

German government to privatize air traffic control

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A rather inconspicuous report recently passed largely without comment by the media: on August 10, the German government decided to privatize Deutsche Flugsicherung (DFS)—German air traffic control. While retaining a blocking minority shareholding, 74.9 percent of the state enterprise is to be sold off to private investors.

This decision further clarifies the real nature of the election claims of the Social Democratic Party (SPD) and the Greens that they have re-discovered their “social conscience.” In fact they are maintaining their previous course to further turn back social standards and elevate the principle of the market and unfettered competition to their top priority.

In the case of DFS, this means not only are the working conditions of the air traffic controllers at stake but also the security of tens of thousands of airline passengers. One is automatically reminded of the airplane disasters three or four years ago over the Bodensee and at Milan’s Linate airport. More recent air crashes still under investigation also raise fundamental safety questions.

The details of what happened in summer 2002 over the Bodensee, however, are well known. Two planes collided because of staff shortages and technical shortfalls at Swiss air traffic control, Skyguide. Seventy-one people died. Two years later, the duty controller was murdered by a relative of one of the victims in revenge.

In October 2001, a small plane crashed into an airliner at Milan airport because air traffic control was completely overloaded and there had also been cutbacks in necessary technical equipment. An Italian court passed draconian prison sentences on the duty controllers, against which an appeal has since been lodged.

German Transport Minister Manfred Stolpe has justified the government’s decision to privatize DFS by claiming it will contribute considerably to stabilizing German air traffic: this law will “improve the competitiveness of DFS within Europe, especially in light of the expected consolidation of European air traffic control.... Furthermore, it also raises the chances of maintaining the capacity and efficiency of DFS at

the highest possible level.” The measures will lead to a lowering of air traffic control fees and thus to lower costs for airlines.

A change of government in the September general election would not prevent confirmation of the bill by both houses of parliament, but would only postpone it by about six months. In a cross-party motion in April, all the parliamentary factions (apart from the Party of Democratic Socialism) urged the government to introduce a law this year to ensure Germany did not fall behind other EU countries.

The background to this decision is the long-term EU project to create a uniform European air space (Single European Sky). This involves the restructuring of European air space—away from national delineation to larger air spaces oriented to the main traffic streams.

However, a project that contains a progressive kernel is being used to introduce competition into a sensitive area previously subject to the strictest national controls because of the great safety risks—thereby drastically cutting staff costs. Everything that stands in the way of increasing profit and market position is to be eliminated piece by piece. In the context of ever-harsher international competition the European aircraft industry and European business as a whole are to be bolstered by lowering transport costs.

The government put this quite plainly, saying it expected that “these legal guidelines, and in particular efficiency increases anticipated from the introduction of private capital into DFS” suggest “there will be a lowering of costs for the air traffic sector.”

It is already considered certain that only a handful of the current 40 providers of air traffic control in the EU will remain. Above all, smaller countries such as Holland, Belgium or Eastern European member states will be swallowed up in these larger air spaces and their own air traffic control systems either taken over by their larger neighbours or simply shut down.

It will function as follows: At a time still to be determined, air traffic control enterprises will tender to provide services for future air spaces for a period of several years. In order to

participate in the bidding process bidders must already have received safety certification from a national or European authority. The certificate would also confirm that the enterprise operates “reliably, efficiently and economically.”

Because of its size, DFS will be a dominant, aggressive market participant, a role for which it has been preparing for years. DFS emerged in 1993 out of the restructuring of the Federal Institution for Air Traffic Control. The new organization was constituted under private law, its workers no longer being classed as civil servants.

An efficiency programme was carried out between 2001 and 2004, in the run-up to the present implementation of the EU resolutions concerning further privatisation, and some €100 in expenditure were cut from a turnover of almost €930. But this was not considered enough.

Costs are still seen as the main problem because of “high personnel intensity.” By comparison, DFS is the fifth-most expensive European air traffic control organisation, although in 2006, for the third time in a row, it will be lowering the fees charged to airlines for each flight.

Management consultants Bearing Point are presently working on an even more radical restructuring of DFS. Dieter Kaden, who heads DFS, said that the presently federally owned company would be unrecognisable in a few years.

By 2010, 500 to 600 jobs out of the 5,400-strong workforce should have been cut and, according to some uncontested statements, it could be as high as 1,000. It is being stressed that personnel reductions will not take place in “operational” areas, such as among the 1,800 air traffic controllers, but only in administrative areas.

DFS responsibility is also being expanded to the so-called tower business in regional airports. The airport control tower is presently responsible for handling takeoffs and landings, as well as the organization of traffic at the airport itself. The towers of Germany’s regional airports, presently under the control of the various state governments, are to be shifted into a specially created organisation, “The Tower Company.” This will be a subsidiary of DFS, which will compete to run air traffic control at regional airports, and where DFS collective agreements will not apply, so that staff must work for substantially lower wages. Competition in the tower business of regional airports is set to begin in mid-2006.

According to a member of the air traffic controllers trade union, all these changes mean that “economic imperatives are being set even higher than is already the case.” Until now, and “not without reason, DFS was a non profit-making organization. Safety has its price.” As far as future competition is concerned, DFS could be replaced by a cheaper provider, he commented. “It is not possible from a

technical or personnel standpoint that another provider could simply take over the functions of DFS. If that happened, everything here would grind to a halt.”

The controllers union member added that what the European Union was actually seeking to achieve was not the introduction of competition per se, which is rather illusory in this industry, but to create private enterprise structures in order to lower costs.

The level of flight safety will inevitably suffer, even if the government claims the opposite and believes it has learnt the lessons from the mistakes in the privatisation of Swiss air traffic control or the privatisation of British air traffic control NATS some three years ago, where substantial safety risks resulted in several near disasters and innumerable delays.

Operating in a country with Europe’s most complicated air space, DFS has so far set a very high standard for safety and punctuality, which presently puts it in first place in Europe. Ninety-six percent of the 2.7 million flights handled in Germany in 2004 passed without any delays or safety problems.

With the liberalisation of European air space, the ruling class in Europe is seeking to catch up with a process initiated in the US at the beginning of the 1980s. In 1981, air traffic controllers organized in the PATCO trade union struck, seeking an increase in personnel due to rising workloads. The Reagan administration answered their strike by dismissing 11,000 controllers and implementing drastic wage cuts.

The EU plans for air traffic are part of a broader policy to lower costs for businesses in all areas and put them in a better position to compete internationally. In relation to traffic infrastructure, this also means the privatisation of state-owned railways and motorways, which will be pushed through at the expense of safety and the workforce.



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