

SPECIAL SECTION

WHY YOU SHOULD THINK GLOBALLY



In the summer of 1952, Jo Stafford was at the top of the pop charts with “You Belong to Me.” The last verse of this dreamy, slow-dance pop ballad was, “Fly the ocean in a silver plane/Watch the jungle when it’s wet with rain/Just remember, ’til you’re home again,/ You belong to me.” 🌐 The “silver planes” spanning oceans and continents then were Boeing 377 Stratocruisers, Douglas DC-6s, and Lockheed Constellations—what would be the final generation of long-range, four-engine airliners pulled through the air by pistons and propellers. The jet age was right around the corner; the piston jobs would eventually slip away to the Third World, or the chop shop. 🌐 Today we live on a dramatically smaller, more populous planet, and many more airliners—built in, and bearing the registration numbers of, many more countries—ply the skies than when Jo Stafford was a household name. In many of those countries, airlines and governments are working overtime to get a foothold in the North American airline market. 🌐 Love is not the only powerfully motivating force that spans oceans; so, too, does the profit motive. When it comes to domestic (including regional), as well as international, flying, “you belong to me” is not a given. Your job is as much at risk of being relegated to the chop shop as any hard-working Connie ever was. 🌐 To help protect what’s yours, use the following pages as a gouge on the international issues that ALPA’s concerned about and working on for your benefit—and then get involved through your local and master executive councils to keep your flying your flying. 🌐

U.S.-EU Talks Produce Protocol to Amend Air Transport Agreement

By Capt. Paul Rice, ALPA First Vice-President



On March 25 the United States and the European Union (EU) initialed a protocol that would amend their 2007 ("first stage") air transport agreement (ATA). The two sides are now undertaking their internal government reviews of the protocol and hope to formally sign the document by the end of June. If the protocol is signed, the signing will mark the conclusion of the continued negotiations required under the first-stage agreement.

The 2007 ATA required the parties to continue to engage in "second stage" negotiations over a number of issues, including market liberalization, foreign investment opportunities, environmental and infrastructure access, access to government-financed travel ("Fly America" traffic), and the provision of aircraft with crew (i.e., wet leases). If the parties were not satisfied with the outcome of the negotiations on these issues after a period of time, they were entitled ultimately to suspend rights specified in the ATA. Announcement of the suspension could have taken place as early as the fourth quarter of this year, and the suspension itself could have been effective as early as the 2012 summer traffic season.

Possible changes to U.S. rules

Throughout the eight rounds of second-stage negotiations, the EU sought to have the U.S. commit to change its cabotage, wet-lease, and ownership and control rules. In large part because of the work of the AFL-CIO Transportation Trades unions, the U.S. government did not agree to make any of these changes, essentially leaving any possible future changes where they have always resided—within Congress. But the two sides did "commit to the shared goal of continuing to remove market access barriers...including enhancing the access of their airlines to global capital markets...."

They further agreed to a process for reviewing any developments with respect to this market liberalization and to possible change by the U.S. of its ownership and control rules. The Joint Committee, the body set up to monitor implementation of the agreement, will undertake this review and "shall develop a process of cooperation in this regard including recommendations to the parties." The suspension-of-rights provisions, including the schedule under which they could be exercised, would be deleted under the tentative amendments to the ATA. ►►

ALPA Views on the Agreement

"This is not a perfect agreement," said ALPA's president, Capt. John Prater, after reviewing the U.S.-EU agreement, "but it does meet several of our objectives. First, it establishes no obligation for the U.S. to change any of its laws, including those on cabotage, wet-lease, and foreign ownership. It also contains—for the first time in an air services agreement—an article that specifically addresses labor issues. The two sides have committed to a regular review of labor concerns that arise out of the agreement and have recognized that high labor standards are an important policy goal. Of course, we would always like more in any agreement."

Capt. Paul Rice, ALPA's first vice-president, agreed with this assessment. "The proposed agreement leaves the status quo in place for now," he noted. "We appreciate that the U.S. has made it clear that it has no intention of changing its cabotage laws, and this includes those that prohibit foreign carriers from being able to wet-lease aircraft to U.S. airlines over U.S. domestic routes.

"Also, we were able to have an open discussion with

the U.S. policymakers about our concerns, and they worked with us to try to address those concerns. There are definitely some areas of the agreement to which ALPA and airline labor in general will need to pay close attention in the months and years ahead—especially the process for reviewing developments with respect to possible market opening and changes in our ownership and control rules.

"Throughout these negotiations, we worked closely with our professional colleagues in the European Cockpit Association to attempt to advance common objectives," Rice continued. "The article on labor issues is a direct result of that cooperation. Similarly, we worked with the Transportation Trades Department of the AFL-CIO to try to ensure that U.S. labor is not harmed by, but benefits from, the final agreement. This cooperation will continue to be essential, as we will face continuing challenges if, as expected, the tentative amendments are finally agreed to and the agreement is implemented. I urge every ALPA member to stay informed about this process." 🔗

Canada-EU Agreement Protects Pilot Jobs

By **Capt. Dan Adamus (Jazz)**, President, ALPA Canada Board

On Dec. 18, 2009, Canada's Transport Minister, John Baird, signed a new air transport agreement with all 27 European Union (EU) member states—the largest, most comprehensive air services agreement Canada has ever negotiated. The agreement protects Canadian airline pilot jobs, which was the main goal of ALPA's Canada Board throughout the 2 years of negotiations in Brussels and Ottawa.

During the negotiations, the Canadian government allowed two labour unions to be observers; ALPA was one. Staff attorney Al Ogilvie, ALPA Legal and Government Affairs representative, and I represented the Association.

The Canada Board is generally supportive of the Canada-EU agreement. We've said all along that Canadian pilots need to fly any flights that carry Canadian domestic traffic.

When the agreement was first reached, the Europeans claimed they'd gained access to the Canadian domestic market. In fact, the agreement only grants European access to that market if the Canadian government changes the law on foreign cabotage—an unlikely scenario.

The agreement sets out four potential stages in which



GIDEON EWEIS

Capt. Dan Adamus

various changes in ownership and control laws are coupled with increased traffic rights for Canadian airlines. There was no obligation for Canada to move beyond the first stage, which was the status quo at the time the agreement was reached.

The agreement does, however, include language that, in the potential fourth and final stage, would permit foreign cabotage—but that would require an act of Parliament to change current Canadian law so that there is no limitation on the ownership and control of Canadian airlines by foreign investors. Our current minority government, which is conservative and supports free markets, however, has no appetite for foreign cabotage, and a more liberal government would be even less inclined to permit it. So there is some risk, but it's minimal, and we will continue to monitor the situation closely. 🌀

Labor issues recognized

The two sides also agreed to include a first-ever article on labor matters in the agreement. Collaboratively developed by ALPA and the European Cockpit Association (ECA) in conjunction with the EU and U.S. negotiators, this article states that the U.S. and EU “recognize the importance of the social dimension of the agreement and the benefits that arise when open markets are accompanied by high labour standards.”

The provision further states that the “opportunities created by the agreement are not intended to undermine labour standards or the labour-related rights and principles contained in the parties’ respective laws” and that there shall be “regular consideration” of the social effects of the agreement by the Joint Committee. In the Memorandum of Consultations (MOC) that accompanied the initialed protocol, the U.S. noted that “in the United States, the principle that allows for selection of a single representative for a defined class or craft of employees at an airline has helped promote rights for both airline and ground workers to organize themselves and to negotiate and enforce collective bargaining agreements.”

Environmental restrictions

The U.S. and EU also reached agreement with respect to the implementation of aircraft noise and other environmental restrictions. Included among these provisions is a requirement that a party that is considering proposing an environmental measure should evaluate possible adverse effects of the measure on the rights contained in the agreement and,

if the proposal is adopted, should take steps to mitigate any such adverse effects. When environmental measures are established, the standards set out in the ICAO annexes are to be followed except where differences have been filed.

The two sides also affirmed their commitment to the balanced-approach principle and agreed to provide an opportunity for interested parties to comment on proposed new mandatory noise-based operating restrictions at airports that have more than 50,000 civil aircraft movements per calendar year. The party implementing the restriction shall provide the other party with a report explaining the reasons for the new restriction, and the restrictions must meet certain specified standards of reasonableness. The U.S. and EU also agreed to undertake a wide range of cooperative efforts with respect to addressing the environmental effects of international aviation.

Reciprocal recognition

The parties further agreed that the regulatory authorities of one side would recognize the airline fitness and citizenship determinations made by the regulatory authorities of the other side. At the request of ALPA, the U.S. government included a provision in the MOC that the reciprocal recognition provision is not intended to modify the rules normally applied by one party in deciding whether to grant authorization to airlines of the other party to operate international air services under the agreement.

The United States also agreed to extend EU airlines’ access to Fly America traffic by allowing them to carry government contractor personnel. 🌀

IFALPA's 2010 Conference: Pilot Unity Reaching Global Proportions

By Capt. Chris Lynch (Continental) and Capt. Nick Di Cintio (Jazz)



Airline pilots confront the same challenges the world over. "It doesn't matter if I'm in Dhaka, Pretoria, Halifax, or Washington, D.C., everywhere pilots are facing demands by their airline managements to reduce costs, erode benefits, and reduce head counts," said Capt. Carlos Limon (Mexicana), president of the International Federation of Air Line Pilots' Associations (IFALPA). Limon addressed the 379 delegates and other attendees during the opening day of the 65th IFALPA Conference, held March 19–23 in Marrakesh, Morocco.

Limon emphasized that to combat these common challenges, the Federation is working through its Strategic Review Group (SRG2) to raise pilot education and training standards, promote the professional pilot image, and encourage labor representation throughout the international air transportation industry. "While we work for commercial competitors, we cannot afford to compete among ourselves," he said.

Different languages, same issues

Limon's words reflect an underlying theme in many of the Conference discussions and presentations—that pilots around the globe share the same concerns: unrealistic work rules, fatigue, antagonistic managements, threatened job security and outsourcing, pressures to do more for less, potential criminal liability regarding incidents and accidents, and more. Pilots can better influence and exert control over their profession when they cooperate with each other, both through their union and internationally. IFALPA provides the ideal forum to facilitate global pilot support and, during the 5-day summit, the Federation celebrated the many ways it continues to extend its reach and improve the lives of airline pilots everywhere.

IFALPA unanimously voted to elect Peru, specifically Sindicato de Pilotos de LAN Peru, to the Federation, growing its numbers to 105 member associations. During the Conference, IFALPA acknowledged its expanded membership in Brazil, as the National Syndicate of Aeronauts and the Associação dos Tripulantes da TAM reached an agreement to form an umbrella organization, the Brazilian Air Line Pilots' Association. In India, the Air Line Pilots' Association India now includes SWIP, which represents cockpit crewmembers from Jet Airways, and IWPA, which represents crewmembers from Kingfisher Airlines, in addition to the previous Federation member association, the Indian Pilots' Guild, which represents the pilots of Air India.

However, IFALPA also turned its sights inward to a long-time member now in need. The Federation unanimously voted to fully support Vereinigung Cockpit (VC), the union representing pilots who fly for Lufthansa AG and its subsidiaries. The Lufthansa pilots are fighting to secure job protections to ensure that their flying is not outsourced to other airlines whose crews work for lower pay. A contingent of ALPA members, including Continental and United pilots (the latter of which are currently confronting their own job outsourcing concerns), flew to Frankfurt, Germany, on February 22 to participate in Lufthansa pilot picketing (see "Labor News," April, page 36).

Safety is a central topic at any Federation Conference, and Capt. Georg Fongern (Lufthansa), executive vice-president for professional affairs, talked about the future of the global airline industry and the need to properly prepare its pilots. A worldwide pilot shortage is looming as younger generations are opting for other careers because of the cost of training, lack of job security, erosion in pay and benefits, and other concerns. Fongern noted that a fascination with flight and technology without reasonable pay and career stability will not attract the caliber of pilot candidates needed to sustain the global air travel industry.

"We have to look for the right set of skills that young men and women bring into the profession and ensure that they are the ones that will sustain them not just for their initial training, but for their whole career," he said. ►►



Capt. Paul Rice, ALPA's first vice-president, right, receives a standing ovation after completing his term as IFALPA's deputy president. Capt. Carlos Limon, IFALPA's president, is to his right.

Wykoff, Other ALPA Pilots Elected To Federation Positions

Capt. Don Wykoff (Delta), ALPA's executive administrator, was elected deputy president of the International Federation of Air Line Pilots' Associations (IFALPA) at its 65th Conference.

"I am honored to have the opportunity to continue to carry on ALPA's long-standing commitment to international leadership on aviation safety, security, and industrial relations issues," said Wykoff, who began his 2-year term on March 23. "Our industry is truly global, and the solution to many of the challenges we face lies in pilots working together across geopolitical borders to better our profession and enhance safety and security for our passengers and cargo."

ALPA has been deeply involved in international action to address many of the most pressing issues facing the airline industry today, including pilots' flight-time/duty-time limits and minimum rest requirements. Wykoff has led ALPA's work to combat pilot fatigue in the U.S. and Canada as the Association's Flight Time/Duty Time Committee chairman. He has also served on the IFALPA Flight Time Limitations Workgroup to address the issue in the international arena.

Wykoff serves as a member of the IFALPA Executive



Capt. Don Wykoff

Committee and IFALPA Executive Board, which are charged with implementing the organization's safety and industrial policies, and also oversees the IFALPA Accident Analysis and Prevention Committee, the Helicopters Committee, and the Legal Committee.

In other IFALPA officer elections, Capt. Dan Adamus (Jazz) was reelected executive vice-president of the North America (NAM) region, and Capt. Greg Wolfsheimer (Delta) was reelected the regional vice-president—U.S./Central Pacific.

F/O Mark Rogers (United), director of ALPA's Dangerous Goods Program, was reelected chairman of the IFALPA Dangerous Goods Committee. Capt. Robert "Rip" Torn (Delta), former chairman of ALPA's Air Traffic Services Group, is the new chairman of the Federation's Air Traffic Services Committee, and Capt. Rod Lypchuk (Jazz), the pilots' Master Executive Council vice-chairman, was reelected chair of IFALPA's Administration and Finance Committee.—*John Perkinson, Staff Writer*

Federation champion

In his final speech as the Federation's deputy president, Capt. Paul Rice, ALPA's first vice-president, bolstered Limon's call for pilot cooperation and unity across national borders, adding that we can't allow petty disagreements to divide us. "Individually, we will assuredly fail; but if we recognize that what makes us the same far outweighs the areas where we differ, we cannot lose.

"Management will expect you to be greedy because they are greedy, and they expect you to be like them. When you aren't, when you refuse to sell out your colleagues...that confuses them," said Rice, who highlighted this point with an example. Shortly after Lufthansa joined the Star Alliance, the United pilots made it clear that they would not interfere with a looming Lufthansa pilot job action.

"We took out an ad in the German press saying that in the event of a strike, we would not fly services normally flown by Lufthansa and, furthermore, we would not fly on routes where we competed with Lufthansa," he said.

Rice completed his 3-year term as IFALPA deputy president on March 23. He has extensive leadership experience with the Federation, serving as the current SRG2 chairman and past co-chair of the initial Strategic Review Group, former executive vice-president of the North American (NAM) region, and former IFALPA director of US-ALPA. He's also been a member of the Industrial, Legal, and Administrative and Finance Committees.

"It's been a great ride," said Rice, who spent much of his plenary presentation thanking the many pilots and staff members who helped him achieve all that has been accomplished during his tenure on the Executive Board. Capt. Don Wykoff (Delta), ALPA's executive administrator, was elected by the Federation's members to succeed Rice as IFALPA deputy president.

Recognized for helping others

Two of ALPA's staff members received Presidential Citations for their extraordinary work to advance Federation projects and initiatives, particularly in the industrial arena. Limon stated, "No industrial seminar would be complete without an analysis of the state of the world's airline industry nor an understanding of the value of costing out proposals, and we all know to brace ourselves for bad news if she is dressed in black," alluding to IFALPA's industrial advisor Ana McAhrn-Schulz, director of ALPA's Economic & Financial Analysis Department. Limon described her many accomplishments and the tremendous service she has provided to IFALPA, evaluating the state of the airline industry, the many challenges faced by members, and working with member associations in advising them how to deal with managements seeking concessions. She also has evaluated the global alliances and advised member associations on the importance of working together to avoid airline managements' "divide-and-conquer" approach. As a native Spanish speaker,

IFALPA Primer

The International Federation of Air Line Pilots' Associations (IFALPA) was created in April 1948 to provide a formal means for the world's airline pilots to interact with the International Civil Aviation Organization (ICAO), the global air transportation policy branch of the United Nations. The pilot associations that created the Federation (including ALPA) understood that the pilot perspective would be critical to the creation and practical adaptation of standards and recommended practices that ICAO institutes to regulate international air transportation. IFALPA is one of only two organizations that maintain permanent observer status with the ICAO Air Navigation Commission.

IFALPA represents more than 100,000 airline pilots in 105 member associations from around the world. The mission of the Federation is to be the global voice of professional pilots, to promote the highest level of aviation safety and security worldwide, and to provide services, support, and representation to all of its member associations.

The Association falls under the North American (NAM) region within the Federation. The NAM represents two member associations—US-ALPA and ALPA Canada—even though both groups are part of ALPA.—*John Perkinson, Staff Writer*

McAhron-Schulz has helped advise the many associations that lack the kind of resources ALPA has, both in their approach to analyses of company plans as well as costing of company proposals. She and Seth Rosen, along with Rick Brennan, the IFALPA professional affairs consultant, are instructors at an IFALPA-sponsored negotiations seminar that has successfully trained many member association leaders.

The second Presidential Citation was presented to Seth Rosen, another IFALPA industrial advisor and currently the director of ALPA's International Pilot Services Corporation. Rosen has most recently worked extensively in the field of airline labor relations, training and representing pilots and pilot groups around the globe. He also serves as a member of IFALPA's Strategic Review Group and the Presidential Work Group. In his acceptance speech, he spoke of the many challenges during his nearly 40 years of experience, and reminded the audience that the key to collective bargaining success is preparation and unity of purpose.

IFALPA also recognized the ALPA pilots of the foiled CanJet Flight 918 hijacking—Capt. James Murphy and F/O Glenn Johnson—by issuing them medals for their brave efforts on April 19, 2009, at Sangster International Airport near Montego Bay, Jamaica.

Murphy commented that the experience, while harrowing, revealed the extensive support network and resources available through the Federation, particularly the invaluable assistance provided by Jamaica ALPA's Capt. Eddie Miller in the hours and days that followed the event.

Part of something larger

ALPA's presence was evident throughout the Conference as ALPA pilots provided leadership and support in a broad range of capacities. Capt. Dan Adamus (Jazz), IFALPA executive vice-president of NAM and ALPA's Canada Board president, painted a picture of Canadian and U.S. pilots in the spotlight to a large, attentive audience during his annual report. He talked about the Colgan Air Flight 3407 accident, proposed cockpit video recorder legislation in the U.S., and other issues that have led to a heightened public awareness of the challenges of being an airline pilot.

"We need to use this pervasive interest, as the profession's subject matter experts, to put the pilot job back in its proper perspective," he said. "We need to remind the public and our governments that being a pilot is more than an overnight choice. It's a lifestyle decision that needs to be supported and fostered for the benefit of current and future national economies, air travelers, and others who gain from a healthy airline industry."

Other ALPA leaders shared center stage. Capts. Ray Gelinas (Jazz), Mark Seal (United), and Greg Wolfsheimer (Delta), regional vice-presidents, provided reports during the NAM meeting. In addition to their NAM responsibilities, Gelinas and Seal chaired safety-related Federation committee sessions. And, of course, we served as chief delegates for the NAM's two member Associations for ALPA Canada and US-ALPA.

On a more personal note

We've given you our take on some of the events at this year's Conference, and what it meant for ALPA to be there. The time we spent face to face with pilots from all over the world was crucial. In many cases, we fly the same aircraft and deal with many of the same daily issues so it makes perfect sense for us to communicate and work together in this kind of forum. However, we also need to continue to work with these same contacts between Conferences, to make sure that the decisions we make as ALPA and as individual master executive councils don't pit us against pilot groups from other parts of the world.

The camaraderie and the wealth of information shared at this kind of gathering remind us all that international cooperation among pilots is just as important as the solidarity we need to maintain within our own union. Together, we can accomplish great things.

Finally, we should note that the Moroccan Association of Airline Pilots (AMPL) is to be commended for the incredible job it did hosting this event. Next year's IFALPA Conference will be sponsored by the ThaiPA (Thai Pilots Association) in Chiang Mai, Thailand.—*ALPA staff writer John Perkinson contributed to this article* 🌐

ICAO Symposium Examines Next-Generation Airline Worker Policies

By John Perkinson, Staff Writer



Representatives from ALPA and other global air transportation organizations attended the Next Generation of Aviation Professionals Symposium on March 1–4 at the headquarters of the International Civil Aviation Organization (ICAO) in Montreal. The theme for this first-time event, “Looking Beyond the Economic Crisis: Mobilizing the Aviation Community to Recruit, Educate, Train, and Retain the Next Generation of Aviation Professionals,” highlighted the need to ensure that a sufficient number of competent pilots and other industry employees are available to maintain the safety and integrity of the future global air transportation system.

“We are entering a bold new world without sufficient training capacity worldwide,” said Roberto Kobeh González, president of the Council of ICAO, in his opening remarks to Symposium attendees. “If we do not address the quality-of-education issue, employment decisions will be based mainly on business forces, jobs will be filled by individuals with inadequate training, and safety will be at risk.”

ICAO notes that in the next 20 years, airlines will need to add 25,000 new airplanes to the current 17,000-plus airline fleet and that by 2026 the industry will need more than 350,000 pilots to fly them. In addition, 73 percent of the current U.S. air traffic controllers are eligible to retire between 2005 and 2015. The nearly 400 Symposium participants spent the 4 days examining policies and initiatives to assess the effectiveness of current training and education efforts and to consider ways to mobilize the aviation community to revitalize the image of air transport workers.

“Airline industry analysts have long predicted pilot and other industry personnel shortages during the coming decades,” said Capt. John Sluys (Alaska), chairman of ALPA’s Professional Development Group, who attended the event. “Last year, ICAO established the Next Generation of Aviation Professionals Task Force to develop initiatives to reach out to students of aviation disciplines and to look for ways to harmonize educational policies and training regulations.” ICAO established the Task Force in 2009, which consists of 29 representatives from the airline industry, educators, regulatory bodies, and various international organizations.

ALPA attended this special event through its affiliation with the International Federation of Air Line Pilots’ Associations (IFALPA), which holds a formal seat at ICAO and represents the voice and position of more than 100,000 airline pilots from around the world. Capt. Paul McCarthy

(Delta, Ret.), the IFALPA representative to ICAO, and Capt. Georg Fongern (Lufthansa), IFALPA executive vice-president—professional affairs, led the IFALPA delegation. Fongern also participated in a panel discussion titled “Pilots and Operations.”

Other ALPA representatives attending the conference with Sluys were Keith Hagy, director of ALPA’s Engineering



WILLIAM A. FORD

Capt. Paul McCarthy (Delta, Ret.), left, IFALPA’s representative to ICAO, along with Capt. Georg Fongern (Lufthansa), the IFALPA executive vice-president—professional affairs, led the IFALPA delegation to ICAO’s Next Generation of Aviation Professionals Symposium.

& Air Safety Department, and Jerry Wright, manager of safety and security for the Department. While there, the IFALPA and ALPA reps met with students from collegiate aviation programs to discuss the role of labor in the airline industry. They also talked about the contributions ALPA and IFALPA have made to improve the wages and working conditions of airline pilots as well as the safety and security of airline travel.

ICAO, an agency of the United Nations, was established as the first international entity to set safety standards and regulations for the global air transportation system. Fifty-two participating states (countries) signed the Convention on International Civil Aviation in November 1944, making ICAO a permanent fixture. Today, the Organization serves as an instrument for civil aviation cooperation, issuing standards and recommended practices (SARPs) to provide guidance for airline, airport, and air traffic management operations around the world.

SARPs regarding the licensing of flightcrew members, air traffic controllers, flight dispatchers, and other air transportation professionals are outlined in Annex 1 to the Convention on International Civil Air Travel. According to ICAO, “The human being is the vital link in the chain of aircraft operations but is also by nature the most flexible and variable. Proper training is necessary so as to minimize human error and provide able, skillful, proficient, and competent personnel.”

Putting the 'I' in ALPA

ALPA's influence extends far beyond North America to protect members' jobs and quality of life

By F/O Ron Abel (United), Member, ALPA International Affairs Committee



It's often said, "There's no 'I' in 'team.'" At ALPA, your "team" as an airline pilot, there is an "I": The fifth word in ALPA's name is "International"—a word that's gaining more significance every day.

The Association is an international organization in several ways:

First, the union is the collective bargaining representative for nearly 53,000 pilots at 38 airlines in the United States and Canada. As such, ALPA advocates internationally (as well as nationally) for safety, security, legal, and legislative changes in the interest of its members and the traveling public through such important organizations as the International Federation of Air Line Pilots' Associations (IFALPA) and the International Civil Aviation Organization (ICAO) (see pages 17 and 20).

Second, ALPA plays a key role in making sure pilots' voices are heard in U.S. and Canadian government negotiations with other nations to develop air services agreements (see pages 9 and 15) that directly affect who will be doing what flying in the years to come.

Third, ALPA pilots are very involved in two of the three global *pilot* alliances (see "Why Global Pilot Alliances?" page 23) that were created several years ago in anticipation of the airlines' development of global *airline* alliances (see "Why Global Airline Alliances?" page 22).

Fourth, ALPA's International Affairs Committee (IAC), of which I am a member, is active on several fronts that have implications for the airlines we fly for and for all airline pilots.

Continental changes alliances

One of the biggest changes among global airline alliances during the last year was Continental's move from SkyTeam to Star Alliance in late October 2009. The move has led to substantial changes in the global pilot alliances, too.

Capt. Chris Lynch (Continental), a member of the IAC, says, "From the *airline's* perspective, SkyTeam and Star are fairly similar. But Star is the oldest alliance, so it has moved farther ahead in certain areas—especially in terminal relocation at major hubs so all the members are in the same terminal. And the Star Alliance actually has a livery—a requirement for joining Star is to paint part of your fleet in the Star colors."

From the Continental *pilots'* perspective, however, their employer's switch to Star, which moved them from the SkyTeam Pilots Association (SPA) to the Associations of Star Alliance Pilots (ASAP), put them in their third pilot group alliance. "We started with Wings and the Northwest pilots in

1998," Lynch recalls, "before Wings merged into SkyTeam.

"SPA was a smaller, more cohesive pilot alliance than ASAP (SPA had only nine union pilot groups, including Continental), so it was a little easier to manage on the industrial side than ASAP," Lynch remembers. "But we've seen big changes recently within ASAP. For example, United and Continental pilots joined a rally recently in Frankfurt in support of the Lufthansa pilots—and Swiss and Austrian pilots were there, too. On April 12, we had United, Continental, and Delta pilots—and other ASAP pilots as well—at a second rally in Frankfurt supporting the Lufthansa pilots' efforts to obtain the contract they deserve."

ASAP sharpens industrial focus

Lynch is right—in ASAP, we enjoy a good working relationship with Star management and individual airlines on safety issues, but we're also increasing our capacity to deal with industrial issues across the globe.

ASAP is made up of the leaders of the pilot unions and associations of the Star Alliance's 26 member airlines plus three prospective members whose managements have announced their intention to join Star. Star and ASAP collectively represent more than 50,000 pilots. Forty delegates from around the globe attended our semi-annual Executive Board meeting, which was held in mid-March in Marrakech, Morocco, a few days before the 65th IFALPA Conference.

Among the critical items discussed by the delegates at the ASAP meeting during working sessions was the status of bargaining at Lufthansa, TAP (the national airline of Portugal), and LOT (the Polish flag carrier), the possibility of pilots' tak-

ing industrial actions at those airlines, and the actions ASAP will take to demonstrate its complete support for the pilots at those airlines.

ASAP also held a meeting of its Industrial Committee, which consists of those member associations that are legally permitted to engage in, or have an interest in, industrial issues. The Committee adopted additional bylaws and



GIDEON EVERS

F/O Ron Abel (United) is a member of ALPA's International Affairs Committee.

Why Global Airline Alliances?

By **Ana McAhron-Schulz**, Director, ALPA Economic & Financial Analysis Department, and IFALPA Industrial Advisor

A major development in the globalization of the airline industry has been the emergence of three main global airline alliances. **Star Alliance** was born in 1997, **one-world** in 1998, and **SkyTeam** in 2000. These alliances now comprise more than half of global airline capacity, and nearly 60 percent of passengers travel on an alliance member airline.

The goal of alliances continues to be to provide the most comprehensive network to customers and to enhance revenue and profits for all members. For passengers, especially frequent fliers on international routes, airline alliances offer more destinations, better value, more rewards, smoother transfers, superior quality, greater support, and other customer services and benefits.

For the member airlines, the benefits are higher revenues, a certain level of cost savings, and the ability to attract passengers away from the other alliances and unaligned carriers. Sharing facilities (co-locating terminals and gates), developing common information technology systems, setting up joint ventures, leveraging combined purchasing power, and feeding passengers into the routes of each other have improved alliance members' revenue and profit-generating abilities significantly.

Today, these alliances continue efforts to recruit un-

aligned airlines in Latin America, Russia, Africa, and the Asia-Pacific region to provide better networks than their competition. Decisions to join alliances are based on contributions to the network, *not* airline size, and many emerging-market airlines must work to meet technology, safety, and infrastructure requirements before joining an alliance.

Looking at these intercontinental business arrangements and their consequences for ALPA members and other airline employees, we have seen two significant developments as the members of these alliances move toward greater cooperation. These are the development of joint ventures between airlines and granting antitrust immunity to cooperative arrangements, including joint ventures. Antitrust immunity allows airlines within the group to coordinate fares, schedules, marketing, and other operations. Joint ventures are even closer relationships whereby airlines within the joint venture agree to share revenue and/or profits on various routes regardless of which airline operates that route. We need to pay extra-close attention to these types of arrangements because without the necessary protections in our contracts, they could have a negative effect on flying opportunities for our members. (See "Pilots, Flight Attendants Picket to

a five-point strategic work plan for the coming year.

The ASAP Industrial Committee is committed to taking a leadership role in making certain that the interests of labor are adequately considered by each Star airline. It anticipates a wide range of activities during the next year to meet the various efforts of some airlines' managements that threaten to undermine the airline piloting profession, such as the United-Aer Lingus joint venture and Lufthansa outsourcing pilot jobs (see "Pilots, Flight Attendants Picket to Protest Outsourcing," page 6).

Capt. Robert Arnesen (SAS), ASAP chairman, notes, "It is critical that the pilots of Star act in concert to engage in lawful activities to meet the aggressive actions of the airlines that will negatively affect all of the pilots of ASAP. I am very pleased that significant progress in this area was made at this meeting."

The Continental Master Executive Council will host ASAP's next regular Executive Board meeting in New York City the first week in November.

SPA reaches out

Capt. Rick Dominguez (Delta), IAC chairman, is also active in SPA.

"The Delta Master Executive Council is hosting the next SPA meeting in Boston on May 11," Dominguez notes. "SPA is going to consider making changes to our bylaws so that we can include pilot representatives from countries in which pilots are forbidden by law from being in a union. China Southern, which has about 270 mainline aircraft, is a member of SkyTeam now, and Vietnam Airlines will join this summer; the pilots of these airlines don't have unions.

"Also, TAROM, the Romanian airline, will join SkyTeam

Why Global Pilot Alliances?

Paralleling the development of the big three global airline alliances are three global pilot alliances—the Associations of **Star Alliance Pilots (ASAP)**, created in 1997; the **oneworld Cockpit Crew Coalition (OCCC)**, which dates to 1998; and the **SkyTeam Pilots Association (SPA)**, formed in 2000, with the three members of the **Wings Pilot Coalition (KLM, Northwest, and Continental)** joining SPA in 2004.

These pilot alliances have the same basic goals and objectives—to promote and maintain the highest levels of safety; to promote and protect their members' interests, including providing mutual assistance; to work for a fair and equitable distribution of flying opportunities; and to share information. The three global pilot alliances have become more formalized, with signed protocols spelling out their purpose and how they work. They have officers, regular meetings, websites, and other means of communication.

These pilot alliances were formed as a result of airlines' establishing global alliances. However, two additional pilot alliances have been created. One is the **TUI Pilots' Alliance**, which represents the pilots of a group of mostly nonscheduled airlines flying throughout Europe and the Middle East. The other is the **Global Pilots Cargo Alliance**, which represents pilots within the DHL/Deutsche Post ownership group, including the pilots who fly for ASTAR. The goals of these two pilot alliances are similar to those of others except that they are more exposed to whipsawing, given their common ownership bonds.—*F/O Ron Abel (United)*

this summer as an associate member. TAROM's pilots do have a union, so we'll be reaching out to them."

Dominguez acknowledges, "The Continental pilots, in switching from SPA to ASAP, saw the need for ASAP to be more industrial. On the other hand, we in SPA want to be included in SkyTeam's safety, security, and quality assurance efforts. We need to get our nose in the tent on safety issues."

Fluent in English, Spanish, and Portuguese, Dominguez will attend the EU-Latin American Civil Aviation Summit, hosted by the European Commission and the Latin American Civil Aviation Commission, in Rio de Janeiro on May 24. Several items are on the agenda, including removing barriers to transport. "The phrase 'removing barriers to transport' raises red flags for us in ALPA and for our colleagues in South America," says Dominguez. "We'll work with our fellow pilots, as we did in Europe during the U.S.-EU negotiations, to ensure the best possible outcomes for our members and our profession in any 'open skies' or bilateral agreement."

Hiring overseas: No level playing field

Capt. Andrew Sallee (ASTAR) has been active in the Global Cargo Pilots Alliance, an international pilot group alliance created exclusively for pilots flying for members of the DHL network.

Sallee notes, "The organization did a lot to bring the pilots together, but DHL basically won't talk to us; their approach is one of 'divide and conquer.' [ALPA First Vice-President, Capt.] Paul Rice came to talk to us at one of our meetings. He urged us to not reinvent the wheel, because the IAC had already done a lot of this work."

A member of the IAC for about a year, Sallee unfortunately has brought another, deeply personal perspective to our Committee. Recently furloughed as ASTAR parked all its B-727s, Sallee has made us aware of another global asymmetry that ALPA members face.

"A number of foreign pilots came over here to the U.S. and got flying jobs recently," Sallee explains, "but it would be pretty hard for me to get a flying job in a lot of other countries."

The IAC has alerted ALPA's national officers to this imbalance and, with their support, is trying to find ways to level the playing field for our members who are furloughed and willing to take flying jobs out of their country.

Foreign domiciles

The other cargo pilot on the IAC is Capt. John Walsh (FedEx), who points out that passenger and cargo pilots share "much common ground, but how the issues manifest themselves differs—for example, in the U.S.-Japan open skies agreement, there are carveouts for cargo."

A big issue for FedEx pilots has been and continues to be foreign domiciles, Walsh reports. "We used to have a hub operation and domicile in Subic Bay, the Philippines. We now have a hub in Guangzhou, China, and an adjacent pilot domicile in Hong Kong. And we actually came very close to having a domicile in Paris recently. The company put out a bid on it, but rescinded it after some pilots had gone so far as to sell their homes.

"It is important to note," he continues, "that we have negotiated Letters of Agreement and scope language establishing how these foreign domiciles will work and that we operate under the rules of the Railway Labor Act. So that's the perspective that the FedEx pilots bring to the IAC—cargo's been there already."

Walsh concludes, "the bottom line is that some of these foreign business dealings offer not only an opportunity for growth, but also the opportunity for 'creative mischief.' The mischief we've seen recently involving the United-Aer Lingus joint venture is a prime example." 🌀

International Airline Industry Update

By Ana McAhron-Schulz, Director, ALPA Economic & Financial Analysis Department



In recent years, abnormal weather conditions have wreaked havoc across the globe, leading to heavy rains and snows, droughts, heat waves, and super cyclones, among other things, making it more and more difficult for weather forecasters to accurately predict the weather.

This same phenomenon is now occurring in another discipline as well. Trained and experienced financial analysts are diligently working to try to forecast the financial condition of the international aviation marketplace. Just as with the weather, the airline industry has been beset by violent storms, as well as viruses, volatile fuel prices, and terrorist attacks that have clouded the horizon, making it difficult to predict what will happen next.

However, initial indications suggest that the winds of change may be blowing smoother air toward the airline industry.

Terrorism, wars, economic recession, volatile fuel costs,

46 percent, passenger capacity was up 18.5 percent, and passenger traffic increased 26 percent throughout much of the decade—mostly as a result of new-entrant airlines and growing low-cost airlines. Cargo traffic was up 20.4 percent, while cargo capacity increased 17.5 percent over the same time period.

As the airline industry looks to the future, it must learn from the lessons of the last decade, i.e., that the global marketplace is affected by worldwide conditions, raising the risk that something will happen somewhere to affect international travel. All pilots will be affected, no matter who they work for or what and where they fly. Yet, signs of growth indicate that the industry will recover from the recession this year (see Chart 3).

Chart 4 depicts four traditional phases of the airline industry cycle: the recovery phase, the expansion phase, the contraction phase, and the trough phase—which would then move into a recovery phase. While many have argued

Chart 1: Though the Industry Is Expected to Post a Net Loss in 2010, the Results Are Expected to Be an Improvement from 2008 and 2009

Global Industry Net Profits (Losses) 2000 Actual—2010 Forecast



Source: IATA Financial Forecast (March 2010)

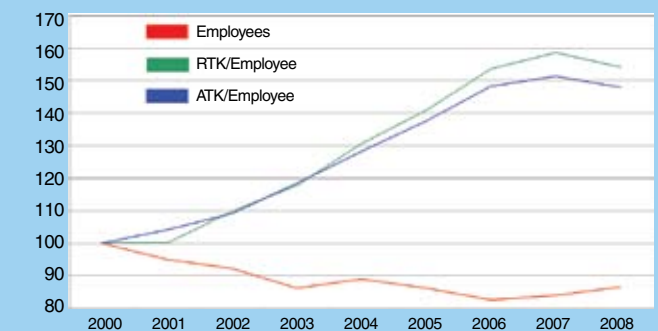
SARS, and H1N1 took a toll on the international airline industry this past decade. From 2000–2009, the industry posted an estimated \$46.6 billion pretax loss. The global airline industry was profitable only 3 years out of the decade—2000, 2006, and 2007 (see Chart 1).

As airlines struggled to regain their footing, massive restructuring altered their cost structure. Labor became the prime target of restructuring. Total airline employment fell by 11.9 percent from 1999 to 2008, while worker productivity increased significantly (see Chart 2). During the past decade, the volatile price of jet fuel overtook labor as the highest industry cost. Fuel costs have since declined but remain the leading industry cost.

Despite these challenges, industry revenue increased

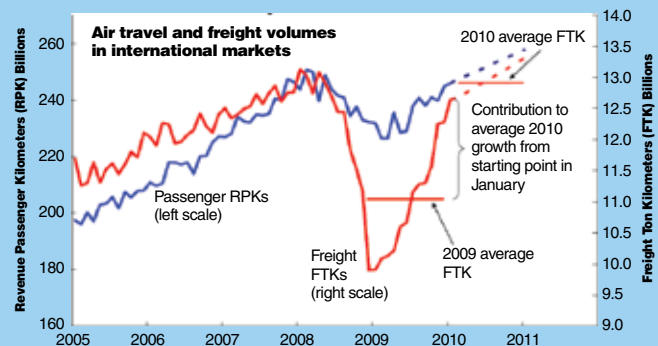
Chart 2: Over the Past Decade, Airline Employment Has Decreased While Productivity Has Increased

Employee Statistics, Index 200=100



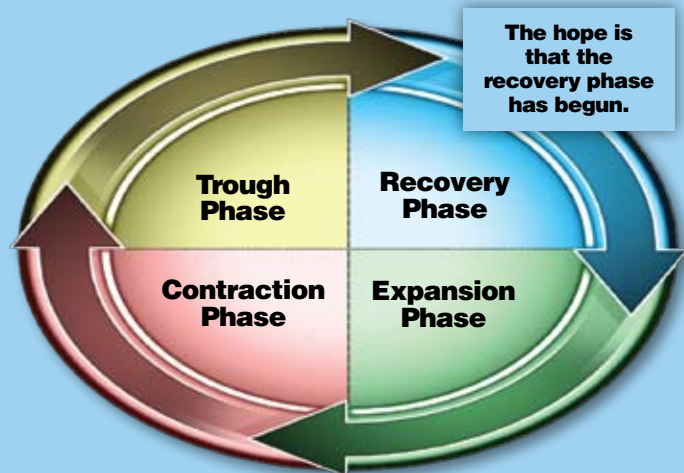
Source: IATA WATS 2009

Chart 3: Demand Showing Signs of Improvement



Source: IATA Financial Forecast (March 2010)

Chart 4: Four Phases of the Airline Cycle

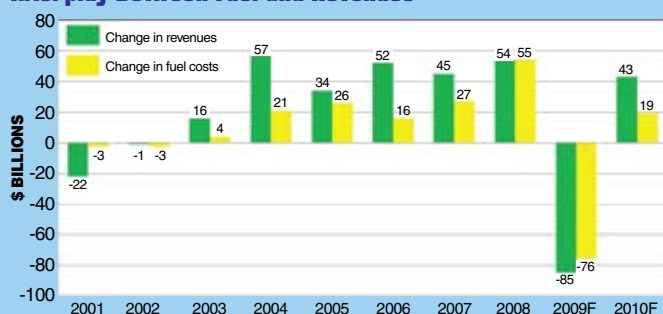


As the airline industry looks to the future, it must learn from the lessons of the last decade.... All pilots will be affected, no matter who they work for or what and where they fly. Yet, signs of growth indicate that the industry will recover from the recession this year.

growth was modest, and these trends appear to continue into the beginning of 2010. However, due to the sharp traffic declines in late 2008 and the first half of 2009, the International Air Transport Association (IATA) estimates that passenger markets lost more than 2 years of growth while air cargo markets lost 3 years of growth, which indicates that the industry will take several years to fully recover.

In 2009, weak demand for air travel overshadowed lower fuel costs. In 2010, the opposite is expected to occur—an improving economy will spur higher fuel costs, which will

Chart 5: In 2010 Results Will Depend on Interplay Between Fuel and Revenues



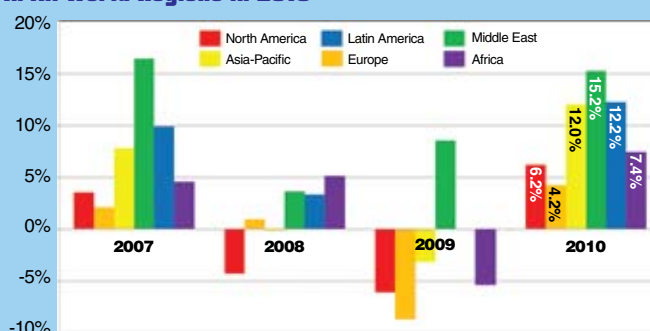
Source: IATA Financial Forecast (March 2010)

that the industry is no longer cyclical, ALPA's Economic & Financial Analysis Department analysts disagree. Some of the downturns and troughs are lasting longer than they have historically; however, we believe that the global airline industry is entering the recovery phase.

What emerging signs lead us to this conclusion? First, the global industry is forecast to lose roughly \$9.4 billion in 2009, an improvement over 2008 losses of \$15.9 billion. While an uneven and slow improvement is expected with continued losses through 2010, growth in traffic is expected to be concentrated in Asia, Latin America, and the Middle East. North America and Europe, however, still remain slow, but signs of increased demand and capacity discipline, along with more efficient operations, are expected to restore the industry to profitability.

Traffic improvements began in late 2009 while capacity

Chart 6: Traffic Expected to Recover in All World Regions in 2010



Source: IATA Financial Forecast (March 2010)

hopefully be offset by recovering demand and revenues (see Chart 5).

Both cargo and passenger revenues are expected to improve in 2010. Although the global airline industry is expected to post a net loss in 2010, the results are expected to be an improvement over 2009 (see Chart 6). Signs of recovery in cargo and passenger markets are appearing in most of the world's regions. Passenger revenue is expected to increase more than 7 percent with cargo revenue increasing more than 14 percent. Global traffic is expected to increase more than 7 percent in 2009. Premium traffic is returning, and fares are expected to increase leading to higher yields. As a result, IATA has revised its forecasts for 2010—from an earlier projection of an annual loss of more than \$5 billion to a \$2.8 billion loss. ►►

2009: A Rough Year for All Regions Of the World

The decade closed with what was likely one of the worst years, if not the worst, for the airline industry around the world. Every region was affected in some way—and very little improvement occurred. Fortunately, the airline industry is now showing signs of recovery around the world, and 2010 is expected to yield improved results with a likely return to profitability for the entire industry in 2011.

So how did the world's regions fare?

● **European airlines** are expected to post a loss of \$3.8 billion for 2009—down significantly from a slight profit of \$100 million in 2008. Both traffic and capacity were down more than 4 percent. In fact, the number of passengers on European airlines fell by 20 million in 2009 over 2008, the largest recorded annual traffic loss. Airlines responded by implementing major restructuring plans, which included capacity reductions and large reductions in labor costs in the form of job cuts, wage and pension reductions, and increased productivity and outsourcing. Airlines that experienced such massive restructurings include Aer Lingus, British Airways, CSA Czech Airlines, SAS, and Spanair. Despite restructuring, recovery will be slow in Europe, and current forecasts are for European airlines to record another loss in 2010 of approximately \$2 billion.

● **North American airlines** expect a loss of \$3.1 billion for 2009—an improvement over a loss of more than \$9 billion in 2008. North American airlines continued to focus on capacity discipline and enhancing revenues through ancillary charges throughout this past year. Traffic in 2009 was down almost 6 percent, and capacity was down almost 7 percent. Revenue trends began to improve in the late part of the year, led by international passenger revenue. Current forecasts are for U.S. airlines to see mainline industry revenue grow between 8 and 12 percent this year. The revenue trend, if it remains positive as seen in the first quarter, may result in a break-even year for the North American airline industry.

● **The Asia-Pacific airline industry**, which had experienced strong growth in the middle part of this decade, experienced its worst years in 2008 (losing \$5 billion) and 2009 (losing \$2.7 billion). In 2009, revenues in this region fell 20–25 percent due to the collapse in business travel and intense price competition. Both traffic and capacity were down more than 6 percent. However, Asia-Pacific airlines received a boost from government aid and bailouts. In fact, the bailouts continue into 2010 with approximately \$10 billion planned for Air India, China Eastern, Garuda Indonesia, Japan

Airlines, Malaysia Airlines, and Thai Airways.

Asia-Pacific airlines are expected to return to profitability this year with current forecasts at just short of \$1 billion.

● **Latin American airlines**, while not hit as hard by the global recession, were affected by H1N1 fears yet managed to post gains of \$800 million in 2009—an improvement over the \$1.2 billion losses in 2008. In this region, both traffic and capacity grew year over year. However, results varied by geographic area. Mexico's domestic market declined 11 percent in 2009 as a result of the H1N1 virus and the global recession.

Other markets, including Colombia and Brazil, experienced growth, and Copa, Gol, LAN, and TAM are expected to be profitable well into 2010.

● **Mideast airlines** continue to pursue dramatic route growth. In 2009, international passenger capacity was up more than 13 percent, and traffic grew 11 percent. These airlines are expected to post a loss of \$500 million for 2009 as capacity growth outpaced demand for air travel.

● **The African airline industry**, which is beset by a lack of infrastructure and financial capital, along with the effects of political upheaval, is expected to continue to post losses. South African Airways is expected to have a better year in 2010 with the boost from the 2010 World Cup. Traffic in this part of the world was down almost 7 percent, and capacity was down 3.3 percent in 2008. 🌐

