



Harnessing Globalisation in Aviation

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- Speech delivered by Capt. Dirk Polloczek at the European Parliament, 11 Oct 2017 -

Hello, thank you for coming, and welcome!

Why are we here talking this evening about harnessing globalisation?

Because in aviation we have more globalisation than we know what to do with. But we have no harness!

What is that missing harness?

It is the normal concept of 'Establishment'. It is present in every other sector, and in law, and for no legal reason whatsoever, ignored in aviation. All because of how rules on the **Principle Place of Business** are applied in practice.

This is very helpful if you are one of those cowboy airlines in the video [\[link\]](#).

But how can we fix this? Easy. Just like a car manufacturer such as BMW opening a factory in Spain - just like a bank such as BNP Paribas opening a branch in Germany – when an airline opens a base outside of its home country, that base is an establishment. And it seems the law must be made clearer for people to understand that fact.

If you have a principal place of business, you must first have places of business, so that one of them can be called 'principal'.

The main strand of the harness we need, is for **those places of business to be treated properly, as establishments**. With all the rights and responsibilities that go with that in any other industry. Let me explain.

We must ensure that airline companies, wherever they are established, do respect consumers, employees and taxpayers of the country where they operate. I learned it is called **operating Glocal: global markets respecting local people**.

This is the model that Courts are pointing to. Apple, Amazon, Google were asked to pay taxes not only in friendly countries, but where the revenues are generated. In the same spirit, the Court of Justice recently ruled that **Ryanair employees are not to be considered Irish employees just because it's an Irish aircraft**.

It CEO needs still to digest this decision but it is clear: the home base of the crews, the place where they work from determines, which labour law applies to them.

The principle is the same: global market, respecting local people and local laws. Some airlines have difficulties to embrace this principle. **It is that principle of establishment**.

We need clear rules on opening bases or branches. This could have a number of benefits:

First, reducing letter box companies. Second, ensuring all workers working from the same place are all subject to the same legal framework. It is a way to limit social dumping and make sure local labour laws apply to the crews. Third, for taxpayers and consumers it will allow taxes to be paid in the country where the airline generates profit.

This will not be a silver bullet: Atypical employment will remain a subject of concern.

I'm an old Lufthansa pilot and you might think I am telling you stories.

My colleague – who will address you later – **will tell you how next gen pilots are. How the current set up makes them vulnerable as it makes consumers and authorities vulnerable too.** This is reality now in the liberalised EU internal market, where we have big differences in terms of employment. What would happen if this situation is allowed in a globalised industry where differences are even stronger? We would no longer be speaking about Latvia & Ireland, but about countries like Kenya & Thailand.

Before the damage to consumers, authorities and employees goes global, we need to develop a framework where airlines can be profitable, sustainable and – at the same time – socially responsible.

Setting a framework for permanent bases of airlines would be a good start. We also need to address precarious work and vulnerable atypical workers. You will have this chance in the coming months when looking at regulations on Air Services, Third Country Mandates and Fair competition with 3rd country carriers.

Globalisation is coming. We can't stop it. But YOU can harness it.