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 help Italy face redundancies in the air transport sector.

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

CONTENT: on 15 July 2021, Italy submitted an application for a financial contribution from the EGF, following redundancies in **Air Italy SpA** in Italy.

Following the assessment of this application, the Commission concluded, in accordance with all the relevant provisions of the EGF Regulation, that the conditions for a financial contribution from the EGF are met.

Grounds for the application

Italy submitted the application under the intervention criterion of Article 4(2)(a) of the EGF Regulation, which requires at least 200 workers to be made redundant over a reference period of four months in an undertaking in a Member State.

The application concerns **466 redundant workers** made redundant in Air Italy SpA. The redundancies occurred in the NUTS 2 region of Sardinia. The four-month reference period runs from 1 September 2020 to 1 January 2021.

Events leading to the redundancies and to the cessation of activity

Since its creation, Air Italy has faced various problems, such as disputes with Alitalia on routes between mainland Italy and Sardinia, or the strong reaction of US airlines that saw Air Italy as a way for Qatar Airways to expand in the US. In addition, the fleet grew less rapidly than expected. Some routes were cancelled shortly after launch and others were announced and never launched.

In 2018, Air Italy's first year of operation, losses amounted to almost EUR 160 million (57% of turnover). In 2019, losses reached EUR 230 million, or 70% of turnover

Air Italy needed EUR 200 million to continue its operations but a new share purchase by Qatar Airways would have made the latter the main shareholder and Air Italy would have lost its EU airline licence.

In February 2020, Air Italy announced that its shareholders had approved a voluntary liquidation and the cancellation of all operations as from 25 February 2020. Following the cessation of all operations, Air Italy initiated a collective redundancy procedure concerning its whole workforce (1 453 employees). However, the procedure was put on hold until September 2020, because of the entry into force of the decree law preventing the displacement of workers during the early months of the pandemic.

The pandemic crisis has led to a significant deterioration of the Sardinian labour market, which due to its insularity away from the mainland, constitutes a small labour market.

Beneficiaries

In addition to the 466 workers made redundant during the reference period, the eligible beneficiaries include 145 redundant workers whose activity ceased before or after the four-month reference period. Therefore, the total number of eligible beneficiaries amounts to **611**.

The **personalised services** to be provided to the redundant workers include the following actions: (i) general information and vocational guidance; (ii) job search assistance; (iii) training to avoid a downgrading of the professional profile of pilots, flight crews and aircraft maintenance technicians; (iv) support and contribution to the creation of a business of up to EUR 22 000 per person; (v) hiring incentives for companies recruiting former Air Italy workers and reimbursement of mobility costs.

The measures were planned in line with the Italian national strategy for sustainable development. The training will improve the digital skills of the redundant workers.

The estimated total costs are EUR 4 558 400, comprising expenditure for personalised services of EUR 4 376 000 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 182 400.

Budgetary proposal

The maximum annual amount should not exceed EUR 186 million (in 2018 prices), as laid down in Council Regulation (EU, Euratom) No 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027.

Having examined the application, the Commission proposes to **mobilise the EGF for EUR 3 874 640**, representing 85 % of the total costs of the proposed measures, to provide a financial contribution for the application.