

# IAG European Works Council (EWC) newsletter

## IAG EWC MEETING – NOVEMBER 2018

Welcome to the inaugural EWC newsletter.

Your European works council reps met with senior IAG management during the final week of Nov to discuss Brexit, LEVEL and Norwegian amongst other issues.

The following newsletter gives a brief update on the type of issues your EWC representatives discuss with management on your behalf.

### Day 1.

Jonathan Bailey (Head of Government Affairs) briefed the EWC on actions the company has been taking to protect IAG and its employees in the event of a hard or soft Brexit.

### Day 2

Willie Walsh (CEO IAG) spent 2 hours answering questions from your reps with Vincent Hodder (CEO LEVEL) also in attendance.

## WHAT IS THE EWC?

European directives provide the right for European employees to establish a European Works Council which facilitates information and consultation on trans-national issues which affect employees. Every EEA country with an IAG employee is entitled to representation on the EWC. Countries with larger employee numbers are entitled to more than 1 representative.

To see the negotiated IAG EWC agreement and a complete list of EWC countries and your representatives please go to:

<https://ewc.iag.cloud/>





## DAY 1 – JONATHAN BAILEY (BREXIT)

### *HARD or SOFT Brexit contingencies in place.*

The EWC feel considerably more relaxed following the Brexit brief. When the merger of BA and IB formed IAG, national entities were created to protect each airline's traffic rights and these entities remain in place today.

There were 3 areas of concern with respect to Brexit and the aviation industry:

1. *Market access*
2. *Regulation*
3. *Ownership & Control*

#### **Market Access:**

In the event of NO deal, IAG have it in writing that IAG will continue to enjoy 3<sup>rd</sup> and 4<sup>th</sup> freedom traffic rights (the right to fly from A to B and B back to A within the EU).

While covered in a no deal outcome, it is expected that a comprehensive transport agreement will be in place that broadly matches today's rights.

#### **Regulation:**

EASA is currently prevented from talking with the CAA as the UK is not yet a country outside the EU. However, the UK have stated they will adopt EU rules into national legislation, which means they will recognize EASA pilot licenses. The UK are also prepared to pay any required dues and abide by the ECJ with respect to transport.

Outside the EU, the final touches are being made to deals with the US, Canada and Brazil and in bilateral agreements for elsewhere remain in place.

#### **Ownership and Control:**

Decisions on ownership are up to national regulators. The UK use principle place of business and the EU policy is under review. IAG were confident that they would meet any ownership & control requirements once they were made known.

*PLANES will continue to fly and enjoy the same rights we have today.*

#### **IAG EU citizens working in the UK and IAG UK citizens working/living in the EU.**

OpCos are analysing information about affected groups of employees and will be communicating with individuals early in 2019 with guidance as to any steps that may need to be taken. The UK and EU government guidance does not give cause for alarm.



## DAY 2 – WILLIE WALSH & VINCENT HODDER

### *Question TIME: CEO of IAG and LEVEL meet with the EWC*

IAG's CEO spent 2 hours answering questions put to him by the EWC. The following are some of the highlights.

#### **Business update**

Much of the business is exceeding expectations. Europe and N. America continue to grow and IAG will explore Asia routes where it makes sense. Fuel is always a challenge and the market has been volatile but recently the price has trended downward. Brexit is obviously an area which has also been challenging but IAG remain confident they are prepared.

#### **BA**

BA is a premium product and London is a premium market. We must be protective of that premium brand. New route to Osaka.

#### **Iberia**

IB has come through a big transformation. It is ideally placed in terms of product, and China to EU demand to take advantage of demand from

China. New routes to Tokyo and PVG.

#### **Aer Lingus**

Positive performance. Brand has a good perception in the USA. The airbus 321LR offers opportunity for new US routes based on the aircraft range. We expect to announce new routes soon.

#### **LEVEL**

LEVEL will consolidate in 2019 at its 3 existing airports (BCN, CDG, VIE). LEVEL targets a segment of the market not represented by our existing brands and aircraft configurations. LEVEL has shown great strength in the point to point market it has targeted. IAG employees should not worry about LEVEL targeting its premium brands.

#### **Norwegian**

IAG continue to hold a stake. No formal bid has been made but they continue to watch with interest. It is believed that

Norwegian will not survive or exist on its own in time.

#### **LGW**

BA have done a good job turning LGW around. 777 densification continues, has good customer scores, and offers a lower cost base which enables lower fares. The LGW "master plan" for runway expansion looks good and should not incur additional cost to airlines that operate there.

#### **Brexit**

IAG have no concerns over hard or soft Brexit with regard traffic rights, regulation or ownership & control rules. There will be no need to separate out BA or any OpCo from the business as you sometimes hear.

#### **IAG employee Share Scheme**

Willie Walsh responded positively when pushed about an all employee IAG share scheme, however, analysis has shown that employees tend to sell their shares and he would





want a scheme that is long-term and encourages employees to retain their shares. Some difficulties exist in finding a scheme that treats all employees in all countries equally.

### **Centralising of Jobs**

IAG have centralized the roles originally intended during the BA-IB merger. It should be relatively stable from now on.

### **Info**

French ATC strikes have impacted beyond France and complaints filed. IAG is taking legal action against the company responsible for the failure of the data centre.

