Basic information

2021/0116(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the air transport sector in Finland **Subject** 3.20.01 Air transport and air freight 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.51 2021 budget **Geographical area** Finland	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	HEINÄLUOMA Eero (S&D)	07/05/2021
	Shadow rapporteur SARVAMAA Petri (EPP) TORVALDS Nils (Renew) VANA Monika (Greens /EFA) RZOŃCA Bogdan (ECR) MODIG Silvia (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	ZDECHOVSKÝ Tomáš (EPP)	18/05/2021

Council of the European Union

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	SCHMIT Nicolas

Key events

Date	Event	Reference	Summary
06/05/2021	Non-legislative basic document published	COM(2021)0227	Summary
17/05/2021	Committee referral announced in Parliament		
31/05/2021	Vote in committee		
02/06/2021	Budgetary report tabled for plenary	A9-0186/2021	
03/06/2021	Draft budget approved by Council		
07/06/2021	Decision by Parliament	T9-0268/2021	Summary
24/06/2021	Final act published in Official Journal		

Technical information

Procedure reference	2021/0116(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/05979

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE692.745	10/05/2021	
Amendments tabled in committee		PE692.943	20/05/2021	
Specific opinion	EMPL	PE692.913	27/05/2021	
Budgetary report tabled for plenary, 1st reading		A9-0186/2021	02/06/2021	
Budgetary text adopted by Parliament		T9-0268/2021	07/06/2021	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2021)0227	06/05/2021	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2021/1023
OJ L 224 24.06.2021, p. 0018

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

2021/0116(BUD) - 07/06/2021 - Budgetary text adopted by Parliament

The European Parliament adopted 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), following an application from Finland - EGF/2020/007 FI/Finnair.

Parliament approved the proposal for a decision to mobilise the EGF in order to provide a financial contribution of **EUR 1 752 360** in commitment and payment appropriations from the Union budget for the financial year 2021, in response to the application submitted by Finland which is facing redundancies in the air transport sector.

This contribution represents 60 % of the total cost of EUR 2 920 600, corresponding to expenditure on personalised services of EUR 2 730 600 and expenditure on preparatory, management, information and publicity, monitoring and reporting activities of EUR 190 000.

Link between the redundancies and a global financial and economic crisis

The resolution notes that the COVID-19 pandemic has profoundly affected the airline industry due to travel restrictions that caused international air traffic to fall by 98.9% in April 2020 compared to April 2019, while 64% of aircraft were grounded worldwide. International passenger demand fell by 75.6% in 2020 compared to 2019 levels.

Helsinki Airport is an important hub for air transport. While Finnair had strong financial results before the start of the pandemic, the number of passengers carried by Finnair collapsed by 76.2% and its revenues fell by 73.2% in 2020 compared to 2019, resulting in an operating loss of EUR 464.5 million in 2020.

Finnair had to cut costs to cope with the crisis, which led to the loss of 700 jobs, and almost all of the workforce being furloughed for a part of the year, with furloughs continuing in 2021 for a large share of the workforce;

Eligible beneficiaries

The application for assistance covers a total of **508 workers made redundant by the company Finnair Oyj and a subcontractor**. 500 of the eligible beneficiaries will participate in the measures. 44% of eligible persons are women, with the most affected age group being 30-54 years. The 55-64 age group is the second largest (28.20%) and may face additional difficulties in re-entering the labour market.

The social consequences of the redundancies are expected to be considerable for workers in the Helsinki-Uusimaa region, where Finnair has its operational centre and where the number of unemployed jobseekers rose by 22.5% between February and April 2020.

Personalised services

The personalised services to be provided to workers and self-employed persons include the following actions: individualised support and other preparatory measures, employment and business services, training, pay subsidy, start-up grants and travel allowances, allocation and relocation costs. The measures should include and support all workers, without discrimination and regardless of their nationality.

Parliament welcomes the **provision of training for beneficiaries**, including courses in areas such as artificial intelligence, digital security and robotics. It also welcomes Finland's use of **pay subsidies** to reduce the payroll costs of beneficiaries, as well as start-up grants to promote the creation of business activities.

Members welcome the fact that Finland has developed the coordinated package of personalised services in consultation with a working group.

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

2021/0116(BUD) - 06/05/2021 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) to assist Finland facing redundancies in the air transport sector.

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

CONTENT: on 30 December 2020, Finland submitted an application for a financial contribution from the EGF, following redundancies in the company Finnair Oyj and a subcontractor in Finland.

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

Grounds for the application

Finland submitted the application under the intervention criterion of Article 4(1)(a) of the EGF Regulation, which requires at least 500 redundancies over a reference period of four months in an enterprise in a Member State, including employees and self-employed persons made redundant or made redundant in the suppliers and downstream producers of that enterprise.

The application concerns 508 workers made redundant in Finnair Oyj and a subcontractor. The redundancies in the companies took place in the NUTS level 2 region of Helsinki-Uusimaa.

The four-month reference period is from 25 August 2020 to 25 December 2020.

Link between redundancies and a global financial and economic crisis

Finland reports that Finnair has been hit hard by the effects of the pandemic. Before the COVID-19 outbreak, Finnair had a strong financial position. Over the past decade, passenger numbers at Helsinki-Vantaa Airport have increased by 58%, from 12.6 million to 21.9 million. In January 2020, passenger volume to China increased by 58% compared to January 2019.

At the beginning of 2020, passenger traffic at Helsinki-Vantaa Airport continued to increase. However, in February 2020, the passenger volume decreased sharply, by 73%, due to the epidemic situation. Finnair had to cancel all flights to mainland China and to the US.

Restrictions in Finland and other destination countries have had a significant impact on Finnair's operations, especially on international and intercontinental flights. Finnair's 2020 annual report shows a sharp drop in revenue of 73.2% (from EUR 3097.7 million to EUR 829.2 million), in the number of passengers of 76.2% (from EUR 14.7 million to EUR 3.5 million) and the company accumulated an operating loss of EUR 464.5 million.

Finnair had to cut costs to cope with the crisis, which resulted in a reduction of the workforce by 1000 jobs. The redundancies at Finnair are having a serious impact on the national economy. On an annual basis, the unemployment rate in the Helsinki-Uusimaa region, where Finnair has its operating centre, has increased by 0.8 percentage points, from 6.4% in 2019 to 7.2% in 2020.

Beneficiaries

Of the 508 eligible persons, an estimated 500 redundant workers are expected to participate in the EGF measures.

The personalised services to be provided to the redundant workers include the following actions: (i) coaching and preparatory measures to help participants find a job; (ii) employment and business services; (iii) vocational qualification training; (iv) a pay subsidy of 30-50% of the payroll costs to encourage recruitment into a new job; (v) a start-up grant to promote business creation and recruitment of staff; (vi) travel, accommodation and relocation allowances to cover expenses incurred in the search for a job.

The proposed actions are active labour market measures and are not a substitute passive social protection measures.

The total estimated cost amounts to EUR 2 920 600, corresponding to expenditure on personalised services of EUR 2 730 600 and expenditure on preparation, management, information and publicity, monitoring and reporting activities of EUR 190 000.

Budget proposal

The annual allocation to the EGF does not exceed EUR 186 million (in 2018 prices), as provided for in Council Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021-2027.

Following the assessment of the application, the Commission proposes to mobilise the EGF for an amount of EUR 1 752 360, representing 60% of the total cost of the proposed actions, in order to provide a financial contribution for the application.