



The Air France-KLM Group Public Affairs Newsletter
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EDITORIAL



Benjamin Smith
Chief Executive Officer
Air France-KLM

Geopolitical instability, increased fiscal pressure, unfair competition, and the urgency of decarbonization: never have the challenges facing the aviation industry figured so prominently in the public discourse.

Air France-KLM is a key player of the European airline industry in global connectivity and a vector for economic sovereignty. According to a study published in 2024, the Group supports more than 820,000 jobs in Europe and €71 billion in wealth annually through its activities, those of its suppliers and subcontractors, and the many sectors of the economy that depend on aviation.

The Group's strong roots in the regions where it operates, the scale of its socio-economic impact, and the existential challenges it faces make Air France-KLM's contribution to discussions on the future of the sector more necessary than ever.

Correspondance, the new Air France-KLM Group Public Affairs newsletter, aims to enrich the conversation and provide useful insights to help shape informed opinions. We hope this newsletter will help deepen understanding of the issues at stake and foster a constructive dialogue for the Group's future. The Public Affairs team is here to listen and engage with you!

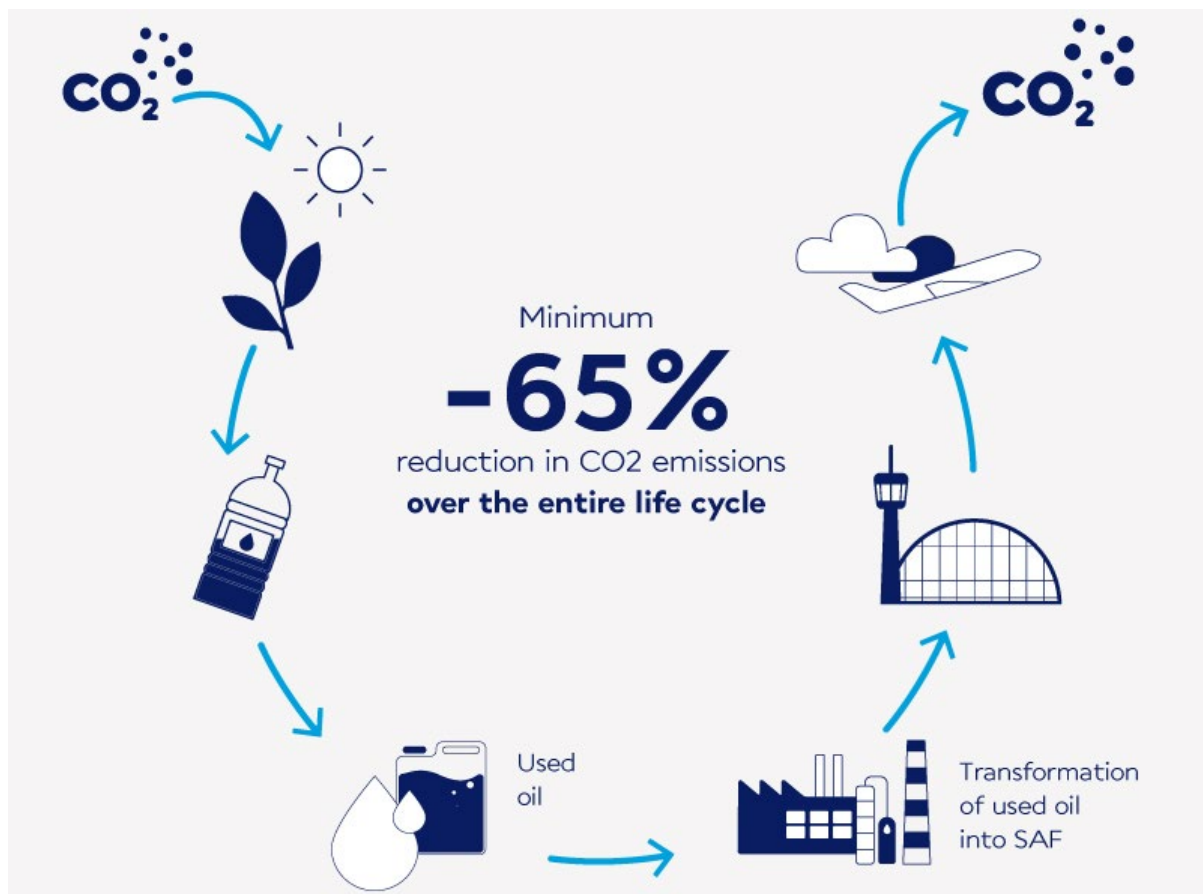
AIR TRANSPORT DECARBONIZATION

SAF, a race against time

The future of low-carbon air transport relies on the development and use of sustainable aviation fuel (SAF). However, their adoption is hindered by high cost and limited availability. In the face of increased international competition, the European Union must act without delay to structure a competitive sector. What measures must be implemented to accelerate the transition and ensure the sector's energy independence?

A necessary revolution

Sustainable aviation fuels (SAF) are now one of the main solutions to reducing the carbon footprint of air transport. Contrary to popular belief, these fuels do not require any aircraft or airport infrastructure modifications: they can be directly mixed with conventional kerosene up to 50%, and engine manufacturers are already working on a certification for 100% use. Their main advantage? A significant reduction in CO₂ emissions over the fuel's entire life cycle. So why not use them extensively today?



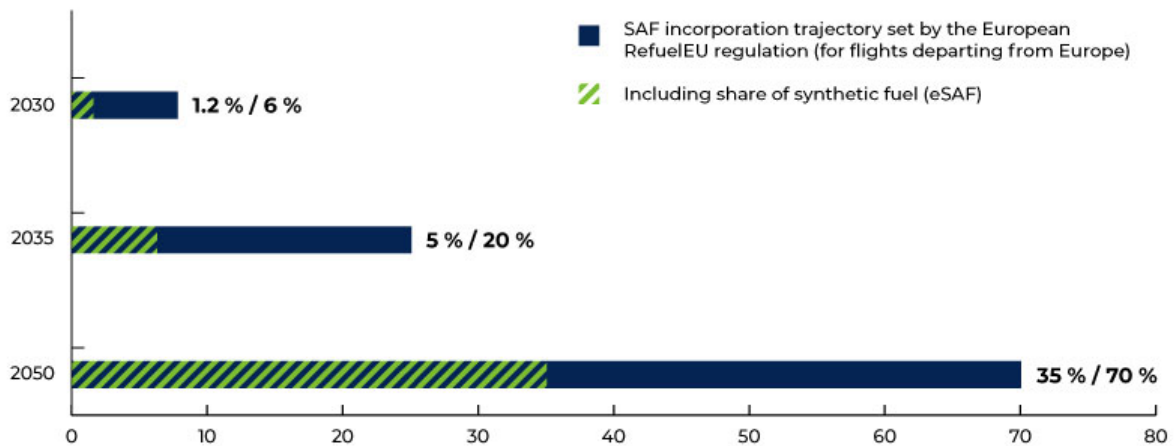
Understanding SAFs: multi-faceted fuels

The majority of SAFs currently available come from the treatment of lipid waste (used oils, animal fats), using HEFA (Hydroprocessed Esters and Fatty Acids) technology.

In the medium term, other industrial processes will emerge: gasification of agricultural and logging residues, which will transform this waste into fuel or synthetic fuels (e-SAF), produced from CO₂ (captured in the air) and green hydrogen, which could represent a revolution in the coming decades. However, these technologies remain expensive and require strong political support to achieve large-scale production.

A demanding but perfectible European regulatory framework

The European Union has taken ambitious steps to promote the use of SAF. As of 2025, the ReFuelEU Aviation Regulation imposes a mandatory share of SAF in aeronautical fuels at airports in the European Union.



In addition, the emissions trading system (known as EU ETS) incorporates a mechanism to reduce the price gap between fossil kerosene and SAF. However, Europe remains less competitive than other regions such as the United States or China, where these fuels benefit from attractive public support policies.

Challenges faced by a sector under construction

The AIR FRANCE-KLM Group has made SAF a pillar of its ecological transition. The Group has established a demanding procurement policy of purchasing only second-generation certified SAF:

- SAF selected by Air France-KLM meet the sustainability criteria established by the European Union, including for SAF purchased outside the EU: they do not compete with food chains and are not produced from palm oil + do not contribute to deforestation.
- SAF selected by Air France-KLM reduce CO₂ emissions by at least 65% over their entire life cycle – from production to combustion – compared to fossil kerosene.
- The SAF selected by Air France-KLM are certified by the RSB (Roundtable on Sustainable Biomaterials) or ISCC+ (International Sustainability & Carbon Certification).

As the world's largest buyer in 2022 and 2023, the group aims to incorporate 10% of SAF by 2030 and to reach carbon neutrality by 2050. To achieve this, it secured 1.6 million tonnes of SAF between 2023 and 2036, which will allow a reduction of 4.7 million tonnes of CO₂. The Group thus secures its supply but at this time has no certainty about the costs of these fuels.

However, these commitments face several challenges:

- A limited supply, well below what is needed. By 2030, global demand could reach 30 million tonnes, to meet the needs of companies that will have to meet SAF incorporation quotas (6%). At this time, it is estimated that the supply could be less than half of this volume.

- A high cost, between 3 and 8 times more expensive than fossil kerosene, making it difficult to adopt on a large scale
- A regulatory framework that still lacks financial support to maintain the competitiveness of European airlines



Although the Air France-KLM Group supports the European ambition for a rapid ecological transition, this objective can only be achieved if it promotes the structuring of a real SAF production sector. Increasing production of SAF means supporting investment in this area. To this end, several measures are possible: tax incentives (specific tax credit) or support mechanisms to benefit companies that integrate this type of fuel.

In addition, the development of a flexible certification system, known as “Book & Claim”, would allow companies to purchase SAF certificates without geographical constraints related to physical production.

In addition, it is important to ensure that the use of these fuels does not cause diversion of activity to airlines that do not engage in this approach or are not required to do so by their government. The results would be detrimental to the competitiveness of companies using SAF and would limit the reduction of CO₂ emissions. A mechanism to prevent carbon leakage will have to be put in place by the public authorities. Lastly, support for European initiatives is crucial: the financing of innovative projects such as the Renewable and Low Carbon Fuels Value Chain Industrial Alliance and Skypower (specialized in eSAF) will help structure a competitive and sustainable industry on the continent.

AIR TRANSPORT IN FRANCE

Competitiveness: a strategic necessity for France and Europe

The 2025 Finance Bill marks a new tax escalation for French air transport, with the tripling of the solidarity tax on air tickets (TSBA).

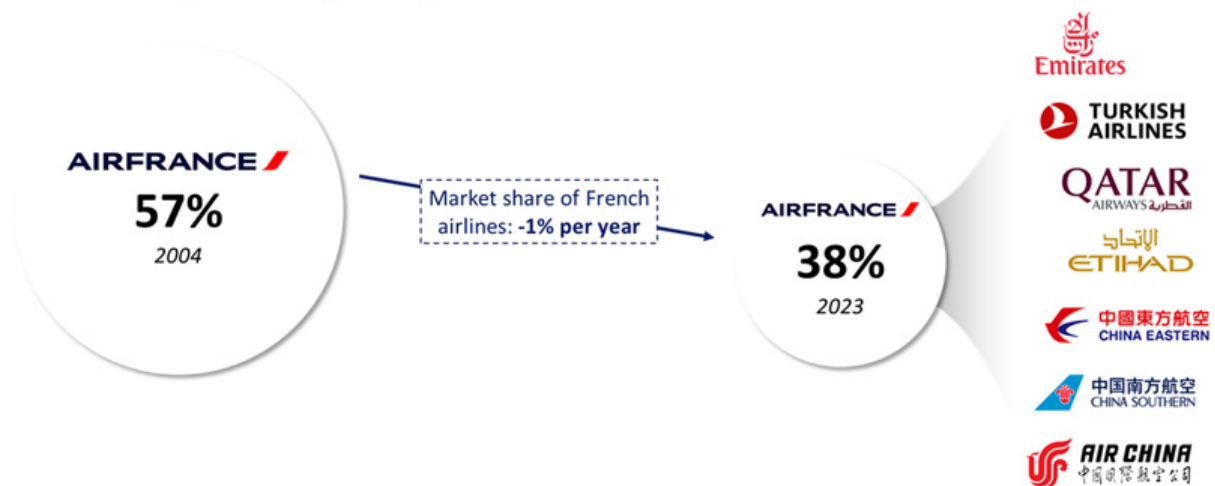
Increasing taxation: an obstacle for French aviation

The increase in the TSBA is in addition to a tax that has already recently increased – including the introduction of a tax on the operation of long-distance transport infrastructure in 2024 – and which is expected to increase further: safety and security tax, entry into force of the SAF incorporation mandate imposed by the EU in 2025 and lastly, the removal of free CO₂ emission quotas from 2026.

As a result, between 2023 and 2030 Air France-KLM's regulatory and tax costs will increase twelve-fold. This tax pressure mainly penalizes French companies whose traffic to and from France naturally represents a large majority of their operations.

In addition, unlike other sectors, these new taxes are not necessarily directed towards green investments, which limits their effectiveness in the transition of air transport. By unilaterally increasing the taxation of the French flag, these measures weaken national actors vis-à-vis their international competitors who are not subject to the same constraints.

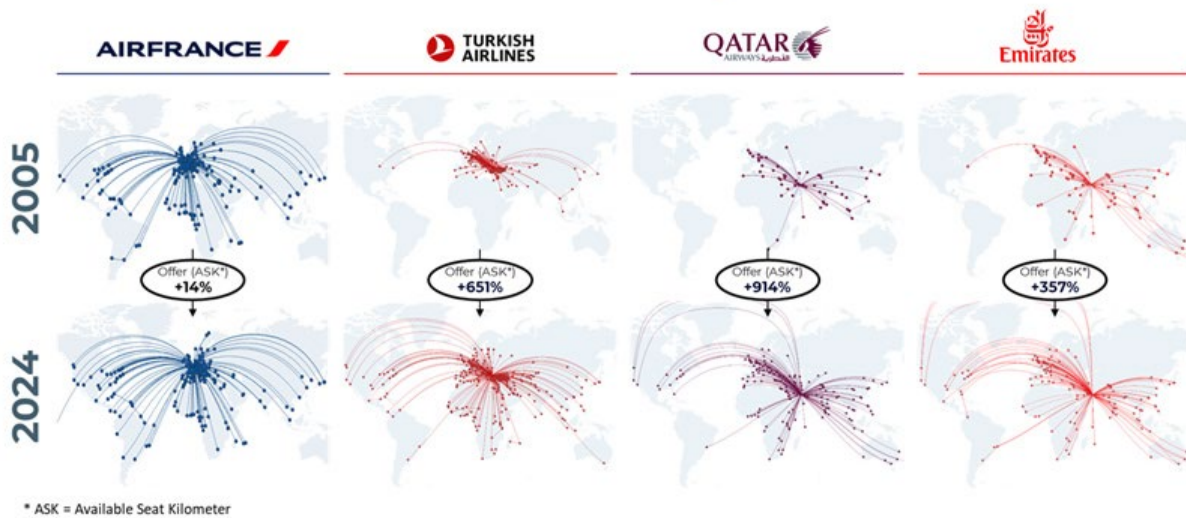
Growth in traffic to/from France is mainly driven by Foreign Airlines



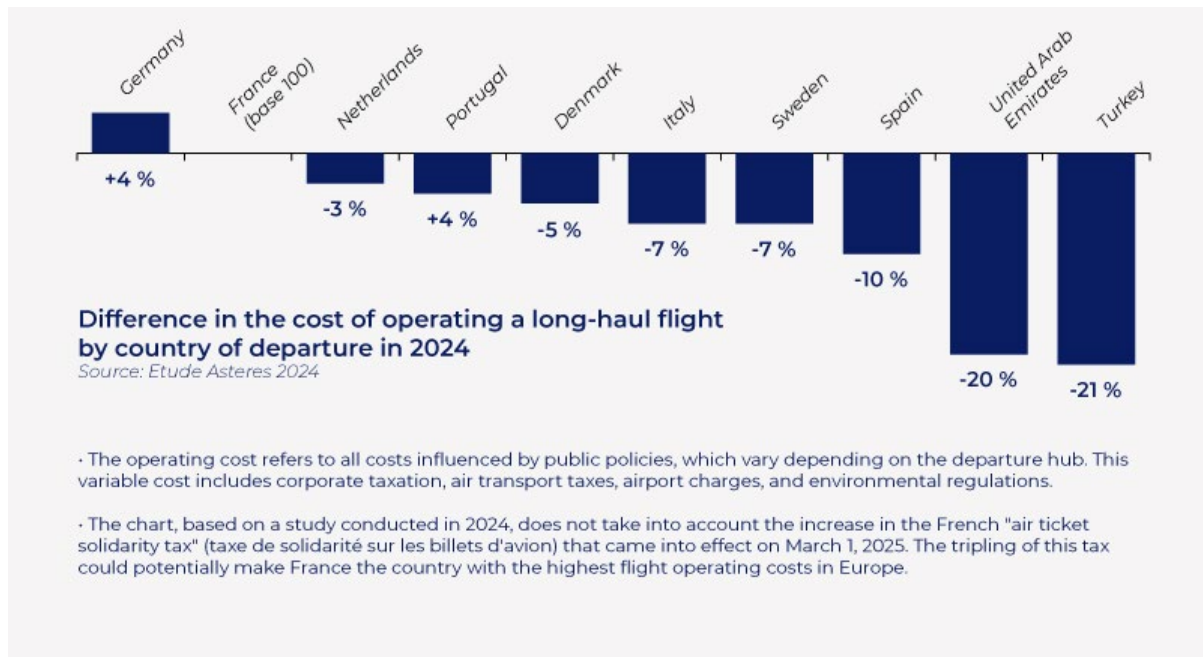
A risk to competitiveness and ecological transition

The increase in taxation on air transport directly threatens the competitiveness of Air France-KLM. Faced with these increases, companies will either have to increase fares, at the risk of reducing their market share and favoring foreign hubs, or absorb additional costs, weakening their profitability and investment capacity.

Air France faces the rise of Gulf carriers on long-haul routes



This fiscal imbalance jeopardizes a key sector of the economy, representing 1.9% of French GDP and more than 550,000 direct, indirect and induced jobs in France. The accumulation of regulatory constraints at the national and European level will necessarily weigh on the competitiveness of the Paris hub in favor of platforms located at European ports such as Istanbul, which will become more competitive for high value-added or connecting flights.



Paradoxically, this tax pressure also slows down the ecological transition. Air France-KLM is however very committed to the decarbonization of air transport, investing more than 2.5 billion euros per year in new-generation aircraft and devoting a large share of its operating revenue to the purchase of sustainable aviation fuels (SAF).

Without financial support, companies will have to arbitrate between profitability and environmental transition, while more attractive taxation would accelerate green investments instead of penalizing committed actors.

This unbalanced policy weakens the French flag and European appeal without guaranteeing an

effective transition. A more just and coordinated approach is essential to striking a balance between competitiveness and environmental ambitions.

What are the solutions for a more just and more efficient model?

The priority is to harmonize tax policies at the European level, with France being one of the countries with the highest regulatory costs. Secondly, a share of TSBA revenue should be directed towards investments in fleet modernization and SAF development, so that taxation truly contributes to the ecological transition.

In addition, several measures could strengthen the sector's competitiveness and productivity: abolishing the airport infrastructure tax introduced in 2024 and passed on to companies via fees, improving air traffic control (ATC) efficiency to reduce costs and delays, and supporting strategic investments.

It is time to adopt a balanced fiscal and regulatory framework, essential in order to safeguard sustainable air transport, so that environmental and economic ambitions do not oppose each other, but move forward together.

AIR SERVICES AGREEMENTS

When the sovereignty of EU member countries is threatened

While the strategic topic of the Air Services Agreements is being discussed between the European Commission and Member States, it is essential to understand how these agreements, which govern commercial air services between countries, can undermine the sovereignty of EU Member States and the competitiveness of European airlines.

Air Service Agreements: a strategic issue

Air Services Agreements (ASAs), also known as air transport agreements, allow airlines to serve third countries. Negotiated between governments, they cover various aspects of air transport services such as frequency of flights, points of service and stopover or conditions of competition. Without them, there is no development of international air transport.

There are two main types of ASA:

- Bilateral agreements, negotiated between two countries, that govern air services between them. Their content may vary depending on the interests and needs of both countries and their carriers.
- Multilateral agreements, which involve several countries and aim to create a harmonized legal framework to ease the constraints on carriers.

The agreements cover various strategic aspects of air transport services: quotas or restrictions relating to the number of flights, the type of aircraft or the number of seats offered, frequency of flights, points of service and stopover or conditions of competition.

Fares, on the other hand, are determined by the market, with freedom for airlines to set fares now the norm.

Shared skills and the need for vigilance

The European Commission does not have exclusive jurisdiction over air services. In the case of a

multilateral agreement, competence in negotiation and enforcement is shared between the EU and the Member States.

It is this combined competence that now allows States to control their sovereignty and to take national interests as well as those of airlines into account. These agreements are fundamental in terms of security and also address topics such as environmental preservation or respect for social and human rights.

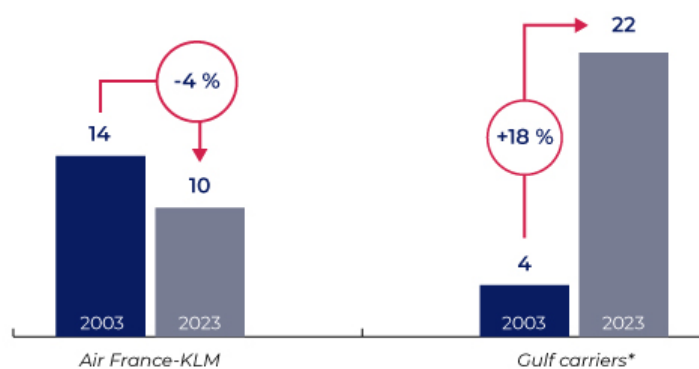
What can be expected from national and European authorities on this subject? Firstly, that they ensure effective compliance with all commitments made by the contracting parties. Secondly, that a Member State may retain the capacity to decide who is authorized to land on its national territory and under what conditions.

This strategic asset is now threatened by the air space liberalization promoted by multilateral agreements, which could be viewed as consistently beneficial to consumers. Lastly, remember that recent agreements have already resulted in increasing the capacity of some countries to exercise power, such as Qatar, for example.

Market share evolution between 2003 and 2023 (% of seats) on long-haul flights in Europe

Source : OAG, 2003-2023

*Turkish Airlines, Qatar Airways, Etihad, Emirates



Today it is imperative to strike a balance between the opening of the market and the protection of national interests to ensure fair competition and preserve the sovereignty of EU Member States. Therefore, maintaining a joint and balanced jurisdiction between the EU and the Member States is key to ASA negotiations.

BALANCED APPROACH

Legal, political, and operational challenges for the future of aviation in the Netherlands



On May 7th 2025, the Dutch Ministry of Infrastructure announced a significant amendment to the Airport Traffic Ruling, setting a new maximum limit of 478,000 aircraft movements per year, including 27,000 at night, effective from November 1. This change is part of a broader government initiative to address noise pollution, with plans to incorporate autonomous fleet renewal after November 2025 as a strategy to meet remaining noise targets. This decision is seen as a positive step towards securing the future of aviation in the Netherlands, as it promises to restore the number of aircraft movements once noise reduction goals are met. However, for these intentions to be realized, they must be legally enshrined in the final Airport Traffic Decree.

This is why several stakeholders have expressed their intention to appeal to the Council of State to delay the implementation of the accelerated Airport Traffic Decree. KLM is involved in this process, seeking representation and requesting a provisional measure, with the hearing scheduled for July 24.

KLM remains committed to its "cleaner, quieter, more efficient" program, investing €7 billion in new, quieter aircraft and scheduling quieter flights at night to meet noise targets around Schiphol Airport. The importance of this initiative is underscored by the Netherlands' position as one of the world's most well-connected countries, a status crucial to its economy that relies heavily on international trade. National measures directly impact KLM and the country, especially as neighboring European countries consider airport expansions and adjustments to flight taxes. Lost connectivity would be difficult to recover.

The political landscape has added another layer of complexity. On June 3, the government coalition collapsed over migration issues, leading to the resignation of PVV ministers and the Prime Minister offering the king the cabinet's resignation. The government continues in a caretaker capacity, with Robert Tieman (BBB) as the new caretaker Minister of Infrastructure. Fortunately, the Dutch Parliament decided on June 25 that issues related to the Balanced Approach are not controversial, allowing Minister Tieman to proceed with the current process.

In a separate legal development, a court ruled on June 4 that Schiphol Airport had largely adhered to the correct procedures in its application for a nature permit, accurately identifying aviation's existing rights and impacts. However, the permit did not meet the additionality requirement in place since December 2024, which means that Schiphol needs to motivate that the nitrogen space they created internally (f.e. by electrifying equipment) and externally (by buying up farms) is not needed to protect nature areas from the effects of nitrogen.

Schiphol must now provide a more compelling justification for the nitrogen space it uses in its operations. This requirement does not immediately affect flight numbers at Schiphol, though the airport plans to appeal the ruling.

Together, these developments paint a complex picture of the future of aviation in the Netherlands, with ongoing legal, political, and operational challenges to navigate.

The key figure



820,000+

direct, indirect, and induced jobs
generated by the activities
of the Air France-KLM Group.



In brief



Air France-KLM initiates proceedings to take a majority stake in SAS

Air France-KLM has announced its intention to become a majority shareholder in SAS, increasing its stake from 19.9% to 60.5%. Subject to the obtaining of all the necessary regulatory clearances and satisfaction of all conditions precedents, this strategic operation would give Air France-KLM control of SAS, which would become a subsidiary of the Air France-KLM Group. This new step would allow Air France-KLM and SAS to fully unlock their synergy potential via a comprehensive integration in all areas of business, including loyalty, and would extend beyond commercial activities.

[Read the news](#)



The Air France-KLM Group at the 2025 Paris Air Show: Innovation, Cooperation, and Collective Ambition

From June 16 to 22, 2025, the Air France-KLM Group participated in the 55th edition of the Paris Air Show at Le Bourget. It was an intense and strategic week, marked by meaningful exchanges with clients, partners, institutional actors, media, and future talent. One of the highlights of this edition was the launch of “Connect France” in the presence of Mr. Emmanuel Macron, President of the French Republic. This unprecedented collaboration between Air France-KLM and Groupe ADP, with the support of the French State, aims to enhance France’s connectivity, improve the customer experience, and accelerate the ecological transition of air transport.

[Read the news](#)



Podcast "Passengers": Guillaume - Take-off

What could be more normal than a beating heart? And yet, when a heartbeat is prolonged to save lives, it is cause for emotion. In this episode of the “Passengers” podcast, Air France introduces you to Professor Guillaume Lebreton, a cardiac surgeon who made the very first transatlantic heart transplant possible.

[Listen to this podcast](#)

Calendar

July 31, 2025

Air France-KLM 2nd Quarter Results

September 23, 2025

42nd ICAO Assembly (Montreal)

September 23 to 25, 2025

International & French Travel Market - IFTM-Top Resa
(Paris)

October 21 & 22 octobre, 2025

IATA World Sustainability Symposium (Hong Kong)

Would you like to contact the Air France-KLM Group Public Affairs department?

mail.correspondance@airfranceklm.com