

# International Transport Workers' Federation Civil Aviation Section



## Regulation for the 21<sup>st</sup> Century

### Summary

The aviation industry is a “people industry”. Its key resource is its well trained, professional workforce, core component for a safe and secure industry. However, many aviation workers have suffered from detrimental effects on social issues and their terms and conditions, and their job security. This has direct implications on the performance of the industry.

The ITF believes that appropriate regulation is a key factor to underpin highest standards of operation throughout the industry. It does not call for a return to the old times, but suggests a pro-active involvement of all stakeholders and a SMART regulation for the industry is the way forward.

### Background

It is widely recognised that the air transport industry contributes strongly to national economies, and indeed global growth. Aviation provides an important infrastructure, which is in the public interest, including for island, land-locked, tourism-dependent and least developed countries, as well as for countries covering a large land mass (ILO Tripartite Meeting on Civil Aviation, Geneva, January 2002).

A vibrant civil aviation industry, the availability of and access to air transportation, is in the public interest, not just a commercial activity. Therefore, the interests of public safety and security dictate that governments play an active role in the protection and maintenance of a civil aviation structure.

According to ICAO estimates, it contributed up to 6 million jobs to world economies in 1998.

The aviation industry is cash-flow dependent and is characterized by cyclical demand. It has on average achieved only marginal profitability in “good years”, even in those countries where the industry has achieved major economies of scale.

The current regulatory situation for international air transport is marked by different degrees of regulation depending on the States, types of services and specific activity involved, resulting in different degrees of flexibility for air carriers.

Within the trade union movement there is strong support for the maintenance of the public interest function of civil aviation. With increasing liberalisation, shareholders and share prices become a dominating factor in a company's decision-making process, often to the detriment of the public interest. Regulation therefore is increasingly important to maintain standards and to ensure a safe and secure aviation industry.

### **Effects of Liberalisation**

The restructuring of the civil aviation industry has consequences for managements and workers. The drive is to cut costs, including labour costs, and to demand higher productivity and improved service quality from the workforce. These strategies have important implications for trade unions and industrial relations, as decentralization invariably creates fragmentation, detachment involves shifting responsibility for employment and industrial relations to an external supplier, and the disintegration can create a two- and indeed multi-tier workforce, typically with inferior terms and conditions of employment.

Several studies have been conducted on the experience of trade unions and their members in the aviation industry with regard to the restructuring. Global outsourcing was identified as one of many unwelcome developments, and the general negative impact of restructuring on employees' terms and conditions, deteriorated levels of job security, job satisfaction and the quality of union-management relations.

Prior to 2001, industry employment worldwide has tended to remain relative stable, growing less than one per cent per year.

The slow but continuous growth of aviation employment was abruptly interrupted in 2001. Following the events of 11 September, carriers moved quickly to announce schedule and employment cuts. Women workers were particularly hit.

Although airlines in North America immediately announced drastic job cuts, many carriers in Europe considered and implemented a range of alternatives to direct job losses and consulted extensively with employees and trade unions. The approach to social dialogue in North America seems to have exacerbated long-standing tensions between management and labour.

### **The Need for a New Approach**

Liberalisation presents a number of challenges as well as opportunities for the development of Stakeholder involvement.

Social dialogue is defined by the ILO to mean all types of negotiation, consultations or simply exchange of information between representatives of governments, employers and workers on issues of common interest relating to economic and social policy. This definition incorporates traditional industrial relations systems into a broader concept of social dialogue as a mechanism for reconciling the conflicting views of the actors, whether at the enterprise, sectoral, national or international level.

Through negotiation, workers and employers can jointly arrive at solutions for enhancing competitiveness, while simultaneously promoting and protecting employment.

As part of this process, regulation continues to be an important element in a successful aviation industry, but we need a regulation which responds to the needs of the 21<sup>st</sup> century.

Accordingly, this is not the call for simple re-regulation. Instead, “smart” regulation is called for:

**S**ustainable and compatible with the long term social, economic, and environmental needs of the industry;

**M**easured to the extent that any regulation should not overburden the industry with “red tape” but at the same time provide adequate protection for interested parties;

**A**ccessible to the input of all stakeholders; establish clear lines of

**R**esponsibility for various activities or the provision of different services;

**T**argeted towards key areas of activity such as training, safety and security.

With this framework, regulation will not only be able to embrace the changing face of aviation in the 21<sup>st</sup> century but also draw upon the expertise and professionalism of its labour force.