



ECA
Piloting Safety

ECA REFLECTION PAPER TO THE GLOBAL DIALOGUE FORUM ON THE EFFECTS OF THE GLOBAL ECONOMIC CRISIS ON THE CIVIL AVIATION INDUSTRY

1. The difficulties experienced by pilots due to structural change

The difficulties experienced by the industry in Europe relate to:

- The financial crisis which has had a double effect:
 - o Decrease in demand (notably in the business and cargo sectors) and
 - o Increasing difficulties to get public or private financing;
- Increase in fuel costs and volatility of prices (making it difficult for airlines to make predictions);
- Regulatory measures: passenger compensation, emission trading systems, anti-trust rules, increased solvability requirements for company pension funds;
- Development of the low cost model;
- Unfair Competition from third country carriers with lower fuel and social costs and/or with considerable state aid and/or with special protection measures for airlines in financial difficulties;
- Unfair competition due to unbalanced market opportunities (the intra-European being market being open to some foreign countries without correlating opportunities in the territory of the other party)

European airlines have reacted by:

- Consolidating (mergers and acquisitions);
- Reducing costs and capacity;
- Reducing labour costs and increasing productivity of employees;
- Opening or acquiring low cost subsidiaries and transferring production there.

Many European airlines have not resisted to the crisis: 2011-2012 have been two “black years” for aviation industry experiencing a wave of bankruptcies or closures.

Meanwhile, the Low Cost model is growing. In Europe, the sector is largely dominated by one carrier who is the number one carrier in terms of passengers carried in several European countries. A few other low cost airlines such as Wizzair and easyJet are also expanding. Others, like Air Berlin consolidate its position after having merged with two other carriers. However, not all low cost companies are successful. Many low cost carriers have disappeared from the market.

The consequences of those changes on pilots can be summarised as follows:

- Job losses / staff reduction in premium national carriers

In the last 2 years 5 medium-sized companies closed or went bankrupt (i.e. Spanair, Malev, Cimber, Starairways, BMI Baby). All in all, more than 30 airlines have ceased operations in Europe since 2008. Many other airlines have gone through restructuring and cut jobs, including pilot jobs. This represents more than 3000 pilot job losses in the

last four years.

The premium national carriers, with some notable exceptions, have not hired new pilots in the last 5 years and the vacancies due to voluntary departures or retirement have, in general, not been filled.

In Belgium, pilots in Brussels Airlines have agreed reduced work arrangements during the crisis. Other carriers, such as Air France, have concluded agreements to temporarily post pilots to other airlines.

- Pilot migration to markets outside Europe (notably Middle and Far East)

Unemployed pilots but also pilots tired of the pressure and bad industrial relations in the Old Continent are emigrating to the Middle and Far East. Companies in those regions are expanding rapidly and have an appetite for qualified and experienced pilots. Salaries in those carriers are better than in the Continent due to more favourable tax regimes. The job security and social rights in those areas are not ideal but there is no other alternative for most of the pilots taking that choice.

- “Casualisation” of labour

Today, temporary agencies provide more than 70% of the pilots used by Ryanair for its operations. The terms of the contract are draconian, offering Ryanair the full control and flexibility: the pilot must be at the company’s disposal but is only paid for the time flown. This type of contracts is now being adopted by other carriers.

The pilots hired under those conditions have serious difficulties to exert the Commander’s authority and take independent decisions when needed. Any conflict with the management may result in the termination of the contract or in an indefinite stand-by assignment (unpaid). Yet, if anything goes wrong, aircrew will be held responsible (another benefit for the company).

Another “advantage” of using temporary or contract pilots is to bypass pilot unions since the collective representation of temporary agency crews or contractors is a complex and unresolved legal and social issue in Europe.

The problem is not temporary agency work “*per-se*”. The problem is the abuse of this type of contracts. According to the European Agreement on Temporary Agency Work, the “normal type of contracts” is “a permanent contract.” This agreement also requires that Member States fight abuses of temporary work and notably successive assignments. When a company has more than 70% of its crews on temporary contracts something is not right.

In addition to the social concerns for this type of contracts (job stability and working conditions), there is also a safety issue. Temporary agents are not able to take safety decisions if they fear that their decision might have consequences on the continuation/renewal of their contracts. The EU Regulations say that the operator shall employ sufficient crew members for carrying out operations. It is highly questionable whether hiring a majority of temporary pilots fulfils this requirement. Furthermore, compliance with the specific safety culture in a given airline is a challenge for contract pilots.

A related issue to temporary agency workers is that of bogus self employed pilots. Some

companies only accept pilots that are “self employed”. The airline facilitates the legal advice to set up limited companies and a complex contractual relationship. This is a fraud of law with the only objective of eluding the fiscal and social responsibilities of the employer.

- Reduction in pay and working conditions

Following the 2001 crisis many companies agreed with their pilots salary freezes combined with increase in productivity. The same agreements have been signed again after the beginning of the financial crisis in 2008. However, it is more and more difficult to increase productivity. Many pilots work already to the legal limits. The FTL rules have become not only the technical standard but, de facto also the labour limits, something for which they were not designed.

The generalised increase in productivity has serious effects on the crews’ health (stress, fatigue, higher absences due to illness), and on family work balance.

Pilots work longer and more often. Stays out of the base have been reduced and crews have less time to recover from their duties.

The industrial relations have seriously deteriorated. Some companies have adopted a hostile attitude versus pilot associations. Where pilot associations are not recognised, companies fight any attempt of their crews to organise using all legal or less legal means, such as intimidation, dismissals, forced base transfers...

Collective bargaining is made more difficult due to the absence of European rules for trans-national representation of pilots based in different countries and to the legal complications for negotiating, agreeing and implementing trans-national collective agreements. Furthermore, the EU restricts the exercise of industrial actions of European dimension.

The degree of on-job satisfaction within the pilot community has fallen dramatically in the last years. One ECA member has even launched a campaign to convince people to think twice before choosing to become pilots...

2. The effects of the low-cost carrier model on the pilots

All premium national carriers have been affected by the low cost model. Their reaction has been either to copy part of the model or to create subsidiaries that reproduce the low cost model. Airline managers in Europe have announced the end of premium short haul flights in Europe. It is now commonly accepted that intra European flights will be no-frills.

This move has had a clear effect on the working conditions of pilots:

- The low cost features adopted within the premium carriers resulted in higher productivity, shorter turn arounds, less stays out of base, less time to recover from duty.
- Where production is transferred to new “low cost” subsidiaries, the main land pilots have less career development opportunities. CLAs generally do not apply to the newly created low cost carriers and their pilots are hired on individual contracts or through temporary agencies.

Paying for training is another feature that some premium national carriers have copied from low cost carriers. Anyone wishing to be a pilot must now pay its own studies and when they start working on an airline, the pilot is often engaged in bonding contracts which, de facto,

lead them to pay their company for letting them fly the airplane.

The “casualisation” of pilots is the most visible effect of low cost carriers on pilots. “Forced/false self employed” pilots or pilots employed through temporary agencies have limited rights, no job stability and can be moved freely from base to base. They are not paid when sick and have to juggle with social security systems. In the past pilots accepted these conditions because they thought they could find a better job in a premium national carrier after having gained some experience in the low cost sector. Today pilots accept these conditions because there is no other possibility (except maybe emigrating to the East).

3. Pilots’ approach for a more sustainable industry

Analysts say that this is not a cyclical crisis like the airline industry was used to experience. We must therefore accept that the airline industry will never come back to what we used to call “normal.” However, after a period of deregulation and liberalisation, it is now time for a new approach that combines a healthy aviation industry capable of offering the necessary safe services for society and business and that offers fair and acceptable working conditions to its employees.

There should be a global consensus on the principle that there should not be competition on social matters neither between countries nor between business models. ECA is favourable to engaging in international social dialogue initiatives to prevent social dumping at global level and raise global standards.

Member states should make sure that air crews are protected, wherever they are based and whoever employs them.

Industrial relations need to be reinvigorated at all levels to define a level playing field in which air crews will no longer be seen simply as a cost but as partners of the industry.

4. Pilots’ view on the role that social partners and the ILO can play to overcome the underlined difficulties and ensure the sustainability of the industry.

ECA is in favour of establishing permanent structures that would allow the social partners to find balanced solutions to the challenges arising from the current situation:

- Agree on safe and acceptable employment relations that prevent the abuse of temporary agency work and the use of bogus self employment.
- Promote the respect of union rights recognised in ILO conventions and facilitate the exercise of these rights in a new globalised and liberalised world, notably by the trans-national recognition and enforcement of collective labour agreements
- Launch a debate on the conditions for training and for the access to the profession.
- Identify global solutions to air crews’ health and safety concerns.

The maritime sector gave global solutions to these problems. The airline industry is late in this debate because globalisation is only happening now. Our industry should, however learn from the experience of the maritime sector and find the right solutions.

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