

Four Global Aviation Challenges

Leveling the Playing Field Around the World

By ALPA Staff

As industry expansion continues, challenges from around the world continue to hit closer and closer to home. For years, the Air Line Pilots Association, International and its members in both the U.S. and Canada, along with the International Federation of Air Line Pilots' Associations (IFALPA), have spearheaded the safety, security, and industrial policy initiatives that affect airline pilots. And the work continues. Below we highlight just a few of the challenges that will be discussed during the upcoming 2015 IFALPA Conference and Global Pilots' Symposium.

1. Emirates, Etihad, Qatar, and Open Skies

These three state-owned and state-supported airlines receive enormous and now well-documented subsidies from their governments that are at odds with the agreements their countries signed with the United States.

When the U.S. signed Open Skies agreements with Qatar and the United Arab Emirates in 2001 and 2002, no one could have predicted the type of national aviation policy now being practiced or the massive scale of subsidies that these two small nations would be willing to provide their airlines. These subsidies have enabled unprecedented growth, without the usual regard for the underlying commercial considerations other international airlines must deal with to continue to survive.

As a result, ALPA—along with others, including the Partnership for Open & Fair Skies—is calling on the U.S. government to begin consultations with Qatar and the United Arab Emirates under provisions contained in the existing air transport agreements.

Vocal support for a level playing field is now being heard from other key aviation markets around the globe. During the U.S. Chamber of Commerce Foundation's 2015 Annual Aviation Summit, Carsten Spohr, chairman of the Executive Board and CEO of the Lufthansa Group, voiced his agreement with ALPA's position on subsidies, stating that he would convey that same message when meeting

with U.S. government officials.

In his remarks, Spohr said that other global airlines are being “increasingly attacked” by heavily subsidized Middle Eastern carriers, adding that his company will compete with anyone on a level playing field, but it can't compete with state-subsidized carriers that receive billions of dollars in aid from their governments with no regard to commercial considerations. Additionally, according to news media reports, the French and German transport ministers have said they want their European Union (EU) partners and the EU Executive Commission “to adopt a common strategy to bring an end to these practices.”

The debate on this issue is now making daily news and finally shedding light on important provisions contained in Open Skies policies that are designed to ensure a fair global aviation marketplace.

2. The U.S. Export-Import Bank

On June 30, reauthorization for the Export-Import Bank of the United States expires. ALPA and others have been urging Congress to consider the negative effect the bank's current financing practices have on U.S. airlines and their employees. The bank's financing can result in a \$20 million savings per aircraft.

ALPA supports the reauthorization and the bank's mission but is calling for targeted reforms specifically related to widebody aircraft financing.

3. Flags of convenience

ALPA, along with other IFALPA member associations, continues to oppose the Norwegian Air International (NAI) business model. The “flag-of-circumvention” practice seeks to avoid taxes and employment laws and to bypass international agreements to gain an unfair competitive advantage.

NAI has applied to the U.S. Department of Transportation (DOT) for both temporary and permanent authorization to serve U.S. markets. In September 2014, the DOT denied NAI's request for an exemption from the requirement that it hold a foreign air carrier permit, which would have allowed the airline to operate to U.S. markets while its permit application is pending.

ALPA and many other supporters, including bipartisan support in the U.S. Congress, aviation industry stakeholders, and 37,000 individuals who have signed the Deny NAI petition, continue to call for the U.S. government to not only deny NAI's application, but also to reform U.S. international aviation policy to ensure that similar schemes will not threaten fair competition in the future.

4. Atypical employment models

A recent study conducted by Ghent University in Belgium on the European aviation market concluded that “different forms of atypical employment and outsourcing” are becoming prevalent for pilots in the European civil aviation industry and that “as a result, competition nowadays is a true race to the bottom, which affects fair competition and workers' rights as well as raises important issues in the field of safety and liability.”

Self-employment, fixed-term work, temporary work agencies, zero-hour contracts, pay-to-fly schemes, and other atypical employment techniques were all identified as current developments by the study. Each of these arrangements is detrimental to fair competition and workers' rights. Yet they are now commonplace for many of the youngest professional pilots in Europe.