

Issues to watch in 2024

I Letter from François Robardet

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

(Raison d'être of the Air France-KLM group)



former Director Air France-KLM

Representative of current and former employee shareholders PS and PNC

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The Press Review of Monday, January 1, 2024 presents :

Issues to watch in 2024

Dear readers,

You will find here eight articles published in 2023, highlighting the issues to be followed in 2024.

Here is the list:

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

> European aviation industry and IATA welcome adoption of interim decarbonization target

> Florence Parly back in the running for the presidency of Air France-KLM

Happy reading

François

Selected articles and comments

> Air fares soar, but airlines fill up for summer

(source Europe1) April 30, 2023 - **Ticket prices have jumped**, inflation is eating away at purchasing power, **but airlines serving Europe say they're fully booked for the summer**, letting the pandemic disappear a little further in the rearview mirror. (...)

The law of supply and demand is taking its toll and, in **France, ticket prices jumped 23.6% year-on-year in the first quarter of 2023**, according to statistics from the French Ministry of Ecological Transition.

The explosion in the cost of hydrocarbons following Russia's invasion of Ukraine underpins much of the phenomenon, as kerosene accounts for around 30% of carriers' costs. "Because of the 71% year-on-year increase in oil, our average fare has risen by 31%," Easyjet CEO Johan Lundgren told AFP.

But there are **other factors at play, such as "a very sharp increase in maintenance costs"** linked to the scarcity of certain metals and disrupted logistics chains, according to Marc Rochet, CEO of French airlines Air Caraïbes and French Bee. He also mentions the repercussions of wage increases in the sector.

Nevertheless, "we don't see any weakening in demand", says Mr. Lundgren, even though he concedes that customers "are looking for the best value for money". Nicolas Henin, Deputy Managing Director of Transavia France, in charge of sales and marketing, feels the same way.

(...)

After having tended to book very late during the pandemic, when uncertainty reigned over border closures, travelers, "more selective about prices", are also gradually returning to their previous behavior, taking their tickets five months in advance for long-haul flights, for example, according to Mr. Rochet.

(...)

Against this backdrop of rising prices, many **airlines** have "achieved higher sales in 2022 than before the crisis, even though capacity remains below expectations", noted Pascal Fabre, a specialist in this field at AlixPartners, at a recent press

luncheon. These carriers **"have generated cash and started to deleverage"**. **This is the case of Air France-KLM, which announced on Wednesday evening that it had "fully repaid" the aid granted by the French government to enable it to survive the health crisis.**

The downside of this optimism is that airline executives, scalded by the saturation of airports last summer due to a lack of personnel, are now talking about the risk of a return to saturation of European skies during the high season, a potential chaos they had a foretaste of in March due to the strike by French air traffic controllers.

My comment: Last summer, specialists explained the strong rebound in airline business by customers' desire to make up for lost trips (revenge travel).

Specialists believed that this rebound would last only one summer, and predicted a drop in demand leading to lower prices.

However, the fall in demand has not been felt, and prices continue to remain high.

All the more so as slot restrictions at certain airports (see the article "Aviation weeps crocodile tears over flight cuts" above) are prompting airlines to raise their fares.

> **The long-awaited upturn in European business travel keeps being postponed**

(source Bloomberg, translated with DeepL) August 7 - **Since the end of the coronavirus pandemic, the region's biggest airline groups have been counting on corporate warriors returning to the skies. But until now, many corporate customers have remained on the sidelines of the travel revival.**

Just two years ago, Carsten Spohr, CEO of Deutsche Lufthansa AG, boldly predicted a 90% rebound in business travel, claiming that people had tired of videoconferencing. Yet Europe's largest airline group has only recovered around 60% of pre-crisis business volumes to date, and is aiming for 70% by the end of the year.

British Airways is observing similar trends. **Luis Gallego, CEO of parent company IAG SA, says progress is "slower than we thought at the beginning of the year".**

Ben Smith, CEO of Air France-KLM, says he doesn't expect the French domestic market to ever recover. "We won't," he declared.

The reasons are varied, but stacked up they form a wall of obstacles that the airlines have not been able to overcome. This is a major challenge, because business travelers generally pay more, even if they occupy an economy seat - they fly at shorter notice and choose more expensive tickets that offer them more flexibility.

This makes them more profitable customers than leisure passengers, who have largely contributed to the airlines' recovery from the Covid lows. And airlines are

counting on the return of business travellers, as the "revenge travel" boom that fuelled the leisure segment is beginning to wane (...).

During the crisis, large companies cut their travel budgets to survive, and discovered that the ease and efficiency of conferencing software made some trips unnecessary. Today, faced with cost inflation and pressure to reduce greenhouse gas emissions, **they see no need to change course.**

While most airlines didn't expect business travel to fully recover after the pandemic, they did expect it to reach 85%, said Neil Glynn, analyst at Air Control Tower. Instead, business traffic is around 60% in Germany, 70% in Japan and a maximum of 80% in the USA. **This is partly due to a culture of remote working, as well as awareness of carbon emissions and employee well-being.**

Concerns about business travel in Europe mirror weaknesses in the US, where American Airlines Group Inc. and Southwest Airlines are among the carriers that have made changes to adapt to declining corporate demand. Scott Kirby, CEO of United Airlines Holdings Inc. described a "business recession" in the U.S., while expressing confidence in a return to normal. (...)

Air France-KLM's Smith said that while the group saw an increase in business travel volumes immediately after the pandemic, growth in corporate bookings came to a virtual standstill. He pointed out that Air France has always had a high proportion of leisure travelers in its premium cabins, "and this balances out quite well with business traffic".

Airlines said they were seeing progress. IAG's Gallego expects some business customers to return this quarter, as the risk of summer airport chaos fades. Executives are also encouraged by so-called "bleisure travelers", who combine vacations with business trips. (...)

Leisure travel is helping to sustain business traffic at London Heathrow Airport," said outgoing CEO John Holland-Kaye. However, business passengers represent only 30% of all passengers at the UK hub, compared with 34% before the pandemic. (...)

My comment: *Of the three major European airline groups, Air France-KLM is the least dependent on business customers (Lufthansa and IAG carry two to three times more business passengers than the Franco-Dutch group).*

There are good reasons for this.

British Airways has a business clientele linked to the stock market sector and to privileged exchanges with the United States.

Lufthansa, on the other hand, carries more industrialists than Air France and KLM.

Air France has a larger tourist clientele than its competitors (France is the world's leading tourist destination).

> Why Air France will say goodbye to Orly in 2026

(source Les Echos) October 18 - **It's now official: Air France will be leaving Orly.** Air France CEO Anne Rigail made the announcement to staff representatives at the company's social and economic committee meeting on Wednesday morning. After seventy years at the southern Paris airport, all Air France flights - with the **exception of those operated with Air Corsica to Corsica** - will be transferred to Roissy-CDG by summer 2026. This includes all "Navette" flights to Marseille, Toulouse and Nice, as well as those to the French overseas departments of the West Indies, Reunion and French Guiana.

This completes Air France's refocusing on its Roissy-CDG

hub, where the supply of long-haul flights makes short-haul flights more profitable. The company already operates flights to Marseille, Nice and Toulouse, as well as to the French overseas departments.

But **the group will not be abandoning Orly altogether**, since, in addition to flights to Corsica, **it will continue to have a major presence via its subsidiary Transavia France.** The Group's low-cost airline, which has already taken over several Air France routes at Orly (Montpellier, Biarritz, Pau, Perpignan, Toulon), will also take over service to the three major "radial" routes of Marseille, Toulouse and Nice, to complement Air France flights at Roissy-CDG.

Nonetheless. For the 2.3 million annual Air France passengers used to flying to Orly for business or leisure, and for the 600 or so Air France employees on site, this redeployment represents the end of a long story. **We have no choice but to adapt to a structural change in demand,**" explains Anne Rigail. The development of videoconferencing and telecommuting from Covid, as well as the shift to rail encouraged by corporate CSR policies, have led to a 40% drop in demand on the shuttles since 2019. **On daytime round trips, the drop is even 60%,"** she points out.

This is enough to push routes already under serious attack from the TGV and low-cost competitors into the red, and compromise the group's efforts to improve profitability. Despite restructuring plans to cut costs, by closing routes and transferring others to Transavia, **Air France's domestic network will still be making a loss of 200 million euros in 2022 and is heading for a new deficit, estimated at 139 million euros, in 2023, including 96 million for the three shuttle routes.**

If we hadn't already started restructuring and transferring routes to Transavia, our losses would have been at least twice as high," says Anne Rigail. **Nevertheless, we will remain present at Orly until summer 2026, so that we can put in place support measures for our staff.** And we'll be maintaining a strong regional offer, by strengthening our service to Roissy, in addition to Transavia's service to Orly. All in

all, the Group's service to Marseille, Toulouse and Nice will be maintained at 90% of its current level, and 100% to the French overseas territories.

The reinforcement of domestic routes at Roissy-CDG, from which 8 to 9 flights a day already depart for Marseille, Toulouse and Nice, as well as daily flights to Fort-de-France, Pointe-à-Pitre, Saint-Denis de La Réunion and Cayenne, **will enable us to absorb all the pilots and cabin crew at Orly. The same applies to the 170 or so technical staff at the Orly stopover, who will be able to join the Orly maintenance center.**

On the other hand, the 430 or so Orly station agents will have to change their place of work to keep their jobs, with the exception of 70 people assigned to Corsican routes (assuming that Air France and Air Corsica win the current tender for the renewal of the public service delegation against Volotea). Because of its low-cost model, Transavia cannot take them over at Orly. Most of them will therefore have to leave the south of Paris to work at Roissy. Over-staffing is also feared among ground staff in Marseille and Toulouse.

The Air France boss is nevertheless reassuring. "All accompanying measures and mobility solutions will be studied, and **there will be no forced departures**," she asserts. Indeed, the 2026 deadline allows time for negotiation and avoids any social tensions.

Transavia will probably face the most difficult challenge. It will have to be capable of taking over from Air France at Orly without losing too many customers, while still making money. In 2022, the shuttle's clientele will still represent 1.3 million passengers (versus 1.7 million in 2019). Orly airport certainly benefits from its greater proximity to Paris, which will soon be reinforced by the arrival of metro line 14 in June 2024. But some passengers may choose to remain loyal to Air France at Roissy, rather than switch to Transavia's low-cost offer.

However, this offer has already evolved to appeal to business travellers, and should continue to be refined, according to the Air France director. "It's already possible to use and collect miles from the Flying Blue frequent flyer program on Transavia, and we're going to continue to improve the recognition marks for our best customers," she explains. **We are very confident in Transavia's ability to make money on these routes, which Air France, given its model, can no longer make profitable,**" assures Anne Rigail. When you have strong growth, it always takes a little time to break even. But Transavia has the right costs to succeed against other low-cost carriers at Orly. And even if most of its business is still geared towards Europe, these domestic routes offer an interesting complement and growth prospects in customer basins such as Nice and Toulouse. So I see no reason to doubt its success.

My comment (1): First, I'd like to share with you a commentary published by Bloomberg. It concerns Lufthansa, which finds itself in a similar situation to Air

France on the domestic front.

=== top of quote

The decline in domestic air travel has been felt across Europe, particularly since the pandemic has given rise to conference calls which have often replaced personal meetings, thus reducing business travel.

Carsten Spohr, CEO of Lufthansa, said earlier this year that he did not expect German domestic flights to ever return to pre-pandemic levels, due to weak corporate demand.

According to the country's airport association, domestic flight traffic between German airports is only half of pre-pandemic levels. Almost all airports have seen a substantial drop in intra-German traffic, with domestic take-offs and landings at Frankfurt Airport down by a third in the first eight months of 2023 compared with the same period in 2019.

Decline in domestic traffic leads airlines to rethink local routes Long-term decline dates back to pre-pandemic period

=== end of quote

My comment (2): In preparing this letter, I came across a presentation made in February 2008 by Air France management to the unions at a session of the Central Works Council (the CCE, predecessor of the CSEC)!

The subject was "the ten-year outlook for the French domestic market". The external constraints we face today were already developed.

First point: *the impact of the TGV was quantified in terms of journey time: 30% loss of customers for a 5-hour journey, 65% loss for a 3-hour journey, and over 90% loss for a 2-hour journey.*

Since then, the introduction of the TGV to Strasbourg and Bordeaux, with journey times of two hours, has led to the closure of links to Orly.

Second point: *the threat of low-cost airlines was clearly exposed.*

A distinction was made between pure low-cost airlines (Ryanair, Wizz Air) and hybrid low-cost airlines (easyJet, Vueling, Air Berlin, etc.). The latter posed a serious threat to Air France's most profitable domestic routes.

The cost differentials between these airlines and Air France were detailed, and

already substantial.

A final point featured in the 2008 presentation: *environmental pressure, which could lead to a rethink of domestic air transport.*

Several aspects were addressed:

- . the work of the IPCC,*
- . the introduction of an eco-tax,*
- . the Grenelle Environment Forum,*
- . anti-growth lobbying.*

Fifteen years on, we have to admit that this presentation was premonitory.

> **Noise pollution: Clément Beaune does not close the door on a cap on flights at Paris airports**

(source 20Minutes) May 11, 2023 - (...) This Tuesday evening, **a delegation of elected representatives met with** Clément Beaune at the French Ministry of Ecological Transition.

(...)
)

Mobilized on the initiative of elected representatives and associations concerned by nuisances at Roissy, Orly and Le Bourget airports, including the Association de défense contre les nuisances aériennes (Advocnar), the demonstrators, including many local residents, are protesting **against the forthcoming adoption of the Plan de prévention du Bruit dans l'Environnement (PPBE) by the Commission consultative de l'environnement.**

Announced last December, **this** regulatory document, which we have been able to consult, is **based on the assumption of an increase in air traffic of around 180,000 additional flights per year at Roissy**, which would then rise from 500,000 to 680,000 annual flights. This is precisely what Terminal 4 at Charles-de-Gaulle airport would have brought, a project abandoned by the government in February 2021. It's the opposite of what we're asking for," explains Audrey Boehly, spokesperson for the Non au T4 association, **"we're campaigning for a reduction in air traffic."** For several months, elected representatives and local residents have been denouncing the effects of aviation on their health, nature and the climate.

Although the government has suggested technological measures to reduce these effects, the protesters are not convinced. Audrey Boehly adds:

"Today, there is no technological solution that would enable us to reduce noise to below the WHO's tolerable threshold (below 45 decibels A Lden during the day and 40 decibels A Lden at night). And the same applies to the environment.

(...)

The only solution for elected representatives and local residents is to reduce traffic. This is why **they have been joined by their counterparts at Orly and Le Bourget airports, also victims of air traffic.** They are all calling for a reduction in

air traffic of almost 10% compared with the figures for 2019, the last year before Covid-19, i.e. a ceiling of 440,000 movements at Roissy, 200,000 at Orly (the current ceiling is 250,000) and 50,000 at Le Bourget (compared with 55,000 at present).

"This is what has been done at Amsterdam's Schiphol airport, with traffic similar to Roissy's. It proves that it's possible. It's a political decision," adds Audrey Boehly.

This request for limits is in addition to another, just as important for local residents, **that of a curfew**. Today, only Orly airport has a curfew set from 11:30 p.m. to 6 a.m.

(...)

Contacted by 20 Minutes, Clément Beaune praised the quality of the "calm dialogue" and the "high-quality exchanges" that will continue, and asserted that he had proposed a method for making concrete progress in the fight against airport nuisance: "Between now and the summer, impact studies will be launched at very short notice, accelerating the timetable initially set. This will make it possible to establish and analyze several scenarios for additional restrictions at Paris airports (capping, curfew, etc.)."

A dialogue that **the delegation of elected representatives** acknowledges, but in a press release published on Wednesday, they **deplore the fact that the Minister "refuses to raise the issue of curfew"**.

(...)

My comment: *On the difficulty of governing (a company, a commune or a region).*

Last week, the president of the Île-de-France region (supported by Paris-area hoteliers in particular) expressed concern about the dwindling return of Chinese customers and called for an increase in the number of flights between France and China.

This week, local politicians are calling for a reduction in air traffic in the Paris region.

Who to listen to? Those who advocate reducing traffic or those who want more tourists?

As the law currently stands, if traffic reduction measures to combat climate change were to be taken, they would have to be shared between the airlines in proportion to their activity at the airport concerned. It would be up to the airlines to choose the destinations to which the reduction would apply.

The first destinations targeted would be the least profitable. In Paris, this would raise the question of territorial continuity if Air France's services to Corsica or the French overseas territories were affected.

> Abolition of short domestic flights: "We'll go further", promises Clément Beaune

(source AFP) May 25, 2023 - **The government intends to toughen the rule banning domestic flights if the alternative is less than 2.5 hours by train, which officially came into force on Tuesday, Minister Delegate for Transport Clément Beaune said on Wednesday.** "I'm telling you, we'll go further, we'll go further", said the Minister on Franceinfo. The list of banned domestic short-haul flights "will be reviewed twice a year to see if the rail offer is improving", he noted, noting that the text was valid for three years.

"My responsibility as Transport Minister is precisely to improve rail connections, so that more and more, this 2.30-hour rule is leading to the closure of airlines", remarked the Minister. "We're closing three routes, and we're going to continue. **"Perhaps we'll gradually tighten the 2.30-hour rule to 3 hours, for example,"** he warned. In concrete terms, few routes would be affected by a move to three hours. This could possibly be the case for Paris-Mulhouse (2h43 by TGV), but this airport is Franco-Swiss and also serves Basel. Paris-Limoges could also be a possibility, once the rail line has been upgraded.

Asked about the 4-hour threshold advocated by the Citizens' Climate Convention, he replied: **"It's possible, but we need to develop the railways in parallel"**, citing the purchase of additional TGVs and the planned construction of a high-speed line between Bordeaux and Toulouse. The ban on short domestic flights in France unless there is an alternative, "with a satisfactory service", by train in less than 2h30 came into force on Tuesday, a change that had been anticipated with the end of connections between Paris-Orly airport and Nantes, Bordeaux and Lyon.

This ban, provided for in the Climate and Resilience Act of August 22, 2021 and already applied in practice, had been suspended pending an in-depth investigation by the European Commission following a complaint from part of the airline industry, which deemed it contrary to the principle of free provision and unsuited to the fight against climate change. **Connections with Paris's Roissy-Charles-de-Gaulle airport, on the other hand, have been maintained, officially to enable international connections.** However, it is still possible to buy one-way tickets between Roissy and Bordeaux, Lyon and Nantes.

My comment: Please note that the figures given in my comment below are orders of magnitude.

Why do TGV ticket prices rise when competition from air travel disappears? To answer this question, we need to look at the costs of both means of transport.

To open a route, an airline needs aircraft. The infrastructure already exists (terminal, runway).

A rail company needs high-speed trains. But it also needs to build a new high-speed line (LGV). This was the case for Paris-Strasbourg and Paris-Bordeaux, for example. It could be the case between Paris and Lyon (this route is close to saturation point) if air links between Paris and Nice, Montpellier and Marseille were to be discontinued.

It takes as many TGVs as planes to carry the same number of passengers per day.

Since a TGV costs approximately the same as a short-haul plane, the difference is due to infrastructure.

For airlines, the additional infrastructure costs are low. Any terminal improvements are no more than the cost of an airplane.

The same cannot be said for rail. The cost of two kilometers of high-speed line (LGV) is that of a short-haul aircraft. Building a 500 km (or 2h30) LGV is equivalent to the cost of 250 airplanes.

*In other words, **to replace the five aircraft on a commuter route with trains, we'd have to invest an amount equivalent to the price of 255 aircraft!***

Are we ready to assume these costs (financial and environmental) to build new high-speed rail lines?

Wouldn't it be more appropriate to invest these sums in the production of sustainable fuel?

My purpose here is not to answer these questions, but to illustrate with an example the choices we will have to make collectively if we are to combat climate change effectively.

> 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, is considering buying 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".*

> European aviation industry and IATA welcome adoption of interim decarbonization target

(source Air & Cosmos) November 24 - At the third "Conference on Alternative Aviation Fuels" (CAAF/3) recently held in Dubai, **ICAO** (International Civil Aviation Organization) **member states adopted a resolution requiring aviation fuels to emit 5% less than fossil fuels by 2030.** This intermediate step is necessary to achieve the "LTAG" (Long Term Aspirational Goal) adopted during the last ICAO General Assembly, which aims for the international aviation sector to reach "0% emissions" by 2050 by various means.

Following this adoption, the five main European associations representing airlines, airports, air navigation service providers and the aviation industry were delighted, hailing this as a major step forward. These associations are A4E (Airlines For Europe), ACI Europe (the European branch of Airports Council International), ASD (European Aerospace, Security and Defence Industries Association), CANSO Europe (Civil Air Navigation Services Organisation)

and ERA (European Regions Airline Association).

The CAAF/3

conclusions were also welcomed by IATA (International Air Transport Association).

"Governments have understood the critical role of SAF in achieving the goal of eliminating net aviation emissions by 2050. The CAAF/3 results add an ambitious vision for closer to 2030," said Willie Walsh, IATA Director General. "There is no time to lose. IATA now expects governments to put in place the strongest possible policies to unlock the full potential of a global SAF market, with an exponential increase in production," he added.

My comment: The art of shooting yourself in the foot!

Having doubts about the translation of the ICAO resolution, I went to the source. Here is the original text, in English.

The Third International Civil Aviation Organization (ICAO) Conference on Aviation and Alternative Fuels agreed to "strive to achieve a collective global aspirational Vision" to reduce carbon dioxide (CO₂) emissions in international aviation by 5% by 2030, compared to "**zero cleaner energy use.**"

Machine translations (Google, DeepL) stumble over the phrase "zero cleaner energy use." (I'll spare you the incomprehensible translations).

Looking through nouvelles.paxeditions.com, my fears were confirmed. Here's how the ICAO resolution reads:

A global framework to promote the production of sustainable aviation fuels (SAF) in all regions of the world. The target for 2030 is for aviation fuel to be 5% lower in carbon than the fossil fuels currently used by the industry.

To put it plainly, airlines have pledged to put 5% sustainable aviation fuel in the fuel tanks of their aircraft, without committing themselves to limiting their kerosene consumption.

The following criticisms, made following the ICAO General Assembly (in October 2022), are still valid:

=== source actu-environnement

"The General Assembly's decision shows that ICAO continues to adopt measures that benefit industry, but not the climate," insists Jo Dardenne, Director of Transport & Environment's aviation program.

Member states, particularly those of the European Union, must open their eyes and move towards the adoption of genuine ecological measures."

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I should point out that the Air France-KLM group has set itself more ambitious targets:

- +10% use of sustainable aviation fuel (SAF) by 2030
- -30% lower CO₂ emissions per passenger/km by 2030 than in 2019

So, except in the highly unlikely event that Air France-KLM's business grows by 30% between now and 2030, the Franco-Dutch group will emit far less CO₂ in 2030 than it did in 2019.

> Florence Parly back in the running for the presidency of Air France-KLM

(source L'Informé) December 7 - **After more than a year of waiting and prevarication, Florence Parly's patience is about to be rewarded. The Air France-KLM Board of Directors, meeting this Thursday, December 7, has proposed her appointment as a director**, according to our information. Aged 60, Florence Parly will take over from Isabelle Parize, who resigned on June 30. The Board had decided in July "not to provide for her immediate replacement". Florence Parly will thus be making her grand return to a group she joined in 2006 to hold various positions, including head of the Cargo business and then of the short-haul business, before leaving in 2014 to join SNCF.

Her arrival will be ratified at the group's next general meeting in June. Emmanuel Macron's former Minister for the Armed Forces is not expected to be content with a seat on the Board of Directors: **it is in fact she who will then succeed Anne-Marie Couderc, aged 73, as Chairman of Air France-KLM. A non-executive position alongside Ben Smith, the CEO of the Franco-Dutch group, who has approved her nomination.**

A headhunt was launched a year ago to find someone capable of supporting the management team, particularly in relations with the French and Dutch governments, both shareholders in the group (29% and 9% respectively). Conducted by Heidrick & Struggles, the search went on for many months, scanning the entire Parisian spectrum of possible female directors. Former RATP president Catherine Guillouard and former Eurazeo fund director Virginie Morgon were among those interviewed, according to our information. But in the end, it was the one who had initially emerged as the favorite who was recommended.

When her name was mentioned in the press in mid-2022, the prospect caused quite a stir internally. This was particularly true of the French airline's pilots, who had not taken kindly to the downsizing of the cargo fleet and the restructuring of the short-haul business when she was in charge. "It's true that

these episodes have left their mark, but the pilots' unions will have to come to their senses and accept that she is the best candidate to defend the company's interests vis-à-vis the French State", confided a person close to the group at the end of November. Moreover, on the **pilots' side, opposition has recently been less outspoken than it was a year ago.**

Florence Parly is already a director of a number of leading companies: the Caisse des dépôts et consignations, satellite operator Eutelsat, polling institute Ipsos, nuclear start-up Newcleo and, most recently, the Grenoble-based electric battery start-up Verkor. In each case, **the Haute Autorité pour la Transparence de la Vie Publique** gave the green light "with reservations". In particular, the independent authority **demands that the former member of the governments of Édouard Philippe and Jean Castex "refrain, in the context of her new professional activity (...) from any approach, including representation of interests, to members of the Government in office who were in office at the same time as her (...) until the expiry of a period of three years from the termination of the employment relationship between Ms. Parly and the person concerned"**. This prohibition prevents Florence Parly from contacting the Prime Minister, **Élisabeth Borne**, the Minister for the Economy, **Bruno Le Maire**, and the Minister Delegate for Transport, **Clément Beaune**, until... **June 2025.**

A particularly long deadline, which would lead the Air France-KLM Board of Directors to defer Florence Parly's appointment as Chairman for a further year. Initially, Anne-Marie Couderc, who had reached the age limit, was due to relinquish her mandate at the Annual General Meeting in June 2024. The deadline, which had already been postponed once to the end of 2022, is now set to be postponed once again. **Florence Parly is not due to take over as Chairman of the Group until 2025.**

(...)

My comment: Her name was regularly at the top of the list of contenders to succeed Anne-Marie Couderc as non-executive Chairman of Air France-KLM.

Between now and her appointment, a number of issues will have to be resolved:

- *will his position be purely non-executive, or will it encroach on the prerogatives of Managing Director Ben Smith?*
- *Will she accept the same remuneration as Anne-Marie Couderc, 200,000 euros a year?*

One thing is certain: his extensive airline knowledge will enable him to challenge Ben Smith.

End of press review

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

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| François Robardet

**former Director of Air France-KLM.
You can find me on my twitter
account @FrRobardet**

During our election, Nicolas and 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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