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## **I Letter from François Robardet**

### **Aviation in France, Europe, and around the world**

No. 1036 - 10/08/2025

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## **The weekly newsletter**

### **Summary**

Under the impact of taxes, French regional airports are seeing their range of destinations dwindle

The Dutch government must prepare for another financial fiasco at KLM

Boeing and Airbus curb speculation about a new single-aisle aircraft

### **> French regional airports see their range of destinations dwindle under the impact of taxes**

(source: Les Echos) October 4, 2025

**My comment:** Yes, the tax increase has indeed had an impact on passenger numbers at small French airports. However, this factor alone does not explain the decline in traffic.

*Growing awareness of the environmental impact of flying has prompted many French travelers—both individuals and professionals—to choose trains or buses over planes.*

*In addition, the difficulties encountered by the global aviation industry are also weighing on the situation. The crisis at Boeing, the shortage of spare parts, and the problems faced by engine manufacturer Pratt & Whitney are slowing the growth of airline fleets. Some airlines, such as Ryanair (whose fleet consists exclusively of Boeing 737s), are directly affected by this. EasyJet, for its part, only uses Airbus A320s.*

*In this context, it must be recognized that small French airports are bound to experience increasing difficulties.*

*Are there too many airports in France?*

*A comparison with our European neighbors seems to indicate that this is the case. Relative to its population, France has more airports than its neighbors:*

<i>Country</i>	<i>Airports / million inhabitants (≈)</i>
<i>France</i>	<i>≈ 0.93 airports / million</i>
<i>Germany</i>	<i>≈ 0.49 / million</i>
<i>Italy</i>	<i>≈ 0.59 / million</i>
<i>Spain</i>	<i>≈ 0.79 / million</i>
<i>United Kingdom</i>	<i>≈ 0.63 / million</i>

*The gap is even more striking when we look at the number of small airports, which handle between 15,000 and 1 million passengers per year:*

<i>Country</i>	<i>Small airports (15k–1M)</i>
<i>France</i>	<i>30–40</i>
<i>Germany</i>	<i>8–12</i>
<i>Spain</i>	<i>20–25</i>
<i>Italy</i>	<i>20–25</i>
<i>United Kingdom</i>	<i>15–20</i>

*It may be necessary, in the long term, to rethink the French airport network. Without rationalizing the number of small airports, many are likely to disappear due to a lack of passengers.*

## Read the article:

**Six months after the solidarity tax on tickets tripled, the fears of air transport professionals regarding the impact of this increase in France have already become a reality. From January to the end of August, air traffic in France grew by only 1.5% compared to 2019, which serves as a benchmark, compared to an average of 4.5% for the European Union,** according to figures from the National Federation of Aviation Professions (FNAM).

But the most visible impact for air passengers is the reduction in the number of foreign airlines operating in France, particularly on domestic routes and at regional airports. **Of all the major European markets, France is the only one to have experienced virtual stagnation in its air travel supply this summer (0.2%), and the only one to have recorded a decline in traffic (1.5%) on its intra-European routes.** There was a sharp decline starting in April, when the surcharge on airline tickets came into effect.

As a reminder, this tax amounts to €14.80 for a return flight in economy class to a destination in France or the European Union, €30 for a return flight to an "intermediate" destination " (international and non-European, but less than 5,500 km) and €80 for a more distant destination (more than 5,500 km), again in economy class. The amount doubles in the case of "additional services," such as business class.

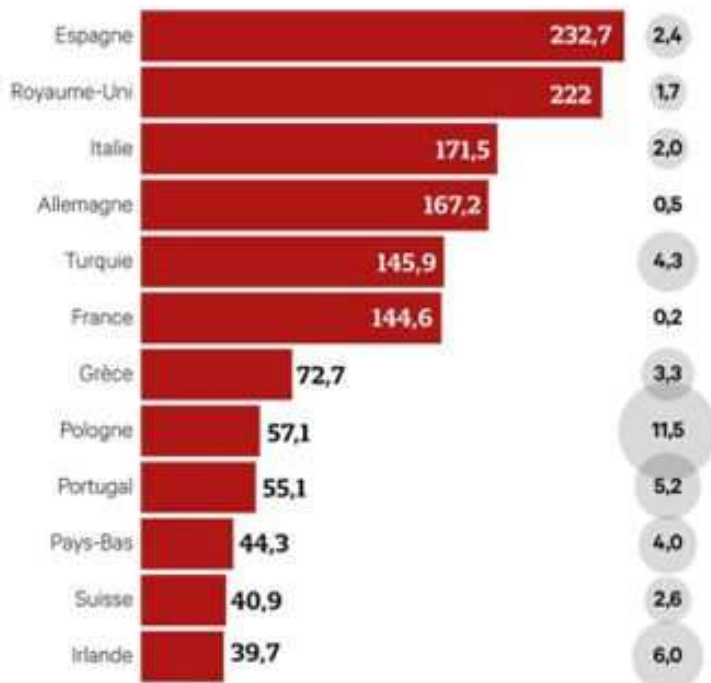
Ryanair has carried out its threat

**"Foreign airlines that can afford to do so have adjusted their capacity to the detriment of the French market,"** explains Pascal de Izaguirre, president of the FNAM and CEO of Corsair. "It will probably be worse this winter, with the contraction in supply from Ryanair and other airlines such as EasyJet, which are shifting capacity from domestic to intra-European flights."

## L'offre de transport aérien à l'été 2025 en Europe

En millions de sièges offerts

Variation 2025/2024, en %



SOURCE : FNAME



The most spectacular example is indeed that of **Ryanair**. The low-cost airline, which is often the main airline, or even the only one, at many regional airports, **has announced an unprecedented reduction in its offering in France of 11% over the winter season**. This is equivalent to 337,870 fewer seats between November and the end of March.

**According to Ryanair, the surcharge decided in the 2025 budget represents €25 per passenger** for flights whose average price, excluding additional charges, is only €45. This would make it impossible to make a profit on the least profitable routes. Ryanair, which operates 93 bases in Europe, has therefore decided to use some of its aircraft elsewhere.

This would result in the virtual closure of Strasbourg, Bergerac, Vatry, and Brive airports this winter, while others, such as Béziers, Clermont-Ferrand, and Poitiers, would lose half of their flights. Double-digit declines are also expected this winter in

Limoges (25.7%), Nîmes (18.3%), Lyon (16.7%), Lille (20.4%), Lourdes (16.4%), Biarritz (30.6%), Carcassonne (38.9%), La Rochelle (37.4%), Dole (23.2%), Perpignan (23.5%), Nice (33.5%), Nantes (10.4%)... Even its main base in Beauvais has not been spared, losing 76,000 seats.

At the same time, **Ryanair plans to increase its overall capacity by six million seats, including 19.3% in Poland, 10% in Italy, 15% in Ireland, 7.5% in Germany, 6.3% in the United Kingdom, and 6.7% in Portugal. Only Spain is worse off than France for the same tax reasons, with five airports being abandoned.**

Air connectivity

However, the Iberian Peninsula still has a better air connectivity rate than France. **According to the ranking established by the International Air Transport Association (IATA), which compares the availability of international flights and destinations in different countries, France has still not regained its pre-Covid level of connectivity.** France now ranks behind Spain, as well as Poland, Turkey, the United Kingdom, the United Arab Emirates, and even Saudi Arabia.

"This is not a decline in activity, **it is a transfer of activity**," emphasizes Pascal de Izaguirre. **If we extrapolate over the year, we can estimate the loss for France at 3.5 million visitors and €2.3 billion in tourist spending, says the director of the FNAM.** This represents a shortfall of around €850 million in public revenue, equivalent to the additional tax revenue expected from the increase in air ticket tax. All that for nothing!"

**> The Dutch government must prepare for another financial fiasco at KLM**

(source SchipholWatch, translated with DeepL) October 1, 2025

***My comment:*** The crisis facing KLM is serious. Last week, I had the opportunity to explain that it stems from the Dutch government's handling of the COVID period.

*In France, the long-term partial activity scheme (APLD) enabled Air France to preserve its jobs.*

*In the Netherlands, however, the nature of government aid forced KLM to reduce its workforce in order to limit losses.*

*Since the end of the health crisis, KLM has also been impacted by flight restrictions at Amsterdam Schiphol Airport and a sharp increase in taxes and fees.*

*But one of the main causes lies in KLM's difficulty in recruiting pilots and mechanics.*

*There is a stark contrast between France and the Netherlands in terms of aviation recruitment. On the one hand, France benefits from a truly diverse and attractive aviation ecosystem; on the other, the Dutch market remains concentrated around a limited number of players.*

*In France, pilots and mechanics have a wide range of career opportunities. In addition to Air France and Transavia France, several airlines—such as easyJet Europe, Corsair, French Bee, and ASL Airlines—recruit regularly. The country is also home to a strong industrial base: Airbus, Safran, Dassault Aviation, ATR, and Thales are all groups that offer careers in aircraft maintenance, design, and production.*

*This diversity of employers creates a dynamic pool of talent and promotes professional mobility.*

*Specialized schools, such as ENAC, IPSA, and ESMA, maintain close ties with these players, helping to train hundreds of technicians and pilots each year who are ready to enter the market.*

*In the Netherlands, the situation is different. The aviation sector is mainly based around KLM and Transavia Netherlands, centered on the Amsterdam-Schiphol hub.*

*The absence of major aircraft manufacturers or engine manufacturers limits career prospects within the country. For mechanics and pilots alike, opportunities for retraining or career advancement therefore remain limited.*

*As a result, while France has an abundant and diverse pool of talent, the Netherlands struggles to attract aeronautical talent. This asymmetry partly explains why KLM has more difficulty recruiting than Air France.*

*This has led the Air France-KLM group to have Air France pilots fly KLM aircraft, a situation that would have been unimaginable before COVID.*

### **Read the article:**

**KLM is once again going through a difficult period and is dangerously close to financial ruin.** A recent report commissioned by the Ministry of Finance paints a worrying picture of the national airline's health and operational vulnerability.

The study was conducted by the audit firm EY between February and September 2025. The report highlights that KLM and its parent company Air France-KLM are under constant financial pressure, with declining profitability and low solvency.

The findings are so alarming that EY stresses the importance of defining early indicators and putting recovery instruments in place to better prepare the government for new crisis situations. Such as another call for public aid.

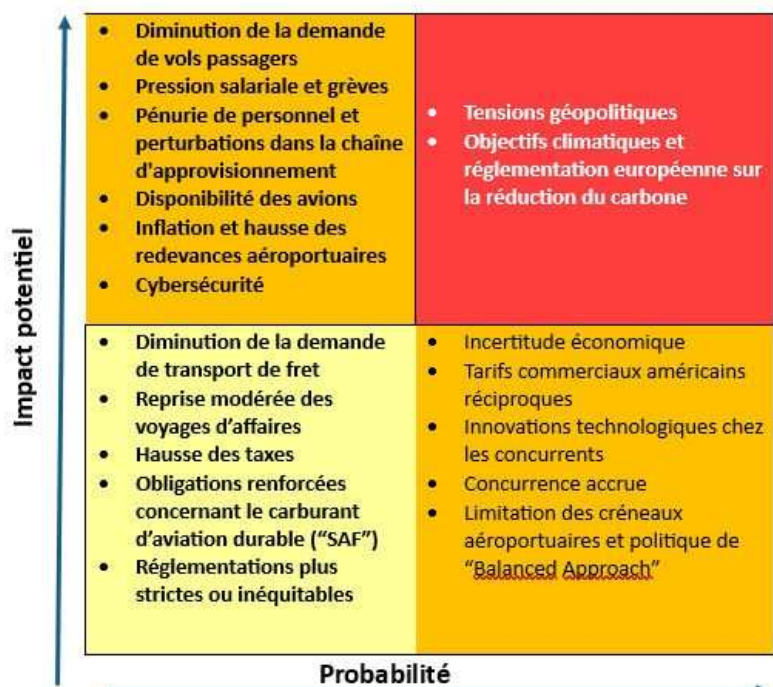
Although KLM experienced modest revenue growth between 2018 and 2024 (from €10.9 billion to €12.7 billion), **its margins have steadily declined in recent years. The situation deteriorated significantly in 2024.**

Dramatic

**The margin fell dramatically that year, reaching only 3.1%.** This puts KLM far behind its competitors, which achieved an average margin of 13%. The decline at KLM is mainly due to structural cost increases, as government official Dr. Jeroen Kremers noted several years ago.

KLM's cost structure is therefore a major problem, as EY now points out. **Labor and maintenance costs are significantly higher than those of comparable airlines.** In 2024, personnel costs accounted for 35% of KLM's total operating expenses, significantly higher than the average of 25% for other airlines. Maintenance costs, at 12.7%, are also significantly higher than the industry average of 6.8%.

To remedy the financial chaos, KLM launched the Back on Track program, which aims to achieve an operating margin of at least 8% by 2026. However, EY researchers say that to be competitive in the long term, the company must address structural costs and inefficiencies.



KLM's current challenges

Fragile balance sheet



**KLM's balance sheet currently has serious weaknesses.** The company is heavily dependent on external financing. Its lease obligations are particularly striking.

KLM's solvency is therefore insufficient. The ratio of equity to total assets remained stuck at 7% in 2024, well below the industry average of 22%.

Meanwhile, the aircraft are aging. Due to delays in the delivery of new aircraft, the average age has increased from 9.7 to 12.1 years. In addition, **revenue per passenger seat is stagnating, mainly due to staff shortages.**

AFKLM even weaker

The parent company AFKLM is also vulnerable. Its financial structure is characterized by a high level of debt, which leads to increased financial risk. The solvency of AFKLM as a whole was only 2.2% in 2024, even lower than that of its subsidiary KLM.

**KLM's financial problems are compounded by external challenges. The company is directly affected by Schiphol's policy, which announced a 41% increase in airport charges in October 2024.** Even if some of the additional costs are passed on to passengers, EY estimates that the negative impact on operating income will be between €84 million and €143 million.

This could further reduce the operating margin, which was already historically low in 2024 at 3.1%, to a dangerous range of 2.0 to 2.4%.

Increased competition

In addition, **KLM and AFKLM face fierce competition from Middle Eastern airlines** such as Emirates and Qatar Airways. These airlines are much more profitable, with an operating margin of around 17%, compared to 3.1% for KLM.

These airlines benefit from lower labor costs and economies of scale thanks to a relatively larger number of long-haul flights with wide-body aircraft. **They also reportedly receive state aid.**

These advantages enjoyed by their competitors structurally weaken the competitive position of KLM and AFKLM. Without adapting their activities, AFKLM and KLM risk falling even further behind.

Slip

**EY analysts warn that the Ministry of Finance must closely monitor KLM's financial health.** The best way to do this is to use the slippery slope concept. This model helps to understand how the accumulation of stress levels causes an organization to slide into an untenable situation such as a crisis or bankruptcy.

The government, which has already had to step in as a lender of last resort during the COVID-19 pandemic, must now actively manage risks and put procedures in place. In particular, it must develop a carefully considered scenario in the event of a possible bankruptcy in order to avoid conflicts of interest and preserve relations with France.

In summary, **KLM's financial situation is fragile**, its costs are too high, and it faces numerous operational constraints (aging fleet, **staff shortages**). Rising airport charges and fierce competition make structural improvements essential to prevent KLM from continuing to slide down a slippery slope. This is according to EY.

**The question arises as to whether KLM still has a solid future with its current business model.** It is not easy to increase margins, especially if travelers need to be encouraged to transit through Schiphol with discounts on connecting flights. It might be better for KLM to rethink transfers and focus on the domestic market. This would, in any case, significantly reduce noise and pollution in the Schiphol area.

### > Boeing and Airbus curb speculation about a new single-aisle aircraft

(source: Air Journal) October 7, 2025

**My comment:** To design a new generation of aircraft, manufacturers estimate that they need to achieve efficiency gains of around 15%.

To achieve this, they are relying primarily on engine manufacturers. However, the latest engines developed—such as the LEAP from CFM International (a consortium

*between France's Safran and America's General Electric)—now offer limited potential for improvement.*

*Hopes are therefore turning to disruptive technologies such as hydrogen engines, open rotors, and hybrids. But these solutions are not yet mature enough.*

*This situation is worrying for airlines, which were counting on a new generation of aircraft to reduce their greenhouse gas emissions. In the absence of better options, they must now focus primarily on sustainable aviation fuels.*

*Following on from this discussion on aircraft engines, I would like to compare the engines used in the Boeing 737 MAX (LEAP-1B) and the Airbus A320 (LEAP-1A).*

*The differences in performance between the LEAP 1A, which powers the Airbus A320neo, and the LEAP 1B, designed for the Boeing 737 MAX, lie mainly in their size, thrust, and design, which is optimized for the specific characteristics of each aircraft.*

*- The LEAP 1A, designed for the A320neo, has a larger fan diameter (78 inches compared to 69.4 inches for the LEAP 1B) and a higher bypass ratio (11:1 compared to 9:1), giving it better fuel efficiency and higher power (thrust ranging from 24,500 to 35,000 lb).*

*- The LEAP 1B, designed for the 737 MAX, which has lower ground clearance, is more compact, with a smaller fan diameter and thrust ranging from 23,000 to 28,000 lb, and is lighter to meet the constraints of the 737 MAX.*

*These engines share many advanced technologies, such as composite blades and a modern design aimed at reducing fuel consumption and pollutant emissions.*

*In summary, the LEAP 1A offers overall better performance in terms of efficiency and power, suited to the larger A320neo, while the LEAP 1B is a more compact and lighter version, optimized for the 737 MAX with a compromise on thrust and diameter due to the physical constraints of the aircraft.*

**Read the article:**

**On Monday in Prague, Boeing and Airbus executives dampened hopes for a quick decision on the next generation of single-aisle aircraft**—the medium-capacity aircraft that form the backbone of global air transport. Speaking at the International Society of Transport Aircraft Trading (ISTAT) conference, Darren Hulst, Boeing's vice president of commercial marketing, said a launch was "far from imminent." For his part, **a senior Airbus executive said that it would take "a little more time" to achieve the efficiency gains needed to attract airlines.**

These statements come after an article in **the Wall Street Journal (WSJ)** reported that Boeing had begun initial discussions about a successor to the 737 MAX. The newspaper **revealed exchanges between CEO Kelly Ortberg and engine manufacturer Rolls-Royce about a new-generation engine.** Despite record demand for their single-aisle aircraft—the 737 MAX at Boeing and the A320neo family at Airbus—both manufacturers are facing a complex equation.

Their success is based on models originally designed in the 1960s and 1980s, which have been modernized over time with new engines and optimized aerodynamics. But **to justify a new aircraft, a major technological leap would be needed, particularly in terms of propulsion and fuel efficiency.**

"We never stop working on new technologies, but we are still a long way from launching a new aircraft," Darren Hulst insisted to investors. According to FlightGlobal, Boeing recently reminded its employees that any new aircraft project will depend on three factors simultaneously: market maturity, technological developments, and the internal financial situation.

Clearly, none of these factors are in place at this time. Following the safety crisis surrounding the 737 MAX, Boeing still has approximately \$50 billion in debt. In addition, it has other priorities at this stage, including ensuring rigorous manufacturing, ramping up production of its best-selling single-aisle aircraft (up to 53 aircraft per month by the end of 2026) and certifying eagerly awaited models, the 777 X, whose entry into service has just been postponed to 2027, and the 737 MAX 7 and MAX 10 (the smallest and largest versions of the MAX, respectively). This accumulation of projects is logically delaying the launch of a brand new aircraft.

At **Airbus**, the situation is similar. The European aircraft manufacturer **is working on various ways to reduce its carbon footprint**, notably through its ZEROe project, a hydrogen-powered aircraft scheduled for 2035. **But until then, like its American rival , Airbus seems to be favoring gradual upgrades to its A320neo range rather than an entirely new, costly, and risky development.**

The decision to launch a new single-aisle aircraft will likely be the major industrial turning point of the late 2020s. **According to several industry analysts, a launch may not occur until the very end of the decade, when advanced propulsion technologies (hydrogen, hybrid electric, or new composite materials) offer a clear competitive advantage.**

In the meantime, the Boeing-Airbus rivalry continues to play out in terms of production rates, deliveries, and control of ongoing programs—rather than entirely new aircraft concepts.

## *End of press review*

### **> Air France-KLM share price performance**

**Air France-KLM shares** closed **at €11.50** on Friday, October 3. Over the week, they **fell slightly (-1.46%)**.

It was:

- €13.60 on January 1, 2024,
- €8.23 on July 1, 2024,
- €7.604 on January 1, 2025,
- €9.08 on July 1, 2025,

**The average (consensus) of analysts' 12-month forecasts for AF-KLM shares is €10.19** (it was €17.50 at the beginning of January 2024). The highest target price is €14.25, the lowest €5.70.

**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 performance over the last five years.



**My comment:** The share price has been falling for the sixth consecutive week. On September 1, it reached €14.93 after two months of gains.

### > Fuel price trends this week

**The price of a barrel of jet fuel in Europe is down \$7 to \$90.** It was \$94 at the end of June 2023 and \$79 before the outbreak of war in Ukraine.

**The price of a barrel of Brent crude oil (North Sea) is down \$6 to \$64.**

From mid-February 2022 to the end of July 2022, it fluctuated between \$100 and \$120. Since then, it has fluctuated between \$75 and \$99.

**My comment:** Oil has fallen 10% in a week.

=== source: Club Patrimoine

*A slump in the price of Brent crude driven by the OPEC+ strategy*

*The price of a barrel of Brent crude fell from \$77 to \$63 in 2025, driven by the policy of overproduction pursued by OPEC+ members, notably Saudi Arabia and Russia. Since April, the cartel and its allies have raised their production quotas by more than 2.5 million barrels per day, breaking with the supply limitation strategy adopted in previous years.*

*This shift is aimed at regaining market share in the face of growing competition from the United States, Brazil, Canada, and Guyana, whose production is reaching levels close to their historic highs. Crude oil prices fell by nearly 8% in one week, with Brent trading below \$65, its lowest level in several months.*

*Global demand weakened by the economic slowdown*

*The fall in prices is also due to a sharp decline in demand. The International Energy Agency anticipates growth of only 700,000 barrels per day in 2025 and 2026, while OPEC remains more optimistic with a forecast of +1.3 million. China and Europe are slowing down, while the US economy is showing signs of running out of steam.*

*Trade tensions initiated by Washington, the war in Ukraine, and the global industrial slowdown are weighing on oil consumption. In this context, analysts anticipate a barrel price of around \$58 in early 2026 and \$55 in spring 2027, confirming a sustained downward trend.*

*=== end of quote*

### > **FCPE management**

When you invest money in one of Air France's FCPE funds, you obtain shares in these funds. You do not directly hold any shares.

The funds are managed and decisions are made by the supervisory boards, which you elected in July 2021 for a five-year term.

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 shares.

**My comment:** If you would like more information on the management of the various Air France [employee](#) investment funds, please visit [my website navigation](#), under the heading [Air France-KLM employee share ownership](#).

### **Details**

**This information is provided for informational purposes only and does not constitute an offer to sell or a solicitation to buy Air France-KLM shares.**

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

**Please feel free to send me any questions you may have about the Air France-KLM group or employee share ownership.**

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**|François Robardet**

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(Air France-KLM's raison d'être)

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