Basic information

2012/2276(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the mobile phone sector in Finland **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** Finland	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	SOUSA Alda (GUE/NGL)	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)0619	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	A7-0418/2012	Summary
12/12/2012	Decision by Parliament	T7-0493/2012	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	2012/2276(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/7/11065

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE498.143	29/10/2012	
Amendments tabled in committee		PE500.381	08/11/2012	
Budgetary report tabled for plenary, 1st reading		A7-0418/2012	11/12/2012	Summary
Budgetary text adopted by Parliament		T7-0493/2012	12/12/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0619	19/10/2012	Summary

Additional information

Source	Document	Date

Final act

Decision 2013/0019
OJ L 008 12.01.2013, p. 0018 Summary

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

2012/2276(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 industry in Finland.

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 Finland to mobilise the EGF. The main elements of the assessment are as follows:

Finland: EGF/2012/006 FI/Nokia Salo: on 4 July 2012, Finland submitted application EGF/2012/006 FI/Nokia Salo for a financial contribution from the EGF, following redundancies in *Nokia plc* (Salo) in Finland. The application was supplemented by additional information on 21 August 2012.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that the current difficulties of *Nokia, Nokia Siemens Networks*, almost all subcontractors and the affected regions go back to February 2011. At that time, *Nokia* announced a significant change in the company's strategy and launched an extensive cooperation with *Microsoft* with regard to the use of Microsoft Windows Phone as its primary smartphone operating system, while keeping *Nokia's* own Symbian operating system as a software platform in lower priced phones until the end of 2016. The demand for Symbian phones has meanwhile dropped considerably, and the development and maintenance operations based on the Symbian system will therefore be discontinued.

The intention was to keep the *Nokia* Salo plant operational while reducing the company's personnel by some 12 % in offices all around the world. This led to the closure of the plant in Cluj, Romania (September 2011), for which another EGF application was presented. Further redundancies are already planned, and a follow-up application from Finland for the next wave of redundancies is expected.

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 Salo and Cluj, has been offshored to Asia (China, South Korea, India and Vietnam, where a new Nokia plant is under construction). The purpose of the transfer of assembly operations to Asia is to expedite the entry of devices into the market even if, at present, *Nokia* is losing its position in its most important markets of China and India, where several companies manufacturing cheap phones are increasing their market shares. At its height, the electronics and electrotechnical industry provided employment to more than 60 000 people in Finland, but by the end of 2012, this number will have fallen to 50 000.

Finland 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 1 000 redundancies in *Nokia plc* (Salo) during the four-month reference period from 1 March 2012 to 1 July 2012.

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 Finland, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 5 346 000**, representing 50% 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 5 346 000, 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.

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 Finland's application. **An increase in 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 5 346 000 needed for the present application.

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

2012/2276(BUD) - 11/12/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Alda SOUSA (GUE/NGL, PT) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 346 000** in commitment and payment appropriations to assist Finland 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 Finland has requested assistance for 1 000 redundancies at Nokia (Salo), 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, **Finland is therefore entitled to a financial contribution under this Regulation**.

Members acknowledge that in order to provide workers with immediate assistance, the Finnish authorities started the implementation of the social measures on 29 February 2012 – ahead of the final decision on granting the EGF support for the proposed coordinated package.

They emphasise the key importance of adapted training and recognition of skills and competences gained throughout the professional career. They stress that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, taking into account their social and economic background.

Members regret that the redundancies in Cluj in Romania (application EGF/2011/014/ RO/Nokia from Romania) and in Salo in Finland (this application) 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 note 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 whether Nokia was involved in the creation of the package of services and the possible co-financing of the measures. Members highlight the fact that the Salo area was heavily dependant on Nokia as an employer and grew into a highly specialised region in information technology and communication technology. They also note that the dismissals in Nokia will seriously affect the local employment market, as it is expected that the unemployment rate may rise to 17% as a result of the current Nokia redundancies.

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.

The issue of training and reskilling of Nokia workers: Members are concerned about the high cost of the coordinated package of personalised services (approximately 10 000 per worker) although the package contains innovative measures like protomo-matching service for new business start-ups. They highlight that financial allowances to be covered by the EGF are limited. They consider that the payment of subsistence allowances of EUR 7 500 per worker for 360 workers is excessive. They recall that the EGF should in the future be primarily allocated to training and job search as well as occupational orientation programmes, and its financial contribution to allowances should always be of additional nature and in parallel to what is available to dismissed workers by virtue of national law or collective agreements.

Members regret that there are no details concerning the types of training courses to be provided within the coordinated package and how these are matched with the local skills and qualification needs and possible areas of future growth in the region given the structural changes it is currently undergoing.

Insufficient budgetary appropriations: Members regret that for the second year in a row, payment appropriations have turned out to be insufficient to cover the funding requests for a whole year and the missing payment appropriations have to be marshalled though an amending budget by means of transfers from other budget lines. They believe that both these facts do not denote sound budgeting.

Members recall that the EGF was created as a specific instrument to give an immediate and adequate response to mass redundancies due to the direct and indirect effects of globalisation. They emphasise that, without adequate appropriations, and in order to avoid systematic transfers from other budget lines, as has happened in the past, **neither the emergency nature of the EGF or its integrity can be guaranteed**.

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.

Lastly, they await 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**.

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

2012/2276(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 583 votes to 72, with 25 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 346 000** in commitment and payment appropriations to assist Finland in respect of redundancies in the mobile telephone sector.

Parliament recalls 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 Finland has requested assistance for 1 000 redundancies at Nokia (Salo), Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, it agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Finland is therefore entitled to a financial contribution under this Regulation**.

Parliament acknowledges that in order to provide workers with immediate assistance, the Finnish authorities started the implementation of the social measures on 29 February 2012 – ahead of the final decision on granting the EGF support for the proposed coordinated package.

Parliament emphasises the key importance of adapted training and recognition of skills and competences gained throughout the professional career. It stresses that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, taking into account their social and economic background.

Members regret that the redundancies in Cluj in Romania (application EGF/2011/014/ RO/Nokia from Romania) and in Salo in Finland (this application) 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 note 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 whether Nokia was involved in the creation of the package of services and the possible co-financing of the measures. Members highlight the fact that the Salo area was heavily dependant on Nokia as an employer and grew into a highly specialised region in information technology and communication technology. They also note that the dismissals in Nokia will seriously affect the local employment market, as it is expected that the unemployment rate may rise to 17% as a result of the current Nokia redundancies.

Intervention of the EGF and Nokia: Parliament regrets that the redundancies in Cluj in Romania (application EGF/2011/014/ RO/Nokia from Romania) and in Salo in Finland (this application) 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 notes 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 whether Nokia was involved in the creation of the package of services and the possible co-financing of the measures. Parliament highlights the fact that the Salo area was heavily dependant on Nokia as an employer and grew into a highly specialised region in information technology and communication technology. It also notes that the dismissals in Nokia will seriously affect the local employment market, as it is expected that the unemployment rate may rise to 17% as a result of the current Nokia redundancies.

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 its 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.

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.

The issue of training and reskilling of Nokia workers: Parliament is concerned about the high cost of the coordinated package of personalised services (approximately 10 000 per worker) although the package contains innovative measures like protomo-matching service for new business start-ups. It highlights that financial allowances to be covered by the EGF are limited. It considers that the payment of subsistence allowances of EUR 7 500 per worker for 360 workers is excessive. It recalls that the EGF should in the future be primarily allocated to training and job search as well as occupational orientation programmes, and its financial contribution to allowances should always be of additional nature and in parallel to what is available to dismissed workers by virtue of national law or collective agreements.

Parliament regrets that there are no details concerning the types of training courses to be provided within the coordinated package and how these are matched with the local skills and qualification needs and possible areas of future growth in the region given the structural changes it is currently undergoing.

Insufficient budgetary resources: Parliament observes that, so far this year, 19 EGF mobilization cases have been submitted by the Commission to the budgetary authority on behalf of France, Spain, Denmark, the Netherlands, Austria, Romania, Sweden, Italy, Ireland, Germany and Finland to finance active labour market measures for 15 381 redundant workers, for the total amount of EUR 74 266 222 of EGF assistance.

Parliament regrets that for the second year in a row, payment appropriations have turned out to be insufficient to cover the funding requests for a whole year and the missing payment appropriations have to be marshalled though an amending budget by means of transfers from other budget lines. It believes that both these facts do not denote sound budgeting.

Parliament recalls that the EGF was created as a specific instrument to give an immediate and adequate response to mass redundancies due to the direct and indirect effects of globalisation. It emphasises that, without adequate appropriations, and in order to avoid systematic transfers from other budget lines, as has happened in the past, **neither the emergency nature of the EGF nor its integrity can be guaranteed.**

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.

Lastly, Parliament awaits the Commission's response as to **whether Nokia** will be involved in the creation of the package of services and the possibility of **its involvement in the co-financing of the measures**.

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

2012/2276(BUD) - 12/12/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the mobile phone sector in Finland.

NON-LEGISLATIVE ACT: Decision 2013/19/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/2012/006 FI/Nokia Salo from Finland).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 5 346 000** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount will assist Finland hit by redundancies in the enterprise Nokia plc (Salo).

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 Finland 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.