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

2012/2276(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 583 votes to 72, with 25 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 346 000** in commitment and payment appropriations to assist Finland in respect of redundancies in the mobile telephone sector.

Parliament recalls that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Finland has requested assistance for 1 000 redundancies at Nokia (Salo), Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, it agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Finland is therefore entitled to a financial contribution under this Regulation**.

Parliament acknowledges that in order to provide workers with immediate assistance, the Finnish authorities started the implementation of the social measures on 29 February 2012 – ahead of the final decision on granting the EGF support for the proposed coordinated package.

Parliament emphasises the key importance of adapted training and recognition of skills and competences gained throughout the professional career. It stresses that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, taking into account their social and economic background.

Members regret that the redundancies in Cluj in Romania (application EGF/2011/014/ RO/Nokia from Romania) and in Salo in Finland (this application) stem from a corporate decision of Nokia to move its production plants to Asia and are part of its plan to reduce global employment in Nokia Corporation by 17 000 workers by the end of 2013. They note that another EGF application is expected to cover the second round of dismissals in Nokia in Salo and therefore call on the Commission to clarify whether Nokia was involved in the creation of the package of services and the possible co-financing of the measures. Members highlight the fact that the Salo area was heavily dependant on Nokia as an employer and grew into a highly specialised region in information technology and communication technology. They also note that the dismissals in Nokia will seriously affect the local employment market, as it is expected that the unemployment rate may rise to 17% as a result of the current Nokia redundancies.

Intervention of the EGF and Nokia: Parliament regrets that the redundancies in Cluj in Romania (application EGF/2011/014/ RO/Nokia from Romania) and in Salo in Finland (this application) stem from a corporate decision of Nokia to move its production plants to Asia and are part of its plan to reduce global employment in Nokia Corporation by 17 000 workers by the end of 2013. It notes that another EGF application is expected to cover the second round of dismissals in Nokia in Salo and therefore calls on the Commission to clarify whether Nokia was involved in the creation of the package of services and the possible co-financing of the measures. Parliament highlights the fact that the Salo area was heavily dependant on Nokia as an employer and grew into a highly specialised region in information technology and communication technology. It also notes that the dismissals in Nokia will seriously affect the local

employment market, as it is expected that the unemployment rate may rise to 17% as a result of the current Nokia redundancies.

Lessons learnt from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the implementation of the EGF and requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. It also appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application, together with the proposal to mobilise the EGF. It hopes that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Parliament calls for reciprocity in trade between the EU and third countries as an essential condition for EU companies to gain access to new non European markets.

Members reiterate their usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and it should co-finance only active labour market measures which lead to **durable, long-term employment**;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

The issue of training and reskilling of Nokia workers: Parliament is concerned about the high cost of the coordinated package of personalised services (approximately 10 000 per worker) although the package contains innovative measures like protomo-matching service for new business start-ups. It highlights that financial allowances to be covered by the EGF are limited. It considers that the payment of subsistence allowances of EUR 7 500 per worker for 360 workers is excessive. It recalls that the EGF should in the future be primarily allocated to training and job search as well as occupational orientation programmes, and its financial contribution to allowances should always be of additional nature and in parallel to what is available to dismissed workers by virtue of national law or collective agreements.

Parliament regrets that there are no details concerning the types of training courses to be provided within the coordinated package and how these are matched with the local skills and qualification needs and possible areas of future growth in the region given the structural changes it is currently undergoing.

Insufficient budgetary resources: Parliament observes that, so far this year, 19 EGF mobilization cases have been submitted by the Commission to the budgetary authority on behalf of France, Spain, Denmark, the Netherlands, Austria, Romania, Sweden, Italy, Ireland, Germany and Finland to finance active labour market measures for 15 381 redundant workers, for the total amount of EUR 74 266 222 of EGF assistance.

Parliament regrets that for the second year in a row, payment appropriations have turned out to be insufficient to cover the funding requests for a whole year and the missing payment appropriations have to be marshalled though an amending budget by means of transfers from other budget lines. It believes that both these facts do not denote sound budgeting.

Parliament recalls that the EGF was created as a specific instrument to give an immediate and adequate response to mass redundancies due to the direct and indirect effects of globalisation. It emphasises that, without adequate appropriations, and in order to avoid systematic transfers from other budget lines, as has happened in the past, **neither the emergency nature of the EGF nor its integrity can be guaranteed.**

Parliament also regrets the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay.

Lastly, Parliament awaits the Commission’s response as to **whether Nokia** will be involved in the creation of the package of services and the possibility of **its involvement in the co-financing of the measures**.