

Fatigue of Air France pilots



I Letter from the Director of Air France-KLM

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Representative of the employees and former employees shareholders PS and PNC

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Monday's Press Review

Editorial

Dear readers,

Last week, I proposed you the first article about climate change. It was an interview with Mr. JM Jancovici.

To continue the series, you will find this week an article presenting the Drawdown project.

The Drawdown project uses different scenarios to assess what a determined, global effort to fight climate change might look like.

The two scenarios presented are plausible and economically realistic. The Drawdown 1 scenario roughly corresponds to a temperature rise of 2°C by 2100, while the Drawdown 2 scenario roughly corresponds to a temperature rise of 1.5°C by the end of the century.

Enjoy your reading

> **Fatigue of Air France pilots: what the figures say**

(source Le Point) August 18 - **One thing is certain, even with the strong recovery in traffic, no pilot will reach the annual flight time ceiling of 900 hours in 2022, according to the limits set by the European Aviation Safety Agency (EASA).**

Rest periods after a flight are more important in France than in Europe thanks to the combination of post-war rules in the Aviation Code and those of EASA. On long-haul flights, Air France pilots have two days and three nights' rest, compared with two nights for Lufthansa and British Airways. "Air France's working conditions are the best in the market," notes an air transport human resources expert.

In addition to these rules, **the company is proactive in terms of fatigue risk prevention** (SGRF), says Air France in a press release after the open letter from the Alter union evoking "unreasonable chronic fatigue". **Every month, stakeholders, including union representatives, meet to analyze flights and crew feedback on fatigue.** Additional rest measures may be decided upon. As well as measures to increase crew composition compared with EASA standards, such as for certain rotations to the West Indies. In any case, a captain may use an additional co-pilot on certain long-haul flights if he or she deems it necessary in view of the day's flight conditions. **This fatigue risk management system is subject to regular audits by the French Civil Aviation Authority (DGAC).**

Before Covid-19, French pilots fly an average of 650 hours per year, while German and British pilots fly 850 hours and are close to the legal ceiling of 900 hours. That's a 30% difference. This summer, on average, medium-haul A320 pilots flew 84 hours, below the 90-hour monthly limit. In long-haul B777s, they flew 72 hours per month. In the Gulf airlines, the method of calculating flight time may be different and credits the pilot only when he is actually at the controls, "on stick", as the saying goes. The time spent resting, in the dedicated space of the aircraft, is not counted. Otherwise, it could reach 1,200 hours per year, according to the French way of counting.

(...)

Let's not forget that **this controversy is emerging in the midst of preparations for the elections of professional organizations** scheduled for next November. In this pre-election period, Alter called for a strike by Air France and Transavia pilots in late June. Ten strikers responded... No disruption was observed in the flight operations of the two companies.

My comment: *In the middle of August, while the air transport news is slow, the press release of a minority union of Air France pilots has made the buzz.*

Are Air France pilots more tired than their colleagues?

At the beginning of the year, when air transport activity resumed, in all airlines the recovery was difficult for pilots, but also for other staff.

Training courses were offered, and since then everything seems to have returned to normal.

However, other factors have been put forward to explain why aircrew might be tired.

For example, some of them live far from their workplace. This is the case for example at KLM (see the following article), even if it is marginal for our Dutch colleagues.

In many other airlines, the percentage of aircrew who have to fly to their home base is much higher.

This can sometimes cause unexpected problems. At Air France, the closure of routes or the transfer of routes to Transavia has created difficulties for flight crews living in Bordeaux or Montpellier who have to travel to Orly.

Some (rare) airlines require that flight crews live less than one hour and a half from their job. EasyJet, for example, requires that flight attendants "live less than 90 minutes from the chosen base".

This 90-minute limit was introduced by a European provision (GM1 CS FTL.1.200 Home base - TRAVELLING TIME): "Crew members should consider arranging temporary accommodation closer to their home base if the travel time between their residence and home base normally exceeds 90 minutes.

This provision is non-binding. Ultimately, it is up to the crew members living far from their home base to avoid additional fatigue.

> 4% salary increase for KLM pilots

(source Luchtvaartnieuws) August 15 - **The pilots' union VNV and KLM have reached an agreement in principle on a new collective labor agreement (CAO) that will be in effect until March 1, 2023. The agreement provides for a salary increase of 4% in two stages. This should partly compensate for the loss of purchasing power due to high inflation.**

In addition, a one-off payment has been agreed for all KLM staff, as soon as the financial margin is sufficient and KLM no longer has a credit facility with government guarantees. **Both parties have also agreed that the current home-working scheme for employees living abroad will be abolished. As a result, pilots living abroad will have to pay for commuting.**

This commuting agreement had already been criticized by KLM's state agent, Jeroen Kremers, who oversees the agreements that KLM and the government have made due to state aid. He believed that this facilitated tax evasion.

(...)

My comment: *About 2.9% of KLM flight personnel live abroad and use free transport to their home base.*

In addition to pilots, this also includes cabin crew.

> **MSC-Lufthansa could offer 853 million dollars for ITA, according to Messaggero**

(Bloomberg source) Aug. 20 -- **An investor group led by container giant MSC Mediterranean Shipping Co. and German airline Deutsche Lufthansa AG may offer about 850 million euros** (\$853 million) for Italy's national airline ITA Airways, according to Il Messaggero newspaper.

The group could make an offer Monday **for 80 percent of ITA**, with the aim of creating a global leader in cargo and passenger transport by integrating MSC's assets, according to the newspaper, which did not specify where it obtained the information.

Another group led by Certares Management LLC, a U.S. investment firm specializing in travel and tourism, is offering between €600 million and €650 million for 60% of ITA, with the rest remaining in the hands of the Italian Ministry of Finance, the newspaper added.

A successful sale of ITA, the successor to the struggling national airline Alitalia, would be a major victory for acting Prime Minister Mario Draghi, after a series of failed divestments by previous administrations over more than a decade.

The sale "will not be left to the next government, we must do our duty," Draghi told reporters on Aug. 4. Finance Minister Daniele Franco said at the time that new proposals had been requested from bidders, but none had so far fully complied with the government's demands.

Delta Airlines Inc. may seek a stake in ITA as part of the bid by the group including Certares and Air France-KLM, Repubblica reported Aug. 19.

My comment: *If we are to believe the indiscretions of the Italian newspaper Messaggero, the offers of the two competitors are close.*

The difference could be on the quality of the collaboration (e.g. via the SkyTeam or Star Alliance) rather than on the amount offered.

If Lufthansa is putting pressure on the Italian government, it is perhaps because its

offer is less attractive than that of Air France-KLM.

> IAG converts its loan to Globalia into a 20% stake in Air Europa

(source La Tribune) August 16 - **The purchase agreement reached between IAG and Air Europa will take a new turn. The parent company of British Airways and Spanish Iberia, will finally convert its loan to the owner of this carrier, Globalia, into a 20% share in Air Europa.** The British airline group "has exercised its option to exchange the €100 million loan" to Globalia for a 20% stake in Air Europa, according to a statement released on Tuesday.

IAG is the third largest airline group in Europe behind Ryanair and Lufthansa, while Air Europa is the third company with the strongest presence in Spain, after IAG and Ryanair.

In March, IAG had announced this loan over seven years to the Spanish group, as part of a proposed merger with Air Europa for one billion euros, announced in 2019. The British company, which also owns the Spanish low-cost airline Vueling, intends to strengthen its links to the American continent and make Madrid one of the main European hubs.

In 2019, an agreement to buy 100% of the capital of Air Europa by IAG had been reached. But in December 2021, IAG had announced that it had entered into "discussions" to put an end to this takeover project, after having already been forced to halve its initial offer. Like the entire airline industry, the group has seen its activity and economic performance heavily affected by the pandemic. In addition, it has had to face the reluctance of the European Commission to its project, concerned about a reduction in competition in the Spanish market.

(...)

My comment: *The offer to buy Air Europa by Iberia dates back to November 2019.*

Since then, the file is in the hands of the European Commission. It is concerned that the operation, as proposed, could generate competition problems on some 70 routes where Iberia and Air Europa are the main or even the only operators, especially between Spain and America.

It is likely that discussions, or even negotiations, are taking place between Iberia and the European Commission. In this type of case, the Commission has to impose constraints to preserve competition.

The time taken by the European Commission to reflect is unusual, a sign that Iberia is hesitating before the magnitude of the constraints.

This could leave the opportunity for another airline to position itself to take over Air Europa. If this other airline were based outside Spain, it would have an easier time

obtaining the European Commission's approval.

> Turkish Airlines emerges as the big winner from the crisis in European skies

(source Les Echos) August 15 - **Of all the traditional airlines in Europe, Turkish Airlines is the main winner of the crisis.** The first international airline to return to profit from 2021, Turkish Airlines is heading for record profits in 2022, after half-year results marked by a net profit of 737 million dollars, for a turnover of 7.58 billion. And if its overall traffic had not yet recovered its level of 2019 in the first half of the year, it is now done this summer, with the return in mass of tourists.

(...)

A dynamism that still makes Turkish Airlines the **most active traditional airline in Europe**, with an average of 1,506 daily flights in European airspace in early August, according to Eurocontrol, against 1,202 for Lufthansa and 1,065 for Air France. Only Ryanair and Easyjet operate more flights than Turkish Airlines in Europe.

Turkish Airlines is benefiting more than ever from its free access to the European market, as well as from the tenfold capacity of the new Istanbul International Airport, inaugurated in late 2018.

(...)

This is already the case in the air cargo market, where Turkish Airlines has risen from tenth to fourth place worldwide, according to the International Air Transport Association, with a 60% increase in supply. Its cargo revenue has more than doubled since 2019, to \$2 billion in the first half of the year, now surpassing Air France-KLM. As for passenger traffic, it is still too early to establish a definitive ranking, but Istanbul airport was still ahead of London Heathrow, Roissy-CDG, Amsterdam and Frankfurt for international traffic last May and June.

The sky of Turkish Airlines is not, however, azure blue. The economic crisis in Turkey, accompanied by the devaluation of the Turkish lira and an inflation rate of 79% in June over one year, is weighing heavily on national consumption. **The domestic market, which was one of the great advantages of Turkish Airlines over the Gulf airlines, remains very depressed.**

(...)

Finally, **a large part of the success of Turkish Airlines relies more than ever on free access to the European market, with relative protection against competition from European low-cost airlines.** This agreement signed in 2010 prevents, for example, Ryanair to serve Turkey from any other airport than Dublin. A more advantageous situation for the Turkish side that pan-European companies would like to see changed.

My comment: Turkish Airlines benefits from the new Istanbul airport, the second largest airport in the world, as well as from the very (too) important aids from the Turkish State.

The geographical position of Turkey, on the road between Europe and Asia, and even Africa, gives Turkish Airlines an advantage.

This allows it to offer a maximum number of routes by operating almost exclusively single-aisle aircraft. A definite advantage over its European, Asian or Gulf competitors.

> **Universal Hydrogen converts ATR aircraft to hydrogen in Toulouse**

(source Les Echos) August 17 - In the race to decarbonized aviation, **Universal Hydrogen, co-founded in 2020 in California by former Airbus technical director Paul Eremenko, has just inaugurated a 3,000-square-meter workshop and its European headquarters next to the runways at Toulouse-Blagnac airport.** Located in Toulouse since October, the company has recruited former Airbus executives **to design removable gaseous or liquid hydrogen tanks** for Bombardier's Dash 8 regional aircraft and Airbus and Leonardo's ATR 72. **The turboprop engines on these 45- to 78-seat propeller aircraft will be replaced by electric motors powered by fuel cells.**

"Hydrogen provides performance equivalent to kerosene, whereas batteries would be too heavy to power a 60-passenger electric aircraft," explains Pierre Farjounel, director of the European subsidiary. **Replacing the tanks will simplify the supply of hydrogen, a highly volatile gas that must be compressed to more than 700 bars or liquefied at -253 degrees** to increase range. The modules of two tanks each will be changed at airports and recharged at future green hydrogen plants, produced by electrolysis of water with renewable electricity. "With our solution, we are looking to simplify airline operations and reduce investments," says CTO Mark Cousin.

(...)

The liquid hydrogen tanks, made of double-skinned aluminum, will need to maintain the temperature of the fuel for four days. "Liquid hydrogen brings constraints but allows us to travel 1,000 kilometers in an ATR 72 with 400 kilograms of fuel, compared to 350 kilometers with 200 kilograms of gaseous hydrogen, which is more voluminous," explains Mark Cousin. The installation of four modules instead of three rows of seats in the rear will reduce the capacity of the ATR 72 from 72 to 56 seats. The aircraft will have two 2-megawatt electric motors and 12 fuel cells.

Universal Hydrogen is also designing the power train by integrating fuel cells and motors from American MagniX. It has already built a 1-megawatt propulsion system that will be flight-tested on a Dash 8 at the end of the year, with a view to obtaining certification in 2025. What remains is to lower the cost of green hydrogen, which is two and a half times more expensive than kerosene. "According to a study,

the prices of the two fuels will intersect in 2025," says Pierre Farjounel. The start-up offers airlines the conversion of their aircraft and a fuel supply contract (...) Among the customers are Amelia, Air Nostrum and the American Connect Airlines which ordered in June the conversion of 75 ATR 72-600 in 2025 and 25 as an option! The manufacturer ATR, on the other hand, has not bought the conversion and is betting on the vegetable fuel SAF.

My comment: *This information is unexpected, but it gives hope to airlines using small modules.*

However, it is difficult to envisage an extension of this solution, if it ever materializes, to medium-haul or long-haul aircraft.

Bonus Article

> DrawnProject

(source drawdown org) - **Our mission is to help the world reach the "drawdown"-the point at which greenhouse gas levels in the atmosphere stop rising and begin to decline steadily, ending catastrophic climate change-as quickly, safely, and equitably as possible.**

(...)

The solutions

To achieve the Drawdown, we need to work on all sides of the climate equation: stopping the sources and supporting the sinks, but also helping society to make broader transformations. In other words, there are three interrelated areas for action, which we must pursue on a global scale, simultaneously and decisively.

1. reduce sources - get emissions to zero 2

.

Supporting the sinks - strengthening the natural carbon cycle.

3. Improving society - promoting equality for all

Within each action area, there are diverse sectors and subgroups of solutions - practices and technologies that can help the world stabilize and then begin to reduce greenhouse gas levels in the atmosphere. Together, they constitute the Drawdown framework for climate solutions.

My comment: *Here is the second part of the series dedicated to climate change.*

To understand the weight of air transport in climate change, I propose the study conducted by the [Drawdown Project](#).

The authors have synthesized their work into a table of solutions that lists the 80

main areas that will contribute to the reduction of greenhouse gases.

Two scenarios have been developed, according to a warming target of +1.5°C or +2°C in 2100.

For each sector, the volume of CO2 to be saved is detailed, as well as the possible cost and the avenues to be followed in order to reach the objective.

*In the +1.5°C scenario, the three sectors that must contribute the most are -
Terrestrial wind turbines,
- Large-scale solar photovoltaics
- Reduction of food waste.*

*In the +2°C scenario, the three sectors that should contribute the most are: - Food waste reduction - Reduction of food waste,
- Health and education,
- Plant-based food.*

In each of the scenarios, air transport is in 40th position. Its contribution is 15 to 20 times lower than each of the first three sectors mentioned above.

You will find the links to the documents mentioned on my website in the [Sustainable Aviation](#) section.

End of the press review

> Advice for employees and former employees who are shareholders

You will find on my [navigation](#) site the modalities of access to the managers' sites.

To avoid forgetting to change your contact information each 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 organizations.

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

> Management of employee investment funds. Good to know

When you invest money in one of the Air France FCPE funds, you get 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 only hold Air France shares.

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

My comment: *If you would like more information on the management of the various Air France FCPEs, please consult [my website navigation, section Air France-KLM employee shareholding](#).*

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

Air France-KLM shares closed at 1.45 euros on Monday 22 August. It is down this week by -7.64%, after having increased by +26% in previous weeks.

The half-year results, better than analysts expected, have boosted the share price.

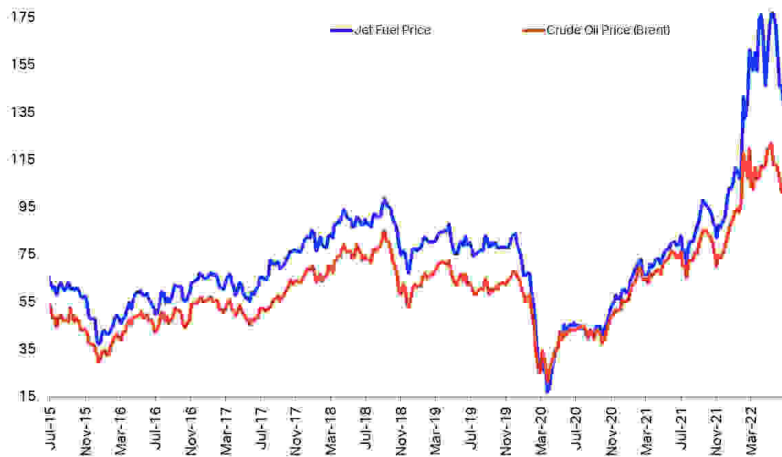
The average (consensus) analyst price for AF-KLM shares after the capital increase is 1.50 euros. The highest price target is 1.90 euros, the lowest 0.85 euros. I only take into account analysts' opinions after the May 2022 capital increase.

You can find the details of the analysts' consensus on my blog.

> **My comment on the evolution of fuel prices**

Since the beginning of the war in Ukraine, there is no longer any correlation between the price of a barrel of Brent oil and the price of a barrel of Jet Fuel. This is very clear on the graph below, which covers the period June 2015 - July 2022.

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

According to specialists, this increase was due to an increase in the fuel reserves of the armed forces, which consist solely of Jet Fuel.

Indeed, for the past few years, to ensure the strength of the infrastructure, the French Army has favored a single fuel policy aimed at powering all equipment, land vehicles and generators with jet fuel for air use.

Jet fuel price per barrel by region (source IATA) as of August 12, 2022

Jet Fuel Prices

New York (Platts)--12Aug22/0504 pm EDT/ 2104 GMT

\$329.75 cts/gal

	SHARE IN WORLD INDEX	CTS/GAL	\$/EBL	\$/MT	INDEX VALUE 2005=100%
Platts Global Index	100%	329.75	138.49	1093.65	378.59%
Platts Regional Indices					
Asia & Oceania	22%	311.10	130.66	1032.22	373.33%
Europe & CIS	28%	339.83	142.73	1126.13	384.55%
Middle East & Africa	7%	314.70	132.17	1043.61	394.71%
North America	39%	333.91	140.24	1107.90	372.83%
Latin & Central America	4%	345.59	145.15	1146.65	402.08%

Jet fuel in Europe is up \$5 a barrel this week to \$148. It has fallen \$34 in a month and a half.

It was at \$79 just a year ago.

Brent crude oil (North Sea) is up this week by +\$2 to \$97.

Since mid-February, it had been yo-yoing between \$100 and \$120.

At the beginning of March, Brent had reached \$132, close to its record of \$150 (in

2008).

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

This information is not intended to be a solicitation to buy or sell 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 the employees and former employees shareholders of PNC and PS.

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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