Basic information

2015/2045(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft repair and installation services in Ireland **Subject** 3.40.05 Aeronautical industry, aerospace industry 3.40.18 Services sector 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.55 2015 budget **Geographical area** Ireland	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	NEGRESCU Victor (S&D)	10/02/2015
	Shadow rapporteur ŠTEFANEC Ivan (PPE) KÖLMEL Bernd (ECR) ARTHUIS Jean (ALDE) NÍ RIADA Liadh (GUE/NGL) VANA Monika (Verts/ALE) ZANNI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	3378	2015-03-16

European Commission	Commission DG	Commissioner
	Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
06/02/2015	Non-legislative basic document published	COM(2015)0047	Summary
12/02/2015	Committee referral announced in Parliament		
16/03/2015	Vote in committee		
16/03/2015	Draft budget approved by Council		
18/03/2015	Budgetary report tabled for plenary	A8-0052/2015	Summary
25/03/2015	Decision by Parliament	T8-0085/2015	Summary
25/03/2015	Results of vote in Parliament		
25/03/2015	End of procedure in Parliament		
24/04/2015	Final act published in Official Journal		

Technical information

Procedure reference	2015/2045(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/02778

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE549.358	03/03/2015	
Amendments tabled in committee		PE551.795	06/03/2015	
Budgetary report tabled for plenary, 1st reading		A8-0052/2015	18/03/2015	Summary
Budgetary text adopted by Parliament		T8-0085/2015	25/03/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2015)0047	06/02/2015	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2015/0643 OJ L 106 24.04.2015, p. 0027	Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft repair and installation services in Ireland

2015/2045(BUD) - 18/03/2015 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Victor NEGRESCU (S&D, RO) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 2 490 758** in commitment and payment appropriations in order to assist Ireland following redundancies in its aircraft repair and installation services.

Members recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market.

Irish application: Ireland submitted application EGF/2014/016 IE/Lufthansa Technik for a financial contribution from the EGF, following a total of 424 redundancies in Lufthansa Technik Airmotive Ireland Ltd (LTAI) and two of its suppliers in Ireland. Members stated that the application does not fulfil the eligibility criteria laid down in Article 4(1)(a) of the EGF Regulation and is based on the exceptional circumstances provision contained in Article 4 (2) of that Regulation. By exceptional circumstances, this means that the redundancies have a serious impact on employment and the local and regional economy, and justify a derogation from the intervention criteria set out in Article 4(2) of the EGF Regulation.

Therefore, Ireland is entitled to a financial contribution under that Regulation.

Members noted, however, that the exceptional circumstances in this case relate to only 250 persons. Therefore, they recommended that the Commission establish clear criteria for applications relating to less than 500 workers. According to the Members, if the criteria laid down in Article 4(1) (a) of that Regulation are not entirely met, applications should be assessed on a case-by-case basis.

Members also welcomed the fact that, in order to provide workers with speedy assistance, the Irish authorities decided to initiate the implementation of the personalised services to the affected workers on 7 December 2013, well ahead of the decision and even the application on granting the EGF support for the proposed coordinated package.

Nature of the redundancies: Members highlighted that the redundancies are linked to major structural changes in world trade patterns due to globalisation, as a result of a serious shift in Union trade in goods and services resulting from a technological shift towards the production of new generation aircraft and components, and the shift in location of global aircraft production.

These redundancies are expected to have huge negative impacts on Southern and Eastern Ireland, which presents pockets of considerable local disadvantage and workers with a lack of professional qualifications. Moreover, a series of redundancies in enterprises in this sector over the last years has made it even more difficult for the workforce that possesses some very specific skills that are difficult to exploit in other sectors to find a new job. Members regretted that this is particularly true for those workers who are closer to retirement (around 20 % of the Lufthansa Technik workers) or have been with that same employer for a number of years.

Package of personalised services: Members noted that the coordinated package of personalised services to be co-funded consists of guidance and career planning, EGF training grants, training and further education programmes, higher education programmes, enterprise and self-employment supports, income supports including the EGF course expense contribution scheme.

They recalled that in line with Article 7 of the EGF Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

NEET: the report noted that the Irish authorities decided to provide personalised services co-financed by the EGF to up to 200 young people not in employment, education or training (NEETs) under the age of 25 in addition to the redundant workers (despite the fact that this in this case, the NEETs do not belong to the group of redundant workers and were not employed in the same sector). It noted the personalised services which are to be provided to NEETs consist of the same options as for the redundant workers but will be tailor-made for each NEET individual as appropriate.

Members recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career. They stressed that EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment.

Lastly, Members recommended that the Commission evaluate the possibility of reducing the required minimum number of workers made redundant to 200 for EGF projects because of the impact on unemployment generated by redundancies in SMEs affected by the economic crisis.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft repair and installation services in Ireland

2015/2045(BUD) - 15/04/2015 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Ireland following redundancies in its aircraft repair and installation services.

NON-LEGISLATIVE ACT: Decision (EU) 2015/643 of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund (application EGF/2014/016 IE/Lufthansa Technik from Ireland).

CONTENT: by this Decision, the European Parliament and the Council decided to mobilise **EUR 2 490 758** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2015 budget.

This amount shall assist Ireland following redundancies in Lufthansa Technik Airmotive Ireland Ltd and two suppliers in Ireland.

Given that the Irish application complies with the requirements laid down in Regulation (EU) No 1309/2013 (EGF Regulation 2014-2020), the European Parliament and the Council decided to mobilise the abovementioned amount.

To recall, the European Globalisation Adjustment Fund (EGF) was established to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis addressed in Regulation (EC) No 546/2009 of the European Parliament and of the Council, or as a result of a new global financial and economic crisis and to assist them with their reintegration into the labour market.

Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 allows the mobilisation of the EGF within a maximum annual amount of **EUR 150 million**.

ENTRY INTO FORCE: 15.04.2015.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft repair and installation services in Ireland

2015/2045(BUD) - 25/03/2015 - Budgetary text adopted by Parliament

The European Parliament adopted by 522 votes by 74, with 8 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 for an amount of **EUR 2 490 758** in commitment and payment appropriations in order to assist Ireland following redundancies in its aircraft repair and installation services.

Parliament recalled that the Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market.

Irish application: Ireland submitted application EGF/2014/016 IE/Lufthansa Technik for a financial contribution from the EGF, following a total of 424 redundancies in Lufthansa Technik Airmotive Ireland Ltd (LTAI) and two of its suppliers in Ireland. Members stated that the application does not fulfil the eligibility criteria laid down in Article 4(1)(a) of the EGF Regulation and is based on the exceptional circumstances provision contained in Article 4 (2) of that Regulation. By exceptional circumstances, this means that the redundancies have a serious impact on employment and the local and regional economy, and justify a derogation from the intervention criteria set out in Article 4(2) of the EGF Regulation.

Therefore, **Ireland is entitled to a financial contribution under that Regulation**.

Parliament noted, however, that the exceptional circumstances in this case relate to only 250 persons and therefore recommended that the Commission to establish clear criteria for applications relating to less than 500 workers. It stated that if the criteria laid down in Article 4(1)(a) of that Regulation are not entirely met, applications should be **assessed on a case-by-case basis** and that there should not be an automatic endorsement of applications that don't meet the basic conditions.

Nature of the redundancies: Parliament considered that the redundancies in the 'repair and installation of machinery and equipment' sector in the region of Southern and Eastern Ireland are linked to major structural changes in world trade patterns due to globalisation, as shown by the closure of LTAI as a result of a **serious shift in Union trade in goods and services** resulting from a technological shift towards the production of new generation aircraft and components, by the shift in wider aircraft component production practices with resultant impacts on the market fundamentals of the underlying business model of LTAI and the shift in location of global aircraft production.

These redundancies are expected to have huge negative impacts on Southern and Eastern Ireland, which presents **pockets of considerable local disadvantage**, with low levels of educational achievement, lack of professional qualifications and a high level of local authority housing. All these factors point to considerable local disadvantage and poverty and that, moreover, a series of redundancies in enterprises in this sector over the last years has made it even more difficult for the workforce that possesses some very specific skills that are difficult to exploit in other sectors.

Parliament noted that Blanchardstown-Tyrrelstown, Tallaght-Killinarden, Clondalkin-Rowlagh and Tallaght-Fettercairn are a few of the areas where the Lufthansa workers reside where the **average unemployment figure is around 23%.**

Package of personalised services: Parliament noted that the coordinated package of personalised services to be co-funded consists of guidance and career planning, EGF training grants, training and further education programmes, higher education programmes, enterprise and self-employment supports, income supports including the EGF course expense contribution scheme.

NEET: the resolution noted that the Irish authorities decided to provide personalised services co-financed by the EGF to up to 200 young people not in employment, education or training (NEETs) under the age of 25 in addition to the redundant workers (despite the fact that this in this case, the NEETs do not belong to the group of redundant workers and were **not employed in the same sector**). It noted the personalised services which are to be provided to NEETs consist of the same options as for the redundant workers but will be tailor-made for each NEET individual as appropriate.

Parliament noted that the authorities plan to utilise the maximum allowed 35% of all costs on allowances and incentives in the form of income supports including course expense contributions (CECs); acknowledges that those allowances do not replace the measures provided from national funds.

It also recalled the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career. Parliament stressed that EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment.

Lastly, it recommended that the Commission evaluate the possibility of **reducing the required minimum number of workers made redundant to 200 for EGF projects** because of the impact on unemployment generated by redundancies in SMEs affected by the economic crisis.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in aircraft repair and installation services in Ireland

2015/2045(BUD) - 06/02/2015 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Ireland following redundancies in its aircraft repair and installation services.

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

CONTENT: Article 12 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 provides that the EGF shall not exceed a maximum annual amount of **EUR 150 million** (2011 prices) over and above the relevant headings of the financial framework.

The rules applicable to financial contributions from the European Globalisation Adjustment Fund (EGF) are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006 (the 'EGF Regulation').

In this context, the Commission examined the application for mobilisation of the EGF to assist Ireland and concluded the following:

Ireland: EGF/2014/016 IE/Lufthansa Technik: the Irish authorities submitted application EGF/2014/016 IE/Lufthansa Technik for a financial contribution from the EGF, following redundancies in Lufthansa Technik Airmotive Ireland Ltd (LTAI) and two of its suppliers in Ireland.

The Irish authorities submitted the application within **12 weeks** of the date on which the intervention criteria set out below were met. The deadline expired on 6 February 2015.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Ireland argues that the closure of the LTAI is a result of a serious shift in the EU trade in goods and services resulting from a technological shift towards the production of new generation aircraft and components; a shift in wider aircraft component production practices with resultant impacts on the market fundamentals of the underlying business model of LTAI and a shift in location of global aircraft production.

Over the last 20 years, the most popular aircraft types have evolved from largely allmetal, mechanical, electro-mechanical, hydraulic and pneumatic designs to increasing composite, metal/composite structures, fly-by-wire automated, fully computer-controlled aircraft.

With the arrival of further new generation types such as the B737 Max and A320 Neo, operators have moved to retire the older classic aircraft and to some extent the older versions of the new generation types.

The traditional business model of LTAI was based on a number of elements which have come under severe pressure as a result of changes in the world aircraft fleet profiles and resultant rapid decline of the aircraft models that formed the base of the LTAI portfolio. A driving force behind increases in global air travel growth has been the industrialisation of countries such as India and China. In Asia Pacific and the Middle East, ambitious construction plans for new international and domestic airports will provide new opportunities for commercial aircraft MRO providers.

Lufthansa Technik has also in 2013 and early 2014 either entered into, or renewed, aircraft service contracts with Malaysia, India and Sri Lanka and Pakistan. These non-EU companies are clearly intended to provide capacity and services at lower cost than Lufthansa's main bases in the EU and will help cater for the rapid growth of the aviation industry outside the EU.

The events giving rise to the redundancies in Lufthansa Technik Airmotive Ireland Ltd are the closure of the enterprise and the dismissal of the entire workforce.

The application relates to 148 workers made redundant in Lufthansa Technik Airmotive Ireland Ltd and 1 worker made redundant in 1 supplier of the primary enterprise during the same reference period of four months, from 1 March to 30 June 2014.

Basis of the Irish application: the Irish authorities submitted the application under the intervention criteria of Article 4(2) of the EGF Regulation, derogating from the criteria of Article 4(1)(a), which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased.

Ireland has argued that exceptional circumstances prevail in this case, as the redundancies have a serious impact on employment and the local and regional economy. In addition to the workers already referred to, the eligible beneficiaries include 275 workers made redundant before or after the reference period of four months. The total number of eligible beneficiaries is therefore 424.

The Commission therefore proposes to mobilise the EGF for the amount of **EUR 2 490 758**.

FINANCIAL IMPLICATIONS: having examined the application in respect of the conditions set out in Article 13(1) of the EGF Regulation, and having taken into account the number of targeted beneficiaries, the proposed actions and the estimated costs, the Commission proposes to mobilise the EGF for the amount of EUR 2 490 758, representing 60% of the total costs of the proposed actions, in order to provide a financial contribution for the application.

The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

At the same time as it presents this proposal for a decision to mobilise the EGF, the Commission will present to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary line for the amount requested.

At the same time as it adopts this proposal for a decision to mobilise the EGF, the Commission will adopt a decision on a financial contribution, by means of an implementing act, which will enter into force on the date at which the European Parliament and the Council adopt the proposed decision to mobilise the EGF.