## Basic information

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|---|---|
| **2016/2211(BUD)**<br><br>BUD - Budgetary procedure | Procedure completed |
| Mobilisation of the European Globalisation Adjustment Fund: redundancies in the ICT sector in Finland<br><br>**Subject**<br><br>3.40.06 Electronics, electrotechnical industries, ICT, robotics<br>4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)<br>8.70.56 2016 budget<br><br>**Geographical area**<br><br>Finland | |

## Key players

### European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| BUDG Budgets | SARVAMAA Petri (PPE) | 13/07/2016 |

| 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 |
|---|---|---|
| Competitiveness (Internal Market, Industry, Research and Space) | 3485 | 2016-09-28 |

### European Commission

| Commission DG | Commissioner |
|---|---|
| Budget | GEORGIEVA Kristalina |

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 29/07/2016 | Non-legislative basic document published | COM(2016)0490 | Summary |

| | | | |
|---|---|---|---|
| 12/09/2016 | Committee referral announced in Parliament | | |
| 28/09/2016 | Vote in committee | | |
| 28/09/2016 | Draft budget approved by Council | | |
| 29/09/2016 | Budgetary report tabled for plenary | A8-0273/2016 | Summary |
| 04/10/2016 | Decision by Parliament | T8-0366/2016 | Summary |
| 04/10/2016 | Results of vote in Parliament | | |
| 04/10/2016 | End of procedure in Parliament | | |
| 20/10/2016 | Final act published in Official Journal | | |

## Technical information

| | |
|---|---|
| **Procedure reference** | 2016/2211(BUD) |
| **Procedure type** | BUD - Budgetary procedure |
| **Procedure subtype** | Mobilisation of funds |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | BUDG/8/07168 |

## Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE587.428 | 30/08/2016 | |
| Amendments tabled in committee | | PE589.289 | 19/09/2016 | |
| Budgetary report tabled for plenary, 1st reading | | A8-0273/2016 | 29/09/2016 | Summary |
| Budgetary text adopted by Parliament | | T8-0366/2016 | 04/10/2016 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Non-legislative basic document | COM(2016)0490 | 29/07/2016 | Summary |

## Additional information

| Source | Document | Date |
|---|---|---|
| European Commission | EUR-Lex | |

## Final act

Decision 2016/1857
OJ L 284 20.10.2016, p. 0023 

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

2016/2211(BUD) - 11/10/2016 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for EUR 5 364 000 to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone sector).

NON-LEGISLATIVE ACT: Decision (EU) 2016/1857 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (following an application from Finland — EGF/2016/001 FI/Microsoft).

CONTENT: under this Decision, the European Parliament and the Council decided to mobilise **EUR 5 364 000** in commitment and payment appropriations under the European Globalisation Adjustment Fund in the framework of the 2016 budget.

This amount shall assist Finland financially in respect of redundancies in Microsoft (Microsoft Mobile Oy) and 8 suppliers and downstream producers.

Given that the application complies with the requirements for determining a financial contribution from the EGF as laid down in Regulation (EU) No 1309/2013, the European Parliament and the Council have responded by granting the above-mentioned amount.

In brief, 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 provides that the EGF is not to exceed a maximum annual amount of **EUR 150 million**.

ENTRY INTO FORCE: the Decision shall enter into force on 20.10.2016 and shall apply from 11.10.2016.

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

2016/2211(BUD) - 04/10/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 594 votes to 68, with 12 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Union Solidarity Fund for an amount of **EUR 5 364 000** in payment and commitment appropriations to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone 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/2016/001 FI/Microsoft for a financial contribution from the EGF under the intervention criteria set out in Article 4(1)(a) of the EGF Regulation, following 2161 redundancies in Microsoft Mobile Oy and 8 of its suppliers and downstream producers in Finland, operating in the NACE Revision 2 division 62 (Computer programming, consultancy and related activities).

Parliament agreed with the Commission that the conditions set out in Article 4(1)(a) of the EGF Regulation are met and that, therefore, Finland is entitled to a financial contribution of EUR 5 364 000 under that Regulation, which represents 60 % of the total cost of EUR 8 940 000.

**Nature of the redundancies**: Parliament noted that the main reason behind the redundancies at Microsoft is the declining market share of its phones using the Microsoft Windows operating system from over 50 % in 2009 to 0.6 % in the second quarter of 2016.

It considered that the redundancies in Microsoft are linked with the trend that has affected the entire Finnish electronics industry since the decline of Nokia in its country of origin and for which four previous applications have been presented. Those events are directly linked to structural changes in world trade patterns due to globalisation.

Members also noted that redundancies are concentrated in NUTS 2 regions Helsinki-Uusimaa (FI1B), Etelä-Suomi (FI1C) and Länsi-Suomi, (FI197) and concern workers with highly varying competencies, 89 % of them between 30 and 54 years of age. However, the situation is already difficult as regards the unemployment situation of highly skilled and educated people, especially women who face a greater challenge in finding employment.

**A package of personalised services**: Parliament welcomed the fact that the Finnish authorities started providing the personalised services to the affected workers on 11 September 2015, well ahead of the application for the EGF support for the proposed coordinated package.

Finland is planning six types of measures for the redundant workers covered by this application:

- coaching measures and other preparatory measures;
- employment and business services;
- vocational labour training;
- pay subsidiesd;
- start-up grants;
- allowances for travel, overnight and removal costs, sufficient funds have been allocated to control and reporting.

**Pay subsidies**: Parliament noted that the pay subsidies will be between 30 and 50 % of the worker's payroll costs and will be given for a period of 6 to 24 months. It called on Member States to pay strict attention when using pay subsidies to ensure that redundant workers hired with a subsidy are not replacing, in whole or in part, a position held previously by another employee at the company concerned. It called on the Commission to evaluate and provide information about the impact of the income support measures over a period of several years, to ensure that they are supporting high-quality employment and not being used to subsidise short-term, low-cost contracts.

**Synergies with other actions**: Parliament noted that the Microsoft case will cooperate with Labour Mobility in Europe 2014–2020, which is a national EURES service development project. It welcomed such measures and the fact that the Finnish authorities are encouraging the redundant workers to fully benefit from their right to free movement.

It also noted that a national package of measures entitled "Models between the recruiting company and the retrenching company" has been launched within the European Social Fund and welcomed the efforts of the Finnish authorities to search for synergies with other actions funded by national or Union funds.

In parallel, Parliament noted that the Finnish authorities have confirmed that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that such actions are complementary to actions funded by the Structural Funds.

Lastly, Parliament recalled that the financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements.

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

2016/2211(BUD) - 29/07/2016 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone 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.

Against this backdrop, the Commission examined the application to mobilise the EGF to assist Finland and expressed its position as follows:

**Finland**: **EGF/2016/001 FI/Microsoft**: on 11 March 2016, Finland submitted an application EGF/2016/001 FI/Microsoft for a financial contribution from the EGF, following redundancies in Microsoft (Microsoft Mobile Oy) and 8 suppliers and downstream producers in Finland.

Finland submitted its application within the **12 week deadline** set out in the EGF Regulation. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 29 July 2016.

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 share. These effects were particularly felt in Finland, where the ICT sector plays a key role in the economy.

In 2014, the number of people employed by technology businesses in Finland decreased by 2 %, i.e. by over 5 000 employees. During the same period, the share of China and the United States in the ICT sector personnel of the developed countries increased, while the share of Europe decreased.

The mobile phone markets have developed under constant competition between different operating systems. During the first decade of the 2000s Nokia dominated the markets. Since then the Android operating system rapidly achieved a strong market position, while Microsoft failed to achieve a significant market share. This has led to growing imports into the Union.

Thus, the main reason behind the workforce reductions at Microsoft is the declining market share of its phones (Lumia) with the Microsoft Windows operating system. Android and iOS, the two US-designed operating systems used by various Asian based manufacturers, have risen to dominate the market in recent years.

The current application is the continuation of a series of previous applications from Finland, all revolving around the decline of Nokia in its country of origin.

To date, the NACE Divison 62 sector has been the subject of two previous EGF applications, both based on trade related globalisation (EGF/2013/001 FI/Nokia and EGF/2015/005 FI/Computer programming).

**Basis of the Finnish request**: Finland submitted the application under the intervention criteria of Article 4(1) (a) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers.

The reference period of four months for the application runs from 11 September 2015 to 11 January 2016. There were 2 035 redundancies within this reference period.

The redundancies during the reference period are as follows:

1 889 workers made redundant by Microsoft,

146 workers made redundant by eight suppliers and downstream producers.

In addition to the 2 035 workers already referred to, the eligible beneficiaries include 126 workers made redundant before or after the reference period of four months. These workers were all made redundant after the general announcement of the projected redundancies on 8 July 2015.

The total number of eligible beneficiaries is therefore **2 161**.

The Commission proposes to mobilise the EGF for the amount of **EUR 5 364 000**.

FINANCIAL 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 5 364 000, 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 Inter-institutional 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 requested amount.

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 at 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

2016/2211(BUD) - 29/09/2016 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Petri SARVAMAA (EPP, FI) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Union Solidarity Fund for an amount of **EUR 5 364 000** in payment and commitment appropriations to assist Finland in respect of redundancies in the information and communications technology sector (in particular, the mobile phone 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/2016/001 FI/Microsoft for a financial contribution from the EGF under the intervention criteria set out in Article 4(1)(a) of the EGF Regulation, following 2161 redundancies in Microsoft Mobile Oy and 8 of its suppliers and downstream producers in Finland, operating in the NACE Revision 2 division 62 (Computer programming, consultancy and related activities).

Members agreed with the Commission that the conditions set out in Article 4(1)(a) of the EGF Regulation are met and that, therefore, Finland is entitled to a financial contribution of EUR 5 364 000 under that Regulation, which represents 60 % of the total cost of EUR 8 940 000.

**Nature of the redundancies**: Members noted that the main reason behind the redundancies at Microsoft is the declining market share of its phones using the Microsoft Windows operating system from over 50 % in 2009 to 0.6 % in the second quarter of 2016.

They considered that the redundancies in Microsoft are linked with the trend that has affected the entire Finnish electronics industry since the decline of Nokia in its country of origin and for which four previous applications have been presented. Those events are directly linked to structural changes in world trade patterns due to globalisation.

Members also noted that redundancies are concentrated in NUTS 2 regions Helsinki-Uusimaa (FI1B), Etelä-Suomi (FI1C) and Länsi-Suomi, (FI197) and concern workers with highly varying competencies, 89 % of them between 30 and 54 years of age. However, the situation is already difficult as regards the unemployment situation of highly skilled and educated people, especially women who face a greater challenge in finding employment.

A package of personalised services: Member welcomed the fact that the Finnish authorities started providing the personalised services to the affected workers on 11 September 2015, well ahead of the application for the EGF support for the proposed coordinated package.

Finland is planning six types of measures for the redundant workers covered by this application:

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- start-up grants;
- allowances for travel, overnight and removal costs, sufficient funds have been allocated to control and reporting.

Members noted that the Microsoft case will cooperate with Labour Mobility in Europe 2014–2020, which is a national EURES service development project. They noted that international recruitment events will be organised regionally in cooperation with EGF and EURES services. They welcomed such measures and the fact that the Finnish authorities are encouraging the redundant workers to fully benefit from their right to free movement.

It also noted that a national package of measures entitled "Models between the recruiting company and the retrenching company" has been launched within the European Social Fund and welcomed the efforts of the Finnish authorities to search for synergies with other actions funded by national or Union funds.

In parallel, Members noted that the Finnish authorities have confirmed that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that such actions are complementary to actions funded by the Structural Funds.

Lastly, they recalled that the financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements.