

Philippines Airlines (PAL) to destroy 2,700 jobs in March

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Philippines Airlines (PAL), announced on Monday that it would cut almost a third of its workforce by March 12. The restructuring will be used to implement long-held plans of reducing its labour costs and to maintain its competitiveness in an industry drastically reshaped since the onset of the pandemic.

PAL is the largest and oldest carrier airline in the country with 7,000 employees, 71 aircraft, and conducts continuous flights to Europe and the United States. The job cuts will be the second undertaken by PAL since the onset of the pandemic, after terminating 300 positions in February last year. Job shedding has also taken place by rivals Cebu Pacific and AirAsia Philippines, with 1,200 and 260 employees laid off in 2020 respectively.

As of February 4, all 2,300 PAL employees to be “retrenched” had been informed by the company, according to a statement. A number of unknown employees had accepted voluntary separation, though it was reported in December that at least 1,600 had refused the offer.

“We shall provide separation pay equivalent to one month pay for every year of service and shall also provide employee transition support including outplacement assistance,” PAL said.

Internationally, tens of thousands of jobs have been destroyed in the airline industry, with many subsidiary businesses responsible for services such as maintenance, baggage handling and in-flight meal catering also impacted.

According to the International Air Transport Association (IATA), global operations will not return to pre-pandemic levels for another several years. Total losses for 2020 were estimated at \$US118.5 billion, with projected losses for 2021 at \$38.7 billion.

The job cuts at PAL were presaged as “inevitable” by

the company last October, citing the collapse in travel demand and ongoing travel restrictions. With the emergence of the new COVID-19 strains, stricter travel restrictions barring foreign nationals from 30 countries were introduced for all of January.

By the latest figures, the listed operator, PAL Holdings, reported a net loss of P29.03 billion (roughly \$US600 million) in the first 9 months of 2020, 269 percent greater than the P7.86 billion (\$160 million) in losses it incurred in the same period in 2019.

All flights in the Philippines were grounded last March when President Rodrigo Duterte imposed one of the world’s longest and brutally policed lockdowns. Flights were resumed in June, but with a skeletal workforce at 4 percent capacity of weekly flights. Workers have so far experienced reduced salaries, furloughs and temporary working arrangements.

PAL reported that weekly flights have slowly increased to 30 percent of their pre-pandemic operations.

The government has so far rejected calls for aid to the industry.

Finance Secretary Sonny Dominguez stated in October, “We are deep in discussion with them and we are prepared to participate in assistance to the airline industry. But let me point out that whatever assistance we have or we are going to provide will be part only of the entire process. The private sector banks have to cough up the majority of the assistance.”

“The government does not want to end up owning the airlines,” he added.

The company plans to file for creditor protection proceedings in the United States—reportedly home to 75 percent of its creditors—as well as to complete a \$5 billion debt rehabilitation program, the largest in the Philippines history. Twenty of its leased aircraft will be

returned, and \$505 million will be raised, half proffered by billionaire owner Lucio Tan and the rest by the government and private banks.

Rather than suspending non-essential travel and placing relevant workers on paid leave as the pandemic is brought under control, corporations and the government are exploiting the financial pressures to destroy jobs, wages and conditions. This is an acceleration of a decades-long process of attacks on Philippine Airlines workers, in which workers have been pressured to make “sacrifices.”

In the midst of the 1997–98 Asian financial crisis, 5,000 pilots, flight attendants and ground staff were sacked, freeing up capital for new aircraft purchases. In 2011, 2,600 ground staff were sacked to make way for contract workers hired through service providers, with a fraction of the original salaries.

Throughout the whole process, the unions have worked to isolate and suppress the protests of workers. In ending the dispute in 1998, the union covering 1,400 flight attendants refused to call any strike action. The Philippines Airlines Employees Association (PALEA) agreed to give up workers’ rights to collectively bargain with the company for 10 years in order to free the company to “rehabilitate.”

As the airline accelerated outsourcing to slash the workforce, the union made fruitless appeals to the government and even to shareholder meetings. It lodged petitions with the Court of Appeals, which, far from being an impartial state body, is a consistent defender of corporate interests.

In July 2019, PAL appointed Gilbert Santa Maria, a veteran of the outsourcing industry, as its new president and chief operating officer. Santa Maria was “handpicked” by the owner Tan on the condition that he would return the airline to profitability by slashing labour costs.

In response to the latest cuts, the umbrella organization of PALEA, Partido Manggagawa (Workers’ Party) appealed to the Department of Labor and Employment (DOLE) to “regulate” the sackings.

“The DOLE cannot just be a passive collector of statistics of dismissed workers,” said national chair Rene Magtubo on February 3. “It should be regulating the series of mass firings since it may involve contractualization and union busting.”

The party also implored the Duterte administration

for urgent action to assist millions of unemployed workers, citing statistics that of the 400,000 retrenched workers reported by DOLE, half were fired in the last quarter of 2020.

The Partido Manggagawa at times postures as socialist and even Marxist and claims to fight for the working class, but its actions and those of PALEA do not in any way challenge the framework of capitalism. Rather the union and party alike function as adjuncts of the airline and the government in suppressing any genuine fight by workers to defend their jobs, wages and conditions.



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