

Air France-KLM chief warns carbon taxes could backfire

January 17 2020



Carbon taxes on Air France-KLM plane tickets would "hamper our ability" to buy fuel-efficient planes, according to CEO Ben Smith

Air France-KLM chief executive Ben Smith said Friday that imposing carbon taxes on ticket prices could prove counterproductive, hindering

efforts by airlines to buy more fuel-efficient planes that could significantly reduce emissions.

"Renewing our fleet is a very quick and effective way to reduce our footprint," Smith said, while acknowledging intense pressure—including from his airline's 88,000 employees—to clean up its act.

"These taxes hamper our ability to make these investments," he told the Anglo-American Press Association in Paris.

He reiterated in particular his criticism of a French tax announced last year on airline tickets, intended to raise money for cleaner transport modes.

If anything, he said, the proceeds should be invested in research on how to manufacture new, less polluting aircraft.

"If we're not making money, we can't buy new airplanes," he added.

Smith, a Canadian who is the first foreigner to lead France's former flag carrier, took the helm in 2018 with a mandate to get the group on sound financial footing.

He announced last November a plan to bolster the group's [operating profit](#) to seven to eight percent within five years, up from five percent last year.

On Friday, he said he still expected further cost-saving synergies from unifying the group's French and Dutch operations, more than 15 years after the 2004 merger of the airlines.

While maintenance, sales and IT among now fully integrated, Smith cited fleet management as one area where the airline could do more to

improve profitability.

"We have fleet departments in both airlines. Were they operating as efficiently or as cooperatively as I thought possible? I would say no," said Smith.

"I think we've managed to improve that. Is there more to do? I think yes," he added.

Smith noted in particular the crafting of a recent plan to swap Boeing 787 and Airbus A350 jets between Air France and KLM, a move that required investment and training to align pilot, training and procurement groups.

The company is also looking to better orchestrate future fleet renewal plans.

"When you have a fleet of over 500 airplanes, the closer you can work together to negotiate the best possible deals, the better," he said.

The airline will publish its 2019 full-year results on February 20.

© 2020 AFP

Citation: Air France-KLM chief warns carbon taxes could backfire (2020, January 17) retrieved 5 May 2024 from <https://phys.org/news/2020-01-air-france-klm-chief-carbon-taxes.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.