



PRESS RELEASE

ELFAA slams unfair German passenger tax

26 July 2010, Brussels – The European Low Fares Airline Association (ELFAA) today announced their total opposition to a proposal by the German government to introduce a tax on each individual airline passenger from 1 January 2011.

“Such a perverse tax will undermine the economic recovery in Germany and make mobility more expensive for both consumers and businesses” said ELFAA Secretary-General John Hanlon.

“This in turn will result in decreased demand and subsequent capacity cuts in Germany as airlines are forced to move to other jurisdictions to secure their business. Moreover, independent studies estimate that there will be 10,000 job losses as a direct result of this tax.”

The supposed objective of the proposed tax is to provide incentives for environmentally-efficient behaviour, yet there is negligible evidence that it will have the desired effect.

“The unavoidable consequence of a per passenger tax means that empty aircraft will pay no tax, whilst more efficient aircraft that fly at full capacity will be unfairly penalised” continued Mr Hanlon. “Therefore, far from its stated objective, this law will actually incentivise inefficient operators and distort competition in favour of inefficient carriers.”

ELFAA is also disappointed by the limited amount of time made available for it to comment.

“ELFAA members were given a very tight deadline to respond to the draft law, and no independent Impact Assessment has been commissioned,” said Mr Hanlon. “We urge the German government to abide by due process and ensure both that stakeholders are properly consulted and that a proper Impact Assessment is drawn up to ascertain the various impacts on this sector.”

Finally, it seems that the tax was based on the UK’s Air Passenger Duty tax system, which as announced by the UK government on 16 July will shortly be reformed as a result of it failing to meet its environmental objectives.

ELFAA therefore urges the German government to learn from its European neighbours and revise or withdraw this unfair tax.

**Notes to the editor:**

ELFAA represents the fastest-growing European airline sector. Its members carry over 160 million passengers a year and account for over 35% of scheduled intra-European traffic.

Today, ELFAA comprises 10 airline members which include: Blue Air, easyJet, Flybe, Jet2.com, Norwegian, Ryanair, SverigeFlyg, transavia.com, vueling and Wizz Air.

ELFAA's primary objective is to ensure that European policy and legislation promote free and equal competition to enable the continued growth and development of low fares into the future, thereby allowing a greater number of people to travel by air.

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