Basic information

2012/2275(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mobile phone sector in Romania **Subject** 3.40.06 Electronics, electrotechnical industries, ICT, robotics 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Romania	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	NEYNSKY Nadezhda (PPE)	24/10/2012
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	3207	2012-12-06

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
19/10/2012	Non-legislative basic document published	COM(2012)0618	Summary
19/11/2012	Committee referral announced in Parliament		
06/12/2012	Draft budget approved by Council		
10/12/2012	Vote in committee		
11/12/2012	Budgetary report tabled for plenary	A7-0414/2012	Summary
12/12/2012	Decision by Parliament	T7-0491/2012	Summary
12/12/2012	Results of vote in Parliament		
12/12/2012	End of procedure in Parliament		
12/01/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2275(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/11069

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE498.142	29/10/2012	
Amendments tabled in committee		PE500.375	08/11/2012	
Budgetary report tabled for plenary, 1st reading		A7-0414/2012	11/12/2012	Summary
Budgetary text adopted by Parliament		T7-0491/2012	12/12/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0618	19/10/2012	Summary

Additional information

Source	Document	Date

Final act

Decision 2013/0015
OJ L 008 12.01.2013, p. 0014 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mobile phone sector in Romania

2012/2275(BUD) - 19/10/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the mobile phone manufacturing industry in Romania.

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

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Romania to mobilise the EGF. The main elements of the assessment are as follows:

Romania: EGF/2011/014 RO/Nokia: on 22 December 2011 Romania submitted application EGF/2011/014 RO/Nokia for a financial contribution from the EGF, following redundancies in *SC Nokia Romania SRL* and one supplier in Romania. The application was supplemented by additional information up to 22 August 2012.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Romania argues that in the last several years there has been a general tendency in Europe for the IT sector to move to Asia. In order to respond to the challenges of the markets, the headquarters of Nokia Corporation in Finland elaborated a strategy to move its production sites as close to the markets as possible. The primary reason for the redundancies is the transfer of functions within the sector to third countries outside Europe. Assembly of mobile phones, previously carried out in Cluj and Salo5, has been relocated to Asia (China, South Korea, India and Vietnam, where a new Nokia plant is under construction).

Statistics also show that the growth in sales of mobile services and devices volumes by geographic area is significantly higher in Greater China and Latin America, with a year on year change of 13 % and 21 % respectively, than in Europe, where the year on year change for 2010/2011 was -2 %. The Romanian authorities quote the Nokia Corporation report for Q4 of 2011 where intentions to reduce the global workforce by approximately 17 000 by the end of 2013 are expressed and the opening of a new production site near Hanoi in the north of Vietnam is planned.

Romania submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers. The application cites 1 809 redundancies in *SR Nokia Romania SRL* and 95 in one supplier during the four-month reference period from 21 August 2011 to 21 December 2011.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met. On the basis of the application from Romania, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 2 942 680**, representing 65 % of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of EUR 2 942 680, to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trilogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal trilogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations from the EGF budget line will be used to cover the amount needed for the application in question.

Source of payment appropriations: the amount of payment appropriations initially entered on the budget line 04 05 01 in 2012 will be fully consumed after the adoption by the two arms of the budgetary authority of the proposals submitted to date for mobilising the EGF and therefore insufficient to cover the amount needed for the present application. A reinforcement of the payment appropriations of the EGF budget line will be requested either through a transfer, in case a source of available appropriations can be identified, or an Amending budget. Appropriations from this budget line will be used to cover the amount of EUR 2 942 680 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mobile phone sector in Romania

2012/2275(BUD) - 11/12/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Nadezhda NEYNSKY (EPP, BG) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 942 680** in commitment and payment appropriations to assist Romania in respect of redundancies in the mobile telephone sector.

Members recall that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Romania has requested assistance for 1 904 redundancies, 1 416 of which are targeted for assistance in SC Nokia Romania SRL and one supplier in Romania, Members request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Romania is therefore entitled to a financial contribution under this Regulation**.

Members recall that in order to provide workers with immediate assistance, the Romanian authorities decided to start the implementation of the measures on 8 December 2011 - ahead of the final decision about granting EGF support for the proposed coordinated package.

Members also recall the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences developed throughout workers' professional careers. They expect the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the current business environment.

They regret that the redundancies in Cluj in Romania and in Salo in Finland (application EGF/2012/006/ FI/Nokia from Finland) stem from a corporate decision of Nokia to move its production plants to Asia and are part of its plan to reduce global employment in Nokia Corporation by 17 000 workers by the end of 2013. They indicate that another EGF application is expected to cover the second round of dismissals in Nokia in Salo and therefore call on the Commission to clarify to what extent Nokia itself financially supports the redundancy programme. They note that the impact of Nokia dismissals on employment in the region is considerable.

Lessons learnt from the implementation of the EGF: Members highlight the fact that lessons should be learned from the implementation of the EGF and request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. They also appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application, together with the proposal to mobilise the EGF. They hope that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Members call for reciprocity in trade between the EU and third countries as an essential condition for EU companies to gain access to new non European markets.

Members reiterate their usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and it should co-finance only **active labour market measures which lead to durable, long-term employment**;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

Members welcome the fact that following their requests, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument, with its own objectives and deadlines, and therefore deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past.

They await the Commission's response as to whether **Nokia** was involved in the creation of the package of services and t**he possibility of its involvement in the co-financing of the measures**.

Members also regret the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. They call on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mobile phone sector in Romania

2012/2275(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 578 votes to 70, with 23 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 942 680** in commitment and payment appropriations to assist Romania in respect of redundancies in the mobile telephone sector.

Members recall that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Romania has requested assistance for 1 904 redundancies, 1 416 of which are targeted for assistance in SC Nokia Romania SRL and one supplier in Romania, Members request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Romania is therefore entitled to a financial contribution under this Regulation**.

Parliament recalls that in order to provide workers with immediate assistance, the Romanian authorities decided to start the implementation of the measures on 8 December 2011 - ahead of the final decision about granting EGF support for the proposed coordinated package.

Parliament also recalls the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences developed throughout workers' professional careers. It expects the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the current business environment.

Intervention of the EGF and Nokia: Parliament points out that the EGF has already acted in favour of 1 337 workers dismissed as a result of the re-location of Nokia from Germany to Romania in 2008 and that, three years later, **the EGF must act again** as the production plant opened in Cluj, following the closure in Germany, was closed down in 2011 as a result of re-location to Asia.

Parliament regrets that the redundancies in Cluj in Romania and in Salo in Finland (application EGF/2012/006/ FI/Nokia from Finland) stem from a corporate decision of Nokia to move its production plants to Asia and are part of its plan to reduce global employment in Nokia Corporation by 17 000 workers by the end of 2013. It indicates that another EGF application is expected to cover the second round of dismissals in Nokia in Salo and therefore calls on the Commission to clarify to what extent Nokia itself financially supports the redundancy programme. It notes that the impact of Nokia dismissals on employment in the region is considerable.

Lessons learnt from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the implementation of the EGF and requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF.** It also appreciates the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application, together with the proposal to mobilise the EGF. It hopes that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Parliament calls for reciprocity in trade between the EU and third countries as an essential condition for EU companies to gain access to new non European markets.

Parliament reiterates its usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and it should co-finance only active labour market measures which lead to **durable, long-term employment**;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

EGF financing: Parliament welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument, with its own objectives and deadlines, and therefore

deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past. It awaits the Commission's response as to whether **Nokia** was involved in the creation of the package of services and the possibility of its **involvement in the co-financing of the measures**.

Parliament also regrets the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mobile phone sector in Romania

2012/2275(BUD) - 12/12/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the mobile phone manufacturing industry in Romania.

NON-LEGISLATIVE ACT: Decision 2013/15/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/014 RO/Nokia from Romania).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 2 942 680** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount will assist Romania hit by redundancies in SC Nokia Romania SRL and one of its suppliers.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006 (EGF), the abovementioned amount has been granted to Romania to meet its request.

To recall, the European Globalisation Adjustment Fund (EGF) aims to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 allows for the mobilisation of the Fund through a flexibility mechanism, within the annual ceiling of EUR 500 million.