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

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The Committee on Budgets adopted the report by Marco ZANNI (EFDD, IT) on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, for an amount of **EUR 2 623 200** in commitment and payment appropriations in order to assist Finland in dealing with redundancies in its information technology (ICT) sector.

Members recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis and to assist their reintegration into the labour market.

Finnish application: Finland submitted application EGF/2015/005 FI/Computer Programming for a financial contribution from the EGF following 1 603 redundancies in 69 enterprises operating in the NACE Rev. 2 division 62 ('Computer programming, consultancy and related activities') in several NUTS level 2 regions covering the whole of Finland. An estimated 1 200 redundant workers are expected to participate in the measures.

Given that the conditions set out in point (b) of Article 4(1) of the EGF Regulation are met, Finland is entitled to a financial contribution for the workers made redundant.

Nature of the redundancies: Members noted that in recent years the distribution of ICT sector employment between the Union and other economies has developed to the detriment of the Union and underlined that while in 2008, the technology industry employed a total of 326 000 people in Finland, the number of people employed by such companies in 2014 was 276 000, which corresponds to an average decline per year of about 3%. The events giving rise to these redundancies are the developments affecting Nokia in recent years. They stated that developing and designing operating systems for Nokia mobile phones used to employ thousands of Finnish people and these functions have now been transferred to countries outside Europe. These redundancies will further aggravate the unemployment situation in the ICT sector in regions struggling with a high unemployment rate.

Members noted that redundancies in the ICT sector are affecting particularly the Oulu region in Northern Ostrobothnia where ICT sector has been a mainstay of the economy for years. They regretted that in spring 2015, there were approximately 1 500 unemployed jobseekers in the ICT sector in Northern Ostrobothnia and that in many cases unemployment has become prolonged as one third of unemployed people with a higher education degree have been without work for more than a year.

A package of personalised services: Members welcomed the fact that, in order to provide workers with speedy assistance, the Finnish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 August 2014, well ahead of the decision on the granting the EGF support for the proposed coordinated package.

Members noted that Finland is planning seven types of measures for redundant workers covered by this application:

1. coaching measures and other preparatory measures,
2. employment and business services,
3. training,
4. pay subsidies,
5. start-up grants,
6. steering towards entrepreneurship and services for new entrepreneurs,
7. allowances for travel, overnight and removal costs.

They welcomed the measures supporting entrepreneurship, in the form of start-up grants and measures steering towards entrepreneurship and services for new entrepreneurs. They considered that these measures will be more useful if they are provided in combination to the participants. They pointed out that a pay subsidy should preferably be provided to the dismissed workers only when the jobs offered to the participants comply with the adequate quality requirements in terms of skill level and duration of contract.

They noted that the authorities estimate that 18.31% of the costs will be used for allowances and incentives, which remains much below the maximum allowed 35% of all costs.

Appropriate and complementary measures: Members asked the Commission to further detail, in future proposals, the sectors in which the workers are likely to find employment and if the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals.

They expected the Commission to oversee and evaluate the use of the money granted and to use this information in future applications to further direct the use of EGF to align it with ideas of performance based budgeting.

Lastly, Members noted that the Finnish authorities confirm that the eligible actions do not receive assistance from other Union financial instruments.