

European Aerospace Sector: impact of COVID 19

Updated: 06/05/2020

Important update (6 May) - Huge potential job losses

Workers have been stunned by various announcements of huge potential jobs losses including at Rolls-Royce (8,000 globally) and GE Aviation (10,000 globally). For more information please see the company updates below.

Overview

The European aerospace industry supports around **865,000 direct jobs** in Europe and is critical for Europe's economy. COVID-19 has had an unprecedented impact on the civil aerospace sector ([91% decrease in flights](#)), and in turn, on manufacturing and production in the sector.

The European aerospace sector has complex supply chains throughout Europe which are under real pressure due to a huge reduction in demand, production cuts, transport restrictions, supply problems, delays, cash-flow problems and the stoppage any any "non- critical" work to try and stop the spread of the virus among the workforce.

Local trade unions are in daily communications with employers due to the situation being extremely fluid, partly due to decisions by national governments which cannot be predicted. Trade unions are crucial in ensuring safe working conditions and appropriate remuneration for workers who are unable to work.

The current COVID-19 pandemic must not be used by employers to undermine workers' rights and huge commitments will be needed by employers and national governments to support the industry (especially SMEs) going forward.

ASD have a [webpage](#) dedicated to the industries contribution to help tackle COVID-19.

Airbus

[29 April](#)- aviation industry may not recover for 5 years.

[27 April](#)- company mobilisation on COVID-19.

[27 April](#) - hybrid-electric airliner testbed/ E-Fan X project discontinued.

21 April - demand is expected to fall by 1/3 over the next 3-10 years. France- currently, 8,000 to 10,000 are in partial unemployment with recued activity. Defence and space are less impacted and 70% are working from home. Concerns about future R&D funding programmes for the sector.

[8 April](#) – production to be cut by a third (A320s from 60 to 40 per month, A330s reduced to 2 per month and A350s to 6 per month).

[1 April](#)- An update was released stating that all OSH rules were being implemented. Only essential production is taking place in Spain and activities in the UK and Germany have been reduced. Work in

France and Spain has restarted. The company stated that it is supporting employees who are affected by school and childcare closures by providing maximum work flexibility.

[1 April](#) – Spain: Airbus is using 3D printing to produce hospital visors to protect health workers.

[31 March](#)- Airbus's contribution to the fight against COVID-19: answering the UK government's call for help in producing additional medical ventilators and providing its own aircraft to help transport equipment.

[30 March](#) – large reduction of production and staff. Around 10-12% of Airbus staff were present at Airbus headquarters factories in Toulouse.

[30 March](#) – Spain: following the announcement of the Spanish Government, all non-essential activities are stopped until 9 April.

[23 March](#)- Airbus announce measures to bolster liquidity and balance sheet in response to COVID-19.

[22 March](#)- Airbus to partially resume production in France and Spain from 23 March.

[17 March](#)- Airbus temporarily pauses production in France and Spain.

Boeing

[29 April](#) – announced plans to cut 10% of workforce.

Safran

[29 April](#)- company press release on dealing with COVID-19.

21 April- Real concerns about job losses and CEO has stated that this is a real possibility. Almost 50% of French workers are on the Government's short time working scheme. Similar schemes are also in place in Germany, UK, Spain, Poland and Belgium and some agreements have been implemented. However, activity in the Czech Republic remains as normal with 1000 employees still working. The EWC has asked management to set up a European negotiation on social measures but there is push back.

[27 March](#): Safran has closed some sites and has implemented temporary unemployment. Due to the ex-activities of Zodiac, it is looking at producing masks and ventilators.

[26 March](#) – Safran shared an update in relation to the impact of COVID-19: enhanced adaptation plan, 2020 guidance withdrawn, cancellation of 2019 dividend proposal with cash impact of €1bn and a new €3bn credit line. The adaptation plan includes:

- Protection of employees through specific organization of working practices;
- Response to customer needs, particularly for delivery schedules;
- Resilience and flexibility of the supply chain;
- Managing the Group's cash and liquidity, while low debt is already an asset

Plants in China are already fully operational and European sites are gradually restarting.

Safran will also use all schemes set up by governments, **particularly short time working**.

25 March- Safran UK sent a letter to some employees stating that as they were not deemed to have an essential activity, they were placed on compulsory leave during the week from 30/03 to 03/04. This issue is being investigated by the UK unions and the EWC.

[23 March](#)- production started to resume in EU countries most affected by COVID-19.

[18 March](#)- Safran paused production in various EU countries affected by COVID-19 in order to clean and disinfect operations.

France

- Le Havre-Pont-Audemer-Saclay et Toulouse: essential activities resumed post deep clean.
- Florange: essential activities to resume 30 March.
- Helicopter activities: gradual recovery since 23 March.
- Landing systems: gradual activity since 23 March, now partial activity.

United-Kingdom

- Burnley: access restricted 30 March to 3 April.

Belgium

- Dramatic reduction of activities (18 March)

Rolls-Royce

[1 May](#) – potential job losses of up to 8,000 (globally) announced.

21 April- temporary closures for deep clean and OSH measures to be put in place. Huge potential drop in engine orders (100- 200 engines) and concerns that redundancies could be worse than after 9/11. Some employees are furloughed at 100% of their salaries for three weeks and negotiations are continuing with management to agree on measures after 3 weeks. A negotiating team of four has been put in place. A 10% payment referral has been agreed (to be paid in March 2021) and executives have agreed to a 10% pay cut. Work from home is proving challenging for some due to connectivity issues.

[29 March](#) – Rolls Royce will take part in Ventilator Challenge UK to help produce ventilators for the NHS.

[27 March](#) – UK: production suspending for a week and production would be “modified” when the factories reopen with plans to reduce all but essential activity. However, the defence business will remain operational as some of the vehicles which need RR engines are being used in the relief effort.

GE Aviation

[4 May](#)- company announces 10,000 global job cuts.

Leonardo

[5 May](#)- producing PPE for the UK's NHS (protective face shields).

[28 March](#)- using 3D printing facilities to a company in Brescia, which has developed a plastic valve project which allows the modification of a particular model of snorkelling mask and, which, in turn, transforms it into respirators for sub-intensive therapies.

14 March- social partners agreed on specific measures to be put in place for the health and safety of workers from 14 March.

14 – 16 March- production halted to organise a deep-clean.



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Country Updates

Spain

5 May- written contribution from UGT-FICA: most aerospace work linked to Airbus, concerns raised by trade unions relating to days lost and the management of temporary unemployment. The Spanish Government continue to impose strict measures. Unions continue to call for clear and fair criteria to be followed for companies wishing to receive government funding.



Report UGT point of
view for Spain aerosp

France

21 April- in the aerospace sector 25% are working, 20% have stopped work (but are being paid), 30% are teleworking and 25% are on partial unemployment (receiving 82% of net wage). The three French unions have released a common declaration with the employers stressing that the health and safety of workers is the priority.

Poland

21 April- activity continues but at a reduced rate e.g. some companies have seen a 40% decrease in orders with the defence sector less effected. Some employees have accepted a 10% wage reduction (20% for managers) and for those on temporary unemployment the costs are being split 50/50 by the government/company. Nine cases of COVID-19 were identified at one site which resulted in the stoppage of work. Layoffs are expected in the second half of the year with the outlook looking similar

to that following the 2008/09 financial crash. It is predicted that the sector will take 2-3 years to recover.

Sweden

21 April- work at Saab and GKN continues however the commercial sector is more impacted than the defence sector. A reduction in work time has been implemented at GKN and 1,300 are on short time work with 20% working 60%.

Germany

24 April- Short time working schemes are in place and trade unions continue to work with employers on OSH issues. Due to shipping issues parts are being stockpiled and this is creating many problems and new costs. Concerns about the future of the supply chain.



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Czech Republic

21 April- work continues with increased OSH measures in place. No permanent employees have lost their jobs at this point.



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