



New Ticket Aid Tax: letter from the Director General of IATA to the Prime and Minister of Defense of the Hashemite Kingdom of Jordan, H.E. Eng. Nader Dahabi

23 March 2009

Your Excellency

On behalf of IATA and its 230 Member airlines representing 93% of scheduled international air traffic, I am writing to seek urgent support to stop the introduction of the Ticket Aid Tax that was recently published in the Jordanian Official Gazette and is due to take effect on 1 May 2009.

For many years, Jordan has been viewed as a leader in aviation with the support of its enlightened leadership and Your Excellency's personal commitment towards the aviation industry. We greatly appreciated your swift action last year concerning the fuel tax which reflects Jordan resolve to abide by international conventions and bilateral agreements.

While I understand the honourable intention of participating in the funding the fight against HIV, TB and Malaria, I must strongly protest against a tax on air transport as the means of doing so.

The concept of a solidarity tax was first introduced by French President Chirac and, thus, France was the first country to implement such a tax on 1 July 2006. Despite strong lobbying by the French Government of over 140 States to follow its initiative, only 8 other states have actually introduced similar schemes to date. We believe that this failure is due to the significant controversies this tax raises in an international economic environment.

IATA and its Member airlines are firmly opposed to any taxes on the sale and use of international transport as a violation of the Chicago Convention, to which Jordan is a contracting state. Furthermore, under Article 15 of the Convention, any additional charge on aviation should follow the ICAO principles laid out in ICAO Doc 8632, including that its purpose be to recover the cost of providing a civil aviation service (ICAO Doc. 8632 "ICAO's Policies on Taxation in the Field of International Air Transport"). As an ICAO contracting State, I am sure that Jordan is keen on abiding by this principle.

We also believe that imposing this tax is likely to be in contravention of bilateral taxation agreements and some bilateral Air Service Agreements that exist between Jordan and other states in that the majority are not imposing an equivalent tax and may claim that reciprocal treatment is not respected.

As you are aware, the aviation industry is experiencing an unprecedented crisis and the global economic situation is worrying. Whilst aviation is the largest single contributor to economic development through tourism, trade and inward investment, passenger demand is increasingly sensitive to the price of tickets. In general, airlines predict a sharp decline in traffic in 2009. I am concerned that this tax may not just damage the fragile airline industry, but also reduce Jordan's competitiveness in the global economic environment. Our industry makes a big contribution to Jordan where, in 2008, travel and tourism generated JOD 2,325.7 million and 312,000 jobs (or 1 in every 5.7 jobs).

Finally, the announcement of this tax is particularly embarrassing for Jordan at a time when the CEO of Royal Jordanian, Mr. Majali, is currently serving as Chairman of the IATA Board of Governors.

With these serious concerns in mind, I seriously request that Jordan reconsiders the implementation of the Ticket Aid Tax and call upon Your Excellency to support the industry request to withdraw this tax.

Sincerely,

Giovanni Bisignani
Director General and CEO
IATA – International Air Transport Association
Montreal – Geneva

cc: Mr. Bassem Al-Salem, Minister of Finance
Eng. Sahel Majali, Minister of Transport
Eng. Samer Majali, CEO of Royal Jordanian