

RESEARCH REPORT

CIVIL AVIATION

EMPLOYER RESPONSES
TO COVID-19 IN THE
AVIATION INDUSTRY



ITF

THE INTERNATIONAL TRANSPORT WORKERS' FEDERATION (ITF) IS A DEMOCRATIC, AFFILIATE-LED GLOBAL FEDERATION OF 670 TRADE UNIONS IN 147 COUNTRIES, REPRESENTING OVER 18 MILLION WORKING MEN AND WOMEN IN ALL TRANSPORT SECTORS. THE ITF PASSIONATELY CAMPAIGNS FOR TRANSPORT WORKERS' RIGHTS, EQUALITY AND JUSTICE.

This report was commissioned by the International Transport Workers' Federation (ITF). The report, *Employer responses to Covid-19 in the aviation industry*, was written by Kyla Sankey, Public Services International Research Unit (PSIRU) and Centre for Research in Employment and Work (CREW), at the University of Greenwich.



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Abstract

The past decades have seen extensive restructuring in civil aviation, which has shifted towards a business model that prioritizes aggressive cost-cutting following the entrance of low-cost carriers. Central to this have been attacks on jobs and employee terms and conditions in the legacy airlines, with the aviation crisis that followed 9/11 providing a convenient cover. At the same time there have been important episodes of industrial action, unionisation and the establishment of collective bargaining in previously anti-union companies.

The research presented in this report and commissioned by the International Transport Federation seeks to explore how the aviation industry has responded to the COVID-19 pandemic. The report offers insights into the changing dynamics of the industry in the aftermath of the Covid-19 pandemic, and how the reorganisation of the industry has affected jobs, employment conditions and unionisation. It provides examples of best practice in the context of crisis, highlighting the importance of trade union initiatives, government intervention, and the scope for action on climate change.

EXECUTIVE SUMMARY

- The Covid-19 pandemic caused an unprecedented shock to the aviation industry. The year 2020 saw a 60% drop in passenger traffic, while 2021 saw a 49% drop. The current crisis dwarfs other shocks the aviation industry has experienced in the recent past, including the 9/11 attacks, the Iraq war, SARS and the 2008 financial crisis. Although passenger traffic picked up rapidly in the early months of 2022, a full recovery is not expected until 2024.
- The Covid-19 pandemic hit at a time when industry was already undergoing major changes, shifting toward a business model that prioritises aggressive cost-cutting. In this context, the Covid-19 pandemic has provided a pretext for airlines around the globe to initiate massive restructuring efforts— layoffs, changes in labour contracts, outsourcing and creating low-cost subsidiaries— many of which had been on their agenda long before the pandemic struck.
- In advanced economies, emergency government relief packages offered crucial life support for economically strategic sectors such as aviation. However, the crucial issue was whether this support came with strings attached. The vast majority of financial relief packages included no worker protections in their conditions despite lobbying from trade unions, and many airlines in receipt of financial assistance have adopted far-reaching restructuring measures to reduce costs at the expense of workers with the aim of repaying the loans. This has increased the pressure to cut wages and working conditions. In many developing economies without the fiscal space to marshal even small relief packages, a wave of bankruptcies and restructuring of airline companies ensued.
- The emergency loan packages of the United States and the Netherlands offer important examples of how conditions on financial assistance can ensure it is invested productively, in line with social and environmental goals rather than narrow interests. Such conditions can require companies to cut executive pay, adopt climate targets as well as retain their workforce, eschew outsourcing and engage in collective bargaining. The case of the United States highlights the crucial role of trade union initiatives in securing worker-centred conditionalities.
- While in some cases changes were negotiated through collective bargaining structures, this report identifies how many airlines bypassed collective agreements, imposing major restructuring efforts. The atmosphere of panic and job insecurity that engulfed the aviation industry in the early months of the pandemic allowed aviation companies to adopt aggressive cost-cutting measures of this kind. In many cases, announcements of dramatic, large-scale redundancy plans in response to the emergency were used to intimidate aviation workers into accepting reduced pay and conditions.
- The reduction of pay and conditions has been used by employers as a way of weakening organised labour, in several cases pushing back against a growth in unionisation and collective bargaining in the sector in recent years.

1. ICAO. 2021. Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. https://www.icao.int/sustainability/Documents/Covid-19/ICAO_coronavirus_Econ_Impact.pdf
2. IATA. 2020. Recovery Delayed as International Travel Remains Locked Down <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>

PART 1

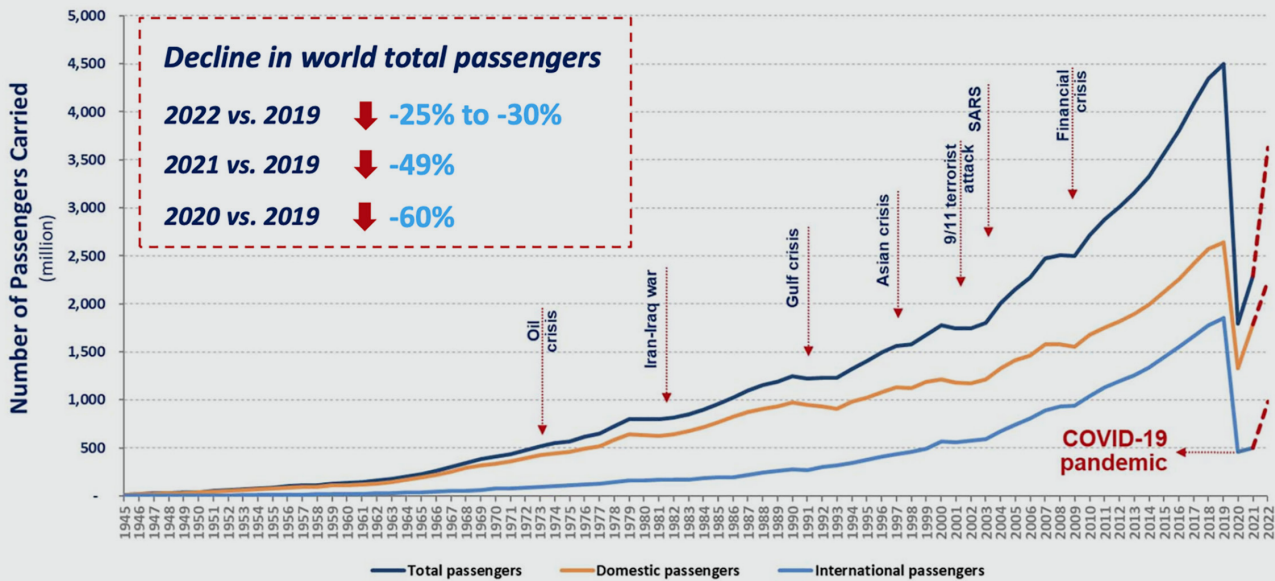
1.1 Covid-19: an unprecedented shock

The Covid-19 pandemic caused an unprecedented shock to the aviation industry. The measures taken in response to the pandemic—closed borders, strict travel controls, along with the severe and lasting reduction in demand for business and leisure travel, pressured every aspect of the industry. From manufacturing to maintenance, repair, and operations, airports, the damage has been widespread. The industry does not expect a full recovery until 2024.³

The aviation industry has experienced several shocks and fluctuations in the past two decades, but nothing has come close to the scale and reach of the current crisis. In the recent past, crises like the 9/11 attacks, the Iraq war, the SARS 2002-03 pandemic and the global financial crisis all caused brief declines in airline travel of between 8 and 18 percent.⁴ By contrast, in April 2020 Covid-19 passenger traffic fell by 94%.⁵ Overall, the year 2020 saw a 60% drop in passenger traffic, while 2021 saw a 49% drop.⁶ In the words of Jon Horne, president of the European Cockpit Association: "This crisis [...] is neither a Gulf war nor SARS, not 9/11, or the 2008 financial crisis, but all of them together."⁷

3. IATA. 2020. Recovery Delayed as International Travel Remains Locked Down <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>
4. ILO. 2013. Civil aviation and its changing world of work. https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/meetingdocument/wcms_201282.pdf
5. ICAO. 2021 Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. https://www.icao.int/sustainability/Documents/Covid-19/ICAO_coronavirus_Econ_Impact.pdf
6. ICAO. 2021 Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. https://www.icao.int/sustainability/Documents/Covid-19/ICAO_coronavirus_Econ_Impact.pdf
7. Financial Times. 2020. Airlines call for urgent help after US imposes travel ban <https://www.ft.com/content/99d09ad2-643c-11ea-a6cd-df28cc3c6a68>

World passenger traffic evolution 1945 - 2022



Graphic 1. Evolution of world passenger traffic in response to previous crises compared to Covid-19⁸

Before the crisis hit, the aviation industry had enjoyed a decade of growth and increased profits. It had neither foreseen nor prepared for a shock of this scale. When the pandemic was first announced, the IATA predicted it would cost global airlines \$30bn in lost revenues, mainly among Asia-Pacific airlines. By March 5th, the IATA had updated this forecast to between \$63 billion and \$113 billion. In the end, passenger revenues fell by \$189 billion in 2020: a 69% drop.⁹

The effects of the pandemic are expected to be more far-reaching than anything the industry has experienced before. While airlines experienced worldwide losses of US \$26 billion in 2008, in the following year losses were at just \$4.6 billion and by 2010 the airline industry returned to healthy profits of \$17 billion.¹⁰ By contrast, the net losses totalled \$126 billion in 2020, \$52 billion in 2021 and are expected to be another \$12 billion in 2022.¹¹ As with previous crises, the aviation industry will recover, but the recovery from Covid will last much longer than any previous shock. A full recovery is not expected until 2024.¹²

8. ICAO. 2021 Effects of Novel Coronavirus (COVID-19) on Civil Aviation. https://www.icao.int/sustainability/Documents/Covid-19/ICAO_coronavirus_Econ_Impact.pdf

9. IATA. 2021. Airline Industry Statistics Confirm 2020 Was Worst Year on Record. <https://www.iata.org/en/pressroom/pr/2021-08-03-01/>

10. Statista. 2021. Net profit of commercial airlines worldwide from 2006 to 2022. <https://www.statista.com/statistics/232513/net-profit-of-commercial-airlines-worldwide/>

11. IAR. 2021. IATA reveals latest outlook for airline industry financial performance. <https://www.internationalairportreview.com/news/164767/airline-industry-201-billion-loss-iata-reveals-improved-results-covid-19/>

12. IATA. 2020. Recovery Delayed as International Travel Remains Locked Down. <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>

No country or region was immune, though companies were affected to differing degrees depending on the conditions of domestic and cross-border travel across different regions. The worst hit airlines were those in the Middle East, where the overall market declined by 72%.¹³ The regions with the fastest recovery were those where domestic flying bounced back the fastest—including the USA and China. China's relatively quick recovery led to a resurgence in domestic flights, and Chinese Airlines overtook US airlines to become the largest in domestic markets. Cargo transport rebounded in the second half of 2020, as international trade picked up after restrictions were lifted.

Within one year, the world's largest airlines had accumulated over USD \$320bn in debt, up from USD \$60 billion in pre-Covid times.¹⁴ By the end of March 2020, 12 airlines had already entered bankruptcy, and by the end of the year this reached 25, including major national carriers Air Italia, LATAM, Avianca and AeroMexico. All airlines cut their capacity dramatically, slashing routes and announcing huge redundancy programs. The most significant announcements came from legacy carriers, many of which announced job cuts in the tens of thousands. Only in cases where the state stepped in with specific worker protection support programs were layoffs prevented (see section 1.2 below).

As a result, workers have been made to pay for the crisis, despite the fact that companies enjoyed several years of healthy profits in the decade prior to the pandemic. For example, British Airways announced 12,000 job cuts very early into the pandemic, even though the year before it had recorded profits of USD \$3.5 billion.¹⁵

Meanwhile, before the pandemic the airlines' priorities had been shareholder rewards and executive pay. Between 2014 and 2019, the shareholders of IAG, BA's parent company, were paid over £3.4bn in dividends and share buy-backs.¹⁶ British Airways' CEO was awarded a total of £3.2m in 2019, including a £833,000 annual bonus agreed in September 2020,¹⁷ soon after the job cuts were announced. What's more, airlines also benefitted from massive government relief funds-- for example, British Airways accessed £300 million from the UK government's Corporate Financing Facility.¹⁸

Many aviation companies had also engaged in tax practices that allow them to reduce their exposure to corporation tax, therefore reducing their contributions to government revenues. When Virgin Atlantic sought a £500m emergency support package the bid was hindered, in part because the billionaire owner of the company, Richard Branson, is not resident in the UK for tax purposes.¹⁹

13. IATA.2020. IATA Urges Governments in the Middle East to Work Together to Develop a Roadmap for Aviation. <https://www.iata.org/en/pressroom/pr/2021-03-31-01/>
14. Financial Times. 2020. Airlines struggle to take off in face of \$300bn debt headwinds. <https://www.ft.com/content/0a334f3e-3bb3-4ff3-96ed-39a5b3fe821b>
15. British Airways Plc Annual Report and Accounts. 2020. <https://www.iairgroup.com/~media/Files/1/IAG/annual-reports/ba/en/british-airways-plc-annual-report-and-accounts-2020.pdf>
16. NEF. 2020. Crisis support to aviation and the right to retrain. <https://neweconomics.org/2020/06/crisis-support-to-aviation-and-the-right-to-retrain>
17. Guardian. 2020. Willie Walsh sees off pay revolt in last day at British Airways owner <https://www.theguardian.com/business/2020/sep/08/willie-walsh-pay-british-airways-owner-iag-shareholders-bonus>
18. UK parliament. 2020. Government support and intervention. <https://publications.parliament.uk/pa/cm5801/cmselect/cmtrans/268/26807.htm>
19. Guardian. 2020. Virgin Atlantic to axe a third of jobs and shut Gatwick operations. <https://www.theguardian.com/business/2020/may/05/virgin-atlantic-to-close-gatwick-operations-and-lose-3000-workers>

While aviation companies have been extracting excessive wealth at the top, they have also been lowering pay and conditions for workers across the aviation sector. Intense competition in the last two decades has driven airlines to adopt aggressive cost-cutting measures that have significantly deteriorated terms and conditions for aviation workers (as discussed in more detail in Part 2 below). As a result, jobs that were once decent and secure have increasingly been replaced by jobs on lower pay and more precarious conditions.

Using the cover of the pandemic, many airline companies have taken the opportunity to accelerate the race to the bottom through various restructuring efforts-- layoffs, reductions to pay and conditions, outsourcing and creating low-cost subsidiaries. In many cases, companies have taken these measures not so much out of economic necessity as seizing the opportunity to exploit the vulnerability of workers in a labour market characterised by uncertainty and fear. As one Lufthansa Technik spokesperson remarked: "the aviation crisis makes it necessary to tackle changes that were already evident before the crisis".²⁰

Airlines have made these changes despite receiving significant emergency support packages from national governments. Some of the changes have been temporary, with agreements in place to restore wages and conditions once profitability is restored. However, since airlines increasingly see a lower-paid and more flexible workforce as good business practice, it is likely that many of the job losses and changes to terms and conditions will have lasting, if not permanent effects.

In the early months of 2022, as governments around the world began to lift travel bans, airlines that had been cut to the bone were unable to ramp up their operations to keep up with the surge in demand. Flights around the globe have been plagued by delays and cancellations as airline workings that during the pandemic were treated as disposable have left to find other work. Staff shortages have most affected the more precarious sectors of workers—ground handlers and security, as well as cabin crew.²¹ In addition, the long processes of background checks and security training mean that it is far more complicated and time-consuming to re-hire new workers than it was to fire them in the first place.²² Shortages have most affected airlines like British Airways and Lufthansa, which administered large-scale layoffs, while US airlines which retained employees under the Payroll Support Program have been able to ramp up capacity in response to increased demand, as discussed below.²³

20. Aerotelegraph. 2021. Lufthansa Technik is closing six German maintenance locations. <https://www.aerotelegraph.com/lufthansa-technik-schliesst-sechs-deutsche-wartungsstandorte>

21. Guardian 2022. UK airlines and airports scramble to hire staff as travel takes off again <https://www.theguardian.com/business/2022/may/13/uk-airlines-and-airports-scramble-to-hire-staff-as-travel-takes-off-again>

22. Guardian 2022. UK airlines and airports scramble to hire staff as travel takes off again <https://www.theguardian.com/business/2022/may/13/uk-airlines-and-airports-scramble-to-hire-staff-as-travel-takes-off-again>

23. Interviews, Ver.di, Unite, Parat, AFA-CWA

1.2 Emergency government support

Government relief packages have been rolled out in response to previous crises in the aviation industry, but nothing has matched the size and duration of those introduced in response to the Covid 19 pandemic. The OECD estimates that a total of USD \$137 billion was given to aviation companies across 26 countries in one year, from March 2020 to March 2021.²⁴ The most significant relief packages went to national carriers in advanced economies. The United States government provided loans totalling \$36 billion, Germany of \$11 billion, France \$8 billion and Japan \$5 billion.²⁵

However, government relief was very unevenly distributed. While many advanced economies rolled out vast support packages, particularly to national airlines, the relief packages for airlines in Latin America and Africa were very limited.²⁶ Three of Latin America's biggest airlines-- Colombia's Avianca, Chile's LATAM and Mexico's AeroMexico, all entered Chapter 11 bankruptcy²⁷ within a few weeks of the breakout of the pandemic when governments failed to marshal rescue packages.

State aid for aviation companies came in many forms, including direct cash grants, ticket purchases, tax breaks, rent relief, loans issued on favourable terms, as well as the purchase of shares or convertible bonds on a large scale. Some schemes specifically targeted airlines, particularly national carriers, but most countries also extended support to airport companies and aviation service providers.

The massive relief packages also marked a significant change in the way governments deal with the private sector. In contrast to responses to previous crises, state assistance has increasingly come with strings attached. The use of conditionalities gives governments power to steer the direction of airline companies in the crisis and plan for the long term. Conditionalities can range from requirements to restructure to restrictions on dividend payments and share buybacks and bonuses or salary increases for top management. Most importantly, they can also require companies to respect their employees' pay and conditions and protect collective bargaining arrangements.

The European Union temporarily dispensed with the state aid rules applying to recapitalisation for companies in need.²⁸ The conditions applying to emergency Covid loans are laid out in the May 2020 EU Temporary Framework.²⁹ This includes denying state aid to companies domiciled in an EU-designated tax haven, and proscribing aid recipients from paying dividends, buying back shares or paying out bonuses for a year after receiving the support. In addition, the Spanish support package

24. OECD. 2021. State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis <https://www.oecd.org/corporate/State-Support-to-the-Air-Transport-Sector-Monitoring-Developments-Related-to-the-COVID-19-Crisis.pdf>
25. OECD. 2021. State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis <https://www.oecd.org/corporate/State-Support-to-the-Air-Transport-Sector-Monitoring-Developments-Related-to-the-COVID-19-Crisis.pdf>
26. IATA. Economic Performance of the Airline Industry. <https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---october-2021---report/>
27. ITF Airports United. 2020. State relief packages to the aviation industry: an analysis, unpublished. Chapter 11 bankruptcy involves the reorganisation of the debtor's business affairs
28. OECD. 2021. State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis <https://www.oecd.org/corporate/State-Support-to-the-Air-Transport-Sector-Monitoring-Developments-Related-to-the-COVID-19-Crisis.pdf>
29. OECD. 2021. State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis <https://www.oecd.org/corporate/State-Support-to-the-Air-Transport-Sector-Monitoring-Developments-Related-to-the-COVID-19-Crisis.pdf>

also imposes a commitment to comply with the Paris Climate Agreement, as well as requiring commitments to closing the gender wage gap.³⁰ However, unlike the US CARES act, the new rules did not include any Europe-wide conditions related to employment conditions, meaning decisions on such measures were left to national governments.

Some governments have gone beyond conditionality to alter ownership models. Germany and France took significant equity stakes in their national airline companies, justified as safeguarding national infrastructure.³¹

The most notable long-term commitment included in the support measures were related to climate action. The two largest EU support packages, those for Lufthansa and Air France/KLM, both required aid recipients to take steps toward “greening” their operations. In France, this included a CO2 reduction of 50% (per passenger kilometre), the use of 14% renewable fuels by 2030 and prohibition from competing with rail transport for short domestic journeys of less than four hours. Austria’s sustainability requirements have been the most far reaching, including minimum ticket prices, taxation on certain ultra-short haul flights, increased investment in rail infrastructure and subsidising the cost of travelling by rail.³² Notably, however, these green conditionalities included no protections for workers, illustrating the risks inherent in climate action with no concern for the workers involved. Air France cited the need to abandon domestic routes which can be replaced by rail journeys as part of the reason it needed to implement 7,000-10,000 job cuts.³³

In a few cases, government relief also offered a tool for ensuring that workers are not made to pay for the crisis by protecting wages, conditions and collective bargaining. Two key examples stand out. First, the United States’ payroll support program (PSP), produced collaboratively by airline unions and their allies in congress, made assistance conditional on recipient companies retaining 90% of their workforce, refraining from outsourcing, protecting collective bargaining agreements, and remaining neutral in any union organizing effort.³⁴ The PSP contrasts with previous relief packages such as the Airline Transportation Safety and Stabilization Act (ATSSA) introduced after 9/11, which contained little employee protections, and was used to wrest concessions from workers.³⁵ Second, the Netherlands’ government relief package for KLM provides an important example of how collective bargaining as a precondition for relief can require employers and unions to negotiate on cost-cutting measures. Details of the PSP and the Dutch “social plan” are discussed in more detail in section 3 below.

30. OECD. 2021. State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis <https://www.oecd.org/corporate/State-Support-to-the-Air-Transport-Sector-Monitoring-Developments-Related-to-the-COVID-19-Crisis.pdf>
31. Fortune. 2020. Germany will take Lufthansa stake in landmark \$9.8 billion bailout. <https://fortune.com/2020/05/25/lufthansa-bailout-germany/>
32. Euractiv. 2020. Austrian Airlines bailout to be linked to climate targets. <https://www.euractiv.com/section/aviation/news/austrian-airlines-bailout-to-be-linked-to-climate-targets/>
33. Eurofound. 2020. Air France. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/air-france-9>
34. 2020. Coronavirus Aid, Relief, and Economic Security Act. <https://www.govinfo.gov/content/pkg/BILLS-116hr748eas/pdf/BILLS-116hr748eas.pdf>
35. ALPA. 2021. How the Unprecedented Payroll Support Program Saved the Airline Industry <https://www.alpa.org/news-and-events/air-line-pilot-magazine/how-the-unprecedented-pps-saved-airline-industry>

In Hong Kong, Sweden and Singapore, state assistance was specifically given for reskilling and temporary redeployment of aviation workers. In Singapore, the government's \$187 million Enhanced Aviation Support Package included a temporary redeployment programme for workers in the aviation sector. Cabin crew were redeployed to hospitals as Care Ambassadors, where the government created 4,000 new roles.³⁶ In Sweden, fast-track medical training was offered to over a thousand SAS workers after the airline temporarily laid off more than 10,000 staff, or 90% of its workforce. Cabin crew were offered training in first aid, safety, basic communicable diseases and care.³⁷

However, most relief packages included no specific worker protections. Research by the ITF found that only 8 of 69 support schemes included specific protections for employees. Besides the US and the Netherlands, these included Singapore, Russia, Hong Kong and Israel.³⁸ In addition, some corporate restructuring packages required downsizing of the payroll. In some cases, these requirements were imposed by the government as a way of pressuring employees into accepting downsizing measures or wage restraint, even when this involved intervening in collective agreements. For example, in Israeli government made its support to national airline El Al conditional on no wage increases for the entire workforce (including managers and executives) until the loans were repaid.³⁹

In some countries where aviation workers did not receive specific protections, they were nonetheless protected due to nationwide income support or furlough schemes. However, most of these schemes ended by autumn 2021, even though the drop in aviation passenger traffic is expected to last until 2024.

36. Singapore govt. 2020. Further support for aerospace, aviation, tourism sectors; transforming Singapore's economy for a post-COVID-19 world. <https://www.gov.sg/article/further-support-for-aerospace-aviation-tourism-sectors>

37. OECD. 2020. Skill measures to mobilise the workforce during the COVID-19 crisis <https://www.oecd.org/coronavirus/policy-responses/skill-measures-to-mobilise-the-workforce-during-the-covid-19-crisis-afd33a65/#endnotea0z16>

38. ITF Airports United (2020), "State relief packages to the aviation industry: an analysis", unpublished.

39. OECD. 2020. State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis <https://www.oecd.org/corporate/State-Support-to-the-Air-Transport-Sector-Monitoring-Developments-Related-to-the-COVID-19-Crisis.pdf>

PART 2

2.1 Background: workers paying the price for crises in aviation

Prior to Covid-19, the aviation industry employed 87.7 million people in jobs across the supply chains of airlines, airport operators and other related agencies. By the end of 2021, employment in aviation had fallen by 50%, to 43.8 million.⁴⁰

While aviation companies expect business to ramp up in the coming years, eventually reaching pre-Covid levels in 2024, the same cannot be said for workers' pay and conditions. The mass layoffs, anxiety and job insecurity generated by the pandemic have provided cover for employers to accelerate the aggressive cost-cutting drive, in some cases by intensifying restructuring efforts already adopted in the past, such as creating low-cost subsidiaries and outsourcing, in others through new strategies as fire and rehire.

These efforts are part of a longstanding dynamic in the aviation industry where jobs that were once decent, secure and unionised are increasingly subjected to a deterioration in terms and conditions. The industry has rapidly shifted toward a business model prioritising aggressive cost-cutting by driving down wages and cutting full-time permanent jobs. Temporary, precarious work is conceived not only as a way to cut costs, but also gives firms the flexibility needed to adapt to market fluctuations by shifting the risk from airlines onto workers.⁴¹

Aviation workers – baggage handlers, cabin crew, cabin cleaners, pilots, security officers and many more – have been on the front line of the pandemic, and it is only through their continued employment that passenger growth will be possible in the recovery from the crisis. However, as companies look to cut costs in every area they can, these workers have been increasingly shut off from the pay and conditions they received prior to the pandemic.

40. Oxford Economics. 2021. Impact of Covid-19 factsheet. https://aviationbenefits.org/media/167426/abbb21_factsheet_covid19-1.pdf

41. Moen, E. (2017). Weakening trade union power: new forms of employment relations. The case of Norwegian Air Shuttle. Transfer: European Review of Labour and Research, 23(4), 425-439.

The growth of precarious work in the aviation industry, including self-employment, fixed-term work, work via temporary work agencies, zero-hour contracts and outsourcing among others,⁴² has made significant numbers of workers more vulnerable to the effects of the pandemic. The rise of low-cost carriers means that it is not only ground staff who are vulnerable to the rise in precarious work, but increasingly other traditionally more protected occupations, including cabin crew and pilots. A survey of atypical employment relations in Europe found non-direct employment, including temporary and agency work and self-employment to be most prevalent in the low-cost sector. Ryanair, Europe's largest low-cost carrier, employs 64% of its pilots on atypical contracts, including 28% who are self-employed, 18% working via a company and 10% on temporary contracts.⁴³ The use of fixed term and temporary forms of employment allows the company to "flex" the fleet between winter and summer seasons to a much greater extent than other airlines.⁴⁴ Many low-cost carriers such as Ryanair and Wizzair are also notorious for their punitive management styles and anti-union behaviour.⁴⁵

The increase in the number of people employed in atypical employment relationships has created complex labour relations that can span across various countries. For example, 63% of Norwegian Air pilots have contracts via temporary work agencies.⁴⁶ The rise in the use of temporary agencies allows companies like Norwegian that are registered in one country to hire their workforce in another country and base them in yet another.⁴⁷ A number of European airlines have crew members based in Asian countries.⁴⁸ The case study of Norwegian presented below demonstrates how the prevalence of complex, internationalised employment relations raises important concerns around what labour law should apply when labour disputes arise.

Zero hours, fixed term or agency workers have been the silent victims of the crisis in aviation. They were the first in line to lose their jobs when the pandemic hit, and the non-renewal of temporary contracts do not feature in headline layoff figures like those presented above. Since workers on non-standard contracts have limited employment rights, many had no access to adequate sick pay and leave when symptomatic and were forced to continue to work for financial reasons. In addition, the case studies presented below demonstrate how the introduction of precarious forms of employment is used in combination with other strategies by employers as a way of weakening organised labour.

42. Y. Jorens, D. Gillis, L. Valcke & J. De Coninck, 'Atypical Forms of Employment in the Aviation Sector', European Social Dialogue, European Commission, 2015.
43. Y. Jorens, D. Gillis, L. Valcke & J. De Coninck, 'Atypical Forms of Employment in the Aviation Sector', European Social Dialogue, European Commission, 2015.
44. ETF. 2019. Evolution of the Labour Market in the Airline Industry due to the Development of the Low Fares Airlines (LFAs). https://www.etf-europe.org/wp-content/uploads/2018/10/271014_LFA-final-report-221014.pdf
45. Ryanair's industrial relations a year after its big announcement https://www.etf-europe.org/wp-content/uploads/2018/12/ITF-ETF-Report_Progress_at_Ryanair_131218.pdf
46. Y. Jorens, D. Gillis, L. Valcke & J. De Coninck, 'Atypical Forms of Employment in the Aviation Sector', European Social Dialogue, European Commission, 2015.
47. Y. Jorens, D. Gillis, L. Valcke & J. De Coninck, 'Atypical Forms of Employment in the Aviation Sector', European Social Dialogue, European Commission, 2015.
48. Y. Jorens, D. Gillis, L. Valcke & J. De Coninck, 'Atypical Forms of Employment in the Aviation Sector', European Social Dialogue, European Commission, 2015.

Low-cost carriers (LCCs) have grown rapidly across Europe and North America for the past two decades, and more recently they have experienced significant growth in Asia Pacific and Latin America. Prior to the pandemic, LCCs accounted for 33% of intra-regional flights.⁴⁹ Their flexibilised model of atypical contracts and high turnover in the permanent workforce is set up to deal with fluctuations of this type, and in the recovery from the crisis they are expected to further expand their market share.

The rise of LCCs also has serious impacts for workers in legacy airlines, as competition applies pressure on collective bargaining arrangements and wages and conditions across the sector. In some cases, legacy carriers have created low-cost subsidiaries (such as Lufthansa's Germanwings); in others they have created a two-tier workforce, introducing inferior contracts and different bargaining arrangements for new employees.

For legacy airlines, low-cost versions are not so much intended to mimic low-cost carriers as help airlines overcome their own difficulties in effecting change to their workforce by reducing labour costs and bypassing collective agreements.⁵⁰ For example, in the early 2000s Lufthansa created Germanwings, transferring fifty of its aircraft to the subsidiary. This subsidiary cabin crew are paid 40% less than mainline Lufthansa crew and have much slower progression up the pay scale.⁵¹

The creation of two-tier workforces, pioneered by British Airways, has led to a deterioration of terms and conditions over many years, as existing crew that "whither on the vine" through retirement and turnover are replaced by new employees on lower rates.⁵² The redundancy packages introduced by legacy carriers, consisting of early retirements and voluntary severance, have mainly affected what remains of the older, more expensive sections of the workforce, meaning the remainder of the workforce are those on newer, inferior contracts.

Aviation companies have been threatened by global crises several times in the recent past, including 9/11, SARS and the financial crash, and they have learned to respond to crises by restructuring their business models to prioritize aggressive cost-cutting. 9/11 and SARS caused a downturn in air travel that only recovered to pre-2001 levels in 2004. But the erosion of long-haul flights saw low-cost carriers eat into the market share of legacy carriers, which were much slower to recover as competition ramped up. This was compounded by rising fuel prices, and as major carriers adjusted their capacity this opened opportunities for low-cost carriers to increase their market share. The increased fluctuation in traffic volume also provides a further incentive for LCCs to employ crew on temporary contracts.⁵³

As a result, the rapid drop in capacity in the aftermath of 9/11 was accompanied by longer-term efforts of airlines to restructure their business models to reduce operating costs and fixed costs through a series of corporate restructurings and mergers. Mass layoffs provided the background for renegotiation of labour contracts. Passenger demand fully recovered within 18 months, but workers' pay and conditions did not experience a similar recovery.

49. CAPA. 2019. LCCs: global market share gains led by emerging markets

<https://centreforaviation.com/analysis/reports/lccs-global-market-share-gains-led-by-emerging-markets-459927>

50. Harvey, G., & Turnbull, P. (2014). Evolution of the labour market in the airline industry due to the development of the low fares airlines (LFAs).

51. Harvey, G., & Turnbull, P. (2014). Evolution of the labour market in the airline industry due to the development of the low fares airlines (LFAs).

52. Taylor, P., Moore, S., & Byford, R. (2019). Cabin Crew Conflict: The British Airways Dispute 2009-11.

53. Harvey, G. and Turnbull, P., 2012. The development of the low cost model in the European Civil Aviation Industry. European Transport Workers' Federation, Brussels, August. P19.

Research conducted on the US aviation industry showed how airlines used the threat of bankruptcy and restructuring to browbeat unions into agreeing to a series of concessions, including workforce reductions and contract renegotiations. As a result, not only did employees face hundreds of thousands of job cuts, but they also experienced wage reductions that ranged from 9% to 50%, as well as increases in hours of work, reductions in health insurance benefits, and terminations of defined benefit pension plans.⁵⁴

The ways that airlines have pursued this cost-cutting drive have been shaped by the different levels of employment protection, trade union strength and labour institutions across different countries. British Airways, for example, was the first legacy carrier exposed to competition from LCCs, and has intermittently pursued the LCC model since the mid-1990s.⁵⁵ In 2008, BA attempted to restructure its business model to directly compete with EasyJet in terms of labour costs. Its attempt to introduce two-tier workforce has led to a bitter and prolonged battle with the trade unions.⁵⁶

In Scandinavia and Germany, the role of pro-labour institutions initially seemed more protective of employees than the Anglo-Saxon model.⁵⁷ However, while SAS and Lufthansa were initially more protective of their seniority workforce, labour protections have been bypassed for new employees through the establishment of low-cost subsidiaries operating with lower labour standards. Despite Germany's stronger labour institutions, it is completely legal to set up a new airline with completely different contracts rather than cutting labour costs in its main airline—as the next section describes in more detail. As a result, even countries with stronger employment protections and pro-labour institutions have seen a gradual levelling down of employment terms and conditions in line with the liberal market economy model of Anglo-Saxon countries.⁵⁸

The Covid-19 pandemic has seen a steep decline in the long-haul flights—the most profitable business for legacy carriers, and a much lower decline in short-haul flights. This brings legacy carriers into closer competition with low-cost carriers on short-haul routes. As a result, the Covid-19 pandemic is already seeing a similar pattern to previous recoveries emerge, where low-cost carriers expand their market share while legacy carriers facing more intense competition adjust their business model to bring them more in line with the low-cost model.

The following two sections examine the employer responses to Covid-19 in the aviation industry, providing an overview of changes to work across the industry, including job reductions, changes to working time and changes to pay, as well as case studies of several restructuring efforts—through fire and rehire, creating low-cost subsidiaries and outsourcing. Given that airlines have been trying to shift towards a business model that prioritizes aggressive cost-cutting for several years, the measures adopted should not be seen as a short-term, immediate response to the crisis, but part of a long-term strategy to undermine pay and conditions.

54. von Nordenflycht, A., & Gittel, J. H. (2013). Context, process, and outcomes of collective bargaining in the US airline industry. *Collective bargaining under duress: Case studies of major US industries*, 9-43.

55. Lange, K., Geppert, M., Saka-Helmhout, A., & Becker-Ritterspach, F. (2015). Changing business models and employee representation in the airline industry: A comparison of British Airways and Deutsche Lufthansa. *British Journal of Management*, 26(3), 388-407.

56. Taylor, P., Moore, S., (2019). *Cabin Crew Conflict: The British Airways Dispute 2009-11*

57. Bamber, G. J., Hoffer Gittel, J., Kochan, T. A., & Von Nordenflycht, A. (2009). Contrasting management and employment-relations strategies in European airlines. *Journal of industrial relations*, 51(5), 635-652.

58. Plehwe, D. (2013). *Converging on strike revisited: Deregulation and the rise of low cost employment regimes in the European airline industry* (No. SP III 2013-502). WZB Discussion Paper.

2.2 Overview of changes to work

Job reductions, changes to working time, changes to pay

Between March and June 2020, before the scale of the crisis was widely realised, aviation companies initially adopted job reduction schemes that mirrored those taken in response to the crises of 9/11 and the 2008 crash. Schemes mainly involving voluntary job reduction programmes and reductions in working hours. But as the crisis developed, what had started as temporary or voluntary programs became mass layoffs. The first government relief package, agreed between the Netherlands government and KLM, covered full salary expenses for all employees not working so long as they were kept on the payroll. The initial deal was intended to last for three months. However, by July 2020, as travel restrictions were extended and it became clear the crisis would be of much longer duration, a new deal between the government and KLM was drawn up that included 5,000 layoffs.⁵⁹

59. Eurofound. 2021. KLM. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/klm-0>

Table 1. Announcements of job losses made by major airlines between March and December 2020 (in order of size of airline)

Carrier	Layoffs (2020)
Air France	7,500 ⁶⁰
Emirates	9,000 ⁶¹
Lufthansa	40,000 ⁶²
British Airways	12,000 ⁶³
Cathay Pacific	5,900 ⁶⁴
Air Canada	20,000 ⁶⁵
Qantas	6,000 ⁶⁶
All Nipon Airways	3,500 ⁶⁷
EasyJet	4,500 ⁶⁸
Thai Airways Intl	6,000 ⁶⁹
Ryanair	3,000 ⁷⁰
Qatar	4,000 ⁷¹
SAS	5,000 ⁷²
Virgin Atlantic	3,150 ⁷³
Norwegian	7,300 ⁷⁴

60. France 24. 2020 Air France planning to cut 7,500 jobs by 2022 amid industry slump <https://www.france24.com/en/20200630-air-france-planning-to-cut-7-500-jobs-by-2022-amid-industry-slump>
61. BBC. 2020. Coronavirus: Emirates set to cut 9,000 jobs, citing pandemic <https://www.bbc.co.uk/news/business-53369463>
62. Skift. 2020. Lufthansa to Cut Nearly 40,000 More Jobs. <https://skift.com/2020/12/06/lufthansa-to-cut-nearly-40000-more-jobs-report/>
63. Eurofound. 2020. British Airways. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/british-airways-11>
64. Asianaviation. 2020. Cathay Pacific to cut 6,000 workers and kill off Dragon affiliate to survive COVID-19 pandemic <https://asianaviation.com/report-cathay-pacific-to-cut-6000-workers-and-kill-off-dragon-affiliate/>
65. CBC. 2020. Air Canada to lay off 20,000 workers as pandemic collapses travel industry <https://www.cbc.ca/news/business/air-canada-layoffs-1.5572596>
66. Guardian. 2020. Qantas to cut 6,000 jobs and keep 15,000 stood down in bid to survive coronavirus downturn <https://www.theguardian.com/business/2020/jun/25/qantas-to-cut-6000-jobs-and-keep-15000-stood-down-in-bid-to-survive-coronavirus-downturn>
67. Reuters. 2020. Japan's ANA to cut 3,500 jobs in 3 years as it anticipates prolonged virus woes: Yomiuri <https://www.reuters.com/article/us-ana-outlook-redundancies-idUKKBN27A029>
68. Coronavirus: EasyJet plans up to 4,500 job cuts. <https://www.bbc.co.uk/news/business-52830665>
69. Thaiger. 2021. Thai Airways to lay off 30% of its staff <https://thethaiger.com/hot-news/politics/thai-airways-to-lay-off-30-of-its-staff>
70. Eurofound. 2021. Ryanair. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/ryanair-46>
71. Reuters. 2020. Qatar Airways to lay off some pilots, cut wages <https://www.reuters.com/article/health-coronavirus-qatar-airways-idUSL8N2DS3ST>
72. Eurofound. 2021. Scandinavian Airlines System <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/scandinavian-airlines-system-0>
73. Reuters. 2020. Virgin Atlantic to cut 3,150 jobs after pandemic hits demand <https://www.reuters.com/article/health-coronavirus-britain-virgin-atlant-idUKL9N2B201S>
74. Norwegian air. Norwegian to cancel 85 percent of its flights and temporarily layoff approximately 7,300 colleagues <https://media.uk.norwegian.com/pressreleases/norwegian-to-cancel-85-percent-of-its-flights-and-temporarily-layoff-approximately-7300-colleagues-2982294>

It should be emphasised that not all of these redundancy plans were actually implemented. Rather, in some instances redundancy announcements were used to as a bargaining chip, intimidating workers in order to secure further concessions and pay cuts. For example, Ryanair threatened to cut 3,000 jobs across Europe unless workers agreed to pay cuts. In Australia, Qantas threatened cabin crew that it would seek to terminate the collective agreement if they did not accept pay cuts.⁷⁵ In the UK, Unite agreed to temporary pay cuts in order to save 1,800 Ryanair cabin crew jobs.⁷⁶ Similarly, Wizzair used the threat of 1,000 redundancies to push through wage cuts of 14 to 22%.⁷⁷

Supply chains have also been impacted. Two major upstream manufacturers, Boeing and Airbus, announced a number of restructurings involving 12,000-15,000 workers. Similarly, engine and other air component producers responded with major job cuts, including GE aviation, which announced 13,000 job cuts (25% of total workforce), and Rolls Royce, which announced 8,000 job cuts (15% of the total workforce). Rolls Royce suggested that engine orders in 2020 fell to just a half of the expected number. Airbus announced cuts to 15,000 jobs or 10% of total workforce,⁷⁸ German aviation industry supplier Diehl Aviation announced 990 job cuts 2021 due to internal restructuring.⁷⁹

The aviation industry has adopted emergency measures to achieve a reduction in workforce and contain costs in response to various crises in the recent past such as 9/11 and the 2008 crash. The measures taken in response to the Covid-19 pandemic, many of which mirrored those adopted in past crises, can be grouped into three broad areas: reductions in the number of workers, changes to working time, and changes to pay. Table 2 (below) provides an overview of the measures adopted.

Reductions in workforce can include recruitment freezes, early retirement, furloughs or non-renewal of temporary contracts.

Some of the largest redundancy plans have been implemented by legacy carriers. By June 2020, Air Canada had announced plans to lay off 20,000 workers, over half of its workforce, British Airways announced plans to cut 12,000 jobs, around a third of its workforce. At the end of 2020, Lufthansa announced plans to cut 40,000 jobs by the end of the following year, reducing the workforce by nearly a third.⁸⁰

75. Interview, TWU

76. BBC. 2020. Ryanair cabin crew agree to temporary pay cut to keep jobs. <https://www.bbc.co.uk/news/business-53341716>

77. Eurofound. 2021. WIZZ Air. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/wizz-air-2>

78. Eurofound. 2020. ERM report 2020: Restructuring across borders
https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20024en.pdf

79. Eurofound. 2020. Diehl Aviation
<https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/diehl-aviation>

80. Skift. 2020. Lufthansa to Cut Nearly 40,000 More Jobs: Report
<https://skift.com/2020/12/06/lufthansa-to-cut-nearly-40000-more-jobs-report/>

Some airlines adopted voluntary measures as an alternative to forced redundancies after consultation with unions. Air France announced between 7,000 and 10,000 job cuts, amounting to around 15% of total employees, in its flagship airline as well as its subsidiary HOP!. The airline stated it would not proceed to forced redundancies, instead making use of different voluntary job reduction programs, including retirement, and not replacing natural leavers. The group also offered internal jobs to employees whose positions no longer existed but who wished to remain employed within the group.⁸¹ The Portuguese airline TAP announced 1,600 dismissals. After negotiations with trade unions, 800 workers applied for the airline's voluntary measures programme, including terminations by mutual agreement and early retirement.⁸²

Changes to working time

One alternative to reductions in workforce numbers were various forms of reductions in working time, through part time working or unpaid leave.

Threats of mass redundancies were used as a threat to browbeat unions into accepting reductions in working time. In May 2020, EasyJet announced its intention to cut a third of its workforce—around 4,500 jobs, along with a reduction of its fleet by 51, to 302 planes. The announcement came before any preliminary consultation trade unions had been conducted. After negotiations between EasyJet and the pilots' union BALPA, 1,500 pilots chose the option of part time working and 60 opted for voluntary redundancy. After the negotiations, EasyJet warned that 727 pilot roles and 1,200 cabin crew jobs continued to be at risk of redundancy.⁸³

Changes to pay

Temporary pay cuts, tied to a limit such as a certain point in time or a return to profitability have been another alternative to layoffs.

Once again, airlines adopted a “carrot and stick” approach with threats of mass redundancies used to browbeat employees into agreeing to concessions. In the UK, Ryanair pilots agreed to temporary pay cuts of 20% after the chief executive, Michael O’Leary, threatened 3,000 job losses. During negotiations, Ryanair agreed to restore pay to 100% over the following four years.⁸⁴ Similarly, pilots agreed to a 20% pay cut, to be restored by 12% over the following two years, eventually returning to full pay. These measures would reduce compulsory redundancies from 12,000 to 270 employees.

By contrast, Cathay Pacific imposed permanent pay cuts as part of a major restructuring program. The airline had already introduced a two-tier pay structure in 2018, where new employees were offered reduced pay and conditions. However, under the changes introduced, all pilots have been given the contracts previously given to new hires. This is based on pay tied to flying hours, resulting in far lower pay in off-season periods.⁸⁵

81. Air France. 2020. Air France group plans measures adapt its workforce covid-19-crisis <https://corporate.airfrance.com/en/press-release/air-france-group-plans-measures-adapt-its-workforce-covid-19-crisis>

82. Eurofound. TAP Air Portugal. 2020. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/tap-air-portugal-0>

83. Eurofound. 2020. Easyjet. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/easyjet-13>

84. Guardian. 2020. Ryanair pilots agree to 20% pay cut in attempt to limit job losses <https://www.theguardian.com/business/2020/jul/01/most-ryanair-job-losses-can-be-avoided-if-staff-take-pay-cut-says-michael-oleary>

85. Reuters. 2020. Cathay Pacific's permanent pilot pay cuts 'draconian' and 'short-sighted': union <https://www.reuters.com/article/us-cathay-pacific-layoffs-idUSKBN2780L0>

Table 2. Overview of cost-cutting measures implemented to avoid layoffs in selected aviation companies, March-December 2020

	Reductions in workforce	Changes to working time	Changes to pay
Aer Lingus	May 2020. 900 jobs cut via voluntary redundancy scheme.	Reduced working hours	Temporary pay cuts (50%) ⁸⁶
Air France	June 2020. Between 7,000 and 10,000 job cuts via voluntary and natural departures. This includes 100-400 pilots, 2,000 cabin crew, and 6,000 ground staff. ⁸⁷		
British Airways		July 2020. (For pilots) Voluntary part-time working	(For pilots) Temporary 20% pay cuts, increasing 12% over 2 years and returning to full pay long-term. ⁸⁸
Cathay Pacific	October 2020. Voluntary redundancy	3 weeks' unpaid leave ⁸⁹	Permanent pay cuts ⁹⁰
Hong Kong Airlines	June 2020. 1,400 layoffs (60% of workforce), mostly cabin crew		Voluntary pay reduction: six months' leave for 1 month's pay. ⁹¹ Salary cuts for senior executives of 15%-36%
EasyJet	September 2020 Voluntary redundancy	Part-time working, unpaid leave	Pay freeze ⁹²
Ryanair			July 2020. Temporary pay cuts to avoid 3,000 job cuts: from 20% for pilots to 5% for cabin crew. Pay restored over 4 years. ⁹³

86. Irish news. 2020. Aer Lingus in talks to shed 20% of its workforce <https://www.irishnews.com/business/2020/05/02/news/aer-lingus-in-talks-to-shed-20-per-cent-of-its-workforce-1923172/>

87. Eurofound. 2020. <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/air-france-9>

88. BBC. 2020. British Airways pilots vote to accept jobs deal [bbc.co.uk/news/business-53617882](https://www.bbc.co.uk/news/business-53617882)

89. BBC. 2020. Coronavirus: Cathay Pacific asks staff to take unpaid leave <https://www.bbc.co.uk/news/business-51383284>

90. Reuters. 2020. Cathay Pacific's permanent pilot pay cuts 'draconian' and 'short-sighted': union <https://www.reuters.com/article/us-cathay-pacific-layoffs-idUSKBN2780L0>

91. CH Aviation. 2020. Most HK Airlines staff laid off or take severe pay cuts. <https://www.ch-aviation.com/portal/news/105128-most-hk-airlines-staff-laid-off-or-take-severe-pay-cuts>

92. <https://www.independent.co.uk/travel/news-and-advice/easyjet-job-cuts-voluntary-redundancy-flight-crew-pilots-part-time-b597431.html>

93. Guardian. 2020. Ryanair pilots agree to 20% pay cut in attempt to limit job losses. <https://www.theguardian.com/business/2020/jul/01/most-ryanair-job-losses-can-be-avoided-if-staff-take-pay-cut-says-michael-oleary>

SAS	March 2020. Hiring freeze, temporary layoffs, early retirement ⁹⁴	Voluntary leave	20% temporary pay cut for management and all employees.
Qantas	July 2020. Voluntary redundancies, early retirement	Unpaid leave	Two-year wage freeze ⁹⁵
All Nipon Airways	October 2020. Early retirement, severances	Two years' unpaid leave	30% pay cut, no bonuses ⁹⁶
Thai Airways	6,000-7,000 voluntary redundancies ⁹⁷		
Air Mauritius	No redundancies, but 135 forced early retirements	Part-time working ⁹⁸	

2.3 Case studies: trends in employer responses

In response to the Covid-19 pandemic, airlines have initiated massive restructuring efforts to pursue aggressive cost-cutting measures. The main strategies fall into three broad areas:

- Labour contract changes through “fire and rehire”
- Creating low-cost subsidiaries
- Outsourcing

The case studies presented below show how, in addition to reducing costs, airlines are using the cover of the pandemic to weaken organised labour, in some cases pushing back against a growth in unionisation in recent years. This section draws on interviews conducted with unions representing airline and airport workers in the UK, Norway, Germany, Mauritius, Thailand, Australia, the EU and the USA to demonstrate the different ways that employers are making workers’ pay for the race to the bottom accelerated by the Covid-19 pandemic.

Fire and Rehire

The strategy of “fire and rehire” has been increasingly adopted by airlines to impose new contracts on employees with lower wages and reduced terms and conditions of employment.⁹⁹ Fire and rehire is a way of undermining collective agreements by forcing employees to agree to new terms. There are two ways this can be done. First, the employer offers these terms and conditions to the employees, who are given the opportunity to agree in writing. If they agree to the terms immediately,

94. Reuters. 2020. Airline SAS asks employees to take a 20% pay cut <https://www.reuters.com/article/us-health-coronavirus-sas-pay-idUSKBN20X21P>

95. SMH. 2020. Qantas is creating an army of zombie pilots <https://www.smh.com.au/business/companies/qantas-is-creating-an-army-of-zombie-pilots-20200710-p55azr.html>

96. Nikkei. 2020. Japan’s ANA seeks voluntary layoffs and 30% pay cut <https://asia.nikkei.com/Business/Transportation/Japan-s-ANA-seeks-voluntary-layoffs-and-30-pay-cut>

97. Bangkokpost. 2021. THAI union says new contracts are illegal. <https://www.bangkokpost.com/business/2082243/thai-union-says-new-contracts-are-illegal>

98. Interview, ACCMA

99. Bogg, A. 2020. Firing and Rehiring: An agenda for reform <https://www.ier.org.uk/comments/firing-and-rehiring-an-agenda-for-reform/>

they are given the new terms of employment. However, if they do not the next step is dismissal notice. This is followed immediately by a new offer of employment on the reduced terms previously offered. Whether the first or second option is followed, the result is the same: employees are forced to agree in writing to the new terms.¹⁰⁰

Whereas previously companies were only able to introduce new wage rates gradually, the context of anxiety and job insecurity created by mass layoffs at the onset of the pandemic offered an opportunity for companies to introduce these 'shock therapy' tactics. The threat of fire and rehire has also been used to browbeat unions into accepting agreements on new employment terms.

Fire and rehire is a tactic only available to large companies with access to legal advice that allows them to take advantage of loopholes in labour law.¹⁰¹ It offers employers a way of imposing changes without consulting trade unions and bypassing the collective consultations usually required when large-scale dismissals are being considered. This has most typically affected cabin crew since this sector of the workforce has higher turnover and shorter career span. But fire and rehire has been increasingly used for ground crew, mechanics and pilots.

In June 2020, British Airways announced that it would fire 12,000 workers, including the entire cabin crew, and then re-hire 3,000 of them on inferior contracts with substantially lower pay than in their previous roles.¹⁰² British Airways had already laid the ground for this practice for decades before by operating through two fleets of crew-- longstanding employees and a lower-paid "mixed fleet" set up to undermine pay and conditions during the strikes of 2010-11. The aim now is to merge the two into a single fleet on lower terms. The new conditions offered included permanent pay freezes, rehiring at a lower rank and cuts to flight pay and allowances.¹⁰³ Notably, BA did this while receiving millions in state emergency relief.

British Airways has been talking of introducing these measures since the mid-1990s, but it was only when the pandemic hit that the circumstances were right to drive them through.¹⁰⁴ The unique nature of the Covid pandemic offered an opportunity for the company to use its nastiest tactics, using the environment of fear and intimidation when they gave the redundancy notice to undermine not only pay and conditions but also trade union organisation. Resistance to BA's introduction of a two-tier workforce by the trade union representing cabin crew, British Airlines Stewards and Stewardesses Association (BASSA) – a branch of Unite, had been strong and growing for over a decade prior to Covid-19. However, BA knew that strike action was not an option in these circumstances, so the union's more powerful tool was off the table.¹⁰⁵ Unite's strategy was to attempt to slow down the process, then, when the pandemic was over and passenger traffic restored, threaten industrial action.¹⁰⁶ However, the duration of the pandemic prevented this strategy from being effective. In the words of a BASSA official: "the nastiness had always been there, but Covid gave [BA] the opportunity. The real goal was to destroy the union".¹⁰⁷

100. Bogg, A. 2020. Firing and Rehiring: An agenda for reform <https://www.ier.org.uk/comments/firing-and-rehiring-an-agenda-for-reform/>

101. Bogg, A. 2020. Firing and Rehiring: An agenda for reform <https://www.ier.org.uk/comments/firing-and-rehiring-an-agenda-for-reform/>

102. Guardian. 2020. BA begins to carry out its 'fire and rehire' threat to jobs. <https://www.theguardian.com/business/2020/jul/17/ba-begins-to-carry-out-its-fire-and-rehire-threat-to-jobs>

103. Guardian. 2020. BA begins to carry out its 'fire and rehire' threat to jobs. <https://www.theguardian.com/business/2020/jul/17/ba-begins-to-carry-out-its-fire-and-rehire-threat-to-jobs>

104. Interview, Unite

105. Interview, Unite

106. Interview, Unite

107. Interview, Unite

Unite's general secretary accused the airline of exploiting the pandemic "to drive down the terms and conditions of crew and staff," as part of a broader strategy to bring British Airways' business model more in line with that of a low-cost airline.¹⁰⁸ The move undermined the efforts of trade unions to develop a common, sector-wide solution to the crisis, and BA refused to negotiate alternatives with trade unions. Efforts to challenge the move through the works council had very little impact. In the end, BA made 10,000 staff redundant, including 4,700 cabin crew. Those that remained were forced to accept pay cuts and reduced terms which meant their salaries dropped by between 15 and 35 % and they were demoted 2 pay grades.¹⁰⁹ In 2021, BA sought to rehire around 3,000 new crew on reduced contracts.¹¹⁰

It is noteworthy that fire and rehire was not only targeted at employees with better pay and conditions, but also the more unionised sections of the workforce. The Euro/worldwide fleet was the more unionised sector of cabin crew, and when this group was specifically targeted with fire and rehire, Unite lost 4,000 union members. By contrast, the mixed fleet crew, which consists of younger, less unionised employees, did not see any changes. Notably, 2 of the last 3 branch secretaries have been made redundant by BA.¹¹¹

The experience of BA workers suggests that fire and rehire has become increasingly widespread during the pandemic not so much out of economic necessity but because companies have seized the opportunity to downgrade pay and conditions in a context of uncertainty and anxiety faced by workers. This is demonstrated by the fact that BA extended fire and rehire to cargo workers, even though demand for cargo actually increased during the pandemic. BA attempted to force the cargo workers to accept new contracts which would have resulted in pay cuts of 20-25 %, with the entire workforce experiencing significant reductions to its terms and conditions.¹¹² Ground crew at Heathrow airport were told that if they did not accept voluntary pay cuts they could be fired and rehired on reduced contracts.¹¹³ The dispute was ended after Unite members undertook nine days of strike action which led to a deal between Unite and British Airways, which included end of fire and rehire, no compulsory redundancies, job offers for those who had already been dismissed on agreed terms, pay increases and more pay protection for some staff.¹¹⁴

108. Morning Star. 2020. British Airways accused of 'industrial thuggery' for planned fire-and-rehire attack on workforce <https://morningstaronline.co.uk/article/british-airways-accused-industrial-thuggery-planned-fire-and-rehire-attack-workforce>

109. Interview, Unite

110. Unite. 2021. Unite boss slams bad faith British Airways as airline moves to bring in more lower paid cabin crew <https://www.unitetheunion.org/news-events/news/2021/october/unite-boss-slams-bad-faith-british-airways-as-airline-moves-to-bring-in-more-lower-paid-cabin-crew/>

111. Interview, Unite

112. Unite. 2020. British Airways cargo workers vote overwhelmingly for strike action in fire and rehire dispute <https://www.unitetheunion.org/news-events/news/2020/december/british-airways-cargo-workers-vote-overwhelmingly-for-strike-action-in-fire-and-rehire-dispute/>

113. Guardian. 2020. Heathrow workers threatened with sack if they reject 'voluntary' pay cuts <https://www.theguardian.com/uk-news/2020/apr/08/heathrow-workers-voluntary-pay-cuts-airport-coronavirus>

114. Unite ends BA 'fire and rehire' dispute by securing deal to avoid forthcoming cargo strike action <https://www.unitetheunion.org/news-events/news/2021/january/unite-ends-ba-fire-and-rehire-dispute-by-securing-deal-to-avoid-forthcoming-cargo-strike-action/>

The capacity of employers to use fire and rehire is conditioned by local regulatory regimes, and the practice has been introduced unevenly across different countries. For example, in the UK, regulation of dismissal decisions by employers is very light, which means that existing contracts may be overridden by the employer's powers of dismissal.¹¹⁵ By contrast, this tactic would not be possible in many European countries including Spain where BA's partner airline IAG is based. Spain introduced emergency legislation to prevent the firing of workers during the pandemic, which ordered that employers may only use temporary layoff programs through the Temporary Employment Regulation File (ERTEs).

In October 2020, following a corporate restructuring, Cathay Pacific asked crew to sign on to new terms and conditions.¹¹⁶ Cathay Pacific Airways announced redundancies of 5,300 Hong-Kong based employees, mainly pilots and cabin crew. Those who were not made redundant were given 2 weeks to sign an inferior contract, which included pay cuts of up to 58%. If they refused to sign, they would be fired.¹¹⁷ The notice was presented to the Hong Kong Aircrew Officers Association (HKAOA) and Cathay Pacific Airways Flight Attendants Union (FAU) without notice or involvement of trade unions. Despite the fact that the Cathay Pacific expects to return to making a profit in 2022, the contract will make the pay cuts permanent.¹¹⁸

In May 2020, the Thai government reduced its stake in Thai Airways from 51% to 48%, terminating the airline's status as a state-owned enterprise.¹¹⁹ Although the airline had been in financial trouble for over a decade due to financial mismanagement, the pandemic was used as cover to initiate restructuring involving major cost-cutting efforts.

The Thai Airways international state enterprises union was disbanded along with the privatisation of the airline. Whereas before privatisation, all workers in the company had been in the same union, when the new company was established the workers were divided into four new unions representing different sectors of the workforce, creating fragmentation between the workers and placing a major restraint on their ability to negotiate with the company.¹²⁰ Workers in the new company were given new contracts, losing all the gains from previous collective bargaining such as the 20 days' vacation leave (which was reduced to six), healthcare and wages. Those workers that did not accept the new contracts were fired, with some offered new contracts, while others voluntarily resigned.¹²¹

115. Bogg, A. 2020. Firing and Rehiring: An agenda for reform <https://www.ier.org.uk/comments/firing-and-rehiring-an-agenda-for-reform/>

116. Cathay Pacific. 2021. Cathay Pacific Update on Corporate Restructuring and Change of Conditions of Service for Aircrew <https://news.cathaypacific.com/cathay-pacific-update-on-corporate-restructuring-and-change-of-conditions-of-service-for-aircrew-362360>

117. Airliners. 2020. Cathay Pacific Airways Flight Attendants Union Demand Fairer Treatment from Cathay Pacific <https://airliners.com/cathay-pacific-airways-flight-attendants-union-demand-fairer-treatment-from-cathay-pacific/>

118. Airliners. 2020. Cathay Pacific Airways Flight Attendants Union Demand Fairer Treatment from Cathay Pacific <https://airliners.com/cathay-pacific-airways-flight-attendants-union-demand-fairer-treatment-from-cathay-pacific/>

119. Reuters. 2020. Thai govt cuts Thai Airways stake to below 51% as part of restructuring plan. <https://www.reuters.com/article/thai-airways-rescue-idUSL4N2D5057>

120. Interview, Wingspan Workers Union

121. Interview, Wingspan Workers Union. Bangkokpost. 2021. THAI union says new contracts are illegal <https://www.bangkokpost.com/business/2082243/thai-union-says-new-contracts-are-illegal>

In Mauritius, the administration of the flagship state airline became the pretext for undermining collective agreements through fire and rehire, which was used in conjunction with anti-union legislation passed during the pandemic. Air Mauritius had already been experiencing financial difficulties prior to the pandemic and the company went into voluntary administration immediately after the pandemic broke out, in April 2020. The administration lasted for 18 months, during which time the atmosphere of job insecurity and fear created by pandemic travel bans and upheaval provided the background for the administrator to push through major changes to pay, working conditions and collective bargaining arrangements. “The aim”, the ACCMA reported, “was to bring people to their knees so that they are so helpless they will accept anything that comes. They are creating mental stress in order to force people to accept new salaries.”¹²²

Even though a significant proportion of Air Mauritius shares were owned by the state, the government not only failed to uphold labour rights, but it also actively enabled direct anti-worker and anti-union behaviour via legislation that was passed early in the pandemic and continues to be in force. A few months after the company had gone into administration, the government made legislative changes to the Workers’ Rights Act (‘WR Act’) Section 72 A via the COVID-19 (Miscellaneous Provisions) Act on the 22 May 2020. Whereas previously unions had the right to consultation in the case of dismissals or changes to the collective agreement, unions were excluded from employment negotiations, even where they concern unilateral contractual changes, early retirement, or cessation of employment.¹²³

Immediately after the Ministerial activation of this legislative exemption, cabin crew were effectively forced to resign before being re-employed on less favourable terms and conditions to do the same work. These contracts make provision for unpaid leave to be imposed for 12 months out of the two years following signing and forced the retirement of all long-serving crew with employment records of over 33.3 years, which amounted to 135 staff. Anyone who refused to sign the contracts would be laid off. These new contracts were only received by half of the active union members, bypassing union negotiations. The new contracts included changes to overtime, allowances and pay progression.¹²⁴

In addition, a new amendment to Mauritian labour law (WR Act s.32(2)) was passed that gave the airline free reign to unilaterally put workers on part-time arrangements and cut their basic salary to half or less in certain situations. However, this amendment was passed before government assistance consisting of full salaries to furloughed employees was announced. As a result, Air Mauritius employees were forced to take pay cuts and were unable to benefit from state assistance programs offered to other sectors. When the union began making public statements in the media about the situation, the administrator applied to the courts for a gagging order against the union.¹²⁵

One alternative to fire and rehire is a negotiated reduction of terms through the collective bargaining structure. If workers agree to temporary pay cuts in periods of crisis, they may also benefit from pay awards when the company returns to profit. For example, after the 2008 financial crisis in the UK, Jaguar negotiated temporary cuts, but when the firm’s recovery picked up employees were given 6 per cent pay awards.¹²⁶ Table 2 above demonstrates the various temporary pay cut schemes implemented by SAS, Ryanair, All Nipon Airways among others.

122. Interview, ACCMA

123. Interview, ACCMA

124. Interview, ACCMA

125. Interview, ACCMA

126. People Management. 2021. Fire and rehire: is it even legal? <https://www.peoplemanagement.co.uk/long-reads/articles/fire-and-rehire-even-legal#gref>

Low-cost subsidiaries

An alternative to bypassing collective agreements has been to create low-cost subsidiaries. In April 2020 Lufthansa group announced significant job losses, including the complete closure of the Germanwings operation, a third of the workforce in Eurowings, 22,000 jobs in Lufthansa, 650 workers in Austrian, and many more to come across the network.¹²⁷ Shortly after, in July 2020, Lufthansa founded a new subsidiary: Eurowings Discover, that would expand into a low-cost holiday travel coming out of the pandemic.

Eurowings Discover is intended to either compete directly with or replace entirely the services of other Lufthansa Group brands in both long haul and short haul routes.¹²⁸ The new subsidiary hired at least 600 new employees from the Lufthansa group, who were required to undergo new assessments and were offered with inferior salaries and working conditions to previous contracts.¹²⁹ This example points to another strategy through which airlines have taken advantage of mass layoffs during the pandemic to reduce labour to the detriment of workers.

At the beginning of the pandemic, the Scandinavian legacy carrier SAS fired 560 pilots, equivalent to 40% of the pilot workforce.¹³⁰ According to the right of first refusal in the collective agreement, employees have a 5-year legal right to be re-employed in their previous jobs by SAS.¹³¹ Instead, however, SAS established two new companies, SAS Connect and SAS Link, both registered in Ireland, as the new employer with staff engaged through employment agencies. SAS Connect and SAS Link are more “paper companies” than actual subsidiary companies since they operate with the same offices, planning and HR systems as SAS.¹³² The airline also carried out a fleet change, from B737 to A320, and the new airplanes will be placed within the new companies. This will reduce the SAS fleet from 100 to 39 short-haul airplanes.

The pilots who were fired from SAS are not being rehired in SAS Connect or Link. Rather than being rehired when air traffic ramps up, as per the collective agreement, employees must instead apply for their previous job on reduced terms and conditions. This effectively means re-starting their careers from scratch.¹³³ Furthermore, with weaker protections there is little to stop SAS from declaring these subsidiaries bankrupt, once again laying off their employees.

127. ETF voices concern over new social dumping brand within Lufthansa Group

128. ETF. 2020. ETF voices concern over new social dumping brand within Lufthansa Group <https://www.etf-europe.org/etf-voices-concern-over-new-social-dumping-brand-within-lufthansa-group/>

129. SWR. Lohndumping auf Staatskosten? <https://www.swr.de/report/lufthansa-lohndumping-auf-staatskosten/-/id=233454/did=25416502/nid=233454/c5x2b3/index.html>

130. ETF. 2020. SAS pilots are not disposable <https://www.etf-europe.org/sas-pilots-are-not-disposable/>

131. ECA. 2020. Terminated employees warn SAS against taking off without them <https://www.eurocockpit.be/news/terminated-employees-warn-sas-against-taking-without-them>

132. Interview, Parat.

133. ETF. 2020. SAS pilots are not disposable <https://www.etf-europe.org/sas-pilots-are-not-disposable/>

Flags of convenience: the case of Norwegian Air Shuttle

“Flags of convenience” practices, where companies transfer permanent employees to subsidiaries in search of more flexible and less regulated labour markets, have become increasingly common in the aviation industry since the liberalization of air traffic rights in the 2000s.¹³⁴ In Europe, Ireland has become the centre for these practices for two main reasons: a low corporate tax rate (of 12.5%) and lax labour policies.¹³⁵

The case of Norwegian Air demonstrates how “flags of convenience” practices can leave workers in a particularly vulnerable position in times of crisis. For the past decade Norwegian Air Shuttle (NAS) has expanded its operations by offshoring them under shell companies in various countries including Sweden, Denmark, Finland, the UK, Spain, Bangkok and the USA. The rapid expansion meant these hastily established companies were effectively “empty” - without any real structure or management. The model allows NAS to bypass Norway’s stricter labour laws and collective bargaining requirements, as well as exploit regulatory loopholes and optimise taxes.¹³⁶ For example, by flagging in Ireland Norwegian Air was able to benefit from Ireland’s weaker labour laws allowing the airline to outsource its crew to Asia—a strategy which would never be permitted under Norway’s stricter regulations.¹³⁷

NAS has increasingly made use of staffing agencies based in Singapore to supply their workforce.¹³⁸ Even in countries like Italy and France where agencies are prohibited, Norwegian found a loophole by registering the company in Ireland, where agencies are permitted.¹³⁹ Hiring employees via subsidiaries and agencies is also a way of avoiding unionisation.¹⁴⁰ The ITF and ETF have long argued that as a result of these practices, these workers can be abandoned in the complex web of companies that employs them at any point.¹⁴¹

127. ETF voices concern over new social dumping brand within Lufthansa Group

128. ETF. 2020. ETF voices concern over new social dumping brand within Lufthansa Group

<https://www.etf-europe.org/etf-voices-concern-over-new-social-dumping-brand-within-lufthansa-group/>

129. SWR. Lohndumping auf Staatskosten? <https://www.swr.de/report/lufthansa-lohndumping-auf-staatskosten/-/id=233454/did=25416502/nid=233454/c5x2b3/index.html>

130. ETF. 2020. SAS pilots are not disposable <https://www.etf-europe.org/sas-pilots-are-not-disposable/>

131. ECA. 2020. Terminated employees warn SAS against taking off without them

<https://www.eurocockpit.be/news/terminated-employees-warn-sas-against-taking-without-them>

132. Interview, Parat.

133. ETF. 2020. SAS pilots are not disposable <https://www.etf-europe.org/sas-pilots-are-not-disposable/>

134. Snodgrass, P. D. (2014). Aviation Flags of Convenience: Ireland and the Case of Norwegian Airlines International. *Issues Aviation L. & Pol'y*, 14, 245.

135. Snodgrass, P. D. (2014). Aviation Flags of Convenience: Ireland and the Case of Norwegian Airlines International. *Issues Aviation L. & Pol'y*, 14, 245.

136. Y. Jorens, D. Gillis, L. Valcke & J. De Coninck, 'Atypical Forms of Employment in the Aviation Sector', European Social Dialogue, European Commission, 2015.

137. Zillman, C. (2014). Pilots battle against 'Walmart-ing' of airline industry fortune.com/2014/05/08/pilots-battle-against-walmart-ing-of-airline-industry/

138. Moen, E. (2017). Weakening trade union power: new forms of employment relations. The case of Norwegian Air Shuttle. *Transfer: European Review of Labour and Research*, 23(4), 425-439.

139. ECA. 2021. How Norwegian left thousands out of work. <https://www.eurocockpit.be/news/cost-control-lost-control>

140. ITF. 2014. ITF demands investigation into Norwegian airline

<https://www.itfglobal.org/en/news/itf-demands-investigation-norwegian-airline>

141. ETF. 2021. Letter to Nicolas Schmit

<https://www.etf-europe.org/wp-content/uploads/2021/04/Letter-to-Commissioner-Schmit-Norwegian-Air-Shuttle.pdf>

The pandemic exposed the vulnerability of workers under this model, as NAS demonstrated just how disposable it considers its workers to be. In early 2021, NAS went through bankruptcy protection proceedings in Ireland. The Norwegian government at first refused to support Norwegian Air due to its complex structure and lack of “shareholders seeking to take the initiative”. Government support was only provided to a trimmed down version of the airline. As a result, while crew in Norway were protected from layoffs, the airline moved to cut its crew subsidiaries in Finland, Denmark, Sweden, the UK, France and Italy.¹⁴²

NAS has neither the management nor the structures in place to cope with the pandemic.¹⁴³ Abandoned by their employer and with no line for negotiation, crew across Europe have been left in a complex and unclear situation, without wages, notice pay, holiday pay and pensions contributions. The mass redundancies, covering 90 per cent of its staff, were not consulted with trade unions.¹⁴⁴

Many redundant workers were unable to get payments due.¹⁴⁵ When Norwegian ended its low-cost long-haul flights division, the airline laid off 1,100 workers at Gatwick airport with no consultations and leaving outstanding wages, notice pay, holiday pay and pensions contributions.¹⁴⁶ In the UK, workers represented by Unite are having to launch claims with the UK government’s Insolvency Service.¹⁴⁷ According to Unite, £10.5 million that was supposed to be paid to Norwegian’s UK subsidiary, NAR UK was never received.

As NAS entered bankruptcy EU legislation protecting workers in the event of bankruptcy was ignored, and workers were ‘thrown under a bus’ as a result.¹⁴⁸ 2,150 job losses were announced in Spain, France Italy and the US, again without due notice. With no tools to enforce what they are owed, French pilots, who were employed by the Irish subsidiary, can now only watch the Irish Court proceedings from the sidelines. As one crew reported:

“Then it’s a blackout. [...] The management initiated the liquidation procedure without notifying us, and we learned about the liquidation procedure via a leaflet edited by our Italian colleagues, who find themselves in the same hellish situation.”¹⁴⁹

In France, despite the fact that pilots filed individual employment cases to the short circuit court with favourable rulings, liquidators have shown little regard for the French court decisions.¹⁵⁰

142. ETF. 2021. Letter to Nicolas Schmit

<https://www.etf-europe.org/wp-content/uploads/2021/04/Letter-to-Commissioner-Schmit-Norwegian-Air-Shuttle.pdf>

143. Interview, Parat.

144. ECA. 2021. How Norwegian left thousands out of work. <https://www.eurocockpit.be/news/cost-control-lost-control>

145. ECA. 2021. How Norwegian left thousands out of work. <https://www.eurocockpit.be/news/cost-control-lost-control>

146. <https://www.unitetheunion.org/news-events/news/2021/january/norwegian-air-job-losses-another-devastating-blow-for-gatwick/>

147. Unite. 2021. Norwegian Air job losses ‘another devastating blow’ for Gatwick

<https://www.unitetheunion.org/news-events/news/2021/february/norwegian-air-workers-angry-and-frustrated-at-broken-redundancy-pay-promises-and-lack-of-answers-over-collapse/>

148. Unite. 2021. Norwegian Air workers ‘angry and frustrated’ at broken redundancy pay promises and lack of answers over collapse

<https://www.unitetheunion.org/news-events/news/2021/february/norwegian-air-workers-angry-and-frustrated-at-broken-redundancy-pay-promises-and-lack-of-answers-over-collapse/>

149. ECA. 2021. How Norwegian left thousands out of work. <https://www.eurocockpit.be/news/cost-control-lost-control>

150. ECA. 2021. How Norwegian left thousands out of work. <https://www.eurocockpit.be/news/cost-control-lost-control>

In Italy and France, NAS refused to engage with unions to negotiate a fair redundancy package. Moreover, the proceedings took place without applying national law on the contracts on employment of the workers. In Italy the airline did not even activate the income support scheme that workers facing dismissal can benefit from. Similarly in France, the airline vanished, disregarding the French labour law for redundancies, and owing 2 months' salaries and redundancy pay to its workers.¹⁵¹

The case is an evident and predictable consequence of how cost-cutting strategies adopted by airlines have left workers abandoned in a complex and unclear situation. Even though these workers clearly work for Norwegian Air Shuttle, wear Norwegian uniforms, operate on Norwegian aircraft and work on routes sold by Norwegian Air Shuttle, the company was unwilling or unable to act in good faith with trade unions and engage with the collective bargaining process in the national context. Workers have been left in a state of uncertainty as to what they will receive and when they will receive it.

Outsourcing

Outsourcing in aviation began with deregulation in the industry throughout the 1980s and 1990s, but has expanded rapidly since the 2000s. For aviation companies, outsourcing is driven not only by the drive to cut costs but also the notion that companies need a more flexible business model to respond to market fluctuations. Outsourcing is also a way of undermining trade unions in collective bargaining processes. By outsourcing activities companies can bypass dismissal protections, paid sick leave and labour relations by handing these functions over to other firms.

Outsourcing has major consequences for collective bargaining, although the effects have been uneven across different countries. Whereas for British Airways, outsourced workers fall outside of collective agreements, in Lufthansa outsourced functions have the same collective bargaining coverage, even in major functions like maintenance and cargo.¹⁵²

Outsourcing has been most prevalent in the areas of maintenance, ground services, cargo and catering. In 2019, ground handling company Swissport estimated that 42% of ground handling work globally was outsourced,¹⁵³ although actual numbers may be much higher. The rise of low-cost carriers has also seen outsourcing expanded further to aircraft crew as described above.

As a result of increased outsourcing, the frontline workers that have been essential during the pandemic-- cabin crew, cabin cleaners, terminal cleaners, prep cooks and airplane caterers, baggage handlers, ramp workers, security officers, shuttle bus drivers, ramp agents, ticket agents, mechanics—have been treated as disposable by airlines and airports. As companies look to cut costs wherever they can, outsourced jobs have been the first to be axed.

151. SNPL. Norwegian wants to absolve itself Of all responsibility for its French employees <https://snpl.com/press-release-norwegian-wants-to-absolve-itself-of-all-responsibility-for-its-french-employees-2/>

152. Bamber et al.: Contrasting Management and Employment-Relations Strategies

153. Swissport International AG: Company Profile 2017," p.8 http://www.swissport.com/fileadmin/downloads/publications/2018/Swissport_Company_Pro-file_Mai_2018.pdf

In the US, the Payroll Support Program provided air carriers and contractors with government aid if they agreed not to make any layoffs. Besides the support offered to airlines, the CARES ACT included \$3 billion in funding to protect the jobs of subcontracted airport workers—cabin cleaners, security officers, wheelchair agents and baggage handlers.¹⁵⁴ The funding represented a milestone as it was the first time contracted workers had been recognised as an important component in the aviation workforce. The law specified that the amount received must only be used to pay employee wages and that companies must refrain from conducting involuntary layoffs, furloughs or pay cuts when receiving the support.¹⁵⁶

However, the funding lacked adequate oversight mechanisms to ensure it was spent appropriately, and as a result there was significant variation in how contractors spent the funding. While some companies used the money to pay workers whether or not they were working, in the worst cases, contractors proceeded with layoffs *en masse*, despite receiving payroll support. Companies laid off a total of 16,500 employees, more than 15% of their workforce. This included Gate Gourmet, which cut around 5,000 workers, Eulen America, which cut over 1,000 workers, as well as ACTS Aviation Security and Flying Food. Workers were not provided with information about when or whether they would come back. Often, direct employees were used to fill in for the work of laid off contracted employees.

Ethnic minority workers are disproportionately affected by the layoffs: SEIU notes that 69 % of subcontracted airport workers come from Black and Brown communities.¹⁵⁷ Nevertheless, the companies received the full amount of federal aid based on their pre-pandemic workforce.¹⁵⁸

After receiving the emergency support, United Airlines announced plans to subcontract catering services. Catering workers, who are overwhelmingly people of colour and immigrants, were given no assurances on whether their jobs, pay, or benefits would be protected.¹⁵⁹ Not only were workers' contracts downgraded from decent, secure agreements to insecure agreements, but it was also a strategy to remove the workers from collective agreements and undermine the trade union at United Airlines, SEIU.¹⁶⁰

In Australia, Qantas has used the cover of the pandemic to initiate restructuring efforts aimed at pushing back against a growth in unionisation, particularly among ground crew. Prior to the pandemic, Qantas had been introducing two-tier workforces on different pay and conditions into ground handling through its low-cost subsidiary Jetstar and an internal agency created to recruit ground staff, QGS.¹⁶¹ In 2019, the TWU had launched a successful campaign to lift the industry

154. SEIU. Airborne: Grounding the Next Pandemic Before it Takes Off. airlineaccountability.org/wp-content/uploads/2017/10/Airborne-Grounding-the-Next-Pandemic-Before-it-Takes-Off.pdf

155. Interview, SEIU

156. CRS. 2020 CARES Act Payroll Support to Air Carriers and Contractors <https://crsreports.congress.gov/product/pdf/IN/IN11482>

157. SEIU. Airborne: Grounding the Next Pandemic Before it Takes Off. airlineaccountability.org/wp-content/uploads/2017/10/Airborne-Grounding-the-Next-Pandemic-Before-it-Takes-Off.pdf

158. Propublica. 2020. How the Trump Administration Allowed Aviation Companies to Keep Relief Money That Was Supposed to Go to Workers <https://www.propublica.org/article/how-the-trump-administration-allowed-aviation-companies-to-keep-relief-money-that-was-supposed-to-go-to-workers>

159. Truthout. 2020. Airline Industries Laid Off Workers, Then Got Money Meant to Prevent Layoffs <https://truthout.org/articles/airline-industries-laid-off-workers-then-got-money-meant-to-prevent-layoffs/>

160. Interview, SEIU

161. Interview, TWU

standards, demanding the same pay for the same work for ground crew across Qantas, Jetstar and QGS. The strike action, which counted with 95% union density and full participation, led to a new agreement which Qantas was due to roll out in 2020.¹⁶²

The Covid-19 gave Qantas an excuse to slam the brakes on the new agreement. The crisis for aviation companies was exacerbated by the Australian government's very slow response. The wage support scheme was very slow to arrive, and when the Jobkeeper program was eventually rolled out in April 2020, it contained little oversight, and no commitment on companies to keep their workforces.¹⁶³

As a result, Qantas and Jetstar not only cut 8,500 jobs,¹⁶⁴ but they also outsourced 2,000 ground handling workers that had previously been in-house, shifting them to third party contractors like Swissport and dnata early in 2020.¹⁶⁵ They did this despite receiving close to \$2bn in government funding during the pandemic. Qantas argued the move was part of a measure to cut \$100 million a year in response to the pandemic,¹⁶⁶ but the TWU has also argued that by outsourcing workers Qantas is seeking to avoid collective bargaining.¹⁶⁷ This was because Qantas had assessed the industrial action and collective bargaining among ground crew and saw that outsourcing was their easiest way out. "We knew that's why they had done it, because these workers had been part of collective workforce with the capacity to bargain for agreements that lead to decent, secure jobs."¹⁶⁸ Outsourcing for this motive contravenes the Fair Work Act, which prohibits redundancies as a way of avoiding collective agreements.

In the face of such aggressive action from employers, they would normally respond with industrial action to impact on the company's decisions. In the context of the national lockdowns, however, trade unions were left with very little space for industrial action. "All of the powers we would usually have to contest this move we didn't have".¹⁶⁹ The tools available to unions—socially distanced protests, online meetings, and lobbying—did not have the same scale or power of the industrial action of 2019.

The TWU also took the issue to Federal court. The ruling found that Qantas had taken advantage of "a vanishing window of opportunity to secure the financial benefits of outsourcing in 2020"¹⁷⁰ using the cover of the Covid-19 pandemic in advance of a new collective bargaining round when the workplace agreement expired in December.¹⁷¹ Qantas' appeal in early 2022 was rejected by the court, but nonetheless Qantas has refused to reinstate the workforce.

162. Interview, TWU

163. Interview, TWU

164. Guardian. 2021. Qantas axed 2,000 ground-handling jobs partly because of union ties, court rules <https://www.theguardian.com/business/2021/jul/30/court-to-rule-on-whether-qantas-broke-law-by-outsourcing-2000-jobs>

165. Australian Aviation. 2021 TWU begins landmark case to rehire Qantas workers <https://australianaviation.com.au/2021/04/twu-begins-landmark-case-to-rehire-qantas-workers/>

166. Australian Aviation. 2021 TWU begins landmark case to rehire Qantas workers <https://australianaviation.com.au/2021/04/twu-begins-landmark-case-to-rehire-qantas-workers/>

167. Interview, TWU

168. Interview, TWU

169. Interview, TWU

170. Fair work legal advice. Onus of proof issues in general protections cases <https://fairworklegaladvice.com.au/onus-of-proof-issues-in-general-protections-cases/>

171. Financial Times. 2021. Qantas recovery plan hit as court rules outsourcing move broke law <https://www.ft.com/content/819d07dc-1536-4d6e-83bb-f8d7fcd3dea3>

Outsourcing removes workers from decent, secure agreements and places them in insecure contracts. Swissport is a company that has been exposed for low wages and reduced working conditions.¹⁷² Workers lost access to health benefits, and many had to use their savings or sell their homes.¹⁷³ Split shifts forced workers to stay at the airport for 15 hours, while only being paid for 6 hours. Often, workers were forced to sleep in the airports below baggage carousels.¹⁷⁴ In addition, significant safety breaches were reported including planes being hit by baggage vehicles, damaged planes taking off with no investigation, and pilots given incorrect information on baggage weight load and baggage being delayed.¹⁷⁵

The TWU conducted a survey which found that some previous employees had been rehired again on poorer conditions, but most had been unable to secure full time employment in the industry since being let go.¹⁷⁶ According to the TWU, Qantas also told ground handling companies not to rehire workers from the previous agreement.¹⁷⁷

In Thailand, outsourcing has been specifically targeted at trade union activists as a way of pushing back against union organisation in Thai Airways' subsidiary company, Wingspan. Prior to the pandemic, workers Wingspan had made significant progress building the trade union, Wingspan Workers Union (WWU). Organising is particularly difficult in the Wingspan subsidiary as much of the work is precarious: workers fear losing their jobs and turnover rates are very high.¹⁷⁸ Nonetheless, since 2018, membership has doubled, and union members began collective negotiations with the employer.¹⁷⁹

However, in this already hostile and difficult environment for union organising, the pandemic has created an opening for Wingspan to push back against trade union organisation. The pandemic was cited as the reason Wingspan laid off 2,600 workers – over half the workforce – who were dismissed without redundancy payments or recognition of their years of service. After the WWU filed a complaint with the Minister for Labour, the workers were compensated a total of \$10 million.¹⁸⁰ The layoffs reduced the membership of the WWU from 1,500 to just 700. Wingspan also terminated the employment contracts of the union committee of security staff of the Wingspan Workers Union and Airport Workers Union of Thailand (WWU&AWT).¹⁸¹ The laid off workers were forced to take up new outsourced contracts with AOT Aviation Security Company Limited (AVSEC),¹⁸² as the WWU reported: “the pandemic was used as an excuse to force workers to sign new contracts with the subsidiary.”¹⁸³ Nonetheless, since the pandemic the WWU has successfully recruited 1,200 new members among outsourced AVSEC workers in Bangkok airport.

172. TWU. 2021. Watershed moment for-2000-qantas-workers-as-court-rules-against-qantas-on-outsourcing <https://www.twu.com.au/press/watershed-moment-for-2000-qantas-workers-as-court-rules-against-qantas-on-outsourcing/>

173. Interview, TWU

174. TWU. 2021. TWU fights Swissport over poverty wages at airports.

<https://www.twu.com.au/companies/aerocare/fight-against-swissport/>

175. TWU. 2021. Watershed moment for-2000-qantas-workers-as-court-rules-against-qantas-on-outsourcing <https://www.twu.com.au/press/watershed-moment-for-2000-qantas-workers-as-court-rules-against-qantas-on-outsourcing/>

176. Guardian. 2021. Qantas axed 2,000 ground-handling jobs partly because of union ties, court rules

<https://www.theguardian.com/business/2021/jul/30/court-to-rule-on-whether-qantas-broke-law-by-outsourcing-2000-jobs>

177. Interview, TWU

178. ITF and UNI Global Union. 2018. Fix What Is Broken: Why Airport Workers Demand Change. <http://www.itfglobal.org/media/1969448/2018-airport-workers-white-paper.pdf>

179. ITF and UNI Global Union. 2018. Fix What Is Broken: Why Airport Workers Demand Change. <http://www.itfglobal.org/media/1969448/2018-airport-workers-white-paper.pdf>

180. Interview, WWU

181. ITF. 2021. Bangkok airport workers protest attack on rights

<https://www.itfglobal.org/en/news/bangkok-airport-workers-protest-attack-rights>

182. ITF. 2021. Bangkok airport workers protest attack on rights

<https://www.itfglobal.org/en/news/bangkok-airport-workers-protest-attack-rights>

183. Interview, WWU

PART 3

Examples of good practice

USA: AFA-CWU and the Payroll Support Program (PSP)

The experience of the AFA-CWU in the United States demonstrates how unions can resist attacks on workers' pay and conditions during times of crisis. This has not always been the case. As described above, since 9/11, situations of crisis and instability in the aviation industry have been followed by restructuring efforts where workers and passengers paid the price. When Covid arrived, however, the AFA-CWA were determined that this time the cost of the crisis 'wasn't going to be put on workers' backs'.¹⁸⁴ This was made possible not only by a highly unionised workforce (unionisation rates on the major carriers are around 80%), but also a union that had built power in the previous 5 years by taking on management several times and having a strong national voice in shifting federal government and politics-- making strong allies in congress along the way.¹⁸⁵

Airlines were already going to Capitol hill to request state aid in March 2020, and unions acted quickly to make sure that workers were at the front and centre of any government aid received. On March 13th, the AFA-CWA submitted its proposal for a state aid program that protected workers to the Transport and Infrastructure committee chair, and by March 18th, AFA-CWU chair Sarah Nelson had got airlines on board with the plan. Additionally, the AFA-CWU had already developed good relationships with airline CEOs like Doug Parker of American Airlines and Oscar Muñoz of United Airlines in processes like the Boeing crisis and the 2018 Virgin Alaska merger. This meant that in March 2020 unions went hand in hand with airlines to lobby for a worker-centred relief package that would avoid mass layoffs, keep workers on company payrolls and uphold collective bargaining protections.¹⁸⁶

184. Interview, AFA-CWU

185. Interview, AFA-CWU

186. Interview, AFA-CWU

The product of this was the Payroll Support Program (PSP), enacted on March 27, 2020, as part of the CARES act, which consisted of \$50bn in grants and low-interest loans specifically designated to the aviation industry. The PSP provided emergency funds to airlines and contractors on condition that these were used 'exclusively for continuing the payment of employee wages, salaries, and benefits' and that no involuntary furloughs.¹⁸⁷ Airlines receiving the funding were required to refrain from outsourcing, protect collective bargaining agreements, and remain neutral in any union organizing effort.¹⁸⁸ In addition, the package capped executive compensation for two years after relief ends and banned stock buybacks and dividends for a year after the relief ends.¹⁸⁹

A key feature of the PSP was maintaining the employment relation, which meant employees retained a regular salary, access to healthcare and other benefits like pensions. By keeping workers qualified and ready to show up for work, the program also allowed for capacity to be ramped up as soon as air traffic began to grow. Notably, airlines receiving the grant did not suffer the labour shortages experienced in other sectors of the economy, and fares for passengers have not dramatically increased despite the inflation. According to the AFA-CWA, if airlines had not received the PSP, in early 2022 domestic capacity would be 45% of what it is now, and airline prices would have soared.¹⁹⁰

The main problem with the PSP was its limited time frame. When the proposal was first drawn up, those crafting the legislation thought this was a one-off programme—nobody had foreseen the duration of the pandemic and travel restrictions. So, the hardest fight came in October, when the first program expired, and some carriers thought they had more to gain from a rollback of the scheme. In March 2020, Congress had allocated \$25 billion for airline employees until October, but it was not until December 2020 that a second allocation of \$15 billion was approved.¹⁹¹ In the time between the two funding allocations, airlines moved to lay off workers. Some airlines used voluntary extended emergency time off (six months of leave at 50% pay), unpaid or partially paid leaves, minimum hours reductions and redundancy programmes to cut costs while waiting for additional federal aid.¹⁹² American Airlines and United Airlines furloughed 32,000 workers between them, while Southwest sent Worker Adjustment and Retraining Notifications (WARNs) that it would layoff 7,000 employees if an agreement with unions was not reached. Unions argued the threat of furlough was being used as a scare tactic to coerce employees into accepting 10% pay cuts.¹⁹³ Nonetheless, when the additional funding was granted in December, employees who had been laid off were recalled and compensated for lost pay and benefits, with their rights restored "as if such employees had not been involuntarily furloughed."¹⁹⁴ Another problem with the PSP was that it stipulated that employees' pay should be compensated according to the minimum hours worked as appeared in their contracts. However, since only unionised workers have contracts with minimum hours stipulations

187. CARES Act Payroll Support to Air Carriers and Contractors. 2020.

<https://crsreports.congress.gov/product/pdf/IN/IN11482>

188. 2020. Coronavirus Aid, Relief, and Economic Security Act.

<https://www.govinfo.gov/content/pkg/BILLS-116hr748eas/pdf/BILLS-116hr748eas.pdf>

189. CARES Act Payroll Support to Air Carriers and Contractors. 2020.

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190. Interview, AFA-CWU

191. Forbes. 2021. U.S. Airlines Got \$39 Billion In Payroll Support. They Deserved Every Penny.

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192. Employee benefits. 2020. 16,900 Southwest Airlines employees take voluntary leave

<https://employeebenefits.co.uk/16900-southwest-staff-voluntary-leave/>

193. CNBC. 2020. Coronavirus pandemic tests Southwest Airlines' record of no pay cuts, furloughs

<https://www.cnbc.com/2020/10/06/coronavirus-pandemic-tests-southwest-airlines-record-of-no-furloughs.html>

194. ALPA. 2021. How the Unprecedented Payroll Support Program Saved the Airline Industry

<https://www.alpa.org/news-and-events/air-line-pilot-magazine/how-the-unprecedented-pps-saved-airline-industry>

When the second relief package expired, Congress passed the American Rescue Plan, a \$1.9 trillion package that included \$14 billion for passenger airline payroll PSP and furlough prohibitions until Sept. 30, 2021., including a provision that airlines maintain employment levels until PSP funds are exhausted. Proposals for a salary cap and frozen pilot pay were dropped following advocacy from the pilots' union ALPA.¹⁹⁵

Netherlands: embedding collective bargaining

Embedding collective bargaining as part of the terms of the relief package gives trade unions the space and opportunity to negotiate long-term support for workers whether they remain in or transition out of the industry. The Netherlands relief package provides an important example of how collective bargaining as a precondition for relief can require employers and unions to negotiate a deal on cost cutting measures and the distribution of worker contributions.

The “social plan”, which was negotiated between KLM and the trade unions involved in the company (CNV, De Unie, NVLT, VNC, VKP, FNV, VNV), required those who make more to contribute more. All wage reductions were income-dependent, consisting of graduated cutbacks of up to 20%. For example, all employees earning three times the average company salary were asked to contribute twenty percent of their salary. Meanwhile, employees earning less were asked to contribute a smaller percentage.¹⁹⁶

The social plan also included agreements on the reduction of 5,000 jobs. After negotiations with unions, most of the job losses were absorbed through two voluntary departure plans, ending temporary contracts and outsourced jobs (mainly through its subsidiary cityhopper) and extensions of vacations and part time work.¹⁹⁷

Those who left the company through the voluntary severance scheme were offered 6 months' pay to find new jobs, as well as retraining to work other activities, including in healthcare. Trade unions also negotiated for all employees leaving because of restructuring to be first in line for re-employment when passenger growth picks up, and for all rehiring to be on the same terms and conditions as their previous role.¹⁹⁸ Following the negotiations, unions put the social plan to a vote by members. Support for the plan was substantial—for example, FNV members voted 99.8% in favour of accepting the deal.¹⁹⁹

195. ALPA. 2021. How the Unprecedented Payroll Support Program Saved the Airline Industry <https://www.alpa.org/news-and-events/air-line-pilot-magazine/how-the-unprecedented-pps-saved-airline-industry>

196. Rijksoverheid. 2020. Kabinet biedt financiële steun aan KLM als gevolg van de coronacrisis <https://www.rijksoverheid.nl/onderwerpen/staatsdeelnemingen/nieuws/2020/06/26/kabinet-biedt-financiele-steun-aan-klm-als-gevolg-van-de-coronacrisis>

197. KLM. 2021. Annual Report 2020 https://www.klm.com/travel/de_de/images/KLM-Jaarverslag-2020_tcm592-1074863.pdf
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198. Interview, FNV

199. Interview, FNV

PART 4

Recommendations

State aid

State aid for the aviation industry is crucial, but too often workers have benefited very little from these programmes. Companies have used the funding to substitute cash flow, while restructuring and laying off workers. Aid will only be effective for workers and the public good when it comes with strings attached. Support packages to airlines and supporting contractors must come with certain conditions:

- Prohibit share repurchases, shareholder rewards and excessive executive pay
- Cap profit levels to ensure reinvestment into debt reduction, fleet modernisation, staff training, and other measures that enrich the company
- Implement transparent and fair tax practices, including banning support for companies domiciled in tax havens. Companies in tax havens should only be able to access support with a clear and accountable commitment to relocate to the base country.
- Protect the pay, terms, conditions and welfare of all aviation workers. This includes prohibiting the reduction of terms and conditions, laying off workers and rehiring them on inferior contracts, and guarantees that any pay cut is temporary
- Prohibit or restrict outsourcing, subcontracting and the use of staffing agencies.
- Respect International Labour Organization (ILO) Conventions regarding freedom of association, collective bargaining, forced labour, discrimination, and occupational health and safety for all workers
- Require dialogue and consent from unions, for example through a works council
- Democratise ownership and governance through worker representation on company boards and within airport-wide governance structures
- Require investment in green technology and decarbonisation as part of a just transition
- Offer workers the opportunity to retrain while remaining on the company payroll by working reduced hours while training into other roles in their non-working hours

Payroll support

The recovery of the aviation industry is crucial for broader economic recovery beyond the pandemic. However, this can only happen with sufficient capacity throughout the whole aviation ecosystem and trained workers who are ready to return to their jobs. Aviation workers are highly skilled professionals, who must be regularly trained and assessed to remain qualified and keep their licenses valid to ensure safe operations. This is especially important in the lead up to a greener aviation industry, where new fuels and technologies require new skills and safety standards. Payroll support programs must be in place to allow for workers' continued training and assessment, allowing aviation companies to scale up to support economic recovery when demand ramps up. These measures are especially important in the lead up to a greener aviation industry, where new fuels and technologies require new skills and safety standards.

Comprehensive payroll support schemes that match the severity of the crisis are vital for the protection of jobs and employment. However, the rollout of these schemes should not be solely dependent on the duration of nationwide lockdown measures or national economic activity. Rather, a sector-specific scheme that recognises the specificity and duration of the crisis facing the aviation industry is necessary to protect jobs and ensure that the industry is ready for air travel to ramp up capacity as demand picks up.

Social dialogue

National-level tripartite aviation bodies composed of unions, employers and governments must be established to develop sectoral recovery plans, coordinate investment and financial responses, plan the supply of labour and oversee aviation operations. These tripartite bodies can be used to develop plans for the recovery of the aviation sector over the next 5-10 years as lockdowns end to prepare for new direction of the industry in line with environmental and social aims.

Aviation as a public good

Beyond the pandemic, governments need to recognise aviation as a public good that represents a core component of national infrastructure, supplying goods and supporting the national economy. This requires a much stronger government hand in regulation and oversight, planning and investment. In some cases, this may also mean public ownership.

Emergency support should also require a meaningful equity stake, which should be at least a third. Warrants must also be issued that allow the government to take a majority stake in the event that a business cannot repay a loan or meet the conditions of the funding. This allows the state to take full control of operators, such as smaller airports, which represent core national infrastructure and may struggle to return to a sound economic footing.

The use of airports should be prioritised for airlines with higher levels of public ownership to improve the financial sustainability of public assets.

Just transition

The recovery of the aviation sector must recognise the importance and urgency of the climate crisis and follow a growth path that is compatible with the goal of decarbonising aviation. This means focussing on new aircraft and aerospace technologies, alternative fuels, and emissions pricing and trading. National and regional funds must facilitate investments into Research & Development as well as industrial production facilities.

Too often the concerns of workers are either ignored or not adequately addressed. In the recovery from the crisis, the prioritization of aviation companies' drive for profits above all else must end, and businesses must take responsibility for the environmental impact and invest in change.

A just transition must ensure that all decisions that affect workers are made through social dialogue. Tripartite bodies offer a forum for meaningful discussions about issues such as the future of work, working conditions, working hours, and safety, and the implications of decarbonisation.

A stronger government hand and more public ownership in aviation and other transport industries will not only allow for a transition of the scale and speed that is needed, but will also allow for the sort of integration and coordination needed to shift demand between transport modes while ensuring the transition is just for workers.

Jobs, unemployment and retraining

In the areas where the aviation industry is set to recover, a spike unemployment should be avoided for the duration of the crisis. Agreements can be put in place where a fall in employment is minimised, and when it does happen it is fair for workers. Caps on unemployment can be put in place in agreement between governments, unions and employers to ensure the change in employment is manageable. For example, the PSP in the United States imposed a maximum decline rate of 10% within a given time period. This should include proposals to retrain capacity within the sector and maintain safe operating practices.

Governments can support companies in maintaining agreed redundancy rates by offering job retraining schemes to replace furlough schemes in those areas where employment will not return. This would allow for the aviation sector to recover in a way that is compatible with climate agreements without creating a spike in unemployment.

As part of the payroll support packages, all workers participating in the scheme can be given the opportunity to remain employed by the company, while working reduced or part-time hours and pursuing training in the hours not worked. All workers are paid their existing wages for hours spent on normal working activities, while a minimum income guarantee is offered for hours spent retraining.

ANNEX 1. RESEARCH OBJECTIVES AND METHODOLOGY

The research aimed to:

01. Examine the measures adopted by employers in response to Covid-19 that have had an impact on workers' employment levels and terms and conditions, including layoffs, changes to pay and changes in working time
02. Identify trends in employer responses, including outsourcing, contract changes such as fire and rehire, and creating low-cost subsidiaries,
03. Consider the outcomes for different sectors of the workforce, including younger workers, and Black and Minority Ethnic workers as well as regional labour market impacts.
04. Explore the role of governments in employer responses to the pandemic, particularly in its impact on organised labour
05. Show how Covid-19 responses by employers impacted organised labour including union density and collective bargaining strength
06. Where possible, identify examples of best practice from a trade union perspective

Methodologically, the report is based on:

01. A literature review on recent trends in aviation industrial relations, including regional comparisons
02. A review of trade union publications, company reports, and newspaper articles on employer responses to covid-19, including layoffs, changes to pay and changes in working time
03. Interviews with 10 key trade union officials in Australia, Colombia, the EU, Germany, Mauritius, Netherlands, Norway, Thailand, the UK and the USA (see annex 2).

ANNEX 2. TRADE UNIONS PARTICIPATING IN THE STUDY

Trade union	Country
ACCMA	Mauritius
ACDAC	Colombia
AFA-CWA	USA
ETF	Europe
FNV	Netherlands
Parat	Norway
TWU	Australia
SEIU	USA
BASSA, Unite the Union	UK
Ver.di	Germany
Wingspan Workers' Union	Thailand

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