27.5.2021

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on mobilisation of the European Globalisation Adjustment Fund – EGF/2020/004 NL/KLM - Netherlands (2021/0115(BUD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Employment and Social Affairs has been asked to submit an opinion to your committee. At its meeting of 18 May 2021, the committee decided to send the opinion in the form of a letter.

The Committee on Employment and Social Affairs considered the matter at its meeting of 27 May 2021. At that meeting, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Lucia Ďuriš Nicholsonová
SUGGESTIONS

The deliberations of the EMPL committee are based on the following considerations:

A. Whereas on 22 December 2020, the Netherlands submitted an application EGF/2020/004 NL/KLM for a financial contribution from the EGF, following 1 851 redundancies in the company KLM Royal Dutch Airlines located in the NUTS level 2 region of Noord-Holland (NL32);

B. Whereas the Commission deemed the application admissible under the intervention criteria of Article 4(1)(a) of the EGF Regulation, which requires at least 500 workers being made redundant 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;

C. Whereas on 6 May 2021, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of the Netherlands to support the reintegration in the labour market of 1 201 targeted beneficiaries, i.e. workers made redundant in the economic sector classified under the NACE Revision 2, namely Division 51 (Air transport);

D. Whereas the COVID-19 pandemic caused an immense shock to the aviation industry due to travel restrictions with international passenger demand falling by 75.6 % in 2020 compared to 2019 levels. Whereas according to the global passenger forecast by the International Air Transport Association, it will take 3 to 4 years for the aviation industry to recover to its pre-crisis level;

E. Whereas this had a huge negative impact on KLM, undermining its good results of recent years and, therefore, on 31 July 2020, KLM management announced a restructuring plan in order to reduce costs. This led to the workforce being reduced by around 5 000 full-time equivalents (from 33 000 to 28 000 full-time equivalents);

F. Whereas the Commission declared that the health crisis resulted in an economic crisis, set out a recovery plan for the economy, and underlined the role of the EGF as an emergency tool.

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution:

1. Agrees with the Commission that the conditions set out in point (a) of Article 4(1) of the EGF Regulation are met and that the Netherlands are entitled to a financial contribution of EUR 5 019 218 under that Regulation, which represents 60 % of the total cost of EUR 8 365 364, comprising expenditure for personalised services of EUR 8 030 750 and expenditure for preparatory, management, information and publicity, control and reporting activities of EUR 334 614;

2. Notes that according to the Commission all the procedural requirements were met;
3. Underlines that the social impact of the redundancies is expected to be considerable; reminds that as KLM is the Netherlands' second-largest private employer with over 33,000 employees in 2019; recalls that these 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;

4. Notes that the application relates in total to 1,851 workers made redundant in the company KLM Royal Dutch Airlines; takes note that the Netherlands expect that only 1,201 out of the total eligible beneficiaries will participate in the measures (targeted beneficiaries);

5. Welcomes the four types of actions foreseen under the package of personalised services to be provided to redundant workers (professional orientation; support to find work in dedicated sector; training, coaching and/or education; financial advice), for which EGF co-funding is requested;

6. Recalls that assistance from the EGF and other Union funds must not replace actions which are the responsibility of the employers, be it by virtue of national law or collective agreements;

7. Strongly supports that in 2021-2027 the EGF will continue to show solidarity while shifting the focus from the cause of restructuring to its impact; welcomes that under the new rules, decarbonisation will also be a reason for applicators to be eligible for support.