

Launch of the Sustainable Aviation Observatory



I Letter from the Director of Air France-KLM

François Robardet

Representative of employees and former employees who are PS and PNC shareholders

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Editorial

Dear readers,

For once, the first article in this letter is not dedicated to the Air France-KLM group, but to the creation by France of a Sustainable Aviation Observatory.

Since the beginning of the year, I have regularly mentioned here the work in which I am involved, as part of a team originally made up of members of OMNES, extended in particular to members of ENAC Alumni, the ENAC alumni association.

We worked with the objective of creating a Sustainable Aviation Observatory. Over the months, we met with representatives of the aeronautical industry (manufacturers, engine manufacturers, Air France, etc.), representatives of ADP, the DGAC, representatives of the State, and also NGOs working for clean transport in Europe.

We have participated in various symposiums:

. that of the Académie de l'Air et de l'Espace ("Transport aérien en crise et défi climatique. Towards new paradigms", see [letter 798](#) and [letter 816](#)),

. the États de l'Air (organised by ENAC Alumni at the DGAC headquarters, see [letter 827](#) and [letter 829](#))

We have also published on social networks a dozen infographics on sustainable aviation (you will find them in [letter 835](#)).

The first article of this letter presents the philosophy of the observatory while the second one details its organization.

*Enjoy your reading.
François*

PS: OMNES is an association under the law of 1901, created in 1995, whose purpose is to organize seminars for Air France and KLM union activists on a topical theme. The next seminar, scheduled for the first half of 2022, will focus on sustainable aviation.

Monday's Press Review

> Launch of the Sustainable Aviation Observatory (1)

(source Air & Cosmos, tribune de Philippe Fonta) December 10 - **The Minister of Transport, Jean-Baptiste Djebbari, launches the Sustainable Aviation Observatory whose objective is to work both on the effects of air transport on global warming and on the actions implemented at national, European and international levels to decarbonise the sector, with the help of actors and observers of the sector.**

Opinions not aware of the upheavals underway
December 10, 2021 is undoubtedly an important day for the future of sustainable aviation with the official launch of the Sustainable Aviation Observatory, intended to federate all available resources that wish to contribute to a decarbonized development of air transport. Indeed, the **question of the impact of air transport** (or any other human activity) on climate change must **be properly understood and addressed**, as it is a major societal concern and is, in fact, a key issue for the future of international civil aviation.

However, although the sector's players have made an unprecedented effort to decarbonise their activities, **public opinion has not yet fully grasped the (r)evolutions and upheavals underway**. Indeed, what we are witnessing is more a battle of figures, more or less accurate, or more or less well used, and a clash of opinions without the slightest debate being able to move the lines. Worse still, if you have the slightest desire to initiate a discussion on social networks with factual arguments, based on scientific data, but different from the dominant trend of

thought, after receiving a few messages that are aggressive to say the least, your account will be blocked or even deactivated. This means that it is not the right place for exchanges.

In

this context, **this observatory should allow to dispassionate the debates while promoting discussions, exchanges between stakeholders, by creating a space for dialogue between actors and observers of air transport.** ENAC Alumni, the association of graduates of the French National Civil Aviation School, of which I am a member, is one of the founding members of this Observatory. Due to the technical richness of the training provided at the school (manufacturers, pilots, controllers, operations engineers, airport management, avionics ...), ENAC Alumni is a natural and essential contributor to the work of the Observatory.

The results of this work should allow to objectify the impact of air transport on global warming, based on scientific data and knowledge, by documenting the uncertainties (eg. non-CO2 effects) and by following the various developments, models, not limited to a simple extrapolation of the past. Documentation on historical progress and decarbonation prospects, lever by lever, will be developed and made available to the general public.

Ability to push back the constraintsWe

can only welcome the creation of such an observatory, and wish it success in its mission, and allow, among other things, that the image of the sector be better aligned with its real impact, based on scientific facts, and on its ability to push back the constraints imposed on us by the fight against climate change, just as it has been able to push back the limits of physics, safety, distance, speed, capacity and reliability, to name a few.

It will be necessary to ensure that its work takes into account the international dimension, by nature, of air transport and the environmental, economic and societal impact of any measure, however ambitious it may be, but limited to French territory in comparison with another measure, perhaps less ambitious, but which can be applied to our globalised world. As the African proverb says: "Alone we go fast, together we go further".

My comment: France will preside over the European Union Council from 1 January 2022.

I see an opportunity to give an international dimension to this

> **Launch of the Sustainable Aviation Observatory (2)**

(source Aerobuzz) December 10 - As the Ministry of Transport reminds us, "The issue of the impact of air transport on climate change has become a major societal concern in recent years and a key issue for the future of international civil aviation." At the global level, air transport has set itself a goal of carbon neutrality by 2050.

It is in this context that Jean-Baptiste Djebbari wished to bring together airlines, airports, aircraft manufacturers, NGOs, experts, specialized research institutes, elected officials and competent administrations to set up the Sustainable Aviation Observatory on Friday, December 10, 2021.

This observatory will be constituted as follows

A college of representatives who will define and lead the work program of the observatory:

Actors of the academic world and public research institutes: Académie de l'Air et de l'Espace, ONERA, IFPEN, Supaéro, Chaire Pégase, ENAC, ENAC Alumni Administrations

: DGAC - DGEC - CGDD - France Stratégie Agencies

: EASA - ADEME parliamentarians

: Vincent Capo-Canellas, Mickaël Noyal, Zivka Park Companies

: ADP - Airbus - Air France - Safran -

Thalès French

federations

: GIFAS - FNAM -

UAEuropean

federations

: A4E - ASD - CANSOONG

: Transport & Environment - Green Cross France Territoires - The Shift Project - International Coalition for sustainable Aviation (ICSA)

A committee of high-level independent experts, in charge of proposing work themes and giving independent opinions on the Observatory's productions.

Olivier Boucher - Climatologist - Institut Pierre-Simon Laplace Industrial Economics Emmanuel

Combe - Industrial Economics - Competition Authority Jean-Philippe

Héraud - Sustainable Aviation Fuels (SAFs) - IFPEN Paul

Peeters - Sustainable Tourism - Centre for Sustainability, Tourism & Transport (CSTT), Breda University of Applied Sciences François

Gemenne - Politician - Sciences-Po Paris
Fadimatou Noutchemo - Young African Aviation Professionals Associations
Denis Huet - Air Traffic Management - Eurocontrol
Philippe Novelli - Aeronautical Engineering - ONERA
Jean-Paul Hertemann - Aeronautical Engineering - Former CEO of Safran
Jean-Michel Vernhes - Airport Ecosystem - Former President of UAF
Pedro Piris-Cabezas - CORSIA & Sustainable Aeronautical Biofuels - NGO
Environmental Defense Fund, former member of CAEP

The Observatory will have a secretariat housed within the Directorate General of Civil Aviation (DGAC) of the Ministry of Transport.

Its mission will be to:

- . Identify, organise and **make available to the public knowledge on the impact of air transport on climate change and on the efforts of all the players in the sector to reduce this impact in the short, medium and long term;**

- . To encourage exchanges, by creating a space for dialogue bringing together air transport actors and observers (airlines, airports, aircraft manufacturers, NGOs, specialised research institutes, elected representatives and competent administrations, etc.);

- . **To objectify the impact of air transport by documenting the uncertainties and points of debate**

 - . Documenting historical progress and proposing sets of hypotheses to be used in modelling work

 - . Putting into perspective, especially with regard to the global and particularly European situation, France's commitments and actions in favour of decarbonisation of air transport.

> **Air France has repaid 500 million euros of its French EMP**

(source La Tribune) December 10 - Despite the uncertainty surrounding the economic risk associated with the fifth wave of Covid-19, **Air France is beginning to repay its debts to the French state. The transport group announced on Monday that it had paid back 500 million euros of the four billion euro loan guaranteed by the French state (PGE)**, granted as part of a seven billion euro support plan for Air France.

In addition, **the group has just finalised an extension of the final deadline from 2023 to 2025.** Air France has in fact obtained a "reprofiling" with the repayment of a first tranche of the French EMP of 500 million this month, 800 million in May 2023, then 1.3 billion in May 2024 and as much in May 2025. This EMP was originally due to mature

in 2023 after being extended for two years (the maximum) with an increasing annual interest rate. The Dutch EMP, on the other hand, is less pressing, has not been fully drawn down and has a maturity of five years.

"This partial repayment and the new amortised repayment profile of the EMP represent a further step in the restructuring of the group's debt profile and balance sheet", in a context marked by "the first signs of recovery in global air traffic, combined with better access to capital markets", the airline group notes.

(...)

Air France, which will be facing an avalanche of expenses in the future (according to one analyst, the group would need an additional four billion euros), **will have to recapitalize itself quickly**. The group had already succeeded in giving itself a little air with a first operation to strengthen its capital last April, to the tune of 4 billion euros. "As previously indicated, **discussions are underway on other measures to strengthen the balance sheet of the Air France-KLM Group**.

These could include the issuance of equity and quasi-equity instruments, depending on market conditions," it said.

(...)

My comment: Little by little, the Air France-KLM group is repaying its debts to the States that supported it.

The rescheduling of the repayment of the loan guaranteed by the French State (PGE) is a key element in the strategy of repayment of loans.

> **A low-cost airline for British Airways**

(source Trends Tendances) December 11 - After a disastrous first experience with Go some twenty years ago, **British Airways is going to set up a low-cost airline like Transavia** for Air France and Eurowings for Lufthansa.

Called BA Euroflyer, it will operate short and medium-haul flights from Gatwick. **British Airways, which** is losing ground at London airport to easyJet and Ryanair, **intends to make up some of the ground lost.**

BA Euroflyer should start operations next summer with a fleet of 17 Airbus A320s on intra-European routes with a strong leisure connotation: Barcelona, Amsterdam, Paris, etc.

In keeping with

the British Airways tradition, **the new airline will offer a classic**

service but will hire its pilots and flight crew on less advantageous terms, in line with Ryanair and easyJet, and will ban overnight stops to save money. Flights are expected to begin in January.

My comment: In September, British Airways announced that it would not launch its low-cost subsidiary because of a lack of agreement from its pilots. The British carrier then suspended its short-haul operations at Gatwick.

> **ITA forges partnerships with Air France and KLM**

(AFP source) Dec 9 - Italy's new airline **ITA, the successor to Alitalia, has struck codeshare deals with Air France and KLM**, their parent company announced Thursday.

"The commercial partnership will offer additional travel opportunities and open up 12 ITA destinations in Italy and Southern Europe for Air France and KLM customers, while ITA customers will be able to book tickets to a wide variety of Air France and KLM destinations in Europe, including the UK and Scandinavia," Air France-KLM said in a statement.

Code-sharing in air transport consists of two airlines marketing the same aircraft, each under its own brand and flight number.

(...)

"Effective for KLM from December 1 and for Air France from December 9, 2021, for travel from December 13, 2021," the agreement comes two months after ITA succeeded Alitalia, which, plagued by debts and placed in receivership, ceased operations. **ITA, like Alitalia before it, joined the Skyteam airline alliance at the end of October, of which Air France and KLM are also members.**

My comment: Just launched, ITA Airways multiplies partnerships.

The one with the Air France-KLM group comes after those with Etihad Airways, Air Malta and Air Serbia.

> **Boeing delays force airline to cancel flights**

(source 6medias) December 9 - It is the crisis at **American Airlines**. The airline **announced** Thursday, Dec. 9, **that it would reduce the number of international routes it flies in the summer of 2022**

because of delays in deliveries of Boeing's long-haul 787

Dreamliner. "Boeing continues to be unable to deliver the 787s we have ordered, including 13 planes that were scheduled to join our fleet by this winter," Vasu Raja, a senior U.S. airline official, said in a letter to the group's employees.

(...)

Heavily affected by the pandemic and travel restrictions, the aviation industry is trying to move forward. But **the 787's setbacks are complicating this recovery. Since late summer 2020, Boeing has detected several manufacturing defects on the aircraft**, suspending deliveries and reducing production rates to about two units per month from the normal five.

"We deeply regret the impact on our consumers and are working to enable the resumption of deliveries of the new 787s," a Boeing spokesperson responded to AFP. "Our teams continue to conduct comprehensive inspections and make the necessary modifications to undelivered aircraft while having transparent discussions with the FAA, our suppliers and our consumers," he said.

"While this will have short-term impacts, we are confident that this is the right approach to ensure stability and the highest quality of our operations," the spokesperson continued.

***My comment:** Boeing is struggling to solve its reliability problems on most of its models.*

In addition to the B787 discussed here, the certifications of the B737-10 (the longest version of the B737 Max, a competitor to the Airbus A321) and the B777X have been delayed.

Note the originality of the B777X: the wingtips are designed to be foldable so as not to cause problems at airports.

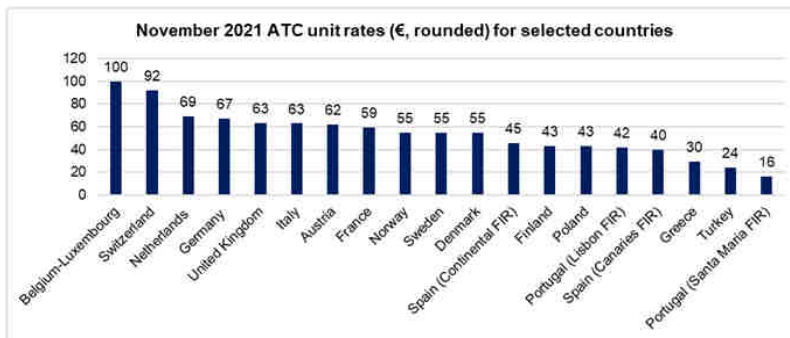
> Air navigation charges developments

(various sources including AF-KLM) December 10 - - Christine Berg, the **European Commission's Directorate General for Mobility and Transport (DG MOVE)**, which is in charge of the Commission's Single European Sky (SES) initiative, **advocates the introduction of a common unit rate for air navigation charges.** -

A **common unit rate would** not encourage airlines to use less direct routes to benefit from lower ANSP charges and **would lead to "better climate performance" of airlines**, she said.

- Ms Berg hopes that EU Member States will reach an agreement on the new charging structure by the end of 2023, which would allow for its introduction in 2025.

Adjusted global unit rates for November 2021 - Eurocontrol



Comment from Air France-KLM Strategy teams: *The air traffic control charging structure worldwide is based on the principle that airspace users pay for the costs incurred.*

Air traffic charges amount to approximately 5% of an airline's cost base.

In Europe, Air Navigation Service Providers (ANSPs) work on a national basis and (...) charge airlines on the basis of a formula that takes into account maximum take-off weight, distance and a unit rate that differs from country to country.

For example, French ATC (air traffic control) currently charges €1,400 for handling an A350-900 and €704 for handling an A220-300 if both travel 1,000 km (great circle distance) in French airspace.

A number of European air navigation service providers are currently seeking to increase their charges to cover their losses during the pandemic, claiming they have a "right" to recover these losses. IATA claims that European providers are seeking to recover €7.8 billion over a period of five to seven years.

Spain, however, has not put the full burden of the crisis on airspace users, as the Spanish government has absorbed much of the increase in unit costs ... in order to open up markets and feed local economies with more traffic and therefore more passengers.

In the meantime, preparations are due to begin to define the structure of air navigation service provider (ANSP) charges from 2025. Several elements are under consideration, including modulation of the maximum take-off weight, the type of airport and the use of environmentally friendly fuel.

Incorporating these elements into the charges could make the calculations more complex.

Peter Bellew, Chief Operating Officer of easyJet, calls for "performance-based navigation" and advocates a single European network manager, namely Eurocontrol. Such a system would achieve more efficient use of airspace and greater capacity.

It remains to be seen which airspace this single network manager will have.

The Single European Sky' initiative launched in 1999 has not yet succeeded in transforming the European sky into a common airspace that would allow more direct flight paths. As a result, air travellers are still zigzagging over Europe and emitting unnecessary tonnes of CO2.

Stock market press review

> Air France-KLM falls on prospect of new share issue

(Investing source) Dec. 13 - **Air France - KLM SA (PA:AIRF) shares were down 1.1%** in morning European trade, contrasting with a generally positive start to the week on the continent, **after it said it was still looking to raise equity to strengthen its balance sheet despite the latest pandemic-related plunge in travel shares.**

The airline reiterated that it was still considering capital-building measures such as issuing new shares or equity-like instruments, after repaying 500 million euros (\$564.8 million) of a 4 billion euro loan from the French state to help it through the Covid pandemic.

The airline said the decision was prompted by signs of a recovery in air traffic and better access to capital markets. It also negotiated an extension of the loan, which was originally scheduled to be repaid in full in May 2023. It will now repay the loan in three stages between 2023 and 2025.

My comment: *The criticisms levelled at the Air France-KLM group have more to do with the slowness of the implementation of repayment solutions than with doubts about its ability to repay.*

Financial analysts compare it with Lufthansa. The German company is more advanced in its repayment process than the Franco-Dutch group.

It obtained its loans more quickly than Air France-KLM. It then, during

the summer, benefited from a favourable context to reinforce its equity: the momentary drop of the pandemic had inflated the morale of investors. .

End of the press review

> Payment of the 2019 Air France profit-sharing scheme. Advice for employees and former employees who are shareholders

The employees of Air France will receive these days the profit-sharing 2019. This profit-sharing should have been paid at the end of 2020. An agreement between the unions and Air France management has enabled Air France to temporarily relieve its cash flow by postponing the payment by one year.

The employees concerned have received a letter from Natixis giving them until 14 December 2021 to indicate their preference:

==> INVEST I save and benefit from a tax exemption*

==> INVEST AND RECEIVE I invest a part and receive the other

==> RECEIVE The amount is included in my taxable income

To avoid forgetting to change your address every time you change your postal address, **I advise you to enter a personal e-mail address.** It will be used for all correspondence with the 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, your personal financial institution if you bought your shares through it.

You will find on my [website](#) how to access the managers' websites.

> My comments on the Air France-KLM share price trend

Air France-KLM shares closed at **3.814 euros** on Monday 13 December. **It is down this week by -3.52%.** Read my commentary in the Stock Market Press Review section.

Before the coronavirus epidemic, Air France-KLM shares were at 9.93 euros.

The average (consensus) analyst price for AF-KLM shares is 3.29 euros. The highest price target is 5.5 euros, the lowest 1 euro. You can find the details of the analysts' consensus on my blog. I do not take into account the opinions of analysts prior to the beginning of the health crisis.

Brent crude oil (North Sea) is up slightly this week by \$1 to \$75.

At the end of October 2020, it was at a low of \$37.

At \$86 on 25 October, Brent had reached a level not seen since 2014, supported by supply disruptions and underlying demand. The announcement of the arrival of the Omicron variant led to a drop of nearly \$10.

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

You can react to this press review or send me any information or thoughts that will help me better carry out my duties as a director of the Air France-KLM group.

You can ask me, by return, any question relating to the Air France-KLM group or to employee share ownership...

See you soon.

To find the last press reviews of Monday, it is [here](#)

If you like this press review, please pass it on.

New readers will be able to receive it by [giving me](#) the email address of their choice.

| 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**

When I was elected, I received the support of the CFDT and the UNPNC. This press review deals with subjects related to the Air France-KLM shareholding.

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