

Effective climate protection

IN AIR TRAFFIC, THIS ONLY WORKS INTERNATIONALLY

They do exist – flight tickets for less than 10 euros. Irrational prices that are irresponsible in ecological, economic and political terms. Tickets for only 10 euros make the industry a target for potential criticism. As a result of low pricing incentives, the airspace is already oversubscribed. The artificially-generated demand that is created by such prices also fills up our airspace unnecessarily. Lufthansa has chosen a different path. We prefer to aim at qualitative and responsible growth.

High tax burden for aviation

The aviation sector in Germany already bears a substantial tax burden on account of user-based financing and air traffic tax. It has a different structure in comparison to the financing of road and rail transport. Only air traffic has to bear the costs of the infrastructure and security required for its operations. This means that airlines in Germany pay an annual figure of around 6 billion euros for the use of the required infrastructure on the ground and in the air. In addition to this, there is a special tax per passenger in the form of the air traffic tax, which brings in more than 1.2 billion euros a year for the state.

What is the situation regarding kerosene tax and VAT?

In order to create fair competitive conditions worldwide, it was agreed in the Chicago Convention of 1944, that no kerosene tax or VAT would be charged for flights that crossed international borders. For German domestic routes, airlines pay the full rate of VAT. The federal government could charge a kerosene tax on German domestic flights. The potential income in taxes from this source would amount to around 570 million euros. VAT charged on flights crossing international

borders – which could be charged exclusively over German territory – would raise around 300 million euros. The total from these sources of income would be significantly lower than the amount raised through the air traffic tax.

Isolated national initiatives will not help the climate

Aviation already pays a price for CO₂ in Europe. Since 2012 it has been the only mode of transport that participates in emissions trading. Additional nationally levied taxes or bans on top of current air traffic tax would weaken Germany's position as an aviation hub, without gaining any significant environmental or climate-related benefits. It would instead lead to emissions being shifted to hubs abroad. If a kerosene tax were to be introduced, airlines would increasingly start refueling in other countries. The additional weight carried during their flights would then in turn lead to an increase in CO₂ emissions. This highlights the fact that, particularly in aviation, it is essential to work on strengthening climate protection rules that are applicable worldwide. The sector has already set an ambitious climate policy agenda with the global carbon offsetting system CORSIA.

INCOME THROUGH AIR TRAFFIC TAX SIGNIFICANTLY EXCEEDS POTENTIAL TAX REVENUES FROM A KEROSENE TAX AND VAT

Income from ...

Air traffic tax 2018

€ 1.2 billion

Tax exemption from ...

Kerosene tax ... € 0.6 billion

on German domestic routes

VAT ...

€ 0.3 billion

on international routes within German territory

Sources: BMF, BDL

Advisory council warns against isolated national solutions

In July, the Advisory Council presented their special report on climate policy to the German federal government. A key recommendation that they made was as follows: "A globally coordinated approach is essential to keep climate change at bay."

