under the intervention criteria of Article 4(1)(b) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

During the reference period from 3 August 2016 to 3 May 2017, 1 660 workers were dismissed. In the Helsinki-Uusimaa region alone, there were 835 redundancies.

The estimated number of redundant workers expected to participate in the measures is 1 500, of which 23.7% are men and 76.3% are women.

BUDGETARY IMPLICATION: the estimated total costs are EUR 4 165 600, comprising: (i) expenditure for personalised services of EUR 3 906 600 and; (ii) expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 259 000.

The Commission proposes to mobilise the EGF for the amount of EUR 2 499 360, 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 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 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 retail trade sector in Finland

The Committee on Budgets adopted the report by R?zvan POPA (S&D, RO) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, amounting to EUR 2 499 360 in commitment and payment appropriations to assist Finland facing redundancies in the retail sector.

The European Globalisation Adjustment Fund (EGF) provides support to workers made redundant as a result of major structural changes in international trade as a result of globalisation or the global economic and financial crisis. It has a maximum annual budget of EUR 150 million for the period 2014-2020.

Finish application: Finland submitted its application for a financial contribution from the EGF under the intervention criteria set out in Article 4(1) of the EGF Regulation following 1 660 redundancies in retail trade (except motor vehicles and motorcycles) in the NUTS level 2 regions of Lansi Suomi, Helsinki-Uusimaa, Etelä-Suomi and Pohjois- ja Itä-Suomi in Finland.

Members agreed that the conditions set out in the EGF Regulation were met and that Finland is entitled to a financial contribution of EUR 2 499 360 under that Regulation, which represents 60 % of the total cost of EUR 4 165 600.

Reasons for the redundancies: the redundancies are linked to the increase in online sales of retail products in Finland, combined with the popularity of non-EU web-shops with Finnish consumers, which has led to a steady decrease in the sales of conventional Finnish department stores since 2014.

The dismissals occurred at two major Finnish department store chains and one subsidiary, which since 2015 have all experienced serious issues of declining profitability and deteriorating cash-flow due to the rise of e-commerce, changing shopping habits and weak consumer confidence. Members regretted that in early 2017 two of the companies concerned had to close down completely.

Package of personalised services: Finland is planning seven types of measures to be provided to redundant workers and for which EGF co-funding is requested:

- coaching measures and other preparatory measures;
- employment and other business measures;
- training courses;
- start-up grants;
- career coaching pilots;
- pay subsidies;
- allowances for travel and accommodation.

The income support measures will constitute 22.05 % of the overall package of personalised measures, well below the maximum 35 % set out in the EGF Regulation.

Lastly, Members called on the Commission to urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding.

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

The European Parliament adopted by 555 votes to 77, 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 Globalisation Adjustment Fund (EGF) following a request from Finland - EGF/2017/005 FI/Retail.

Parliament approved the proposal for a decision annexed to the resolution.

According to the Decision, EUR 2 499 360 in commitment and payment appropriations shall be mobilised for Finland under the European

Globalisation Adjustment Fund within the framework of the general budget of the Union for the financial year 2017, following redundancies in the retail sector in the Finnish regions of Länsi Suomi, Helsinki-Uusimaa, Etelä-Suomi and Pohjois- ja Itä-Suomi.

In its resolution, the Parliament recalled that the dismissals occurred at two major Finnish department store chains and one subsidiary, which since 2015 have all experienced serious issues of declining profitability and deteriorating cash-flow due to the rise of e-commerce, changing shopping habits and weak consumer confidence. Members regretted that in early 2017 two of the companies concerned had to close down completely.

Members noted that Finland is planning seven types of measures to be provided to redundant workers and for which EGF co-funding is requested: (i) coaching measures and other preparatory measures; (ii) employment and other business measures; (iii) training courses; (iv) start-up grants; (v) career coaching pilots; (vi) pay subsidies; (vii) allowances for travel and accommodation.

The income support measures will constitute 22.05 % of the overall package of personalised measures, well below the maximum 35 % set out in the EGF Regulation. 1 500 redundant workers are expected to participate in the measures.

Aware that a major change in the nature of retail jobs has occurred, with part-time jobs requiring new skills, such as IT, forecasting, data analysis, communication, customer knowledge and logistical skills, on the rise, Parliament regretted that 43 % of Finnish retail staff, who are over 45 years old, lack such skills. It awaits with interest an evaluation of the career coaching pilots that have been included for those over 50 years old, in particular women.

Parliament recalled that the design of the coordinated package of personalised services supported by the EGF should anticipate future labour market perspectives and required skills, and should be compatible with the shift towards a resource-efficient and sustainable economy.

Lastly, it called on the Commission to urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding.

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

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland facing redundancies in the retail sector.

NON-LEGISLATIVE ACT: Decision (EU) 2018/7 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Finland EGF/2017/005 FI/Retail.

CONTENT: with this Decision, the European Parliament and the Council mobilised the sum of EUR 2 499 360 in commitment and payment appropriations from the European Globalisation Adjustment Fund (EGF) under the 2017 budget.

This amount is granted in response to Finland's application for EGF mobilisation in connection with redundancies in 3 enterprises operating in the retail sector in the following regions: Länsi Suomi, Helsinki-Uusimaa, Etelä-Suomi and Pohjois- ja Itä-Suomi in Finland.

This application fulfils the conditions for a financial contribution from the EGF in accordance with [Regulation \(EU\) No 1309/2013](#). As a reminder, the 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. The EGF is not to exceed a maximum annual amount of EUR 150 million for the period 2014-2020.

ENTRY INTO FORCE: 6.1.2018. In order to minimise delay for the mobilisation of the EGF, the decision applies from the date of its adoption, i.e. 12.12.2017.