








# Procedure file

Basic information		
BUD - Budgetary procedure	2014/2137(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the shipbuilding sector in Finland		
Subject		
3.40.04 Shipbuilding, nautical industry		
4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)		
8.70.60 Previous annual budgets		

Key players			
European Parliament	Committee responsible		Rapporteur
	<b>BUDG</b> Budgets		Appointed
			15/10/2014
			 <a href="#">SARVAMAA Petri</a>
			Shadow rapporteur
			 <a href="#">GEIER Jens</a>
			 <a href="#">KÖLMEL Bernd</a>
			 <a href="#">JÄÄTTEENMÄKI Anneli</a>
			 <a href="#">VANA Monika</a>
			 <a href="#">ZANNI Marco</a>
	Committee for opinion		Rapporteur for opinion
	<b>EMPL</b> Employment and Social Affairs		Appointed
	<b>REGI</b> Regional Development		
Council of the European Union	Council configuration		Meeting
	<a href="#">Education, Youth, Culture and Sport</a>		<a href="#">3349</a>
			Date
			25/11/2014

Key events			
14/10/2014	Non-legislative basic document published	<a href="#">COM(2014)0630</a>	Summary
20/10/2014	Committee referral announced in Parliament		
	Vote in committee		

20/11/2014			
21/11/2014	Budgetary report tabled for plenary	<a href="#">A8-0043/2014</a>	Summary
25/11/2014	Results of vote in Parliament		
25/11/2014	Decision by Parliament	<a href="#">T8-0056/2014</a>	Summary
25/11/2014	Draft budget approved by Council		
06/12/2014	End of procedure in Parliament		
06/12/2014	Final act published in Official Journal		

### Technical information

Procedure reference	2014/2137(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/01691

### Documentation gateway

Non-legislative basic document		<a href="#">COM(2014)0630</a>	14/10/2014	EC	Summary
Committee draft report		<a href="#">PE539.865</a>	17/10/2014	EP	
Amendments tabled in committee		<a href="#">PE541.645</a>	14/11/2014	EP	
Budgetary report tabled for plenary, 1st reading		<a href="#">A8-0043/2014</a>	21/11/2014	EP	Summary
Budgetary text adopted by Parliament		<a href="#">T8-0056/2014</a>	25/11/2014	EP	Summary

### Final act

[Decision 2014/878](#)  
[OJ L 350 06.12.2014, p. 0011](#) Summary

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

**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland in dealing with redundancies in its shipbuilding 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 shall not 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](#) (the 'EGF Regulation').

The Commission examined the application for mobilisation of the EGF to assist Finland and concluded the following:

**Finland:** EGF/2014/008 FI/STX Rauma: the Finnish authorities submitted application EGF/2014/008 FI/STX Rauma for a financial contribution from the EGF, following redundancies in STX Finland Oy in Rauma in Finland.

The Finnish authorities submitted its application on 27 May 2014, within 12 weeks of the date on which the intervention criteria were met. The deadline which the Commission has to finalise its assessment of the application's compliance with the conditions for providing a financial

contribution, expires on 14 October 2014.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that the global maritime industry changed dramatically in recent years. Resulting from the explosive growth of the order book in the period 2002 to 2008, new shipyards were built, most of them in Asia. However, the global economic and financial crisis meant that the order book was halved between 2007 and 2013. As a result of the reduced orders and the significant expansion by Asia in the shipbuilding market, the sector is currently suffering from global overcapacity leading to tough competition.

As part of this trend, the EU market share has plummeted. Measured by production volume, the EU market share in shipbuilding was 5 % in the first three quarters of 2013, down from 13 % in 2007. The equivalent share of China, South Korea and Japan combined was 86 % in the first three quarters of 2013, while in 2007 this same share had been 77 %.

In many Asian countries, the shipyard industry has become an instrument for creating national employment and earning foreign currency. Europe, the birthplace of the modern shipbuilding industry, has thus to a great extent lost out to Asian countries with low labour costs.

To date, the shipbuilding sector in broad terms has been the subject of 6 EGF applications<sup>7</sup>, with one based on trade related globalisation and the other five on the global financial and economic crisis.

Background to the Finnish request: the Finnish authorities 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 or self-employed persons' activity ceasing, 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.

The reference period of four months runs from 7 November 2013 to 7 March 2014.

The application relates to 634 workers made redundant in STX Finland Oy, most of them at its shipyard located in Rauma, but some spillover also affecting its bigger Turku facility. STX Finland Oy operates in the economic sector classified under NACE Rev. 2 division 30 ('Manufacture of other transport equipment'). The redundancies made by the enterprise concerned are mainly located in the NUTS level 2 region of West Finland (FI19).

The application relates to 577 workers made redundant<sup>5</sup> in STX Finland Oy during the reference period. The conditions for awarding a financial contribution from the EGF are met.

In view of the Finnish request, it is proposed to mobilise the EGF for the amount of EUR 1 426 800 to make a contribution to the package of personalised services.

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 1 426 800, 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.

When the Commission adopts this proposal for a decision to mobilise the EGF, it will also 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 shipbuilding sector in Finland

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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 Globalisation Adjustment Fund, to the amount of EUR 1 426 800 in commitment and payment appropriations in order to assist Finland following redundancies in the shipbuilding 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 and to assist their reintegration into the labour market.

Finnish application: Finland submitted application EGF/2014/008 FI/STX Rauma on 27 May 2014 following the dismissal of 577 workers in STX Finland Oy, an enterprise which operated in the economic sector classified under NACE Rev. 2 division 30 ('Manufacture of other transport equipment'). Members noted that the Finnish authorities submitted the application under the intervention criterion of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant or self-employed persons' activity ceasing in its suppliers and downstream producers. Therefore, Finland is entitled to a financial contribution under that Regulation.

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 15 January 2014, ahead of the final decision on granting the EGF support for the proposed coordinated package.

Nature of the redundancies: Members noted that these redundancies will further aggravate the unemployment situation in Southwest Finland, as most of the dismissed workers have a poor standard of education in combination with relatively advanced age (41.42% of the dismissed workers are between the age of 55 and 64 years), which is likely to increase the risk of prolonged unemployment. Members considered therefore that these workers may have specific needs when it comes to providing them with personalised services.

Coordinated package of personalised services: Members noted that the personalised services which are to be provided consist of the following

three types of measures for the redundant workers covered by this application: (i) helping them transfer to a new job, (ii) helping them start their own business, and (iii) providing training or education.

They welcomed the establishment of Service Points amongst the proposed actions which are expected to provide an even more personal and in-depth service than the public employment office.

They also welcomed the idea that those planning to start a business can experience what it is like to be an entrepreneur by means of a placement in an existing enterprise.

Lastly, they noted that the purpose of the pay subsidies is to ensure that targeted workers hired by new employers do not lose out in the first period of their new employment. Such a measure could serve as an incentive to searching and engaging in a broader spectrum of new and unfamiliar jobs for the workers.

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

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The European Parliament adopted by 597 votes to 77, with 11 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, to the amount of EUR 1 426 800 in commitment and payment appropriations in order to assist Finland following redundancies in the shipbuilding 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 and to assist their reintegration into the labour market.

Finnish application: Finland submitted application EGF/2014/008 FI/STX Rauma on 27 May 2014 following the dismissal of 577 workers in STX Finland Oy, an enterprise which operated in the economic sector classified under NACE Rev. 2 division 30 ('Manufacture of other transport equipment'). Parliament noted that the Finnish authorities submitted the application under the intervention criterion of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant or self-employed persons' activity ceasing in its suppliers and downstream producers. Therefore, Finland is entitled to a financial contribution under that Regulation.

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 15 January 2014, ahead of the final decision on granting the EGF support for the proposed coordinated package.

Nature of the redundancies: Parliament noted that the Finnish authorities argue that the global maritime industry has changed dramatically in recent years and that, in this global context, the EU market share in shipbuilding has plummeted whilst Asia's market has expanded significantly. Parliament noted that these redundancies will further aggravate the unemployment situation in Southwest Finland, as most of the dismissed workers have a poor standard of education in combination with relatively advanced age (41.42% of the dismissed workers are between the age of 55 and 64 years), which is likely to increase the risk of prolonged unemployment. It considered therefore that these workers may have specific needs when it comes to providing them with personalised services.

Coordinated package of personalised services: Parliament noted that the personalised services which are to be provided consist of the following three types of measures for the redundant workers covered by this application: (i) helping them transfer to a new job, (ii) helping them start their own business, and (iii) providing training or education.

It welcomed the establishment of Service Points amongst the proposed actions which are expected to provide an even more personal and in-depth service than the public employment office. It also welcomed the idea that those planning to start a business can experience what it is like to be an entrepreneur by means of a placement in an existing enterprise.

Parliament noted that the purpose of the pay subsidies is to ensure that targeted workers hired by new employers do not lose out in the first period of their new employment. Such a measure could serve as an incentive to searching and engaging in a broader spectrum of new and unfamiliar jobs for the workers.

Complementary measures of the EGF: lastly, Parliament called for the European Social Fund (ESF) measures planned within the new ESF programming period to complement the measures proposed and to facilitate the worker's reintegration in future-oriented and sustainable economic sectors.

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

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

**NON-LEGISLATIVE ACT:** Decision 2014/878/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with 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 (application EGF/2014/008 FI/STX Rauma, from Finland).

**CONTENT:** with this Decision, the European Parliament and the Council have decided to mobilise the EGF for an amount of EUR 1 426 800 in commitment and payment appropriations in the framework of the 2014 general budget of the European Union.

This amount shall assist Finland following redundancies in STX Finland Oy in Rauma.

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

To recall, the EGF was established 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 addressed in [Regulation \(EC\) No 546/2009](#), or as a result of a new global financial and economic crisis and to assist them with their reintegration into the labour market.

[Regulation](#) (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF shall not exceed a maximum annual amount of EUR 150 million.