

Dutch government backs KLM bailout after pilots agree to pay cut

November 4 2020, by Danny Kemp



The Dutch government said it was ready to sign off on a 3.4-billion-euro (\$3.9-billion) state aid injection for KLM after pilots agreed a five-year pay cut deal

The Dutch government on Tuesday approved a multi-billion-euro coronavirus bailout for struggling airline KLM after pilots agreed a five-year pay cut deal.

Finance Minister Wopke Hoekstra on Saturday dramatically suspended plans to rescue the beleaguered Dutch arm of Air France-KLM after unions refused to budge.

But after KLM announced that the pilots' union had backed down, the government said it was now ready to sign off on the 3.4-billion-euro (\$3.9-billion) state aid injection.

"Intensive consultations" between KLM and the unions led to a "positive outcome", Hoekstra and Infrastructure Minister Cora van Nieuwenhuizen said in a letter to parliament.

"The cabinet can therefore agree to its restructuring plan and has since confirmed this to the KLM management board," they wrote.

KLM chief executive Pieter Elbers had earlier announced the deal with the pilots' union, hailing it as an "important step" for the airline's survival.

"The past few days have been incredibly intensive for everyone, with great pressure on the company, [negative impact](#) on reputation and internal divisions," he said.

"But in the end we, as KLM and unions, came to an agreement."

The suspension of the rescue plan had put the future of the world's oldest airline at risk as it struggles to deal with the impact of the COVID-19 pandemic.

'Unprecedented time'

In the spring, Paris gave Air France seven billion euros (\$8.3 billion) in loans, and The Hague also granted KLM state aid.

But arguments over the restructuring plan for KLM meant that the government kept back most of the money.

Talks between KLM and unions representing pilots, cabin and ground crew then failed to reach a deadline set by Hoekstra on Saturday.

The Dutch pilots [union](#) VNV had refused to sign what they termed a "last minute" change to conditions to the deal.

The bitter feud centres around a clause in the agreement that asks the airline's staff to take salary cuts for the next five years.

KLM presented the finance ministry with an austerity plan that requires a 15 percent cut in costs and would see 5,000 jobs shed, as a result of a global slump in air travel owing to the pandemic.

It included an agreement from unions to cut pilots' salaries until March 2022 and ground and cabin crew salaries until the start of 2023.

But on Friday, Hoekstra rejected the plan, insisting that salary cuts run concurrently with the government's five-year bailout package.

KLM chief Elbers admitted that the coronavirus pandemic meant the airline was "asking a lot from all colleagues."

"This unprecedented time requires unprecedented and unusual steps," he said.

Air France-KLM posted a net loss of 1.7 billion euros (\$1.9 billion) for the third quarter, compared with a 363 million euros profit over the same time last year

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