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

2022/0143(BUD) - 23/06/2022 - Budgetary text adopted by Parliament

The European Parliament adopted by 564 votes 18, with 16 abstentions, 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) for displaced workers following an application from France – EGF/2022/001 FR /Air France.

Parliament approved the proposal for a decision to mobilise the EGF to provide a financial contribution of **EUR 17 742 607** in commitment and payment appropriations in response to the application submitted by France in the air transport sector.

This contribution represents 85 % of the total cost of EUR 20 873 656, comprising only expenditure for personalised services.

Background

On 21 January 2022, France submitted an application EGF/2022/001 FR/Air France for a financial contribution from the EGF, following 282 displacements in the economic sector classified under the NACE Revision 2 division 33 (Repair and installation of machinery and equipment) and 51 (Air transport) in 12 French NUTS level 2 regions in mainland France and four French NUTS level 2 regions overseas.

The application relates to 282 displaced workers whose activity in the company Air France and two of its subsidiaries has ceased during the reference period, while 1 298 workers were displaced before or after the reference period as a consequence of the same events that triggered the cessations of activity of the displaced workers during the reference period and all 1 580 workers will thus be considered eligible beneficiaries.

Events leading to the redundancies

The COVID-19 crisis severely and abruptly affected Air France, forcing it to reduce its flight offer due to the closure of borders and the drop in air travel.

Air transport recovery is expected to be slow and uncertain. Air France expects to reach 95 % of its pre-pandemic flight offer only in 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, such as downsizing operations, redefining the domestic network, and simplifying and streamlining support functions (such as marketing, communications, human resources, etc.). These measures led to reductions in staff.

The region Île-de-France (57 % of the displacements) has been most affected. At the start of the personalised measures in the first quarter of 2021, immediately after the first wave of dismissals, the unemployment rate was 7.7 % in Île-de-France. There were more than one million (1 056 950) registered job seekers, that is an increase by 8 % year-on-year.

Beneficiaries and proposed measures

The application relates in total to **1 580 displaced workers** whose activity has ceased. France expects that all of the eligible beneficiaries will participate in the measures (targeted beneficiaries). The social impacts of the redundancies are expected to be important for France, in particular in the region Île-de-France, where 57 % of the displacements took place.

Members recalled that out that 56 % of the displaced workers are women and 30.8 % are over 54 years old. 96 of the displaced workers have disabilities.

France started providing personalised services to the targeted beneficiaries on 1 February 2021 and the period of eligibility for a financial contribution from the EGF will therefore be from 1 February 2021 until 24 months after the date of the entry into force of the financing decision.

The personalised services to be provided to the workers consist of the following actions: (i) advisory services and vocational guidance, (ii) training, including horizontal competencies, (iii) re-skilling, up-skilling, internships, and vocational training,(iv) contribution to business creation, (v) hiring benefits, (vi) quick reemployment allowance, (vii) salary top-ups as well as intensive job-search assistance.

Moreover, the digital and green transformation will also have an effect on the labour market especially in the aviation sector. Therefore, special attention should be paid to qualified education, including vocational training and promoting the so-called dual apprenticeship system, which has proven to be effective in some Member States.

Lastly, Parliament noted that assistance from the EGF must not replace actions which are the responsibility of companies, by virtue of national law or collective agreements, or any allowances or rights of the displaced workers, to ensure full additionality of the allocation.