

COVID-19 and the European Aerospace sector

Flying into recovery

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Introduction

The European aerospace sector is a high-tech, high-value industry which supports over **600,000 direct jobs** in the EU¹ and thousands of further jobs in the supply chain. These jobs are highly skilled and well paid, and Europe has a proud history of research, design, manufacturing, and maintenance in this important field.

COVID-19

However, the global COVID-19 pandemic has had a devastating impact on the aerospace sector, most notably in civil aeronautics. The collapse of commercial flights, which plummeted by **up to 90%**² (April 2020), resulted in airlines **cancelling or postponing new orders** leading to disastrous effects on the European manufacturing sector. These include: a huge reduction in demand, production cuts, transport restrictions, supply problems, delays, cash-flow problems and the stoppage of some “non-critical” work.

Trade unions are in daily communication with employers to ensure **high health and safety standards**. However, another immediate concern is brutal **restructuring and huge redundancies**. The gravity of the situation is already clear from the first wave of redundancy announcements, including up to 9,000 global job losses at Rolls-Royce, a 25% reduction of General Electric’s global aviation workforce and production cuts at Airbus (35%) and Boeing (50%), Airbus has announced 15,000 job losses as a result.

IndustriAll Europe insists that the current COVID-19 pandemic must not be used by employers to undermine workers’ rights in any way and we call on all stakeholders in Europe to come together and find urgent solutions to safeguard the aerospace industry and protect European jobs.

This includes trade unions, and we must stand together and show European solidarity in the face of this global pandemic. We must **avoid a race to the bottom, whether in workers’ incomes or workers’ rights**, and we need European countries to work together to find solutions to protect and rebuild the sector post COVID- 19.

¹ <https://www.asd-europe.org/sites/default/files/atoms/files/ASD%202019%20Facts%20and%20Figures.pdf>

² <https://www.eurocontrol.int/covid19>

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Responsible financing

One potential solution includes support for customers, such as airlines, an area where there has been little co-ordination between Member States. Workers in the aviation sector have been severely impacted, and we stand in solidarity with transport workers and strongly oppose the unfair restructuring measures which have led to job losses or the lowering of workers' rights. National support to airlines, in other words taxpayers' money, must be used to support the impacted workers in the aviation sector as opposed to benefitting shareholders.

The same can be said for support for the aerospace sector. IndustriAll Europe insists that any public money (either at European or national level) must be used responsibly and should be used to the benefit of workers, not shareholders. There must be social justice strings attached to public support for private companies, through guarantees on future investments, number and quality of jobs, fair taxation and the prohibition of windfall profits for shareholders.

Defence

IndustriAll Europe's Aerospace Network covers civil aerospace, and as such, this paper does not include demands for the defence sector. However, the Aerospace Network supports the Defence Network's role in protecting its industry and workers in the defence sector and it should be noted that many aerospace companies have dual civil and military activities

IndustriAll Europe's demands

COVID-19 has created a real crisis for the European aerospace sector and urgent action must be taken to protect the industry and safeguard the many thousand high quality jobs that are at stake. IndustriAll Europe calls on all stakeholders to come together and fight for the future of the European aerospace sector.

EU Policy Makers

IndustriAll Europe calls on EU policy makers to:

1. Adopt an **ambitious industrial recovery plan post COVID-19** that pays due attention to the needs of the aerospace sector and restores the capacity of the sector to generate the cashflows needed to invest in a sustainable future;
2. Identify aerospace as a **strategic sector** for Europe and draft and implement a **new comprehensive and ambitious European Aerospace strategy** for 2020-2030;
3. Swiftly **implement SURE** at EU level to facilitate the deployment of short-time work schemes;
4. Take action to ensure **fair international trade** and a global level playing field;

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5. Commit to **sufficient and long-scale EU financing for R&D**, including both the current Joint Technology Initiatives Clean Skies and SESAR, plus give additional focus and support for R&D projects which lead to the swift development of green technology;
6. Commit to the **necessary European funds** (e.g. European Social Fund, EU Invest and ERDF) to support workers at risk. **European financial support must be conditional in maintaining employment and good working conditions, including a 'right to return' for workers that have been made redundant;**
7. Relax **European state aid** rules, which must be fully co-ordinated at EU level and in line with WTO rules, to help viable businesses survive by providing loan guarantee schemes, soft loans, wage subsidies and/or tax credits with strict conditions (e.g. maintaining employment and decent working conditions);
8. Fully utilise the new EU screening mechanisms on Foreign Direct Investments to **prevent hostile take-overs** by state-backed companies from outside the EU;
9. Stimulate the purchasing of new environmentally friendly aircraft by creating a **EU green incentive scheme;**
10. Increase dedication towards **sustainable aviation fuels** via establishing a public investment plan;
11. Continue to support the ambitious **EU Space Programme** via an adequate Multi-Financial Framework;
12. Support ground-breaking **R&D projects in the space sector** in Horizon Europe via a dedicated budget line.

Member States and public authorities

IndustriAll Europe calls on Member States and public authorities to:

1. Support workers in the aerospace sector affected by COVID-19 by implementing well-functioning **social security systems support mechanisms** and **short-term working programmes** for as long as is necessary, including allowances, social security contributions and training opportunities;
2. **Strengthen the social rights** of the most precarious workers such as non-standard workers and agency workers;
3. Ensure the **provision of liquidity** to keep aerospace companies afloat in order for them to survive in the short term. **However, this support must be conditional in maintaining employment and good working conditions, including a 'right to return' for workers that have been made redundant;**
4. **Support customers** (from airlines to SMEs in the supply chain) while respecting strict social and employment conditions;
5. Guarantee a **Just Transition** for any worker affected by structural transformations;
6. Ensure **active labour market policies** to allow smooth transitions from one job to another and reinforce social safety nets for all workers;
7. Strongly encourage and incentivise companies to further develop **green technology** in order to lower emissions;

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8. **Build skills intelligence** on emerging and disappearing occupational profiles and on future skills needs;
9. **Develop flexible pathways between the worlds of work and education** including lifelong learning, modular learning systems, dual learning and eLearning and knowledge transfer.

Aerospace companies

IndustriAll Europe calls on aerospace companies to:

1. Ensure high **health and safety standards** for all workers, especially in light of the COVID-19 pandemic. Specific health and safety demands related to COVID-19 include: new work organisation which **guarantees social distancing at all times**, training on the adapted safety rules and the use of protective equipment (which must readily available) and consistent monitoring of **compliance** with the organisational measures;
2. **Draft and implement agreements** with trade union representatives on health and safety measures and standards in response to COVID-19;
3. End **precarious work**, guarantee good working conditions and ensure workers' rights for all workers including temporary workers and **subcontractors**;
4. Pay special attention to **agency workers** who are particularly vulnerable, noting that losing this large group of workers would severely reduce internal know-how and would be a restriction to rebuilding capacity in the future;
5. **Refrain from using COVID-19 as an excuse** for redundancies, attacking working conditions, dismantling collective bargaining systems, neglecting information, consultation and participation and other labour rights;
6. Develop the tools that allow for **timely anticipation and management of the wave of restructurings** in the post-pandemic period and find a decent solution for every single worker affected by a restructuring;
7. Commit to **quality social dialogue** and respect workers' rights to information and consultation;
8. Fully inform and consult with trade union representatives on their **own recovery strategies post COVID-19**;
9. **Sustain jobs across the entire value chain** (which can also be outside Europe) by accepting flexibility in the terms of supply contracts, by supporting the weakest links in supply chains and by monitoring and finding swift responses for supply chain disruptions;
10. Commit to maintaining a high level of **apprenticeship programmes** to safeguard internal knowhow, noting that the sector suffers from an aging workforce;
11. Invest in the **upskilling and reskilling** of their workforce and organise internal mobility to keep all workers on board;
12. **Invest in R&D programmes**, especially in relation green technology to lower emissions;
13. Increase efforts in relation to the **diversification of technology**, noting that that new technology can be extended to other sectors and is a credible business opportunity for the aerospace sector.

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Brexit

It cannot be forgotten that the UK leaving the EU will cause a huge amount of issues in the European aerospace sector, from certification complications to customs checks. IndustriAll Europe continues to call on all stakeholders to work together to find the best solutions possible to safeguard the industry and protect **jobs in both the EU-27 and the UK.**

Time to act

The aerospace sector is in crisis **now** and we need urgent action from the EU, national governments and companies to find vital solutions to safeguard the sector and protect jobs.

In actioning these demands, we hope that the European sector will recover and that orders for **new, environmentally friendly vehicles and equipment** will safeguard thousands of high-quality jobs across Europe and will generate more jobs in the future. European aerospace is a highly respected sector in which Europe is a world leader and we must all work together to protect its future.