

# POLISH AEROSPACE INDUSTRY AIR PROJECT 2017



## INTRODUCTION

### **POLISH AEROSPACE AND DEFENSE INDUSTRY**

Poland has a 100-year history of aerospace and a tradition of aerospace industry dating back more than 80 years. Strong scientific, academic and engineering centres were of key importance to the development of this sector. After the period of transformation in Poland, increased **international** business cooperation and direct foreign investments contributed to its further development. Currently, the Polish aviation industry has a rich export offer of advanced aviation products.

There are over 200 aerospace and aerospace-related companies with annual sales of EUR 1,3 bln, and over 30 thousand employees in total operating in Poland.

The majority of these are small and medium-sized enterprises (SMEs), companies with foreign capital, and a small group of enterprises with minority state shareholding. Around 80% of aerospace plants are located in the south-eastern Poland in one of four aviation clusters.

Operating plants are specialized in the production of aircraft (agricultural, training, executive), helicopters, gliders, subassemblies (aluminium, composite, GRFP) and accessories. 90% of aviation production is exported to: USA, Italy, Canada, China, Ukraine, Australia, UK, France, Germany.

#### **Selected companies operating in the aerospace sector:**

<b>Company</b>	<b>City</b>	<b>Employment</b>
„Pratt & Wittney Rzeszów	Rzeszów	4000
WSK „PZL - Świdnik” / Augusta Westland	Świdnik	2900
Pratt & Whitney Kalisz	Kalisz	1400
Polskie Zakłady Lotnicze, Sikorsky a Lockheed Martin Company	Mielec	2100
GE EDC Poland	Warsaw	1000
Thoni Alutec	Stalowa Wola	1200
WSK PZL Kalisz	Kalisz	600
PZL „Warszawa Okęcie”, Airbus Defence and Space Company	Warsaw	850
HS Wrocław	Wrocław	500
Avio Aero	Bielsko-Biała	400
UTC Areospace Systems (Goodrich)	Krosno	400
Safran Transmission Systems Poland	Sędziszów Małopolski	400
MTU Aero Engines Polska	Rzeszów	270
Hamilton Sundstrand Poland	Rzeszów	250

The advantages of Polish aerospace companies lies in the high quality of products (expertise in treatment of materials, casting, mechanical engineering, electronics) and competitive labour costs (still three time lower than in the Western Europe). Network of production and service companies supported by R&D centres creates great environment for aerospace sector. Polish factories often held up as a brand to the foreign entities.

The advanced level of processes used in the Polish aerospace sector is well illustrated by the participation in different international projects for example: the development of the innovative engines like PurePower PW1000G (GTF), GENx, LEAP.

In the future Polish participation in such projects should increase owing to the mentioned subsidies.

## AVIATION CLUSTERS

Polish aviation industry is mainly organized in few industry clusters' from which Aviation Valley is the largest.



The Aviation Valley Association was started on April 11, 2003, as a non-profit organization, as a means to furthering the rapid development and growth of the aerospace industry in southeastern Poland. This historic decision was conceived by a group of leading aeronautic producers, suppliers and businessmen. Significant funding for the Association has been provided by Pratt & Whitney, a world leader in the design, manufacture and service of aircraft

engines, space propulsion systems and industrial gas turbines. Aviation Valley is one of the best places in Central Europe for the development and fulfillment of aerospace projects. The exceptional highlights that Aviation Valley offers:

- 100 Years of aviation history
- 80 years of history in the aircraft industry
- 90% of Polish aerospace industry output
- Cost effective work force and production
- Over 24,000 experienced and dedicated employees
- University of Technology with a strong Aerospace Engineering Faculty
- Investor friendly environment
- Centrally located international airport
- Major highway linking southeastern Poland to southwestern Poland and Germany

The Aviation Valley Association currently represents 158 companies within the region, with several others in the process of applying for membership.

## **PROJECT OVERVIEW**

### **AIR PROJECT GOAL IN POLAND:**

- Conclusion of National Intra-companies Collective Agreement including provision regarding skill and competence upgrade

### **PARTIAL PROJECT GOALS**

- To equal employment standards in aviation branch of Poland,
- To create the same competition environment,
- Stop qualified employees emigration/ migration

### **PROJECT GROUP OF RECIPIENTS**

- First group of project recipients are three biggest aviation companies in Poland where “Solidarność” union organizations are established. Those companies owned by foreign investors are as follows: Pratt& Whitney Rzeszow /Canada /US , PZL Mielec/ Sikorsky /US and PZL/Swidnik/Leonardo Helicopter /ITALY,
- Each of this companies have separate local collective agreement .

### **CHALLENGES**

- Basic challenge of the project will be persuasion of Employers to the organizing and starting negotiations and analysis of prepared draft of National Intra-companies Collective Agreement

- Difference in approach to the National Collective Agreement could appear due to fact that company owners represent US/ Canadian and Italian capital and environment so they could have different approach to such concept,
- Creation of common provision in National Intra-companies Collective Agreement could appear due to fact that each company have specific individual collective agreement provisions that differ from each other,
- Pratt& Whitney Rzeszow belong to the UTC Corporation that possesses other non-unionized aviation divisions. There could appear resistance to engage into National Intra-companies Collective Agreement due to concern that it would force them to necessity of applying higher standards of working and payment conditions in non-unionized businesses and create additions expenses.

**SELECTED PLAN/ METHOD OF OPERATION:**

- Elaboration of draft of National Intra-companies Collective Agreement content among union representatives that would include common general provisions,
- Submissions of National Intra-companies Collective Agreement draft to the management of selected aviation companies,
- Starting information meeting with management of selected aviation companies explain goal of the project,
- Submission of request to the management of selected aviation companies to organize ,
- Review of legal possibility to implement by law possibility of legal enforcement to organize employers. Union will play active role in New Labor Law Codification Commission which is going to elaborate and implement new law in terms of individual and collective terms of working conditions.

**INCENTIVE ELEMENTS FOR EMPLOYERS:**

- Organized Employers group have chance actively participate at meetings of the tripartite dialogue – that body engages the representatives of employees, employers and government
- Participation in tripartite dialogue body gives chance directly express and support own proposals in the area of organizing employment rules in Aviation Sector.
- Employers have Chance of getting influence at government in the area of aviation policy construction, possibility to gain additional preferences in terms of maintaining working places in aviation sector.
- Employers entering National Intra-companies Collective Agreement are building good perception in the environment as an” employee friendly place”
- Employers entering National Intra-companies Collective Agreement could ask for support and privilege in public tenders as companies offering an” employee friendly place”.

**INCENTIVE FOR EMPLOYEES**

- Employees covered by National Intra-companies Collective Agreement getting additional security provision umbrella in the area of working and payment conditions,

- With time it will encourage employees from other smaller non-unionized business units ( i.e MTU, Safran ) to organize union structure in order to join to National Intra-companies Collective Agreement.

### **WHICH SPECIFIC ACTIVITIES HAVE BEEN TAKEN SO FAR?**

- Preparation and conduction of internal discussion leading to the common provision of National Intra-companies Collective Agreement content among union representatives /October –November 2016,
- Acceptance of final version of document /December 2016,
- Firstly addressed to local heads of aviation companies in Poland send at the end of January 2017
- Meetings with local management explaining idea of proposal,
- Dissemination of National Intra-companies Collective Agreement Proposal to Employers /January 2017,
- Week after document has been send to the Presidents of Pratt& Whitney /Canada &US , Sikorsky /US and Leonardo Helicopter /ITALY,
- March 2017 negative responses from local / Polish management without answer form PZL Swidnik/ Leonardo Helicopter /ITALY
- April 2017 negative response from Pratt&Whitney Canada management
- Next round of discussions with local management companies – explaining position of Employers,
- Discussion and explanation of negative answer with Pratt&Whitney Canada management Work Council meeting May 2017,
- Pratt&Whitney Canada management promised to review position and provide new answer in the second part of year 2017.

### **WHAT COULD NOT BE ACHIEVED?**

National Intra-companies Collective Agreement could not be concluded with non- organized Employers. Only organized and registered Employers as groups are becoming legitimate to become part of Collective Agreement.

### **WHAT WERE THE OBSTACLES?**

Some Employers like Pratt&Whitney Canada respond negatively for proposal of conclusion National Intra-companies Collective Agreement arguing that: they do not see any added value to enter National Intra-companies Collective Agreement as they are party of Company Collected Agreement, and they wish to control its own destiny at local agreement. Other Employers like PZL Swidnik/ Leonardo Helicopter /ITALY did not respond at all .

## **PLANNING OF FURTHER WORK (COMPANY AND/OR TRADE UNIONS)**

Unions are going to remind the employers about the necessity to conclude National Intra-companies Collective Agreement and will put pressure through all dialog processes and negotiation channels. Unions also have own representative in New Labor Law Codification Commission which is going to elaborate and implement new law in terms of individual and collective terms of working conditions.

## **WHAT DID THE CONCRETE ACTION BRING TO YOU?**

## **WHAT IT BRINGS FROM AN OPERATIONAL AND INDUSTRY POLICY PERSPECTIVE?**

From a trade union point of view the basic value is that Employers started to think and discuss about benefits or disadvantages of entrance into the Agreement.

Discussion about National Intra-companies Collective Agreement in Aviation Sector started discussion about possibility of conclusion such agreements in other Metalwork's Union sections.

From industry policy perspective the option of conclusion of National Intra-Companies Collective Agreement in Aviation Sector will be raised at meetings of New Labor Law Codification Commission. Union as active part of Codification Commission will be address new proposals in collective working terms area with solutions that could enhance employers to organize and take active part in creation new National Collective Agreements.