

# Mobilisation of the European Globalisation Adjustment Fund for Displaced Workers: application EGF/2025/003 SE/Northvolt – Sweden

2025/0326(BUD) - 28/10/2025 - Non-legislative basic document

**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) to assist Sweden facing displacements in Northvolt (Northvolt AB) and its subsidiaries as well as in 13 subcontractors, suppliers and downstream producers in Sweden.

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

**CONTENT:** on 16 June 2025, Sweden submitted application EGF/2025/003 SE/ **Northvolt** for a financial contribution from the EGF, following displacements in Northvolt (Northvolt AB) and its subsidiaries as well as in 13 subcontractors, suppliers and downstream producers in Sweden.

Following its assessment of this application, the Commission concluded that the conditions for awarding a financial contribution from the EGF are met.

## ***Basis of the application***

Sweden submitted the application under the intervention criterion set out in Article 4 of Regulation (EU) 2021/691, which requires the cessation of activity of at least 200 displaced workers over a reference period of four months, in an enterprise in a Member State, including where this cessation of activity concerns displaced workers at downstream suppliers or producers and/or self-employed workers.

The four-month reference period for the application runs from 28 November 2024 to 28 March 2025.

The cessation of activity during the reference period concerns **5 561 displaced workers** at Northvolt and **268** displaced workers at 8 subcontractors, suppliers and producers downstream of Northvolt.

## ***Events that led to the displacements and cessation of activity***

The event giving rise to these displacements is a major restructuring event concerning Northvolt AB, followed by the bankruptcy of the enterprise. As a knock-on effect, a further smaller wave of job displacements hit the enterprise's subcontractors, suppliers, and downstream producers.

In an attempt to establish a European battery industry to reduce dependence on Chinese manufacturers, Northvolt AB was founded by private investors in 2016. This factory, called Northvolt Ett (Northvolt One), was set-up with the aim to manufacture lithium-ion batteries for electric cars and for storing energy. Further, Northvolt Labs was established as a research campus in the municipality of Västerås.

Northvolt Ett was opened in June 2022. However, severe problems in the production process (only 0.5%) quickly became apparent causing major clients of Northvolt forced to cancel their orders.

At the same time, Chinese battery producers could sell batteries at half price compared to Northvolt, due to state subsidies. As a consequence of a strategic review, in September 2024, Northvolt announced extensive staff cuts, with a total of 1 600 employees being given notice of termination. It declared bankruptcy in March 2025 and production ceased in May 2025.

In August 2025, the American start-up Lyten announced its intention to resume operations, but the date of a possible resumption of production and the number of rehires remain unknown.

Northvolt's bankruptcy is the largest bankruptcy in Sweden in modern times. The job displacements occurred at Northvolt's sites in Skellefteå, Västerås and Stockholm. The impact on the city of Skellefteå (population of 36 000 in the city and 77 000 in the municipality) is severe. Therefore, the Swedish authorities decided to focus the EGF assistance on Skellefteå.

Following Northvolt's bankruptcy, unemployment rose sharply to 8.2% in April 2025. The anticipated brain-drain resulting from job relocations is a significant concern. Many of the laid-off workers possess specialised skills in battery production and engineering. Targeted measures may be needed to help these individuals find new roles in other expanding industries in the region. Targeted measures may be needed to help these people find new roles in other growing industries in the region.

### ***Beneficiaries***

An estimated **5 800** laid-off workers are expected to participate in the measures (71.1% men and 28.9% women).

The **personalised services** to be provided to displaced workers include the following actions: i) in-depth assessment and individual planning; ii) job search activities and coaching; iii) support for business creation; iii) start-up investment support; iv) labour market training; v) training courses within regular education system; vi) steps towards employment for particularly vulnerable beneficiaries; vii) allowances; viii) digital and green skills.

### ***Budget proposal***

The total estimated cost amounts to EUR 14 210 537; this corresponds to expenses for personalised services amounting to EUR 13 663 977 and expenses to finance preparation, management, information and publicity activities, as well as control and reporting activities, amounting to EUR 546 560.

Having examined the application, the Commission proposes to mobilise the EGF for an amount of **EUR 8 526 322**, representing 60% of the total cost of the proposed measures, in order to make a financial contribution to the application.