











Procedure file

| Basic information | | | |
|---|---|---|------------|
| BUD - Budgetary procedure | 2021/0115(BUD) | Procedure completed | |
| Mobilisation of the European Globalisation Adjustment Fund: redundancies in the air transport sector in the Netherlands | | | |
| 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 Netherlands | | | |
| Key players | | | |
| European Parliament | Committee responsible | Rapporteur | Appointed |
| |  Budgets | | 30/04/2021 |
| | |  VANA Monika | |
| | | Shadow rapporteur | |
| | |  NOVAKOV Andrey | |
| | |  GUALMINI Elisabetta | |
| | |  ȘTEFĂNUȚ Nicolae | |
| | |  LAPORTE Hélène | |
| | |  RZOŃCA Bogdan | |
| | |  PAPADIMOULIS Dimitrios | |
| Council of the European Union European Commission | Committee for opinion | Rapporteur for opinion | Appointed |
| |  Employment and Social Affairs | | 18/05/2021 |
| | |  ZDECHOVSKÝ Tomáš | |
| | Commission DG | Commissioner | |
| | Employment, Social Affairs and Inclusion | SCHMIT Nicolas | |

| Key events | | | |
|------------|--|-------------------------------|---------|
| 06/05/2021 | Non-legislative basic document published | COM(2021)0226 | Summary |
| 17/05/2021 | Committee referral announced in Parliament | | |
| 31/05/2021 | Vote in committee | | |
| 02/06/2021 | Budgetary report tabled for plenary | A9-0187/2021 | |
| 03/06/2021 | Draft budget approved by Council | | |
| 07/06/2021 | Decision by Parliament | T9-0267/2021 | Summary |
| 24/06/2021 | Final act published in Official Journal | | |

| Technical information | |
|----------------------------|---------------------------|
| Procedure reference | 2021/0115(BUD) |
| Procedure type | BUD - Budgetary procedure |
| Procedure subtype | Mobilisation of funds |
| Other legal basis | Rules of Procedure EP 159 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | BUDG/9/05921 |

| Documentation gateway | | | | | |
|--|------|-------------------------------|------------|----|---------|
| Non-legislative basic document | | COM(2021)0226 | 06/05/2021 | EC | Summary |
| Committee draft report | | PE692.741 | 07/05/2021 | EP | |
| Amendments tabled in committee | | PE692.947 | 20/05/2021 | EP | |
| Specific opinion | EMPL | PE692.907 | 27/05/2021 | EP | |
| Budgetary report tabled for plenary, 1st reading | | A9-0187/2021 | 02/06/2021 | EP | |
| Budgetary text adopted by Parliament | | T9-0267/2021 | 07/06/2021 | EP | Summary |

| Final act |
|--|
| Decision 2021/1022 OJ L 224 24.06.2021, p. 0016 |

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

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

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

CONTENT: on 22 December 2020, the Netherlands submitted an application for a financial contribution from the EGF, following redundancies in KLM Royal Dutch Airlines in the Netherlands.

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 have been met.

Grounds for the application

The Netherlands 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 its suppliers and downstream producers.

The application concerns 1851 workers made redundant at KLM Royal Dutch Airlines. The redundancies took place in the NUTS 2 region of Noord-Holland. KLM made 650 workers redundant during the four-month reference period from 15 August 2020 to 15 December 2020.

Link between redundancies and a global financial and economic crisis

The Netherlands reports that KLM has been hit hard by the effects of the COVID-19 pandemic. Before the pandemic, KLM's financial results increased steadily between 2015 and 2019. However, the crisis has undermined KLM's good results in recent years. By mid-March 2020, KLM's operations were largely crippled, while their operating costs remained at the same level.

KLM carried 11.2 million passengers in 2020, a massive 68% drop from the previous year. The passenger load factor fell to 52.2%, compared to 89.4% in 2019. In 2020, KLM's revenues fell by 53.8% year-on-year to EUR 5 120 million. As a result of the sharp decline in revenues, KLM accumulated an operating loss of EUR 1 154 million in 2020, compared to a profit of EUR 714 million in 2019.

On 31 July 2020, KLM management announced a restructuring plan to reduce costs. This resulted in a reduction of the workforce by approximately 5 000 full-time equivalents (from 33 000 to 28 000 full-time equivalents).

The redundancies have a serious impact on the national economy. KLM is the second largest private employer in the Netherlands. The unemployment rate in the province of Noord-Holland increased by 1.5 percentage points to 4.8% in the fourth quarter of 2020 compared to the same quarter of 2019.

KLM management expects a return to pre-crisis flight movements by 2024.

Beneficiaries

Of the 1851 eligible persons, an estimated 1201 redundant workers and self-employed persons are expected to participate in EGF measures.

The personalised services to be provided to the redundant workers include the following actions: (i) career guidance; (ii) professional assistance to move to sectors with labour shortages such as education, health care, logistics, technology and information management; (iii) training, coaching and/or education; and (iv) financial advice for the affected employees.

The proposed actions constitute active labour market measures and do substitute for passive social protection measures.

The total cost is estimated at EUR 8 365 364, corresponding to the expenditure for personalised services (EUR 8 030 750) and the financing of preparation, management, information and publicity, monitoring and reporting activities (EUR 334 614).

Budget proposal

The annual allocation to the EGF does not exceed EUR 186 million (in 2018 prices), as foreseen in the 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 5 019 218, representing 60% of the total cost of the proposed actions, in order to provide a financial contribution for the application.

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

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 the Netherlands - EGF/2020/004 NL/KLM.

Parliament approved the proposal for a decision to mobilise the EGF in order to provide a financial contribution of EUR 5 019 218 in commitment and payment appropriations from the Union budget for the financial year 2021 in response to the application submitted by the Netherlands, which is facing redundancies in the air transport sector.

This contribution represents 60% of the total cost of EUR 8 365 364, corresponding to expenditure on personalised services of EUR 8 030 750 and expenditure on preparatory, management, information and publicity, monitoring and reporting activities of EUR 334 614.

Link between the redundancies and a global financial and economic crisis

The resolution noted 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.

As a result of the pandemic, the number of passengers carried by KLM Royal Dutch Airlines fell by 68% and KLM's revenue fell by 53.8% in 2020 compared to 2019. This has resulted in KLM making an operating loss of EUR 1 154 million in 2020 compared to a profit of EUR 714 million in 2019 and forced its management to announce a restructuring plan reducing the workforce by around 5 000 full-time equivalents.

Eligible beneficiaries

The application covers a total of 1 851 redundant workers from KLM Royal Dutch Airlines, but only 1 201 eligible beneficiaries are expected to participate in the measures.

The social consequences of the redundancies are expected to be considerable, given that KLM is the second largest private employer in the Netherlands, with more than 33 000 workers in 2019. Members recalled that the redundancies took place in a context of rising unemployment rates in Noord-Holland, which increased by 1.5 percentage points to reach 4.8 % in the fourth quarter of 2020 compared to the same quarter of 2019.

Personalised services

The personalised services to be provided to workers include the following: professional orientation, career guidance, job search assistance in specific sectors, training, coaching and/or education and financial advice.

Members noted that the Netherlands has decided not to offer income support to redundant workers through the EGF. The KLM group has applied for the NOW benefit (Noodmaatregel Overbrugging voor Werkgelegenheid), a generic wage support benefit for all companies whose turnover is affected by more than 20% due to the COVID-19 crisis. KLM has already received advances amounting to EUR 683 million and is expected to receive a further EUR 488 million.

Parliament welcomed the authorities' commitment to retraining workers to facilitate their transition to labour-scarce sectors such as education, healthcare, logistics, technology and information management. It called on the Netherlands to ensure the inclusion of the most vulnerable people, who are likely to face the most difficulties in the labour market, without any form of discrimination.

Members welcomed the fact that the coordinated package of personalised services has been put in place by the Netherlands in consultation with stakeholders and social partners.

| Transparency | | | | |
|----------------|-------------------|------|------------|--------------------------|
| NOVAKOV Andrey | Shadow rapporteur | BUDG | 27/05/2021 | Airlines4Europe |
| NOVAKOV Andrey | Shadow rapporteur | BUDG | 19/05/2021 | KLM Royal Dutch Airlines |