

# FROM LUFTHANSA TO RYANAIR: EU AIRLINES GET THINNER



The Coronavirus pandemic is having an immense impact on the world as we know it and the tourism industry is one of the sectors most struck by the crisis. EU airlines have been particularly affected and in the last couple of months, many of them have been taking necessary measures to save their business.

However, the strategies of airlines vary from country to country. Thus said, not all airlines are in the same situation and all of them have a context of their own based on many factors.

## Air France Cutting over 7,500 Jobs

Despite the approval of the 7 billion aid package (including loans with a state guarantee), Air France plans to cut a total of 7,580 jobs - including 1,000 at the subsidiary HOP! This is because, according to its own statement, **the airline is generating around 15 million euros in losses per day.**

The French airline does not expect demand to return to previous levels until 2024. Therefore, by 2022, 6,560 employees of the core company Air France will be forced out. This represents about 16% of the entire workforce. More than 3,500 departures are to take place naturally, i.e. without dismissal. At the regional subsidiary HOP! Based in Nantes, 1,020 jobs are to be cut over the next three years.

## Lufthansa Group Getting Thinner

As a result of the crisis, the Executive Board of Deutsche Lufthansa AG has adopted a second package of the restructuring program. The first package from the beginning of April, among other things, decided to reduce the fleet by 100 aircrafts and not to resume flight operation of Germanwings.

After the Lufthansa shareholders approved the stabilization measures of the German federal government and the commitments of the governments in Austria and Switzerland, the financing of the group was initially secured.

However, the full repayment of the government loans and deposits, including interest payments, will put an additional burden on the company in the coming years, making sustainable cost reductions inevitable.

The comprehensive restructuring program entitled "ReNew" is scheduled to run until December 2023. It also includes ongoing restructuring programs by the airlines and service companies of the group. As per the program, the number of executive positions across the group will be reduced by 20%, while the administration of Deutsche Lufthansa AG will be reduced by 1,000 people.

Other measures include the downsizing of the Executive Board of Deutsche Lufthansa AG, a cap of a maximum 80 new aircraft into the group's fleets up to 2023, as well as the swift repayment of government loans and deposits under the "RePay" module.

## **Thousands of Jobs at US Airlines Threatened**

EU airlines are not the only companies applying some saving measures. United Airlines recently warned its employees that 36,000 of them could face vacation or job cuts from October 1. Job cuts are currently not possible because the airline has received extensive support from the US government. However, the demand is not expected to recover in the foreseeable future.

The airline did not reveal how many of the 96,000 jobs could be cut. The company aims to have employees quit voluntarily.

## **Ryanair Planning to Save Hundreds of Jobs**

In contrast, Ryanair has found a different solution in these difficult times. Initially, the company wanted to cut around 3,000 jobs (15% of the workforce), but a compromise has now been found with the Unite union.

Specifically, the entire cabin crew must temporarily accept salary cuts over four years in order to remain in their position. This agreement is the result of Ryanair pilots advocating a cut in wages of up to 20% last week, so 260 of the 330 jobs at risk in this area can be saved.

According to Unite, employees who earn the least have to accept a temporary wage cut of 5%. For the top earners, the wage cut is 10% and the middle field has to give up 7.5% of their salary. The cuts will be reversed in two parts in 2023 and 2024. However, if the company reaches previous business levels, it will have to increase salaries again.

The airline does not state how many jobs were actually threatened. **The Unite union speaks of a total of 1,800 cabin crew jobs in the UK, which the agreement will maintain.** The airline was also praised for its constructive approach to dealing with the problem, unlike its competitors.

Date: 2020-07-13

Article link: <https://www.tourism-review.com/eu-airlines-announced-jobs-cuts-news11630>