FOURTEENTH ITEM ON THE AGENDA

Report of the Director-General

Sixth Supplementary Report: Think Tank on the Impact of the 11 September 2001 Events for Civil Aviation
(Geneva, 29-30 October 2001)

1. A Think Tank on the Impact of the 11 September 2001 Events for Civil Aviation was held in Geneva from 29 to 30 October 2001, chaired by Ambassador Jean-Jacques Elmiger, representative of Switzerland on the ILO Governing Body.

2. The Think Tank considered two briefing papers and an information note prepared for the meeting. The crisis drew attention to the important contribution of the industry to both national and global economies. The reports noted and the meeting confirmed the unprecedented and immediate economic and social consequences of the events for all segments of the civil aviation industry (airlines, air navigation service providers, airports, suppliers, aircraft and engine manufacturers, etc.). For example, in the first four days after the events, domestic United States bookings fell by 74 per cent and bookings for the world, excluding the United States, were down by 19 per cent. As of the date of the meeting, demand was down 20 per cent in North America, 10 per cent in Europe and 2.5 per cent in Asia. Although it will take months before the real employment impact can be ascertained, initial figures indicate that more than 200,000 persons have or will lose their jobs in the immediate future.

3. The Think Tank reviewed the impact of the events and the participants formulated strategic responses for overcoming the crisis which could be considered by governments, the social partners and the ILO. They emphasized that the crisis provided an opportunity for the social partners to enhance and promote social dialogue. The report of the discussion, together with the Chairperson's summary of the Think Tank is appended to this paper. For practical reasons, it was not possible to submit this report to the Committee on Sectoral and Technical Meetings and Related Issues at the present session of the Governing Body.

4. The Think Tank also provided guidance on the issues to be addressed on the Issues Paper to be prepared by the Office for the *Tripartite Meeting on Civil Aviation: Social and Safety Consequences of the Crisis Subsequent to the 11 September 2001 Events*, to be held 21-25 January 2002. The Office will continue to collect and analyse information on social and

employment consequences of the crisis in order to provide up-to-date information for the above Meeting.

5. A complete report on the *Tripartite Meeting on Civil Aviation: Social and Safety Consequences of the Crisis Subsequent to the 11 September 2001 Events* will be submitted to the Committee on Sectoral and Technical Meetings and Related Issues at its March 2002 session.

6. *The Governing Body may wish to authorize the Director-General to communicate the report of the discussion and the Chairperson's summary:*

    (a) to governments, requesting them to communicate these texts to the employers' and workers' organizations concerned;

    (b) to the international employers' and workers' organizations concerned; and

    (c) to the international organizations concerned.

7. *The Governing Body may wish to request the Director-General to bear in mind, when drawing up proposals for the future work of the Office, the recommendations made by the social partners for action by the ILO, as reflected in the Chairperson's summary of the Meeting.*

Geneva, 9 November 2001.

Points for decision: Paragraph 6;
                           Paragraph 7.

INTERNATIONAL LABOUR ORGANIZATION

Think Tank on the Impact of the 11 September Events for Civil Aviation	Geneva 29-30 October 2001

Report of the discussion

Introduction

In her introductory remarks, Ms. Sally Paxton, Executive Director of the ILO's Social Dialogue Sector, noted that civil aviation had been particularly hard hit by the events of 11 September. The ILO estimated that there was a 74 per cent drop in demand in the United States in the first four days, with upwards of 200,000 announced job reductions among airlines alone in the immediate future. Similar effects in the tourism industry had been examined at an informal meeting organized by the ILO on 25-26 October 2001. It was hoped that the present Meeting would work towards concrete solutions to lessen the social and employment impact of the events, as well as help the ILO better prepare for the now renamed Tripartite Meeting on Civil Aviation: Social and Safety Consequences of the Crisis Subsequent to 11 September 2001, to be held in Geneva on 21-25 January 2002. Two papers had been prepared as a preliminary basis for the informal exchanges and, together with participants' knowledge and further work, these should help the ILO update its report for the January meeting.

The Chairperson of the Meeting, Mr. Jean-Jacques Elmiger, Ambassador, representative of the Government of Switzerland, began by remembering the victims of the 11 September events, who came from more than 60 different countries, but especially the United States. The ILO was to be complimented for responding rapidly to the events by organizing two meetings on economic sectors which had been particularly hard hit – tourism and civil aviation. Drawing on the experience of the first meeting, the present Meeting had as its objectives helping to define the ILO's role in managing the social impact of the crisis, and arriving at recommendations which would enhance the preparation and outcomes of the January 2002 meeting on civil aviation. Concrete solutions to problems would be especially welcome to help define the ILO's response to a crisis which affected developed countries most severely.

Background documents and general discussion

The summary of the briefing paper prepared for the Meeting by Mr. Peter Morrell and Dr. Fariba Alamdari made the following points with regard to the immediate consequences of 11 September, using available statistics and published data:

– the impact was worse than that during and after the Gulf War, which also came at a time of economic downturn and was linked to a heightened fear of flying by the travelling public; it would probably take 18 to 24 months for the industry to recover;

– the crisis had accelerated failures and restructuring which had already begun as a result of the economic downturn;

– the impact differed from one region to another: effects had been most severe on United States domestic traffic and transatlantic routes, as well as traffic to and from Europe; Asia and the Pacific and intra-European travel had been less severely affected;

– the consequences included very rapid capacity reductions as airlines grounded planes, and corresponding job losses (currently announced reductions did not necessarily reflect the final total), pay cuts and reduced hours for workers (especially in North America) or hiring freezes, voluntary retirement and overtime bans (in some European countries); one airline had begun discussions on work sharing;

– social dialogue could be a means of reducing conflict and managing the crisis; trade unions had a realistic approach to the crisis and had adjusted negotiating positions, with greater cooperation expected notably between unions and airline management; however, any short-term concessions would be subject to recuperation by unions once the industry's recovery began;

– governments had already taken action to ensure continued insurance cover and to increase security; some had also provided cash and loan guarantees, subject to certain conditions (United States), assisted with slot retention and restructuring in cases of imminent bankruptcy (Europe), or stepped in to save a national carrier (New Zealand).

Professor Peter Turnbull, Cardiff University, confirmed that the cyclical nature of demand and revenue versus the fixed costs of airlines, especially labour costs, had conditioned airlines' responses to similar downturns in the past in the following ways:

– immediate capacity reductions;

– an "unsynchronized" response between capacity and employment, namely a reluctance to maintain or restore employment and material benefits and a desire to reorganize work in anticipation of further downturns, often at times when employees' expectations had increased, thereby exacerbating potential conflict; and

– in labour relations, a greater willingness by management to share information.

Developing a strategic framework in response to the current crisis would need to proceed at three levels, involving the social partners as important players:

– *company level*: looking at innovative approaches to employment and reducing other costs where conventional downsizing was not appropriate and where employee morale in a highly intensive service industry was critical; using the occasion to develop social dialogue as a tool to manage the crisis, an example being the recently concluded British Midlands agreement with its pilots;

– *national level*: government interventions to support all components of the industry – airlines and related enterprises (catering, suppliers, etc.) – and reduce the impact on local economies, especially as many of these jobs were of higher quality than alternative employment for workers, particularly minorities and women; and

– *international level*: greater development of social dialogue on social and labour issues (since safety and security were already covered by the International Civil Aviation

Organization – ICAO) and on competition issues arising from government subsidies; more research was needed on both sets.

In the general discussion that followed, participants welcomed the rapid ILO initiative to organize the Meeting as beneficial for ILO action to deal with the social and labour impact in the aftermath of the 11 September events, including preparation of the January 2002 meeting on civil aviation.

Participants noted the high quality of the briefing paper and note for information which had been prepared in a short time, although they pointed out a number of omissions and corrections. Among these were the fact that the reports did not reflect the restructuring that had already been under way before 11 September (fragmentation of jobs and services and their concentration in increasingly larger multinational companies), or more recent airline decisions related to the economic downturn, nor did they take account of the importance of technological change. Some information needed to be more precise: the number of aircraft grounded, the bargaining position of unions or the numbers of workers they represented in certain countries (specific examples were cited for Lufthansa in Germany and Air France in France).

Key points for discussion

Impact of the crisis

In order to understand the full impact of the crisis, the civil aviation industry needed to be looked at from three standpoints:

– ownership (who owns what, whether foreign ownership is permitted, and how this affects the industry);

– operations (who operates what, and whether operations are public or private, the effect of competition, and whether services are provided on an in-house basis or outsourced); and

– regulations and their scope (who regulates what – including profit making – and how social and labour issues are regulated).

It was recognized that the impact on the industry went far beyond a few categories of personnel such as cockpit and cabin crew, but affected ground maintenance, check-in, catering and other staff. The consequences also extended beyond civil aviation itself, with backward and forward linkages to the air transport industry as a whole, including manufacturers of aircraft and engines, air traffic management, service providers, suppliers, etc. A representative of airport authorities noted that airports were not yet facing job losses, but their economic difficulties were mounting as passenger and cargo revenue declined; hubs serving international routes and, especially, small airports faced the biggest challenges, and examples were cited of revenue losses, extra security costs and credit shortfalls around the world.

The segmentation of the industry by region, within regions and by categories also needed to be considered. The United States in North America and Ireland in Europe had been the most severely affected. Long-haul carriers operating on certain routes had been hit harder, whereas certain regional carriers in Europe needed no support to continue operations. In Asia, governments often chose privatization for their medium-sized companies when facing economic difficulties. The effort undertaken in the last few years

to find private investors and restructure had now been imperilled by the 11 September events, and a shrinking of the market was expected, with consequent effects on workers.

All the participants agreed that the industry had already been experiencing economic problems prior to 11 September 2001. Some felt that the events were being used to justify immediate implementation of restructuring that had already been planned. It was clear, nevertheless, that the terrorist attacks had sent the industry plummeting in a downward spiral, under wartime conditions, which was difficult to control or to stop. The current crisis situation was unique and unprecedented.

In response to the crisis, airlines (Lufthansa was cited as an example) were already trying to project future demand among different categories, at the same time as they faced other challenges such as tightening credit availability for future investments.

Employment, incomes and social safety nets

There were many examples of announced lay-offs, and some reductions in wages or hours worked, based on currently available figures. These figures were changing every day, and the participants agreed that it was too soon to know the full extent of the crisis. For example, the International Air Transport Association (IATA) figures were considered low estimates because they did not fully take into account the impact on industry or industry-related staff beyond those directly employed by airlines. Examples of schemes to mitigate the situation were also given, such as a recent agreement between British Midlands and the pilots' association to preserve employment and important human resources.

The industry was characterized by a segmented labour relations framework, with a series of separate agreements covering flight crews, cabin crews, ground handlers, customer service agents, screeners and service providers such as air traffic controllers. This fragmentation could be an underlying source of problems. For example, although companies providing security paid low wages and experienced high staff turnover, they did not deliberately do this to compromise security, but because competition and the financial parameters under which they operated forced them to keep costs down.

Worker representatives pointed out that casualization of work led to low-quality personnel in very sensitive jobs. Moreover, the loss of employment in developing countries which had few or no social safety nets meant a dramatic descent into poverty for industry workers. These phenomena argued for a slowdown in the rush towards total privatization rooted in an extreme form of globalized capitalism.

Air traffic management

Air traffic management (ATM) was recognized as an important service, often operating under special circumstances. Regulation prevented ATM providers from making a profit, leaving them without financial reserves to weather the crisis. They were especially susceptible to calls for cost reductions. Whereas radar and associated equipment accounted for some 35 per cent of navigational costs, personnel costs made up the rest, and it was often here that savings were realized when there was pressure to cut costs. Air traffic controllers needed continuous training and new equipment; without them, all fleets would be grounded.

Human factors

Human factors were recognized as being significant – and worthy of special mention here – but this was in fact a cross-cutting issue affecting all other items. An industry was only as good as its final linchpin, in this case the people who were the daily practitioners at all levels. A clearer understanding of how people reacted in different circumstances was needed.

Technology and investments

New technologies were the driving forces for change in employment and the organization of work. Yet the drop in revenue and credit meant that airline companies, airport authorities and air navigation operators faced a dilemma over future investments which would be needed in anticipation of returning demand once the crisis had passed.

Industry restructuring, including partnerships/global alliances

On the one hand, alliances and code-sharing reflected a market response to an economic reality. Some participants felt that the airline industry would follow the automobile industry (where half a dozen companies accounted for the majority of production). However, because of the quasi-regulated nature of the industry, what would appear to be merger or acquisition involving two independent companies (e.g. a hypothetical takeover of one major national airline by another) would impact on the existing bilateral agreement between those countries, requiring its renegotiation. Nevertheless, even if there were going to be fewer airline companies, each airport and its ground staff would remain independent entities.

Insurance premiums

Requirements for insurance premiums were also considered to be an important aspect which had unanticipated consequences. For example, the cancellation of war risk insurance would have meant the shutdown of the entire civil aviation industry if 61 governments had not come forward to assist the industry.

Strategic responses

Addressing economic, institutional and regulatory frameworks of the industry

The airline industry operated under special circumstances. On the one hand, it was in the process of being deregulated and being put on the same footing as other service providers, i.e. paying for itself without state aid, while at the same time certain aspects remained regulated. The events of 11 September had caught the industry in the midst of this reorganization, and this partially regulated state of affairs had made it more difficult to adopt appropriate and flexible responses. Specific examples were given: for instance, moves towards privatization of some airport authorities were now being put on hold.

In addressing institutional and regulatory arrangements, participants representing or knowledgeable about air navigation operations considered that the regulatory framework for this part of the industry was inflexible, allowing only cost recovery, not profit-making, and hindering the establishment of reserves to cover lean times. A representative of air

navigation service providers argued for greater liberalization of costs and financing in the market for air navigation services to allow operators the flexibility to respond to a situation such as this one. Other solutions were advocated by workers' representatives to deal with this inflexibility.

Assistance to enterprises

Participants noted a divergence between North America and Europe in the approach to industry subsidies to deal with the crisis. Whereas large subsidies had been extended to airlines in the United States to meet cash flow and restructuring needs, the European Commission supported such action only to cover the losses incurred during the shutdown of United States airspace.

Mitigating job and income loss and social safety nets

Both the briefing paper and the discussion pointed to some examples of either government intervention or negotiated agreements between the social partners to address the employment and income impact of the crisis on workers. Some companies had put all workers on a four-day week, with a fifth day being covered by unemployment benefit, instead of laying off 20 per cent of the workforce (Southwest Airlines in the United States was cited as an example of a company that had focused on protecting its human resources despite a reduction in capacity). One example of job-sharing was cited. Governments had extended or proposed extension of unemployment and health insurance benefits and, in some cases, provided grants for retraining. This was one area where the ILO could collect information on best practices for the January meeting.

Addressing safety and security

While the participants agreed that the safety record of the airline industry was second to none and that the events of 11 September were not due to mechanical failure, there was nevertheless scope for improvement. Even if no one had conceived of airplanes being transformed into weapons of mass destruction, the fact that four hijackings occurred simultaneously pointed to systemic weaknesses. The triennial ICAO Assembly held two weeks after the events had been dominated by the security question, as everyone realized that it was a global problem. As a result, an action plan had been adopted featuring an enhanced security and safety programme for member countries, proposals to finance additional security, and a November meeting of experts on security in preparation for the ministerial conference in 2002.

Some participants felt that there was too much reliance on machines and technology to provide for security, when these were in fact only tools to be used by managers and workers in ensuring security and ultimately safety. The need for a safety culture to permeate the entire industry was stressed (i.e. the human factor). Security checks were not uniform: in some cases crews were subjected to multiple security checks, while cargo handlers went unscreened.

While management often felt that security was a matter of definition and supervision with no room for other parties, the trade unions took the view that as trained professionals, workers had a responsibility in implementing safety, and should be consulted on this aspect. Up to 28,000 new jobs could be created in the United States if new security measures were introduced. Safety issues were intimately tied to labour conditions, as attested by the high staff turnover in airport security operations resulting from comparatively low wages and poor working conditions. Worker participants also pointed out that ambiguities concerning the legal jurisdiction applying to aircraft while flying

between countries left crews unprotected in cases of acts of violence against them, as well as other occupational safety and health issues and workplace rights such as maternity coverage. In Asia particularly, occupational discrimination against women crew members persisted: they had shorter contracts in comparison to men and were sometimes subject to dismissal if they married.

There was much support for the concept of "security without borders", and it was not so much a question of whether security enhancement was sustainable, but rather of whether the industry could afford not to enhance security. While the initial cost of improved security would probably be borne by States, in the future any additional cost would be passed onto the passenger.

Examples were also given of knowledge about safety and security being transmitted to other staff as a result of airlines forming an alliance.

Restoring passenger confidence

Restoring passengers' confidence in airline security, and hence their willingness to fly, was stressed by all participants as the most important factor to get the industry moving again. Examples were given of improved screening and the introduction of sky marshals. Certain airlines were providing discounted fares to attract passengers, but this was a short-term solution and distorted the market.

Training (competencies, licensing and certification)

The participants joined in a consensus that the industry needed a highly skilled workforce and a flexible skill set to cope with the current changes. The participants felt that there was a need to study and act on the basis of short- and long-term employment trends. Six months earlier this Meeting would have looked at a shortage of pilots and mechanics. Until recently, for instance, there had been problems with recruiting and retaining engineers, since they frequently moved to information technology (IT) sectors which competed with civil aviation for skilled workers. In addition, there were certain jobs that could be modified or restructured if there were more dialogue among the parties.

Unfortunately, during economic downturns there was a tendency to stop training as a savings measure, a practice which heavily mortgaged the future, and should be dissuaded at all costs. Properly trained staff in a number of the industry's job categories – air traffic control was cited as an example – required three to five years of training to do their job. In sum, training was critical to the human factor in a wide range of issues. It was a cross-cutting theme running through all of the Meeting's points for discussion. However, divergences were noted on some points; worker representatives, in particular, suggested the licensing of cabin crew, whereas management felt that existing recruitment and training were sufficient.

Sharing best practices

The participants clearly felt a need to share information about best practices. For example, there had been repeated reference to the model of the four-day week, with the fifth day being covered by unemployment insurance benefits and used for safety training, thereby maintaining a workforce which would be available for future expansion.

A possible code of conduct/ILO global task force on employment and reemployment

Support for a code of conduct and an ILO employment task force for civil aviation came mainly from worker representatives, but the employers also recognized the need for common principles. The conclusions of the 1999 Symposium on the Social and Labour Consequences of Technological Developments, Deregulation and Privatization of Transport called upon the ILO to establish a standing tripartite strategy forum, under which a task force might meet. The present Meeting had provided the participants with an informal setting in which initial discussions could lead to a more permanent forum for social dialogue.

Social dialogue, governments and the social partners

Turning crisis into opportunity

While workers' representatives were aware that further consolidation would come, they warned against using the 11 September events to put forward and implement an agenda without fully consulting all the social partners. Some pointed to exemplary mechanisms at the European level as a model for development elsewhere, including an emergency meeting held on 12 October, at which the social partners in the civil aviation sector had issued a joint opinion, scheduled further meetings to deal with the crisis, and called for an ad hoc, high-level group meeting on security issues with workers' input. The briefing paper had noted moves toward renewed dialogue to deal with the crisis among Asian airlines such as Cathay Pacific.

They further pointed out that the European mechanisms underscored the lack of dialogue on security and other issues with all categories of workers, especially at international level, a deficiency which needed to be addressed. In some countries only pilots' or air traffic controllers' unions were consulted on safety issues, whereas organizations representing ground crew and other staff also had a prominent role to play. ICAO's statutes needed revisiting to become more inclusive with regard to consultations on security and safety. Institutional and regulatory difficulties in responding to the crisis could also be better resolved with social dialogue.

Representatives of aviation employers agreed with the basic premise that more social dialogue was desirable, especially on labour conditions, but took issue with anything but informal consultations on matters of security and safety. As mentioned earlier, in the final analysis these were issues for regulatory and operator decisions, and should not be confused at international level with legislated practices in European countries.

Public service function

There was considerable discussion on the public service versus private enterprise nature of the airline industry. Because the civil aviation industry was amorphous, it was difficult to draw the boundary between the public service aspect and the free market aspect of its operations. Some speakers were of the view that the industry should be run as a private enterprise, with the user paying for the service provided, while others felt that a "public service" component or "public interest function" should be recognized, even where airlines had to operate on a commercial basis. Island nations or those with far-flung offshore islands often needed to subsidize public transport.

With regard to the question of turning private sector screeners into civil servants, the solution was not to replace poorly paid and poorly motivated private workers with government employees, but rather to professionalize screening itself. While some companies were now paying a living wage as opposed to the minimum wage, in most cases it was still not a decent wage. Some airports (Copenhagen, Manchester) had upgraded their screeners to a "professional customer service team" to provide "security with a smile".

Building bridges with other international organizations

There was considerable discussion of the relationship between the respective roles of ICAO (which had overall responsibility for civil aviation in the United Nations system, especially with regard to safety standards) and the ILO (which looked at working conditions and occupational safety and health on a tripartite basis). Even though the ILO had not dealt with civil aviation for over ten years, it had a unique role to play. Consultations would be necessary to ensure that the work of the two organizations proceeded in a coherent manner. Several speakers stressed the need to liaise with ICAO in advance of the January 2002 meeting and to keep the upcoming ICAO ministerial conference in mind.

Role of the ILO

Advisory and standards activities

Worker participants suggested that the ILO could play a positive role by addressing specific labour-related issues such as the differential impact of the current crisis on women workers in the industry. It could also help the industry to look at the wider economic structure of civil aviation through focusing attention on the interrelated issues of labour conditions and security. Bearing in mind the respective roles of ICAO and the ILO noted above, there was agreement that the ILO had an important role internationally to foster greater use of social dialogue in addressing human resources issues and labour conditions, and that this was integral to an overall improvement of security.

Research and information

Throughout the meeting numerous suggestions were made on possible areas in which the ILO could carry out research. Worker participants emphasized particularly the need for future research to cover all categories of workers employed in the industry, not just airline personnel, to look at their roles in social dialogue (with Europe as the model for best practice) and to consider the impact of employment freezes. Suggestions were also made to cast the research net widely enough to encompass airports, air navigation services and other parts of the industry, and to research linkages via other industries such as the charter tour business, hotels and tourism. However, in view of the difficulty of collecting reliable data and the short amount of time available between now and the meeting scheduled for January 2002, a priority list was agreed upon, and is included in the Chairperson's summary below. Some representatives indicated their willingness to assist the ILO in collecting information through surveys of their affiliated members.

In response to a question about information availability, the ILO secretariat indicated that Web-based means of sharing information, such as electronic fact sheets and a bulletin board, would be explored in line with the emerging concept of a "one-stop window" for ILO sectoral activities.

Think Tank on the Impact of the 11 September
Events for Civil Aviation

Chairperson's summary

Government, Employer and Worker experts, as well as independent and industry experts from the civil aviation industry, attended the Think Tank on the Impact of the 11 September Events for Civil Aviation. The Think Tank was called by the Director-General of the International Labour Office on 29 and 30 October 2001 at ILO headquarters in Geneva, for two days of intense discussions on the impact the crisis was having on the industry. All comments made by the participants will be reflected in the report of the Meeting. In addition, the participants highlighted the following.

The impact

- The events of 11 September were unlike any other shock experienced by the industry to date. They have had a unique, unprecedented, devastating and immediate impact on all segments of the industry (airlines, air navigation service providers, airports, maintenance and catering providers, etc.), with unpredictable economic and social consequences. It is expected to take years for the industry to reach the same levels as before 11 September 2001.

- The crisis drew attention to the important contribution of civil aviation to both national and global economies. According to published data there is a close relation between world economic growth and air traffic growth. Civil aviation provides an essential economic infrastructure for all countries, particularly landlocked, island and other less developed countries and has a public interest dimension. Civil aviation is one of the most highly regulated industries and affords the safest mode of transport. Its product is perishable and airlines have no inventory. Demand for air transport is cyclical and labour accounts for a significant proportion of its total operating costs. Civil aviation provides both direct and indirect employment to a range of related sectors. One operational aircraft provides 150 to 250 direct jobs, and there is one additional indirect job for every direct airline job.

- The civil aviation industry was already experiencing economic difficulties before the 11 September events. It had been affected by the global economic downturn, first in the United States and then in other parts of the world. The dramatic drop in premium class passengers negatively affected the revenues of airlines. Business class accounts for 25 per cent of air travel traffic, but generates 40 per cent of revenues. The industry downturn has been sharply magnified by the 11 September events. The industry faces two problems: the "fear factor" and the loss of passenger confidence in airlines' ability to remain operational.

- There is no single aviation industry; thus, it is important to disaggregate and analyse the impacts. The impact is different for different regions of the world and for different segments of the industry. In North America, the United States and Canada have been hit hard, while Mexico was less severely affected. In Europe, long-haul traffic between Europe and the United States and the Middle East has also been affected; Ireland has suffered most owing to its geographical position. The impact on travel within Asia has been less severe. In general, low-cost and/or regional airlines appear to have been less severely affected by the crisis.

- No official data are available yet, but the information provided by the industry suggests that the impact on business and employment is severe; it will take months before the real employment impact can be ascertained. The air transport industry employs about 4 million persons worldwide, and initial figures indicate that more than 200,000 have lost their jobs or will in the immediate future. Employment is the only flexible component in the industry.

- The crisis will have an impact on all segments of the industry, on employment and incomes, on technology and investment, and on the restructuring of the industry, including partnerships and global alliances. Developments in the insurance industry – with less coverage and sharply increased premiums – also have a negative effect on civil aviation.

Strategic responses

The present crisis is global and therefore requires a global response. In addressing the crisis, the following operational measures are necessary:

(a) a review of the economic and regulatory framework for all segments of the industry – civil aviation is still one of the most highly regulated industries – that might prevent flexible solutions to overcome the crisis. The crisis also calls for renewed reflection on the "public interest" function and the regulation of air transport, irrespective of the ownership model;

(b) focusing on safety culture and the role of human factors to address safety and security issues, because highly trained and well-motivated staff leading to the professionalization of airport security can help to restore passenger confidence; recurrent training and retraining will play a very important role in this respect, including consideration of questions related to competencies, licensing and certification;

(c) technology and investment, notably in safety, can contribute to the improvement of safety and security and create new work opportunities;

(d) immediate action by governments, employers and workers is needed to mitigate the job and income losses and retain skills. The employment impact disproportionately affects women and ethnic minorities. The parties can share best practices on innovative responses to the crisis;

(e) closer collaboration between international organizations to deal in a coherent manner with the mid- and long-term effects of the crisis, respecting the mandates of the various organizations.

Role of social dialogue

The crisis provides an opportunity for the social partners to enhance and promote social dialogue.

Role of governments

Governments – each in their own way and with different views on the future of the industry – have played an important role in addressing the consequences of the 11 September events. They have taken measures such as direct support for the costs of grounding aircraft, loan guarantees, insurance coverage, extension of unemployment and health insurance coverage and grants for retraining.

Role of the social partners

Most social dialogue on the crisis will take place at the company level. The social partners are encouraged to explore new possibilities for information exchange, consultation and collective bargaining. In dealing with the crisis, alternatives to redundancies should be explored, including measures such as job-sharing, recruitment freezes, voluntary retirement, and reduction of or ban on overtime. There are also new opportunities and structures for social dialogue, for example the joint opinions issued by the European Sectoral Dialogue Committee on Civil Aviation.

Role of the ILO

The ILO should:

(1) collect information on best practices and innovative and socially responsible ways to respond to the crisis, and disseminate this information to its constituents;

(2) undertake studies on:

   (a) the differential impact at the regional, subregional and intraregional levels (differences in impact between and within regions), on various industry segments and various markets (differences in impact between sectors within civil aviation and between low-cost carriers and national flag carriers, scheduled and unscheduled flights);

   (b) the differential impact of the crisis on men and women and on minorities;

   (c) the impact of the crisis on the restructuring of the industry (how business plans have been affected or restructuring plans been modified, and the overall impact on the strategy of companies and/or alliances);

(3) consider setting up an ILO global task force on employment and re-employment in the industry;

(4) build bridges with relevant international organizations on addressing and managing the crisis;

(5) in its preparations for the January 2002 meeting:

   (a) include an analysis of the impact on all segments of the civil aviation industry in the broadest sense;

(b) extend participation to all relevant parties to ensure a comprehensive dialogue. The issues paper to be prepared by the Office for that Meeting could possibly be structured along the following lines:

(i) institutional and legal aspects;

(ii) management practice in the industry;

(iii) social impact.