

EGF Fact sheet

Reference: EGF/2007/004

Case: Perlos Oyj

Member State: Finland

Sector: Mobile phone accessories

Total budget planned: €4 057 075

Amount requested from EGF: €2 028 538

Submitted to European Commission: 18 July 2007

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

Period of reference: 6 March 2007 to 6 July 2007

Redundancies during period of reference: 915 redundancies in total, comprising 906 in Perlos Oyj, in two factory sites (in Joensuu and Kontiolahti) and 9 from upstream suppliers. All the redundancies occurred in companies in the Northern Karelia region of Finland.

Active employment measures: Include occupational guidance, training and re-training, entrepreneurship promotion, mobility allowances, pay subsidy vouchers and vocational skill and competence analyses.

Background/globalisation context:

- The redundancies in Perlos and in its upstream suppliers follow a general trend among mobile phone (and accessory) manufacturers towards delocalisation of their production, mainly to China and India, which are closest to the fastest growing mass markets, technology partners and in areas with cheaper labour costs.
- New demands on mobile phone production cycle speed mean that manufacturing sites of component producers, such as Perlos, must be moved into close proximity of the largest brands, to save time and money.
- In the first quarter of 2007, Perlos still had 26% of its global factory space in Finland, with China housing 41%. By the second half of 2007, factory space in Finland drops to zero percent, with China housing 58% and India 12%.
- The redundancies will have a significant and negative effect on the local economy, in particular in and around Joensuu and Kontiolahti.
- 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.