

THE

# ASTAR

STORY

**A**fter more than four storied decades of faithfully delivering cargo across the globe, on Aug. 4, 2012, ASTAR Air Cargo shut its door, laying off its remaining 117 pilots. This was the final chapter in the recent rollercoaster ride of uncertainty that ASTAR pilots had been subjected to during the past five years.

The official announcement of the layoff was delivered less than a week after DHL, ASTAR's primary client, informed ASTAR that it was terminating the long-existing contract between the two companies effective June 1.

"The ASTAR pilot group was taken aback by DHL's decision," says F/O Brent Covey, the pilots' Master Executive Council (MEC) chairman at the time and now co-custodian for the ASTAR pilots. "We find it especially surprising as we were working with DHL to provide continued service at the price of cost-saving measures by the pilot group and ASTAR.

"This is not the way we wanted this story to end," Covey says. "Our commitment to both our profession and our company has been tested repeatedly, and I would never have bet against us. Over the years, ALPA has never ceased in supporting us in every fight. Now we are looking to our fellow ALPA members to assist our pilots in getting back to the cockpit and to continuing our careers."

But Capt. George Chetcuti, the pilot group's MEC chairman before Covey and now his co-custodian, acknowledges, "I've had almost a sense of relief that it's finally over. You could write a book about all the weird things that happened during the history of this company. So many times over the years, especially the last few years, we thought, 'They're going to shut down.' Since 2008, it's been very nerve-racking; the writing was on the wall."

## **DHL to ASTAR**

ASTAR's checkered history dates back to 1969, when Adrian Dalsey, Larry Hillblom, and Robert Lynn created DHL Worldwide Express to shuttle bills of lading for cargo ships between Hawaii and San Francisco, thus saving ship owners from expensive delays at anchor or dock before being permitted to unload. In 1983, the company, under the new name DHL Airways, grew rapidly, launching service to Australia, Hong Kong, Japan, the Philippines, and Singapore and offering door-to-door express delivery in the Pacific basin and later worldwide.

Lufthansa and Japan Airlines each bought a 5 percent stake in DHL, increased to 25 percent each in 1992. In 1998, however, Deutsche Post Worldwide Network, a German-based international express delivery company, acquired a 22.5 percent stake in DHL and gradually

## ASTAR Air Cargo closes its doors—plus the final chapter of a convoluted history—and puts a proud pilot group on the street

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Technical Editor

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**ASTAR pilots in Miami, supported by Polar Air Cargo crewmembers, protest management’s slow negotiating pace.**

grew that stake to complete ownership by 2002.

To comply with U.S. federal laws limiting foreign ownership of U.S. airlines, Deutsche Post spun off the airline and sold a majority stake to a private investor. FedEx and UPS challenged the move, however, claiming that Deutsche Post exercised effective operational control of the airline.

In July 2003, a U.S. investment group headed by John Dasburg (CEO of Northwest Airlines during the 1990s), accomplished a management buyout of the airline and changed its name to ASTAR Air Cargo. Dasburg was chairman, president, and CEO of ASTAR until the company closed its doors.

### **Trouble begins**

In August 2003, DHL bought Airborne Express, an express delivery company and cargo airline that had as its hub a privately owned airport in Wilmington, Ohio. DHL kept Airborne’s ground operations and spun off the airline as ABX Air, Inc.

Art Luby, assistant director of ALPA’s

Representation Department, explains, “When DHL, 100 percent owned by Deutsche Post, bought and spun off ABX, it violated the scope clause in the ASTAR pilots’ contract. But the National Labor Relations Board [NLRB], acting outside its authority, intervened and prevented us from grieving the scope violation. Eventually, we won a unanimous decision from all three judges in the 9th Circuit Court of Appeals to overturn the NLRB, but it took six years. Meanwhile, ABX became established within DHL.”

Deutsche Post, Luby asserts, had tried to expand DHL’s presence in North America because the German company “had the deluded belief that it could compete against FedEx and UPS.

“The company should have kept a small-scale domestic network in the United States to supply its international route structure.”

Moreover, in 2007, DHL bought 24.5 percent of ASTAR’s voting stock and 49.5 percent of the nonvoting stock—enough to get a seat on ASTAR’s board. Just a year later, however, on May 28, 2008, the relationship was thrown into turmoil again when DHL announced plans to outsource its domestic cargo lift to the company’s main competitor, UPS. ASTAR pilots fought hard against the agreement that threatened their jobs, testifying before Congress and mounting an aggressive public relations campaign.

“We were very active in trying to prevent the DHL deal with UPS from going through,” Chetcuti recalls. “We had picketing events right in front of DHL headquarters in Fort Lauderdale and UPS headquarters in Atlanta, and we went to Capitol Hill and knocked on every congressman’s and senator’s door.

“The ASTAR pilots created a professional 30-minute video to explain what DHL was trying to do. We had the mayor of Wilmington [Ohio], several ASTAR pilots, even [CEO John] Dasburg on the video. We went into a full-court press to stop the UPS deal. We and management

## **Free Aeromedical Support for ASTAR Flightcrew Members**

After ASTAR ceased operating, ALPA’s president, Capt. Lee Moak, wrote to each ASTAR flightcrew member, “All of us at ALPA recognize the difficulties you are facing with the shutdown of your airline. It is an uncertain road you have in front of you, but you will not walk it alone.

“As you seek alternative employment,” he continued, “either within this industry or in another profession, there may be situations in which you will need the expertise of someone in the medical field, including keeping your medical certification active, coping with health issues, or dealing with stress.”

Moak reminded each ASTAR furlougee that the ALPA Aeromedical Office, “an important ALPA service and resource, ...lengthened the careers of many of our members. This office specializes in addressing the unique needs of pilots and providing individualized medical assistance.

“As part of our commitment to you, your family, and your career,” Moak wrote, “the ALPA Aeromedical Office will continue to be available to you for free telephone consultations—even after you separate from your company.”

dropped our barriers and worked very closely together for our mutual goals; we had a very unique relationship.”

In May 2009, DHL and UPS dropped the proposal in the face of increasing scrutiny. At that time, ASTAR’s fleet included 6 A300b4 freighters, 29 B-727-200Fs, 8 DC-8-73Fs, and a Bell 206 helicopter based in New York City. “We used the Bell 206 to carry financial documents from Wall Street and other heliports around New York City to JFK,” Chetcuti explains. “The helicopter flew probably 20–30 flights per day”

More trouble was afoot—but the union was looking out for the ASTAR flightcrew members.

“We negotiated and ratified a collective bargaining agreement in early 2008,” Luby recalls. “It included a job security commitment for all pilots in the event ASTAR maintained its operations above a certain level in North America. We sued DHL based on this aspect of the agreement when it announced its deal with UPS. The lawsuit and the accompanying grievance led to a settlement in which furloughed pilots received at least six months of full pay free of any job responsibilities.”

On Nov. 10, 2008, DHL announced that it would cut 9,500 jobs as it discontinued both air and ground operations within the United States. The ASTAR



**S/O Art Penot in the cockpit of a DC-8 freighter.**

## Support Network for ASTAR Furloughees

F/O Brent Covey, the ASTAR pilot group co-custodian, told his fellow furloughed ASTAR flightcrew members, “No pilot ever wants to see his or her company shut down. I know that the reasons and justifications given for ASTAR’s closing will not ease the pain and frustration of your situation.

“On behalf of the ASTAR Master Executive Council, I want to see all of us flying the line once again, and ALPA is committed to using every available resource we have to support you. You will not face this closure alone.

“Through our union, we have built a support structure for you and your fellow pilots to get you through this challenging period in your career. From employment assistance and financial help to government resources and tips for managing stress, ALPA’s Furloughed Pilots Support Program offers a wealth of materials to assist you.

“Do you have questions about what government programs are available to you? Visit the Furlough Resources section of ALPA’s members-only webpage ([www.ALPA.org/furlough](http://www.ALPA.org/furlough)) for information. Are you looking for other career opportunities? Take advantage of one of these two offers: a one-year, complimentary membership in FAPA.aero ([www.FAPA.aero](http://www.FAPA.aero), formerly FtOps.com), or complimentary attendance at one of the job fairs hosted by Aero Crew Solutions ([www.aerocrewsolutions.com](http://www.aerocrewsolutions.com)), both of which are available through ALPA.

“Remember: As an ALPA member, you have the world’s largest union of professional pilots behind you, beside you, and with you every step of the way. You will make it through this, and together, we will deal with the challenges facing you and your family.”

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flightcrew members were hit with a big furlough in September 2010, but the furlougees received pay and benefits until early March 2011.

Once more than 500 pilots strong, the ASTAR that remained was reduced to 84 active pilots—28 three-member flight crews for the eight Stretch Eights that remained in the fleet. The group had hoped to rebuild and come to a new agreement with DHL that would allow the company time to find new clients. DHL’s decision in June 2012 to end its contract with ASTAR put an end to those plans.

### **A proud legacy**

“We worked very hard to refleet at the end—with B-767s—but it was a day late and a dollar short,” Chetcuti reflects. “We were left with a four-engine airplane that sucked gas and a three-man crew. And we were basically an ACMI [aircraft, crew, maintenance, and insurance] carrier with one customer. We had all our eggs in one basket—DHL. We did have a very small contract with the U.S. Air Force, but not enough to sustain us; 98 percent of our business was DHL.”

“It’s a sad story, but it’s a good story,” adds Covey. “I don’t think there will ever be another DHL Airways. Our collective bargaining agreement was robust and rewarding. Our scheduling, pay, and vacation policies were unmatched in an overworked industry. Although we were relatively unknown, we set the bar higher beginning in the late 1990s.

“Our hotel committee was 100 percent line pilot controlled. We negotiated all the hotel contracts; we were able to negotiate great rates that other airlines were unable to get. Five-star hotels were the norm, and we seldom had the complaints that other airlines in the industry experienced.”

Covey continues, “In the absence of a defined-benefit plan, we had a 15 percent 401(k) plan—we could contribute as much as 15 percent of our pay, and the

company would match it one for one. Our health package was top-shelf. Our benefits were the products of the labor of several negotiating committees over the years, resulting in a mature contract.”

Says Chetcuti, “It was a great company to work for. I’m proud to say I worked for ASTAR. It was a top-notch group. Our training was second to none; we had probably the most standardized cockpits out there. I was a check airman for 14 years. I give a lot of credit to our owners and management.”

Covey agrees, noting, “For decades, our training, operational procedures, and standards were well above those of other airlines, including some of the legacy airlines. We’re extremely proud of our safety culture; the day the airline closed its doors, it was the same culture as the one I walked into 27 years ago. You only realize that in retrospect. Some of our members have gone on to flying jobs with other airlines; they come out of training with the realization that the training we had at ASTAR was really outstanding in many respects.”

In 2005, the FAA presented the Diamond Award of Excellence—the agency’s highest award for aviation maintenance training—to ASTAR. The award honors companies that have promoted professionalism and integrity while exemplifying honor and diligence within the aviation community. Covey points out, “In the late 1980s, most new hires flew a Swearingen Metroliner; most of us had no jet time. When we moved up to the jet, the guys who had been with the company since the beginning were in the left seat; they mentored us and continued to develop the culture of DHL Airways that continued to the end.”

Regarding their dealings with other airlines and management, Covey advises, “We decided long ago that staying on the moral high road would probably always produce the best look-back. We lived by the ALPA Code of Ethics—at the end of the day, we’re glad we did.”



**In 2010 ASTAR pilots listen as U.S. representatives debate antitrust implications of the DHL-UPS deal.**