Basic information

2022/0143(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the air transport sector in France **Subject** 3.20.01 Air transport and air freight 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.52 2022 budget **Geographical area** France	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	KELLER Fabienne (Renew)	02/05/2022
	Shadow rapporteur WINZIG Angelika (EPP) NEGRESCU Victor (S&D) VANA Monika (Greens/EFA) RZOŃCA Bogdan (ECR) OMARJEE Younous (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	Chair on behalf of committee PÎSLARU Dragoş (Renew)	02/06/2022
REGI Regional Development	Chair on behalf of committee OMARJEE Younous (The Left)	19/05/2022

Council of the European Union

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	SCHMIT Nicolas

Key events

Date	Event	Reference	Summary
10/05/2022	Non-legislative basic document published	COM(2022)0201	Summary
18/05/2022	Committee referral announced in Parliament		
21/06/2022	Vote in committee		
21/06/2022	Budgetary report tabled for plenary	A9-0183/2022	
23/06/2022	Decision by Parliament	T9-0255/2022	Summary
23/06/2022	Draft budget approved by Council		
06/07/2022	Final act published in Official Journal		

Technical information

Procedure reference	2022/0143(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/9/08947

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE732.540	12/05/2022	
Amendments tabled in committee		PE732.684	25/05/2022	
Specific opinion	REGI	PE732.792	03/06/2022	
Specific opinion	EMPL	PE732.654	14/06/2022	
Budgetary report tabled for plenary, 1st reading		A9-0183/2022	21/06/2022	
Budgetary text adopted by Parliament		T9-0255/2022	23/06/2022	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2022)0201	10/05/2022	Summary

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

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	**Role**	**Committee**	**Date**	**Interest representatives**
VEDRENNE Marie-Pierre	Shadow rapporteur for opinion	EMPL	14/01/2022	Air France KLM

Final act
Decision 2022/1164 OJ L 179 06.07.2022, p. 0045

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

2022/0143(BUD) - 10/05/2022 - Non-legislative basic document

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.

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.