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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland faced with redundancies in its ICT sector.

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

CONTENT: 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 to mobilise the EGF to assist the Netherlands and stated that:

Finland: EGF/2016/008 FI/Nokia Network Systems: on 22 November 2016, Finland submitted an application EGF/2016/008 FI/Nokia Network Systems for a financial contribution from the EGF, following redundancies in Nokia Oy (Nokia Network Systems) and 3 suppliers and downstream producers in Finland.

Finland submitted the application within **12 weeks** of the date on which the intervention criteria were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 7 April 2017.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that the ICT sector is one of those industrial sectors most susceptible to changes in global economy, due to high competition, rapid technological progress and innovations, mergers, acquisitions and outsourcing.

In the ICT sector outsourcing of component manufacturing and in general manufacturing processes was the response of European manufacturers to the growing need of gaining a competitive advantage in a fast changing competition, mostly from East Asia.

The sector has been hit by falling prices and lower demand from telecom carriers. The competition between employees from the EU and from outside the EU is intensive.

In recent years Nokia Oy established a joint venture with Siemens for network technologies, agreed on selling some of its businesses to Microsoft and merged with Alcatel, in order to compete with bigger rivals in the network communication business.

In 2016, Nokia Oy reported on reductions in personnel.

The persons who became unemployed from Nokia Oy in 2016 are highly (40%) and medium qualified (60%). They worked in programming and designing.

To date, the `Manufacture of computer, electronic and optical products` sector has been the subject of 15 EGF applications, 12 of which based on trade related globalisation and 3 on the global financial and economic crisis. Three applications from the 15 were submitted by Finland.

Basis of the application from Finland: 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 a Member State, including workers made redundant by suppliers and downstream producers.

The reference period of four months for the application runs from 2 June 2016 to 2 October 2016.

The total number of eligible beneficiaries is **945**.

FINANCIAL 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 2 641 800, 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 above-mentioned.

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.