

Lufthansa to cut more jobs as virus pummels travel

September 21 2020



Credit: CC0 Public Domain

Lufthansa said Monday it will slash more jobs on top of 22,000 previously announced cuts and put more planes out of service as the coronavirus continues to crush travel demand.

The German airline group said in a statement it was losing some 500 million euros (\$590 million) a month, and bookings were declining after

a brief rebound over the summer.

To cut costs, Lufthansa now plans to reduce its roughly 800-strong fleet by 150 planes by 2025, compared with an earlier plan to scrap 100 aircraft.

"The previously announced personnel surplus amounting to 22,000 full-time positions will increase as a result of the decisions taken," it said.

The group did not give a figure for the additional job cuts, but sources close to the negotiations put the number at around 5,000.

Lufthansa said it would engage in talks with labour representatives to "limit the number of necessary redundancies".

Managers will also be hit, with one in five management positions to go in the first quarter of 2021.

The company's negotiations with unions are proving difficult however, and German media have said pilots at subsidiary Germanwings could be among the first to face redundancy in 2021.

German union Verdi, which represents ground staff, accused Lufthansa of lacking a clear vision for the future.

"It's clear to everyone that things can't go on without cuts," Verdi's Mira Neumaier said in a statement. "But the company will not be saved through job cuts alone."

Lufthansa, which also owns Swiss, Brussels and Austria Airlines, was saved from bankruptcy through a German government bailout worth nine billion euros in June.

But the airline has repeatedly warned that the government rescue would not be enough to stave off painful cuts as the sector weathers an unprecedented crisis.

"The outlook for international air traffic has significantly worsened in recent weeks," Lufthansa said, in a nod to the rapid uptick in coronavirus cases across Europe.

'Not realistic'

Lufthansa said its previous assumption that travel demand could reach half of last year's in the fourth quarter "no longer seems realistic".

Its homebase Germany is also planning new rules from October, requiring travellers arriving from risk zones to go into quarantine for at least five days before taking a test.

Lufthansa would prefer it if corona tests were expanded prior to departure, saying it would be a "better alternative than changing inconsistent entry and quarantine regulations".

Germany's new quarantine plans would essentially rule out intra-Europe weekend city hops—something which had resumed over the summer months.

"The continuing high level of uncertainty in global air traffic makes short-term adjustments to the current market situation unavoidable for the foreseeable future," said the group.

As part of its fleet reduction, the airline said it would put its eight remaining A380s as well as 10 A340-600s into deep storage.

Six A380s had already been taken out of service earlier this year,

essentially sounding the death knell for the super jumbo at Lufthansa.

Lufthansa said it would have to book a 1.1 billion euro impairment charge over its fleet reduction in the third quarter.

Despite the headwinds, the group said "strict cost management" should help lower its monthly cash haemorrhage from 500 to 400 million euros by the winter of 2020/2021.

Shares in Lufthansa closed 9.46 percent lower at 7.79 euros on the mid-size MDax index on Monday.

© 2020 AFP

Citation: Lufthansa to cut more jobs as virus pummels travel (2020, September 21) retrieved 9 April 2024 from <https://techxplore.com/news/2020-09-lufthansa-slash-jobs-mn-euros.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--