

HUGE LOSSES FOR AIR FRANCE - MINUS 10 MILLION EUROS A DAY



The airline Air France is still losing 10 million euros per day. The slowdown in the recovery, linked to the resurgence of the Covid-19 pandemic, will force it to resort to long-term partial activity (APLD) if the already announced workforce reduction measures are not fully implemented.

Air France CEO Anne Rigail announced results for the month of August 2020 well below expectations. The huge losses of the company are evident.

"In August, we flew at 70% of the capacity of a year earlier on domestic routes, and at 55% on medium-haul routes (particularly Italy, Greece, Spain and Portugal), but due to the various restrictions in the countries, **the intercontinental segment did not exceed 30%**. All this with lower load factors (20 to 30% less) and 70% lower revenues," said the CEO.

Ms. Rigail was hoping for a gradual recovery before the summer, reaching up to 70% of business in December - she is now only expecting 50%.

"In September, we saw that tourist bookings fell rapidly, and we did not notice any recovery in business traffic for obvious reasons (health, business and economic)," she added.

Air France is losing around 10 million euros a day according to Anne Rigail, but the airline is "working to limit losses by adopting all possible measures", aiming to be "fully competitive" once the health crisis is over. This will involve the announced restructuring, particularly in the management of overstaffing with the elimination of 7580 positions by the end of 2022 (6560 at Air France and 1020 at the regional subsidiary HOP, i.e. a "reduction of 16 to 17%" on the current 45,000 or so employees).

However, the slowdown in the recovery of air transport could make these redundancies insufficient, especially if the voluntary departure plans or collective bargaining agreements do not meet with the hoped-for success. Negotiations with the unions have already begun, in particular on the use of the long-term partial activity scheme (APLD) as of next month, which could last a maximum of two years and concern 50% of working time.

Air France would apply it to all professions, from pilots to cabin crew and ground staff. In this framework, employees would receive 84% of their net salary for hours not worked, i.e. more than what is offered by short-time working (72% in November) - with similar benefits for the company: The State will pay 85% of this amount, compared with 60% under the short-time working system in the near future.

Christophe Dewatine, Secretary-General of the CFDT at Air France, declared: "**on paper, we are in favor of it because it allows us to be better compensated than the classic short-time working scheme**". However, the unions have put a condition on this recourse to the APLD: to guarantee the absence of dismissal during the whole period plus six months. Possible reductions in income are not yet officially put on the table, but the subject has already been raised.

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