Mobilisation of the European Globalisation Adjustment Fund: redundancies in the air transport sector in Italy

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Italy following redundancies in its air transport sector.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

The Commission examined the application for mobilisation of the EGF to assist Italy and concluded the following:

Italy:EGF/2015/004 IT/Alitalia: on 24 March 2015, Italy submitted application EGF/2015/004 IT /Alitalia for a financial contribution from the EGF, following redundancies in *Gruppo Alitalia* in Italy.

Italy submitted its application within **12 weeks** of the date on which the intervention criteria set out in the EGF Regulation were met. The deadline of 12 weeks of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 11 August 2015.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Italy argues that although globally, the international air transport market is still dominated by European airlines, this sector has undergone serious economic disruption, in particular a decline of the EU’s market share.

Europe grew by 3.8% in 2013 and 5.7% in 2014 compared to the previous year, below the world average (5.2% and 6.3% respectively), and accounts for 38% of the world traffic (measured in RPK), one percentage point less than in 2012. The Middle East region remains the fastest growing in the world, expanding by 10.9% in 2013 and 13.4% in 2014 and accounting for 14% of world international traffic.

The huge increase in the number of passengers carried from/to Italy by the Gulf carriers and Turkish airlines was made at the expense of Alitalia. The decrease in the number of passengers transported in 2014 back to the figures in 2010, which represent a decline by 3.6% compared to 2013 and by 6.4% compared with 2012 coupled with the losses accumulated since the full privatisation of Alitalia in 2009, which in Q1 2014 were EUR 1 137 million are the events giving rise to these redundancies in *Gruppo Alitalia* for which Italy has requested the EGF support.

Basis of the Italian application: Italy submitted the application under the intervention criteria of Article 4 (1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or selfemployed persons whose activity has ceased.

The reference period of four months for the application runs from 31 August 2014 to 30 December 2014. During the reference period 1 247 workers were made redundant in *Gruppo Alitalia*.

In view of the Italian request, it is proposed to mobilise the EGF for the amount of **EUR 1 414 848** to make a contribution to the package of personalised services.

BUDGETARY IMPLICATION: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 1 414 848, representing 60% of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the required amount.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.