



Axe the Tax -Airlines Protest EUR 1 billion German Cash Grab-

8 June 2010 (Berlin) - The International Air Transport Association (IATA) reacted sharply to the announcement made by the German government of a EUR 1 billion annual burden on aviation with a new departure tax in Germany. The tax is branded as an environmental initiative.

“This is the worst kind of short-sighted policy irresponsibility. It’s a cash-grab by a cash-strapped government. Painting it green adds insult to injury. There will be no environmental benefit from the economic damage caused,” said Giovanni Bisignani, IATA’s Director General and CEO. His remarks were made in front of industry leaders gathered in Berlin as the 66th IATA Annual General Meeting and World Air Transport Summit drew to a close.

Bisignani highlighted three major concerns with the German proposal. “The proposal should be axed. It is the wrong measure at the wrong time; and it ignores the lessons learned from the failure of a similar tax in the Netherlands,” said Bisignani.

The wrong measure: “Climate change is a global issue. The solution requires a global approach, not uncoordinated regional taxes. What will this do for the environment? Absolutely nothing. If the Chancellor is serious about aviation and climate change, the focus should be on finding a globally coordinated solution at the International Civil Aviation Organization in advance of the climate talks in Cancun,” said Bisignani.

The wrong time: “Airlines have an important role in driving economic growth, particularly as we struggle to recover from the recession. This is not the time to burden the aviation industry with more taxes. European GDP growth is expected to be 0.9% this year—the lowest among the world’s major regions. Operating in this environment, Europe’s airlines will be the only region in the red with losses of \$2.8 billion. This tax is a body blow to the weak economy and a fragile industry. And it is a kick in the teeth to travelers at a time when they can least afford it,” said Bisignani.

Lessons unlearned: “Even as a cash-grab, the proposed tax makes no sense. The Dutch government tried to raise EUR 300 million with a similar tax. It cost the Dutch economy EUR 1.2 billion in lost business. It also failed as an environmental measure, sending travelers across the border to start their journey from more tax-sensible regimes. The Dutch had the good sense to repeal their tax. Why repeat past mistakes?” questioned Bisignani.

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