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

2017/2231(BUD) - 23/10/2017 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland facing redundancies in the retail 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.

Finland: Application EGF / 2017/005 FI / Retail: on 12 June 2017, Finland submitted an application for a financial contribution from the EGF, following **redundancies in retail trade** (except motor vehicles and motorcycles) in the NUTS level 2 regions of Lansi Suomi, Helsinki-Uusimaa, Etelä-Suomi and Pohjois- ja Itä-Suomi 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 23 October 2017.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation Finland argued that retail trade is going through a period of major changes, due to globalisation (online trading).

Online shopping has a major impact on the sales of conventional department stores. The lead web-shops are in China, India and the US. In Finland online sales of retail products have increased by 34 % in the period 2010-2015. **Finns tend to purchase more from foreign online stores than other Scandinavians**. As a consequence the sales in the Finnish department stores decreased.

The number of customers in **Anttila**`s department stores decreased annually by 10-20 %. In music, films, games and household appliances the sales collapsed in Anttila`s department stores, due to digitisation and online trading.

In 2016, it had to file for bankruptcy. A notice of termination was given to all the 1 222 employees.

Stockmann, a traditional Finnish department store chain, known as seller of high end, top quality products, was faced with similar problems like Anttila, but to less extent.

The number of customers in Stockmann`s department stores decreased by more than 40 % in 2012-2016. In the same period sales turnover decreased by 38 %.

There is also a major swap in retail jobs. While routine, full time jobs disappear, there are new openings, as part time jobs, with new skills. 43 % of retail staff is over the age of 45 years and without the skills mentioned.

Basis of the application: Finland submitted the application under the intervention criteria of Article 4(1)(b) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of nine months in enterprises operating in the same economic sector defined at NACE Revision 2 Division and located in one region or two contiguous regions defined at NUTS 2 level in a Member State.

During the reference period from 3 August 2016 to 3 May 2017, **1 660 workers were dismissed**. In the Helsinki-Uusimaa region alone, there were 835 redundancies.

The estimated number of redundant workers expected to participate in the measures is 1 500, of which 23.7% are men and 76.3% are women.

BUDGETARY IMPLICATION: **the estimated total costs are EUR 4 165 600**, comprising: (i) expenditure for personalised services of EUR 3 906 600 and; (ii) expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 259 000.

The Commission proposes to **mobilise the EGF for the amount of EUR 2 499 360**, 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 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 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.