

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

2021/0115(BUD) - 07/06/2021 - Budgetary text adopted by Parliament

The European Parliament adopted 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 (EGF), following an application from the Netherlands - EGF/2020/004 NL/KLM.

Parliament approved the proposal for a decision to mobilise the EGF in order to provide a financial contribution of **EUR 5 019 218** in commitment and payment appropriations from the Union budget for the financial year 2021 in response to the application submitted by the Netherlands, which is facing redundancies in the air transport sector.

This contribution represents 60% of the total cost of EUR 8 365 364, corresponding to expenditure on personalised services of EUR 8 030 750 and expenditure on preparatory, management, information and publicity, monitoring and reporting activities of EUR 334 614.

Link between the redundancies and a global financial and economic crisis

The resolution noted that the COVID-19 pandemic has profoundly affected the airline industry due to travel restrictions that caused international air traffic to fall by 98.9% in April 2020 compared to April 2019, while 64% of aircraft were grounded worldwide. International passenger demand fell by 75.6% in 2020 compared to 2019 levels.

As a result of the pandemic, the number of passengers carried by KLM Royal Dutch Airlines fell by 68% and KLM's revenue fell by 53.8% in 2020 compared to 2019. This has resulted in KLM making an operating loss of EUR 1 154 million in 2020 compared to a profit of EUR 714 million in 2019 and forced its management to announce a restructuring plan reducing the workforce by around 5 000 full-time equivalents.

Eligible beneficiaries

The application covers a total of **1 851 redundant workers from KLM Royal Dutch Airlines**, but only 1 201 eligible beneficiaries are expected to participate in the measures.

The social consequences of the redundancies are expected to be considerable, given that KLM is the second largest private employer in the Netherlands, with more than 33 000 workers in 2019. Members recalled that the redundancies took place in a context of rising unemployment rates in Noord-Holland, which increased by 1.5 percentage points to reach 4.8 % in the fourth quarter of 2020 compared to the same quarter of 2019.

Personalised services

The personalised services to be provided to workers include the following: professional orientation, career guidance, job search assistance in specific sectors, training, coaching and/or education and financial advice.

Members noted that the Netherlands has decided not to offer income support to redundant workers through the EGF. The KLM group has applied for the NOW benefit (*Noodmaatregel Overbrugging voor Werkgelegenheid*), a generic wage support benefit for all companies whose turnover is affected by more than 20% due to the COVID-19 crisis. KLM has already received advances amounting to EUR 683 million and is expected to receive a further EUR 488 million.

Parliament welcomed the authorities' commitment to **retraining workers** to facilitate their transition to labour-scarce sectors such as education, healthcare, logistics, technology and information management. It called on the Netherlands to ensure the **inclusion of the most vulnerable people**, who are likely to face the most difficulties in the labour market, without any form of discrimination.

Members welcomed the fact that the coordinated package of personalised services has been put in place by the Netherlands in consultation with stakeholders and social partners.