

Air Transport Sector in Italy Pre-Covid

Key Facts

- *Turnover*: €9.2 billion in 2018 (3.6% of Italian GDP based on estimates)
- *Passenger Volume*: 200 million in 2019 (100 million in 2004)
- *Share of volume covered by LCC*: 55% in 2019 (6.2% in 2004)
- *Legacy Carrier*: ITA (former Alitalia, privatised in 2008, bankruptcy/restructuring 2021-2022)
- *Direct Employment*: 20,195 in 2018 (Nace code) (25,240 in 2011)
- *Total airport-based employment 120,000 and Total Employment (Direct and induced) 880,000*
- *Airports*:
 - 120 total, 44 certified by Italian Civil Aviation Authority as commercial passenger, 38 of “national interest,” 3 international hubs
 - Airports managed by private, joint-stock companies. Most are majority-publicly owned, with only a limited number all-private or all-public. (Size not a factor in ownership: *La SEA*, Italy’s second largest operator, is majority-owned by City of Milan)
 - Fun facts:
 - Italian system of airport management is Europe’s most decentralised.
 - 49% of Italians located in one airport’s catchment area have at least one alternative airport within 90 minutes’ drive.

Trends

- *Prior to 2008 Alitalia privatisation*:
 - Highly fragmented CB structure
 - Alitalia negotiations set the tone for entire industry; to a degree, as a publicly owned company, Alitalia “stood in” for the Transportation Ministry in terms of industrial planning and CB
 - Craft unions (e.g., pilots, flight attendants) led on the labor side with traditional confederations representing lower-skilled employees
- *Post 2008 Alitalia privatisation*:
 - More rationalised system under the framework of a “Value-Chain CA” with each sector (airport operators, domestic carriers, foreign carriers, ATM, handling, maintenance, catering) represented by independent contracts under the umbrella of a general section
 - Shift from airlines to airports as the main source of added-value in the sector.
 - Traditional labor confederations, not craft unions, signatories to Value-Chain CA with shift in representation of higher-skilled positions (e.g, pilots, flight attendants) away from craft unions to traditional confederal unions
 - UGL, right-aligned confederation, signatory to Value-chain CA along with CGIL, CSIL, UIL

Conclusions

- *Value-chain CA structure represents a significant innovation in labor relations in the sector*:
 - Prior to 2008, IR in Air Transport represented an anomaly in Italian IR
 - New framework brings greater rationalisation to IR, during a period of increased fragmentation and competition
 - Represents institutionalisation of roles of traditional labor confederations and employer associations, as well as reciprocal respect among social partners
 - Appears to be an important tool in combatting social dumping among the more recently liberalised sectors (e.g., handling, catering) where the risk of “pirate contracts” could be high
- *Weaknesses*:

- Italian system is highly fragmented (both airports and carriers), with limited regulation, no national industrial planning and intense competition—especially among airport operators for LCC routes—contributing to a “race to the bottom” dynamic.
- Carriers remain the “weak link” in the value-chain CBA:
 - Only ITA employees are covered by the carrier-specific portion of the CA
 - Among low cost carriers, Ryanair and EasyJet both have company-level CAs (outside of value-chain framework). Only EasyJet includes all four signatories to the value-chain CA. Ryanair contract signed only by CISL and pilots’ union. Ryanair agreement includes a clause preventing signatories from disclosing its contents.