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

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The Committee on Budgets adopted the report by Rzvan POPA (S&D, RO) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, amounting to EUR 2 499 360 in commitment and payment appropriations to assist Finland facing redundancies in the retail sector.

The European Globalisation Adjustment Fund (EGF) provides support to workers made redundant as a result of major structural changes in international trade as a result of globalisation or the global economic and financial crisis. It has a maximum annual budget of EUR 150 million for the period 2014-2020.

Finish application: Finland submitted its application for a financial contribution from the EGF under the intervention criteria set out in Article 4(1) of the EGF Regulation following 1 660 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.

Members agreed that the conditions set out in the EGF Regulation were met and that Finland is entitled to a financial contribution of **EUR 2 499 360** under that Regulation, which represents 60 % of the total cost of EUR 4 165 600.

Reasons for the redundancies: the redundancies are linked to the increase in online sales of retail products in Finland, combined with the popularity of non-EU web-shops with Finnish consumers, which has led to a steady decrease in the sales of conventional Finnish department stores since 2014.

The dismissals occurred at two major Finnish department store chains and one subsidiary, which since 2015 have all experienced serious issues of declining profitability and deteriorating cash-flow due to the rise of e-commerce, changing shopping habits and weak consumer confidence. Members regretted that in early 2017 two of the companies concerned had to close down completely.

Package of personalised services: Finland is planning seven types of measures to be provided to redundant workers and for which EGF co-funding is requested:

- coaching measures and other preparatory measures;
- employment and other business measures;
- training courses;
- start-up grants;
- career coaching pilots;
- pay subsidies;
- allowances for travel and accommodation.

The income support measures will constitute 22.05 % of the overall package of personalised measures, well below the maximum 35 % set out in the EGF Regulation.

Lastly, Members called on the Commission to urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding.