Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft maintenance, repair and overhaul services in Ireland

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in aircraft maintenance, repair and overhaul services in Ireland (enterprise SR Technics Ireland Ltd).

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

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline 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 Commission services have carried out a thorough examination of the application submitted by Ireland to mobilise the EGF. The main elements of the assessment are as follows:

Ireland: **application EGF/2009/021 IE/SR Technics**: on 9 October 2009, Ireland submitted application EGF/2009/021 IE/SR Technics for a financial contribution from the EGF, following redundancies in the enterprise SR Technics Ireland Ltd in Ireland (hereafter 'SR Technics'). The application was supplemented by additional information up to 18 May 2010.

Ireland argues that the redundancies in SR Technics can be directly linked to the reduction in air transport activity as a result of the global financial and economic crisis. Ireland argues that the redundancies in SR Technics can be directly linked to the reduction in air transport activity as a result of the global financial and economic crisis. It has provided statistics from Eurostat that show a decline in turnover in the air transport sector between 2008 and 20093 of over 9% (EU-27). For the Euro zone the decline was even greater; during the same period turnover declined by 15.9 %. The decline in air transport turnover placed enormous cost pressures on airlines, as well as reducing the actual volume of maintenance, repair and overhaul (MRO) activities worldwide.

SR Technics lost two significant contracts in this way; one with Aer Lingus and one with Gulf Air.

Ireland 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 and in its suppliers and downstream producers. It cites 800 redundancies in SR Technics during the four-month reference period from 3 April 2009 to 2 August 2009.

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.

On the basis of the application from Ireland, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 7 445 863, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATION: 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 of **EUR 7 445 863** to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue 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 trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.