AIR FRANCE SAYS BOOKINGS WILL FALL FURTHER IN WAKE OF TERROR ATTACKS

News / Airlines

Air France expects a further decline in bookings over the coming months as a result of terrorist attacks and a cabin crew strike that took place during the summer, the airline's boss Jean-Marc Janaillac said.

Bookings were down 5 per cent in July and August and the drop had accelerated to between 5 and 10 per cent for the remainder of the year, he said in Paris. He said the biggest drop in demand was coming from travellers from China, Japan and the United States,

Militant attacks in France have hit tourism in the country since last year. In July, a gunman drove a lorry into crowds celebrating Bastille Day in the Riviera city of Nice, killing 86 people. Later the same month, a priest had his throat slit in a church. Both were claimed by ISIL.

"We can see the effect on Air France already, we will feel it even more in the coming months," said Mr Janaillac, who is head of the Franco-Dutch Air France-KLM group, of which Air France forms

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the major part.

The slump in ticket sales piles more pressure on Mr Janaillac, who took over in July, to turn around the group, which has struggled to cut costs to compete more effectively with low-cost rivals on short-haul flights and Arabian Gulf carriers on long-haul.

After plans by previous the previous chief executive Alexandre de Juniac met with fierce resistance from unions and resulted in costly strikes, Mr Janaillac hopes to smooth relations and plans to launch a new project called "Trust Together" in early November.

Rival Lufthansa has also faced strikes as it tries to cut costs.

The two carriers have not been helped in their efforts to persuade staff of the need to lower costs by their recent improvements in earnings, HSBC analysts said on Tuesday.

"We, and indeed the airlines, do not yet have clarity on just how weak trading will be as we close out 2016," they said.

Shares in European airlines dropped on Tuesday, with Air France-KLM, IAG, Lufthansa, Ryanair and easyJet down by between 1.4 and 2.6 per cent.

20 SEPTEMBER 2016

SOURCE: REUTERS
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