

Summary

The organization of the Norwegian aviation sector in a European context

*TOI Report 1869/2022
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Oslo 2022 59 pages Norwegian*

This report analyses how Norwegian aviation today is organised and how the sector could be organised differently complying with the EEA law. Results: atypical employment among pilots and cabin crew, enabled by the introduction of a common EEA aviation market, seems to be an increasing problem in Europe. This puts pressure on the wage and employment conditions for the aviation industry, and may also influence the security. Thus, the industry needs better regulation and also better control at the national, Nordic and EU-level. The report suggests a number of actions. These include: a) changing demands in public procurements, b) implement an index for reference or joint tariffs, c) collaborate with the other Nordic countries in improving the working conditions in the Nordics and in Europe, d) launch stricter criteria for being eligible for procuring PSO-routes, e) improve the surveillance authority and knowledge, f) improve Norwegian legislation for the employees in aviation, and g) various acts at the EU-level.

The aviation in Europe has as a result of the EUs three aviation market packages in 1986, 1990 and 1992 been liberalized. Within the European Economic Area (EEA), market regulation of aviation is harmonized, and it functions as one common aviation market. Through the EEA-agreement, Norway is part of this joint market. Since the liberalization three decades ago, there has been strong growth in aviation in Europe and also globally. More routes are offered, more cargo is transported and more persons have until the Covid-19 pandemic struck the world flown with an airplane than ever before. There is large competition between various service providers within aviation. The flight tickets have become significantly cheaper as a result of the increased competition and that a number of low cost carriers have been established.

However, the competition is not only positive. The organization of the businesses influences their employees' payment and labour conditions. The establishment of a common European aviation area with joint market regulation has opened for new ways of organizing the various businesses. The hard competition for low prices within European aviation has put pressure on the working conditions of its affected employees. It seems that there is something that resembles a "race to the bottom" within Europe today, where the working conditions of several employees are put under ever increasing pressure, their rights are challenged, airlines are reorganized and split in new ways, and the employees gradually are less directly employed in the businesses that they work for.

This is also the case for airlines that are regarded as Norwegian and their employees because they are subject to the same competition as other European airlines, as the right to establish routes between and within EEA countries and gain market shares make all vulnerable to competition from low cost carriers. The establishment of low cost carriers may be inevitable, but there are signs that airlines within the EEA area are conducting "regulatory shopping" across Europe to reduce their costs and thereby put pressure on others to do the same so that they will not lose in the competition for customers.

Therefore, it is relevant to investigate into the payment and working conditions for the employees in Norwegian aviation today, and what kind of measures may be implemented to ensure that they have decent payment – and working conditions also here, if they should

be subject to adverse pressure. Thus, this report delves into the following research questions:

- 1) How was aviation in Norway in 2021 organized?
- 2) What does the aviation in Norway entail as regards the employees' payment and working conditions?
- 3) What are the possible undesired/controversial consequences of various interpretations of today's regulations for the employees and the businesses?
- 4) How is aviation in other countries, for example France organized?
- 5) What does the aviation sector organized compared to the road and sea transport sectors?
- 6) What are the Norwegian authorities' opportunities to reduce these potential undesired consequences within the EEA-agreement?

The report documents how aviation in Norway is organised and regulated. The analyses are based on both existing research, data, and new data gathered through for example interviews. The studied occupations are first and foremost pilots and cabin crew, and the report describes commercial passenger transport with fixed wing aircraft. It is relevant to conduct encompassing analyses and make new studies of several topics that are discussed here.

The majority of the workforce, estimated to around 80 %, are directly employed by the airlines both in Norway and in Europe. However, there seems to be a negative trend where ever more persons are not directly employed, particularly regarding employees from Eastern Europe. The report demonstrates that atypical employment likely influences the security in aviation negatively and puts pressure on the just culture. At the same time, it also makes it hard for the employees to know their rights, which national law applies to them, and so on. Moreover, atypical employment contributes to creating an unlevel playing field between the European airlines.

The data shows that the pilots in Norway, although they have lost somewhat in wage increase compared to an industrial worker, still on average have very solid wages and is one of the employee categories that earn the most in Norway. In contradiction, the cabin crew have experienced developing from a relatively well paid group of employees to belonging to the lowly paid working groups in Norway. Many of them work part time and this contributes to a challenging situation for them. Both pilots and cabin crew experiences that their working schedules are challenging and seem to have many health issues on average compared to other working groups. The positions within aviation may be hard to combine with a well-balanced family life. In various Norwegian surveys, several employees within aviation have answered that they have a bad relationship with their employers.

Last, the report suggests various regulations of the businesses within aviation that may improve the working conditions of its employees and make competition more just.

- 1) **Change demands in the public procurements, for example not allow collaboration between various service providers to win public procurements. Moreover, it is relevant to implement an Oslo/Norway model for public procurements.**
- 2) **Implement either an index for reference or joint tariffs in aviation, or make joint national tariff agreements between the organizations representing the employers and the organizations representing the employees.**

- 3) **Collaborate with other Nordic countries in improving working conditions both in the Nordics and within Europe. Suggestions:**
 - a) The Nordic civil aviation authorities share data and use joint methods to reveal and deal with breaches of the labour marked codes in aviation.
 - b) The Nordic countries share data regarding aviation more than before.
 - c) The Nordic countries collaborate to create a joint law understanding and implementation that protects the Scandinavian/Nordic labour market model.
 - d) The Nordic countries implement the Oslo/Norway model to ensure decent working conditions in public procurements.
 - e) That more Nordic countries make national tariffs that encompasses the whole employment groups in each country within aviation (*allmenngjøring av tariffen*).
 - f) That the Nordics implement the right for joint suing in court for the labour organizations so that they can sue employers when there is illegal hiring of labour.
 - g) Eco-labelling with the Nordic Swan label of airlines based on their meeting of a number of environmental and social criteria.

- 4) **Implement stronger criteria in the offerings for the public service obligation routes, not only regarding environment, but also:**
 - a) Payment and working conditions in accordance with either an index for reference or joint tariffs for each employee group.
 - b) Demand that the winners of a PSO-obligation establish a local base.
 - c) Demand that at least one employee on each flight talks Norwegian.
 - d) Maximal number of working hours every day: 10 hours.

- 5) **Improve surveillance and the knowledge in the Civil Aviation Authority (CAA) in Norway.** CAA needs more resources to follow up payment - and working conditions and ensure that all workers on “Norwegian” inland routes are getting labour and safety inspections. The aviation authorities within EEA can collaborate more. To establish a Norwegian centre for aviation research to contribute to “cover the knowledge gaps” is an opportunity.

- 6) **Improve the Norwegian legislation for the employees in the aviation industry.** The terms home base and operational base should probably be defined in Norwegian law. The Norwegian law should probably demand that airlines that are regularly offering transport within Norway and to and from Norway establish bases in Norway. Where the employees are working regularly more than a year, they should have access to Norwegian rights, wage and demands, and be subject to Norwegian law. The Norwegian state should work to mitigate atypical employment. One strategy would be to establish clear national rules to prohibit bogus self-employment and also to create a definition of self-employed within Norwegian law. The recommendations from the Fougner expert working group is relevant in this regard. They recommend for example that the employees’ right to get back their previous positions are strengthened. The Fougner expert group also recommends that when labour are laid off, employees should get a privileged position when new jobs are announced within the same enterprise.

- 7) **Various actions at the European level**
 - a) Work to reduce the maximal number of working hours in the EEA regulations, i.e. the flight time limitations, so that they are reduced from 14 to 10 hours a day similar to in the United States.

- b) Continue to work against social dumping in aviation.
- c) Follow up new developments in aviation systematically, as the businesses frequently find new ways to organise themselves.