



**European Metalworkers' Federation**  
**Managing Change in the European Aerospace**  
**Industry**  
**Final Draft Policy Document 28/10/02**

## **Introduction**

The EMF is of the opinion that industrial developments must give rise to dynamic employment policies in order to advance the construction of a social Europe and the improvement of the representation of workers' interests.

In order to accompany technological and industrial developments with a proactive employment and professional training policy the EMF demands a tripartite dialogue between the trade unions, the European Commission and employers. It is equally important to establish a social dialogue at the national, regional and local level.

In order to manage industrial change and restructuring it is necessary to develop employment policies that take account of the regional dimension.

The aerospace industry is a key and a significant contributor of earnings to the EU economy and at the forefront of technological and industrial change. This document sets out trade union concerns and policy issues that establish a platform for tripartite dialogue between the stakeholders in this important knowledge-driven industry.

## **1. Globalisation and Consolidation**

The aerospace industry has undergone a number of significant changes in the last decade; from a trade union perspective the most significant features of change have been the twin processes of globalisation and consolidation. Although the European aerospace industry still has a very valuable contribution to make to the European economy now and in the future, the environment in which it operates is and will continue to become more challenging.

The events of 11 September 2001 show that it is a sector prone to the behaviour of the airlines and in particular their customers and its future will depend on a relevant analysis of the type of response most likely to ensure restoration of security and confidence. That coupled with the main characteristics of the aerospace market in particular the high costs associated with its programmes and its long-term profitability and its increasing technological complexity.

These changes in the environment will lead to a need to highlight important issues to European governments and the Commission. Globalisation and consolidation lead inevitably to increased competitiveness and competition. It is therefore vitally important that the conditions facing EU aerospace companies allow them to compete equally and effectively in a global market. In the past, we have highlighted the overly fragmented nature of European industry.

The aerospace industry has been constantly evolving and globalisation has only intensified the pace of changes taking place. These changes will have a profound effect on the European aerospace industry. Experts believe that there is probably little scope for restructuring at prime contractor level, yet the implications of recent changes are massive for both the prime contractors and the supply chain. Large scale restructuring and consolidation is expected to heighten at supply chain level.

Accordingly, the primes tendency to refocus on their core business has led them to develop the concept of integrators of sub-systems, resulting in centres of excellence, which force equipment manufacturers and sub contractors to share risk on programmes.

It is imperative that EU governments support the aerospace industry in its quest to achieve high added value manufacturing through innovation, continuous improvement in productivity efficiencies. This should not be at the expense of the workforce, leading to more and more stressful working conditions.

The trade unions and the EMF will need to highlight the issues raised in this report to raise awareness with its key partners and strengthen its lobbying links in industry and government at all levels local, regional, national, and European.

## **2. Cyclical nature of the Aerospace Industry**

The cyclical nature of the aerospace industry in Europe is illustrated in the EMF sector analysis paper. This clearly shows the roller coaster effects of this cycle through the nineteen eighties and nineties. Both in turnover for example (approx. 37 billion Euro in 1980 to 62 billion in 1990 to 45 billion in 1995 and a rise to 66 billion in 1999.) also the employment figures (547,200 in 1980 to 558,400 in 1985 to 561,100 in 1990 to 386,700 in 1995 to 426,700 in 1999) However productivity as measured by ratio of employees to turnover steadily increased from 66,700 Euro in 1980 to 150,200 Euro in 1999.

The cyclical nature of the industry means that at peak production periods there are likely to be labour and skill shortages.

Conversely, when there is a downturn in orders employers tend to make employees redundant. The Commission should call on the governments within the E.U. to put in place mechanisms to assist employers and employees and introduce short-time working and retraining and re-skilling programmes as an alternative to redundancy.

Since 11<sup>th</sup> September those countries in the E.U with some forms of short-time working and training schemes have been able to mitigate the need to resort to large-scale job reductions.

This will enable them to respond more quickly to any upturn in the market having retained their workforce intact and having been able to utilize the period of downturn to retrain and reskill.

### **3. Reliance on Defence Expenditure and the effect of European Defence Policy.**

The EMF sector analysis highlights the dependence of the European aerospace industry on defence expenditure. Although dependence has fallen from a high of 67% in 1980, it still represents 32% of turnover.

Aerospace is the largest single segment of the European defence industry. Support for aerospace should therefore be an essential part of the proposal by the European Defence Industries Group (EDIG) to create a European Defence Equipment Market (EDEM) - a proposal that will provide a more open, transparent market within Europe to fulfil military material requirements. However, this should recognise the importance of utilising European sources of technology and production, in order to maintain European capability for total systems development, including platforms, engines and equipment, thus maximising employment prospects in the long term.

The major developments in the political situation throughout the world, particularly in Europe, and more recently in the war against terrorism, have changed the requirements for military operations. There is now much more focus on local interventions, involving joint operations, and the rapid deployment of forces. The recent conflicts in Bosnia and Kosovo have highlighted the need for improvements including: -

- More compatibility between command control and communications systems
- The real-time collection and distribution of intelligence information
- Greater availability of dedicated counter-air capability and support aircraft, including command and control electronic warfare
- An increase in strategic/tactical airlift capability including tanker aircraft
- The need for precision-guided all-weather capable systems

A strong industrial base is vital to support the development of a European defence and security policy (ESDP) and retain Europe's specialised

technological expertise and know-how rather than be reduced to relying on off-the-shelf purchases from America.

At European level, the main issues that need to be addressed by member states are: -

- Harmonisation of military requirements as key to the formation of the EDEM
- An integrated research and technology strategy to provide more co-ordination of research resources and activities
- The establishment of a European armaments agency with a specific procedure to give a European focus to complete the task of defence equipment acquisition and support
- New intra-community transfer arrangements to allow more rapid movement of military goods and services between EU countries
- A predictable and harmonised set of export control procedures

All the foregoing European defence issues will require the procurement of the following systems:

- Future Large/Transport Aircraft (A400M)
- Future Combat Air System
- Future Helicopters
- Euro-training for a common European future military aircraft training system. Recent experiences with space-based systems have shown the need for increased operational autonomy in observation and telecommunications systems.

Where Europe's defence is concerned, the major operators tend to regroup depending on their shared interests. The smaller countries do not want to be sidelined. A European defence sector cannot be achieved to the detriment of the small countries, which when taken together account for roughly one-third of military spending in Europe and thereby constitute an important market. All the European countries must be integrated in a shared vision of European defence, even if they do not all boast the same geo-strategic importance.

The European defence industry is the subject of a draft EMF Memorandum entitled: "Defence technology in Europe: political responsibility, industrial development, employment perspectives".

#### **4. Space Applications**

Satellites will continue to play a fundamental role in the development of the information society, complementing or substituting for ground-based infrastructure. Their well-known usage in increasingly sophisticated defence systems and their applications in civil transport systems will merely accentuate this. The EU's dependency on U.S. and Russian military systems is of concern, and it would be shortsighted not to plan European technological

advances that are so important from the research and economic viewpoint. In this respect, the European Space Agency must receive the full attention it deserves.

The EMF welcomes the recent announcement by the Commission and the European Space agency to proceed with the Galileo programme.

In addition to European expertise with regard to information and navigation systems, space launchers are also of prime interest to ensure the European Union's aerospace capacity and independence.

Europe has a major trump card in the Arian V Programme and optimum infrastructures to secure a favourable long-term position on the world space launcher market despite increased competition and the expected drop in the number of satellites to be put in orbit in the next decade.

Decisions must be taken to secure the required investments to ensure the future and the further development of launchers and Ariane in particular.

## **5. Safety and Security (after Sept 11<sup>th</sup>)**

Air travel is one of the safest means of transport. Over the past thirty years, the rate of incidents have reduced dramatically, however confidence in air travel has been shattered by the tragic events of September 11<sup>th</sup>.

There is a desperate need for governments and the airline industry to take action to restore confidence in air travel. Thousands of jobs are being lost on a daily basis worldwide in the wake of airlines deferring orders for new aircraft, and manufacturers rescheduling workload programmes.

The European aerospace industry supports the creation of a single European Aviation Safety Authority (EASA). Such an authority is urgently needed, to ensure continued improvement in the level of aviation safety, by concentrating the resources of national organisations in a unified whole. There is also a need to improve the infrastructure supporting airports to maximise security, reduce waiting times at airports and travelling time to airports. However, transport safety and security come at a considerable cost. Yet the strong competition prevailing in the sector is prompting producers to continually lower their costs and ask their subcontractors to do the same. The constant pressure to boost productivity is threatening to have a negative impact on security and checking procedures. So there will be some difficult choices to make and only the member states and European bodies will be able to act as arbitrators.

## **6. Environment**

The impact of aviation on the environment has been the subject of increasing attention in recent years. The next five to ten years will be an important period in the formulation of aviation environmental policy at both European and international levels.

Considerable progress has been made in the development of environmentally friendly technologies, for example, kerosene consumption by aircraft has been reduced by half over the last 40 years. However a further joint effort between policy-makers and industry is needed to cope with the continued growth in air travel. The industrial players must be pro-active if they are to avoid being caught unprepared for new environmental requirements and include them in their plans.

The constantly growing demand for air transport must take account and meet both local and global expectations. At the local level, the main issue is noise pollution in and around airports. An attempt must be made to reconcile the citizen and air transport by making a genuine effort to limit noise; consequently, the replacement of equipment that fails to meet the appropriate standards must remain a priority. At a more general level, the main issue is the debate on climate change and the greenhouse effect. Measures have to be taken in this respect at the global and/or European level, especially with respect to supporting substantial investment by the European aerospace industry in environmentally orientated research and development activities. Aviation is a global industry, and needs international policy to address its environmental impact. The European Union is urged to support ongoing activities of the International Civil Aviation Organisation (ICAO) in this area.

## **7. Employment Prospects**

Prior to the 11<sup>th</sup> Sept. the forecast for the European aerospace industry both in turnover and employment was very good. In the long term, the total turnover of the aerospace industry in Europe increases by 3% per year. The number of employees has recently remained relatively stable, with a significant increase in turnover per employee.

Employment in Europe; this sector directly employs more than 420,000 people in high quality jobs across all 15 EU member states, and also provides employment in other European countries.

Employment distribution: about 50% of all employees work for prime contractors or system integration companies. Turnover roughly follows the same pattern.

In the long run, the aeronautics market promises vigorous growth in view of the anticipated increase in air traffic and lower prices charged for passenger flights, but this trend remains conditional on the airlines ability to generate the resources required to acquire additional capacity.

This rising demand for air transport comes on top of the need to replace aircraft approaching the end of their useful life, i.e. aircraft which are either too old or not profitable enough (uncompetitive operating costs) or are no longer in keeping with developing environmental standards.

All the current long-term estimates (10 to 20 years) forecast growth in turnover for the aeronautics sector, especially in Europe. So there are real employment prospects, the trend of rising profitability that has been in evidence since 1994, with staff levels remaining relatively stable, whilst the level of turnover per employee has gone up considerably. Employers must recognise this contribution from their employees and commit to more investment to training and employee development.

According to the AECMA, the European Association of Manufacturers of Aeronautical Equipment, growth in the European aeronautics and space industry in 1999 and 2000 started to peter out after the record orders of previous years. This is largely due to the decline in activity in the space sector and in exports of military products. However, it also means that the construction of civil aircraft is also entering a downward phase of the regular cycle characterising the industrial and commercial aeronautics sector.

In addition to its long-term growth, the sector is proving highly sensitive to international political development and the impact, which that situation may have on air transport and the redefinition of military strategy. This was the case with the Gulf War in 1991 and it also looks like applying with respect to the events of September 11<sup>th</sup> 2001, which would appear to be accentuating and accelerating the downward phase of the cycle specific in aeronautics sector.

The immediate repercussions of the events of September 11<sup>th</sup>, which are certainly major (crisis in the air transport sector, cancellation or postponement of orders for aircraft, and the domino effects on the whole distribution chain), are affecting workloads and employment in the industry. Since 11<sup>th</sup> Sept 26,432 job losses have been announced in the European aerospace manufacturing industry. Any knock-on effects must not jeopardise the resumption of activities planned in the medium term. It would be wrong to start preaching doom and gloom by recalculating the dimensions of the entire industrial sector on the basis of a short-term phenomenon.

We have demonstrated the impact of the aeronautics industry's cyclical nature on employment and suggested ways to assist.

Some other major difficulties are emerging:

- Despite major needs, many recruitment difficulties remain. Apart from the economic problems associated with information technologies (engineers, software, networks and so forth), demographic and cultural factors are threatening to aggravate the existing structural shortages of skilled workshop professions. Moreover, the transfer of difficult professions to small subcontractors is giving rise to fresh demands from them. An extra, well-considered effort has to be made within Europe, where both in-house and external training are concerned, with the industrial stakeholders playing a more prominent role.
- Attempts must be made to consolidate jobs in the sector. The relocation to low-wage countries outside Europe of non-specialised tasks, their problematic repatriation when the bottom of a cycle is reached, the loss of know-how during restructuring and the departure of older workers which generates a need for reserves of qualified labour at a time when the economy is trying to get back on its feet again all highlight the need to think about a more consistent employment policy.
- A job quality problem: the transfer of problems to do with qualifications, flexibility, overheating and delays to subcontractors, who directly bear the brunt of market fluctuations, is resulting in a marked deterioration in working conditions.
- The increasing precariousness of jobs as a result of the steadily increasing presence of flexible and temporary workers: on-site subcontracting, fixed-term contracts, temporary work, and so forth.
- Stronger professional demands for versatility: taking on responsibilities, integrating quality control into the job, planning and certification.
- Training and re-skilling

The European aerospace industry is facing specific skill shortages in basic technical and generic skills. It is important that engineers working in aerospace benefit from high quality training affording them a sound foundation of engineering knowledge and understanding of fundamental engineering concepts. Continuing investment in apprentice training is clearly an important step in ensuring a pool of well-rounded skilled workers. Evidence suggests that the industry has in part returned to this traditional source of homegrown skills, building on this foundation and up skilling employees through continuous training and development. Which will enable industry to put in place new techniques and processes needed to reduce costs, add value and stay in business. This training and development will support the increased demand for technical, professional and managerial personnel, as a result of changes in work organisation and build on the demand for skill intensive, knowledge based occupations. All stakeholders must recognise that training and re-skilling is an investment in the future not a cost on the balance sheet.

The workforce is well placed to be a source of competitive advantage, which can be maximised through a mixture of the right support from industry, government, unions and the Commission.

## **8. Supply Chain**

The equipment sector represents over 27% of the value produced by the European aerospace industry.

The aerospace industry had a turnover of 65.5 billion Euro in 1999, and currently employs over 420,000 people directly with 1.2 million indirect employees. This core capability for air transport, defence and national security is dependent upon a healthy and innovative equipment supplier base.

The equipment sector is also the major employer of small and medium-sized enterprises (SMEs) in the aerospace industry supply chain. It is therefore vital that the particular issues concerning the equipment sector are addressed and understood by the EU and European Parliament. Prime contractors are actively consolidating their supply chain, and expect existing suppliers to take on higher levels of technical and financial risk.

The conditions imposed on them sometimes attain levels that jeopardise their very survival: non-reviewable prices, even in the event of difficulties or fluctuations in exchange rates or inflation. A gradual drop in prices over time, contributions to aircraft development costs and risks, in the event that a programme is aborted, very long payment deadlines, major penalties in the event of defects, and so on.

As prime contractors also become more vertically integrated, SMEs may find it more difficult to compete effectively. Therefore it is essential that the effective support mechanisms are made available to the supply and equipment sector, similar to the support mechanisms available to the primes for new product development.

## **9. Outsourcing**

Companies at both prime and first tier-level are increasingly resorting to outsourcing, which may account for the increase in the number of small businesses. The move to outsourcing, presents opportunities to the supply chain to respond to shifts in the activity away from manufacturing, towards system integration amongst both prime contractors and some first tier suppliers. However, it also presents a major threat.

We re-emphasised the growing precariousness of these small companies, whose survival is directly linked to the primes sourcing policy and market demands.

Transfer of production relocation, direct foreign investment:

The fact that a company decides to « manufacture » in another country or decides to invest abroad in order to produce a new item may correspond to a variety of logics and strategies:

- The search for profitability linked to different parameters of the country where you set up (labour costs and skills, energy, communications, taxation, etc.). Hence you see a shift in the areas used for relocation: North Africa, Central Europe, etc.
- The location of investments linked to the expansion of markets whether this be for example car production in South America followed by the arrival of their equipment suppliers in their geographical vicinity
- Transfer of technology and/or of manufacturing of elements as a condition for securing important markets (compensations in the aeronautics sector, railway transport, etc). The complex consequences of these various reasons for relocation, which are to be analysed, should lead the trade unions to appropriate proposals and action.

Our responsibility as trade unions is to question the company about its strategy and to indicate all that is not justified from our point of view whilst considering every aspect of the problem. Discussion and action with the workforce must enable us to go beyond a simple notice and information but aim at finding real solutions.

From a general point of view, let us note first of all that if one considers that when opening up company markets to the world there is a factor of development and of the growth of wealth of the developed countries. This is politically and economically legitimate for new consumer countries to develop, industrialise and produce. Our willingness to combat the inequalities that develop between the different regions of the world, to put an end to certain social, health and under-development situations means that we must refuse any kind of measures of a protectionist nature or the status quo.

All the same, company strategies and their behaviour in some countries are unacceptable. Regulation of world trade, accompanied by binding measures providing a framework for the market economy, that respects fundamental rights and environmental rights is one of the factors of sustainable development that takes workers' interests into account.

Today, the aeronautics industry has entered into a spiral where it is subject to international competition and to the search for cost-cutting. The sector was protected until now: « defence secrets", maintaining national expertise, manufacturing quality linked to safety, etc.

Henceforth, neither manufacturers nor Nation States feel there is any taboo on having aeronautics parts or even complete assemblies manufactured in Eastern European countries: Poland, the Czech Republic or Hungary. These countries currently offer a relative political and economic stability and the best combination of competitive factors: in particular, that they are close to the

European Union both as regards their geographical location and the time zone and have a good cost / productivity ratio with a labour force that acquired its expertise under the former "Eastern Bloc" production system. But other countries, North Africa, Asia, China, are also benefiting from production transfers. European aeronautics companies and their workforces are increasingly faced with this situation, which has a direct impact on employment.

Evidently, in our industrial aeronautics sector these relocations also pass unnoticed because of the favourable economic situation. Nevertheless, they do occur and are on the increase whereas we are entering a downward phase in the perpetual cycle of the functioning of our industry.

This is becoming a major problem and should be analysed by the EMF with a view to identifying concrete action by its affiliates.

## **10. Offsets**

Offsets are compensatory, reciprocal trade agreements for industrial goods and services, imposed as a condition of military related export sales and services, although they are also used in the purchase of civil aircraft. Offsets can be direct or indirect. Direct offsets involve compensation in related goods and often involve some form of co-production, lease or joint venture. Indirect offsets involve trade in goods and services that are unrelated to the products being sold.

Although defence offsets through industrial participation policy are thought, on balance to be of benefit to the aerospace industry, there are signs that the offset agreements with the US (the major source of inward offsets) are declining in importance. US companies have usually offered foreign competitors only local sub-contracts or offset. However, with the development of large-scale programmes, such as JSF, relationships are changing, as US companies are increasingly aware of the need to work with European partners if they are to expand. Under JSF agreements, there are no longer industrial offset programmes in which companies were guaranteed work equal to the value of their country's orders. Boeing and Lockheed-Martin have instead built teams featuring 'best in class' amongst suppliers, regardless of nationality. Therefore if inward offsets are too on the decline, trade unions should monitor any offsets to ensure that these are not outsourcing decisions in disguise.

Although this is a subject that is prone to new trends, it is nonetheless worth pointing out that the smaller European countries whose orders are more limited have, on occasion, found compensation agreements to be just the ticket when it comes to guaranteeing the survival of some of their companies, so they do not want to see them simply dispensed with.

## **11. Research and Technology**

State commitment in respect of R&D policy, particularly via the nationalised sector, over the past 50 years has enabled the development of a strong, competitive aeronautics industry with highly reliable high-tech products.

Since 1999 we are confronted with a new context where mergers, restructuring and above all privatisation have produced other challenges with less State involvement in particular.

Aerospace is at the forefront of high technology industries and has welcomed the Commission's initiatives to establish a European Research Area (ERA) and this will contribute to its long co-operation experience with this undertaking. Within this framework a key element of maintaining the industry competitiveness is the European Union Framework Programme (FP) for Research and Technology Development after the successful Aeronautics Key Action of FP5, FP6 is expected to develop along similar, strengthened principles of large coherent and widely co-operative projects with enhanced co-ordination with member states. The guidelines to build FP6 should be found in the vision established by Commissioner Philip Busquin's Group of Personalities and subsequent STAR 21 document detailing a scenario for future research. The EMF welcomes the fact that they are being consulted on this important initiative.

The European Union and the United States - the two major industrial bases for aerospace - operate their respective private-public partnerships in different ways. By looking at these differences objectively we can clarify the position in respect to the investment that both the US and EU countries receive into maintaining Research and Development within the industry.

Although we agree that research and innovation are decisive elements for guaranteeing the future, especially in a high-tech industry such as aerospace, we have a collective responsibility for closely monitoring its development in all areas.

European programmes are evidently of prime importance and must lead to concrete projects in areas that are decisive for the future such as:

The new programmes: SST, small launcher, European satellite navigation programme or more specific programmes: reducing aircraft noise and pollution, improving safety for both passengers and crew alike.

At the same time, it is necessary to show far greater political willingness in certain areas such as aerospace, where much still needs to be done and where Europe is beginning to lag considerably behind compared to the US, i.e. in the area of manned space flights. Furthermore, it is to be noted that an efficient research policy is often linked to the launching of new programmes.

Experience with regard to Concorde is undoubtedly a spearhead for the whole of the European aeronautics industry, with extremely positive repercussions for the Airbus programmes.

Overall research and development support in aerospace has a consistent US:EU ratio of around 3:1. On average, government-financed aerospace R&D activities, through all mechanisms, account for 32% of industry turnover in the US in comparison to 19% in the EU. Even though the percentage of funding decreased both in the US and the EU, the reduction has been greater in the EU, resulting in an increase in the gap between the US and the EU of a further 1%.

Sectoral R&D figures show substantial differences between the US and the EU. Average government support for aircraft R&D in the US is 2.8 times that in the EU, with a rising trend to 4.2 times in 1997. For missile R&D, the US:EU ratio in government support is 5.3:1 again with a rising trend to 6.3:1 by 1997. For space R&D, the US:EU ratio amounts to 4.4:1.

Funding priority between R&D and procurement is also different between the US and the EU governments. Even in times of budgetary stringency the US attaches a clear priority to maintaining technological capabilities (expressed in support for R&D) over procurement: support to the domestic aerospace industry though procurement decreased at a rate of around 7% per year, whereas support to R&D increased by 1% annually. In the EU, budget cuts have also led to reductions in support to the domestic aerospace industry through procurement of around 6% per year, but in addition support for R&D has decreased at a rate of over 3% per year.

Military aerospace equipment expenditure in the US, at 20% of the total government defence budget is higher than in the EU at 13%. However, funds for military aerospace equipment are declining, a common effect for both the US and the EU.

This is why industrialists must share responsibility for funding research and genuinely work on projects geared to the future without simply having their eyes riveted on immediate profit levels. Europe's commitment with regard to study of the future supersonic aeroplane must be given concrete form.

Research is an essential long-term investment both for the manufacture of quality products and ensuring that they are competitive vis-a-vis rival products. We all too often see industrialists utilise budgets to reduce production costs in order to increase their margins rather than invest in innovation and improving performance. Moreover, it is inconceivable that research budgets should be the first victims of the cyclical periods of crisis experienced by our industries, as is the case at present. This behaviour seriously curtails our future. It is through innovation in fact that our industries will overcome these crises more rapidly.

## **12. Government Support (Audit Trail)**

Governments play a major role in aerospace, as a customer, regulator and developer of technologies and markets.

Aerospace research and technology demonstration (R & TD):

A large amount of spending is financed by government procurement systems. Government influence also extends through launch investment and through its taxation, export and environmental policies. The future of the industry is clearly dependent on continued and growing support for R&D, yet we have seen that investments in research and technology are falling relative to our major competitor the U.S. This is reflected in the market place in the success in winning orders: 50% of the defence equipment bought by E.U governments is purchased from the U.S. The U.S. procures only 3% of their purchases from the EU.

Repayable launch investment and R&D tax credits for all aerospace companies is vital to help ensure a more attractive business environment for global investment. Support is necessary for the development and demonstration of new technologies. R&D will also enable the industry to develop technology and products in response to environmental concerns.

It is clear that the aerospace industry's technological lead must be upheld and supported through government assistance, in order to secure long term success and prevent the kind of 'hollowing out' i.e. loss of European strategic control over investments technology leadership and skill knowledge base that many trade union members fear is already underway. We believe that European trade unions need to consider pressing governments to establish much clearer 'audit trails' linked to the various forms of direct financial support and other commercial dealings with the industry and government procurements. These financial and commercial arrangements need to be accompanied by a system of monitoring or reporting, which clarifies whether and what European economic benefits flow from the monies invested. To try and ensure that EU countries maximise their share of any programmes developed with EU taxpayers' money.

## **13. Conclusions**

The European Metalworkers' Federation (EMF) attaches great importance to the major developments currently occurring in the aerospace sector and to the consequences they are having for the workers in the sector.

It is surprised by the lack of consideration shown by the European institutions responsible for the social dimension, qualitative and quantitative trends in employment and the impact of these sectoral changes on human resources.

Therefore European bodies considering aspects of the future of the aerospace sector, such as how to handle research topics, workforce skills or fresh European challenges like those taken up by the "STAR 21" group.

Therefore it would be consistent on the part of the European Union to invite **all** the stakeholders to sit down around the table when it takes initiatives with the future of a sector in mind. Consequently, the EMF intends to play an active role in any such considerations.

The EMF reiterates the key elements of its political platform:

- **A reinforced, balanced social dialogue** at the local, national and European levels must enable the social, industrial and political partners to prepare under the best possible circumstances for the inevitable changes that internationalisation and globalisation will bring.
- The specific features of the aerospace market call for **perfect awareness of the key role played by the governments** on the part of local, national and European decision-makers, both with respect to procurement and strategic choices and in research and development of technologies and markets.
- The need to establish common European policies on defence, security and the environment aimed at consistency, complementarity and synergies is becoming pressing and inevitable. The smallest European countries cannot be simply abandoned in these strategic considerations.
- The sector is creating numerous highly-qualified jobs in Europe. Current developments in the aerospace industry are giving rise to fears that jobs are being poorly managed in terms of time, that the shortage of qualifications will grow worse, that working conditions will continue to deteriorate, especially where sub contracting is concerned, and that some know-how will be lost because there will not be enough time to organise the transfer of such knowledge. **There needs to be a concentrated effort and commitment to lifelong learning**
- Spiralling competition at global level, both in the air transport sector and in the production of aircraft, the constant quest to force down cost prices and the high requirements of shareholders and financial markets with regard to the rate of return are having knock-on effects at all levels of the chain of production of aeronautical goods and services. However, they must under no circumstances make us lose sight of the fact that **the quest for innovation, the maintenance quality and the accentuation of security and consideration of the environment with a view to sustainable development and social ethics must remain our top priorities.**
- The drastic reduction in the number of jobs, their growing precariousness, the downward pressure on wages, the deterioration of working conditions, the insufficient investments in procurement and the retention of skills will never create optimal conditions for quality production. Therefore we must

ensure that these elements do not prevail in the future and we are expecting the industrial players and European bodies to guarantee that we are up to the task.

---