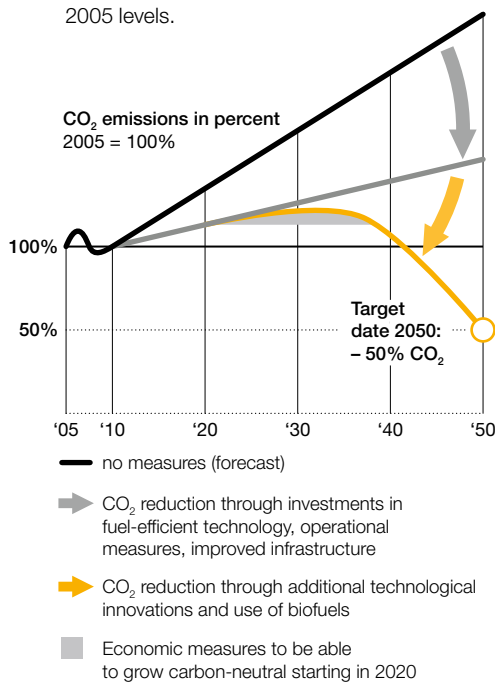


Analyses

Compulsory levy: Air travel tax penalises German airlines

To bring owls to Athens

Compulsory “environmental” levies are counterproductive: Aviation is the only global industry to have already pledged its unconditional support for climate protection. By 2050, carbon emissions stemming from fossil fuels are to be cut in half relative to 2005 levels.



Source: IATA

Today, approx. 850,000 jobs in Germany depend on air travel, a mode of transport that is a net contributor to tax coffers and thus does not even cost the government anything. It is therefore incomprehensible why, of all sectors, air transport should bear the costs of balancing the German federal budget – and to such a vastly disproportionate extent.

Learning from neighbouring countries

After less than one year, the national ticket tax in the Netherlands was repealed in 2009. All told, however, the economic damage came to nearly 1 billion euros. Airports located in border regions were particularly hard hit, losing a massive number of passengers. In France, a much lower tax has been designed in such a way that it does not affect connecting passengers in Paris. An air travel levy would put a disproportionate burden especially on traffic at major hubs such as Frankfurt and Munich as well as at burgeoning airports like Berlin and Düsseldorf, placing their existence at risk. Lufthansa has no alternative to maintaining Germany as its hub, but passengers do have other options. They can, for instance, easily switch to Paris, Dubai, or Amsterdam.

Heavily taxed

Air transport is financed through fees. Lufthansa, for example, paid more in fees than for fuel in 2009. German air transport infrastructure is among the world's most expensive and already today subjects German airlines to extremely heavy charges in comparison with other countries. German airlines also pay the full value-added tax of 19 percent on domestic German traffic, which is unique in Europe and represents another competitive disadvantage.

Specious argument

Although the levy is being described as “an incentive for environmentally-sound behaviour,” it has exactly the opposite effect. Passengers have even more incentives to use foreign airlines and airports, which operate often highly subsidised route networks. Those routes frequently entail significant detours with negative environmental impacts. Competition is distorted at the expense of approx. 65,000 Lufthansa employees in Germany alone and hundreds of thousands of airport employees. Both the environment and the economy suffer.