

IFALPA PROFESSIONAL & GOVERNMENT AFFAIRS (PGA) COMMITTEE MEETING

AUCKLAND, NEW ZEALAND – 13-14 JUNE, 2017

AGENDA ITEM: 9

Industrial Update: BRAZIL

SNA BRAZIL INDUSTRIAL UPDATE**PRESENTED BY: CPT. MARCELO CERIOTTI****1. Executive Summary.**

The participation of Brazil at IFALPA had a significant growth in the last few months. This growth was influenced by better organizing of the technical work that being conducted in the Association.

Recently, one of the most important tasks carried out was at the ANAC (National Agency of Civil Aviation). In a meeting on the month of March in Vienna, Austria, at the ICAO Air Transport Regulation Panel Working Group, Brazil and New Zealand -focal points, were responsible for presenting a suggested text that would regulate the definition of "Principal Place of Business". It is important to highlight that, thanks to the persistence of the SNA, the focal points presented a text very close to what the SNA stands for. In a previous meeting with the ANAC (National Agency of Civil Aviation), held in January this year, scheduled to discuss important issues related to MASA, specifically, the concept of "Principal Place of Business". Consequently, the text proposed by the Brazilian Delegation was extremely similar to the one advocated by the SNA, inspired in the IFALPA Position, and practically answered most of our concerns.

2. General-Economy/Political Details

The political and economic crisis in Brazil, deepens every day. Brazil's Lower House of the Congress approved the main text for a Bill that relaxes today's restrictive labor laws, a main campaign promise of President Michel Temer's in an effort to boost investment and recover the economy from the worst recession ever. However, he has been accused of corruption and may be impeached. In an Extraordinary Assembly recently held by the SNA, pilots and flight attendants decided not to adhere to the general strike that took place on 28 April in Brazil. Thanks to the demonstration of pilots and flight attendants, and after intense negotiations, the SNA managed to influence on the progress made by legislators on the

proposed labor reform preventing unprecedented precariousness for the profession and, above all, preserving high flight safety standards.

The two major amendments proposed by SNA on the labor reform Bill were accepted. Pilots and flight attendants have been excluded from the proposed article that allowed hiring through atypical forms of work contracts. In this way, there will be no possibility of pilots and flight attendants being made to work sporadically. This directly affects flight safety, since these professionals require regular training to maintain proficiency.

An amendment was also adopted that excludes the possibility of dismissal of pilots and flight attendants who lose their licenses, qualifications or certificates. The discussion on other points of the reform will continue in the Senate, and the SNA will seek all possible protection for all workers until the final text is approved. The SNA finally points out that these guarantees were achieved due to the mobilization of all members and emphasizes that the strike instrument is legitimate and will be used in future opportunities, if needed.

3. General-Member Association Details:

The SNA is the Member Association that represents Brazilian pilots at IFALPA. In February 2017, the SNA together with ABRAPAC, ATT and ASAGOL signed a Technical Cooperation Agreement in order to promote all IFALPA activities among the aviation community. With the unification of these activities, we expect a big improvement and Brazilian representation at IFALPA will continue to grow.

4. Association Carriers:

According to ABEAR, from January to December 2016, in comparison with the same period of 2015, Brazilian domestic aviation registered a demand decrease of 5.47%, a supply reduction of 5.74% and a decrease in total trips by 7.45%. Last year, Brazilian airlines carried 87.6 million passengers domestically, with a market share consisting of: GOL – 36,25%; LATAM – 35,01%; AZUL – 17,19%; and AVIANCA – 11,55%. For the international market, the travel volume grew by 2.54%, reaching a total of almost 7.5 million passengers boarded in 2016, with a market share of: LATAM – 78,90%; GOL – 11,78%; AZUL – 9,22%; and AVIANCA – 0,10%.

The Brazilian Government announced last month the withdrawal of the Provisional Measure that would open to a 100% of the capital of Brazilian airlines to foreign capital as part of a tourism promotion package. Nevertheless, President Temer will send another Bill to the Congress with the same previous goal. Nowadays, foreigners can only have up to 20% of a national airline capital. SNA points out that it will keep working to defend the inclusion of labor restrictions in the text of this Bill, so as to ensure that the jobs of Brazilian pilots and flight attendants are not transferred to other countries. The effect of unrestricted capital opening, coupled with other issues such as bilateral agreements, mergers and exchanges of air traffic rights between countries, can be catastrophic, not only for Brazilian workers, but

for the whole aviation as a strategic sector of the economy. There will be impacts on flight safety, as companies would hire foreign pilots with lower labor costs and unknown training standards, without the control of the Brazilian authority.

5. **Other Carriers:**

N/A

6. **Summary**

SNA participation at IFALPA has had a big improvement in organization, with more active involvement in committees and local safety groups. We're leaders among the industry, bringing to the table the pilot's needs and helping the development of the aviation industry.