



Brussels, 19.11.2021
COM(2021) 698 final

2021/0363 (BUD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the mobilisation of the European Globalisation Adjustment Fund for Displaced
Workers following an application from France – EGF/2021/005 FR/Airbus**

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

1. The rules applicable to financial contributions from the European Globalisation Adjustment Fund for Displaced Workers (EGF) are laid down in Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013¹ (hereinafter called EGF Regulation).
2. On 26 July 2021, France submitted an application EGF/2021/005 FR/Airbus for a financial contribution from the EGF, following the displacements in Airbus in France.
3. Following its assessment of this application, the Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the conditions for awarding a financial contribution from the EGF are met.

SUMMARY OF THE APPLICATION

EGF application	EGF/2021/005 FR/Airbus
Member State	France
Region(s) concerned (NUTS ² level 2)	Midi-Pyrénées (FRJ2) Pays de la Loire (FRG0)
Date of submission of the application	26 July 2021
Date of acknowledgement of receipt of the application	9 August 2021
Date of request for additional information	9 August 2021
Deadline for provision of the additional information	13 September 2021
Deadline for the completion of the assessment	24 November 2021
Intervention criterion	Article 4(2)(a) of the EGF Regulation
Primary enterprise	Airbus (Airbus SE)
Number of enterprises concerned	1
Sector(s) of economic activity (NACE Revision 2 division) ³	Division 30 (Manufacture of transport equipment)
Reference period (four months):	1 November 2020 – 1 March 2021

¹ OJ L 153, 3.5.2021, p. 48.

² Commission Delegated Regulation 2019/1755 of 8 August 2019 amending the Annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS). OJ L 270, 24.10.2019, p. 1–56.

³ OJ L 393, 30.12.2006, p. 1.

Number of displacements during the reference period (a)	508
Number of displacements before or after the reference period (b)	0
Total number of displacements (a + b)	508
Total number of eligible beneficiaries	508
Total number of targeted beneficiaries	297
Budget for personalised services (EUR)	4 406 194
Budget for implementing EGF ⁴ (EUR)	0
Total budget (EUR)	4 406 194
EGF contribution (85 %) (EUR)	3 745 264

ASSESSMENT OF THE APPLICATION

Procedure

4. France submitted application EGF/2021/005 FR/Airbus within 12 weeks of the date on which the intervention criteria set out in Article 4 of the EGF Regulation were met, on 26 July 2021⁵. The Commission acknowledged receipt of the application and requested additional information from France on 9 August 2021. Such additional information was provided within 25 working days of the request, after an extension of the deadline by 10 working days at the duly justified request of France. The deadline of 50 working days of the receipt of the complete application within which the Commission should finalise its assessment of the application's compliance with the conditions for providing a financial contribution expires on 24 November 2021.

Eligibility of the application

Enterprises and beneficiaries concerned

5. The application relates to 508 displaced workers whose activity has ceased in the Economic and Social Unit (ESU)⁶ Airbus Commercial (hereinafter 'Airbus Commercial') of Airbus (Airbus SE). Airbus operates in the economic sector classified under the NACE Revision 2 divisions 30 (Manufacture of transport equipment). The redundancies made by the enterprise are located in the NUTS 2 regions of Midi-Pyrénées (FRJ2) and Pays de la Loire (FRG0).

Intervention criteria

6. France submitted the application under the intervention criteria of Article 4(2)(a) of the EGF Regulation, which requires the cessation of activity of at least 200 displaced

⁴ In accordance with the fifth paragraph of Article 7 of Regulation (EU) 2021/691.

⁵ The time limit of 12 weeks was suspended between 1 January 2021 and 3 May 2021, in accordance with Article 8(2) of Regulation (EU) 2021/691.

⁶ An economic and social unit – ESU (unite économique et sociale – UES) is a legal construct under French law that allows the grouping of enterprises that have the same management, operate in the same sector, and whose employees share the same interests, but are legally distinct enterprises, with the aim of promoting the creation of a common employee representation. The job displacements occurred in the ESU Airbus Commercial, which groups the two French subsidiaries Airbus SAS and Airbus Operations SAS of Airbus SE.

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.

7. The reference period of four months for the application runs from 1 November 2020 to 1 March 2021, during which 508 workers were displaced by Airbus.

Calculation of displacements and of cessation of activity

8. The cessation of activities of the displaced workers during the reference period has been calculated from the date of the employer's individual notice to lay off or to terminate the contract of employment of the worker.

Eligible beneficiaries

9. The total number of eligible beneficiaries is 508.

Description of the events that led to the displacements and cessation of activity

10. Commercial Aircraft Division of Airbus is a leading manufacturer of commercial aircraft. Because of the general collapse of commercial aviation, in particular passenger flights, due to the Covid-19 pandemic, the activity of the Commercial Aircraft Division of Airbus is facing severe difficulties.
11. General travel restrictions grounded most of the sector during the pandemic. Furthermore, the economic crisis following the pandemic has reduced the purchasing power of many air transport customers and made them review their decision to use air transportation.
12. Most commercial airlines have already announced or implemented massive restructuring plans in order to save the companies until a full recovery of the sector. According to Airbus, this is not expected to happen before 2025⁷.
13. As part of the airlines' restructuring plans, many aircrafts were retired prematurely, and acquisition plans of new aircraft were put on hold or cancelled. The abundant availability of aircrafts further led to the downward spiral of the sales prices of aircrafts⁸.
14. Airbus' commercial aircraft production generated 67 % of the overall turnover of Airbus⁹. As of April 2020, the production plans had to be adapted to the crisis situation, leading to one third reduction of production levels¹⁰.
15. In order to right-size its workforce to the abruptly adapted production plans, Airbus had to implement a restructuring plan. According to a company-wide collective bargaining agreement¹¹, 4 248 posts were cut in France alone¹².
16. As a first recourse, Airbus made use of the provisions of the new emergency legislation¹³ passed in France as a response to the pandemic. These provisions allow

⁷ Non-published document: Airbus "Livre 2", an internal analysis of the COVID crisis and its impact on the Airbus activity sector in France.

⁸ Idem.

⁹ <https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-FY2020-Presentation.pdf>

¹⁰ <https://www.airbus.com/newsroom/press-releases/en/2020/04/airbus-reports-first-quarter-q1-2020-results.html>.

¹¹ « Accord collectif relatif au plan d'adaptation des sociétés composant l'UES Airbus Commercial dans le contexte de la crise économique Covid-19 et ses conséquences sur l'emploi ».

¹² Worldwide, Airbus had to cut about 9 400 posts. <https://www.airbus.com/content/dam/corporate-topics/financial-and-company-information/Airbus-FY2020-SN.pdf>.

enterprises to temporarily hire out staff to other enterprises. In the case of Airbus, solutions were found within other sub-entities of Airbus, but also with external enterprises. As a consequence, the employees concerned did not have to be dismissed.

17. The French government launched a programme to support the sector¹⁴. This support by the French government allowed Airbus to preserve another 500 jobs of highly skilled engineers.
18. The negotiating parties also agreed to set-up a programme offering guidance to workers interested in voluntarily terminating their work relationship with Airbus.
19. Further, as a response to the economic crisis caused by Covid-19 pandemic, the French government launched a temporary Long-term part-time activity programme¹⁵ that allows companies facing difficulties to reduce the working hours of their employees. Thanks to this programme, a further 1 502 jobs could be saved.
20. Even though the number of dismissals could be reduced significantly, 2 246 jobs were lost.

Expected impact of the displacements as regards the local, regional or national economy and employment

21. The French authorities explain that the regions concerned are particularly affected by the crisis following the Covid-19 pandemic. Both regions were facing rising unemployment even before the crisis. In Pays de la Loire, the unemployment rate rose from 6,8 % in 2008 to 8,5 % in 2018, and in Occitanie (the region concerned in Midi-Pyrénées), from 8,8 % to 10,7 % during the same period. As of 2018, the unemployment rates had started to slightly decrease, when the crisis hit in 2021. In the first quarter of 2021, unemployment stood at 6,9 % in Pays de la Loire and 9,4 % in Occitanie¹⁶.
22. In particular in Occitanie, the dismissals are expected to have a significant impact on the labour market and the economy. The city of Toulouse and the surrounding region is the major aeronautical cluster in Europe. 110 000 people are employed in the sector. The region is heavily dependent on aeronautics as the most important sector in the region. Airbus is the largest private employer in the region. The 35 % reduction of production plans at Airbus is expected to have very severe consequences on employment in the whole sector, affecting the large number of suppliers, etc¹⁷.
23. As concerns Occitanie, even though a large part of the displaced workers has a high level of education, about 31 % of dismissed workers are above 50, making reemployment more difficult. However, the region has established itself as an important ecosystem for start-ups, with potential opportunities therefore for beneficiaries wanting to start their own business¹⁸.

¹³ Loi d'urgence n°2020-734 of 17 June 2020.

¹⁴ The programme was launched by CORAC (Conseil pour la Recherche Aéronautique Civile).

¹⁵ Activité Partielle de Longue Durée (APLD): <https://www.service-public.fr/professionnels-entreprises/vosdroits/F35381>

¹⁶ Data collected by the French National Institute of Statistics and Economic Studies – for further info on methodology and for statistics please see <https://www.insee.fr/fr/metadonnees/source/indicateur/p1660/description>.

¹⁷ Non-published document: Airbus – Étude d'Impact, BPI Consulting Paris, 12/2020.

¹⁸ Idem.

24. In Pays de la Loire, the impact of the aviation crisis on the local economy and the labour market is expected to be less detrimental, due to the high diversification of the regional economy. However, there aren't many employment opportunities for aeronautical engineers and technicians. Opportunities are expected to arise in the maritime sector, or in renewable energies, which in turn requires reskilling of the dismissed workers. As in Occitanie, the age of the workers concerned is likely to hamper reemployment. 11 % of affected staff are above 55¹⁹.

Application of the EU Quality Framework for anticipation of change and restructuring (QFR)

25. France has described how the recommendations set out in the EU Quality Framework for anticipation of change and restructuring have been taken into account: according to the French Labour Code, a company *in bonis* (i.e. not in liquidation) and employing 1 000 employees or more, is responsible to pay the full costs of accompanying active labour market measures to staff dismissed as a consequence of organisational restructuring. An intervention by public authorities is only foreseen once the measures provided by the dismissing enterprise end.
26. The French authorities set out that Airbus has a highly sophisticated system of identifying and anticipating change, in particular as concerns the need for particular skills and competences among its staff, as well as staffing needs in general²⁰. Staff and union representatives are closely involved in the organisational plans to adapt to change. Even though the pandemic and the following crisis hit the sector abruptly, Airbus could thus build on its existing system of consultations with staff and union representatives to discuss the restructuring plan needed in response to the crisis situation.
27. France has informed that Airbus, as a company *in bonis* and employing more than 1 000 employees, has set up an extensive package of active labour market measures aimed at assisting the workers dismissed. In cooperation with an external outplacement consultancy, Airbus set up a guidance info point called *Mobility Pathways*, as the first instance that workers concerned can contact. At this info point, workers not only receive first guidance in possible avenues to follow, but are also further helped in their endeavours to participate in training measures, or to find new employment.

Complementarity with actions funded by national or Union funds

28. The French authorities confirmed that the measures described below receiving a financial contribution from the EGF will not also receive financial contributions from other Union financial instruments.

Procedures for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities

29. France has indicated that the co-ordinated package of personalised services has been drawn up in consultation with staff and union representatives. In a long series of meetings and negotiations between Airbus and relevant staff and union representatives²¹, both at national and international level, the negotiating parties

¹⁹ Idem.

²⁰ In its « Accord-Gestion des Emplois et des Parcours Professionnels » of 15 February 2019, Airbus commits itself to not only analyse such needs, but also to discuss them with all relevant internal actors.

²¹ CGA-F (Comité de Groupe Airbus France), CSE-C (Comité Social Economique-Central), CSE-E (Comité Social Economique-Etablissement), Comité Européen.

identified possible avenues to cushion the direct effect on staff and to design packages of measures to help the employees concerned. These rounds of internal negotiations started on 30 June 2020 and ended on 15 October 2020.

Targeted beneficiaries and proposed measures

Targeted beneficiaries

30. The estimated number of displaced workers expected to participate in the measures is 297. The breakdown of these workers by gender, age group and educational level is as follows:

Category		Number of expected beneficiaries	
Gender:	Men:	236	(79,5 %)
	Women:	61	(20,5 %)
	Non-binary	0	(0,0 %)
Age group:	Below 30 years:	35	(11,8 %)
	30-54 years:	222	(74,7 %)
	Over 54 years:	40	(13,5 %)
Educational level	Lower secondary education or less ²²	0	(0,0 %)
	Upper secondary ²³ or post-secondary education ²⁴	150	(50,5 %)
	Tertiary education ²⁵	147	(49,5 %)

Proposed measures

31. The measures for which the French authorities seek EGF co-funding are part of the overall package of personalised measures offered by the dismissing enterprise to the employees concerned. However, only those measures that go beyond the legal obligations of the dismissing enterprise are eligible for EGF support and described hereunder:

- **Start-up grants:** This measure aims at supporting beneficiaries interested in starting their own business by awarding a start-up grant of EUR 15 000 per beneficiary. Interested workers can apply for the start-up scheme, and can claim the grant until six months after entering the scheme. The grant is paid as a flat rate upon the provision of evidence that a business was actually registered. The whole process is managed by Mobility Pathways, which offers guidance on how to apply, checks and validates the business plans, and finally decides on the grant. If beneficiaries create a business together, each beneficiary is granted the full sum.

²² ISCED 0-2

²³ ISCED 3

²⁴ ISCED 4

²⁵ ISCED 5-8

- Business creation training: This measure aims at those beneficiaries who signed up for the start-up scheme. Extensive trainings are offered to those interested in starting their own business.
 - Allowances for expenditure related to business creation training: Beneficiaries participating in the business creation training can receive reimbursement of costs for accommodation, food, transportation, as well as possible interpretation services etc.
 - Salary top-ups: This measure aims at offering an incentive to accept new employment, even if the salary of the new employment found is lower than in the previous job. The maximum amount per month is EUR 350, and is paid for a period of up to 12 months.
32. France informed that the dismissing enterprise regularly offers trainings for its staff in which particular attention is paid to digital skills and skills required in a resource-efficient economy. Therefore, the dissemination of such horizontal skills as mentioned in Article 7.2 of the EGF Regulation would not be necessary on a structural basis. However, should a particular training need be identified for a specific beneficiary, it could be offered.
33. The proposed actions, here described, constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.
34. France has provided the required information on actions that are mandatory for the enterprise concerned by virtue of national law or pursuant to collective agreements. They have confirmed that a financial contribution from the EGF will not replace such actions.

Estimated budget

35. The estimated total costs are EUR 4 406 194, comprising only of expenditure for personalised services and no expenditure for preparatory, management, information and publicity, control and reporting activities.
36. The total financial contribution requested from the EGF is EUR 3 745 264 (85 % of total costs).
37. The source of national pre-financing or co-funding is Airbus.

Measures	Estimated number of participants	Estimated cost per participant (EUR) ²⁶	Estimated total costs (EUR) ²⁷
Personalised services (measures under Article 7(2)(a) of the EGF Regulation)			
Start-up grants (prime création d'entreprise)	217	15 000	3 255 000
Business creation training (formation création d'entreprise)	275	3 974	1 092 902

²⁶ To avoid decimals, the estimated costs per worker have been rounded. However, the rounding has no impact on the total cost of each measure, which remains as in the application submitted by France.

²⁷ Totals do not tally due to rounding.

Sub-total (a): Percentage of the package of personalised services	–	4 347 902 (98,7 %)
Allowances and incentives (measures under Article 7(2)(b) of the EGF Regulation)		
Allowances for expenditure related to business creation training (allocation frais annexes formation création d'entreprise)	21	724 15 199
Salary top-ups (indemnité différentielle de salaire)	22	1 959 43 093
Sub-total (b): Percentage of the package of personalised services:	–	58 292 (1,3 %)
Activities under Article 7(5) of the EGF Regulation		
1. Preparatory activities	–	0
2. Management	–	0
3. Information and publicity	–	0
4. Control and reporting	–	0
Sub-total (c): Percentage of the total costs :	–	0 (0 %)
Total costs (a + b + c):	–	4 406 194
EGF contribution (85 % of total costs)	–	3 745 264

38. The costs of the actions identified in the table above as actions under Article 7(2)(b) of the EGF Regulation do not exceed 35 % of the total costs for the coordinated package of personalised services. France confirmed that these actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities.

39. France confirmed that the costs of investments for self-employment, business start-ups and employee take-overs will not exceed EUR 22 000 per beneficiary.

Period of eligibility of expenditure

40. France started providing the personalised services to the targeted beneficiaries on 1 November 2020. The expenditure on the actions will therefore be eligible for a financial contribution from the EGF from 1 November 2020 until 24 months after the date of the entry into force of the Financing Decision.

41. France is not making use of the possibility to request funds for preparatory, management, information and publicity, control and reporting activities.

Management and control systems

42. The application contains a description of the management and control system, which specifies the responsibilities of the bodies involved. France has notified the Commission that the financial contribution will be managed by the Délégation générale à l'emploi et à la formation professionnelle (DGEFP) of the Ministry of

Labour, Employment, Vocational Training and Social Dialogue, in particular by the division Mission Fonds national de l'Emploi (DGEFP - MFNE). The payments will be made within the DGEFP by the division Mission des Affaires Financières (DGEFP - MAFI). The Commission Interministérielle de Coordination des Contrôles (CICC) is the French audit authority for the EGF. Airbus will be responsible for the implementation of measures. In this regard, the French authorities will conclude a partnership agreement with Airbus.

Commitments provided by the Member State concerned

43. France has provided all necessary assurances regarding the following:
- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation,
 - the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
 - Airbus, which has continued its activities after the lay-offs, has complied with its legal obligations governing the redundancies and provided for its workers accordingly,
 - any double financing will be prevented,
 - the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

BUDGETARY IMPLICATION

Budgetary proposal

44. The EGF shall not exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027²⁸.
45. Having examined the application in respect of the conditions set out in Article 13(1) and (2) 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 3 745 264, representing 85 % of the total costs of the proposed actions, in order to provide a financial contribution for the application.
46. The proposed decision to mobilise the EGF will be taken jointly by the European Parliament and the Council, as laid down in point 9 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources²⁹.

²⁸ OJ L 433, 22.12.2020, p. I/11.

²⁹ OJ L 433, 22.12.2020, p. I/29.

Related acts

47. 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 of EUR 3 745 264.
48. At the same time as it adopted this proposal for a decision to mobilise the EGF, the Commission adopted a decision on a financial contribution that constitutes a financing decision within the meaning of Article 110 of the Financial Regulation³⁰. That financing decision will enter into force on the date on which the Commission is notified of the approval of the budgetary transfer by the European Parliament and the Council.

³⁰ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 OJ L 193, 30.7.2018, p. 1

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on the mobilisation of the European Globalisation Adjustment Fund for Displaced Workers following an application from France – EGF/2021/005 FR/Airbus

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013³¹, and in particular Article 15(1) thereof,

Having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources³², and in particular point 9 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund for Displaced Workers (EGF) aims to demonstrate solidarity and promote decent and sustainable employment in the Union by providing support for workers made redundant and self-employed persons whose activity has ceased in the case of major restructuring events and assisting them in returning to decent and sustainable employment as soon as possible.
- (2) The EGF is not to exceed a maximum annual amount of EUR 186 million (in 2018 prices), as laid down in Article 8 of Council Regulation (EU, Euratom) 2020/2093³³.
- (3) On 26 July 2021, France submitted an application to mobilise the EGF, in respect of workers' displacements in Airbus (Airbus SE), in the economic sector classified under the Statistical classification of economic activities in the European Community ('NACE')³⁴ Revision 2 division 30 (Manufacture of transport equipment) in France. It was supplemented by additional information provided in accordance with Article 8(5) of Regulation (EU) 2021/691. That application complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) 2021/691.

³¹ OJ L 153, 3.5.2021, p. 48.

³² OJ L 433, 22.12.2020, p. I/29

³³ Council Regulation (EU, Euratom) No 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433, 22.12.2020, p. I/11).

³⁴ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

- (4) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 3 745 264 in respect of the application submitted by France.
- (5) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2022, the European Globalisation Adjustment Fund for Displaced Workers shall be mobilised to provide the amount of EUR 3 745 264 in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the Official Journal of the European Union. It shall apply from *[the date of its adoption]**

Done at Brussels,

For the European Parliament
The President

For the Council
The President

* Date to be inserted by the Parliament before the publication in OJ.