

# Mobilisation of the European Globalisation Adjustment Fund: redundancies in mobile phone sector

2007/2226(ACI) - 11/10/2007 - Non-legislative basic document

**PURPOSE:** to mobilise the European Globalisation Adjustment Fund following the application of two cases submitted by Germany and Finland concerning redundancies in the mobile phone sector.

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

**CONTENT:** the 2006 Inter-institutional Agreement allows for the mobilisation of the European Globalisation Adjustment Fund through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework. Regulation (EC) 1927/2007 sets the conditions of eligibility to the Fund. Two countries have submitted an application under the terms of this Agreement: Germany and Finland.

**Germany (Case EGF/2007/03/DE/BENQ):** in June 2007 the German authorities submitted, within the allocated 10 weeks deadline, an application concerning redundancies in two German subsidiaries of BenQ, which produces mobile phones and Inservio, which provides repair services for Siemens and BenQ mobile phones. In total 3 303 redundancies were made over a four month period. The redundancies were caused by the withdrawal, by BenQ, of all financial support to its two German subsidiaries. Having examined a possible link between the redundancies and the major structural changes in the world trade patterns of mobile phones, the Commission proposes to accept the application submitted by Germany. The Commission is of the view that enough evidence has been provided to show that these redundancies are indeed the result of major structural changes in world trade patterns, which in turn affects the local economy. A coordinated package of eligible personalised services for the amount of EUR 25 532 300 is therefore being proposed of which **the requested contribution of the EGF is EUR 12 766 150.**

**Finland (Case EGF/2007/04/FI/PERLOS):** in July 2007 the Finnish authorities submitted an application relating to small labour markets. The application demonstrates a total of 915 redundancies in Perlos between March 2007 and July 2007. The redundancies are a result of Perlos deciding to discontinue production activities in Finland and its decision to close down two of its factories in Joensuu and Kontiolahti by September 2007. Having examined a possible link between the redundancies and major structural changes in the world trade patterns of mobile phones, the Commission proposes to accept Finland's application relating to 915 redundancies caused by the closure of the Perlos plants and its subcontractors. The Commission is of the view that enough evidence has been provided showing that these redundancies are indeed the result of major structural changes in global mobile telephony markets, which has a direct impact on local economies. A coordinated package of eligible personalised services for the amount of EUR 4 057 075 is, therefore, being proposed, of which **the requested contribution of the EGF is EUR 2 028 538.**

**Financing:** the total annual budget for the European Globalisation Adjustment Fund stands at EUR 500 million. In 2007, EUR 3 816 280 has already been earmarked for two earlier application, leaving EUR 496 183 720 available. On the basis of the two applications for support from the Fund by Germany and Finland, total estimates are **EUR 14 794 688** to be allocated under heading 1a of the financial framework. This amount will leave more than 25% of the European Globalisation Adjustment Fund available for allocation during the last four months of the year.