

Green aircraft: the government releases hundreds of millions more for the French industry

I Letter from the Director of Air France-KLM

At the forefront of more responsible European aviation, we bring people together to build the world of tomorrow

(Air France-KLM Group raison d'être).



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Representative of current and former employee shareholders PS and PNC

N°917, 19 juin 2023

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Monday's Press Review

Editorial

Dear readers,

*Between the announcements made by French President Emmanuel Macron last Friday, the Paris Air Forum (organized by La Tribune) on the same Friday and the Paris Air Show (Salon International de l'Aéronautique et de l'Espace) this week, all eyes are on **sustainable aviation**.*

The various articles in this newsletter complement each other, even if they may seem redundant.

*Happy reading
François*

> **"Green aircraft": the French government releases hundreds of millions more for the French industry**

(source Les Echos) June 15 - The Paris Air Show has barely opened its doors, and the benefits are already being felt throughout the industry. Four days before the opening of the "Paris Air show", which will bring together the world's aeronautics industry, **the French President has announced the release of several hundred million additional euros to support aeronautical research and the development of sustainable aviation fuel production.**

Addressing employees at the Safran plant in Villaroche, where the most modern aircraft engines are developed, the Head of State began by reassuring them of his faith in the future of aeronautics and air transport. But also in the ability of the French aeronautics industry to succeed in the "battle of decarbonization", by becoming "the champion of ultra-clean aviation". **With three strategic axes, which have also become the government's mantra: reindustrialization, decarbonization and sovereignty.**

According to Emmanuel Macron, **this determination to accelerate the move towards ultra-sober aircraft will be reflected in** a "tripling" of funding for the research activities of the Conseil pour la recherche aéronautique civile (Corac), which brings together the main players in the sector. But also **measures to support the take-off of a French sustainable aviation fuel industry, announced in 2020 but still in its infancy, as well as start-ups engaged in the development of new low-carbon aircraft.**

In concrete terms, the French government has pledged 300 million euros in aid over the period 2024-2030, to support Corac's ongoing research and development projects. In addition to these 300 million euros per year, a second envelope of 200 million euros is earmarked to support start-ups in the sector.

This will reassure manufacturers, not least Airbus, which is engaged in a race for innovation against Boeing, with a view to bringing to market, over the next decade, a new ultra-clean, low-carbon aircraft to succeed its best-seller, the A320. But also the first hydrogen-powered regional jet, scheduled for 2035. **According to the industrialists, these 300 million euros were the minimum required to continue funding Corac's research projects on low-carbon**

aircraft. These projects range from the next generation of ultra-clean aircraft engines, illustrated by Safran and GE's Rise project, to work on new materials and wings for the next generation of airplanes and helicopters.

By 2020, the French government had allocated 1.5 billion euros over three years to Corac's aeronautical research, to support the sector during the Covid and accelerate the march towards carbon neutrality. But for 2024, manufacturers feared a drastic cut in subsidies, with the Ministry of the Economy initially proposing to return to the pre-Covid amount of 135 million.

With regard to sustainable aviation fuels, Emmanuel Macron announced the release of 200 million euros to support the development of new producers of sustainable aviation fuels. This aid is accompanied by the announcement of a new sustainable aviation fuel production site in France, at Lacq. This is the BioT Jet project, piloted by Elyse Energy and partnered by none other than Air France-KLM. An investment of one billion euros, with commissioning scheduled for 2028.

With this project, **we will have secured the production in France of 500,000 tonnes of sustainable aviation fuels by 2030", which airlines will need to meet their carbon footprint reduction targets,** asserted the French President. For the time being, these non-fossil fuels, which can reduce an aircraft's carbon footprint by 80%, are mainly produced outside France, in very limited quantities, and remain three to four times more expensive than kerosene.

In a press release, **Air France-KLM immediately welcomed the announcement. The Franco-Dutch group, which has set itself the target of achieving 10% DAC by 2030 - i.e. more than the 6% stipulated by European regulations - has so far secured just 3% of this 10%.** And like other European airlines, Air France and KLM fear both that they will run out of sustainable aviation fuels to meet their obligations, and that they will have to bear additional costs and a competitive disadvantage vis-à-vis their international rivals.

My comment: *The funds allocated by the French government are of two kinds :*

. funds intended to encourage the emergence of a sustainable aviation fuel production sector, for use by airlines in France

. funds for French manufacturers working on low-carbon aircraft.

In the latter case, the entire aviation industry will benefit, with Airbus aircraft equipping half the world's in-service fleet.

Additional aid is expected from the European Union. Read the interview with Thierry Breton, European Commissioner for the Internal Market, later in this letter.

> The Paris Air Show, a showcase for the challenges of the next decade

(source Les Echos) June 19 - The Paris Air Show, which opens its doors this Monday at Le Bourget, will above all be a showcase for the major challenges of the next decade. As with all great popular shows, the Paris Air Show will once again provide the media stage for the match between Airbus and Boeing. This should confirm the renewed health of air transport and civil aeronautics.

But **the real issues at stake at the show will revolve around the difficulty of replacing the retiring "baby-boom" generation and consolidating the next steps on the long road to decarbonization of aviation.**

Even if some very large orders are expected from this Monday, it is likely that the order records of the 2019 and 2017 editions will not be broken (...) " The habit of preparing large orders for the Air Show may have been lost," explains Airbus. But also because, due to **persistent difficulties within the supplier chain, both Airbus and Boeing remain unable to produce as many aircraft as the market could absorb.** And therefore, to offer attractive delivery dates. At Airbus, the first available slots for delivery of a medium-haul A320 - Airbus' "best-seller" - are not until 2029.

According to Boeing CEO Dave Calhoun, this imbalance between supply and demand could last "another five or six years", the time it takes for the myriad of subcontractors to rebuild their production capacities, with sufficient safety margins. A diagnosis shared by Airbus CEO Guillaume Faury. "The number of deliveries will remain limited by the situation of the subcontractor chain for several years to come", confirms the Airbus CEO, who has simply postponed the unmet 2022 delivery target of 720 aircraft to 2023.

The Paris Air Show could, however, contribute to resolving one of the main bottlenecks in the production chain. This is the shortage of qualified personnel, which affects all players in the aeronautics industry, in France and elsewhere.

(...)

The other dominant theme of the Air Show, which goes hand in hand with the need to make the sector more attractive to young people, is unsurprisingly the decarbonization of air transport. This year, the focus is on what will be the main lever for this decarbonization: sustainable aviation fuels (SAF). But also the continuation of propulsion research efforts. **"Decarbonization is the 4th revolution in aviation, after first flights, safety and the democratization of air transport"**, says Guillaume Faury. French President Nicolas Sarkozy himself set the tone on Friday, announcing an additional taxpayer contribution of several hundred million euros for Airbus's next-generation aircraft and Safran's ultra-sober "Rise" engine, as well as projects for electric- and hydrogen-powered aircraft.

(...)

However, **the biggest investment in total - 1 billion euros, half of it public**

money - will go to the Lacq sustainable aviation fuel refinery project. Together with other sites under construction, it should provide France with the quantities of CAD [sustainable aviation fuels] needed by 2030 to meet European regulatory obligations.

"With this project, we will have secured the production in France of 500,000 tonnes of sustainable aviation fuels by 2030", asserted the Head of State. This is **somewhat reassuring for Air France, which has set itself the target of achieving 10% CAD by 2030 - instead of the 6% stipulated by European regulations** - but has so far only secured 3% of this 10%.

My comment: More precisely, three sites will be created near Pau:

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In Lacq, an e-Methanol production site;

. in Pardies, an e-biokerosene production site;

. in Mourenx, a low-carbon hydrogen and oxygen production site to supply the Lacq and Pardies plants.

> Decarbonizing aviation: "We have the legislative framework, now we need to set it in motion" (Thierry Breton)

(source La Tribune) June 16 - **"Visions are good, execution is better. So now we're entering the execution phase", asserted Thierry Breton.** Speaking this Friday at the Paris Air Forum organized by La Tribune, **the European Commissioner for the Internal Market** returned to the subject of Europe's objective of total decarbonization by 2050. According to him, "a lot of legislative frameworks have been put in place, and now it's a question of putting all this into motion: supporting and helping all the industries that are going to contribute, and making this transition acceptable to all users". These words echo those of French President Nicolas Sarkozy, who at the end of May criticized the environmental standards that are penalizing our economy, and called for a temporary halt to them. "Let's apply the Green Pact, but let's not add any more," said Emmanuel Macron, who wanted "stability" in this area.

(...)

Because the European Commissioner does not want to leave anyone out: **"We're taking on board all the small, medium and large aircraft, both business and pleasure, because aviation and its industry represent a million jobs and 125 billion euros in sales.** Our continent is by far the world leader in terms of know-how and aviation engineering in all categories", he assures us, citing in particular the zero-emission aircraft alliance announced by himself at the 2021 Paris Air Forum. "I'll be at Le Bourget on Monday with the President of the French Republic, and we'll be holding the second general meeting of this alliance, which is making fantastic progress - we're looking at 15 years. **We need to get the whole industry moving, and that's the role of these alliances,**" he asserted.

In the face of the criticism levelled at the aviation sector and the support it receives, Thierry Breton is adamant that, in response to the question posed in the European Parliament last week: "Should we support entire industrial sectors in the green transition by financing this transition, even if it is not totally carbon-free? **Some of my colleagues would have liked the aeronautics industry to be excluded because it emits too much CO₂, which would have meant taking it out of the taxonomy [green, which directs investments towards actions leading to climate neutrality by 2050, editor's note]. We fought against this idea, and [this sector] is now part of it, and will be able to access these green-labelled investments. And, given the gigantic sums involved, this access to resources will be important".**

(...)

" We're going to support this approach and work together to get all European players on board. Our aim is to fully support the sector in this transition, and to ensure that all those who want to use aircraft can do so, as it is also an element of freedom", he insists.

My comment: *The message from European institutions is clear: aviation will be able to benefit from investments in sustainable finance.*

French funds in particular will soon be available (see previous articles), and manufacturers will be able to invest with the certainty of finding outlets for their products, whether sustainable aviation fuels or zero-emission CO₂ aircraft.

> **Paris Air Show and ecology: the guilty desire to fly**

(source Libération) June 18 - **It's an event that makes the Salon de l'agriculture and the Salon de l'automobile look like village fairs.** North-east of Paris, the Le Bourget air show opens this Monday, June 19: it covers 125,000 m² and should see 325,000 visitors this week. Not only enthusiasts, who come to admire the 158 aircraft on display on the tarmac, but also the entire industry, which flies with or without pilots, and which has been deprived of the show for the past four years due to the health crisis.

(...)

Attention is now focused on the carbon footprint of aviation, to the point of calling into question the very fact of travelling by air

(...).

In the face of pledges to do better thanks to technology, many are calling for drastic sobriety, supported by flight shaming. Consulting engineer Jean-Marc Jancovici has made his contribution by suggesting a quota of four flights... in a lifetime. His calculation is based on a world population of 8 billion, which represents 450 million flights a year, or 10% of current traffic. **According to him, this is the limit, since "breakthrough technical solutions will not enable us to keep much more than 10% of current air traffic".**

A prospect likely to provoke a reaction from the French Transport Minister, Clément Beaune: "I'm not in favor of measures such as a permit to fly. A tax on airline tickets, particularly in first and business class, seems to me to be more interesting, as it could also finance the ecological transition", he explains.

Air transport economist Paul Chiambaretto commissioned a survey on the subject (1). Among those who have flown in the last twelve months, only 14.5% believe they will reduce their flights over the next five years. "There's a magnifying glass effect on these issues. **The majority of French people who are sensitive to environmental issues don't want to stop flying,**" says the researcher.

(...)

Aware of the coming change of era, the aviation industry has committed itself to achieving carbon neutrality by 2050 (...). **"If nothing is done, we will reach 2 gigatons", explains Sandra Combet, General Secretary of the Sustainable Aviation Observatory at the French Ministry of Transport.** This former Air France executive carefully scrutinizes the work and studies carried out on the subject: "No fewer than 25 reports since 2020." **In the design offices, the only priority is to work on new fuels and the aircraft of tomorrow.**

For the time being, the most successful avenue is that of so-called "green" fuels: sustainable aviation fuel (SAF). In short, the first generation of this new type of fuel involves recovering used animal oils and fats and partially incorporating them into aircraft fuel tanks to reduce kerosene consumption. Vegetable waste and residues are the other source of FAS (...).

To overcome the difficulties of producing SAF, a more technologically advanced version is currently being studied. The "e-SAF" is a synthetic fuel made from CO₂ molecules captured from the atmosphere, to which hydrogen is added. The two components are then combined to produce a synthetic kerosene. **The only problem is that each stage of production requires a dizzying amount of electrical energy.** The equivalent of "20 nuclear power stations", according to Marc Rochet, CEO of Air Caraïbes and French Bee.

If we don't change the fuel used by today's aircraft, there is no other solution than to change the aircraft themselves. Two avenues are currently being explored, but the outcome of these projects is more distant than for biokerosene. In Brest's industrial zone, Charles Cabillic has set up the first electric aircraft rental company. For the time being, the Czech-designed Pipistrel is a two-seater with forty-five minutes of autonomy, intended for flying schools. But this serial entrepreneur, passionate about air transport and flying around in a Tesla, has no intention of stopping there. **Caisse des Dépôts, in association with private investors, has just acquired a 12 million euro stake in the Brest-based company.** "We're aiming for a 19-seat electric aircraft for inter-regional routes by

2030. There are 400 airports in France, and this mode of transport will be perfect for opening up certain towns," he promises.

For longer distances and more than 50 passengers, electric power is hardly an option, given the weight and size of the batteries required. **That leaves hydrogen propulsion, on which Airbus is working. But the maximum range of this aircraft of the future won't exceed 3,700 km.** Under these conditions, it would be difficult to fly from Paris to New York or Marseille to Jeddah. **It is therefore likely that, for the most distant destinations, traditional aircraft with more than 200 seats will remain unavoidable for several decades to come.** At most, half of the fuel used will be of a source other than traditional kerosene. Confronted with this thorny issue on a daily basis, an Air France executive sums up, half disillusioned, half fatalistic: **"In the end, the slogan of the 1970s, adopted just after the first oil crisis, is still valid: the last drop of oil available will be for aviation."**

***My comment:** I'm always surprised by what Mr. Jancovici, a polytechnician and brilliant speaker, has to say.*

To hear him tell it, there are only breakthrough solutions (by which he means hydrogen-powered aircraft) to decarbonize aviation.

He ignores:

- . technological developments in engines,*
- . sustainable aviation fuels,*
- . improvements in trajectories,*
- . studies aimed at eliminating almost all condensation trails (according to the consulting firm [carbone4](#), co-founded by Mr. Jancovici, "While their impact is difficult to quantify precisely, it is generally estimated that this would double aviation's radiative forcing").*

So, since the hydrogen-powered aircraft will be in service little or not at all by 2050 (opinions are almost unanimous today), the only solution according to Mr. Jancovici to decarbonize aviation would be to grant a quota of four flights in a lifetime.

This purely arithmetical recommendation makes no sense to me. In France, it would put an end to territorial continuity.

It would limit exchanges within Europe, and within major countries (China, India, USA, Brazil), leading to communities turning in on themselves.

Not to mention the effects on the tourism sector, whether in France (the world's leading tourist destination) or in countries where tourism accounts for the bulk of

people's income.

More generally, I deplore the fact that proponents of degrowth ignore the social consequences of their injunctions.

> Benjamin Smith, Air France-KLM CEO, points to the threat of Turkish Airlines

(source La Tribune) June 16 - After the lull of Covid, the summer of 2022 has been somewhat chaotic for the aviation sector, with delayed or even cancelled flights, interminable queues and lost luggage. But **as the summer of 2023 approaches, Benjamin Smith, CEO of Air France-KLM, is serene.**

"After two difficult years, we got back on track last summer with heavy traffic, particularly on transatlantic flights. But let's not forget that we lost a lot of money in 2021, and that many airlines, including ours, were not 100% ready to face this situation. Many companies were understaffed, which created problems in baggage handling, for example. This year, we are better prepared. At Air France, we now have more capacity than in 2019."

(...)

To cope with rising demand, particularly from developing countries where the middle class is becoming increasingly numerous, and to replace its oldest models, **the group, which had already maintained its orders for new aircraft during the pandemic, plans to buy new long-haul models.** Without giving precise figures or announcing anything definitive, the CEO of Air France KLM said he was looking at the A350-1000, as well as the Boeing 777X and 787-9.

Another major news item for the Franco-Dutch alliance is the potential takeover of TAP Air Portugal, which recently caused quite a stir. According to Benjamin Smith, the main reason for this acquisition is the Portuguese airline's connections with Brazil. **"The transatlantic market is the most profitable of all for European manufacturers. TAP Air Portugal has a very strong presence in Brazil, which is our number 1 target in South America", commented the executive, without giving further details on the possible takeover of the Portuguese operator.**

(...)

Despite his desire to increase capacity to meet demand, **Benjamin Smith expressed confidence in the industry's ability to achieve carbon neutrality by 2050, while suggesting that the ball was also in the court of public authorities.** "We have the technology. Now **we're looking at what's happening in the US** and other jurisdictions, and we'd like France to do the same," **he said, obviously referring to the Inflation Reduction Act, which relies on tax credits to help manufacturers finance the energy transition in the US.**

The executive also pointed out that new appliances were already making it possible to reduce CO2 emissions by 50%, while conceding that going as

far as 100% remained an immense challenge for the time being.

Asked about accusations of "greenwashing" against his industry, Benjamin Smith, while asserting that airlines were an "easy target", acknowledged some blunders in terms of communication. "Marketing tools have been poorly positioned, we wanted to make sure our customers were aware of our commitments, this is new for us and we need to learn how to do all this."

However, he rejected any downward logic and asserted that the greening of the industry would necessarily involve technology.

(...)

Benjamin Smith also aimed a few arrows at Turkish Airlines, whose grand ambitions, illustrated by a recent gigantic order for 600 aircraft (i.e. around three times the fleet currently operated by Air France), are causing concern within the Franco-Dutch group. Air France's CEO has been outspoken, **accusing the rival group of unfair competition.**

"(...) So we're not on an equal footing, and we're lobbying hard to make sure we are. Knowing that there are bilateral agreements between Europe and Turkey, but also between France and Turkey."

(...)

At just three hours' flight from France, Turkish can feed its hub at lower cost, not with long-haul aircraft, as the Gulf carriers do, but with aircraft from the cheaper A320 or 737 family. Today, these aircraft cover most of the airline's international destinations. **Above all, with open skies agreements in place with a large number of European countries, the Turkish airline offers a far more extensive network in Europe from Istanbul than that of the Gulf carriers from their respective hubs.** This is a major advantage when it comes to attracting Asian customers wishing to travel to Europe or Africa.

Moreover, the economic climate is favorable.

(...) **Costs for European airlines are set to rise with the gradual end of free CO2 quotas under the European Emissions Trading Scheme, in which Turkish Airlines does not participate.**

Also present at the Paris Air Forum, **Anne Rigail**, CEO of Air France, **also cited the Turkish airline when discussing competition issues.**

When we look ahead to 2030, with an integration mandate of 10%, the additional cost of a Nice-Singapore round trip in economy class is 110 euros," she told the audience. Some customers might prefer to fly Turkish via Istanbul, because then the extra cost would be of the order of zero, or a little more than zero. So it's **a real challenge not to think in terms of Hexagon or Europe**", insisted the Air France CEO.

My comment: *If I had to retain just one sentence from this article, it would be Anne Rigail's conclusion: "We have a real challenge on our hands in not thinking within the boundaries of Hexagon, nor within the boundaries of Europe".*

> **KLM CEO talks about Schiphol, sustainability, group dynamics, pilots and change at Airbus**

(source Flightglobal) June 15 - (...) Although she's been KLM CEO for less than a year, **Marjan Rintel responds with a knowing laugh when asked about the relationship between the airline and its parent company.**

"We are one group and the enemies are outside, not inside," she declares in an interview with FlightGlobal on the occasion of the IATA Annual General Meeting in Istanbul, her attitude suggesting that she is already well accustomed to addressing the issue.

(...)

A cordial relationship is necessary, because (...) there are still major challenges to be met - including the much-publicized ones relating to KLM's Schiphol airport hub and government action on sustainability - and post-Covid opportunities to be explored, such as consolidation.

Fortunately, Ms. Rintel is not new to KLM (...): her appointment (...) last year marked her return to a company she had left in 2014 to head Dutch Railways.

(...)

"The environment has changed a lot," she says. "It's more critical for the airline industry, and we're focusing more and more - and every day - on sustainability, (...) citing sustainable aviation fuel as one of her key concerns.

Indeed, **few airlines feel the pressure of sustainability more strongly than KLM - from its government and from NGOs** that closely monitor the actions of the airline industry.

(...)

Another sustainability challenge is at Schiphol airport, where the Dutch government has proposed a structural reduction in capacity, bearing in mind noise reduction and emissions concerns. (...) Ms. Rintel hopes that the reductions can be achieved without the need to cap flights - which could be serious for an airline that prides itself on its hub operations from the airport.

(...)

She describes the reduction in flight movements as a "last resort" which she hopes will not be necessary.

"We are still confident that we will achieve the result, given all the measures we can take," she says. "We're investing millions and millions as a group in fleet renewal, and if you compare the [Boeing] 747 to the Airbus [A350], it's a 50% reduction in noise and a 40% reduction in CO2 emissions. We should take that into account.

(...) As for

the prospect of opening Lelystad airport to commercial flights and offering alternative options to Schiphol's capacity, **Ms. Rintel has little hope of an imminent decision** on what has become a long-running saga. "They've postponed the decision until 2024, 2025 or 2026," she says, while noting that "it would be useful with all the noise reduction [requirements]" in Amsterdam.

In the shorter term, KLM has already had to deal with reduced capacity ceilings for other reasons - with Schiphol also at the center of this story, against a backdrop of operational challenges at airports as the sector emerged from the Covid-19 crisis.

After a test run during the May vacations, Mr. Rintel is confident that the problems associated with the lack of security staff have been overcome, even though they persisted throughout last year and into April.

(...)

With Russian airspace closed to European carriers, KLM needs more pilots for longer flights to Asia. The reopening of China has therefore been "very important" for KLM, but it has created some recruitment problems, says Rintel.

"It's difficult for us because we're flying from the Netherlands to Asia and we need four pilots in the cockpit instead of three," she explains. **"We needed 80 extra pilots because of the war in Ukraine.**

That's why, as KLM looks to recruit more pilots in a tight market, "we've regained some destinations, but not all frequencies", she adds.

Another factor exacerbating the pilot shortage is KLM's planned switch from single-aisle Boeing to Airbus aircraft in the coming months.

"You have to train your pilots, and with the [existing] difficulties, it's complex but doable," she declares.

Air France-KLM placed a firm order for 100 A320neo Family aircraft at the end of 2021, marking KLM's transition from a short-haul fleet dominated by the Boeing 737 to an Airbus fleet. Deliveries to KLM were originally scheduled to start in the second half of 2023, but the Dutch carrier now expects to receive its first A320neo Family Airbus aircraft in 2024.

(...)

KLM is responding to maintenance and spare parts problems - which have notably affected KLM Cityhopper's fleet of Embraer E2s due to "technical problems" with their Pratt & Whitney PW1900G engines - **with measures such as keeping older aircraft longer than planned and using leased aircraft.**

In addition, Mr. Rintel said of KLM's wide-body fleet, including prospects for a new order, that "we will keep you informed this year".

Such commitments would be easier to make now that KLM is no longer subject to Covid-related state aid restrictions, having converted the remainder of its Dutch government credit facility in April. **Ms. Rintel** describes this development as "very

important", not only for confidence and flexibility within the company, but also for the freedom to pursue consolidation moves in Europe. However, **it points out that consolidation will take place at Group level, under the responsibility of Group CEO Ben Smith.**

For the time being, like many of her peers, Ms. Rintel reports no signs of a weakening in post-Covid travel demand

(...) "

But you never know how long this will last", she warns, adding that "cost reduction is certainly one of the key themes" of KLM's business plan.

As she works through KLM's challenges and opportunities, Ms. Rintel is pleased with the efforts she has made to "get to know the organization again" in recent months.

"I was impressed by people's passion after the difficult period of Covid. And then, after Covid, they all thought we were going to get back to normal, but that was never the case," she declares.

Ms. Rintel cites the tight labor market, the war in Ukraine and other uncertainties as defining the times in which KLM currently finds itself.

Nevertheless, **"we're rebuilding the company and we're back on our feet,"** she says.

My comment: This lengthy interview with Marjan Rintel, who took over as KLM CEO almost a year ago, shows just how much tensions between Air France and KLM have eased.

This will enable the Air France-KLM group to face the next challenges more serenely.

> **Towards advance notification of air traffic controllers' strike days**

(source Journal de l'Aviation) June 16 - **French air traffic controllers have drawn the wrath of European airlines with strikes since the start of the year. In an attempt to limit the impact of these strikes, the French Senate has adopted a bill proposed** by Vincent Capo-Canellas, Senator for Seine-Saint-Denis, concerning the predictability of the organization of air navigation services in the event of industrial action, and the balance between the scale of the strike and the reduction in traffic.

Approved by 250 votes in favor and 92 votes against, **it creates an obligation for individuals to declare their participation in the industrial action at noon on the day before a strike, which will make it possible to adjust the flight schedule reductions requested by the DGAC according to the extent of the strike.**

At present, these preventive reductions are defined without any knowledge of the

number of strikers in each control team, which leads to excessive or last-minute cancellations and delays.

Eurocontrol published a study in April highlighting the fact that 30% of daily flights in Europe take off from, land in or overfly France. Over the **months of March and April, more than 10 million passengers were affected by the French air traffic control strikes**, which also had a high environmental impact, since aircraft flying over France had to make detours to reach their destination.

The bill will now be examined by the French National Assembly.

My comment: As the law currently stands, the mere filing of a notice of strike is enough to trigger the application of minimum service and a 20% to 30% reduction in flight schedules. Even if, in the end, no air traffic controller goes on strike.

End of press review

> **Air France-KLM share price over the past year**



Two events have had an impact on the share price over the past year :

- . in June 2022, the capital increase of 2.256 billion euros
- . in February 2023, the announcement of good results for 2022.

No further comments

> [Air France-KLM share price trend](#)

Air France-KLM shares closed at **1.777 euros** on Monday June 19. It is **up** this week by **+1.72%**.

It was at 1.253 euros on January 2, 2023.

The analysts' 12-month average (consensus) for AF-KLM shares is 1.95 euros (it was 1.50 euros at the beginning of January). The highest price target is 2.50 euros, the lowest 1.10 euros. I only take into account analysts' opinions subsequent to the May 2022 capital increase.

The Air France-KLM share price suffered from the announcement of mixed quarterly results and a weaker-than-expected full-year forecast (passenger business at 95% of 2019 levels). Since then, **analysts have been won over by the prospect of strong activity this summer, and the end of the constraints imposed by the European Commission.**

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

No further comments

> [Fuel price trends in 2022](#)

Since the start of the war in Ukraine, there has been no correlation between the price of a barrel of Brent crude oil and that of a barrel of Jet Fuel. In 2022, the spread between the two products fluctuated between \$30 and \$50, whereas in previous years it was no more than \$10.

Over the past three months, the spread between the two products (Jet Fuel and crude oil) has narrowed, approaching the gap that existed before the war in Ukraine.

No further comments

> [Fuel price trends this week](#)

The price of a barrel of Jet Fuel in Europe rose this week by \$4 to \$98. After peaking at \$182 in June 2022, it had fallen back to \$132 by early August. It was \$79 before the outbreak of war in Ukraine.

Brent (North Sea) oil is up this week by \$3 to \$76.

From mid-February 2022 to the end of July, it was yo-yoing between \$100 and

\$120. Since then, it has oscillated between \$75 and \$99.

While oil has been back to its usual level for several weeks, **Jet Fuel is now very close to its usual level. The difference between Jet Fuel in Europe and a barrel of Brent crude oil is now just \$21.** In 2022, at the start of the Ukrainian conflict, this gap was close to \$50.

News from Ukraine has weighed on prices. The spread between Jet Fuel in Europe and Brent crude has widened to \$22 per barrel.

No further comments

Good to know

> Advice for current and former employee shareholders

You'll find [details of how to access the managers' websites](#) on my [navigation](#) site.

To avoid forgetting to change your contact details each time you change your postal address, **I advise you to enter a personal e-mail address.** This will be used for all correspondence with management bodies.

Keep all the documents relating to your Air France-KLM shares in one place: all the letters you receive from the various managers, Natixis, Société Générale, and your personal financial institution if you bought your shares through it.

My new comment: *If you have shares in one of the funds managed by Natixis, remember to log in to your account manager once a year, to avoid it being considered inactive.*

PEE inactivity is governed by the Eckert law.

After 5 years of inactivity, Natixis sends a letter/email to those concerned asking them to log in to their account or call Natixis to reactivate their account.

Natixis sends this information every year after 5 years of inactivity and until the 10th year. After 10 years of inactivity, the assets are transferred to CDC, which holds them for 20 years.

This is the old 30-year prescription period, which breaks down into 2 stages: 10 years with the account keeper and 20 years with CDC.

Inactivity means not carrying out any transactions and/or not logging on to your account and/or not calling and/or not writing to Natixis.

This system also applies to PERCO/PER since the PACTE law.

> **FCPE 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 Aeroactions, Majoractions and Concorde funds hold only 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 the management of the various Air France employee shareholding funds, please visit the [Air France-KLM employee shareholding section of my website](#).*

Details

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

Please feel free to react to this press review, or to send me any information or thoughts that will help me better carry out my role as a director of the Air France-KLM Group.

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

See you soon.

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| François Robardet

Director of Air France-KLM representing employees and former employees who are PNC and PS shareholders.

You can find me on my twitter account [@FrRobardet](#)

Substitute Nicolas Foretz, PNC



When I was elected, I received the support of the CFDT and the UNPNC.

This press review deals with subjects linked to Air France-KLM shareholding.

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