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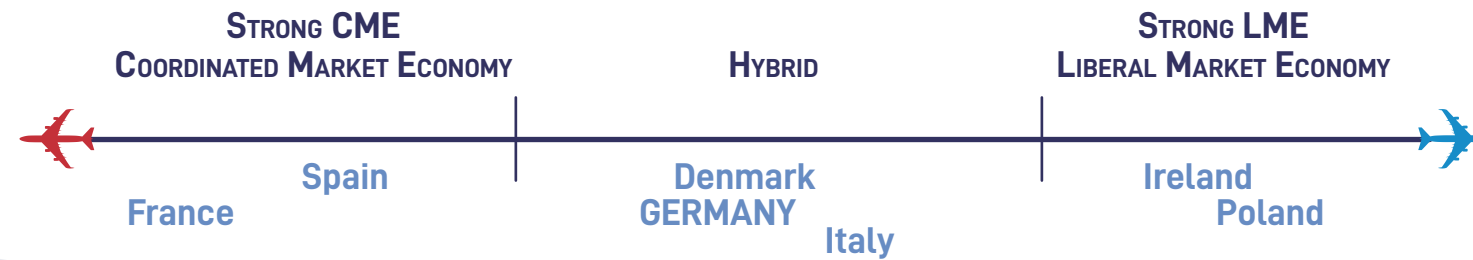


Varieties of Industrial Relations in Aviation Lockdown

# ROLE OF STATE LEGISLATION IN INDUSTRIAL RELATIONS



GERMANY



## Industrial Relations

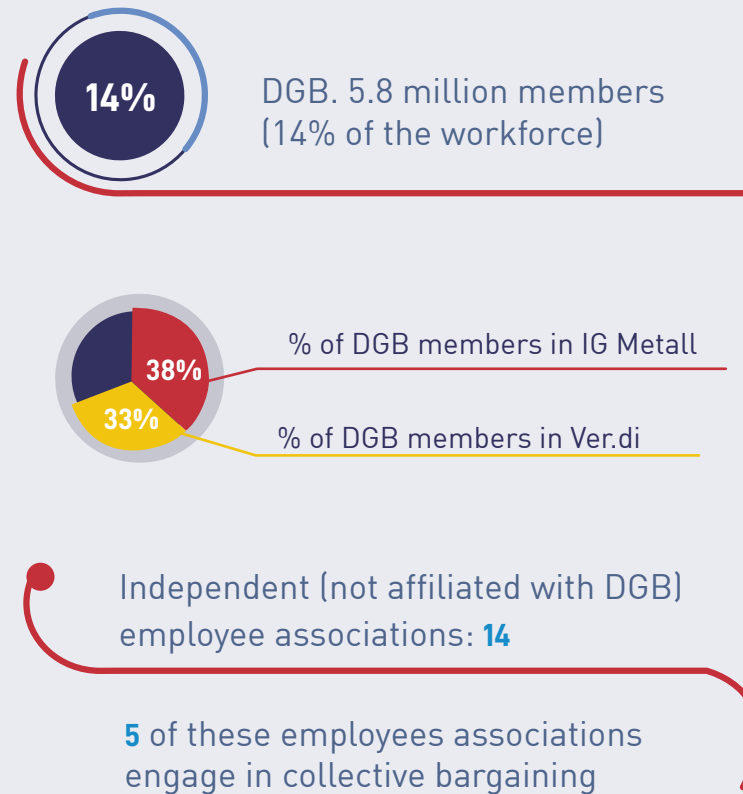
### LABOUR UNION REPRESENTATION

#### MAIN LABOUR UNIONS

TRADE UNION FEDERATION

DGB REPRESENTS 8 AFFILIATES

IG METALL AND VER.DI (SERVICE) ORGANIZE NEARLY TWO THIRDS OF ALL UNION MEMBERS



#### EMPLOYER REPRESENTATION

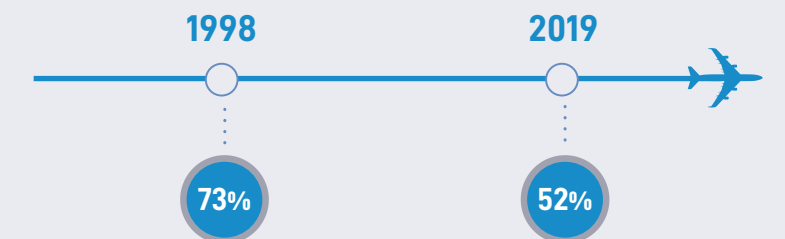
MAIN EMPLOYER REPRESENTATIVES

Bundesvereinigung der Deutschen Arbeitgeberverbände (Federation of 14 state employer associations and 48 branch associations – lobby work),

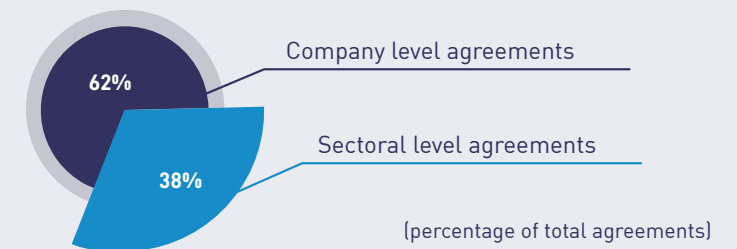
Bundesvereinigung der Deutschen Arbeitgeberverbände (Federation of 38 industrial employer associations, lobbyist)

#### COLLECTIVE BARGAINING COVERAGE

Percentage of workers covered by Collective Bargaining Agreement (CBA)

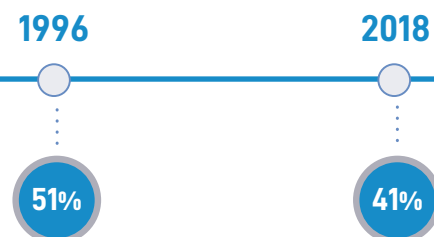


Despite proliferation of company-level agreement, sectoral bargaining is dominant within Germany



### FORMS OF WORKPLACE REPRESENTATION

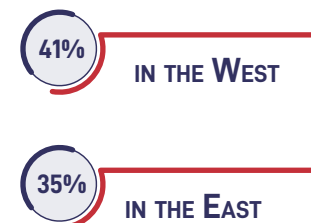
Works councils density rate



West/East Divide  
Primacy of sectoral bargaining



Works councils



#### REGULATION OF INDUSTRIAL RELATIONS

IR in Germany is characterized as an “option regime” employer associations and unions autonomously undertake collective bargaining

Supporting legislation:

- Collective bargaining act
- Works Constitution Acts



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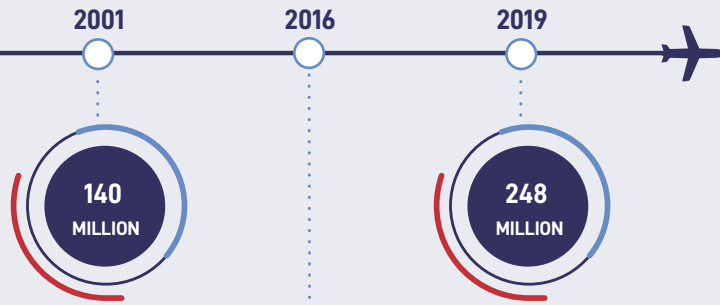
GERMANY

### Air Transport Sector

#### AIR TRANSPORT PRE-COVID

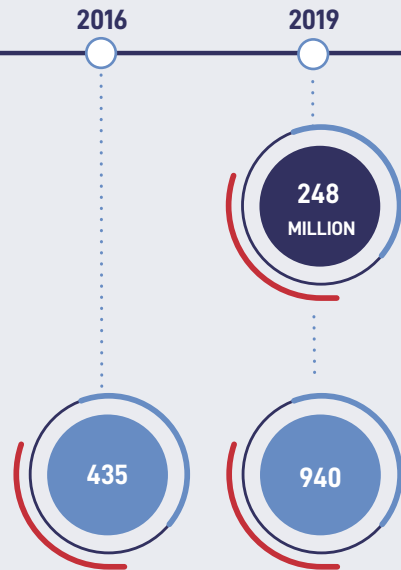
##### PASSENGERS

passengers flying from German airports

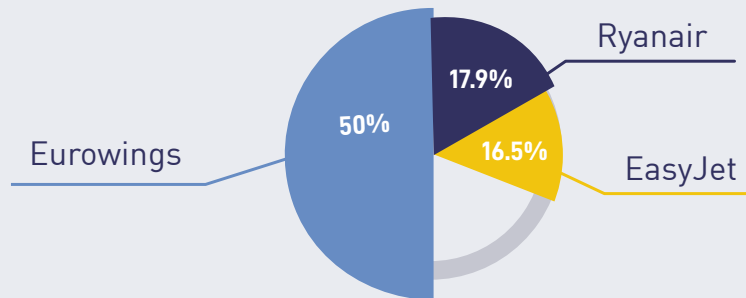


##### LOW COST CARRIERS (LCC)

Number of routes



##### BIGGEST PLAYERS (MARKET SHARE)



825 k Total employment in aviation

130 k Number employed by Lufthansa alone

✈️ Flagship carrier: LUFTHANSA

Prior to 1997 Partially state-owned

Post 1997 Totally private

56% % of market share

145 MILLION Passenger volume (2019)

Other carriers: Qatar, Emirates, United, China Air and Turkish Air, control 27.9% of the market share

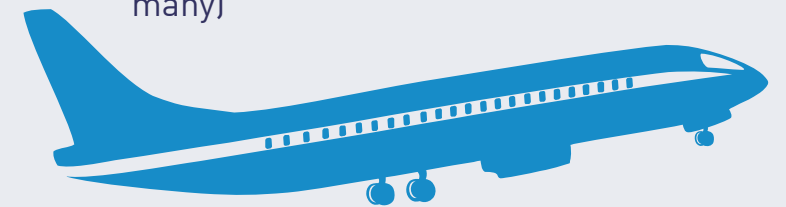
Ryanair: 8.4% market share

#### AIRPORTS

Länder are the majority shareholders in German airports

Frankfurt, the home of Lufthansa, is Germany's largest airport

Total passenger volume in Germany: 243 MILLION passengers travelled to and from German airports (just under three times the people living in Germany)



Länder: majority shareholders of airports

##### VC (PILOTS)

80% Overall density

80+% Within Lufthansa

##### UFO (CABIN CREW MAINLY WITHIN THE LUFTHANSA GROUP)

25% Overall density

70% Within Lufthansa

##### VER.DI (GROUND HANDLING)

50% Overall density

60% Major hubs

#### INDUSTRIAL RELATIONS IN THE GERMAN AIR TRANSPORT SECTOR

##### MAIN ACTORS

###### THE STATE

FEDERAL GOVERNMENT:

PRE-1997: LUFTHANSA PARTIALLY STATE OWNED

POST 1997: LUFTHANSA TOTALLY PRIVATE



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## Air Transport Sector

### EMPLOYERS' ORGANISATIONS

### WORKPLACE REPRESENTATION

#### AIRLINES

BUNDESVERBAND DER DEUTSCHEN FLUGGESELLSCHAFTEN (BDF) REPRESENTS CONDOR, TUI, LUFTHANSA, LUFTHANSA CARGO AND EUROWINGS

#### GROUND HANDLING

ARBEITGEBERVERBAND DER BODENFERTIGUNGSDIENSTLEISTER DER LUFTVERKEHR (ABL)

#### UNION AND WORKS COUNCILS

#### AIRPORTS

ARBEITSGEMEINSCHAFT DEUTSCHER VERKEHR-SFLUGHÄFEN REPRESENTS THE INTERESTS OF GERMAN AIRPORTS (21 CITY AIRPORTS AND 8 REGIONAL AIRPORTS)

EMPLOYER ORGANISATIONS REPRESENT EMPLOYERS IN LOBBYING NOT AT THE BARGAINING TABLE

### COLLECTIVE BARGAINING COVERAGE

80-100%

% of employees covered by Collective Bargaining Agreement in Lufthansa



Collective bargaining **primarily** occurs at the company level, making aviation an anomaly within the German system of IR where, generally, sectoral bargaining is predominant



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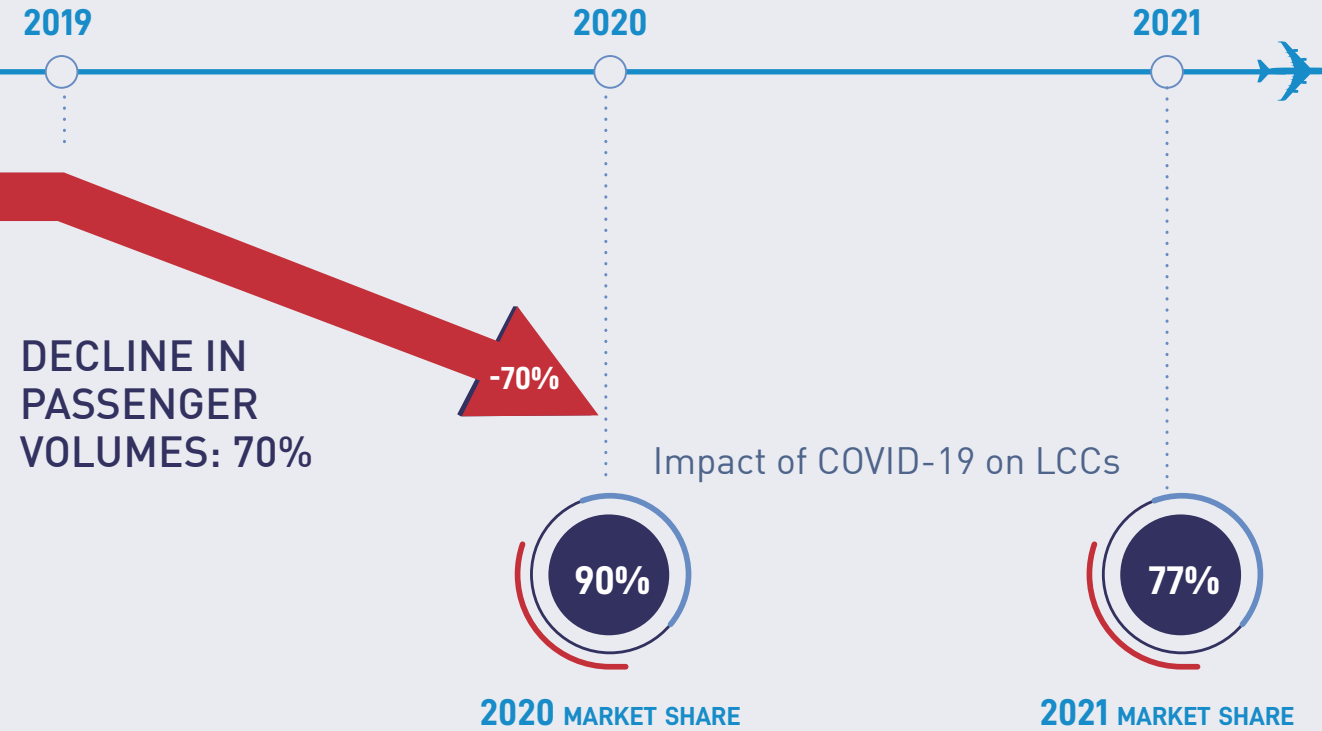


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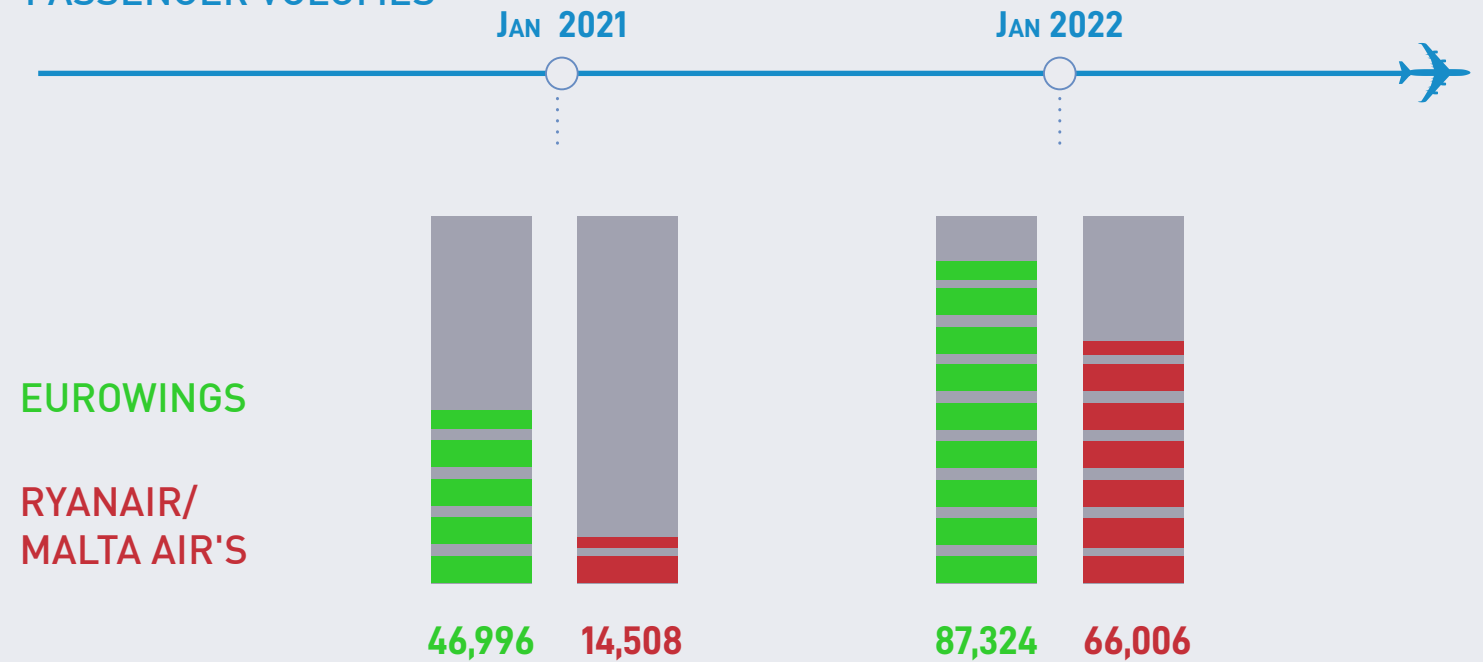
# Impact of COVID-19

## LOCKDOWN

## UNEVEN RECOVERY

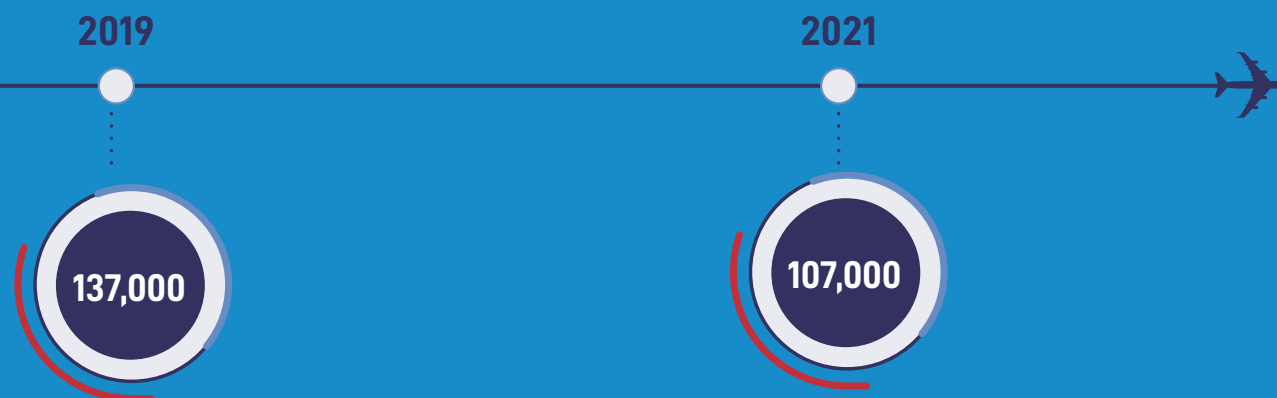


## PASSENGER VOLUMES



## EMPLOYMENT IN AVIATION

PANDEMIC START – SUMMER 2021 DECREASE OF 16%





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# VIRAL

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## Impact of COVID-19

### GERMAN RESPONSE

#### LUFTHANSA RESCUE



During initial lockdown, Lufthansa losing **€1 MILLION** per hour

**APRIL 2020**

German State invested **€9 BILLION** to rescue flagship carrier from insolvency

#### CONDITIONS ON STATE AID

**25%**

PUBLIC STAKE IN LUFTHANSA

**20%**

REDUCTION IN SALARY FOR BOARD MEMBERS

State granted 2 seats on Lufthansa's supervisory board, giving employees a majority of board seats

#### SUPPORT TO AIRPORTS



**€400 MILLION** in state support to Berlin-Brandenburg, Cologne/Bonn and Munich airports

#### EMPLOYMENT SUPPORT



April 2020, German state increased temporary short-time working pay to **67%** of the worker's net missing salary; an increase of **7%**

**77%** of aviation staff benefited from this measure

#### INDUSTRIAL RELATIONS

Unions agreed to minimal wage increases (.07% in 2020 vs. 4.2% in 2019)

Reduction in supplemental pay and holiday bonuses

Increase in Tri-Partite summits to address pandemic and discuss future of aviation

#### INDUSTRIAL RELATIONS



2021

return to pre-pandemic basic wage levels  
CBAs extended to 23.8 months (vs. 12 months prior to pandemic)



Wage increases in Lufthansa

August 2022 CBA provides for wage increase in three steps:

- 1.) July 2022: **€200/MONTH**
- 2.) January 2023: **2.5%** increase (with a minimum of €125/month)
- 3.) July 2023: **2.5%** increase





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## Case Studies

### THE DEVELOPMENT OF BRANCH AGREEMENT FOR GROUND-HANDLING STAFF

#### WHAT'S AT STAKE

% of ground services workers covered by plant or company-level Collective Bargaining Agreement (CBA) in German: **50%**

# of ground services workers covered by plant/company-level CBA: **15,000**

% of ground services workers who benefited from increase in statutory minimum wage to **€12/HOUR** in 2022: **40%**

Total number of ground services workers in Germany: **30,000**

Number that left to seek employment elsewhere during pandemic: **15,000**

Total number of individual CBAs in ground services in Germany: **AT LEAST 40**

Union pushing to combine those individual agreements into one, sectoral (branch) agreement: **VER.DI**

Number of airports involved: **17**

Negotiating partner for unions: Arbeitgeberverband der Bodensfertigungsdienstleister im Luftverkehr (ABL), association of third party ground services providers

Areas of common interests between ABL and Ver.di: ensuring Good working conditions and adequate remuneration for employees & Secure jobs in the long term

#### THE ROAD TO SECTORAL AGREEMENT:

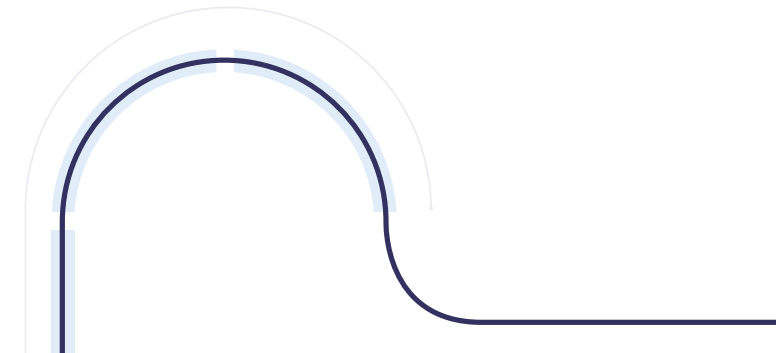
Setting common expiry dates for **40+** CBAs

Cancellation of legacy, public sector CBA

Engagement of Works Councils

Exodus of workers:  
a. **15,000 OUT OF 30,000** employees left the sector during COVID

Industrial action: Ver.di coordinated a "wave of strikes" in 2022





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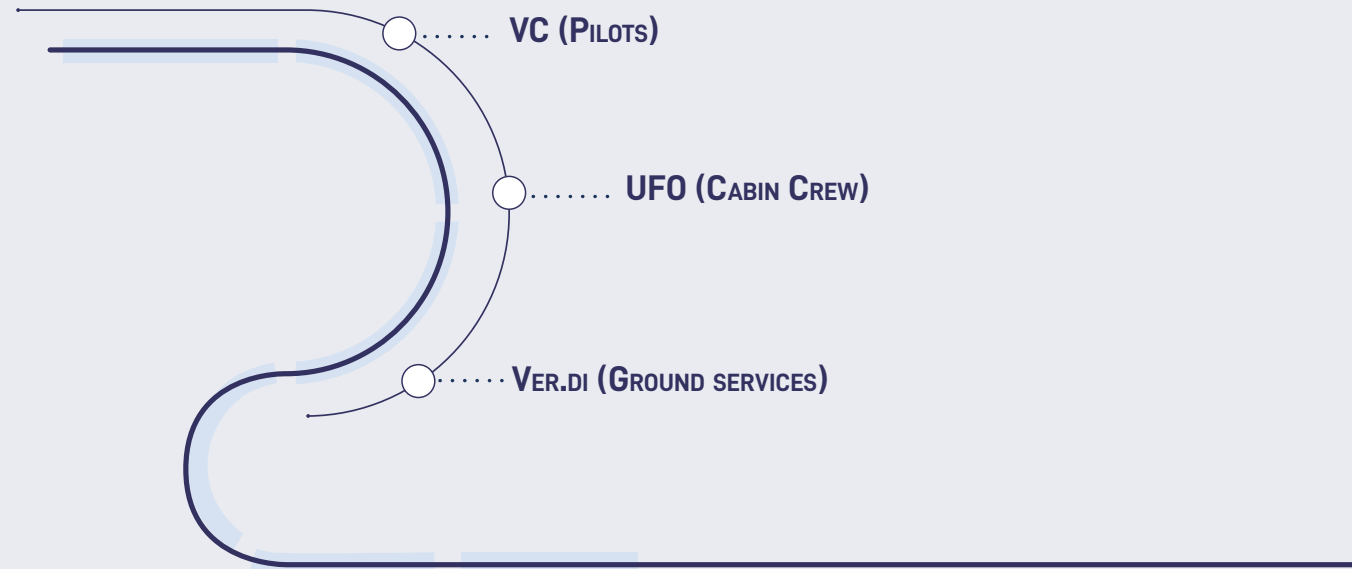


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## Case Studies

### AIRCREW ALLIANCE

#### MAIN UNIONS REPRESENTING AVIATION WORKERS



#### AIRCREW ALLIANCE

-  Independent union initiative launched by Ver.di in 2019
-  Mission: to help Ver.di make up for ground lost organising cabin crew
-  Establish a sectoral-level CBA

#### AIRCREW ALLIANCE KEY FEATURES:

 Horizontal, member-driven model of unionism

 The use of technology and social media to connect with, and connect, workers