EGF Fact sheet

Reference: EGF/2007/003

Case: BenQ

Member State: Germany

Sector: Mobile phone manufacturing

Total budget planned : € 25 532 300

Amount requested from EGF: € 12 766 150

Submitted to European Commission: 27 June 2007

Intervention Criterion: Article 2(a) Regulation (EC) No 1927/2006

Period of reference: 22 December 2006 to 21 April 2007

Redundancies during period of reference: 3303 in total, from two BenQ subsidiaries in three locations: München (1342 redundancies), Kamp-Lintfort (1719 redundancies) and Bocholt (242 redundancies)

Active employment measures: Include short term allowances, mobility allowances, training measures, placement and counselling

Background/globalisation context:

- One year after taking over from Siemens (in October 2005) BenQ (a Taiwanese company) withdrew all financial support for its German subsidiaries: BenQ Mobile GmbH&Co OHG and Inservio GmbH, causing insolvency in both subsidiaries. On the other hand, it is expanding operations in the Asia-Pacific region where BenQ mobile phone has achieved a 31% year-to-year growth rate[1].

- Only one of BenQ's five manufacturing sites is in the EU (Brno, Czech Republic). The other four are in China (×2), Taiwan and Mexico. The total percentage of BenQ employees based in Europe dropped from 31% to 24% between 2003-2006 while over the same period in China, it rose from 15% to 18%.[2]

- General trend among mobile phone manufacturers toward a delocalisation of their production to Asia, primarily China. The main reasons being comparative cost advantages, the proximity of technology partners and a strong increase in local demand.

- In 2001, China produced 20% of the world's mobile phones (80 million). In 2006, it produced 450 million (45%).

- In 2006, 75% of mobile phones produced in China were exported.

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[1] Source BenQ company factsheet: http://www.benq.com/page/?pageId=5

[2] Idem.