AIR FRANCE TO CUT WIDEBODY FLEET, NETWORK, STAFF

News / Airlines

Air France (AF,Paris CDG) is to cut its longhaul fleet and workforce as part of a raft of new cost-cutting measures the airline's board plans to implement under its Perform 2020 plan.

Following a breakdown in talks between management and flight crew unions on how to achieve an estimated EUR1.8 billion (USD1.98 billion) in additional savings, Air France's board said on Monday that it had been left with no choice but to pursue new **cuts** in order to return the struggling carrier to profitability.

"Facing the impossibility of reaching an agreement to implement the productivity measures within Air France in order to restore long-term profitability, the Board members consider it essential to introduce an alternative plan and have unanimously agreed to mandate Air France-KLM and Air France Management to carry this out," the airline said in a statement.

Under the new measures, Air France will reduce its long-haul capacity by around 10% between 2015 and 2017. To achieve this, it will phase out a total of fourteen widebody aircraft - mainly

A340-300s - bringing its overall total down from 107 aircraft in operation during Summer 2015 to 93 in Summer 2017. As the lost capacity will not be replaced with new B787-9s as previously planned, this should result in savings of up to EUR200 million (USD2220 million), the airline said.

In June, Air France warned it may defer deliveries of its first of twelve B787-9s, tentatively scheduled to arrive in November 2016, alongside its first of eighteen A350-900s on order from Airbus Industrie (AIB, Toulouse Blagnac).

In terms of network, Air France is also planning to close five routes while cancelling thirty-five weekly frequencies by 2017. Areas most affected are the most severe loss-making markets including Asia and the Middle East.

Under pressure from Middle Eastern carriers, Air France has struggled to stem losses on its longhaul network. Last month, Air France's Chairman and Chief Executive Officer, Frederic Gagey revealed that only 50% of such routes are currently profitable.

"The targeted reduction in the Air France network, focused on the most loss-making routes, combined with, firstly, a reduction in fixed costs and, secondly, cost-saving measures across all Air France’s businesses and the Group as a whole, will enable the enduring turnaround in the Group’s results to be pursued," it said.

As a consequence of the reduction in capacity, the airline said it would be laying off 2,900 staff comprising approximately 300 pilots, 900 cabin crew, and 1,700 groundcrew. Though it plans to rely on voluntary redundancies where possible, the airline has said it may also press for compulsory redundancies where necessary.

Trade unionists reacted angrily to the news with several members attacking airline management at its Paris CDG headquarters.

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