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

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PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist France facing redundancies in the air transport sector.

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

CONTENT: 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.

In this context, the Commission has examined the application for mobilisation of the EGF for France and has concluded the following:

France - Application EGF/2017/009 EN/Air France: the application for a financial contribution from the EGF, submitted by France on 23 October 2017, concerns **1 858 workers** made redundant by Air France, mainly in the NUTS 2 regions of Île-de-France and Provence-Alpes-Côte d'Azur.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, France argues that the **international air transport sector has undergone serious economic disruption, in particular a decline of the EU's market share**. Since 2008, traffic between Europe and the rest of the world has been growing more slowly than global traffic. Between 2008-2015, annual growth in the traffic 'Europe-Rest of the World', was 3.4% which is 36 % lower than the average annual growth in world traffic.

The events giving rise to these redundancies are the **massive increase in the capacity of subsidized airlines based in countries with much better investment and production conditions** (Qatar and United Arab Emirates) has resulted in a sharp decline of EU companies in terms of market share.

Between 2008 and 2016, the evolution of the market shares origin-destination between Europe, on the one hand, and sub-Saharan Africa, the Middle East and Asia, on the other hand, shows a regression of EU companies by nearly 10 points to the benefit of Emirates, Qatar Airways, Etihad and Turkish Airlines.

The main purpose of Emirates, Qatar Airways and Etihad Airways is to significantly increase the power of their correspondence system on 'long-haul'–'long-haul' flows to capture via their hubs in Dubai, Doha and Abu Dhabi a preponderant share of flows between Europe, Africa and the Americas on the one hand, and Asia and Oceania on the other, as well as between Europe and Africa.

The European companies and their correspondence platforms have been particularly challenged on flows representing the largest volumes of traffic like Europe-Asia and on high-growth flows like Africa-Asia.

Basis of the French application: France 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.

The reference period covered by the application runs from 1 April 2017 to 31 July 2017. The application concerns 1 858 redundant workers. The expected impact in both territories is linked to the **difficulties of redeployment** for workers **aged 50+**. This age group represents 79% of the total number of redundancies.

The measure for which the French authorities seek EGF co-funding is the **redeployment leave**. This measure is intended for workers who, at the time of their voluntary departure, do not yet have any precise plans for redeployment.

France envisages **five types of action** in favour of redundant workers in the context of redeployment leave: (i) vocational guidance and advisory services for workers; (ii) vocational training; (iii) contribution for business recovery or business start-up; (iv) job-search allowance; (v) mobility allowance.

BUDGETARY IMPLICATIONS: following its evaluation of the application, the Commission concluded, in accordance with the relevant provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF were met. It proposed to **mobilise the EGF for an amount of EUR 9 894 483**, representing 60% of the total cost of the actions proposed, in order to provide a financial contribution in response to 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 amount requested.