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 to deal with displaced workers in the air transport sector.

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

CONTENT: on 21 January 2022, France submitted an application for a financial contribution from the EGF, following displacements in Air France 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

The French application is based on the intervention criterion of Article 4(2)(b) of the EGF Regulation, which requires the cessation of at least 200 displaced workers, over a reference period of four months in an enterprise in a Member State, including workers displaced in suppliers and downstream producers and /or self-employed persons whose activity has ceased.

The application relates to **282 displaced workers** whose activity has ceased in Air France. The redundancies in Air France are located in 12 French NUTS level 2 regions in mainland France and four French NUTS level 2 regions overseas. The reference period of four months for the application runs from 1 July 2021 to 1 November 2021.

Events leading to the displacements and cessation of activity

The events leading to the redundancies were the consequence of the unforeseen **global economic crisis caused by the pandemic**. The COVID-19 crisis severely and abruptly affected Air France, as it did all other airlines, forcing it to reduce its flight offer due to the closure of borders and the decrease in air traffic.

In France, GDP fell by 8% in 2020 and, despite 7% growth in 2021, it has not yet returned to pre-pandemic levels. Recovery in air transport is expected to be slow and uncertain. Air France does not expect to reach 95% of its pre-pandemic flight capacity until 2023.

At the beginning of the crisis, Air France was losing EUR 450 million of cash flow every month. The enterprise would have been in insolvency and would no longer have been able to pay salaries if it had not obtained EUR 7 billion in State-guaranteed loans. However, the loans alone would not have been sufficient to overcome the situation without additional measures, which led to reductions in staff.

The region Île de France has been the most affected by the redundancies in Air France, as 57% of the displacements occurred in this territory.

Beneficiaries

In addition to the 282 redundant workers, the eligible beneficiaries include 1,298 redundant workers whose activity ceased before or after the four-month reference period. The total number of eligible beneficiaries is 1 580 (695 men and 885 women).

The measures for which the French authorities are seeking EGF co-financing concern the extension of the duration of the outplacement leave, beyond the legal obligation of the company.

The personalised services to be provided to the redundant workers include the following actions: (i) advisory and career guidance; (ii) training for skills enhancement or retraining or for business creation; (iii) business creation grants of up to EUR 15 000; (iv) hiring benefits for SMEs that hire a former Air France worker on a permanent contract or on a fixed-term contract of at least 6 months; (v) quick reemployment allowance; (vi) salary top-ups, a measure to encourage acceptance of a new job, even if the salary is lower than that of the previous job.

France reported that Air France regularly offers trainings for its staff in which attention is paid to digital skills and skills required in a resource-efficient economy, as part of it 'Skills Development Plan'.

The estimated total costs are **EUR 20 873 656**, comprising expenditure for personalised services only. France decided to cover expenditure for preparatory, management, information and publicity, control and reporting activities with their own resources.

Budget proposal

The EGF shall 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 EUR 17 742 607**, representing 85 % of the total costs of the proposed measures, in order to provide a financial contribution for the application.