



## I Letter from François Robardet Air transport in France, Europe and the world

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### Weekly newsletter

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### > Why higher air transport taxes are necessary for decarbonization

(source Tourmag) August 20, 2025

**My comment:** The most heated debates about the pollution generated by aviation take place mainly in Europe, the United States and Australia.

In Europe, environmental issues take center stage, particularly in Germany, the UK, the Netherlands and, of course, France. European legislation plays a major role, making this continent one of the epicentres of the debate.

In the United States, public and political debate has intensified since the introduction, for the first time, of rules to limit aircraft emissions. Although environmental associations and several federal states are calling for stricter regulations, the weight of the airline industry remains considerable and is slowing down developments.

In Australia, the debate goes beyond the CO<sub>2</sub> issue to also encompass impacts on health and quality of life.

As is often the case when it comes to climate and air transport, the focus is on short- and medium-haul flights.

*This is the case here, even if it in no way diminishes the relevance of the criticisms. The alternative is, of course, high-speed rail.*

*For short-haul routes - under three hours - the superiority of rail is not in dispute.*

*However, the gradual disappearance of competition from air travel is causing ticket prices to soar, much to the chagrin of passengers.*

*It should also be remembered that rail infrastructures are extremely costly: in France alone, rail benefits from annual subsidies of 19 billion euros, while airlines finance their own regulation (DGAC) and bear the full cost of security, despite the fact that this is a sovereign mission.*

*On a European scale, the situation is more nuanced. Apart from links between major cities, journey times are still too long to compete effectively with air travel. Unless we impose exorbitant taxes on air travel, rail will not be a real alternative.*

*Above all, these discussions concern only a fraction of greenhouse gas emissions. We still have to deal with medium-haul outside Europe and long-haul.*

*Convincing the United States and China to act in this area is a colossal challenge.*

*In the United States, the total absence of a high-speed rail network makes the transition illusory. Moreover, the production of sustainable fuels competes with food production.*

*In China, the high-speed rail network is substantial, but it has not slowed air traffic growth forecasts.*

*The only real option is therefore to limit global air traffic.*

*Such a measure would automatically entail a reduction in the production of new aircraft.*

*But convincing Europe and especially the United States to sacrifice an industrial sector that makes a positive contribution to their trade balance is a Herculean challenge.*

#### **Read the article:**

Faced with the urgency of climate change, taxing air transport is a key lever for reducing the sector's soaring emissions. **By directing travellers towards less carbon-intensive alternatives, this tax system encourages the limitation of traffic, a major pillar of decarbonization along with sustainable fuels.** For Jérôme du Boucher, aviation manager for T&E France, it also means correcting a tax injustice in a sector that is still largely exempt.

Scientists have once again sounded the alarm on the state of global warming, which is threatening our living conditions. Exceeding the +1.5°C threshold is now unavoidable.

While emissions from the various means of transport are beginning to fall in Europe, in line with electrification policies, **emissions from the air transport sector continue to rise rapidly.**

By 2025, they will have returned to their pre-Covid levels, and **projected traffic growth in the sector promises to continue this trend.**

This is the exact opposite of the move the sector should be making to reduce its emissions to zero. Not to mention the climatic impact of contrails, which doubles the impact of the aviation sector.

The decarbonization of the airline industry rests on several pillars. The main ones include controlling traffic levels, renewing fleets and producing alternative fuels.

Other levers exist, such as flight path optimization and the development of electric aircraft, but their decarbonization potential by 2050 remains marginal.

Fleet renewal is a lever with little room for manoeuvre, as airlines naturally seek to use it to save fuel and become more competitive. What remains is mainly the control of traffic levels and alternative fuels.

**Our modelling shows that, once the effect of fleet renewal is taken into account, traffic level management should account for 80% of decarbonization efforts in 2030, and 51.2% in 2040.**

The remainder of the decarbonization effort will come from alternative fuels and electric aircraft, whose contribution will be progressive.

This highlights the primary importance of traffic management in decarbonizing air travel.

Taxing air travel is an essential means of controlling traffic levels. Price is a key criterion when choosing a trip or vacation, and leisure flights account for three-quarters of emissions.

**Taxation is the most direct way of guiding travellers towards destinations requiring less carbon-intensive means of transport.**

**In other words, how can we expect travellers to choose rail when air fares are cheaper?**

## > China Eastern plans to invest in Xi'an airport

(source Aviationweek) August 21, 2025

**My comment:** *The trick question: how big is Xi'an?*

*According to my sources, the city has around 13 million inhabitants, which would make it China's eighth-largest conurbation, behind Shanghai (population 25 million), Beijing, Chengdu, Guangzhou, Shenzhen, Wuhan and Tianjin.*

*The construction program is in line with China's projected growth in air transport.*

*Indeed, according to the OECD, Chinese air traffic is set to increase sevenfold between 2015 and 2050.*

### **Read the article:**

**China Eastern Airlines has committed to investing 5 billion yuan (\$696 million) to expand its base at Xi'an Xianyang International Airport (XIY),** advancing both the airline's growth strategy in northwest China and the airport's hub ambitions.

According to the Civil Aviation Administration of China, the investment will finance three main projects covering aircraft maintenance, ground services and airline catering.

**The largest project will see the creation of a new maintenance area designed to support both wide-body and narrow-body aircraft fleets, with the aim of reducing turnaround times and operating costs.** The base will include airframe and component maintenance, as well as an aeronautical materials center.

A separate base dedicated to ground services and logistics will enhance passenger handling, baggage handling, aircraft surveillance and crew support. This facility should improve flight efficiency and passenger experience, while supporting air traffic growth in Xi'an.

The third project involves the creation of a large-scale airline catering base comprising production workshops, a cold store and a distribution system. This center will be able to prepare tens of thousands of meals for airlines every day.

**The SkyTeam alliance member claims that this investment will not only boost its competitiveness in the region, but also attract aviation-related industries, stimulating growth in logistics, manufacturing and services linked to the airport economy.**

China Eastern is the largest airline operating from XIY, accounting for around 31% of all outbound seats in August 2025, according to data from the OAG Schedules Analyser.

(...)

## > ITA Airways: 2026-2030 plan approved, but fleet and network development somewhat disappointing

(source theflightclub) July 31, 2025

**My comment:** *ITA Airways' five-year plan appears timid, to say the least. It's not really ambitious.*

*But that's not surprising.*

*The profitability of legacy airlines is generally based on a solid hub, capable of attracting both business and leisure customers, depending on the season.*

*Italy, however, does not follow this logic.*

*All of Alitalia's buyers have come up against the same dilemma: the coexistence of two distinct hubs - Milan for business, Rome for leisure.*

*This dual structural anchorage weighs on strategy, hampers competitiveness and limits ITA Airways' room for manoeuvre.*

### Read the article:

ITA Airways makes slow progress. **The Board of Directors of Italy's largest airline has approved the 2026-2030 industrial plan, which defines the processes for consolidating ITA within the Lufthansa Group and its integration into Star Alliance, fleet growth and network development.**

(...)

With regard to the network, the intention to expand long-haul connections from the Rome Fiumicino hub is reaffirmed, with "new routes linking the Rome Fiumicino hub to strategic destinations in North America, South America, Asia and Africa".

However, **as far as the fleet is concerned, it "will average 100 aircraft by 2030", which corresponds to the number of aircraft already in service at ITA** today. As far as long-haul aircraft are concerned, the plan calls for "the introduction of one additional long-haul aircraft each year for the duration of the plan, starting in 2026, as part of a strategy that calls for the entry into service of latest-generation aircraft in parallel with the gradual phasing out of older-generation aircraft".

ITA is still awaiting delivery of five Airbus A330-900s, which should have arrived before the end of 2025 (bringing the fleet from -900 to 16).

(...)

The plan goes on to tell us that from 2026 to 2030, ITA will receive five more wide-body aircraft, the type of which is not specified (but it is certain that they will be Airbus, and therefore A330-900s or A350-900s).

**The fact is, five aircraft in as many years is not enough for significant growth in the long-haul network. Especially if this expansion were to take place in South America or Asia, i.e. on routes of ten or more flight hours, which require a considerable number of hours/machine.**

Five additional aircraft will mean three or four additional destinations served by ITA from Rome Fiumicino over the five-year period from 2026 to 2030, or an increase in frequencies to destinations currently served by the network.

Certainly, when, **the day after the announcement of the agreement with Lufthansa, we spoke of "strengthening" the Fiumicino hub, we could have expected much more.**

## **> Airbus A320s quietly triumph over Boeing 737s**

(source Les Echos) August 19, 2025

**My comment:** *Airbus had to come very close to catching up with, and then overtaking, Boeing in the single-aisle market.*

*If there was one major turning point in this rivalry, it would undoubtedly be the launch of the A320 NEO.*

*Taken by surprise, Boeing reacted in haste with the 737 MAX, a poorly conceived aircraft that became the symbol of a strategy dominated by financial logic.*

*Boeing still has the upper hand in the twin-aisle segment. But the gap is gradually closing, as shown by the fleet in service: around 4,800 Boeing aircraft versus 4,200 for Airbus.*

### **Read the article :**

**Airbus is sometimes a quiet triumph. It wasn't until the American research firm Cirium announced that the A320 Family was on the verge of taking the world record for the number of best-selling airliners from the Boeing 737 that we realized... that this had already been the case for months.**

At the end of July, the seven versions of the European medium-haul jet (A318, A319 CEO, A319 NEO, A320 CEO, A320 NEO, A321 CEO and A321 NEO) had, according to Airbus, delivered a total of 12,151 units since the first delivery to Air France in March 1988. This compares with 12,019 for the B737 family, which has been available in no fewer than 14 versions since it entered service in 1967, according to Boeing figures.

The B737-800 retains its crown

However, if we include the 152 private versions of the B737, produced under the "BBJ" name, as well as those destined for the U.S. military, and therefore no longer confine ourselves to commercial airliners, the 737 family retained a small lead of 20 aircraft at the end of July, with a total of 12,171 produced, according to Boeing. By the end of August or early September, this lead should have completely disappeared, with Airbus producing around 60 A320 medium-haul aircraft per month, compared with Boeing's 38 B737s per month.

On the other hand, the Boeing 737-800, one of the 14 models in the 737 family, will remain the world's best-selling airliner for a long time to come, with 5,174 delivered since its launch in 1998. This compares with 4,752 for Airbus' best-seller, the classic A320 CEO, and 2,232 for its successor, the A320 NEO, which entered service in 2016.

A thousand aircraft originally planned

**It will therefore have taken the A320 and its derivatives thirty-seven years to equal the distance covered by the 737 in fifty-eight years.** This was not even in the wildest dreams of its promoters. In 1984, when the A320 project was launched, Bernard Lathière and Roger Béteille, two of the founding fathers of Airbus, hoped to sell a thousand A320s and take 25% to 30% of the market. Today, the aircraft manufacturer has booked 19,285 orders for the A320 Family, of which 7,134 have yet to be delivered.

The A320 had a complicated gestation period. Under study since the late 1970s, under the code name A200, this project for a family of European medium-haul aircraft, offering an alternative to the Boeing 737 and the Douglas DC-9, came up against the skepticism of the Germans, who would have preferred to give priority to a long-haul four-engine jet.

Boeing tries to win over Airbus

Boeing is also up against the competition. In France, Dassault is trying to save its Mercure airliner. In the Netherlands, McDonnell is dangling an alliance with Fokker, which will never see the light of day. Boeing saw the danger and went so far as to propose a partnership with Airbus around a 150-seat model. Finally, Boeing launched a modernized version of the B737, the 737-300.

**The support of Air France's management, despite the opposition of some of its pilots to the two-pilot system, the backing of the UK and the unwavering support of successive French governments, enabled the program to overcome these difficulties.** Despite two fatal crashes at the start of its career, **the program relied on ground-breaking technological choices such as electric controls and automation.**

The tipping point in 2003

The real turning point between the A320 and the B737 came in 2003, when Airbus deliveries exceeded those of Boeing for the first time, thanks to the A320, which was then being produced at a rate of 38 units per month. From then on, the European aircraft manufacturer delivered more medium-haul single-aisle jets than its American rival every year, although the latter compensated for this by delivering long-haul aircraft.

**In 2019, the A320 Family order book will also exceed that of the Boeing 737 for the first time. In addition to the success of the NEO re-engined version, launched a few years before the Boeing 737 MAX, the B737 MAX crisis will widen the gap between the two aircraft manufacturers in the medium-haul market, in terms of both production and orders.** By 2024, despite production difficulties, Airbus will have delivered 602 A320s, compared with 265 B737s.

Since the start of the year, however, Boeing has seen a marked improvement, delivering 246 MAXs between January and the end of July, compared with 286 A320s for Airbus. But **at the end of July, the A320 order book still stood at 7,134 units, compared with 4,326 for the 737 MAX.** And if the sales record of the B737-800 still stands, the A321 NEO looks set to steal its crown in the next few years. Airbus' new best-seller had already booked 7,067 orders by the end of July, of which 5,280 had yet to be produced.

## > Boeing puts \$1 billion on the table to boost 787 production capacity

(source Usine Nouvelle) August 20, 2025

**My comment:** For several years now, Boeing has been accumulating production difficulties on all its programs.

Financial losses are heavy, and the room for maneuver to invest is limited.

Despite this, a turnaround seems possible in the twin-aisle segment.

The real unknown remains elsewhere: is Boeing preparing a successor to the 737 MAX?

The answer to this question could well determine Airbus' strategy for its future single-aisle aircraft: a simple evolution of the A320 NEO, or a technological breakthrough with, for example, an open-rotor engine.

For its part, Airbus is studying several scenarios.

**Read the article:**

The factory extension, announced for late 2024, is taking shape. **Boeing has begun construction of a second assembly line for its 787**, based in Charleston, South Carolina (USA). The project was launched discreetly, but was reported by Leeham News on Monday August 18, referring to the local press. **With this billion-dollar investment, the American aircraft manufacturer hopes to double production capacity for its long-haul aircraft**, at a time when demand for this type of aircraft is on the rebound.

**The new plant, which** will employ 500 people and should be operational in 2028, will **enable Boeing to deliver 16 787s a month**, once it reaches cruising speed. **At present, the long-haul aircraft is delivered at a rate of around 7 aircraft a month**, and the American manufacturer is officially aiming for a rate of 10 787s a month by 2026. Despite the crash of Air India's 787 last June, the group is hoping to capitalize on the current comeback of long-haul aircraft, which is benefiting from the rebound in international flights after the peak of the Covid crisis.

Problems flying thick and fast

While the 787 has accumulated over 2,600 gross orders since it entered service - in 2011 - 1,206 aircraft have been delivered and 993 remain to be handed over to airlines, according to Boeing data. **Deliveries of the 787 will therefore pick up again with this new assembly line, after several somewhat chaotic years.** By 2019, Boeing had managed to deliver 158 787s, a rate of over 13 aircraft per month. At that time, the aircraft manufacturer relied on two sites: the historic one in Everett, Washington, and the Charleston site, opened in 2011.

But in 2020, in the midst of the Covid crisis, Boeing made the decision to concentrate all 787 production in Charleston, for economic and logistical reasons. What's more, without even mentioning the lithium-ion battery fires in 2013, **the long-hauler has had to contend with a series of production problems in recent years, including fuselage joint defects and faulty tail attachments.** These problems led the FAA to halt production of the long-haul aircraft from May 2021 to August 2022, and to impose new inspections in 2024. The Group delivered 53 787s in 2020, then only 14 in 2021, 32 in 2022, 73 in 2023 and 51 in 2024.

**Series problems with the 787** (240 to 330 passengers) **have generated billions of dollars in extra costs for Boeing**, as well as significant loss of earnings for its suppliers. With the two assembly lines in Charleston, **the American aircraft manufacturer hopes to finally raise its game against the Airbus A330neo** (250 to 300 passengers) **and A350** (300 to 410 seats). The former, which entered service in 2018, is in direct competition with the 787-8 and 787-9. The European aircraft manufacturer has stabilized deliveries at around 4 aircraft per month. As for the A350, it competes above all with the 787-10, with the A350-900 version. **The A350-1000, on the other hand, currently has no competition, as the Boeing 777X has still not been certified.** By 2024, Airbus will have delivered 57 A350s, a rate of just under 5 per month. The Group aims to deliver 12 aircraft a month by 2028.

## Stock market press review

### > A dream year for Air France-KLM investors

(source Luchtvaartnieuws) August 18, 2025

**My comment:** The article's conclusion tempers the headline: Air France-KLM remains by far the cheapest of the major European airlines.

Read the article:

**Air France-KLM's share price reached its highest level since August 2023 on Monday. At the close of trading on the Damrak stock exchange, the share was trading at 14.52 euros**, up 0.6%. After years of difficulties, 2025 is a dream year for investors in the Franco-Dutch group: since the beginning of the year, the share price has risen by over 79%.



Investors are particularly enthusiastic about the improvement in results, boosted by lower oil prices. In particular, Air France, which had previously posted mediocre performances, has seen a spectacular turnaround. **KLM, however, continues to lag behind.** The SAS takeover is also generating enthusiasm among investors. Air France-KLM thus marks an important point in the battle for consolidation.

This year, Air France-KLM has outperformed its rivals such as IAG (+28%) and the Lufthansa Group (+33%), whereas in the past the opposite was often the case. It should be noted, however, that the share price started from a very low level. In terms of price/earnings ratio, Air France-KLM remains by far the cheapest of the major European airlines.

## End of press review

### > Air France-KLM share price trend

The Air France-KLM share price closed at **14.43 euros** on Friday August 22. Over the week, it is **up (+3.47%)**.

It was :

January 1, 2024 at 13.60 euros,

July 1, 2024 at 8.23 euros,

January 1, 2025 at 7.604 euros,

July 1, 2025: 9.08 euros,

The analysts' 12-month average (consensus) for AF-KLM shares is **x.xx euros** (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 5.40 euros.

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

You can find [details of the analyst consensus](#) on my blog.

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



**My comment:** The share price has been rising steadily since the announcement of the half-yearly results.

The share price has doubled since the end of April.

### > Fuel prices this week

The price of Jet Fuel in Europe is up (+\$3) to **\$91 per barrel**. It was \$94 at the end of June 2023, and \$79 before the outbreak of war in Ukraine.



**Brent crude oil** (North Sea) **is up slightly (+\$2) to \$68.**

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

**My comment:** *Oil and Jet Fuel have been stable in recent weeks, at a level close to the annual average (\$70 for Brent, \$90 for Jet Fuel).*

*By way of comparison, in 2024, the annual average was \$80 for Brent, \$100 for Jet Fuel.*

## > CIPF management

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

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

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

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

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

## 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 may help me to keep you better informed.

**You can also 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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