

# POTENTIAL EU ECO-TAX OF AIRLINE TICKETS FACES STRONG OPPOSITION



How to fight against global warming? The Dutch and Belgian governments are proposing a solution: the taxation of air transport. The idea was launched in February by the Netherlands at a meeting of EU finance ministers and Belgium presented the project at a meeting of the Council of EU Environment Ministers.

For Jean-Luc Crucke, Wallonia's Minister for the Environment, rail transport is now more taxed than air transport, even though it is less polluting. **The aim is, therefore, to make airline tickets more expensive to encourage consumers to change their habits and not to systematically favor planes for their journeys.**

The tax could be applied in the form of a VAT on airline tickets or a tax on kerosene, both of which are currently exempt from tax. No amount has yet been officially presented but Crucke wants to be to be firm: "You can continue to fly but then you will know that you will have to pay much more," he said.

According to an NGO Transport & Environment, the eco-tax on kerosene could bring a total of nearly 9.5 billion euros per year to all European states while a tax on airline tickets could generate up to 17 billion euros. There is no information, however, about how the money raised will be used by the governments.

The Netherlands has also announced an international conference on the subject on June 20 and 21. The Dutch government considers that in order to have a real impact, the new eco-tax needs to be applied worldwide.

However, the Swiss National Council rejected the draft of the tax on airline tickets in December. The supplement applied to the tickets was to be set between 12 and 30 francs (10.5-26.5 euros) for European flights and from 30 to 48 francs (26.5 to 42 euros) for intercontinental flights and the receipts were to be returned to the population.

However, the lower house of the federal assembly preferred to rely on the current system of greenhouse emissions trading.

The same could happen in the European Union, as there are many opponents of the 'ecological taxation' within the EU. The Alliance of Excellency in Tourism (Exceltur) in Spain is keeping its fingers crossed that it doesn't go ahead and is asking the Spanish government to position itself with the measure.

"We are risking the good health of an industry that brings 80 million tourists a year," says Jose Luis Zoreda, vice president of Exceltur.

Tourism associations believe that this hypothetical tax will affect the already sensitive pockets of customers, especially after the rise of low-cost airlines. "Any eco-tax, however small, has a great significance on the demand and can shift tourism towards other countries that are not required to enforce that measure," Zoreda warned.

“Americans will stay in Florida, Canada or the Caribbean instead of coming to Europe,” he says. Failing to see how the tax is structured, two prominent Spanish associations, Exceltur and the Airlines Association (ALA), fear that it will translate into more competitive advantage for other regions exempt from enforcing it, punishing European countries.

“Either all pay or none pay. But applying an eco-tax only in the EU can create a very important comparative distortion,” says Javier Gandara, president of ALA.

IATA (International Air Transport Association) shares the same opinion, contrary to the fact that limiting emissions collides with meeting the demand for air travel growth. “The eco-tax is a short-term measure and there are no guarantees about its effectiveness either. It creates a situation of unfair competition and expensive tickets. In some cases, there are 40% rises,” according to a representative of IATA.

**Belgium is calling for additional efforts to cope with the growth of emissions.** The country has stressed that the aviation industry was responsible for 3.6% of greenhouse gas emissions from the European Union in 2016.

However, the eco-tax project may not even see the light. Belgium’s proposal must be approved by the majority of the member countries (55%) in case the European Commission is urged to initiate a legislative process. The lack of time doesn’t help either because the office term of the Parliament is about to end.

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