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Political compromise on the EU ETS dangerous to EU competitiveness

Following the vote in the European Parliament earlier this month on a quick-fix political agreement between the Presidency of the Council and the Parliament's rapporteur, ELFAA member airlines were forced to withdraw their support for the current design of the Emissions Trading Scheme for aviation, as now proposed.

This uncosted agreement includes a 15% level of auctioning of aviation allowances, likely to be increased progressively to 100% by 2020. Besides the fact that auctioning has no environmental payback, the Parliamentarians seem to have swept aside the harsh economic realities brought about by sky-high oil prices and a likely global economic downturn. The consequences of auctioning will be detrimental to the aviation industry and to the competitiveness of the EU economy. Without the ability to readily pass on the cost of auctioning, airlines are faced with an additional tax with no environmental benefit. The airline offering in Europe will decline, especially in the regions, leading to less tourism and an overall reduction in the competitiveness of the EU economy.

ELFAA has been pleading for an independent impact assessment to be undertaken to take into account the changed economic reality since ETS was first proposed and the amended design of the ETS. Regrettably, the EU Institutions chose to ignore the reality for the sake of a quick political fix.

ELFAA now calls on the Council, ahead of their October vote on the ETS for aviation, to abandon the current damaging proposal with regard to auctioning. Without it, the scheme will remain highly ambitious, especially when it comes to convincing third countries and their airlines of its environmental effectiveness.

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ELFAA complains about sky-high terminal navigation charges in Poland

On 24 July ELFAA appeared before the Air Transport Committee of the Polish Parliament to complain about the abusive pricing policy of the Polish Air Navigation Services Agency (PANSAs). The hearing was organised at ELFAA's request in order to give airlines, regional airports and other interested parties an opportunity to express their outrage at recent increases of terminal navigation charges in Poland (+ 960% in the case of smaller regional airports). It was also an opportunity to complain about PANSAs's planned 40% increase in cost base for 2009.

ELFAA believes that PANSAs is exploiting its monopoly position, to the detriment of passengers and regional airports in Poland. A 960% price increase, at a time when the aviation industry is implementing the most difficult cost saving measures, due to the global economic downturn and record-high oil prices, is a clear sign of an abusive behaviour, aimed at maximising profits at the expense of PANSAs's customers.

ELFAA called on the Polish Parliament to put an end to PANSAs's policy of increasing terminal navigation charges, and to require it to become more efficient. Only this can preserve the huge benefits, in terms of tourism, employment and inward investment, delivered by low fares airlines in recent years to the Polish regions.

Dutch Travel Tax allowed to continue

Airline tickets out of The Netherlands for journeys from 1 July 2008 onwards are subject to a travel tax of €11.25 on short-haul and €45 on long-haul routes. However, this travel tax does not apply to transfer passengers, i.e. to over 40% of passengers at Amsterdam Schiphol airport, the vast majority of whom are Air France-KLM passengers. As no other Dutch airport handles transfer passengers, this exemption leads to a distortion of competition by favouring Amsterdam Schiphol airport and Air France-KLM.

This travel tax was condemned by the aviation industry, especially since its claimed environmental justification is contradicted by the fact that the accrued revenue will go straight into the Exchequer's coffers, instead of being used for environmental purposes. A number of parties challenged the legality of the tax in the District Court in The Hague. However, on 17 July, the court upheld, on appeal, an earlier decision to allow the tax to continue, pending the outcome of the main proceedings.

This outcome is very disappointing for airlines operating to and from the Netherlands and for their passengers. This travel tax will do nothing to incentivise environmentally-efficient behaviour, and, on the contrary, will be detrimental to the environment, as Dutch passengers will be forced to drive to Germany and Belgium to avail of lower fares.

ELFAA now urges Europe's Governments not to follow the footsteps of the Dutch Government, but focus instead on creating a Single European Sky, which, taken alone, would have the capability of reducing aviation emissions by 12% over current levels, by addressing the inefficiencies of Air Traffic Management.

Regulation on passengers with reduced mobility enters into force

Regulation 1107/06, which sets out the rights of Persons with Reduced Mobility (PRMs) when travelling by air, entered into force on 26 July 2008. ELFAA has been actively involved in the discussions on the development and implementation of these rules.

ELFAA welcomes the new regulation as a positive step towards ensuring that PRMs continue to be well served by airlines and airports. However, ELFAA members have identified the risk of certain dominant airports abusing this regulation in order to claim, from airlines and their passengers, unnecessarily inflated charges, far exceeding the real cost of providing assistance. ELFAA condemns any such attempts to generate additional revenues under the guise of assistance to PRMs.

ELFAA member airlines look forward to continuing their work to ensure that PRMs' journeys run smoothly from their original departure point to their destination.