Basic information

2018/2012(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the telecom industry in Sweden **Subject** 3.40.06 Electronics, electrotechnical industries, ICT, robotics 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.58 2018 budget **Geographical area** Sweden	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	PAET Urmas (ALDE)	11/01/2018
	Shadow rapporteur KÖLMEL Bernd (ECR)	

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
General Affairs	3599	2018-02-27

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
18/12/2017	Non-legislative basic document published	COM(2017)0782	Summary
18/01/2018	Committee referral announced in Parliament		
22/02/2018	Vote in committee		
23/02/2018	Budgetary report tabled for plenary	A8-0032/2018	Summary
27/02/2018	Draft budget approved by Council		
01/03/2018	Decision by Parliament	T8-0054/2018	Summary
01/03/2018	Results of vote in Parliament		
28/03/2018	Final act published in Official Journal		

Technical information

Procedure reference	2018/2012(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/8/11964

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE616.588	12/01/2018	
Amendments tabled in committee		PE618.060	06/02/2018	
Budgetary report tabled for plenary, 1st reading		A8-0032/2018	23/02/2018	Summary
Budgetary text adopted by Parliament		T8-0054/2018	01/03/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0782	18/12/2017	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Decision 2018/0514 OJ L 084 28.03.2018, p. 0018 Summary

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

2018/2012(BUD) - 14/03/2018 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Sweden facing redundancies in the computer, electronic and optical product manufacturing sector.

NON-LEGISLATIVE ACT: Decision (EU) 2018/514 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund following an application from Sweden — EGF/2017/007 SE/Ericsson.

CONTENT: with this Decision, the European Parliament and the Council mobilised the sum of **EUR 2 130 400** in commitment and payment appropriations from the European Globalisation Adjustment Fund (EGF).

This amount is granted in response to Sweden's application for EGF mobilisation in respect of **2 388 redundancies** in Ericsson (Telefonaktiebolaget LM Ericsson) in Sweden.

The redundancies are the result of a continuation of major structural changes in world trade patterns due to globalisation.

This application fulfils the conditions for a financial contribution from the EGF in accordance with Regulation (EU) No 1309/2013. As a reminder, the 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. The EGF is not to exceed a maximum annual amount of EUR 150 million for the period 2014-2020.

ENTRY INTO FORCE: 28.3. 2018. The decision applies from the date of its adoption, i.e. 14.3.2018.

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

2018/2012(BUD) - 01/03/2018 - Budgetary text adopted by Parliament

The European Parliament adopted by 550 votes to 76, with 6 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 (request submitted by Sweden - EGF/2017/007 SE/Ericsson).

Parliament approved the proposal for a decision to **mobilise the EGF to provide a financial contribution of EUR 2 130 400 to assist Sweden** facing redundancies in the manufacturing of computer, electronic and optical products.

As a reminder, the request for financial assistance from the EGF was submitted by Sweden on 9 August 2017 following **2 388 layoffs** in the computer, electronic and optical product manufacturing sector in the NUTS level 2 regions of Stockholm (SE11), Västsverige (SE23), and Östra Mellansverige (SE12), as well as in the area of Sydsverige (SE22).

Parliament noted the following points:

Reasons for the redundancies: Sweden argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation and more particularly to the negative growth in the hardware-centric business line of the telecom industry for Ericsson in Sweden due to global competition.

Ericsson has gradually been cutting staff in Sweden, but in the meantime has been growing worldwide.

Proposed services: five types of actions for the redundant workers covered by this application are laid down: (i) counselling and career planning, (ii) measures for disadvantaged groups, (iii) entrepreneurship support, (iv) education and training, (v) job search and mobility allowances.

The cost of allowances and incentives for dismissed workers **almost reaches the limit of 35 % of the total cost** of the coordinated package of personalised services. These actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Beneficiaries: Parliament underlined that the application relates to 2 388 workers made redundant by Ericsson, of whom **900** will be targeted by the proposed measures. It noted that more than 30 % of that group are between 55 and 64 years of age with skills specific to the telecoms hardware industry, which are outdated for the current job market, and that they are therefore in a disadvantaged position to return to work and at risk of long-term unemployment.

Parliament welcomed the decision to provide **specialised help to redundant workers above the age of 50** who are in danger of becoming long-term unemployed, and those with learning or physical disabilities. It also welcomed the obligation for the Swedish Public Employment Service to include environmental demands in its calls for tender and in its own practice.

It also noted that the proposed actions would help redundant workers to adapt their skills and facilitate their transition to new jobs or help them set up their own enterprises.

The resolution stressed that the Swedish authorities have confirmed that the **eligible actions do not receive assistance from other Union funds or financial instruments** and that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements, or measures for restructuring companies or sectors.

Lastly, Parliament called on the Commisson to: (i) urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people; (ii) gather substantiated data on the **impact of the EGF funding**, including on the quality, duration and sustainability of new jobs, on the number and percentage of self-employed persons and start-ups, and the reintegration rate achieved through the EGF.

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

2018/2012(BUD) - 18/12/2017 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Sweden facing redundancies in the manufacturing of computer, electronic and optical products.

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

CONTENT: 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 examined the EGF application from Sweden to mobilise the EGF and made the following comments:

Sweden - Application EGF/2017/007 SE/Ericsson: on 9 August 2017, Sweden submitted an application EGF/2017/007 SE/Ericsson for a financial contribution from the EGF, **following 2 338 redundancies in Ericsson** (*Telefonaktiebolaget LM* Ericsson) in Sweden out of whom 900 workers will be targeted. This enterprise operates primarily in the economic sector of the manufacture of computer, electronic and optical products.

In order to establish the link between the redundancies and cessations of activity and major structural changes in world trade patterns due to globalisation, Sweden argues that redundancies occurred in the hardware-centric business line of the telecom industry due to the negative growth in this sector for the company in Sweden, because of global competition.

The events leading to the redundancies and cessations are part of the restructuring and offshoring telecommunications companies to Asia (China and India) that started in 2014. According to data by Ericsson, the company has been gradually cutting staff in Sweden (from 21 178 in 2005, to 14 483 in June 2017).

Ericsson faces an uncertain future due to the structural changes that the industry has undergone because of globalisation and globalisation-induced increased competition from competitors, especially in Asia, who can undercut European prices.

Ericsson sees its competitive advantage rather in software development, and is trying to shift its focus in line with globalisation-induced demand issues. The enterprise is thus not only moving its production abroad but also shifting its focus from hardwarecentric production to service and software related sales. The share of this sector has grown to 67 % of production in 2016, from 50 % ten years

Ericsson faces an uncertain future due to the structural changes that the industry has undergone because of globalisation and globalisation-induced increased competition from competitors, especially in Asia, who can undercut European prices. The company sees its competitive advantage rather in software development, and is trying to shift its focus in line with globalisation-induced demand issues.

Basis of Swedish application: Sweden submitted the application under the intervention criteria set out in 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 17 January 2017 to 17 May 2017.

The redundancies during the reference period is 1 990.

The estimated number of redundant workers expected to participate in the measures is **900**. The package of personalised services to be provided to dismissed workers include the following: (i) career guidance and planning (job search assistance); (ii) measures for disadvantaged groups; (iii) entrepreneurship support; (iv) education and training measures; (v) job search and mobility allowances.

BUDGETARY IMPLICATION: 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 2 130 400**, 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.

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

2018/2012(BUD) - 23/02/2018 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Umas PAET (ALDE, EE) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, amounting to **EUR 2 130 400** in commitment and payment appropriations to assist Sweden face redundancies in the manufacturing of computer, electronic and optical products.

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.

Swedish application: Sweden has submitted application **EGF/2017/007 SE/Ericsson** for a financial contribution from the EGF following **2 388 redundancies in the computer, electronic and optical product manufacturing sector** in the regions of Stockholm, Västsverige, Östra Mellansverige and the Sydsverige region.

Members considered that the conditions set out in Article 13(1) of the EGF Regulation are met and that Sweden is entitled to a financial contribution of EUR 2 130 400 under that Regulation, which represents 60% of the total cost of EUR 3 550 667.

Reasons for the redundancies: Sweden argued that the redundancies are linked to major structural changes in world trade patterns due to globalisation and more particularly to the **negative growth in the hardware-centric business line of the telecom industry for Ericsson in Sweden due to global competition**.

Ericsson faces an uncertain future due to the structural changes that the industry has undergone because of globalisation and increased competition from competitors, especially in Asia.

Whilst the number of Ericsson workers employed globally grew, it has since declined in Sweden.

The estimated number of redundant workers likely to participate in the measures is **900**. More than 30% of this group belong to the **55-64 age group** and have specialised skills in the telecoms hardware industry that are no longer needed on the current job market. Consequently, their reintegration into this market is expected to be difficult and they risk becoming long-term unemployed.

Package of personalised services: Members noted that Sweden is planning five types of actions for the redundant workers covered by this application:

- counselling and career planning,
- measures for disadvantaged groups,
- entrepreneurship support,
- education and training,
- job search and mobility allowances.

The report noted that the cost of allowances and incentives for dismissed workers **almost reaches the limit of 35 % of the total cost** of the coordinated package of personalised services and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

Members welcomed the decision to provide **specialised help to redundant workers above the age of 50** who are in danger of becoming long-term unemployed, and those with learning or physical disabilities. They also welcomed the obligation for the Swedish Public Employment Service to include environmental demands in its calls for tender and in its own practice.

Lastly, the report stressed that the Swedish authorities have confirmed that the eligible actions do not receive assistance from other Union funds or financial instruments.