

Mobilisation of the European Globalisation Adjustment Fund: redundancies in telecommunications sector in Germany

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for two cases of redundancies in the mobile phone sector in Germany.

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

CONTENT: Regulation (EC) No 1927/2006 established the European Globalisation Adjustment Fund (EGF) to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market (see [COD/2006/0033](#)).

The [Interinstitutional Agreement of 17 May 2006 on budgetary discipline](#) allows for the mobilisation of the Fund through a flexibility mechanism, within the annual ceiling of EUR 500 million.

The Commission has carried out a thorough examination of the application for mobilisation of the Fund submitted by **Germany** and made the following comments:

Case EGF/2009/002 DE / Nokia: the application was received by the Commission from the German authorities on 6 February 2009, based upon the specific intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006. The criteria require at least 1 000 redundancies over a four month period in an enterprise including workers made redundant in its suppliers and downstream producers. The application demonstrates that a total of 1 337 redundancies occurred in Nokia GmbH from 30 July 2008 to 29 November 2008.

Analysis of the link between the redundancies and the major structural changes in world trade patterns is based on the following information: the redundancies were caused by the decision of the telecommunications group Nokia to close its factory in Bochum and to delocalise production not only to China, but also to South Korea, India, Mexico and Brazil.

Repercussions: the territories concerned by the redundancies are the city of Bochum, the administrative region of Arnsberg. Germany states that the redundant workers fall within the competence of four local employment offices: Bochum, Gelsenkirchen, Recklinghausen and Dortmund, all of which have traditionally an unemployment rate that is significantly higher than in other parts of North Rhine Westphalia and in Germany. In the context of the current economic and financial crisis the employment situation in the affected areas seems particularly vulnerable, given the presence of the automotive (Opel) and steel industry. The Commission considers that the redundancies can be seen to have a significantly negative effect on the local economy.

In conclusion, it is proposed to accept application **EGF/2009/002 DE/Nokia** submitted by Germany, relating to the redundancies in Nokia GmbH. A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 5 553 850**.

IMPACT ASSESSMENT: not applicable.

FINANCIAL IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 7 523 850 has already been mobilised for prior applications in 2009 leaving an amount of EUR 492 476 150.

On the basis of the application for support from the Fund submitted by Germany in support of workers made redundant by Nokia GmbH, the total estimates of the coordinated package of personalised services to be funded is **EUR 5 553 850**.

The Commission therefore proposes to deploy the European Union Globalisation Adjustment Fund for a total amount of EUR 5 553 850, to be allocated under heading 1a of the financial framework, via the simplified triologue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006.

The Commission invites the first of the two arms of the Budgetary Authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions.