I Letter from François Robardet

Air transport in France, Europe and the world

N°1023, June 30, 2025

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Weekly newsletter

Contents :

> Taxes: Matignon promises "fiscal stability" for air transport

(source Les Echos) June 30, 2025

My comment: *In the middle of last week, the French Finance Ministry announced that it was studying several measures that would add 830 million euros to the burden of taxes on domestic flights.*

The most onerous measure proposed would be to abolish the exemption of domestic flights from the TICPE (domestic consumption tax on energy products) enjoyed by air transport, by bringing the taxation of kerosene into line with that of other fuels.

According to a Bercy estimate, abolishing the exemption for domestic flights would recoup 660 million euros for the state coffers. But its impact on domestic flight prices would be around 33 euros per passenger.

The other measure under consideration would double the VAT rate on domestic flights, from 10% to 20%. This measure alone would generate an additional 170 million euros. But here too, the increase would not go unnoticed. For a trip from Paris to Nice, the 13 euros in VAT would rise to 26 euros.

This at a time when "the sector has already had to absorb 1.3 billion euros in additional levies for the 2025 budget".

Who will prevail, Bercy or Matignon (which is reluctant to raise taxes on domestic air transport)?

The answer in October, when the French National Assembly votes on the budget.

Read the article:

Shouting before it hurts even more can be useful in times of budgetary arbitrage. This may well be the case for air transport. According to our information, **the tax increase proposals devised by Bercy for the 2026 Finance Bill may finally be shelved.**

Following information published last Thursday in "Les Echos", Matignon says it has "very reservations about proposals for new taxes on the sector", and even declares itself in favor of "tax stability in 2026". This would be in line with the demands of all players in the French air transport sector.

"A form of fiscal stability" in 2026
The previous budget already provided for a significant increase in tax on airline tickets, the consequences of which for air transport need to be assessed," explains Matignon. **The government would like 2026 to be more marked by a form of fiscal stability, particularly for this sector**."

This is sweet music to the ears of industry professionals, who have emerged from a number of preparatory meetings in despair. **Matignon confirms:** "**Several proposals mentioned in the press (VAT on domestic flights, abolition of the**

TICPE exemption) do indeed emanate from certain government departments. These are technical proposals consistent with the government's request to re-examine each component of the budget, and in no way prejudge the final direction the government will take."

In line with Emmanuel Macron's statements
This statement is all the more reassuring in that it corresponds almost word for word with President Macron's declaration at the Paris Air Show on June 20. Having come to welcome the signing of a commercial partnership between the ADP Group and Air France-KLM, Emmanuel Macron had expressed his wish, in front of the heads of the two companies, that the government would restore "competitiveness and clarity to air transport".

This wish was interpreted as a promise of a tax break for the sector, which had already had to absorb 1.3 billion euros in additional levies for the 2025 budget.

It remains to be seen what will ultimately emerge from the budget debates next autumn. In the meantime, French airlines are likely to face other challenges. Starting with the strike by some air traffic controllers, scheduled for July 3 and 4, called by the CGT, UNSA and CFDT unions. Although the main air traffic controllers' union, the SNCTA, has not joined the strike, major disruptions are expected during these two days of major departures, at airports and in the French skies.
(...)

> France signs strategic contract to produce sustainable aviation fuels

(source Energynews) June 23, 2025

My comment: *I am in no way questioning the competence of the signatories to this contract.*

I repeat the conclusion of the article: the real challenge now lies in turning this roadmap into concrete, globally competitive industrial projects.

However, uncertainties remain regarding financing. The contract is cautious on this point, stating:

- *The State and the industry are jointly committed to supporting a Europe-wide financing model to de-risk projects, drawing on feedback from existing or new* *schemes to be set up, and to studying in parallel the introduction of guarantees at French and European level.*

The various players involved have repeatedly alerted the public authorities to the scale of the investments required.

In this context, an increase in taxation, as mentioned in the previous article, could jeopardize the success of this strategic contract.

Read the article:

The Sustainable **Aviation Fuels** (SAF) **section of the** CSF NSE (**Contrat Stratégique de Filière Nouveaux Systèmes Énergétiques**) **was officially signed by ministers Éric Lombard, Marc Ferracci and Philippe Tabarot, along with leaders from industry, unions and aerospace companies**. This section defines a concrete roadmap for the period 2024-2027, geared towards the creation of a sovereign, competitive and sustainable industrial sector. **The plan is structured around four priorities**: increasing national production capacity, guaranteeing product competitiveness and conformity, creating the right conditions for industrial investment, and launching the first significant projects before 2030. In particular, the aim is to fully cover France's SAF needs, while exploring export opportunities.

France aims to become self-sufficient in sustainable aviation fuels, incorporating both biofuels and synthetic fuels produced from renewable hydrogen and captured carbon dioxide (eSAF and ebioSAF). The government intends to facilitate the Final Investment Decisions (FIDs) that are essential to structuring this emerging sector. **The measures envisaged include, in particular, the provision of suitable land for industrial sites and increased support for projects deemed strategic by the French government.**

In addition, in order to maintain a fair market, the government plans to introduce tighter control mechanisms on fuel imports, guaranteeing their compliance with the sustainability standards set by France and the European Union. These regulations are designed to support the competitiveness of French companies on the national and international markets.

This French initiative is in line with the carbon neutrality objectives set by the European Union for 2050. (...) **SAFs have been identified as the main means of achieving these ambitious objectives**.

The French industry has already begun this shift, with several national refineries committed to the production of biofuels for aviation. Four new eSAF and ebioSAF production projects, recently selected as part of the CARB'AERO call for projects, are benefiting from significant public support of 100 million euros. These industrial initiatives should boost France's synthetic fuel production capacity in the years to come.

The signing of the SAF section of the CSF NSE brings together key players such as TotalEnergies, Air France, Schneider Electric and union representatives, who are working together to develop and consolidate the national industry. This collective dynamic is supported by the French Ministries of Economy, Finance and Industrial and Digital Sovereignty, Industry and Energy, and Transport.

The companies involved emphasize the strategic importance of this sector in guaranteeing both energy and industrial independence, while strengthening the competitiveness of the French aerospace industry. In particular, they plan to step up investment in cutting-edge facilities designed to produce sustainable fuels from France's abundant low-carbon electricity.

The various players hope that this strategic framework will enable France to be a pioneer in an aeronautical industry faced with growing environmental and economic constraints. The challenge now is to translate this roadmap into concrete, globally competitive industrial projects.

> FNV union refuses to negotiate with KLM and threatens strike action again

(source Luchtvaartnieuws) June 25, 2025

My comment: *The court that prohibited the strike cited cyclical reasons.*

In the opinion of the interim relief judge, Schiphol had demonstrated that the strike would lead to unacceptable security risks, particularly so soon after the NATO summit.

Parking spaces would be insufficient for arriving aircraft, large numbers of passengers would be waiting in aircraft and terminals, and many connecting passengers would be stuck in the customs area.

In addition, the Royal Netherlands Marechaussee had indicated that it was unable to prepare sufficiently for the consequences of the strike due to the NATO summit.

This decision only postpones the strike, unless the unions seize the hand extended by KLM.

Read the article:

The FNV union, which represents ground staff, is not responding to KLM's invitation to return to the bargaining table on Wednesday. FNV leader John van Dorland remains "in action mode", and intends to announce a new strike as soon as he has determined how to take responsible action.

This week, the Haarlem court prohibited a 24-hour strike by ground staff. The unions have already declared that this does not mean the end of their actions. According to Van Dorland, safety talks are still underway with KLM behind the scenes. As soon as these have been concluded, he intends to call another strike.

New actions are therefore threatened at Schiphol during the busy summer period. Next week, the summer vacations officially begin in part of the country. By then, the airport is generally very busy, as many people want to take their vacations by air.

On Friday, KLM offered to waive the wage freeze for its staff, but according to the FNV representative, this is not enough to start new negotiations on the collective agreement. "There's nothing concrete, and we still had a number of other demands. We need to make concessions on this point too." In addition to maintaining purchasing power, the FNV also wants a permanent agreement to enable people in physically demanding jobs to retire earlier.

KLM is disappointed. "Despite KLM's financial situation, we are prepared to make a gesture towards the FNV with a wage offer. It's disappointing that the FNV is closing the door right away. We hope the FNV will accept the invitation," says a spokesperson.

The banned strike was due to take place on Saturday. The FNV and the CNV union announced the action on Tuesday in order to give more weight to their demands. KLM then filed for interim relief, believing that the action went too far. On Wednesday, the judge ruled that the strike, as planned, would have too far-reaching consequences in terms of the safety problems it could cause at Schiphol.

The CNV does not yet know whether it will accept KLM's new invitation. According to CNV negotiator Souleiman Amallah, the matter is still under discussion with members. He adds that KLM has not yet communicated anything concrete that would enable him to assess whether the company is responding to the union's demands.

> Crisis deepens at Air Sénégal

(source Journal de l'Aviation) June 26, 2025

My comment: *African airlines, with the notable exception of Ethiopian Airlines, are experiencing major difficulties.*

In the last week alone, the situations of several airlines have been the subject of comment in the press:

- *Air Sénégal (see article below)*
- *Royal Air Maroc (RAM), which has fallen significantly in the world rankings of the best airlines published by Skytrax, an international reference in the sector.*

  In 2025, RAM will find itself in 70th position, down 15 places on 2024.

  This drop is also visible at continental level. RAM drops from 2nd to 6th place in Africa, behind Ethiopian Airlines, Air Mauritius, RwandAir, South African Airways and EgyptAir.
- *Tanzanian airlines blacklisted from Europe.*

  On June 18, the Tanzania Civil Aviation Authority (TCAA) granted additional traffic rights to Ethiopian Airlines and Qatar Airways, for a period of six months.
- *Last but not least, Tunisair: in dire straits for years, the airline has been waiting for a rescue plan, which has been a long time coming. Previous projects have failed to materialize.*

In the past, Air France in West Africa and KLM in East Africa have forged partnerships with national airlines. Some still exist.

The prospects for air traffic growth in Africa are significant. They would justify the Air France-KLM group strengthening and improving its presence on this continent.

Read the article:

Air Sénégal, Senegal's national airline, **is currently going through an increasingly critical period, heavily in debt and with a shrinking fleet**.

The situation worsened at the beginning of June with a dispute with American lessor Carlyle Aviation Partners, which led to the return of four A321s and is now weighing directly on its operations. According to an internal memorandum dated June 5, Air Sénégal claims to have settled part of its arrears, but the dispute remains. Carlyle is demanding payment of unpaid sums and terminated the leasing contracts last summer, before taking the company to court. Negotiations to buy back two Airbus A319s and return the A321s have reached an impasse, and Carlyle has been accused by Air Sénégal management of "unilateral maneuvers" and "illegitimate pressure".

The Senegalese national airline has also just opposed IATA (International Air Transport Association), which is withholding some 2 billion CFA francs (3 million euros) of its cash via the BSP (Billing and Settlement Plan) system as part of the commercial dispute with Carlyle Aviation. Air Sénégal considers that it has suffered significant damage, and has announced that it will take "all appropriate legal means" to obtain the release of its funds.

Several sources confirm that the company is now "on its last legs", weighed down by a colossal debt, grounded aircraft and a seriously damaged reputation. The tone is one of urgency, with Senegalese Prime Minister Ousmane Sonko himself estimating the company's debt at over 118 billion CFA francs (180 million euros).

Air Sénégal currently has just four aircraft in operation (an A330-900, an A320, an A319 and an ATR 72-600)**, compared with around ten two** years ago.

> NTSB criticizes Boeing and FAA for terrifying Alaska Airlines incident

(source CNN) June 24, 2025

My comment: *Each step in the investigation into the causes of the Alaska Airlines incident brings new revelations about the failings of Boeing and its regulator (the FAA).*

18 months after the incident, the manufacturer of the B737 MAX continues to implement the recommendations made to it.

As a result, Boeing is still forced to limit production to 38 units per month. Prior to March 2019, production rates for the B737 MAX amounted to 52 units per month.

Read the article:

Responsibility for last year's horrific mid-air door-plug explosion on an Alaska Airlines plane is shared between aircraft manufacturer Boeing, its supplier Spirit Aerosystems and the Federal Aviation Administration (FAA), the chairwoman of the National Transportation Safety Board said at a hearing on Tuesday.

"The safety deficiencies that led to this accident should have been obvious to Boeing and the FAA," NTSB Chair Jennifer Homendy said in her opening remarks.

"I have a lot of questions about the FAA's role in this whole affair. The FAA is the last bastion of aviation safety," she added.
(...)
Nineteen safety recommendations were proposed on Tuesday, ten to the FAA and nine to Boeing. Some coincided with recommendations made by the Office of Inspector General in a 2024 audit, many of which were subject to FAA deadlines.
(...)
The full NTSB final report on the Alaska Air incident will be available in a few weeks.

Boeing has been widely blamed for delivering the aircraft to Alaska Air without the four bolts needed to hold the door plug in place.

The NTSB determined that the likely clause was separation of the door plug, due to "Boeing Commercial Airplanes' failure to provide adequate training, guidance and oversight". According to the NTSB, another contributing factor was the FAA's "ineffective monitoring and planning of compliance audits".
(...)
Nevertheless, the NTSB report criticized the FAA for what it called "inadequate oversight".
(...)
The FAA needs to provide better guidance on the rules for safety procedures that airlines, including aircraft manufacturers like Boeing, must follow, said NTSB accident investigator Sabrina Woods.

In the absence of guidance, commercial aviation has been forced to develop a structure based on "trial and error systems", she added.
(...)
Homendy acknowledged that Boeing and Spirit AeroSystems had introduced new quality control systems, and that she was "grateful for the progress made". But you'll hear today that more can and must be done.

She also hopes that the new leadership at the FAA and the Department of Transportation will redouble their efforts to improve safety.

"I believe Boeing, Spirit and the FAA will learn from this accident," she said. **"It is essential that the FAA exercise appropriate oversight over the entities it is charged with regulating**. I am confident that this will happen thanks to the new leadership at the Department of Transportation and the FAA."
(...)
Boeing told investigators that there were no internal documents indicating that the door plug had been removed and then reinstalled without the bolts, so that the workers moving the aircraft along the production line were unaware that the bolts needed to be reattached.

Boeing employees said in interviews with investigators that they felt pressured to work too fast, making it difficult to avoid mistakes.
(...)

> JetBlue adds real-time baggage tracking and AirTag location sharing

(source InvestingPro) June 23, 2025

My comment: *JetBlue's new features are a real advantage for passengers.*

They offer greater visibility of baggage movements, facilitating baggage reclaim in the event of delay or loss, thus contributing to a more serene and reassuring travel experience.

In addition, the method chosen by JetBlue offers a significant economic advantage for the airline.

It relies on hardware already owned by passengers, such as Apple's AirTags, for baggage tracking, avoiding the need for the airline to invest in costly tracking devices to be deployed on all its baggage.

This innovative approach enables JetBlue to enhance its customer service while keeping operating costs under control.

Read the article:

JetBlue has introduced two new baggage tracking features aimed at improving the customer experience when traveling with checked baggage, according to a press release issued on Monday. According to InvestingPro data, the airline's operational initiatives come as it faces significant financial challenges, with analysts anticipating continued pressure on profitability in 2025.

The airline **has launched a mobile application feature providing real-time updates on the status of checked baggage**, extending its existing e-mail notification system. This enhancement enables travelers to track their baggage throughout their trip via the JetBlue app.

In addition, **JetBlue now supports location sharing for Apple AirTags and other Find My network accessories placed in checked baggage**. In the event of delayed or lost baggage, customers can generate a temporary location-sharing link via Apple's Find My app and share it with JetBlue's baggage service team by scanning a QR code at baggage claim or working with staff at the airport.

"We're constantly looking for ways to offer our customers a more convenient travel experience," said Carol Clements, JetBlue's Director of Digital and Technology.

According to U.S. Department of Transportation data cited in the announcement, JetBlue ranked second among U.S. carriers in baggage handling in 2024, with less than 1% of customers experiencing delays.

The new capabilities are part of JetBlue's "JetForward" strategy focused on improving the customer experience. **The company says that access to location sharing ends automatically once customers are reunited with their baggage, and travelers retain full control over their location-sharing settings.**
(...)

> France once again establishes itself as an aeronautics pioneer by giving a second life to end-of-life aircraft wrecks

(source Techguru) June 24, 2025

My comment: *The shortage of raw materials affects all industrial activities.*

In the aviation industry, this is the case for aluminum, but also for steel, copper and even titanium.

Olivier Vidal, a researcher at the CNRS in Grenoble, has carried out a study which shows that the raw materials needed to ensure the energy transition will be insufficient, unless significant recycling channels are set up.

I invite you to listen to his lecture "Energy versus raw materials: is the transition really possible? You'll find the link at the top of my Sustainable Aviation page.

Read the article:

The recycling of aeronautical materials is at the heart of modern concerns, and France is a pioneer in this field. With the advent of new technologies and growing environmental awareness, industry players are seeking to turn constraints into opportunities. With this in mind, Constellium, Airbus and TARMAC Aerosave have joined forces to give a second life to end-of-life aircraft, by reusing aluminum in innovative ways. This ambitious project could redefine sustainability standards in global aviation.

A world first for Constellium
Constellium, a Franco-Swiss company specializing in high-performance aluminum, recently presented an aluminum ingot produced entirely from end-of-life aircraft. This innovation was unveiled at the Paris Air Show 2025, marking a significant step forward in the aeronautics industry. The ingot, the result of a collaboration with TARMAC Aerosave and Airbus, demonstrates that aluminum recycling in the aviation sector is not only possible, but also advantageous.

The challenge was to recycle complex aluminum alloys while retaining their strength and metallurgical integrity. By succeeding in this challenge, Constellium and its partners have not only met the stringent standards of civil aviation, but have also paved the way for a new era of innovation. **The new ingots now meet the requirements of modern aeronautical structures, capable of withstanding extreme conditions**.

Airware and the "Wing of the Future" program
The recycled metal is part of Constellium's Airware range, an aluminum-lithium alloy renowned for its exceptional strength-to-weight ratio. Used by aerospace giants, this alloy helps reduce aircraft weight, resulting in lower fuel consumption and CO_2 emissions. Constellium's "Wing of the Future" program explores even lighter structural solutions, anticipating the challenges of kerosene-free aviation.

This approach is part of a vision of the future in which aviation must combine performance and respect for the environment. The wings of the future, lighter and more resistant, could radically transform the aerial landscape, making travel more ecological and economically viable. This program paves the way for sustainable aviation, ready to meet the growing environmental challenges.

TARMAC Aerosave: a key player in recycling

TARMAC Aerosave plays a crucial role in the recycling of aeronautical materials. **With almost 20 years' experience in aircraft dismantling**, the company **recycles over 92% of materials**, transforming each aircraft into an aluminum mine. Recovered aluminum becomes a strategic resource, integrated into new aeronautical structures thanks to our partnership with Constellium.

This process of technical closure, which seemed impossible just a few years ago, is now a reality. The collaboration between TARMAC Aerosave and Constellium shows that **aircraft recycling is a viable and necessary solution for a rapidly changing industry. With environmental pressure mounting, such initiatives could well become the norm in the near future.**

An ecological and industrial breakthrough
Recycling aluminium requires 95% less energy than its initial production, offering considerable environmental and economic benefits. This technical advance is a potential lever for the aeronautics industry, which is seeking to reduce its carbon footprint. Airbus, which is involved in the project, sees this initiative as essential to its low-carbon strategy.

By reusing used aluminum, the aerospace industry could not only reduce its need for raw materials, but also improve its carbon footprint. This circular approach could become a model to follow, demonstrating that innovation and sustainability are not incompatible. Tomorrow's aircraft, made from recycled materials, could well take to the skies without changing a thing, except for our planet.
(...)

Stock market press review

> US and European airline stocks rise on hopes of truce between Israel and Iran

(source Reuters) June 24, 2025

My comment: *As is often the case in times of conflict, airline share prices move in the opposite direction to oil prices.*

We can see this again after the announcement of the ceasefire between Israel and Iran.

Read the article:

US and European airline stocks rose on Tuesday, while oil prices fell on expectations of a ceasefire between Israel and Iran.

Air France KLM, IAG and Lufthansa were up between 6% and 10%, while Wizz Air gained 3.2%.

US legacy carriers United Airlines, Delta Air Lines and American Airlines were up around 4% each in morning trading. Smaller rivals Alaska Air and JetBlue Airways were also up 3.5% and 6%, respectively.
(...)
"Travel stocks advanced, both because of the implications for fuel costs and because the potential impact on foreign traveler appetite that could have resulted from a further escalation of tensions in the Middle East appears to have been avoided," said Russ Mould, AJ Bell's chief investment officer.

The major oil companies have been hit by the fall in crude prices to their lowest level for two weeks. Oil has lost 10% of its value over the past week.

"Assuming the ceasefire holds, it reinforces our view that a de-escalation was more likely than a full blockade of the Strait of Hormuz - a move that would have triggered a sharp rise in oil prices," said Mukesh Sahdev, global head of commodity markets at Rystad Energy, in a note.

"Against this backdrop, we expect oil prices to remain close to $70 a barrel until an agreement between the US and Iran is reached, assuming the ceasefire holds
(...)

End of press review

> Air France-KLM share price trend

The Air France-KLM share price closed at **9.080 euros** on Friday June 27. Over the week, it is **up sharply (+14.65%).** It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is 8.48 euros (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 5.70 euros.

I only take into account analysts' opinions after July 1, 2023.

You can find details of the analyst consensus on my blog.

Below is the share price trend over the last 5 years.

My comment: *Following the Israeli strikes on Iran, the Air France-KLM share price lost 15% in two weeks.*

After the ceasefire, it has erased this decline.

> Fuel prices this week

The price of a barrel of Jet Fuel in Europe is down sharply (-$12) to $89. It was $94 at the end of June 2023, and $79 before the outbreak of war in Ukraine.

Brent crude oil (North Sea) is **down sharply (-$10) to $67.**

From mid-February 2022 to the end of July 2022, it was yo-yoing between $100 and $120. Since then, it has oscillated between $75 and $99.

My comment: *Unlike airlines, oil is down 15% this week.*

> CIPF management

When you invest in one of Air France's FCPE funds, you obtain shares in these funds. You don't own shares directly.

It is the Supervisory Boards, which you elected in July 2021 for a five-year term, that manage the funds and make the decisions.

The Partners for the Future, Aeroactions, Majoractions and Concorde funds only hold Air France shares.

The Horizon Épargne Actions (HEA), Horizon Épargne Mixte (HEM) and Horizon Épargne Taux (HET) funds manage portfolios of various equities.

My comment: *If you'd like to find out more about how the various Air France FCPEs are managed, please visit my navigaction website, under the heading Air France-KLM employee share ownership.*

More information

This information does not constitute a solicitation to buy or sell Air France-KLM shares.

You can react to this press review or send me any information or thoughts that will enable me to keep you better informed.

By return, you can ask me any questions you may have about the Air France-KLM group or employee share ownership.

See you soon.

To find my last letters, click here

If you like this newsletter, please pass it on.

New readers can receive it by sending me an e-mail address of their choice.

| François Robardet

At the forefront of more responsible European aviation, we bring people together to build the world of tomorrow.
(Air France-KLM's raison d'être)

I represented current and former Air France-KLM employees. You can find me on my twitter account @FrRobardet and on LinkedIn.