

Air France-KLM CEO criticizes higher airline taxes



## 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)

# Air transport in France, Europe and the rest of the world

N°986, October 14, 2024

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I share the Air France-KLM group's raison d'être:

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

## Editorial

Dear readers,

*Following my previous letter informing you of my retirement, many of you wrote to me.*

*Thank you for your kind messages. The bond that has developed between us over the last eight years is a real gift to me.*

*I've decided to continue publishing my letter, which is now entitled: **L'aérien en France, en Europe, dans le Monde.***

*Happy reading  
François*

## Monday's letter

### Contents

"A new blow": Air France-KLM boss blasts airline sector tax increase

Budget 2025: maritime escapes the worst, airlines wait in anticipation  
Czech Airlines to disappear and Air Europa to suffer  
Crisis at Boeing: French subcontractors in anguish  
Situation returns to "normal" at Airbus

Sustainable aviation dossier  
Microsoft, Amazon, Meta... Why tech  
giants are flocking to sustainable aviation fuel  
Taxing airline tickets: an ecological measure that also promotes social justice

## > "A new blow": Air France-KLM CEO criticizes higher airline taxes

(source AFP) October 10, 2024 - The boss of Air France-KLM took to the rostrum on Friday against the French government's plan to raise taxes on air transport, calling it a "shock" for his group and "a further blow to the sector as a whole". **"If this taxation project were implemented, it would have a significant impact on the competitiveness of our airlines, Air France, KLM and Transavia," warned the Franco-Dutch company's CEO, Ben Smith,** in a statement sent to AFP.

The executive, who had not yet spoken since this possible measure was revealed in early October and then made official on Thursday evening during the presentation of the Finance Bill (PLF) for 2025, warned that "France is on the verge of becoming the country in the European Union that taxes air transport the most". **"We are warning that it is imperative to preserve fair conditions of competition,** by distributing the effort evenly across all airlines", he added.

"Faced with competitors benefiting from a more advantageous tax and regulatory environment, French airlines continue to lose ground. **Distortions of competition have never been so strong in France. This is no longer acceptable**", Benjamin Smith insisted. Smith, whose company is 28% controlled by the French state and was saved from bankruptcy during the health crisis in 2020 thanks to the intervention of the public authorities, pointed out that Air France-KLM "irrigates whole sections of the French economy - led by the tourism sector".

"We are strongly committed to decarbonizing our activities, with tens of billions of euros invested in renewing our fleet and integrating more sustainable aviation fuel, of which we are the world's leading buyer," he stressed. "We are determined to go even further and even faster, but we can only do so if we fight our competitors on equal terms," warned Ben Smith.

***My comment (1):*** The air transport industry is global.

*Regardless of the country in which they are based, most airlines can carry passengers to and from France.*

*The new tax proposal in France will necessarily lead to a loss of competitiveness for the Air France group, even if it applies to all airlines departing from France.*

*Why should this be? The answer is simple.*

*Air France is affected for half of its long-haul and medium-haul passengers (those departing from France, since those returning to France are exempt).*

*On the other hand, foreign airlines are only affected for a small proportion of their business: less than 10% of their long-haul passengers pay this tax. It will be easy for them to mitigate the rise in fares by spreading the tax increases across all their passengers.*

*The risk for France, apart from a possible drop in attractiveness, is a reduction in the number of Air France staff based in France. This would result in lower social security contributions and a loss of income tax.*

*The government's position, if confirmed, is all the more incomprehensible given that the French government is the Air France-KLM Group's largest shareholder. It is perfectly aware that such a measure can only accentuate the difficulties of one of Europe's air transport flagships.*

*I endorse the position of the Air France and Air France-KLM pilot directors:*

*A mortifying tax that undermines our decarbonization strategy.*

*The Group is not frontally opposed to participating in the collective effort required.*

*The French government is faced with a budgetary problem, but at the same time it must participate in the effort to decarbonize the aviation sector.*

*The sustainable fuels sector needs to be organized, the investments required are colossal (see Mario Draghi's report discussed in Letter n°985), and private players cannot be the only ones to address these issues.*

*As planned, this tax will structurally weaken the Air France KLM group, and will inevitably lead to trade-offs.*

*If the Group has to reduce its fleet renewal investments, we won't be able to maintain our decarbonization targets.*

*Failure to do so will have a negative impact on our debt repayments, part of which is calculated at variable rates and correlated to compliance with our decarbonization trajectory.*

**My comment (2):** *Here are some clarifications provided by a loyal reader:*

*I mentioned the solidarity tax on airline tickets (TSBA) in my previous letter.*

*The TSBA has been renamed TS (solidarity fare). It is one of the components of the Taxe sur le Transport Aérien de Passagers (TTAP), which groups together the civil aviation tariff, the safety and security tariff (formerly the airport tax) and the solidarity tariff (formerly the TSBA).*

*Revenues from this TS (solidarity tariff) are collected for the benefit of :*

- *From the historical beneficiary: the Fonds de solidarité pour le développement (FSD), up to an initial ceiling of €210 million, in order to materialize France's participation in the financing of global public health programs;*
- *A second beneficiary since January 1, 2020: up to a second ceiling of €252 million above €210 million, the Agence de financement des infrastructures de transport de France (AFITF), a State-owned public administrative body responsible for helping to finance rail, road, port and river infrastructure projects, and for developing public passenger transport projects in France.*

## > **Budget 2025: the maritime sector escapes the worst, while the air transport sector waits.**

((source La Tribune) October 11, 2024 - Long-awaited by the transport world, the 2025 Finance Bill has delivered its first indications. **Despite the creation of an exceptional contribution, maritime transport may fare better than air transport.** The latter does not yet know what it will be eaten with, as the future increased tax on airline tickets has not been included in the Finance Bill. But it's only a postponement: it will be proposed by amendment when it passes through Parliament, and the target of one billion euros is confirmed.

**This new "exceptional contribution on the operating income of major shipping companies" will apply for two years**, with a rate of 9% for the first year, and 5.5% for the second. According to Bercy forecasts, this will generate 500 million euros in tax revenue in 2025, then 300 million euros in 2026. This should only concern the giant CMA CGM (owner of La Tribune), according to ministerial sources.

While this may not be good news for **the sector**, it does **remove the threat of its special tonnage tax regime being called into question**. Widely used throughout the world, this flat-rate tax is calculated on the basis of a shipowner's fleet capacity, rather than profits. In particular, it has enabled the sector to pay a small amount of tax compared with the exceptional results - described as "superprofits" - achieved during the Covid period. It appears less advantageous in times of crisis.

(...)

An amendment is what awaits the airline industry. Ministerial **sources have confirmed that there is indeed a debate on the taxation of airline tickets**. Indeed,

Bercy has indicated that this will be one of the measures included in future amendments designed to increase government revenue, on the grounds of greener taxation, along with a measure concerning "fossil fuels". The total target is set at 1.5 billion euros, **in line with the - unconfirmed - objective of around one billion euros for air travel.**

However, no further details have yet been provided. According to our information, the various ministries are struggling to agree on the method to be followed. An impact study is underway," says a government source, stressing the complexity of the issue. (...)

The size of the future tax will also have to take into account the possible negative effect of higher air fares on traffic, with the industry widely fearing a limitation of growth, or even a decline. This sentiment is echoed by **Senator Vincent Capo-Canellas** (Union Centrist), who **speaks of budgetary panic, with unsustainable measures that lack any economic rationale**, and a phony environmental cloak. The tax will also have to take into account the problem of serving the French Overseas Territories, an exemption being far from easy on the legislative front, according to an industry insider.

**These contributions should contribute to the general budget. The proceeds of the TSBA (excluding eco-contribution) will no longer be allocated to the solidarity fund for development (FSD), thus abandoning its original "solidarity" character.**

***My comment:** The contribution requested from the shipping sector is limited in time (2 years).*

*Why is it that what is possible for shipping is impossible for air transport?*

*I'm sorry, but I don't have the answer.*

*The government's position, if confirmed, is all the more incomprehensible given that the French government is the Air France-KLM Group's largest shareholder. It is perfectly aware that such a measure can only accentuate the difficulties of one of Europe's air transport flagships.*

## **> Czech Airlines to disappear and Air Europa to suffer**

(source Mistertravel) October 7, 2024 - As announced in our July 31 article, **Czech Airlines**, the country's flagship airline, **will cease flying on October 26**. Almost exactly 100 years after its inaugural flight, the airline will officially cease to sell its own tickets and will make its last flight under its current brand name; it will be absorbed by the Smartwings group, another Czech airline. The decision to cease operations was the result of a combination of external factors, including the aftermath of the September 11 terrorist attacks in the USA, economic

crises, the rise of low-cost airlines and the Covid-19 pandemic.

However, Czech Airlines

' downfall can also be attributed to internal conflicts and inexperienced management, which led to poor financial decisions and, ultimately, the sale of assets, according to Czech TV.

(...)

**IAG, the parent company of British Airways and Iberia, announced in early August 2024 that it would not be buying the Spanish airline [Air Europa]**

because, it said, of the European "regulatory context". This cancellation of the takeover to which it had committed itself will cost it no less than 50 million euros in compensation.

**The Hidalgo family must invest 80 million euros in the company to avoid bankruptcy.** However, this company is interesting insofar as it has a certain success with its routes to Latin America

(...)

***My comment:** Air Europa's financial situation is alarming.*

*IAG still owns 20% of Air Europa despite its refusal to acquire the Spanish airline. The Anglo-Spanish group has shown no willingness to participate in the capital increase.*

*Note: Air Europa is a subsidiary of the Globalia group, owned by the Hidalgo family.*

## > **Crisis at Boeing: French subcontractors in anguish**

(source Les Echos) October 7, 2024 - Three weeks after the start of the strike at **Boeing**, the consequences of the conflict have crossed the Atlantic and are now affecting its French suppliers, first and foremost Safran. According to our information, the American aircraft manufacturer **has announced to the Safran group its decision to reduce, or even suspend, deliveries of certain aircraft equipment for the duration of the strike**, in order to preserve its cash flow.

Boeing's decision, taken at the end of September following brief negotiations with Safran teams, would concern **equipment for the 737 and 777**, the two programs whose production is currently paralyzed by the mechanics' strike. Only the 787 program, spared by the strike at the Charleston (South Carolina) site, is not affected by these purchasing revisions.

(...)

**Safran is not commenting.** However, according to our information, Safran CEO Olivier Andriès has already asked equipment supplier representatives, organized within the Groupement des industriels français de l'aéronautique et du spatial (Gifas), to reduce rather than halt deliveries, in order to soften the blow to his own

subcontractors.

**At Safran, Boeing programs account for as much of sales as Airbus.** The list of equipment produced for the Boeing 737 is as long as your arm. For the 737 alone, Safran supplies the electrical wiring, wheels and carbon brakes for the landing gear, passenger seats, in-flight entertainment system, ECUs, ventilation system, escape slides and life rafts and life jackets.

Boeing is also the leading export customer for French aircraft equipment manufacturers. **In 2018, the American aircraft manufacturer indicated that the group's total purchases from the French aerospace industry represented some \$6.3 billion a year and some 35,000 jobs in France.**

**In all, more than a hundred French companies of all sizes contribute to Boeing programs.** The "Boeing French team", which brings together these "privileged" partners, comprises no fewer than 17 companies, including all the big names in the industry, such as Thales, Dassault Systèmes, Daher, Lisi Aerospace, Latécoère, Michelin (for tires), Aubert & Duval, Liebherr, Ratier-Figeac... as well as lesser-known, smaller companies such as Crouzet, Esterline, Radiall, TE Connectivity, Mecadaq Group

...

**These are just some of the companies that stand to lose a great deal of revenue if the Boeing strike continues.** And this at a time when the sector as a whole is still struggling to keep pace with the Airbus ramp-up. While order books are full to bursting, many companies in the sector continue to suffer from a shortage of qualified personnel, soaring raw material prices and a chronic lack of financing. An indigestible cocktail, which has put more than one SME in the sector in difficulty. They could have done without this strike at Boeing.

***My comment:*** Boeing's situation is increasingly worrying.

*To get a clearer picture, we need to go back to Boeing's takeover of McDonnell Douglas in 1997.*

*==> Source: aeroflap*

*The resulting company was named Boeing. Unexpectedly, however, Boeing took on the culture and strategy of McDonnell Douglas.*

*In a clash of corporate cultures where Boeing engineers and McDonnell Douglas accountants clashed, the small company (McDonnell Douglas) won. The result was a shift away from costly, innovative engineering towards what some have called a more aggressive culture dedicated to keeping costs down and favoring upgrades of older models at the expense of innovation.*

*(...)*

*"The fatal flaw was the acquisition of McDonnell Douglas," said Clive Irving, author of*

*Jumbo: The Making of the Boeing 747. "Although Boeing took over from McDonnell Douglas, it ended up being the other way around."*

*====> end of source*

*Boeing is in for a profound change. The change in management was the first step.*

*Resolving the conflict with employees is the second step.*

*The most delicate step remains: returning to an innovative strategy that puts safety before profitability.*

## > Situation returns to "normal" at Airbus

(source Les Echos) October 11, 2024 - Despite deliveries still falling short of forecasts in September, **Airbus "commercial aircraft" boss Christian Scherer is confident about his chances of achieving the target of at least 770 aircraft delivered by 2024.** But also the more distant goal of gradually increasing production to 75 A320s per month by 2027-2028.

(...)

If it weren't for the delays in deliveries by suppliers, the situation would even be "back to normal" at Airbus, assures Christian Scherer. As far as our own resources are concerned, Airbus is back to normal," he asserts. We have secured the resources we need to meet our delivery targets [...] I am confident that we will soon be able to return to a production growth rate of 10% to 15% [...] which will enable us to meet our target of 75 A320s per month."

(...)

However, **while Airbus believes it has solved "most of its problems", its 10,000 or so subcontractors cannot say the same.** And the strike at Boeing is not helping matters.

(...)

A meeting of all Airbus suppliers was held in Toulouse on Thursday, to reiterate the objectives and resources put in place to help subcontractors in difficulty. "This may include financial assistance", Christian Scherer points out. The message also comes with a warning. **"My ambition is also to protect Airbus from the selfish decisions of certain suppliers, which can have an impact on us"**, Christian Scherer stresses.

The Airbus boss doesn't name names, but **the warning could be addressed to Safran in particular**, whose late deliveries of CFM engines and cabin equipment are all too often the cause of delayed aircraft deliveries.

**At Airbus, the engine-maker is suspected of giving priority to airlines and the after-sales market, which offer better margins.** In the past, Safran CEO Olivier Andriès has questioned the feasibility, for the supply chain as a whole, of increasing production rates too quickly and too ambitiously



(...).

**On the suppliers' side, the Airbus boss believes he can see "the end of the tunnel". It's a matter of two years for the ecosystem to catch its breath,"** he predicts. The "finish line of the marathon" is the target of 75 A320 single-aisle jets per month by 2027-2028, to which will be added, by the same date, 14 A220s per month, 4 A330s and a dozen A350 long-haul wide-body jets. A total of 105 aircraft per month, 11 months out of 12. Twice as many as today.

After that, the head of Airbus Aircraft will be able to tackle another challenge: the commercial launch, at the end of the decade, of a successor to the A320, the first examples of which will enter service "in the middle of the next decade or in its second half". The main technological choices should be made as early as next year.

***My comment:*** While Airbus may be getting its head above water, the same cannot be said for its many subcontractors.

*I have repeatedly mentioned the difficulties in sourcing raw materials (see my commentary on the article "Airbus lève un coin du voile sur son projet de réorganisation" in my [newsletter n°984](#)).*

*Subcontractors also encounter other difficulties in their relationship with Airbus.*

*I'm thinking here of the risk-sharing partnerships signed between manufacturers and their subcontractors.*

*Aircraft manufacturers ask suppliers to commit to heavy development costs, to guarantee a certain price level over the life of the aircraft, and to share the risk of the aircraft's commercial success. In return, they generally act as "program life" suppliers.*

*They are contractually required to depreciate their facilities according to a forecast number of aircraft to be produced.*

*If the number of aircraft produced reaches this threshold, subcontractors amortize their investments.*

*On the other hand, if the delivery program slows down (the current situation), or worse, if it stops before the threshold is reached (as in the case of the A380), the supplier will not be able to fully amortize its investments.*

*Another issue is price pressure. The most striking example is engines. Prices for new engines (sometimes as much as 30% of the aircraft price) have been driven*

*down to such an extent that manufacturers (including Safran, General Electric and Rolls Royce) are trying to make up for it on the price of spare parts.*

*As this is not enough, they are trying to reserve maintenance operations for themselves (mainly Rolls Royce), putting the main operators (Lufthansa Technics, Air France-KLM E&M, etc.) in difficulty.*

## **Sustainable aviation dossier**

### **> Microsoft, Amazon, Meta... Why tech giants are flocking to sustainable aviation fuel**

(source L'Usine nouvelle) October 9, 2024 - **Major tech players are stepping up investments in sustainable aviation fuel. This should improve their own environmental performance, while encouraging production that is still in its infancy.** But it also risks accentuating the competitive imbalance with European alternative fuels.

**Across the Atlantic**, the main buyers of sustainable aviation fuel (SAF) are not the airlines. Far from it. **Tech giants such as Microsoft, Meta and Amazon are investing colossal sums in these alternative fuels. Major investment banks and consulting firms are following suit**, including JP Morgan, McKinsey, Morgan Stanley, BCG, Deloitte... The SABA collective initiative, which brings together some twenty of these behemoths, has already made \$200 million worth of SAF purchases. But what on earth are they doing in this sector?

While Europe has set out a roadmap for the gradual integration of SAF into air transport up to 2050 for the benefit of airlines, there's nothing like this in the United States. The US Department of Energy has taken the issue in the other direction, setting production targets for the same timeframe. What's more, it doesn't matter if users pay, as long as SAF is purchased and consumed. **This economic model has the merit of priming the pump for SAF production,**" says Mathieu Blondel, an aviation and air transport expert with Arthur D. Little. Little. This represents a significant increase in financing. Tech

giants and investment banks can invest directly at producer level, such as Microsoft with LanzaJet, becoming true shareholders in the production chain. But they are also attracted by the "book and claim" principle proposed by certain suppliers, which involves making and declaring purchases of certain SAF volumes without actually consuming them themselves. "Mathieu Blondel sums up: "For a company not involved in air transport, the advantage is both to reduce its CO2 emissions and to improve its image, particularly with investors and customers.

On the one hand, this supply-side strategy, also supported across the Atlantic by the Inflation Reduction Act (IRA), is good news: for the time being, global SAF production

represents just 0.5% of air transport needs. However, it risks widening the competitive gap between American and European SAF, the former being two to three times less expensive than the latter. What's more, this rise in American power is causing some grumbling on the Old Continent, since SAF production in the USA is far less restrictive, particularly as regards the nature of the resources that can be exploited.

**My comment:** *This article gives me the opportunity to come back to the notion of scope 1, 2 and 3.*

*When an organization carries out its carbon footprint, it measures its carbon footprint by quantifying all the direct and indirect greenhouse gas (GHG) emissions it generates.*

*This enables a precise assessment of the organization's environmental impact.*

*To carry out a carbon footprint assessment correctly, it is necessary to use scopes.*

*The Bilan Carbone totals the precise GHG emissions of the three scopes, covering three types of emissions:*

*. Scope 1: Direct GHG emissions from fixed or mobile installations controlled by the company*

*. Scope 2: Indirect emissions associated with the production of electricity, heat or steam imported for the organization's activities*

*. Scope 3: Indirect emissions resulting, in particular, from purchasing. It often represents over 60% of a company's GHG emissions!*

*Two observations:*

*1- In the next few years, there will be tension in the market for sustainable aviation fuels.*

*The companies mentioned (Microsoft, Meta or Amazon) could be tempted to resell these fuels at a premium.*

*2- These sustainable aviation fuels will enable Microsoft, Meta or Amazon to reduce their own carbon footprint.*

*The principle is simple: I buy sustainable aviation fuels and donate or resell them to an airline.*

*However, for most of the companies concerned, the investments referred to in the article exceed Scopes 2 and 3 volumes.*

*They will therefore be used in part to offset CO2 emissions linked to computing centers (scope 1).*

*According to the single-accounting rule, the volumes earmarked to reduce the scope 1 emissions of GAFAMs (including Microsoft, Meta and Amazon) will not enable airlines to reduce their carbon footprint.*

*If these remarks prove to be true, airlines have a lot to worry about.*

## > **Taxing airline tickets: an ecological measure that also promotes social justice**

(source Novethic) October 10, 2024 - **Raising taxes on airline tickets would not only reduce the sector's emissions**, it would also be a measure of social justice, mainly affecting the wealthiest and biggest polluters. **It would also make it possible to reverse the sector's tax exemptions, which are increasingly controversial in the light of the climate crisis.**

A higher tax on airline tickets to finance the reduction of the public deficit: this is one of the proposals put on the table by Michel Barnier's government after its general policy speech. The principle of a solidarity tax on airline tickets has been around for several years, since the so-called "Chirac tax" was introduced in 2006. The aim now is to increase this tax in order to generate revenue to balance public finances.

In concrete terms, all flights would be concerned, but the tax would primarily apply to long-haul, business-class flights, particularly those over 5,000 kilometers, which emit the most CO2. The measure could bring in several hundred million euros a year for the French government, raising revenue from the tax to over a billion euros by 2025.

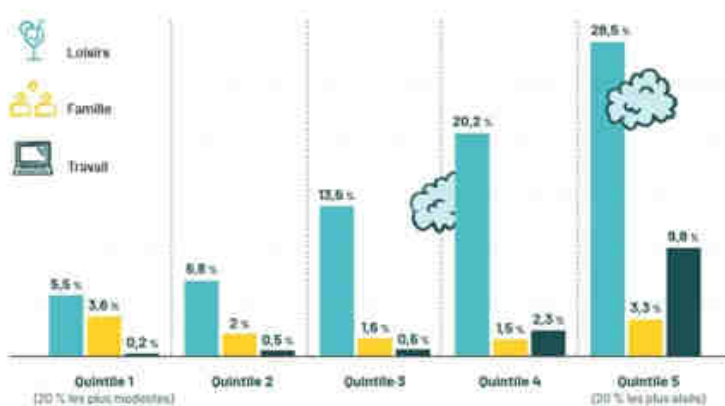
While the measure is currently being advocated primarily from a budgetary standpoint, **the idea of a tax on airline tickets has long been a demand of environmental organizations, which see it as a means of reducing the sector's emissions.** A few days ago, the Réseau Action Climat (RAC) reminded us that **air transport is one of the "rare sectors whose contribution to global warming continues to increase year after year"**, and that the "most comprehensive scientific studies on decarbonization of the French air transport sector conclude that it is necessary to reduce traffic now to comply with the Paris Agreement". To achieve this, the organization proposes to increase taxation in the sector. **The airline industry still benefits from numerous tax exemptions, which represent a loss of revenue for the State of almost 6 billion euros a year, according to estimates by the NGO Transport & Environment.** These exemptions go a long way to explaining why

air travel is now less expensive than rail travel, despite being less polluting.

**Increasing taxation would therefore enable us to rebalance tax pressure in proportion to the carbon impact of this mode of transport, based on the "polluter pays" principle.** "By taxing a behavior that emits a lot of greenhouse gases [air travel, editor's note], we have a variant of a carbon tax," explains specialist engineer Jean-Marc Jancovici on LinkedIn. **A carbon tax would also encourage travellers to switch to other modes of transport, making them more competitive.** According to the RAC, an increase in the Chirac tax could reduce emissions from the air transport sector by 7.5%, at a time when the French High Council for the Climate (Haut Conseil pour le Climat), in its latest report, stressed the need to accelerate the reduction of emissions from the transport sector.

**Taxing airline tickets is also a measure of social justice.** Indeed, as Alexis Chailloux, head of the air transport sector at RAC, points out, "French people who fly are mainly urban CSP+, who go on vacation". Executives and the wealthiest 10% of the population are therefore over-represented among airline passengers, while the most precarious populations often cannot afford to buy plane tickets, despite the development of low-cost flights. **Jean-Marc Jancovici comments: "This levy therefore mainly affects high-income earners,** unlike other forms of carbon taxation, such as the fuel tax, which mainly affects the middle classes and rural populations who drive to work every day. **The tax pressure generated by an increase in the tax on airline tickets would thus reach those who contribute most to global warming through their modes of transport.**

Distribution des émissions de gaz à effet de serre liées à la mobilité aérienne, selon les revenus et le motif de voyage (2018)



#### *Distribution of air-related CO2 emissions by income and reason for travel*

While the tax proposed by the Barnier government will in principle affect all air travelers, **the Réseau Action Climat (Climate Action Network) is proposing a mechanism that would more specifically affect frequent flyers. This "frequent flyer tax" would apply progressively: "it would be very low if it's your first flight**

**in the year, and very high if it's your fifth flight"**, explains Alexis Chailloux. Once again, this is a way of targeting the wealthiest travellers and the biggest polluters. For its part, the airline industry has voiced its opposition to such taxes, arguing through Airlines for Europe (which groups together Air France-KLM, IAG, Lufthansa, Ryanair and EasyJet) that the measure would undermine the sector's competitiveness.

**My comment:** *I wanted to present you with an article from Novethic (an economic media dedicated to the ecological and social transition) which sets out the demands of NGOs.*

*The Réseau Action Climat (Climate Action Network) suggests a limit of one trip per year.*

*For his part, Jean-Marc Jancovici made headlines in November 2022 by proposing a limit of four flights per lifetime.*

*In his words: "I assume that this 'right to fly' is global. Obviously, perhaps a large proportion of the people who reacted "badly" consider that their right to fly is superior to the as yet non-existent right of Somalis or a large proportion of Indians, and that we need to think in terms of the people who currently fly and not in any other way".*

*Jean-Marc Jancovici raises an important consequence of the restrictions needed to contain climate change:*

*Should we assume, in the long term, that all the planet's inhabitants will be able to enjoy the same rights and a similar standard of living from one country to another?*

*On the other hand, is it acceptable for developed countries to benefit from raw materials extracted at the cost of gigantic pollution, and from products manufactured under deplorable health conditions and in disregard of basic labor law rules, in order to ensure the energy transition?*

*On this last point, here's a little press review on copper.*

**RFI, May 2024: La guerre du cuivre, une guerre économique qui ne fait pas de bruit.**

*Copper is undoubtedly the most essential metal for the energy transition, because this transition is first and foremost a transition to electricity.*

*Wind turbines, electric cars and, quite simply, the low-voltage power grids that are being developed for heating and industry: they all have an imperative need for copper.*

*Hence the demand for red gold (as they say), which is literally exploding worldwide.*

*Listen to this: it is estimated that by 2050, as much copper will need to be mined as has been mined since the beginning of mankind...*

*By 2030, the International Energy Agency anticipates major tensions, just long enough to increase production.*

**Novethic, August 2024 - The world's largest copper mine on strike:**

*Workers want their share - A mining industry that accounts for 15% of Chilean GDP*

**Les Echos, November 2023: The social crisis in Panama linked to mining**

*Mobilization persists throughout the country, and the general population seems to be as wounded as ever against the government's decision.*

**Le Figaro, November 2021: Peru: the main copper mine is forced to suspend operations**

*The mining company justifies the suspension of activities by the potential risk of a violent drift of the protest.*

## End of press review

### > **Air France-KLM share price trend**

**Air France-KLM shares** closed at **8.474 euros** on Friday, October 11. Over the week, it is **up (+3.04%)**, after a **very sharp fall of -11.76%** the previous week.

It stood at 12.53 euros on January 2, 2023, and 17.77 euros on June 19, 2023.

**The analysts' 12-month average (consensus) for AF-KLM shares is 10.77 euros** (it was 15.0 euros at the beginning of January 2023). The highest price target is 17.50 euros, the lowest 8 euros.

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

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

**My comment:** *The shock of the announcement of a sharp increase in the solidarity tariff is still being felt.*

### > **Fuel price trends this** week

**The price of a barrel of Jet Fuel in Europe is down (-\$1) to \$94.** 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 (\$1) to \$79.**

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 new comment: The price of a barrel of Jet Fuel in Europe has been falling steadily, gradually dropping from \$120 to \$87 (its lowest price since May 2022, when I began publishing this indicator).***

*The deteriorating situation in the Middle East has had a strong upward impact on the price of oil and its derivatives.*

## > **FCPE management**

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

It's 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 the Air France-KLM Employee Share Ownership section of my website](#).***

## **Details**

**This information does not constitute 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 to keep you better informed.

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

See you soon.



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**| François Robardet**

**I represented current and former Air France-KLM employees.  
You can find me on my twitter  
account @FrRobardet and on LinkedIn.**

This newsletter deals with the airline industry worldwide and topics related to Air France-KLM shareholding.

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