LUFTHANSA CEO DEFENDS COST CUTS AS PILOTS THREATEN MORE STRIKES

News / Airlines

Lufthansa's chief executive defended the German airline's hard line on strikes on Wednesday after pilots' union Vereinigung Cockpit (VC) threatened further walkouts in an row over retirement benefits and cost cuts.

VC said earlier the German flag carrier had rejected its offer of concessions in a long-running dispute that has seen a dozen strikes over the last 18 months and cost the airline hundreds of millions of euros.

Walkouts could start any time and could hit Lufthansa, its cargo arm Lufthansa Cargo and its budget carrier Germanwings, VC said in a statement.

"If strikes are the price to pay to make Lufthansa fit for the future, then we must pay it," Lufthansa CEO Carsten Spohr told journalists on the sidelines of a conference in Vienna.

Lufthansa is grappling with an increased pension deficit against the backdrop of low interest rates. It says it needs to cut costs to halt a loss of market share to low-cost carriers in Europe and more

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nimble competitors such as Turkish Airlines and Emirates on long-haul routes.

"We have not yet reached the same conclusion as to how Lufthansa must be structured in order to deal with the rivals who are knocking on our door and threatening to bring a new wave of low-cost flights to Germany and Austria," Spohr said.

Cabin crew union UFO, itself in pay discussions, took the unusual step of speaking out on the row, saying there was too much at stake to stay silent. It called for the two sides to resume talks and reach a solution.

"The unresolved conflict has already resulted in units shrinking and jobs being lost," Uwe Hien, in charge of pay policy at UFO, said in a statement.

The pilots had offered concessions in a bid to end the dispute, including agreeing to an increase in the average retirement age and lowering costs.

However, they had also wanted the new Eurowings budget carrier to be based in Germany, rather than Austria, so that pilots could join German collective labor agreements, which industry experts had said was likely to be a sticking point.

VC said on Wednesday Lufthansa's stance "shows that it's not about market conditions for Lufthansa, but rather about abandoning collective agreements and outsourcing jobs".

Lufthansa denied it had turned down the offer, saying it had proposed working groups to discuss the outstanding points. A spokesman said Lufthansa hoped talks could resume and that only its rivals would benefit from more strikes.

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