Fact Sheet
Aviation Charges, Fees and Taxes

Driving commitment for greater cost-efficiency and operational improvements from all industry partners, aiming for a more balanced customer-supplier relationship between airlines, airports and ANSPs has always been a priority for IATA’s member airlines.

With passenger demand plummeting to unprecedented levels as a consequence of the COVID-19 pandemic, the industry has now lost significant capability which will make recovery and repair of balance sheets a difficult task for many airlines and supply chain partners and the focus on cost-efficiency is now more important than ever.

While initial financial relief measures were provided to airlines during the crisis in the form of waivers, discounts on aeronautical charges or postponing payments, we are now seeing increases in infrastructure fees already amounting to USD $2.3 billion in 2021, and if further increases as currently proposed for 2022 pushed by airports and ANSPs are granted, this number will likely be ten times higher.

Increasing charges, fees and taxes during or after the pandemic will stall a sustainable industry recovery and damage international connectivity. Unfortunately, airports and ANSPs do not face much competitive pressure, and many seek to recover the revenue they have forecasted as if the pandemic had not happened.

IATA therefore calls for immediate action from infrastructure providers and decision makers to play their part in the recovery instead of placing the financial burden of this crisis on the back of their customers. To address the financial impact of the pandemic, airports and ANSPs need to:

- Implement sustainable cost control measures and follow best practice examples to maintain cost cutting measures also beyond 2021
- Adjust infrastructure to actual traffic volumes and maximize the efficient use of existing infrastructure before considering new investments
- Manage shareholder obligations and expectations of who benefitted from good returns and dividends paid before the crisis and need to contribute now
- Access capital markets to secure bonds or raise commercial loans as airports and ANSPs are still seen as safe investments
- Make full use of available government aid and employment support schemes.

IATA is directly engaged with airports, ANSPs as well as governments and tax authorities to mitigate the impact of increasing infrastructure cost and work towards a sustainable recovery of the industry.

Effective economic regulation of airports and ANSPs, as the key to drive cost efficiencies and prevent providers from abusing their market power therefore remains a key priority for IATA.

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IATA further engages in the development of airport and ANSP infrastructure, given the critical role this plays in the aviation restart, affecting airline financials, operational efficiency, and passenger experience. COVID-19 has further accelerated the need for cost efficient and sustainable infrastructure, especially given the financial distress faced by all value-chain partners.

Inappropriate capital investment can easily lead to a higher level of charges, which adversely impact airlines that are already under pressure to reduce capacity as a result of reduced demand. This results in reduced long-term economic and financial gains. This vicious cycle can be avoided by designing investments in agreement with the airline community, balancing impact, demand, service and cost while avoiding restrictions on the overall capacity or performance.

Aviation charges, taxes & climate change

The introduction of new airport or airspace user charges, or the modulation of existing charges, to address aviation’s CO2 emissions undermines the progress achieved to establish a coherent and effective policy framework to address aviation’s impact on climate change. The emergence of a patchwork of charges purporting to address climate change will obstruct the multilateral cooperation required for global progress and may impede sustained climate actions through more appropriate mechanisms.

Such charges also fail to meet agreed international policies, notably the principles that emissions should only be accounted for once and that charges should be related to the provision of infrastructure and services provided.

IATA strongly urges airports and ANSPs to stay within the remit of their role as infrastructure and services providers. Through existing carbon pricing instruments and the cost of fuel, airlines are already strongly incentivized to utilize fuel-efficient aircraft and to operate those aircraft efficiently. Any unilateral action by individual actors, will result in limited or no additional environmental benefit.

The need for airports and ANSPs to become more sustainable and resilient to climate change is also reflected in their capital expenditure plans. While every effort must be made to support aviation’s sustainability goals, the same scrutiny and justification is required for investments with an environmental tag, as it is for any other project. Environmental sustainability is a strategic imperative for airport infrastructure and is part of an ongoing effort to secure the future of the aviation industry aiming to protect the environment in a way that is financially sustainable for airports and airlines.

To support the industry in this effort, IATA is working with leading engineers, architects, consultants and Airports Council International to develop guidance and best practice on airport sustainability for its upcoming new release of the Airport Development Reference Manual (ADRM).

Recent aviation fuel and energy tax initiatives, including a move towards taxing fuel for intra-EU flights, are worrisome. While the overall intention is laudable, the effectiveness of taxation as a means to mitigate emissions or to incentivize decarbonization is at best negligible and only serves to distract from more sustainable and effective measures. We urge governments to review their strategy.