



EUROPEAN  
COMMISSION

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Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2013/001 FI/Nokia from Finland)**

## EXPLANATORY MEMORANDUM

Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup> allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund<sup>2</sup>.

On 1 February 2013, Finland submitted application EGF/2013/001 FI/Nokia for a financial contribution from the EGF, following redundancies in Nokia plc, Nokia Siemens Networks and 30 of its subcontractors in Finland.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

### **SUMMARY OF THE APPLICATION AND ANALYSIS**

<b>Key data:</b>	
EGF Reference no.	EGF/2013/001
Member State	Finland
Article 2	(a)
Primary enterprise	Nokia plc
Subsidiaries, suppliers and downstream producers	31
Reference period	1.8.2012 – 30.11.2012
Starting date for the personalised services	1.8.2012
Application date	1.2.2013
Redundancies during the reference period	2 863
Redundancies before and after the reference period	1 646
Total eligible redundancies	4 509
Redundant workers expected to participate in the measures	3 719
Expenditure for personalised services (EUR)	18 830 000
Expenditure for implementing EGF <sup>3</sup> (EUR)	790 000
Expenditure for implementing EGF (%)	4.03
Total budget (EUR)	19 620 000
EGF contribution (50 %) (EUR)	9 810 000

1. The application was presented to the Commission on 1 February 2013 and supplemented by additional information up to 21 August 2013.
2. The application meets the conditions for deploying the EGF as set out in Article 2(a) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

### **Link between the redundancies and major structural changes in world trade patterns due to globalisation**

<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

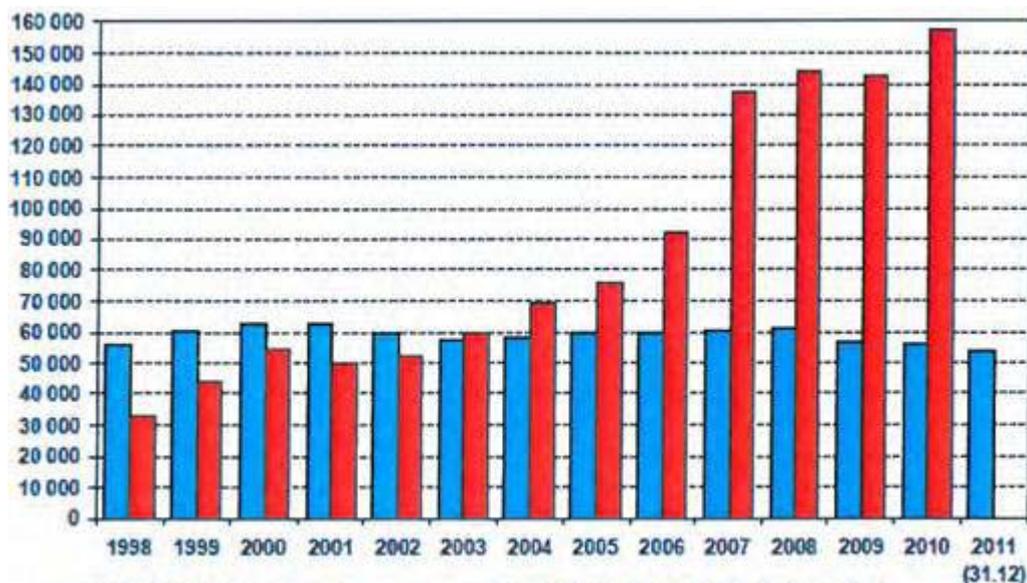
<sup>3</sup> In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

3. In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Finland argues that the current difficulties of Nokia, Nokia Siemens Networks, almost all subcontractors and the affected regions go back to February 2011. At that time Nokia announced a significant change in the company's strategy and launched an extensive cooperation with Microsoft with regard to the use of Microsoft Windows Phone as its primary smartphone operating system, while keeping Nokia's own Symbian operating system as a software platform in lower priced phones until the end of 2016. The demand for Symbian phones has meanwhile dropped considerably, and the development and maintenance operations based on the Symbian system are therefore being discontinued.
4. The intention was to keep the Nokia Salo plant operational while reducing the company's personnel by some 12 % in offices all around the world. This led to the closure of the plant in Cluj, Romania (September 2011), for which another EGF application was presented. Nokia Siemens Networks also announced major redundancies (November 2011). On 22 March 2012, redundancies in Nokia Salo were announced, numbering 1 000 workers out of a total of 1 700. Finland submitted application EGF/2012/006 FI/Nokia Salo in support of these workers, adding that further redundancies were already planned, and a follow-up application from Finland for the next wave of redundancies from Nokia itself and its subcontractors would be prepared.
5. This is the follow-up application, in support of the remaining Nokia Salo workers, Nokia workers in other parts of the country (mainly Espoo, Tampere and Oulu) and the resulting redundancies in Nokia Siemens Networks and 30 other subcontractors in various regions of Finland. The Salo factory has meanwhile closed down completely, with the loss of an additional 900 jobs. An extensive product development programme was also terminated, leading to job cuts in Oulu and Tampere as well as the Salo Product Development Centre. These closures also led to job losses in support functions, with the greatest impact on Espoo.
6. The primary reason for the redundancies is the transfer of functions within the sector to third countries outside Europe. Assembly of mobile phones, previously carried out in Salo and Cluj, has been offshored to Asia (China, South Korea, India and Vietnam, where a new Nokia plant is about to be inaugurated). Component manufacture and subcontracted production had already been transferred out of Europe. Following the direction taken by production, both design and product development have been, or are being, offshored.
7. The purpose of the transfer of assembly operations to Asia is to expedite the entry of devices into the market. By working closer to the subcontractors, it is able to bring new innovations to the market more rapidly and improve its competitiveness. Nokia has been losing its position in its most important markets of China and India, where several companies manufacturing cheap phones are increasing their market shares. In the basic mobile phone models, Nokia's market share dropped from 33 % (2010) to 24 % (2011), and this decline continued in 2012. As regards smartphones, Apple and Samsung have squeezed Nokia out of most markets. Thus, in Q2/2012, Nokia held a market share of 6.6 % (down from 38 % at the beginning of 2010), while Apple had 16.9 % and Samsung 32.6 %<sup>4</sup>.

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<sup>4</sup> Market research firm IDC.

8. At its height, the electronics and electrotechnical industry provided employment to more than 60 000 people in Finland, but by the end of 2012, this number had fallen to 50 000. At the same time, the number of personnel in third-country subsidiaries of the companies in this industry was growing, constituting a clear statement about offshoring of functions to Asia in particular.



- Personnel in Finland
- Personnel in subsidiaries abroad

9. To date, the mobile phone sector has been the subject of several EGF applications, all of which based on trade related globalisation. This is the fourth application on behalf of workers made redundant by Nokia; the three previous cases were for former Nokia workers in Germany, Romania and Finland.

**Demonstration of the number of redundancies and compliance with the criteria of Article 2(a)**

10. Finland submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.
11. The application cites 4 509 redundancies in Nokia plc, its subsidiary Nokia Siemens Networks and 30 of its suppliers and subcontractors, of which 2 863 during the four-month reference period from 1 August 2012 to 30 November 2012 and a further 1 646 redundancies before and after the reference period, but related to the same collective redundancies procedure. The 2 544 redundancies from Nokia were all calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006, while among those from the subsidiary and the subcontractors, 496 were calculated in accordance with the first indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006 and the remaining 1 469 in accordance with the second indent of the same paragraph.

**Explanation of the unforeseen nature of those redundancies**

12. The Finnish authorities argue that the redundancies at the Salo plant were unforeseen, as this had been explicitly exempt when Nokia announced major

redundancies in Finland in February 2011. At the time, the role of the Salo plant was expected to be the production of smartphones based on the Windows Phone platform.

13. At the end of November 2011, when the plant closure in Cluj (Romania) was announced, Nokia also stated that it was reconsidering the role of the Salo plant and that some personnel reductions could be expected in 2012. On 22 March 2012, the reduction of the Salo staff by 1 000 was announced, to be implemented by the end of June. On 14 June 2012, Nokia announced a further 3 700 redundancies in Finland, including 850 in the Salo mobile phone plant and its support functions. In addition, it would be significantly reducing its Device and Services headcount. Plant closure leading to further redundancies in Ulm (Germany) and Burnaby (Canada) were also announced. All this was unforeseen, after the assurances given only a year earlier, and in light of the fact that Salo was the first Nokia production plant with product development operations and the place where Nokia usually launched the assembly and assembly-learning process for new and important telephone models. In addition, sizeable staff reductions had already been carried out in Finland, and further cuts of this size were not expected.

#### **Identification of the dismissing enterprises and workers targeted for assistance**

14. The application relates to 4 509 redundancies of which 2 544 in Nokia itself and another 1 965 in its subsidiary Nokia Siemens Networks and its other suppliers and subcontractors. Of this total, it is expected that 3 719 workers will participate in the EGF co-funded measures.

The dismissing enterprises are the following :

<b>Enterprise</b>	<b>Redundancies within reference period</b>	<b>Redundancies before or after reference period</b>
Nokia plc	2 348	196
Nokia Siemens Networks	23	644
Accenture		263
Are	14	
Autobar Finland	3	
Barona	2	
Cencorp		13
Crelint	35	
DHL Global Forwarding	5	
DHL Supply Chain	75	31
Digia		69
Flander		2
Foxconn	14	102
Infocare	35	3
ISS Palvelut	15	
Ixonos	14	9
Lionbridge	1	
Life-on Mobile Corporation	25	1
Logica Suomi	158	
Mehiläinen	1	
Mitron	4	
Neusoft Mobile Solutions		17
Nice-business Solutions Finland	3	6

Relacom	6	18
RR Donneley	10	
Saloteam	4	
Sasken	15	
Sodexo	21	
ST-Ericsson		56
Teleca Finland	10	17
Tieto		199
Turvatiimi	22	
<b>Total</b>	<b>2 863</b>	<b>1 646</b>

15. The break-down of the 3 719 workers expected to participate in the measures is as follows:

Category	Number	Percent
Men	2 338	62.87
Women	1 381	37.13
EU citizens	3 525	94.78
Non EU citizens	194	5.22
15-24 years old	30	0.81
25-54 years old	3 302	88.79
55-64 years old	385	10.35
> 64 years old	2	0.05

16. Among the workers expected to participate in the measures are 38 workers with longstanding health problems or a disability.
17. In terms of occupational categories, the break-down of the 3 719 workers expected to participate in the measures is as follows:

Category	Number	Percent
Legislators, senior officials and managers	464	12.48
Professionals	2 070	55.66
Technicians and associate professionals	256	6.88
Clerks	74	1.99
Service workers and shop and market sales workers	40	1.08
Craft and related trade workers	62	1.67
Plant and machine operators and assemblers	537	14.44
Elementary occupations	216	5.81

18. In accordance with Article 7 of Regulation (EC) No 1927/2006, Finland has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

#### **Description of the territory concerned and its authorities and stakeholders**

19. There are several regions of Finland affected by the redundancies, three of which (Southwest Finland, Usimaa and Pirkanmaa) are in the southern part of the country and another (North Ostrobothnia) in the north. The region of Southwest Finland is

the most severely affected, with 1 050 new redundancies from Nokia and another 360 from the subcontractors. This is the region where Salo is located, which has already suffered from the earlier waves of redundancies from Nokia.

20. The Salo area is part of the province of South-West Finland, which is one of the most export-driven provinces of the country (over 60 % of its industrial output is exported). The region rose to its highly productive status during the 1990s, with the strong growth of Nokia, which was then becoming the world's leading mobile phone manufacturer. As Nokia's position weakened and the global financial and economic crisis struck, the situation in Salo deteriorated in terms of employment and production, and it suffered more than other regions of Finland. The economic structure of the Salo area has been exceptionally specialised since the late 1990s, with the information and communications sector accounting for more than 50 % of added value in 2008.

In the Southwest Finland region, the target group consists of more low-skilled workforce than in the other regions. They are guided to training opportunities in the fields of health and the social sector; transport and logistics; services such as lodging, catering businesses and security; financial administration; IT updating education especially in the gaming sector and business know-how.

21. The region of Uusimaa includes the capital, Helsinki. Although the Helsinki region has been one of Finland's most rapidly growing areas, it has not been able to avoid the consequences of the global financial and economic crisis. Turnover in industry fell in 2009 by 29 %, and commerce also declined rapidly. At the same time, numbers of unemployed job seekers rose by almost one half compared to the situation in 2008. While economic prospects began to stabilise in 2010, they turned gloomier again in 2012. In the city of Espoo, where Nokia is headquartered, 91 % of industry turnover came from the electronics industry in 2010, with Nokia and its subcontractors constituting a major part of this whole.

In the Uusimaa region, most of the people in the target group have an academic degree. The aim is to guide them to updating education in their own fields. In the IT sector, there is a labour shortage in the gaming sector for both employees and managers. Therefore this sector is given specific attention for EGF measures in the Uusimaa region.

22. The region of Pirkanmaa, in the West of Finland, is one of the most export-driven areas. As a major centre of culture, education and services, it has provided better employment opportunities to its population than many more peripheral regions of the country. The region suffered considerably from the effects of the global financial and economic crisis, and now from the redundancies in Nokia and those resulting from them, estimated at about 1 000 in the area.

In the Pirkanmaa region, about 80 % of the target group have an academic degree. The aim is to integrate the strong IT knowledge of the target group into the main sectors where growth is expected which are bio / organic products, environment and health technologies, renewable energy and smart machinery.

23. The region of North Ostrobothnia, with its capital Oulu, is Northern Finland's most important financial, educational and cultural centre. Since the 1990s, this region has also become an international innovation hub, thanks to the success of Nokia. It has attracted young people in search of education and international specialists in search of employment. It is also a major transport hub, both by land, air and sea, and it

stands to benefit from the urban expansion at the beginning of 2013, when several surrounding towns were merged into it.

In the North Ostrobothnia region, the aim is to take advantage of the target group's experience and knowledge in the growing sectors, which are wellbeing, environment, bio technology and culture. Furthermore new IT businesses are expected to arise.

24. The stakeholders in all the regions concerned are the Centres for Economic Development, Transport and the Environment, the Regional Employment and Economic Development Offices, and the City administrations. In addition, every region has its own co-ordination groups dealing with structural change, which will be involved in the implementation of the application.

#### **Expected impact of the redundancies as regards local, regional or national employment**

25. According to the Ministry of Employment and the Economy, the total number of people seeking jobs within the ICT branch in Finland in 2012 (including the latest redundancies from Nokia and its subcontractors) amounted to some 7,700 people. This large number poses considerable problems, particularly for job-seekers aged 45 and over (as these are assumed to have outdated expertise) and for young graduates looking for a first job.
26. The suddenness and scale of the redundancies covered by this application cause further difficulties not only for the workers themselves, but also for the localities with Nokia premises and the Finnish economy as a whole. Nokia and Nokia Siemens Networks together accounted for about one-fifth of all jobs in the Finnish ICT sector. Nokia Group's (Nokia and Nokia Siemens Networks) share of Finnish GDP in 2000 was 4 %; by 2011 it had dropped to only 0.6 % with a further decline in 2012.
27. The share of the Nokia cluster in all private sector investments in research and development in Finland in the past amounted to more than half. With these redundancies, it is expected that investments will be halved, and that Finland will lose EUR 1 billion in R&D investments.
28. Another major problem is that the subcontractors have been specialised in supplying Nokia and have not developed their own markets and strategies. As a result of the closures, they will need to develop these quickly if they wish to survive.

#### **Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds**

29. Finland is planning three types of measures for the redundant workers covered by this application, (i) helping them to transfer to a new job, (ii) helping them to start their own business, and (iii) providing training or education. All the following measures combine to form a co-ordinated package of personalised services which aims at re-integrating the redundant workers into employment:
  - Coaching measures and other preparatory measures : The unemployed workers can be helped in job-seeking techniques, with counselling and guidance, visits to job fairs, help with job applications and CVs. This service is normally provided to groups of varying sizes. Depending on the group, the training will be given for between 5 and 20 days. Detailed career guidance is also given to groups, with focus for interaction and work practice. This coaching can be up to 40 days. Individuals or groups can be provided with job coaches, who can act as sparring partners during the job search and as mentors to both employers and employees

during the early periods of a new job. Up to 50 hours of coaching can be provided per job-seeker.

- The workers can also benefit from a range of expert assessments. These, for instance, can assess the individual's work capacity, including health related aspects, the competence and vocational skills, or the entrepreneurial skills and potential of the worker.
- Job seekers can also be given the opportunity to carry out training trials, where they can test their aptitude for various fields of study for a training trial period of around 10 days. They may also try out entrepreneurship on a trial basis, in a group setting, where business ideas are discussed and developed, or where the job seekers work on a business idea provided by another person. A teacher is provided for 8 to 12 days. If an idea has been finalised and tested, the budding entrepreneur can try it out for up to 6 months, with another 4 to 6 days of contact teaching during this period.
- Training and re-training : The goal of the training measures is the acquisition of a basic or vocational qualification within an industry with a high employment rate; continuing training serves to strengthen existing competencies, and guidance / preparatory labour market training is made available to persons with no future career plan. Training is tailored according to the target group, and the courses can contain, for instance, expansion of ICT sector competencies; project, quality and financial management, and development of business skills. Most vocational labour market training is aimed at a qualification; in certain conditions, completion of a higher education degree is possible.
- SME development training will be made available; this combines the development needs of SMEs with the competences of specially trained unemployed persons. The goal of such training is to provide trainees with a practical understanding of how SMEs operate and to provide them with the skills necessary to working profitably in a company, as well as the competencies to develop it. Trainees learn about the company's business processes and understand the importance of quality in the operations of a company.
- Entrepreneurship promotion and services for new entrepreneurs : Protomo is an environment for open innovation, allowing participants to process ideas into prototypes, work in teams with pilot projects, develop new kinds of products and services and start up new businesses with new jobs. Protomo brings new ideas and innovative people together. The goal of the Protomo concept, currently under redevelopment in Uusimaa, is to further lower the threshold for becoming an entrepreneur.
- The Protomo concept works like a matching service for new entrepreneurs. The Protomo database is a collection of promising ideas proposed by individuals or enterprises of the region. Protomo-appointed tutors then help small groups of redundant workers to respond to the ideas in the form of a new enterprise that could either produce the goods or services for which there appears to be a need, or enable them to join the generator of the idea and work on it from the inside of an existing enterprise. The Protomo team provide the facilities and advice for this group work, and they assess the feasibility of the proposal as well as providing the necessary experts where required. Protomo normally works with groups of 4 persons who have signed in to develop a selected idea further.

- Potential new entrepreneurs are helped with advice, relevant training, counselling, consultation and support, premises and facilities for the duration of the Protomo project, and some start-up grants can also be provided when the eligibility conditions are met. Protomo can provide external experts with specific know-how for the aspiring entrepreneurs. University lecturers and students can be involved, to test and encourage radical innovations that may be refined and lead to new business creations.
- Support for starting independent business operations : This is a start-up grant, assuring an income for an aspiring entrepreneur for up to 18 months of initial operation. The basic allowance consists of EUR 31,36 per day. A variable supplement is added to this, which may not exceed 60 % of the basic allowance. It is estimated that some 150 persons will qualify for this allowance, and that the average paid out to them over the course of the implementation period will be EUR 6 000.
- Mobility assistance : This provides both for travel and accommodation expenses caused by job-seeking or training, and for removal expenses. Job seekers may not be able to find new employment in the immediate area, so may need to travel to attend job interviews, and may need to move to a new place outside their commuting area to take up vacancies. Travel expenses are calculated on a mileage basis, with accommodation reimbursed if necessary. Removal expenses are reimbursed up to EUR 700.
- Employment services at the Service Point : The redundant workers are provided with Service Points which take care of them during the implementation phase. Initially started inside Nokia premises, the Service Points set out to advise the affected workers from the outset by providing a much more personal and in-depth service to them than the public employment office would normally be able to deliver. Special attention is paid to ensuring that none of the workers slip into long-term unemployment. Following the intensive initial effort of the Service Point, it remains available to guide the workers as they proceed with their individual measures.
- Pay subsidies : These can be made available to employers willing to hire the targeted workers in the full knowledge of deficiencies in the competence or vocational skills of the person to be employed, and willing to ensure that they are paid a reasonable salary and given every support and the necessary on-the-job training as they settle into unfamiliar jobs. The duration is fixed according to the needs of the worker, and it is estimated that it will amount to an average of EUR 7 453 per worker benefiting from this scheme.
- Company based data acquisition scheme : This scheme enables the Employment and Economic Development Offices, the Centres for Economic Development, and the Ministry of Employment and the Economy to conduct telephone interviews with companies and gather up-to-date information on the enterprises' personnel needs. This information enables the offices to guide the workers in the right direction and help them with their choices of training courses. The interviews are carried out in a centralised manner and the results made available to the actors in a sorted form.

30. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, management and control activities as well as information and publicity at national,

regional and local levels. The workers participating in the EGF co-funded measures will be informed that the services offered are financed with EGF assistance. The Finnish authorities are planning a conference, which will involve both Nokia applications together.

31. The personalised services presented by the Finnish authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Finnish authorities estimate the total costs at EUR 19 620 000, of which the expenditure for personalised services at EUR 18 830 000 and the expenditure for implementing the EGF at EUR 790 000 (4.03 % of the total amount). The total contribution requested from the EGF is EUR 9 810 000 (50 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)	Total costs (EGF and national cofinancing) (EUR)
<b>Personalised services</b> (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Coaching measures and other preparatory measures	2 680	1 076	2 884 000
Education / training and retraining	1 340	6 027	8 076 000
Entrepreneurship promotion (Protomo projects etc.)	180	6 306	1 135 000
Support for starting independent business operations (start-up grant)	150	6 000	900 000
Mobility assistance	470	287	135 000
Employment services at the Service Point	3 719	215	800 000
Pay subsidies	640	7 453	4 770 000
Company based data acquisition system	2 505	52	130 000
<b>Sub total personalised services</b>			<b>18 830 000</b>
<b>Expenditure for implementing EGF</b> (third paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Preparatory activities			50 000
Management			420 000
Information and publicity			300 000
Control activities			20 000
<b>Sub total expenditure for implementing EGF</b>			<b>790 000</b>
<b>Total estimated costs</b>			<b>19 620 000</b>
<i>EGF contribution (50 % of total costs)</i>			<i>9 810 000</i>

32. Finland confirms that the measures described above are complementary with actions funded by the Structural Funds and that measures are in place to prevent any double financing.

**Date(s) on which the personalised services to the affected workers were started or are planned to start**

33. Finland started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 1 August 2012. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

#### **Procedures for consulting the social partners**

34. The Ministry of Employment and the Economy has convened a group that addresses the redundancies at Nokia and participated in the preparation of the EGF application. This working group has representatives from the Southwest Finland, North Ostrobothnia, Pirkanmaa and Uusimaa Centre for Economic Development, Transport and the Environment; local Employment and Economic Development Offices; and the social partners, i.e. the Council of Finnish Industrial Unions (e.g. Trade Union Pro, the Finnish Metalworkers' Union, and Academic Engineers and Architects in Finland) and the Federation of Finnish Technology Industries with representatives from Nokia.
35. The employment promotion committee of the Employment and Economic Development Office is active at local level. This committee operates as a co-operation organ for the Employment and Economic Development Office and labour market organisations, municipalities, and other local actors. The committee is tasked with, for example, anticipating changes in the labour market and planning steps necessitated by these changes.
36. The Finnish authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

#### **Information on actions that are mandatory by virtue of national law or pursuant to collective agreements**

37. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Finnish authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
  - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
  - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.
  - In addition, the Finnish authorities confirmed that they had followed up and implemented the recommendations resulting from the EGF audit of an earlier case, EGF/2007/004 FI/Perlos.

#### **Management and control systems**

38. Finland has notified the Commission that the financial contribution will be managed by the Ministry of Employment and the Economy, which also manages ESF funds. The same Ministry acts as the certifying authority. There is a strict separation of duties and of reporting relationships between the departments responsible for these two functions. The management functions for the EGF have been assigned to the Employment and Entrepreneurship Department, while those for the ESF are with the Regional Department. The certifying functions for both Funds are within the Human

Resources and Administration Unit. The Ministry has prepared a manual setting out in detail the procedures to be followed.

With regard to auditing, the responsible body is the independent Internal Auditing Unit, operating under the Permanent Secretary. Functions related to monitoring and auditing are also included in the range of functions of both the managing and the certifying authorities.

### **Financing**

39. On the basis of the application from Finland, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 9 810 000, representing 50 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Finland.
40. Considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.
41. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal dialogue meeting will be convened.
42. The Commission presents separately a transfer request in order to enter in the 2013 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

### **Source of payment appropriations**

43. Appropriations from the EGF budget line will be used to cover the amount of EUR 9 810 000 needed for the present application.

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2013/001 FI/Nokia from Finland)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>5</sup>, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund<sup>6</sup>, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission<sup>7</sup>,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.
- (2) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (3) Finland submitted an application to mobilise the EGF, in respect of redundancies in the enterprise Nokia plc, Nokia Siemens Networks and 30 of its subcontractors, on 1 February 2013 and supplemented it by additional information up to 21 August 2013. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 9 810 000.
- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Finland,

HAVE ADOPTED THIS DECISION:

*Article 1*

For the general budget of the European Union for the financial year 2013, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 9 810 000 in commitment and payment appropriations.

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<sup>5</sup> OJ C 139, 14.6.2006, p. 1.

<sup>6</sup> OJ L 406, 30.12.2006, p. 1.

<sup>7</sup> OJ C [...], [...], p. [...].

*Article 2*

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*