

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 in respect of redundancies in the mobile phone sector using Microsoft technology.

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](#).

Against this background, the Commission examined the application to mobilise the EGF to assist Finland and made the following comments:

Finland: EGF/2017/002 FI/Microsoft 2: on 1 February 2017, Finland submitted application EGF/2017/002 FI/Microsoft 2 for a financial contribution from the EGF following redundancies at Microsoft (Microsoft Mobile Oy) and 11 suppliers and downstream producers.

Finland submitted its application within the **12-week period** laid down in the Regulation. The deadline by which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution will expire on 21 June 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 main reason behind the workforce reductions is the worldwide competition in the mobile phone sector and the consequent loss of market share by Microsoft Mobile Oy (and its Windows based operating system).

After the acquisition of the mobile phone business of Nokia by Microsoft (US), Microsoft Mobile Oy was established in 2014, with its headquarters in Espoo, Finland. Approximately 4 700 Nokia employees were transferred to Microsoft Mobile Oy in Finland.

However, Microsoft's Windows operating system has seen its market share collapse, accounting for only 0.8 % in 2016, while Android and iOS (Apple) operating systems market share will increase by up to 82.2 % and 14.6 % respectively in 2016. In addition, the competitors offer cheaper hardware and operating system products, which are very attractive to new customers in the emerging markets and also in Europe.

In May 2016, Microsoft announced the reduction of up to 1 350 jobs at Microsoft Mobile Oy in Finland. 550 employees lost their job in the Helsinki-Uusimaa region, 500 in the Pirkanmaa area (Länsi-Suomi region) and 300 in Salo (Etelä-Suomi region).

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.

The reference period runs from 12 July 2016 to 12 November 2016.

The total number of eligible beneficiaries is **1 248**.

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 3 520 080**, 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 amount requested.

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.