

Bailout will keep Air France-KLM afloat for less than year: CEO

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Bailouts provided to Air France-KLM by the French and Dutch governments will keep the airline flying less than a year, its CEO Benjamin Smith said Monday and evoked the possibility of injecting

new capital.

In an interview with the French daily l'Opinion, Smith also warned that calls for airlines to contribute more to fight [climate change](#) could be catastrophic for their survival which is already under threat due to the coronavirus pandemic.

When countries imposed lockdowns earlier this year to stem the spread of the coronavirus airlines faced steep drops in revenue that have claimed several carriers.

A number of countries stepped in with support, including France which provided 7 billion euros (\$8.2 billion) to Air France and the Netherlands which received a 3.4-billion-[euro](#) package.

"This support will permit us to hold on less than 12 months," said Smith.

The reason is that air traffic is picking up very slowly as many northern hemisphere countries are now fearing a second wave of infections.

"If we base it upon the past few weeks, it is clear that the recovery in traffic will be slower than expected," according to Smith, who said when the bailout was put together the airline was expecting a return to 2019 levels only in 2024.

Smith said discussions were already underway with shareholders on shoring up the airline group, and steps would be taken before the next regular annual meeting in the second quarter of next year.

"One, three or five billion euros? It is too early to put a figure on a possible recapitalisation," he said.

The airline group had 14.2 billion euros in cash or available under credit

lines.

Major shareholders include the French government with a 14.3 percent stake, the Dutch [government](#) at 14 percent, as well as Delta and China Eastern airlines which each hold an 8 percent stake.

Governments are coming under pressure to tie airline bailouts to environmental commitments.

One proposal that has come from a citizen's convention convoked by President Emmanuel Macron would cost airlines an estimated 4.2 billion euros.

Smith said the imposition of environmental charges on the industry would be "irresponsible and catastrophic" for Air France-KLM.

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