



German Departure Tax: letter from the Director General of IATA to the Federal Minister of Transport, Dr. Peter Ramsauer, and the Federal Minister of Economy, Mr Rainer Brüderle

1 July 2010

Dear Minister,

On behalf of IATA and its 230 Member airlines, representing 93% of scheduled international air traffic, I am writing to seek your urgent action to abandon the proposal to introduce a departure tax on passengers departing from German airports.

In 2010, the contribution of travel and tourism to the German GDP is expected to be €185 billion. The industry accounts for 8% of total employment (or 1 in every 12.5 jobs), in Germany and export earnings from international visitors are expected to generate 3.1% of your country's total exports.<sup>1</sup>

The planned departure tax would put the German economy at a severe competitive disadvantage, for the following reasons:

- The consequence of a German tax will be a clear deterioration in the competitiveness of German airports in comparison to other main EU hub airports or even airports in neighbouring countries. With the present financial climate, passengers are highly price-sensitive — if flying to, through or from, another European destination is less expensive, they will certainly do so. The tax would be a clear disincentive to flying from or through Germany, with passengers preferring instead to drive to or transit through other nearby airports, increasing the lengths of journeys and hence the overall carbon footprint.
- Our calculations indicate that the tax would amount to an average of at least €12-14 for each of the 70.3 million passengers departing from German airports – depending on the definition of traffic to be levied. This would add just above 5% to the cost of a one-way trip. The increased cost of travel could discourage some 800,000 visitors annually from making their trip to Germany.

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<sup>1</sup> Economic Research by World Travel & Tourism Council. available at [www.wttc.org/eng/Tourism\\_Research/Economic\\_Research/Country\\_Reports/Germany/](http://www.wttc.org/eng/Tourism_Research/Economic_Research/Country_Reports/Germany/)

The German government must avoid repeating the mistakes of other governments. Last year, the Dutch Government took the commonsense decision to abolish the Air Passenger Tax, introduced in 2008. A thorough review and in-depth analysis of the situation concluded that the ticket tax was a competitive disadvantage for the global Dutch economy, with missed income for airports, airlines and travel agencies/tour operators, not to mention the loss of expenditure from foreign tourists. In addition, the total revenue for the Dutch Government was marginalized by the increase in costs elsewhere such as additional unemployment. For the very same reasons, the Belgian Government similarly decided not to proceed with the suggestion to levy an Air Travel Tax in January 2009.

Only eight months after the introduction of the Dutch tax, the number of passengers departing from Schipol airport declined by almost a million compared to 2007/2008. Passengers flew from nearby airports in other countries. Dusseldorf reportedly gained significant traffic from Amsterdam, avoiding the Dutch tax. The opposite effect could occur if you introduce the tax in Germany. Amsterdam is only 240 km from Düsseldorf, Germany's third largest airport, with an annual throughput of 18 million passengers. Munich is also located within a comparable distance from Zurich.

Europe continues to see the weakest increases in air traffic in global terms, compared to May last year. This is therefore not a time to introduce new taxes on the ailing air transport industry which is just starting to recover from the recent airspace closures owing to the volcanic ash plume, which caused losses of US\$2.8 billion for European airlines.

I believe that these are compelling reasons not to introduce the proposed Passenger Departure Tax. I should be pleased to meet with you to explain this in more detail.

I look forward to your early reply.

Sincerely,

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