

PRESS RELEASE

Berlin, 23rd October 2017

A4E
aage.duenhaupt@a4e.eu
+49 172 424 0381

BDL
Ivo.Rzegotta@bdl.aero
+49 30 520077 - 165

Abolishing aviation tax would boost German GDP by €67 billion by 2030 and create 26,000 new jobs

- PwC study estimates an increase of 24.6 million passengers and an extra €1.6 billion tourism expenditure by 2020.
- €1 of abolished air passenger tax creates €1.08 in indirect taxes – Tax will raise €1 billion in 2017.
- Berlin: 4.6 million additional passengers and €300 million additional tourism spending by 2020.

A new study commissioned by A4E from PwC - "The economic impact of air taxes in Europe" - shows that abolishing the air passenger tax in Germany would boost German GDP by €67 billion (cumulative) over the next 12 years. It would grow from an additional €3.7 billion in 2018 to €6.9 billion per year by 2030. This would create 12,300 jobs in the two years following the taxes abolition with a total of 26,000 new jobs created by 2030.

"The study demonstrates the impact of passenger taxes, which hinder economic growth and tourism. Countries which have scrapped them have seen a boom in air traffic which has benefited their economies. German policy makers cannot just close their eyes to reality once they understand the maximum economic benefit which would be unlocked through the removal of these taxes," said Thomas Reynaert, A4E's Managing Director.

"The aviation tax weakens the competitiveness of German airlines and airports and harms the entire German business location. With the upcoming government formation at federal level, there is the chance that a future coalition government finally agrees on the reduction of this special burden. This would increase the competitiveness of our companies and increase the innovative capacity for low-emission fleets and even better service," said Matthias von Randow, BDL's Executive Director.

PRESS RELEASE

The report by PwC estimates that total **air passenger taxes will raise €1 billion** in Germany in 2017. According to the report, removing aviation taxes in Germany would boost economic activity and generate an even higher revenue of 108% in indirect taxes. This means the government could expect a net 8% increase in tax income as a result of abolishing the tax.

“Today, we have good news for the Germany economy and tourism which will be benefitted from the abolition of aviation taxes. Removing all air passenger levies would add more than **24.6 million passengers by 2020**, with more than half being tourists. To make Germany more attractive, accessible and welcoming to visitors these taxes must be eliminated,” added Reynaert.

The report estimates that passengers arriving to Germany would increase **tourism expenditure by around €1.58 billion** by 2020. Approximately 79% of the additional passengers would come to Germany for leisure purposes versus 21% for business purposes

“Looking into the potential for the capital **Berlin** the study reveals an impressive increase of **4.6 million passengers** by 2020 associated with an additional **tourism spending of €300 million**. During these challenging times of change within the German aviation sector, Berlin could gain thousands of new jobs, even beyond aviation,” added Reynaert.

Other sectors of the German economy would also benefit from lower air fares with the abolition of these taxes. Typically, the sectors which benefit most are those which are the biggest users of air transport such as manufacturing and financial services.



PRESS RELEASE

Note to Editors: This report is part of a broader set of analysis commissioned by A4E to PwC which provides an independent overview of the current air passenger taxes in Europe and an assessment of their economic impact. It uses a Computable General Equilibrium (CGE) model applied by institutions such as the IMF, World Bank, OECD and several national governments to quantify the economic impact of policy changes.

Currently, air passenger taxes are collected in Austria, Croatia, France, Germany, Greece, Italy, Latvia, Luxembourg, Norway and the UK, with Germany being the second largest collector.

About A4E:

Airlines for Europe (A4E) is Europe's largest airline association, based in Brussels. Launched in January 2016, the association consists of Aegean, airBaltic, Air France KLM, Cargolux, easyJet, Finnair, Icelandair, International Airlines Group (IAG), Jet2.com, Lufthansa Group, Norwegian, Ryanair, TAP Portugal, Travel Service and Volotea, and plans to grow further. With more than 570 million passengers on board each year, A4E members account for more than 70 per cent of the continent's journeys, operating more than 2,800 airplanes and generating more than EUR 100 billion in annual turnover.

About BDL:

The German Aviation Association (BDL) was founded in 2010 as a joint interest representation of the German aviation industry. Members of the association are airlines, airports, Deutsche Flugsicherung and other service providers in the German air transport sector. The member companies employ more than 180,000 employees. The German air transport industry provides mobility for more than 200 million passengers every year and contributes to the strengthening of Germany as a business location by transporting foreign trade goods worth over 200 billion euros.