



Aviation Charges, Fuel Fees and Taxes Fact Sheet

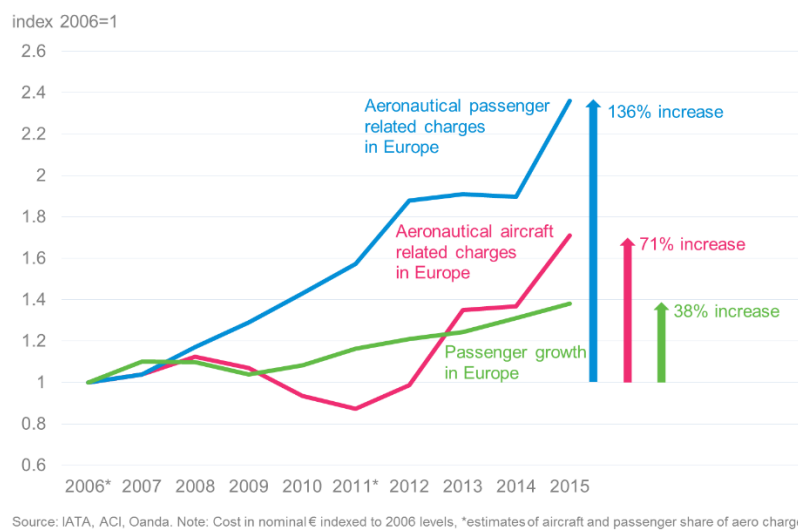
- IATA campaigns for cost efficient airport charges, air traffic control charges and fuel fees, as well as fair taxation, to drive financial and operational improvements for airlines and support sustainable traffic growth.
- IATA's campaigns are aimed at monopolistic providers (airports, air navigation service providers) as well as governments and tax authorities. IATA also advocates open access and competition for fuel suppliers.
- Effective economic regulation of airports and air navigation service providers, as the key to drive cost efficiencies and mitigate excess profit-taking, remains a focus of IATA's work.
- Airlines and passengers are estimated to have paid at least \$118.9 billion for the use of airport and air navigation infrastructure globally in 2015. This is estimated to have increased to \$125.9 billion in 2016.
- In addition, airlines and their customers are forecast to generate \$136 billion in tax revenues in 2018, which is equivalent to 45% of the industry's GVA (Gross Value Added, i.e. the firm-level equivalent to GDP), paid to governments. This is an increase from \$123 billion in 2017.
- While the airline sector does not object to paying non-discriminatory and equitably levied taxes, IATA works to eliminate those that unfairly target the air transport industry.
- Taxes on air travel do not have any positive impact on aircraft emissions and increased taxes on air travel diminishes the financial capacity of the industry to invest in green technologies and reduce CO2 emissions.
- In all its work, IATA aims for a more balanced customer-supplier relationship between airlines, airports and air navigation service providers, starting with engagement on the infrastructure planning to ensure capital expenditure projects involve the airline community as early as possible and result in facilities that are demand-led, fit-for-purpose and cost effective to develop and operate. For this, IATA emphasizes the key principles of infrastructure charges:
 - Meaningful engagement with the airline community
 - Transparency
 - Cost-relatedness of charges
 - Equitable charges structure
 - Timely, efficient and affordable investment aligned to airline needs based on a long-term master plan
 - Productivity and service level improvements
 - A robust and effective economic regulatory framework

Recent Trends

- While there have been some positive developments, increased taxes, together with rising charges and fees, remain a threat across the globe.
- Airlines support investments in infrastructure, provided they are demand-led, fit-for purpose and based on a long-term planning view with a sound business case to allow for efficient and productive operations.
- We strongly oppose calls for lighter economic regulation of airports. Effective economic regulation is the key to improving airport cost efficiency and transparent, cost-related airport charges.

- In the context of Europe, this is currently under review; the European Commission confirmed that the objectives of the Airport Charges Directive (ACD) have not been fully met and it intends to launch an impact assessment.
- We welcome this development as the ACD, in its current form, does not adequately prevent airports with market power from abusing their dominant position and raising charges (Figure 1 outlines the evolution of aeronautical charges in Europe)
- The trend of increasing private ownership adds urgency to the need for independent, fit-for-purpose economic regulation. IATA is seeking to ensure that airlines, as the key stakeholders, are engaged in any privatization processes from the outset, allowing understanding of the objectives and assessment of alternative options.

Figure 1: Evolution of aeronautical charges vs passenger numbers (2006-2015)



2018 Campaign Examples

- **Chile:** Important multi-year reductions to passenger-related charges were achieved, generating savings to consumers of approximately US\$420 million, by 2022.
- **Europe:** Air navigation charges for EUROCONTORL states are provisionally forecast to be reduced by US\$ 601 million.
- **India:** For Chennai airport (India), reductions in landing and parking charges and the user development fee have yielded savings of US\$135 million for 2018-19. We also forecast savings of around US\$95 million from reduced charges at Bangalore airport over the same period.
- **Mexico:** The open access of the jet fuel market in Mexico has been further cemented with the implementation of a new decree for the establishment of fair and open competition on the jet fuel supply chain.
- **Brazil:** The industry lobbied to remove a 30% valued added tax, labeled ICMS, on jet fuel for international flights in the state of Bahia.