Mobilisation of the European Globalisation Adjustment Fund: redundancies in telecom hardware production in Sweden

2016/2214(BUD) - 04/10/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 594 votes to 71, with 10 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 3 957 918** in commitment and payment appropriations to assist Sweden affected by redundancies in the telecommunications sector.

Parliament recalled that the Union has 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.

Swedish application: Sweden submitted application EGF/2016/002 SE/Ericsson for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 26 (Manufacture of computer, electronic and optical products) mainly in the NUTS level 2 regions of Stockholm, Östra Mellansverige, Sydsverige and Västsverige. 918 out of 1556 redundant workers eligible for the EGF contribution are expected to participate in in the measures.

The application was submitted under the intervention criteria of point (a) of Article 4(1) 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.

Therefore, Sweden is eligible for a financial contribution.

Nature of the redundancies: Parliament revealed that the IT and telecommunication industries are dominated by Asian manufacturers which have become an outsourcing destination. Ericsson has gradually been cutting staff in Sweden (from 21 178 in 2005 to 17 858 in 2014), but in the meantime been growing tremendously worldwide (from 56 055 in 2005 to 118 055 in 2014).

It also emphasised that the regions affected are faced with a relatively large group of older workers with similar backgrounds who have been made redundant at the same time and that most of them, particularly those located in Kista, the town with the highest number of redundancies, do not possess the skills sought by the local labour market.

A package of personalised services: Parliament recalled the diversity of employees, both blue- and white-collar, affected by the redundancies. It is concerned that some workers face a labour market with rather low demand in traditional manufacturing industries. It recognised that most of the affected white-collar workers are engineers, some of whom are specialised in niches that are unique to Ericsson.

It also recognised that most of the affected white-collar workers are engineers, some of whom are specialised in niches that are unique to Ericsson. They noted that the EGF co-funded personalised services for the redundant workers include:

- counselling and career guidance;

- sheltered and supported employment and rehabilitation measures;
- education and training;
- job search allowances.

It welcomed the special emphasis that will be placed on participants aged 50 and above when providing motivational coaching and career planning.

It noted that the income support measures amount to 33.92 % of the overall package of personalised measures, close to the maximum 35 % set out in the EGF Regulation.

These actions are **conditional on the active participation of the targeted beneficiaries in job-search or training activities**. Parliament called on the Commission to further set out, 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.

It noted that the Swedish authorities have confirmed that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that those actions are complementary to actions funded by the Structural Funds.

It also recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor of measures for restructuring companies or sectors.