Mobilisation of the European Globalisation Adjustment Fund: redundancies in the electronics industry in Finland

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PURPOSE: to mobilise the European Globalisation Adjustment Fund to assist Finland in respect of redundancies its electronics industry (mobile phone chipsets).

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 shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

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.

In this context, the Commission examined the application for mobilisation of the EGF to assist Finland and concluded the following:

Finland: EGF/2015/001 FI/Broadcom: on 30 January 2015, Finland submitted an application EGF/2015/001 FI/Broadcom for a financial contribution from the EGF, following redundancies in Broadcom Communications Finland and two suppliers or downstream producers in Finland.

Finland submitted its application within the **12 week deadline** laid down in the Regulation. The deadline within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 19 June 2015.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that in 2005, it is estimated that chipset development (the area in which Broadcom Communications Finland was active) provided employment for some 5 000 people in Europe. While the number of product development personnel in the industry increased globally (particularly in Asia and in the USA), it had dropped steeply in Europe where, by 2014, only a few hundred people were left.

The redundancies at Broadcom are linked with the trend that affects the entire Finnish electronics industry and culminated in Nokia's announcement of large-scale redundancies in 2011, 2012 and spring 2013.

To date, the NACE Revision 2 Division 46 (Wholesale trade, except of motor vehicles and motorcycles) has been the subject of two EGF applications (the other being EGF/2010/012 NL/Noord Holland ICT), both of which for ICT and based on trade related globalisation.

Basis of the Finnish application: 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 and downstream producers and/or self-employed persons whose activity has ceased.

The reference period of four months for the application runs from 11 August 2014 to 11 December 2014.

The redundancies during the reference period are as follows:

- 563 workers made redundant in Broadcom Communications Finland;
- 5 workers made redundant in two suppliers or downstream producers of Broadcom.

The total number of eligible beneficiaries is therefore 568.

Having examined this application, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 1 365 000**.

BUDGETARY IMPLICATION: 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 1 365 000, 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 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 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.