

## Employment and working conditions in EU civil aviation

### SUMMARY

Aviation is a strategically important sector of the EU economy, contributing €110 billion directly and €300 billion indirectly to EU GDP, and employing around 1.9 million persons directly. If impacts on other industries such as tourism are taken into account, then it can be said that aviation supports up to 9 million jobs. These jobs are not evenly spread across the EU: three quarters of air transport employment is centred in Germany, France, the United Kingdom, Spain, Italy and the Netherlands.

Since the EU liberalised the aviation market in the early 1990s, the industry has gone through notable changes which have also had an impact on employment and working conditions. For instance, outsourcing has increased; some workers have had to operate from airline bases where they do not live; income has become more variable; many have been laid off and those remaining in work have had to increase their productivity. Furthermore, next to full-time permanent contracts, atypical forms of employment such as agency work, self-employment, zero-hour contracts and pay-to-fly schemes have increasingly been used, especially for younger staff and new entrants to the workforce. Persons employed under such schemes often have more precarious working conditions and are generally less likely to be unionised.

EU institutions have repeatedly examined working conditions in civil aviation. Some Members of the European Parliament, as well as of the European Economic and Social Committee, have expressed concerns about the use of atypical forms of employment and multiplication of airlines' home bases. Although the aviation strategy that the European Commission published at the end of 2015 deals with working conditions, it did not present any new legislative initiative on this issue.



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### Background

Since the 1990s, the EU has progressively [liberalised](#) **the aviation market** and removed restrictions for airlines flying within the EU, by allowing them to freely choose routes, fares and schedules. At the same time, the EU has [adopted](#) rules to limit state aid, and control mergers and the acquisition of shares in EU airlines and airports.

Liberalisation has generally brought benefits to air passengers in the form of greater accessibility, a diversified offer and somewhat lower air fares. However, liberalisation has also [brought](#) negative developments such as lay-offs, salary reductions and less favourable employment contracts for many aviation workers. This has led to numerous strikes in a number of EU Member States, such as [France](#) and [Germany](#).

Despite the fact that air passenger traffic in the EU [grew](#) approximately 3% a year between 1995 and 2013, employment levels in aviation have remained stable or declined in some sub-sectors. This indicates a considerable **increase in productivity**. According to consultancy company Steer Davies Gleave's '[Study on employment and working conditions in air transport and airports](#)',<sup>1</sup> productivity increased by 43% over the 2000-2013 period, if calculated on the basis of EU airline passengers per person employed, and by 15%, if productivity growth is measured on the basis of persons employed per flight-kilometre. Productivity is especially high in low-cost airlines. For example, Irish budget airline Ryanair carried almost 9 000 passengers per employee in 2011, while the former Irish flag carrier Aer Lingus carried just over 2 700 passengers per employee in the same year.

One of the reasons why aviation companies seek to increase workers' productivity is the **fierce competition** from inside the EU but also from third countries such as the Gulf States or Turkey. Between 1992 and 2015, the number of intra-EU routes served by more than two airlines [went up](#) by more than 540% and extra-EU routes by 300%. Faced with ever-increasing competition, many EU airlines have adapted their business model so as to improve cost-effectiveness, for instance, by increasing aircraft utilisation.

Many airlines, in particular low-cost ones, are now operating from multiple bases ('home bases') across the EU, which enables them to return aircraft and crew to the same base at the end of each day. For example, by April 2016, [Ryanair](#) had 83 and British budget airline [EasyJet](#) 26 home bases across the EU.<sup>2</sup> This means that persons employed by the same company are subject to different jurisdictions and conditions, which can cause legal uncertainties for them and lead to tensions, particularly if they operate from a base in a country in which they do not live.

At the same time, the distinction between full-service<sup>3</sup> and low-cost airlines has become increasingly blurred. Irrespective of their business model, many airlines now charge for checked baggage as well as for food and drink on board, and use electronic ticketing and self-check-in. Low-cost airlines are now also targeting main airports, business passengers and long-haul routes, which were previously considered the territory of full-service airlines. In 2015, the [share](#) of low-cost airlines reached 48% of seat capacity in the EU. According to [IATA](#), Ryanair and EasyJet were the world's two biggest airlines in 2014 in terms of the number of scheduled passengers carried on international routes.<sup>4</sup>

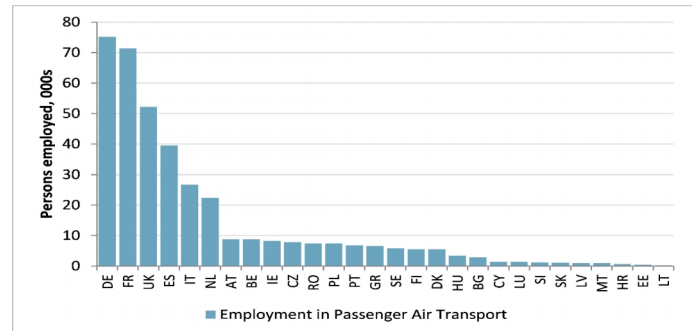
### Contribution to the economy and jobs

Aviation is a strategically important sector of the economy which [contributes](#) €110 billion directly and €300 billion indirectly to EU GDP, and **employs directly around 1.4-1.9 million<sup>5</sup> persons** in the EU. Aviation supports 4.8-5.5 million jobs, considering its

indirect and induced impacts along the industry supply chain; this figure could rise to 9.3 million jobs, if aviation's favourable impact on other areas such as tourism or the EU's attractiveness as a business location is taken into account. A recent [analysis](#) has found that one job created in air transport creates more than three jobs in other sectors.

There are **significant differences in employment levels** between Member States. In 2013, three quarters of air transport employment in the EU was concentrated in six countries: Germany, France, the UK, Spain, Italy and the Netherlands (see Figure 1). There are also differences by gender. In the same year, 42% of the persons employed in passenger air transport were women. At the same time, in some functions (such as cabin crew) women are over-represented.

**Figure 1 – Direct passenger air transport employment by EU Member State, 2013**



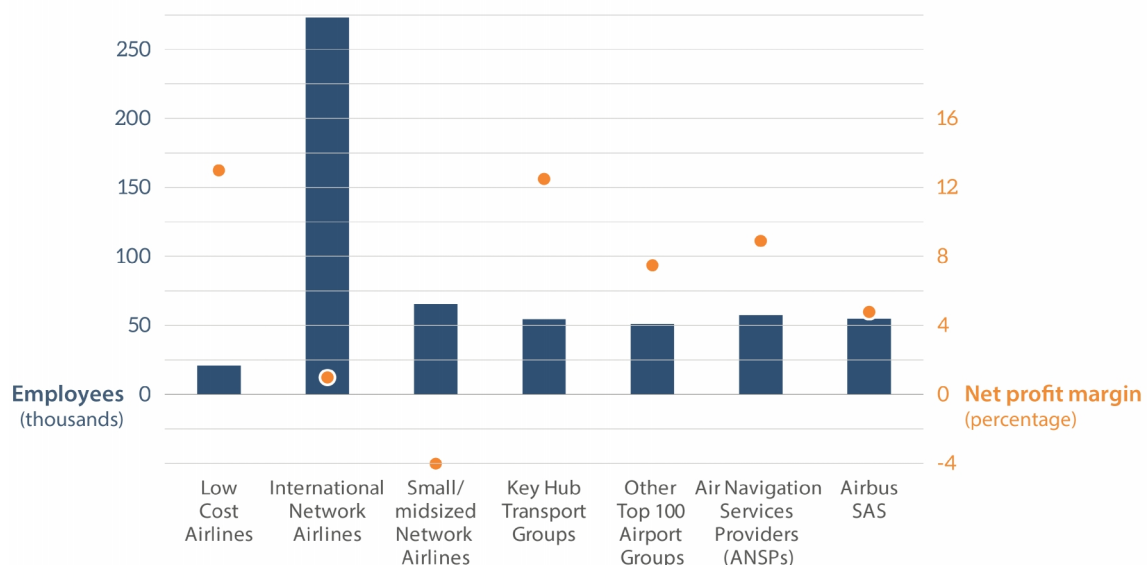
Data source: Commission [staff working document](#), 2015.

## Employees and profit margins by sub-sectors

As illustrated in Figure 2, there are significant differences between different types of air transport service providers in terms of number of employees and profitability. International network airlines Lufthansa Group, Air-France-KLM and International Airlines Group together provide about 13 times more jobs than low-cost airlines Ryanair, EasyJet and Wizz Air. However, the latter make a bigger profit margin and create many jobs. For example, [Ryanair](#) currently employs about 10 000 persons, compared to 605 persons two decades ago.

A significant amount of employment at airports is created at key hub airport groups: London Heathrow, Paris, Frankfurt, Aena,<sup>6</sup> Amsterdam Schiphol and Munich. Together, they employ about 3 000 more persons than the other top 100 airport groups together. Key hub airport groups are almost as profitable as low-cost airlines.

**Figure 2 – Number of employees compared to net profit margins in the EU**



Data source: Commission [staff working document](#), 2015, p. 31, Chart 13 (compiling various sources from 2013-2014).

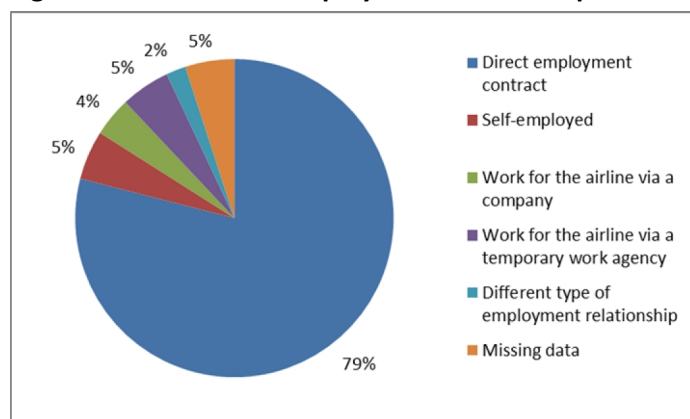
On the other hand, smaller airports are struggling to cover their costs. As reported by the [Commission](#), 77% of EU airports with fewer than 1 million passengers per year were loss-making in 2014. Small and mid-size network airlines<sup>7</sup> were also struggling to make a profit or had in the meantime gone bankrupt (for instance, Estonian Air). However, together they still provided more jobs (65 525) than the three aforementioned low-cost airlines (21 000).

European aircraft producer Airbus is also doing rather well. In 2015, its net income [increased](#) 15% to €2.7 million. The same year it employed overall 136 574 persons. In 2013, European air navigation services providers (ANSPs) employed about 57 500 persons. This is about 40% more than in the United States, where the single ANSP controls about 57% more flights than various European ANSPs together.

### Evolution of employment contracts

In the past, the majority of civil air transport workers were recruited under full-time permanent contracts with a single employer. Today, more complex forms of employment ('atypical' employment), such as agency work, self-employment, zero-hour contracts and pay-to-fly schemes are increasingly being used, especially for younger staff and for those entering the workforce for the first time. However, the **majority of air transport workers still have a direct contract** with the employer. As seen in Figure 3, more than three quarters of pilots polled for a Ghent University [study](#)<sup>8</sup> had a direct contract with the airline (87% of the pilots who had a direct contract with the airline had an open-ended, 13% a fixed-term and 0.3% a stand-by/on-call contract). As seen in Table 1 below, direct contracts are more common in network and regional airlines and less common in low-cost airlines.

**Figure 3 – Pilot-airline employment relationships**



Data source: '[Atypical Employment in Aviation](#)', Ghent University, 2015.

**Table 1 – Percentage of pilots with a direct employment contract per type of airline**

Type of airline	% of pilots with a direct employment contract
Network airline	96.5
Regional airline	92.7
Cargo airline	88.7
Charter airline	88.4
Business aviation	73.8
Low-cost airline	52.6

Source: '[Atypical Employment in Aviation](#)', Ghent University, 2015.

Although temporary agency<sup>9</sup> work and self-employment are legal forms of employment, they may be prone to abuses that can be detrimental to workers' rights and fair competition. Some stakeholders, such as the European Transport Workers' Federation (ETF), [suggest](#) that these contracts increase job precariousness in aviation. ETF adds that '(J)obs in aviation that used to be prestigious and high-quality are disappearing and being outsourced or replaced by cheaper work'. The

European Cockpit Association (ECA), which represents pilots, [thinks](#) that these contracts have been forced on pilots.

Usually, a **temporary work agency** either hires or places, for a fixed term, a limited company of crew members or individual crew members. However, since in a number of Member States temping is not subject to explicit time limits, such an assignment can be concluded for a long time. Low-cost airlines tend to use agency workers across all functions. Network airlines generally use them for terminal and groundhandling functions. Some of these workers are hired on lower salaries from outside the EU. ETF [suggests](#) that 'agency workers are far less likely to feel secure or enjoy work-life balance when compared to directly employed aircrew'. They may have to put in long hours in summer and go on unpaid leave in winter when passenger numbers are lower. Taking a summer holiday might be almost impossible for some pilots working through an agency.

Temporary work agencies can also hire **self-employed** individuals. However, it is not easy to determine whether this is genuine or bogus self-employment concealing a *de facto* employment relationship. EU law does not set any criteria for determining what constitutes self-employment, leaving it up to Member States to decide whether someone is self-employed or a disguised employee. For example, under the UK system, factors pointing towards an employment relationship include personal service provided solely to one airline, control by the airline over the employee's work, and mutuality of obligation, whereby the airline obliges to offer and the employee to accept the work offered. On the other hand, factors indicating a self-employed relationship might for instance involve working for several airlines, no mutuality of obligation, taking financial risk, providing own equipment and being able to hire helpers or replacements. Correct labelling is important not only for tax purposes but also for workers themselves as the self-employed do not enjoy the same level of legal protection as employees. For example, self-employed workers do not get paid annual leave. ECA [maintains](#) that in reality 'self-employed' pilots are forced to accept this status, while working for only one airline. They reportedly have no control over their remuneration, working time or places of work.

Flight crew can also be hired under **zero-hour contracts**. These contracts (which can be combined with agency work/self-employment) do not oblige employers to offer or workers to accept work. Staff working under such contracts are remunerated solely for the duration of their flights. These contracts do not give rights to paid annual leave, maternity leave or sick leave.

Some newly graduated pilots are even obliged to contribute financially to the airline in order to fly ('**pay-to-fly**') and gain flight experience, despite already often being deeply indebted due to high flight-school tuition fees. As stated by a pilot in the Ghent University study, flight schools train too many pilots for too few jobs. That is why some pilots are willing to start working 'for free with hopes of building up experience and leave as soon as possible for a better (and paid) job'.

### **Impact on aviation safety**

There is an ongoing debate as to whether atypical forms of employment have an impact on aviation safety. The Ghent University study suggests that due to more complex employment relationships, 'adherence to safety regulations is becoming increasingly precarious'. The same study reports pilots performing duties despite feeling ill, something that can also raise safety concerns. [ECA](#) is of the same view. It believes that pilots' unstable contractual relationships would ultimately have negative repercussions for safety, because they might be pressured to prioritise their employers' commercial



needs over safety considerations, and because having to worry about their employment status would 'distract them from their primary task: flying their passengers safely to their destination'.

So far, the EU still [scores](#) excellent safety results. The fatal accident rate in the EU-28 and the European Free Trade Association has been much lower in the last decade – 1.8 per 10 million flights – than elsewhere: 1.9 in North America, 6.3 in Asia, 15.5 in the Middle East and 38.3 per 10 million flights in Africa. Low-cost airlines, which are the biggest users of atypical forms of employment, have not had any major safety accident with fatalities.

### Outsourcing

In order to increase cost efficiency, flexibility and access to resources, airlines, airports and groundhandlers [outsource](#) more and more functions to a second, independent organisation. The most commonly outsourced functions are specialist functions such as security, cleaning, groundhandling and administrative roles. However, some airlines also outsource flight and cabin crew. In other sectors, such as aircraft maintenance and air navigation services, outsourcing is generally more limited.

Whilst the exact impact of outsourcing on employees' working conditions is not always clear, stakeholders generally agree that social security is lower for employees working in outsourced functions. Workers' representatives suggest that outsourced staff receive lower wages, training and holiday entitlement. They also report increases of fixed-term contracts and temporary agency employment in outsourced functions.

### Union membership and collective bargaining

Collective bargaining agreements<sup>10</sup> are common in the air transport sector. They can be conducted at national, regional, industry or company level, depending on the issue at hand. The approach to collective agreements varies across the sector and Member States. In most countries, these agreements apply only to the contracting parties. Whether they also cover agency workers, part-time and fixed-term staff differs from one country and agreement to another.

In 2000, the EU created a [Civil Aviation Social Dialogue Committee](#) to encourage social dialogue and improve employment and working conditions in the sector. Currently, the committee covers air crew, groundhandling and air traffic management, and is composed of various employers' and workers' representatives (such as the [Association of European Airlines](#) (AEA), the [European Cockpit Association](#) (ECA) and the [European Transport Workers' Federation](#) (ETF)). It discusses issues such as training, working time, and health and safety at work. For instance, in 2011, it adopted a joint statement on the role of European social dialogue in the implementation of the [Single European Sky](#).

The level of unionisation varies across the sector and Member States. The latter have different rules and restrictions on union activity as well as forms of protection for union members. In some countries, such as Belgium, union membership is automatic, while in others, such as the United Kingdom, it is not. In most Member States [different trade unions](#) represent cabin crew, flight crew, ground operators, administrative staff and manual staff. Some Member States do not have a dedicated employers' organisation for the airline industry, in which case their airlines may belong to a general transport employers' organisation. In addition, some airlines (such as Ryanair) bargain directly with trade unions.

The perception of unionisation differs among the various stakeholders. While the majority of airlines which responded to the Steer Davies Gleave study estimated that 91-100% of flight crew were members of a union in 2014, ETF estimated this proportion to be 41-50%. The picture of unionisation for groundhandling and terminal staff is mixed, but in general, they are considered to have lower levels of unionisation, which also holds true for atypically employed staff. The majority of stakeholders did not know or had differing opinions regarding whether levels of unionisation in the sector have changed in the past decade.

### Income

Persons employed in air transport generally earn more than other workers in the transport sector or in support activities for transport (see Figure 4). Some 61% of persons employed in air transport earned more than €18 000 per year in 2010, compared to 39% of those employed in transport and 49% in support activities for transport.

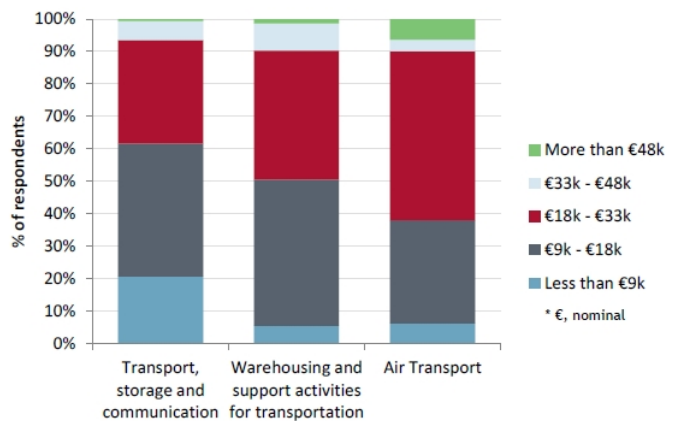
The Steer Davies Gleave's study reports the European Regional Airlines Association (ERAA) as [saying](#) that the average annual basic salary (including allowances) for cabin crew has decreased by 14% since 2005 and is currently €26 970. In comparison, the same organisation estimated that the average annual basic salary (including allowances) for training captains is €89 928, for line captains €78 752 and for co-pilots €49 323.

However, this study also reveals that there is no general agreement among air transport stakeholders about income trends since 2005. Whilst airlines and airports generally suggest that incomes have increased either in line with or above inflation, worker representatives claim they have decreased in real terms. This is partly explainable by the fact that worker representatives comment for all employees, including those in outsourced functions or employed by temporary agencies, and airlines and airports only for those employed within their organisation. Employees in outsourced functions or employed by temporary agencies tend to earn less. In the same study, ECA [suggests](#) that junior pilots (under 29-years-old) have in particular seen their salaries frozen or reduced. Employers' representative Airports Council International observes that wages have also decreased for groundhandling and terminal staff, and the Ghent University study suggests that budget airlines have developed strategies geared towards lowering wages. It also reports a trend towards more variable wages.

### Working time

Air transport employees frequently have irregular working hours and may be subject to long work days, irregular sleep, early starts and night duties. Pilots and flight crew also have to cope with long absences from home. A 2012 barometer<sup>11</sup> revealed that the majority of pilots have experienced fatigue while on duty and a third have fallen asleep and/or dozed off in the cockpit without agreeing this beforehand with their colleague

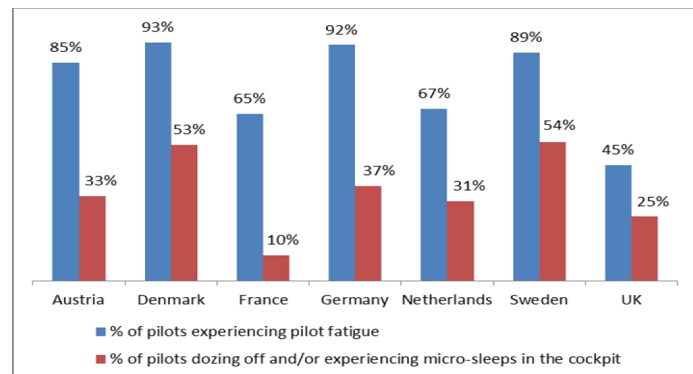
**Figure 4 - Income in air transport compared to other sectors, EU-28, 2010**



Data source: [Steer Davies Gleave analysis](#), 2015.

(see Figure 5). Many of them (for instance, 80-90% of Danish pilots) admitted having made mistakes due to fatigue. Yet, fearing sanctions or stigmatisation by the employer or colleagues, 70-80% of fatigued pilots would not report it. In exceptional cases, a short nap with the other pilot's agreement can be allowed. However, the examples mentioned in the barometer occurred unintentionally or without prior agreement with the other pilot. Fatigue has already been cited as a factor in several incidents: for instance, in May 2012 when an Air Berlin plane [requested](#) an expedited landing in Munich. The plane landed safely.

**Figure 5 - Pilots experiencing fatigue and sleep during flight**



Data source: European Cockpit Association [Barometer](#), 2012.

The EU has set flight and rest rules in [Regulation No 83/2014](#), which entered into force in early 2016. Its Annex II sets out flight and duty limits per day, week, month and year, in addition to minimum rest per day and month depending on previous duties. It states for instance, that total flight time should not exceed 1 000 hours per year and total duty time 60 hours in any seven consecutive days. Due to unforeseen circumstances during actual flight operation, these limits may be modified under certain conditions.

Working time in air transport is also regulated in general regulations and directives, such as [Directive 2003/88/EC](#) on certain aspects of the organisation of working time. According to this Directive, workers have a right to a daily rest of 11 consecutive hours per 24-hour period, to a 24-hour weekly rest as well as to at least four weeks of annual leave. Night workers must not perform heavy or dangerous work for longer than eight hours in any 24-hour period. The Commission is currently [reviewing](#) the Directive.

### Some recent reactions at EU level

#### European Commission

In its [aviation strategy](#), published in December 2015, the Commission recalls the need to reinforce the social agenda and create high quality jobs in aviation. It intends to support social dialogue and strengthen, together with Member States, the analysis of employment and working conditions in aviation. It will publish a practice guide on applicable labour law and competent courts, and considers the need to clarify issues related to employment contracts of mobile workers in aviation. It also intends to raise these issues when negotiating air transport agreements with third countries. It did not, however, announce any legislative initiative to improve or modify employment and working conditions in aviation.

The Commission highlighted the importance of social dialogue and working conditions at a [conference](#) on the 'Social Agenda for Transport' in June 2015. Transport Commissioner Violeta Bulc [underlined](#) the importance of keeping transport an attractive sector for workers as well as young people. She recognised that 'social dumping has become a critical issue', while noting that, due to legal constraints, only some issues can be dealt with under EU law. She expressed the belief that the key way forward was to improve the enforcement of existing laws.



### European Parliament

The European Parliament has paid close attention to employment and working conditions in air transport in regular meetings as well as in special events, such as those of 26 March and 7 May 2015, when stakeholders and the authors of the Ghent University study respectively attended Transport and Tourism ([TRAN](#)) and Employment and Social Affairs ([EMPL](#)) Committee meetings.

Flight and rest rules have also been widely debated in the Parliament, for instance at the time when the Commission adopted Regulation No 83/2014 via the [comitology procedure](#), requiring the Parliament to take a stance on it before it enters into force. TRAN had [suggested](#) rejecting the act; Parliament backed it with a majority vote in plenary, although some Members would have preferred to see tougher limits imposed, and considered the act better suited for airlines and less for pilots and passenger safety.

In a [resolution](#) adopted in November 2015, the Parliament stated that certain working conditions in the aviation sector may have an impact on flight safety. It noted the need to 'clarify the situation of aircrew that have multiple home bases' and recommended the Commission study the application of EU rules on temporary agency work. The Parliament also expressed concern about 'the use of atypical forms of employment such as bogus self-employment, pay-to-fly schemes and zero-hours contracts'.

Currently, EMPL is [drafting](#) a report on social dumping in the EU, and TRAN has been asked to give its opinion on the same phenomenon with a focus on the transport sector. In its [opinion](#) adopted on 8 April (drafted by Jens Nilsson, S&D, Sweden), it highlighted the need for the Commission and Member States to implement relevant social law whilst respecting fair competition and free movement. It also recommended combatting illegal activities, letterbox companies and unfair business practices such as atypical contracts, to ensure social protection.

### European Economic and Social Committee

In September 2015, the European Economic and Social Committee adopted an own-initiative [opinion](#) on 'Social dumping in the European civil aviation sector' in which it calls upon EU institutions as well as the European Aviation Safety Agency to monitor the new employment practices. In particular, it suggests that the Commission scrutinise the application of the [Directive on temporary agency work](#), and advises against the widespread use of temporary agency contracts. It also advocates the introduction of a common definition for 'employed person' and 'self-employed person'. It further deplores that some third-country airlines operating flights into the EU still use practices that are in breach of EU legislation, such as dismissal for pregnancy. It also regrets the use of non-EU crew with inferior working conditions and salaries on board EU-registered aeroplanes.

### Main references

'[Study](#) on employment and working conditions in air transport and airports', Steer Davies Gleave for the European Commission, 2015.

'[Atypical Employment in Aviation](#)', University of Ghent, 2015.

### Endnotes

<sup>1</sup> The study was prepared for the Commission in 2015. It is an update and extension of a previous [study](#) by Steer Davies Gleave on the same topic. It covers the full scope of air transport and related industries in the EU.

<sup>2</sup> These data are changing quickly as low-cost airlines keep opening and closing bases to respond to fluctuations in demand or other factors (such as airport charges).

- <sup>3</sup> Also called network, flag or legacy carrier/airline.
- <sup>4</sup> When domestic routes are also taken into account, the world's biggest airline in terms of scheduled passengers carried in 2014 was Delta Air Lines.
- <sup>5</sup> Of which 400 000 are established within the airport perimeter.
- <sup>6</sup> A state-owned [company](#) managing general-interest airports and heliports in Spain.
- <sup>7</sup> TAP, LOT, SAS, Finnair, Czech Airlines, Aegean Airlines, Alitalia, Air Berlin, Adria Airways, Croatia Airlines, Flybe, Air Baltic, Estonian Air, Aer Lingus, Air Europa and Brussels Airlines.
- <sup>8</sup> The study was produced with the financial support of the Commission and concentrates on pilots. It includes a survey of 6 633 pilots (the highest number of respondents were from Ryanair, Air France, KLM and SAS).
- <sup>9</sup> Defined in EU [Directive 2008/104/EC](#) as 'any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction'.
- <sup>10</sup> [Agreements](#) that are negotiated between an employer or employers' association and a trade union or employee representative body.
- <sup>11</sup> The barometer brings together several surveys where ECA member associations asked more than 6 000 European pilots to self-assess their level of fatigue.

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