



Unite the Union submission
Business, Energy and Industrial Strategy Committee
Brexit and the implications for UK business inquiry
Aerospace

Submitted on behalf of
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Introduction: Unite, Brexit & Aerospace

This submission is made by Unite, the UK's largest trade union with over 1.4 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

Unite organises tens of thousands of members across the aerospace industry, from major assembly sites such as BAE systems at Warton, Airbus in Broughton, Rolls-Royce in Derby and Bombardier in Belfast. Unite also represents members throughout the aerospace supply chain.

Unite's position on Brexit is for a just final settlement in the interests of workers in both the UK and in Europe.

This settlement should include barrier-free access to the Single Market, a customs arrangement with the EU, regulatory consistency, the retention of employment rights in UK law, the right to remain for European workers in the UK, and continued membership of mutually beneficial agencies and treaties.

In the immediate term, Unite opposes 'Hard Brexit' which is understood to mean leaving the commercial, judicial and political structures of the European Union before a new relationship is established. Unite supports a transitional period to follow the Article 50 negotiations if such a long-term settlement has not been reached.

Aerospace and the Single Market

The British aerospace industry is worth £31 billion a year to the economy and is the world's second largest after the U.S. While the industry is dominated by BAE systems, Airbus, Rolls-Royce and Bombardier, the sector includes over 2,400 aerospace companies specialising in engines and complex aircraft components.

The importance of component exports and the supply chain side of the industry is vital to understanding the impact of Brexit.

Unlike other manufacturing industries aerospace is exempt from tariffs under World Trade Organization (WTO) rules, so the majority of imports and exports would not face tariff barriers to the European Single Market in the event of 'Hard Brexit.' However, if the UK leaves the EU without a customs arrangement vital supply chains would face severe delays, threatening UK operations. Over a million items are sent across the English Channel annually during the construction of aircraft engines, satellites, wings or the final assembly of aircraft.

Example: Airbus, North Wales

The Airbus factory in Broughton, North Wales, makes wings for the A380. Individual components for the wings are sourced from across the EU, and once assembled in Wales the wings form part of a frictionless supply chain, being shipped, flown and driven to sites in Spain and Germany, and then onto France for final assembly. Multiple border crossings, with new border checks and inspections would put the Welsh factory at risk.

Components like the A380 wings form the majority of the sector's exports. Wings, fuselages, doors, landing gears and similarly large components make up 35% of exports, with a value of over £10 billion. This is followed by turbojets, making up 23% of exports to the value of £6.6 billion.

This compares to the export of completed aircraft, worth £3.8 billion, and accounting for only 13.3% of total exports.

Impact on Skills

The aerospace sector needs to be able to retain and access the best talent. Being able to retain EU workers currently employed in the sector is essential, particularly in the context of the sectors ongoing skills shortage.

Like the wider engineering industry, the aerospace sector faces a severe skills shortage which is likely to worsen in the coming years, as the average age of employees continues to rise. Engineering UK has stated that the skills gap will reach 800,000 by 2020 if current trends continue.

Industries with quantifiable labour shortages in the British market will need to be able to continue recruiting staff from outside the UK, and to keep the EU staff they already employ, as the annual shortfall of engineers and technicians has increased over recent times to 69,000.

Unite has repeatedly called on the Government to ensure European workers have the right to remain and work in the UK and to ensure this is reciprocated for UK workers across Europe.

In order to find a solution to its labour shortage problem the aerospace sector is focused on improving skills. New apprenticeships are being developed and businesses, unions like Unite, and the likes of Engineering UK and ADS (the Trade Organisation for UK Aerospace, Defence, Security and Space Sectors) are taking time to engage with young people to promote the industry. There is currently an annual apprenticeship shortfall of 28,000.

Considering the extent of the current skills shortage, it is important to provide funded training. European social funding provided extra training funds for small to medium sized businesses and these businesses will require this financial support to continue.

Closing the skills gap, which would be exacerbated by Hard Brexit, must be central to the Government's industrial strategy. Such a strategy must offer genuine opportunities for advancement through high quality apprenticeships and opportunities for re-skilling and upskilling for the workforce to meet technological changes.

Talent retention scheme

In October BAE Systems announced 2,000 planned job cuts, citing a fall in demand for the Eurofighter Typhoon. This will impact aerospace sites at Warton, Samlesbury in Lancashire and Brough, east Yorkshire. The firm has included 340 dockyard job cuts at Portsmouth, and 245 job cuts at the RAF bases at Marham in Norfolk and Leeming in North Yorkshire.

The range and suddenness of these job losses shows how quickly employment within the aerospace sector can be placed at risk, either by cuts in government spending, policy changes at the Ministry of Defence or external factors.

Following the 2010 Strategic Defence Review¹ huge cuts were announced to the armed forces. It was anticipated that the loss of these jobs and the impact on defence manufacturers could mean thousands of potential redundancies.

In response a 'talent retention scheme' was launched to ensure workers at risk of redundancy could be redeployed with engineering companies with vacancies. Such schemes, with trade union and government support, should be considered for wider development to not only match displaced workers with vacancies, but offer support, training and opportunities for re-skilling and career change.

At a time when the skills gap in advanced manufacturing and engineering is only growing, a joined up response is needed to ensure no worker is thrown on the scrap heap.

A 'talent retention scheme' should be a nationally coordinated programme to help workers whose jobs are threatened by offering genuine opportunities for secure employment. This must go beyond simply being a recruitment portal to offering training for CV and application writing, support for interviews and opportunities for re-skilling.

Impact of Brexit on industrial relations:

A 'no deal' scenario and the abrupt end of EU-based employment rights would throw industrial relations back to the 1970's, with a sudden free for all which some employers have already attempted to exploit.

Unite is surveying our network of 22,000 front line workplace representatives and shop stewards to monitor the industrial impact of Brexit. Thus far economic issues, such as the holding of new planned investments, are the result of uncertainty which could be addressed by a transitional arrangement.

Some employers are clearly attempting to use Brexit and the uncertainty surrounding the future relationship as a smokescreen to undermine industrial relations. This has included attempts to exclude trade union reps from European Works Council meetings, ignoring EU rulings on holiday pay and overtime or artificially imposing pay freezes.

Where Unite is a recognised trade union with organisation in the workplace these opportunistic attacks have been repelled. Clearly an abrupt end to the panoply of workers' rights, regulations and standards underpinned by EU law would be the signal for the UK's worst employers to step up this offensive. Unite has pledged that working people will not be allowed to pay the price for Hard Brexit. An industrial offensive by employers would be met in kind.

Unite General Secretary Len McCluskey has been clear on this point, stating: "*Unite is putting employers on notice, they need to realise that if they use Brexit as an excuse for attacking workers' pay and conditions, we will challenge and expose them.*"²

Clearly, to avoid this scenario an orderly transition is required for when the European Communities Act 1972 is rescinded, UK membership ends and EU-derived employment legislation will automatically end with it.

Unite has proposed that all existing workers' rights should be 'grandfathered' into UK law at the point of Brexit. This is a view shared by major employer federations, including the EEF and the Chemical Industries Association.

¹ Defence Diversification Revisited, Unite the Union: [URL](#)

² <https://labourlist.org/2017/08/mccluskeys-fury-over-bosses-trying-to-use-brexit-to-cut-workers-pay/>

Unite is clear that the retention of employment laws should be achieved through primary legislation, not undemocratic statutory instruments.

Such rights include the Working Time Directive, the Acquired Rights Directive, the Agency Workers Directive, the Employer Insolvency Directive, the European Works Council Directive, the Information and Consultation Directive and the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

EU legislation also underpins a series of equality rights, which must not be undermined or lost. A full list of the workers' rights underpinned by EU law has been produced by Thompsons Solicitors.³

EU law also underpins some basic trade union rights, such as the right to consultation ahead of major changes in the workplace. Similarly Unite is involved in more European Works Councils and Social Dialogue initiatives than any other trade union, both of which are protected in EU law.

For continuity of regulation, the UK must remain a member of mutually beneficial agreements and bodies following Brexit, including the European Aviation Safety Agency (EASA) and the European Space Agency (ESA).

Bombardier: The Danger of New Trade Deals

The ongoing trade dispute between Boeing and Bombardier not only puts the jobs of over one thousand workers in Northern Ireland at risk, it shows the dangers the aerospace industry may face Post-Brexit.

Seattle-based Boeing has lodged a complaint to the US Department of Commerce of unfair competition following a series of grants and investments made by the governments of Canada, Britain and the Northern Ireland Executive to support production of the CSeries aircraft. Boeing claims that this aid allows the CSeries to be sold into the U.S. market below cost.

The UK and Northern Irish authorities reject this interpretation as the £135 million provided in investments and grants was intended to support jobs and was in keeping with WTO rules on State Aid.

In the Bombardier site in Belfast one thousand workers, or about 25 percent of the workforce, work on CSeries production. This number is expected to rise to 60 percent of jobs within four years.

Unite maintains that all state investment was entirely lawful and legitimate and that Boeing's attempts to link this public investment to the allegation of unfair competition is unsustainable. For example, Boeing has raised the sale of the CSeries to Delta airlines within the complaint, despite the fact Boeing never tabled a bid themselves and the company do not manufacture a competing aircraft model.

Nevertheless, the punitive fines facing Bombardier if the complaint is upheld and the subsequent barrier to selling the CSeries into the U.S. has placed UK aerospace jobs in jeopardy.

³ *The impact of Brexit on UK employment law rights and health and safety legislation*, Thompson Solicitors, October 2016, [URL](#)

Bombardier is the largest private sector employer in Northern Ireland; these jobs are vital to the region's economy, sustaining many more jobs across the wider supply chain in the UK and Ireland.

Unite maintains that the Bombardier dispute should serve as a warning to the UK government about any plans to rush into a free trade deal with Donald Trump's administration.

To protect against such disputes in the future the International Department of Trade must work to develop a new trade regime, including defence remedies. This should be done in consultation with trade unions and relevant civil society.

Unite has outlined that a 'good' trade deal must include a robust chapter on Labour Rights, including ILO conventions as a minimum. Similarly there should be no 'ISDS' style dispute mechanisms which prioritise the rights of investors and corporations over democratic governments. 'Good' trade deals should defend the option of public ownership, reverse the trend to 'liberalisation' at any cost, and seek to actively extend workers' rights in third countries.

Unlike trade deals in the mould of TTIP or CETA, such trade deals should protect the right for the state to play an active role in the economy in the defence of jobs or industries deemed of strategic importance.