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

2021/0363(BUD) - 19/11/2021 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to support France in the face of redundancies in the manufacture of other transport equipment at Airbus.

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

CONTENT: on 26 July 2021, France submitted an application for a financial contribution from the EGF, following the redundancies in Airbus in France.

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

France 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 enterprise in a Member State.

The application concerns **508 redundant workers** made redundant in the Airbus Commercial Economic and Social Unit (ESU) of Airbus (Airbus SE). The redundancies carried out by the company are located in the Midi-Pyrénées and Pays de la Loire regions. The four-month reference period runs from 1 November 2020 to 1 March 2021.

Events leading to the displacements and cessation of operations

Commercial Aircraft Division of Airbus is a leading manufacturer of commercial aircraft. Because of the general collapse of commercial aviation, in particular passenger flights, due to the Covid-19 pandemic, the activity of the **Commercial Aircraft Division of Airbus is facing severe difficulties**. Airbus' commercial aircraft production generated 67 % of the overall turnover of Airbus. As of April 2020, the production plans had to be adapted to the crisis situation, leading to **one third reduction of production levels**.

To adapt its workforce to this sudden change in production plans, Airbus had to implement a restructuring plan. As part of a company-wide collective agreement, 4 248 jobs were cut in France alone.

As a first resort, Airbus made use of the provisions of the new emergency legislation adopted in France in response to the pandemic. The French government launched a programme to support the sector. In addition, they launched a temporary programme of long-term partial activity which allows companies facing difficulties to reduce the working time of their employees. Although the number of redundancies could be reduced significantly, 2 246 jobs were lost.

The French authorities explain that the regions concerned are particularly affected by the crisis following the Covid-19 pandemic. Both regions were facing rising unemployment even before the crisis. As of 2018,

the unemployment rates had started to slightly decrease, when the crisis hit in 2021. In the first quarter of 2021, unemployment stood at 6.9 % in Pays de la Loire and 9.4 % in Occitanie.

In particular in Occitanie, the dismissals are expected to have a significant impact on the labour market and the economy. The city of Toulouse and the surrounding region is the major aeronautical cluster in Europe. 110 000 people are employed in the sector. The region is heavily dependent on aeronautics as the most important sector in the region.

In Pays de la Loire, the impact of the aviation crisis on the local economy and the labour market is expected to be less detrimental, due to the high diversification of the regional economy. However, there aren't many employment opportunities for aeronautical engineers and technicians. As in Occitanie, the age of the workers concerned is likely to hamper reemployment. 11 % of affected staff are above 55.

Beneficiaries

An estimated **297** redundant workers are expected to participate in the measures.

The personalised services to be provided to the redundant workers include the following actions: (i) business start-up grants of EUR 15 000 per beneficiary to help them start their own businesses; (ii) business creation training for beneficiaries who have applied for the business start-up scheme; (iii) expenditure related to business creation training; (iv) salary top-ups offered as an incentive to accept new employment, even if the wage is lower than in the previous job.

France informed that the dismissing enterprise regularly offers trainings for its staff in which particular attention is paid to digital skills and skills required in a resource-efficient economy.

The total estimated cost amounts to **EUR 4 406 194**; this amount corresponds only to expenditure for personalised services and does not include expenditure for preparation, management, information and publicity, monitoring and reporting activities.

Budgetary proposal

The EGF should not exceed a maximum annual amount of 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 the amount of EUR 3 745 264**, representing 85 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.