

U.S. pilots fly to better pay in Asia, Middle East

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By Susan Carey, Bruce Stanley and John Larkin, The Wall Street Journal

Nearly two years ago, at age 51, Brian Murray took early retirement from US Airways. The pilot was outraged by the airline's termination of his pension plan and worried about his future with a carrier sliding toward bankruptcy court for the second time.

But Capt. Murray's flying career was far from over. Today he lives in Dubai and flies wide-body Airbus A330s for fast-growing Emirates airline, winging to destinations in Europe, Africa and Asia. He is home more than he ever was at US Airways, and his total compensation package -- including health care, housing allowance, retirement plan and vacation -- is superior. He says his wife and children enjoy living in the United Arab Emirates, and "from a professional standpoint, it couldn't be better."

In a new twist on global outsourcing, a flock of U.S. pilots is fleeing the depressed North American airline industry to work in far reaches of the world where aviation is booming. After the 2001 terrorist attacks stifled air travel and sent the U.S. industry into its deepest decline ever, more than 10,000 U.S. pilots were laid off, and many more took early retirement. Despite subsequent hiring by a few healthy carriers, including Southwest Airlines, thousands haven't been able to find new flying jobs at their old pay grades.

At the same time, the industry is expanding rapidly in China, India, Southeast Asia and the Middle East. As these regions have grown more affluent and loosened aviation restrictions, travel demand has soared. New airlines have started up, existing carriers are adding routes, and hundreds of new jets are on order.

So, like British and Australian pilots who long have plied their trade wherever they find work, Yanks are taking their skills offshore. They are doing so despite trepidations about moving families, flying on short-term contracts, and sometimes giving up union rights to be called back to work by U.S. carriers according to seniority.

U.S. pilots are working as far afield as Bolivia, China, Qatar and Vietnam. Cathay Pacific Airways, of Hong Kong, and Singapore Airlines are hiring more Americans, as are carriers in Taiwan, South Korea and increasingly, in India.

The diaspora is one symptom of a growing global shortage of well-trained commercial pilots. Aerospace giant Boeing Co. estimates the global jet fleet will grow to more than 35,000 airplanes in 2024, from fewer than 17,000 in 2004. Boeing pegs demand for new pilots at nearly 18,000 a year through 2024. China alone will need more than 35,000 new pilots over 20 years, and Asia will need 56,500, the company estimates. Many countries are currently unable to train enough pilots at home.

The result: a global bazaar where experienced pilots go to the highest bidder. Norwegians and Venezuelans are flying in China, Egyptians and Russians in India, Jamaicans and Iranians for a Japanese carrier. Four out of five pilots at Qatar Airways are foreign. More than 70 Philippine Airlines pilots have quit since 2003 for better-paying jobs elsewhere. Etihad Airways, a new airline based in Abu Dhabi, says its No. 1 source of pilots is Malaysia. India's fleet of startup carriers was so plagued by pilot poaching that the government last year began requiring pilots to serve at least six months at one carrier before moving on.

G.R. Gopinath, managing director for Air Deccan, a two-year-old budget airline in

India, says he has been recruiting a dozen pilots a month from overseas. "If Indian software engineers can work in the U.S., their pilots can come and work here," he says. "It's reverse body-shopping." Pilot job fairs in the U.S. have begun attracting recruiters for Chinese and Indian startups, according to Kit Darby, president of Air Inc., a placement firm.

The hiring frenzy has led to some safety concerns. English is the industry's world-wide language. Putting two pilots who speak different native languages in the same cockpit, where they might have to interact with an air-traffic controller whose native tongue is different still, can lead to problems, especially in emergencies, contends Dennis Dolan, a retired Delta Air Lines captain and president of the U.K.-based International Federation of Air Line Pilots' Associations, which represents pilot unions and associations in 95 countries.

The International Civil Aviation Organization, an agency of the United Nations, intends to begin testing international pilots and air-traffic controllers for English proficiency in 2008. India proposed that measure after the flight crew of a Kazakh Airways jet misunderstood an Indian controller's instructions, leading to a 1996 midair collision with a Saudi Arabian Airlines plane near New Delhi. India also cited miscommunications between a Colombian controller and a U.S. crew as one factor leading to a 1995 crash of an American Airlines jet near Cali, Colombia.

Jim Burin, director of technical programs for the Flight Safety Foundation, an international nonprofit group based in Alexandria, Virginia, points to several other safety concerns. "In some cultures, it's not the place of the second-in-command to question the first-in-command," he notes. That could interfere with the co-pilot's role as a check on the captain, who commands the flight.

One pilot who moved from a U.S. airline to a small carrier in Southeast Asia says informational updates on safety at his new employer are slow or nonexistent, and that little attention is paid to punctuality or how many hours pilots work. "Training for the most part is far from the quality I was used to in the U.S.," says the 55-year-old captain. He adds that he likes the lifestyle and finds the job "relatively easy."

Capt. Murray, who flies out of Dubai, says safety standards are high at Emirates, and its 1,350 pilots from 70 nations speak fluent English. He says pilots are "treated with respect in this part of the world. We're driven to work. We're put in four- and five-star hotels, on the concierge floors. Captains are treated as vice presidents of the organization."

Some out-of-work U.S. pilots balk at going overseas for family or other reasons. Some hope to be recalled by U.S. carriers and don't want to give up their seniority rights. Duane Woerth, president of the Air Line Pilots Association, a U.S. union, says foreign carriers are interested in senior pilots, not junior ones. He worries about the "brain drain" and whether foreign carriers are using U.S. pilots only temporarily until they can staff up with their own citizens. But "our guys are warming up to it," he says. "This one looks like a permanent structural shift."

Andrew Baedke, who was furloughed by Northwest Airlines after Sept. 11, has worked for the past three years as a Honolulu-based 747 first officer, or co-pilot, for Jalways, a subsidiary of Japan Airlines. "A lot of my (laid-off) friends are sitting at home or working for Home Depot," says Mr. Baedke, 36. "I'm glad to have this job. It's extremely stable."

One reason for the pilot shortage is that developing nations aren't training enough of them at home. There aren't enough flight schools in the world to meet demand, says Brent Mills, the chief executive officer of Spartan College of Aeronautics and Technology, a flight academy in Tulsa, Oklahoma, that plans to open schools in India with a local partner in the next year. It takes many years for a college graduate to accumulate sufficient flight training and commercial flying hours to climb the professional ladder from novice to first officer to captain.

Some nations such as Japan and Ethiopia have raised the mandatory retirement age for commercial pilots to alleviate the shortage. ICAO, the U.N. agency, will recommend later this year that the age be raised to 65 from 60, although member nations won't be required to do so. The Chinese government runs a school in Sichuan province that graduated 307 novice pilots last year. China Southern Airlines, the nation's largest carrier by fleet size, has its own school in Australia. In 2004, four Chinese investors opened Beijing PanAm International Aviation Academy, which 240 students now attend.

Nevertheless, Gao Hongfeng, deputy director of the Civil Aviation Administration of China, says there are almost enough native pilots to staff the new airplanes China has on order, but it will be difficult for the nation to train enough "mature captains" quickly.

Chinese airlines are filling in with expatriates. Tim Shattock, chief executive of Parc Aviation Ltd., a Dublin firm that leases pilots to airlines, says "our intelligence says there are 120 to 150 foreign pilots in mainland China."

India counts more. Deregulation has spawned start-up airlines, an influx of international flights and 20 percent annual passenger growth. India expects to need 2,500 new pilots by 2010. At Jet Airways, the nation's largest private-sector carrier, 111 of its 685 pilots are foreign. Air Deccan has 75 foreigners among its 250 pilots and is setting up its own flight school in Bangalore.

Compensation for the foreign gigs varies widely. But it often is better than what U.S. pilots can earn at home, where pay levels and benefits have been reduced by bankruptcy-law filings and restructurings. Richard Paul, an 18-year US Airways veteran who was bumped to first officer from captain during one round of layoffs, says he plans to quit soon and report for training to fly cargo at a large Asian carrier he declines to identify. The 46-year-old pilot says he will start as a first officer, but "in four or five years, I'll probably be a captain on a 747 and make twice as much" as he currently earns.

India's Air Deccan is offering \$8,000 to \$15,000 a month to foreign captains, according to Mr. Gopinath, the managing director. By comparison, pay for veteran captains in the U.S. ranges widely. A captain on Northwest's smallest jet earns about \$7,000 a month, while a captain on UAL Corp.'s United Airlines' largest plane earns about \$14,000. Pay scales generally are coming down as big airlines in bankruptcy have negotiated lower wages.

American Craig Harnden, formerly a pilot for now-defunct Eastern Airlines, has worked overseas since 1990 for Saudi Arabian Airlines, Thai Airways International and now Singapore Airlines. "If I had known what I know now, I would probably have left Eastern and gone overseas a lot earlier," says the 59-year-old Miami native, who lives in Singapore. "But we didn't leave the airlines because of the seniority system."

William Goodwin left the U.S. in 1994 after working for two airlines that went under and a third that was acquired. He says he nearly doubled his pay by moving to Taiwan to captain 767s for EVA Air in Taipei. "It was the smartest thing I've ever done," he says. He jumped to Korean Air in 2000, where as a captain of 747s, he earns \$152,000 a year after South Korean taxes. The 54-year-old pilot says he hopes to stay until he retires at 60.

Mr. Baedke, the former Northwest pilot who now flies out of Honolulu for Jalways under a crew-leasing contract, says he is trying to spread the word to other American pilots. Many of his pilot friends, he says, were laid off after Sept. 11 and haven't been called back.

As a first officer, Mr. Baedke earns \$100 an hour, or \$105,000 last year. He expects to begin training next month to become a captain, a process he says could take 2 1/2 years. If he succeeds, his pay will climb to \$150 an hour, or \$180 an hour after the

first 50 hours flown each month.

He no longer gives much thought to returning to Northwest. "Even if I had a chance to go back, I think I'd be at (a regional subsidiary) as a first officer, earning \$23 an hour," he says. "There's no point."

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