

The French air transport industry is under increasing fiscal pressure



I Letter from François Robardet

Air transport in France, Europe and the world

N°1026, July 21, 2025

If you do not see this page correctly, or if you wish to read the English or Dutch versions

If you do not see this page correctly, or if you want to read the English or Dutch versions,

Als u deze pagina niet goed ziet, of als u de Engelse of Nederlandse versie wilt lezen,

[follow this link](#) , [it is here](#)  [vindt u deze hier](#) 

Weekly newsletter

Contents :

French air transport under increasing fiscal pressure, with over 1.3 billion euros in additional taxes by 2024

Transavia launches a unique ticket resale service, up to one hour before flight time

After the Air India crash, the debate over the installation of on-board cockpit cameras resurfaces

Paris airports still not back to pre-Covid traffic levels

Bonus article

Delta Air Lines' AI-based pricing could trigger a crisis of confidence among customers

> French air transport under increasing fiscal pressure, with over 1.3 billion euros in additional taxes in 2024

(source Vincent Capo-Canellas, Senator) July 15, 2025

My comment: I invite you to read this analysis by a senator who has been following the air transport sector for many years.

He describes a worrying situation for French airlines.

Although the Prime Minister has announced that he does not intend to increase the tax burden on airlines, nothing is definitive.

The latest Trésor Public report (n°367, July 2025) entitled "Tarification et fiscalité du transport aérien" (Air transport pricing and taxation) opens the door to a tax increase.

It points out that "Air-ticket taxation makes it possible to improve the average coverage of externalities...A moderate increase in air-ticket taxation does not present a risk of major carbon leakage."

However, he acknowledges that "In the medium term, the most effective scenario remains the implementation of carbon pricing tools on an international scale. These would guarantee the coverage of carbon externalities for the entire sector, while preserving fair conditions of competition limiting carbon leakage."

Read the article:

For several years now, French air transport has been going through a storm of taxes, at the risk of stalling. **In 2024/2025 alone, over 1.3 billion euros in additional taxes have been levied on the sector, including ticket taxes, aeronautical fees, long-haul infrastructure taxes, security taxes and other contributions.** Taxes and fees account for 47% of the price of a one-way ticket from Paris to Nice, i.e. 61 euros for a ticket costing 130 euros.

The justification put forward is ecological and budgetary. **The idea is that we need to reduce traffic in order to cut emissions** (Germany and Sweden have chosen to go back on the idea after experimenting with it). Less flying means less pollution, we're told. Of course, you have to drive less, use the internet less, heat less... or do it with moderation and discernment.

Yet this alliance between the apostles of degrowth and budgetary restrictions has become the absolute mantra "for a good cause". **But is it really the key to decarbonization?** And will taxing more and more, even if it means destroying part of the tax base, bail out our finances in the medium and long term? **Would taxing allow us to both decarbonize and replenish our coffers?**

Even if moderation of use is always useful, emitting less CO2 presupposes sustainable fuels that are more expensive to buy and less polluting, **for which we need to provide financial support for the launch of the sector.** Fleet renewal is also a priority, and a costly one: recent aircraft consume and emit 30% less. Eventually, technological breakthroughs are expected, and are already attracting

funding: hybrid, electric and even hydrogen-powered aircraft...

The optimization of flight operations is an important factor: on the ground, with electrification, and in flight, with unified air traffic control, "straight flight paths" and "continuous descent". Here again, the sector needs to invest. Although French air transport emissions were 10.5% lower in 2023 than in 2019, there is still a long way to go.

To make this transition a success, we need a long-term strategic vision with a stable financial framework, to promote a new global standard in a competitive market. Companies need to be able to plan ahead. We are doing the exact opposite.

Air France, in particular, is firmly committed to decarbonization, incorporating more and more sustainable fuels. Weakening it is paradoxical. Airline margins are low, and prices are subject to fierce competition. As a result, we are closing routes, destroying jobs and connectivity for our metropolises and provincial departments, which are losing out in terms of attractiveness and tourism. Because it's more profitable to base planes elsewhere than in France: they'll be taxed less. And there will be a shortage of aircraft for several years to come, given the difficulties of the production lines. As a result, the level of emissions is shifting to our neighbors... for want of a coordinated approach.

Domestic traffic in 2024 will be 25% lower than in 2019. This is accelerating: -28% in the first quarter of 2025. The drop is even more pronounced in May (around - 5% more). Overall traffic (including international flights) will be 1% lower than in 2019 in 2024, whereas it will be 5% to 15% higher among our peers and 4% higher in Europe. A considerable gap. In 2023, we were Europe's 4th-largest market, but by 2024 we had fallen back to 6th place, overtaken by Italy and Turkey. In terms of seat supply for the coming months, only Russia and Norway are doing worse than France. We were expecting a post-Olympic rebound in summer 2025...

We favor foreign "hubs" because transiting through them avoids paying taxes on long-haul flights. Travelling within France means paying ticket tax twice (each time you take off). Traveling abroad, on the other hand, only charges tax on the outbound flight. Yet traveling abroad means emitting more, with longer flights. It's a strange paradox to encourage people to pollute more when we claim the opposite. All in all, the French model of decarbonization is looked upon by our neighbors with mockery and incomprehension.

But does this model of all-out taxation bring in more revenue for our budget?

The difference in traffic points with neighboring countries represents just as many fewer taxes and contributions. Not to mention the loss in asset value of Air France and Aéroport de Paris, in which the French state is a shareholder, and the

effect on business and tourism. The deficits generated at provincial airports mean that local authorities have to contribute. The conclusion is that taxing does not, in the long term, bring in more budget revenue: we deprive ourselves of revenue that goes to our neighbors, and we weaken growth.

The industry is committed to a goal of zero emissions by 2050 (with a residual share of offsetting).

This is the real challenge, the one that deserves support, control and verification. Thanks to our engineers, we're in the best position to meet it. We have learned to fly, then to transport passengers in maximum safety conditions, and finally to democratize this mode of travel initially reserved for the rich. We're going to decarbonize the airplane.

This fourth revolution presupposes that we do not economically destroy our air transport.

> Transavia launches a unique ticket resale service, up to one hour before flight time

(source Ouest-France) July 17, 2025

My comment: As so often, the devil is in the detail. Transavia France's press release makes no mention of the conditions to be met in order to obtain a partial refund of the ticket price.

As far as tax refunds are concerned, a quick reminder is in order.

Airlines are obliged to refund airport taxes if a customer does not fly, whatever the reason (cancellation, missed flight, forgotten documents, etc.).

This applies to all types of ticket (refundable, non-refundable, low-cost, etc.) and regardless of the reason for no-show.

Please note: only individual taxes such as airport tax (QW) and passenger tax (QX) are refundable. The refund request must be made by the passenger (and not automatically by the airline or the agency).

Other charges (fuel surcharge, security, solidarity...) are not refundable.

Read the article :

It's a small revolution in the airline industry: on Tuesday, July 15, 2025, Transavia launched a new, flexible and secure ticket resale service. A first of its kind, the Air France-KLM low-cost subsidiary has teamed up with start-up Fairlyne, reports Le Figaro. The service enables passengers who are no longer able to fly to offer their tickets to other customers, up to one hour before their flight.

In concrete terms, resale takes place via the airline's digital channels (subject to certain eligibility conditions). Simply go to the "My Transavia" section of the transavia.com website and click on "Resell your ticket". The service is also available via resale.transavia.com.

The sale and transaction take place in the airline's own world, with no outside intermediaries. **The platform guarantees a secure operation at no extra cost. The seller receives a ticket refund equivalent to at least the amount of taxes, and up to 50% of the total price.** This enables the seller to recover some money and avoid outright cancellation without compensation.

For Transavia, the aim is twofold: to "look after" its customers and to avoid empty seats as much as possible when boarding. "Offering our passengers a concrete solution when they can no longer travel both enhances their experience and optimizes our operations," acknowledges Nicolas Hénin, Executive Vice President Sales & Marketing, in a press release relayed by Air Journal.

This type of resale platform, managed directly by the tour operator, already exists in rail transport for Ouigo trains. Launched three years ago, Ouigoswap enables passengers to sell their tickets (which are non-refundable) and recover up to 80% of their price. The service, initially opened for full trains, has now evolved to allow passengers to sell their tickets for many more journeys.

This is SNCF's way of combating the "wild" resale of tickets on social networks or via competing platforms. These platforms also exist in the airline sector, but present risks: they are less supervised and secure than airline websites. In addition, you need to be on your guard against scams, and check before you buy that changing the name on an airline ticket is authorized by the airline operating the flight.

> After the Air India crash, the debate over cockpit cameras is back on the agenda

(source BFM) July 17, 2025

My comment: *Hasty conclusions should be avoided. The role of the pilots in the crash is still uncertain.*

As in previous accidents - notably that of flight AF447 from Rio to Paris - the presence of cameras filming the pilots' activity would have improved understanding of the sequence of events leading up to the crash.

The pilots' unions, including IFALPA, continue to oppose this measure, citing the risk of misuse of the images. Fears are crystallizing over the possible disciplinary or criminal use of the recordings, particularly in countries where labor law is non-existent or the safety culture unprotective.

I endorse APNA's view:

- *Today, FDM (Flight Data Monitoring) and CVR (Cockpit Voice Recorder) data are protected by rigorous protocols: they are used within a strictly non-punitive framework, dedicated to accident prevention.*

This doctrine is based on crew confidence and the "just culture" principle. It would be a red line to upset this balance by authorizing the use of these recordings - let alone videos - for disciplinary or legal purposes.

If you'd like to know more about the events leading up to the crash, I invite you to read the Reuters study entitled "32 seconds to disaster".

Read the article:

The history of aeronautics is littered with serious accidents that have often led to changes in aircraft design. These include round-edged windows, flight recorders (black boxes) and secure cockpit access doors.

The Air India Boeing crash (260 dead) has once again raised the issue of cockpit cameras to monitor pilots' actions. Indeed, the preliminary report from the country's authorities stipulates that the fuel supply switches for the engines had been switched to OFF mode (closed) just after take-off. However, three manual actions are required to complete this operation, which rules out accidental unlocking.

Of course, a "video black box" would allow us to validate or invalidate the theory of an intentional act by one of the pilots. **Willie Walsh, Director General of the**

International Air Transport Association (IATA), therefore **believes that** there are "serious arguments" in favor of regulations requiring airlines to install cockpit cameras.

"Given the little we know at present, it's quite possible that a video recording, in addition to the voice recording, would be of great help to the investigators," he says in an interview with the Singapore media about the crash of Air India flight AI171.

The idea is not new. As long ago as 2000, Jim Hall, Chairman of the U.S. National Transportation Safety Board (NTSB), urged the Federal Aviation Administration (FAA) to require airliners to be equipped with video recorders after the crash of Egyptair Flight 990, allegedly a deliberate act.

Aircraft manufacturers Boeing and Airbus are even developing on-board technologies capable of transmitting more data and images in real time.

But **this proposal has met with historic and wholesale opposition from pilots and their unions, highlighting questions about confidentiality and potential abuses of surveillance.** It has to be said that, according to industry specialists, pilots sometimes take a few liberties with the regulations, by letting passengers into the cockpit, smoking...

"Between privacy and safety, the balance tips unequivocally in favor of safety," John Nance, aviation safety expert and former airline pilot, tells Reuters. "Protecting passengers is a sacred obligation.

Questions about confidentiality and potential abuse

"If there is a guarantee of non-recuperation of data, outside of accidents, this is a solution that could be accepted by the unions", Xavier Tytelman, an aeronautical consultant, tells Ouest-France.

However, the pilots' unions remain as sceptical as ever, as do the airlines: installing these devices requires major modifications to the aircraft, which means they have to be grounded, at considerable cost.

Nevertheless, on-board cameras have already proved their worth, particularly in the case of serious helicopter accidents.

In 2023 in Australia, a Robinson R66 disintegrated in flight, killing the pilot, the only person on board. According to the final report by the Australian Transport Safety Bureau, based on images captured from the cockpit, "the pilot was engaged in non-flying tasks for much of this period, including the use of his cell phone and the

consumption of food and drink". Without the camera, the mystery would surely have remained unsolved.

> Paris airports still not back to pre-Covid traffic levels

(source Voyages d'Affaires) July 15, 2025

My comment: While international traffic is gradually approaching its 2019 level, the same cannot be said of domestic traffic.

Passengers are increasingly opting for rail or road alternatives (Blablacar type) with a lower carbon footprint than air travel.

Read the article:

"Could do better" would certainly be what we think when we see the half-yearly results for Paris airports, published by Aéroports de Paris. Admittedly, passenger traffic continues to grow. **In the first six months of 2025**, it stood at 51,347,180 passengers, up 4.5%. **Growth was driven mainly by Orly airport. Passenger numbers rose by 5% to 16.75 million.**

By contrast, **things were a little more sluggish at CDG. The Air France hub posted a 4.3% increase to 34.6 million passengers. What's more worrying is the continuing stall at Roissy compared with 2019, the last year before Covid. First-half 2025 traffic is still 4.8% below the same period in 2019.** Orly, on the other hand, posted exactly the same figure... but in positive territory!

Another cause for concern: the month of June saw a slowdown in growth. With 9.69 million passengers at both airports, growth was 4.1%. But CDG stalled, with growth of 2.6%. This represents 6.43 million passengers, 7 points down on June 2019.

This mediocre growth is due in particular to the geopolitical turbulence in the Middle East, which weighed on intercontinental traffic. In June, traffic to the Middle East fell by 3.5%. At the same time, the slowdown to North America continued. Although passenger numbers rose by 1.9% in June, this was the smallest increase of all intercontinental markets.

On the other hand, domestic traffic unexpectedly rose by 2.8% in June, returning to 72.7% of 2019 levels. **Over the first half of the year, domestic traffic**

nevertheless fell by 1.4%. Its level is now more than 30% below the pre-Covid period.

Bonus article

> Delta Air Lines' AI-based pricing could trigger a crisis of confidence among customers

(source Forbes) July 19, 2025

My comment: I suggest this article because it deals with a subject that goes beyond air transport. It addresses the human need for fairness in pricing.

Research in behavioral economics shows that consumers have an innate sense of fairness that, when flouted, triggers stronger negative emotions than almost any other commercial transgression.

Nobel Prize winner Daniel Kahneman's work on fairness theory shows that people reject profitable offers if they feel the terms are unfair, and are willing to pay a price to punish companies they deem unfair.

Enjoy your reading.

Read the article:

How would you feel about buying something and paying an individualized price determined by an omniscient artificial intelligence (AI)? This scenario is closer than you think.

Delta Air Lines is betting big on AI to boost profits. The airline plans to extend AI-determined pricing from 3% to 20% of tickets by the end of the year. **While executives are delighted with** these "incredibly favorable unit revenues", they are forgetting that **this may not be to the liking of customers, who are the main ones affected by this pricing.**

They are overlooking a powerful psychological factor that could derail this strategy: the human need for fairness in pricing.

According to Fortune, Delta Air Lines' long-term goal is to move away from fixed

fares altogether and create individualized pricing for each passenger with the help of AI. "We will offer an available price for that flight, at that time, for you as an individual," President Glen Hauenstein told investors. When customers hear this, they think, who will benefit more: the customer or the airline?

This represents a fundamental shift in the psychological contract between airlines and their customers. Even outside the airline industry, marketers should be paying attention.

The problem of perceived fairness

For decades, airlines set their fares according to a principle of inequality.

However, this inequality was generally transparent. The person sitting next to you could have paid much more or much less than you for the same flight. **Prices varied according to the date of reservation or the possibility of a full refund.**

It was generally cheaper to book in advance. Last-minute bookings could cost much more if there were few seats left, or even less if the flight was still half-empty. Prices varied constantly according to bookings and forecast demand. While **this system** could lead to significant price differences, it nevertheless **seemed fundamentally fair. The rules applied equally to all.**

Delta Air Lines' AI-based pricing system destroys this perception. When an algorithm determines your price from a multitude of data specific to you, but without any transparency, you probably feel cheated.

The problem of asymmetric information

If you've ever bought a used car from a car dealer, you've certainly been confronted with the problem of asymmetric information. The seller knows a lot more than you do: what problems the car may have that need to be fixed quickly, the purchase price of the vehicle, the selling price of similar cars, your credit rating and history, the minimum profit the dealer is willing to accept, and much more.

As the salesperson juggles figures for vehicle price, financing, additional options and trade-in price, even the most discerning buyers leave feeling cheated. Is it any wonder that **used car salespeople are among the most untrustworthy of all professions?**

Information asymmetry isn't always bad. It exists in doctor-patient relationships, but most people trust their doctor's advice. The problem arises when the party with superior knowledge uses it as a weapon to gain an advantage over the other party. An example of this is the car salesman who sells you a car with uncorrected problems, or applies an exorbitant profit margin.

Delta Air Lines' use of asymmetric information

Delta Air Lines' approach to AI makes used-car salespeople look like

amateurs. Their algorithm knows everything. Prices and availability of competing flights. Projected demand for seats. Your credit information. Your airline purchase history. **Your price sensitivity.** Whether you are seeking higher loyalty status. **Your behavior** during this particular search session. And probably a dozen (or more) variables.

Behavioral economics research shows that consumers have an innate sense of fairness that, when flouted, triggers stronger negative emotions than almost any other commercial transgression. **Nobel Prize winner Daniel Kahneman's work on fairness theory shows that people reject profitable offers if they feel the terms are unfair, and are willing to pay a price to punish companies they deem unfair.**

Why Delta Air Lines' AI-based pricing looks different

"They're trying to read people's minds to find out how much they're willing to pay," Justin Kloczko of Consumer Watchdog told Fortune magazine. "Basically, **they're hacking into our brains.**"

That's why AI-based pricing looks fundamentally different from traditional yield management. When an airline prices based on supply and demand, customers understand the logic. When an algorithm analyzes your personal data to get the maximum payment, it seems abusive.

The psychological distinction is important. Traditional fare discrimination, such as student discounts, senior citizen fares, advance purchase fares, etc. seems acceptable, as it is based on transparent and understandable factors. **AI-based pricing that individually targets customers based on their perceived willingness to pay and other unknown factors oversteps the boundaries of fairness.**

How brand trust erodes

Marketers considering AI-based pricing strategies need to understand how trust generally erodes.

Phase 1: the shock of discovery. The first time customers discover they're being offered two different prices depending on whether they're logged in or browsing anonymously, their emotional reaction is immediate. Social networks amplify these discoveries,

Phase 2: Behavioral adaptation. Customers begin to circumvent the system by using VPNs, deleting cookies, creating multiple accounts, purchasing via third-party apps, etc. As travel expert Gary Leff pointed out in Fortune, this may work in the short term, but airlines could end up requiring purchases to be made after logging in. No longer anonymous, customers would then have to "submit to personalized pricing to get seats with more legroom".

Phase 3: Breaking brand loyalty. When customers realize that they have to go the extra mile with every booking to outsmart your pricing algorithm, the relationship changes fundamentally. They shift from brand advocates to adversaries, viewing every interaction with suspicion. A study by Gartner has shown the detrimental effect of unnecessary customer effort on brand loyalty.

Strategic implications for marketing managers

"AI doesn't just optimize business operations, it fundamentally rewrites the rules of commerce and customer experience," author Matt Britton told Fortune magazine. For marketers, this creates an unprecedented challenge: how do you maintain brand trust while implementing pricing strategies that seem inherently unreliable?

#1. Transparency as a competitive advantage

As more and more companies adopt AI-based pricing, brands that maintain transparent and predictable pricing could enjoy a significant competitive advantage. The short-term gains generated by AI optimization could be offset by the long-term loss of customers who turn to "fairer" competitors.

#2. The communication challenge

Delta Air Lines told Fortune that it has "strict safeguards in place to ensure compliance with federal law", though it did not specify the nature of these safeguards. This opacity compounds the problem of trust. Marketing managers who implement AI-based pricing without damaging customer trust need to be transparent about how the system works, what data is used and what safeguards are in place.

#3. Segmentation strategy

Consider limiting AI-based pricing to specific segments or products where price variability is already expected. Delta Air Lines' radical shift risks alienating its most valuable customers - business travelers who value predictability.

#4. Positive price presentation

Rather than calculating individual prices for each customer, present a lower price for certain customers as a discount. A customer who shops and sees a pop-up saying "10% off, today only!" will be less likely to see this as hostile manipulation, even if they don't see it the next time.

#5. The loyalty paradox

Gary Leff predicts that airlines could require their customers to "fully integrate into their ecosystem to reap the benefits of this system". This could create a dangerous

dynamic where **your best customers, those who provide the most data and make the most transactions, could also be the most exploited by pricing algorithms. Brand loyalty could be penalized.**

The future of AI-based pricing

US Senator Ruben Gallego has already called Delta Air Lines' practice "predatory pricing", hinting at possible regulatory measures to curb it. However, regulation may well be the least of Delta Air Lines' problems with AI-based pricing. The greater risk is the loss of customer trust and the erosion of loyalty.

Marketing managers considering AI-based pricing must answer a crucial question: is maximizing revenue from each transaction worth jeopardizing the psychological and emotional foundation of customer relationships?

Delta Air Lines' experience with AI-based pricing could indeed generate "incredibly favorable unit revenues" in the short term. However, if this practice triggers a crisis of confidence among customers who feel manipulated or unfairly treated, these gains could be jeopardized by defections and bad publicity.

End of press review

> **Air France-KLM share price trend**

Air France-KLM shares closed at **11.16 euros** on Friday July 18. Over the week, it is **up (+1.64%) following a +39% rise over the previous three weeks**. It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, and 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is 8.59 euros (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 5.40 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: Airline shares were little changed this week, after several weeks of gains.

> Fuel price trends this week

The price of Jet Fuel in Europe rose slightly (up \$1) to \$97 a barrel. 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 slightly (-\$2) to \$69.

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: Oil has been stable for several weeks.

> CIPF management

When you invest in one of Air France's FCPE funds, you obtain shares in these funds. You do not hold 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 navigation 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 read my last letters, [click here](#).

If you like this letter, 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're bringing 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.**

This newsletter deals with the airline industry worldwide and topics related to Air France-KLM's shareholding.

If you no longer wish to receive this newsletter, [unsubscribe](#).

If you wish to change your e-mail address, please [let know your new address](#).me

To contact me: [Message for François Robardet](#).

11,689 people receive this press review live