

## European defence sector: impact of COVID-19

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As in most of the member states the defence industry is seen as “essential”, production largely continues, mainly thanks to long-term procurement contracts. On the shop floor, new shift models have been introduced, which allow workers to avoid unnecessary contacts. White-collar workers are mainly working from home. The main problem is that the sector is highly dependent on international supply chains, which are often battered. Another problem is the delivery of finalised goods, which often require onsite visits and approvals, which do not happen at the moment, especially with international contractors. Short-time working schemes are often not adapted.

### Country reports

#### **Netherlands**

The emergency measures have a huge impact on the civil sector, but the defence sector is better off. White-collar workers are mainly teleworking. The naval shipyards are still open. As in industries such as shipbuilding it is often hard to avoid close contact, new shift models are being tried on a voluntary basis, in order to avoid as many physical contacts as possible.

To counter the crisis, the government has launched an enormous financial support package in which companies can claim up to 90% of the wages. The program is running until the end of May and will probably need to be prolonged. Employers start to ask workers for contributions from their side (e.g. to relinquish vacation days) but so far unions were successful in seeing this off.

GKN Aerospace Fokker have plans to reorganise and plans to shut down one plant, but these plans are already from before the crisis and a social agreement for the workers who are made redundant is in place. As they had a profitable last year, the company is still paying a 6% bonus.

#### **Germany**

Production is still running, although on a lower level, and, where possible, working from home is advised. In the plants, a new shift model is in place. The supply chains are still intact, although it might become more difficult to maintain them should the lockdown continue. Companies are still solvent and short time work is not an issue yet. There have been a few total shut-downs of plants, but not due to problems with the workload or the supply chain, but for sanitary reasons.

The main issue that is at stake is that the consequences of the crisis will be very expensive and governments might be tempted to reconsider planned projects. Unions should closely

#### **France**

Most of the industrial activity has come to a halt. In the defence sector, only the industries which directly support the army continue to work. Where possible, workers are WFH. Unions support a possible restart of the activities, but only under the condition that health and safety of the workers is guaranteed, which is still very difficult. Thales has stopped any production and they only conduct maintenance and design at the moment. It will take time fully restart, and the impact of the crisis is still to be assessed. It is difficult to assess what the current situation will mean for reorders, especially on the international market. Some international contractors have already announced that there will be no additional procurement for the next couple of years.

In the defence sector, companies do not tend to send workers in technical unemployment, as the scheme is meant for financially weaker companies. Unions are negotiating on the current working

conditions, and this quite successful. For Thales, there is already a collective agreement in place and the negotiations at Naval will be concluded soon.

In general, the defence sector is better off than the civil sector. Somehow, as the order situation especially on the international market could turn out to be precarious, unions should not rest on this but anticipate any possible change as early as possible.

CGT is currently negotiating on the working conditions for the restart of the production, as health and safety measures have to be put in place.

### Sweden

There are no significant impacts on the sector as of now, as the companies are mainly working on long-dated orders. White-collar workers are mainly working from home, blue-collar workers are working under new shift models. Breakrooms are temporarily rearranged so that workers are able to avoid unnecessary close contacts. The main problem in the sector is that many companies rely on international supply chains which are currently interrupted. This may lead to significant problems for the Swedish industry as well.

As of now, there is no short-time work in the defence sector. If possible, people are WFH. The main problem for the companies right now is the issue of delivery, as usually the buyer has to accept the product before delivery, for which on-site visits are often required. With travel restrictions in place, this leads to delays on the international market.

### United Kingdom

Production in the defence sector is still being maintained. 80-85% of workers are WFH. Only essential and key workers are working in the companies right now, and they do so on split shifts to avoid potential cross-contamination.

When the UK government put UK on lock-down as of 23 March, the industry was paused for two days to put in place health and safety measures. Additional cleaning is put in practice and the colleagues are expected to work 2 meters apart.

Unite signed an agreement which prevents people on short-time work from being fired. Companies tried to regulate vacations, but Unite could prevent this and workers can now take holidays as they wish.

As of 20 April, a COVID-19 prevention scheme went live. Under this scheme, workers receive 80% of their salary if they do not work for three weeks. Their employers can add this up to 100%.

In the defence sector, companies are pretty well off, but this depends very much on existing orders. The civil side of the companies are very often hit hard. Airbus for example has been forced to shut down and workers had to shut down their holiday entitlement for this summer.