Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft repair and installation services in Ireland

2015/2045(BUD) - 25/03/2015 - Budgetary text adopted by Parliament

The European Parliament adopted by 522 votes by 74, with 8 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 for an amount of **EUR 2 490 758** in commitment and payment appropriations in order to assist Ireland following redundancies in its aircraft repair and installation services.

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.

Irish application: Ireland submitted application EGF/2014/016 IE/Lufthansa Technik for a financial contribution from the EGF, following a total of 424 redundancies in Lufthansa Technik Airmotive Ireland Ltd (LTAI) and two of its suppliers in Ireland. Members stated that the application does not fulfil the eligibility criteria laid down in Article 4(1)(a) of the EGF Regulation and is based on the exceptional circumstances provision contained in Article 4(2) of that Regulation. By exceptional circumstances, this means that the redundancies have a serious impact on employment and the local and regional economy, and justify a derogation from the intervention criteria set out in Article 4(2) of the EGF Regulation.

Therefore, **Ireland is entitled to a financial contribution under that Regulation**.

Parliament noted, however, that the exceptional circumstances in this case relate to only 250 persons and therefore recommended that the Commission to establish clear criteria for applications relating to less than 500 workers. It stated that if the criteria laid down in Article 4(1)(a) of that Regulation are not entirely met, applications should be **assessed on a case-by-case basis** and that there should not be an automatic endorsement of applications that don't meet the basic conditions.

Nature of the redundancies: Parliament considered that the redundancies in the 'repair and installation of machinery and equipment' sector in the region of Southern and Eastern Ireland are linked to major structural changes in world trade patterns due to globalisation, as shown by the closure of LTAI as a result of a **serious shift in Union trade in goods and services** resulting from a technological shift towards the production of new generation aircraft and components, by the shift in wider aircraft component production practices with resultant impacts on the market fundamentals of the underlying business model of LTAI and the shift in location of global aircraft production.

These redundancies are expected to have huge negative impacts on Southern and Eastern Ireland, which presents **pockets of considerable local disadvantage**, with low levels of educational achievement, lack of professional qualifications and a high level of local authority housing. All these factors point to considerable local disadvantage and poverty and that, moreover, a series of redundancies in enterprises in this sector over the last years has made it even more difficult for the workforce that possesses some very specific skills that are difficult to exploit in other sectors.

Parliament noted that Blanchardstown-Tyrrelstown, Tallaght-Killinarden, Clondalkin-Rowlagh and Tallaght-Fettercairn are a few of the areas where the Lufthansa workers reside where the **average unemployment figure is around 23%.**

Package of personalised services: Parliament noted that the coordinated package of personalised services to be co-funded consists of guidance and career planning, EGF training grants, training and further education programmes, higher education programmes, enterprise and self-employment supports, income supports including the EGF course expense contribution scheme.

NEET: the resolution noted that the Irish authorities decided to provide personalised services co-financed by the EGF to up to 200 young people not in employment, education or training (NEETs) under the age of 25 in addition to the redundant workers (despite the fact that this in this case, the NEETs do not belong to the group of redundant workers and were **not employed in the same sector**). It noted the personalised services which are to be provided to NEETs consist of the same options as for the redundant workers but will be tailor-made for each NEET individual as appropriate.

Parliament noted that the authorities plan to utilise the maximum allowed 35% of all costs on allowances and incentives in the form of income supports including course expense contributions (CECs); acknowledges that those allowances do not replace the measures provided from national funds.

It also recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career. Parliament stressed that EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment.

Lastly, it recommended that the Commission evaluate the possibility of **reducing the required minimum number of workers made redundant to 200 for EGF projects** because of the impact on unemployment generated by redundancies in SMEs affected by the economic crisis.