Basic information

2015/2298(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT 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) 8.70.55 2015 budget **Geographical area** Finland	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	ZANNI Marco (EFDD)	06/11/2015
	Shadow rapporteur NEGRESCU Victor (S&D) KÖLMEL Bernd (ECR) JÄÄTTEENMÄKI Anneli (ALDE) NÍ RIADA Liadh (GUE/NGL) VANA Monika (Verts/ALE)	

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
Agriculture and Fisheries	3437	2015-12-14

European

Commission DG	Commissioner

Commission	Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
06/11/2015	Non-legislative basic document published	COM(2015)0553	Summary
11/11/2015	Committee referral announced in Parliament		
10/12/2015	Vote in committee		
10/12/2015	Budgetary report tabled for plenary	A8-0362/2015	Summary
14/12/2015	Draft budget approved by Council		
15/12/2015	Decision by Parliament	T8-0438/2015	Summary
15/12/2015	Results of vote in Parliament		
15/12/2015	End of procedure in Parliament		
24/12/2015	Final act published in Official Journal		

Technical information

Procedure reference	2015/2298(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/8/04939

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE571.681	19/11/2015	
Amendments tabled in committee		PE573.026	07/12/2015	
Budgetary report tabled for plenary, 1st reading		A8-0362/2015	10/12/2015	Summary
Budgetary text adopted by Parliament		T8-0438/2015	15/12/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2015)0553	06/11/2015	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2015/2457 OJ L 339 24.12.2015, p. 0044	Summary

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

2015/2298(BUD) - 06/11/2015 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in order to assist Finland in dealing with redundancies in its information technology (ICT) sector.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF is not to exceed a maximum annual amount of **EUR 150 million** (2011 prices).

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.

In this context, the Commission has assessed the application for the mobilisation of the EGF in order to assist Finland, and has concluded as follows:

Finland: EGF/2015/005 FI/Computer Programming: in June 2015, Finland submitted an application EGF/2015/005 FI/Computer programming for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 62 (Computer programming, consultancy and related activities) in the NUTS3 level 2 regions of Länsi-Suomi (FI19), Helsinki-Uusimaa (FI1B), Etelä-Suomi (FI1C) and Pohjois- ja Itä-Suomi (FI1D) in Finland. These regions, taken together, comprise all of Finland with the exception of the island of Åland.

Finland submitted its application within the **12 weeks** set out in the Regulation. The deadline within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 13 November 2015.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that, in recent years, the distribution of ICT sector employment between the EU and other economies has developed to the detriment of the EU. While the volume of this domain has been increasing globally, it has dropped in Europe as businesses and services are moved to China, India, Taiwan and other non-European destinations. In 2014 alone, the personnel of Finnish ICT companies was reduced by 3 per cent or 1 500 people.

These effects were particularly felt in Finland, where the entire Finnish electronics industry was severely affected, culminating in Nokia's announcement in 2011 of large-scale redundancies.

The software business is a global business, and software products are purchased globally from the most cost-effective sources. An important feature of the global software industry is that it constantly requires a new, educated workforce, as the life cycle of products and related software solutions is very short compared to the life cycle of its personnel. While in 2008, the technology industry employed a total of 326 000 people in Finland, the number of people employed by such companies in 2014 was 276 000.

To date, the Computer programming, consultancy and related activities sector has been the subject of two EGF applications, one based on globalisation and the other on the economic and financial crisis (EGF/2011/016/Agile and the current application).

Eligibility 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.

The reference period for the application runs from 30 July 2014 to 30 April 2015.

The redundancies during the reference period have been calculated as follows:

- 1 218 from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker;
- 385 from the date of the de facto termination of the contract of employment or its expiry.

Accordingly, the total number of eligible beneficiaries is 1 603.

With regard to the application, it is proposed that the EGF contribute the amount of **EUR 2 623 200.**

BUDGETARY IMPLICATIONS: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 2 623 200, 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 point 13 of 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 presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount of EUR 442 293.

Furthermore, 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 on which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.

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

2015/2298(BUD) - 16/12/2015 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in order to assist Finland in dealing with redundancies in its information technology (ICT) sector.

LEGISLATIVE ACT: Decision (EU) 2015/2457 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application from Finland — EGF/2015/005 FI/Computer Programming).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the sum of **EUR 2 623 200** in commitment and payment appropriations from European Globalisation Adjustment Fund within the framework of the 2015 budget.

This amount aims to obtain a financial contribution from the EGF following redundancies in the economic sector classified under the NACE Revision 2 Division 62 (Computer programming, consultancy and related activities) in the NUTS level 2 regions of Länsi-Suomi (FI19), Helsinki-Uusimaa (FI1B), Etelä-Suomi (FI1C) and Pohjois- ja Itä-Suomi (FI1D) in Finland.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation No 1309/2013 (EGF Regulation 2014-2020), the European Parliament and Council have decided to grant the above-mentioned amount.

The application was considered admissible since the redundancies have a serious impact on employment and the local, regional or national economy. Ireland has also decided to provide personalised services co-financed by the EGF also to 108 young persons not in employment, education or training (NEETs).

To recall, the European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.

Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020, allows mobilization of the EGF upto a maximum annual amount of **EUR 150 million**.

ENTRY INTO FORCE: 16.12.2015.

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

2015/2298(BUD) - 10/12/2015 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Marco ZANNI (EFDD, IT) on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, for an amount of **EUR 2 623 200** in commitment and payment appropriations in order to assist Finland in dealing with redundancies in its information technology (ICT) sector.

Members recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis and to assist their reintegration into the labour market.

Finnish application: Finland submitted application EGF/2015/005 FI/Computer Programming for a financial contribution from the EGF following 1 603 redundancies in 69 enterprises operating in the NACE Rev. 2 division 62 ('Computer programming, consultancy and related activities') in several NUTS level 2 regions covering the whole of Finland. An estimated 1 200 redundant workers are expected to participate in the measures.

Given that the conditions set out in point (b) of Article 4(1) of the EGF Regulation are met, Finland is entitled to a financial contribution for the workers made redundant.

Nature of the redundancies: Members noted that in recent years the distribution of ICT sector employment between the Union and other economies has developed to the detriment of the Union and underlined that while in 2008, the technology industry employed a total of 326 000 people in Finland, the number of people employed by such companies in 2014 was 276 000, which corresponds to an average decline per year of about 3%. The events giving rise to these redundancies are the developments affecting Nokia in recent years. They stated that developing and designing operating systems for Nokia mobile phones used to employ thousands of Finnish people and these functions have now been transferred to countries outside Europe. These redundancies will further aggravate the unemployment situation in the ICT sector in regions struggling with a high unemployment rate.

Members noted that redundancies in the ICT sector are affecting particularly the Oulu region in Northern Ostrobothnia where ICT sector has been a mainstay of the economy for years. They regretted that in spring 2015, there were approximately 1 500 unemployed jobseekers in the ICT sector in Northern Ostrobothnia and that in many cases unemployment has become prolonged as one third of unemployed people with a higher education degree have been without work for more than a year.

A package of personalised services: Members welcomed the fact that, in order to provide workers with speedy assistance, the Finnish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 August 2014, well ahead of the decision on the granting the EGF support for the proposed coordinated package.

Members noted that Finland is planning seven types of measures for redundant workers covered by this application:

1. coaching measures and other preparatory measures,
2. employment and business services,
3. training,
4. pay subsidies,
5. start-up grants,
6. steering towards entrepreneurship and services for new entrepreneurs,
7. allowances for travel, overnight and removal costs.

They welcomed the measures supporting entrepreneurship, in the form of start-up grants and measures steering towards entrepreneurship and services for new entrepreneurs. They considered that these measures will be more useful if they are provided in combination to the participants. They pointed out that a pay subsidy should preferably be provided to the dismissed workers only when the jobs offered to the participants comply with the adequate quality requirements in terms of skill level and duration of contract.

They noted that the authorities estimate that 18.31% of the costs will be used for allowances and incentives, which remains much below the maximum allowed 35% of all costs.

Appropriate and complementary measures: Members asked the Commission to further detail, in future proposals, the sectors in which the workers are likely to find employment and if the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals.

They expected the Commission to oversee and evaluate the use of the money granted and to use this information in future applications to further direct the use of EGF to align it with ideas of performance based budgeting.

Lastly, Members noted that the Finnish authorities confirm that the eligible actions do not receive assistance from other Union financial instruments.

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

2015/2298(BUD) - 15/12/2015 - Budgetary text adopted by Parliament

The European Parliament adopted by 597 votes to 83, with 13 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, for an amount of **EUR 2 623 200** in commitment and payment appropriations in order to assist Finland in dealing with redundancies in its information technology (ICT) sector.

Parliament recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis and to assist their reintegration into the labour market.

Finnish application: Finland submitted application EGF/2015/005 FI/Computer Programming for a financial contribution from the EGF following 1 603 redundancies in 69 enterprises operating in the NACE Rev. 2 division 62 ('Computer programming, consultancy and related activities') in several NUTS level 2 regions covering the whole of Finland. An estimated 1 200 redundant workers are expected to participate in the measures.

Given that the conditions set out in point (b) of Article 4(1) of the EGF Regulation are met, Finland is entitled to a financial contribution for the workers made redundant.

Nature of the redundancies: Parliament noted that in recent years the distribution of ICT sector employment between the Union and other economies has developed to the detriment of the Union and underlined that while in 2008, the technology industry employed a total of 326 000 people in Finland, the number of people employed by such companies in 2014 was 276 000, which corresponds to an average decline per year of about 3%. The events giving rise to these redundancies are the developments affecting Nokia in recent years. It stated that developing and designing operating systems for Nokia mobile phones used to employ thousands of Finnish people and these functions have now been transferred to countries outside Europe. These redundancies will further aggravate the unemployment situation in the ICT sector in regions struggling with a high unemployment rate.

Parliament noted that redundancies in the ICT sector are affecting particularly the Oulu region in Northern Ostrobothnia where ICT sector has been a mainstay of the economy for years. It regretted that in spring 2015, there were approximately 1 500 unemployed jobseekers in the ICT sector in Northern Ostrobothnia and that in many cases unemployment has become prolonged as one third of unemployed people with a higher education degree have been without work for more than a year.

A personalised package of services: Parliament welcomed the fact that, in order to provide workers with speedy assistance, the Finnish authorities decided to initiate the implementation of the personalised services to the affected workers on 1 August 2014, well ahead of the decision on the granting the EGF support for the proposed coordinated package.

It noted that Finland is planning seven types of measures for redundant workers covered by this application:

1. coaching measures and other preparatory measures,
2. employment and business services,
3. training,
4. pay subsidies,
5. start-up grants,
6. steering towards entrepreneurship and services for new entrepreneurs,
7. allowances for travel, overnight and removal costs.

It welcomed the measures supporting entrepreneurship, in the form of start-up grants and measures steering towards entrepreneurship and services for new entrepreneurs. It considered that these measures will be more useful if they are provided in combination to the participants. Members pointed out that a pay subsidy should preferably be provided to the dismissed workers only when the jobs offered to the participants comply with the adequate quality requirements in terms of skill level and duration of contract.

Parliament noted that the authorities estimate that 18.31% of the costs will be used for allowances and incentives, which remains much below the maximum allowed 35% of all costs.

Measures supporting entrepreneurship: Parliament welcomed the measures supporting entrepreneurship, in the form of start-up grants and measures steering towards entrepreneurship and services for new entrepreneurs. It considered that these measures will be more useful if they are provided in combination to the participants. It welcomed in particular the proposed measures which aim at creating new businesses and which will foster entrepreneurship and services for new entrepreneurs.

It recalled that, in line with the EGF Regulation, the design of the coordinated package of personalised services supported by the EGF should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

Appropriate and complementary measures: Parliament asked the Commission to further detail, in future proposals, the sectors in which the workers are likely to find employment and if the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals.

It expected the Commission to oversee and evaluate the use of the money granted and to use this information in future applications to further direct the use of EGF to align it with ideas of performance based budgeting.

Lastly, Parliament noted that the Finnish authorities confirm that the eligible actions do not receive assistance from other Union financial instruments.