Basic information

2016/2214(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in telecom hardware production in Sweden **Subject** 3.40.06 Electronics, electrotechnical industries, ICT, robotics 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.56 2016 budget **Geographical area** Sweden	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GONZÁLEZ PONS Esteban (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	2016-09-29

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
05/09/2016	Non-legislative basic document published	COM(2016)0554	Summary

12/09/2016	Committee referral announced in Parliament		
28/09/2016	Vote in committee		
29/09/2016	Budgetary report tabled for plenary	A8-0272/2016	Summary
29/09/2016	Draft budget approved by Council		
04/10/2016	Decision by Parliament	T8-0367/2016	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	2016/2214(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/07169

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE587.430	08/09/2016	
Amendments tabled in committee		PE589.293	16/09/2016	
Budgetary report tabled for plenary, 1st reading		A8-0272/2016	29/09/2016	Summary
Budgetary text adopted by Parliament		T8-0367/2016	04/10/2016	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2016)0554	05/09/2016	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2016/1858
OJ L 284 20.10.2016, p. 0025 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in telecom hardware production in Sweden

2016/2214(BUD) - 11/10/2016 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for EUR 3 957 918 to assist Sweden in respect of redundancies in telecommunications sector.

NON-LEGISLATIVE ACT: Decision (EU) 2016/1858 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (following an application from Sweden — EGF/2016/002 SE/Ericsson).

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 Sweden financially in respect of redundancies in Ericsson (Telefonaktiebolaget LM Ericsson).

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 telecom hardware production in Sweden

2016/2214(BUD) - 04/10/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 594 votes to 71, with 10 abstentions, a resolution on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 3 957 918** in commitment and payment appropriations to assist Sweden affected by redundancies in the telecommunications sector.

Parliament recalled that the Union has 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.

Swedish application: Sweden submitted application EGF/2016/002 SE/Ericsson for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 26 (Manufacture of computer, electronic and optical products) mainly in the NUTS level 2 regions of Stockholm, Östra Mellansverige, Sydsverige and Västsverige. 918 out of 1556 redundant workers eligible for the EGF contribution are expected to participate in in the measures.

The application was submitted under the intervention criteria of point (a) of Article 4(1) 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 and downstream producers and/or self-employed persons whose activity has ceased.

Therefore, Sweden is eligible for a financial contribution.

Nature of the redundancies: Parliament revealed that the IT and telecommunication industries are dominated by Asian manufacturers which have become an outsourcing destination. Ericsson has gradually been cutting staff in Sweden (from 21 178 in 2005 to 17 858 in 2014), but in the meantime been growing tremendously worldwide (from 56 055 in 2005 to 118 055 in 2014).

It also emphasised that the regions affected are faced with a relatively large group of older workers with similar backgrounds who have been made redundant at the same time and that most of them, particularly those located in Kista, the town with the highest number of redundancies, do not possess the skills sought by the local labour market.

A package of personalised services: Parliament recalled the diversity of employees, both blue- and white-collar, affected by the redundancies. It is concerned that some workers face a labour market with rather low demand in traditional manufacturing industries. It recognised that most of the affected white-collar workers are engineers, some of whom are specialised in niches that are unique to Ericsson.

It also recognised that most of the affected white-collar workers are engineers, some of whom are specialised in niches that are unique to Ericsson. They noted that the EGF co-funded personalised services for the redundant workers include:

- counselling and career guidance;
- sheltered and supported employment and rehabilitation measures;
- education and training;
- job search allowances.

It welcomed the special emphasis that will be placed on participants aged 50 and above when providing motivational coaching and career planning.

It noted that the income support measures amount to 33.92 % of the overall package of personalised measures, close to the maximum 35 % set out in the EGF Regulation.

These actions are **conditional on the active participation of the targeted beneficiaries in job-search or training activities**. Parliament called on the Commission to further set out, 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 noted that the Swedish 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 those actions are complementary to actions funded by the Structural Funds.

It also recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career.

Lastly, Parliament reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor of measures for restructuring companies or sectors.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in telecom hardware production in Sweden

2016/2214(BUD) - 29/09/2016 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Esteban GONZÁLEZ PONS (EPP, ES) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 3 957 918** in commitment and payment appropriations to assist Sweden affected by redundancies in the telecommunications sector.

Members recalled that the Union has 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.

Swedish application: Sweden submitted application EGF/2016/002 SE/Ericsson for a financial contribution from the EGF, following redundancies in the economic sector classified under the NACE Revision 2 Division 26 (Manufacture of computer, electronic and optical products) mainly in the NUTS level 2 regions of Stockholm, Östra Mellansverige, Sydsverige and Västsverige. 918 out of 1556 redundant workers eligible for the EGF contribution are expected to participate in in the measures.

The application was submitted under the intervention criteria of point (a) of Article 4(1) 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 and downstream producers and / or selfemployed persons whose activity has ceased.

Therefore, Sweden is eligible for a financial contribution.

Nature of the redundancies: Members revealed that the IT and telecommunication industries are dominated by Asian manufacturers which have become an outsourcing destination. Ericsson has gradually been cutting staff in Sweden (from 21 178 in 2005 to 17 858 in 2014), but in the meantime been growing tremendously worldwide (from 56 055 in 2005 to 118 055 in 2014).

Members emphasised that the regions affected are faced with a relatively large group of older workers with similar backgrounds who have been made redundant at the same time and that most of them, particularly those located in Kista, the town with the highest number of redundancies, do not possess the skills sought by the local labour market.

A package of personalised services: Members recognised that most of the affected white-collar workers are engineers, some of whom are specialised in niches that are unique to Ericsson. They noted that the EGF co-funded personalised services for the redundant workers include:

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These actions are **conditional on the active participation of the targeted beneficiaries in job-search or training activities**. Members called on the Commission to further set out, 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 noted that the Swedish 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 those actions are complementary to actions funded by the Structural Funds.

They also recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career.

Lastly, Members reiterated that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor of measures for restructuring companies or sectors.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in telecom hardware production in Sweden

2016/2214(BUD) - 05/09/2016 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Sweden in respect of redundancies in telecommunications 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 Sweden and expressed its position as follows:

Sweden: EGF/2016/002 SE/Ericsson: on 31 March 2016, Sweden submitted an application EGF/2016/002 SE/Ericsson for a financial contribution from the EGF, following redundancies in Ericsson in Sweden.

Sweden submitted application EGF/2016/002 SE/Ericsson within **12 weeks** of the date on which the intervention criteria set out the EGF Regulation. This deadline expires on 5 September 2016.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Sweden argues that the redundancies occurred in the telecom hardware production business line of Ericsson.

In the past years, Ericsson has concentrated most of its hardware production and development facilities in Asia, where not only the strongest growth markets are located, but also equivalent quality can be delivered at lower costs.

According to data published by Ericsson, the company has gradually been cutting staff in Sweden (from 21 178 in 2005 to 17 858 in 2014), but in the meantime been growing tremendously worldwide (from 56 055 in 2005 to 118 055 in 2014), India currently being the country with the largest number of employees.

The events giving rise to these redundancies are the partial or entire closure of wireless telecom hardware production lines at various Ericsson sites (Borås, Karlskrona, Kista/Stockholm, Kumla, Linköping and Gothenburg) in Sweden, and the closure of an entire plant in the city of Katrineholm.

Facing stagnating growth and simultaneously facing harder competition with Asian producers, Ericsson has been scaling down telecom hardware production, a process that started almost two decades ago. The company sold its entire mobile phone development and production line to competitor Sony in February 2012. Ericsson is concentrating its remaining hardware production lines at production sites in Asia.

To date, the NACE 2 Division 26 sector has been the subject of another 14 EGF applications, 11 of which based on trade related globalisation and 3 on the global financial and economic crisis.

The application relates to 1 556 workers made redundant in Ericsson (Telefonaktiebolaget LM Ericsson). Ericsson operates primarily in the economic sectors classified under the NACE Revision 2 Division 26 (Manufacture of computer, electronic and optical products) and 62 (Computer programming, consultancy and related activities). The redundancies made by Ericsson are mainly located in the NUTS level 2 regions of Stockholm (SE11) and Östra Mellansverige (SE12), but also in Sydsverige (SE22) and Västsverige (SE23).

Basis of the Swedish application: Sweden 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. The reference period of four months for the application runs from 11 September 2015 to 11 January 2016.

The redundancies concern 1 244 workers made redundant in Ericsson. In addition to the workers already referred to, the eligible beneficiaries include 312 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 11 September 2015.

The Swedish authorities declared that these redundancies were all part of the same redundancy procedure, but some redundancies were only announced after the end of the reference period. The total number of eligible beneficiaries is therefore **1 556**.

The Commission proposes to mobilise the EGF for the amount of **EUR 3 957 918**.

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 3 957 918, 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 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.