

Air France: Update on Transform 2015

Alexandre de Juniac, Chairman and Chief Executive of Air France, today delivered to the Central Works Council a progress report on the company's industrial and strategic plan, and notably on the overstaffing situation and proposed accompanying measures.

He reminded the Council of the company's objective of improving economic efficiency by 20% by the end of 2014, which will necessitate limiting headcount and both increasing and optimising the number of hours worked through procedural overhaul and the non-replacement of leavers.

The industrial project and the new agreements currently being negotiated will lead to a 5,120 reduction in headcount at Société Air France by December 2013 out of a total of 49,300 employees currently under French contract. Natural attrition over the period is estimated at 1,710, and overstaffing at 3,410. This overstaffing covers all categories of employees.

Assuming the new agreements are signed, procedures for dealing with overstaffing will exclude any recourse to forced departures between now and the end of 2013; accompanying measures implemented in 2012 and 2013 could include:

- Incentives for early retirement within the framework of a voluntary departure;
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- Incentives focused on the transfer to part-time working;
- Work-sharing measures for cockpit and cabin crew.

An evaluation of Transform 2015 will be conducted in the second half of 2013. If progress is in line with objectives, then recourse to forced departures would also be avoided in 2014.

The current course of discussions with union organisations will enable, as planned, consultation with the Central Works Council on 28th June on a collective labour agreement framework supporting these objectives. These agreements will subsequently be submitted to union organisations for signature at the beginning of July.

Should this agreement not be signed, the process underway to revoke the conventional agreements would be completed in a far more constrained economic environment. In view of the attendant reduction in activity and route closures, forced departures would become unavoidable.

The industrial and strategic plan of Air France is part of the three year transformation plan (2012-2014) launched by the Air France-KLM group in January 2012, aimed at restoring profitability and reducing net debt by two billion euros.