

Brussels, 21 September 2010

€7.4 million EU Globalisation Fund to help 850 Irish former aircraft maintenance workers

The European Commission today approved an application from Ireland for assistance under the EU Globalisation Adjustment Fund (EGF). The €7,4 million requested by the Irish authorities will help 850 redundant workers back into employment. The application was submitted after 1,135 employees were made redundant by SR Technics Ireland Ltd operating in the aircraft maintenance sector. The application will now be sent to the European Parliament and EU Ministers (the EU's Budgetary Authority) for approval.

"The fall in air transport activity following the financial and economic crisis has placed enormous cost strain on airlines and subsequently reduced the volume of maintenance, repair and overhaul (MRO) activities worldwide. This put enormous pressure on companies operating in the aircraft maintenance sector, such as SR Technics", said László Andor, EU Commissioner for Employment, Social Affairs and Inclusion. He added: "We are confident that the planned measures will help these workers to upgrade their skills and facilitate their transition to a new job with a better future".

The Irish application relates to 1,135 redundancies in SR Technics Ireland Ltd, an enterprise operating in the aircraft maintenance sector. Although the tendency of airlines to reduce their costs by outsourcing their MRO services to suppliers in lower-cost countries had already been visible before the crisis, the dismissals were a consequence of the financial and economic crisis which exacerbated an already difficult situation for MRO operators in high cost regions (such as SR Technics) and led airlines to pursue cost-cutting more vigorously.

Due to the crisis, the model followed by airlines changed from one of 'full service' MRO contracts to specialisation and contract division. In this way the airlines replace a single MRO contract with several smaller ones, selected for cost advantages. SR Technics lost two significant contracts for this reason: one with Aer Lingus and one with Gulf Air.

The vast majority of the SR Technics workers live in the Dublin region (the SR Technics plant is situated at Dublin Airport) and counties Meath, Kildare and Louth, and whilst no redundancies directly linked to SR Technics have been reported at suppliers or downstream producers, the loss in revenues due to the redundancies in SR Technics is expected to generate significant losses in indirect employment caused by loss in workers' incomes and a reduction in SR Technics purchases of goods and services locally and regionally.

The package of EGF assistance for the former workers of SR Technics will help 850 of the most disadvantaged workers back into employment by offering them: guidance and training, on- and off-the-job training, third level education and promotion of entrepreneurship and self-employment. The total estimated cost of the package is almost €11.5 million, of which the European Union has been asked to provide EGF assistance of €7.4 million.

Background

There have been 65 applications to the EGF since the start of its operations in January 2007, for a total amount of about €373.6 million, helping more than 70,000 workers. EGF applications relate to the following sectors: automotive (France, Spain, Portugal, Austria, Germany, Sweden); textiles (Italy, Malta, Lithuania, Portugal, Spain and Belgium); mobile phones (Finland and Germany); domestic appliances (Italy); computers and electronic products (Ireland and Portugal); mechanical/electronic (Denmark and Germany); repair and maintenance of aircraft and spacecraft (Ireland); crystal glass (Ireland); ceramics and natural stone (Spain); construction (Netherlands, Ireland and Lithuania); carpentry and joinery (Spain); electrical equipment (Lithuania) publishing and printing industry (Netherlands), furniture (Lithuania), retail trade (Czech Republic and Spain) and wholesale trade (Netherlands). Final reports from the earlier cases supported by the EGF show strong results in helping workers stay in the labour market and find new jobs.

Further information :

EGF website : <http://ec.europa.eu/eqf>

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http://ec.europa.eu/avservices/video/video_prod_en.cfm?type=details&prodid=9847&src=1

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