



The Implications of the Ticket Tax at Airports in the Netherlands

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www.aaeconomics.com
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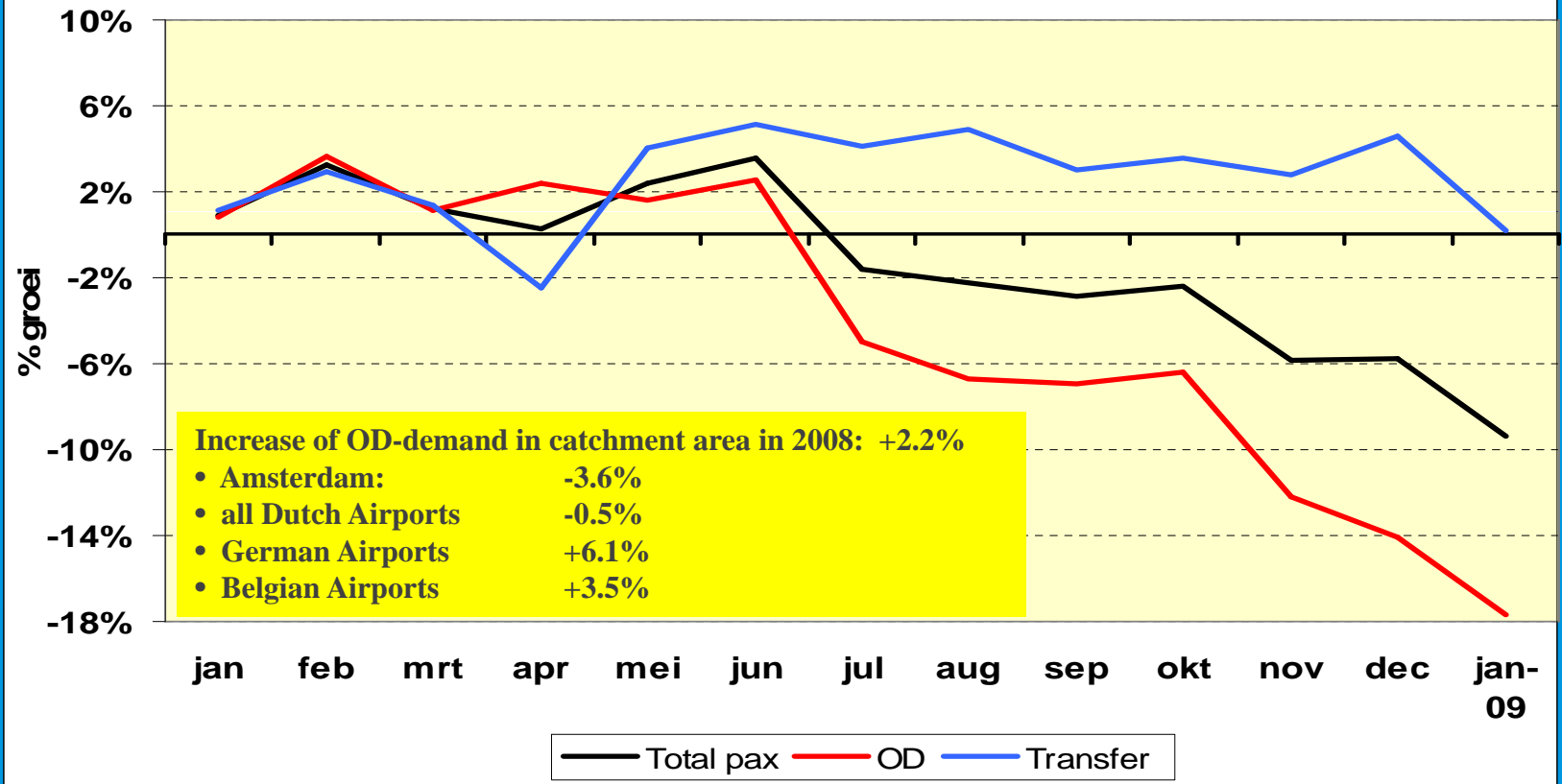
Background

- Introduction of ticket tax at Dutch airports from 1st July 2008
 - € 11.25 on short haul (intra-European) tickets
 - € 45 on long haul (intercontinental) tickets
- Implications
 - Traffic effects for Dutch airports
 - Financial effects for airports and airlines
 - Financial effects for related business (tourism)
 - Financial effects for government (revenue of tax, but less taxes from related businesses)

Development of Passengers at Amsterdam Airport Schiphol



Ontwikkeling passagiers Schiphol 2008



Development of Passengers at all Airports in Catchment Area

Ontwikkeling aantal passagiers	2007	2008	Groei
Amsterdam	47.780.000	47.393.000	-0,8%
<i>waarvan OD</i>	<i>28.060.000</i>	<i>27.052.000</i>	<i>-3,6%</i>
<i>waarvan transfer</i>	<i>19.730.000</i>	<i>20.320.000</i>	<i>3,0%</i>
Eindhoven	1.500.000	1.630.000	8,7%
Rotterdam	1.140.000	1.060.000	-7,0%
Groningen	176.000	191.000	8,5%
Maastricht	160.000	252.000	57,5%
NEDERLAND (alleen OD)	50.756.000	50.526.000	-0,5%
Brussel Zaventem	17.877.000	18.516.000	3,6%
Charleroi	2.400.000	2.957.000	23,2%
Luik	332.000	400.281	20,6%
Antwerpen	175.000	179.000	2,3%
Oostende	180.000	200.000	11,1%
BELGIE	20.964.000	22.252.281	6,1%
Dusseldorf International	17.805.000	18.151.000	1,9%
Köln/Bonn Airport	10.415.000	10.343.000	-0,7%
Dortmund Airport	2.155.000	2.329.000	8,1%
Münster Osnabrück	1.613.000	1.576.365	-2,3%
Weeze-Niederrhein	846.000	1.524.000	80,1%
Bremen	2.232.018	2.486.337	11,4%
NORDRHEIN WESTFALEN incl. Bremen	35.066.018	36.409.702	3,8%
TOTAAL VERZORGINGSGEBIED	106.786.018	109.187.983	2,2%





Development at Competing Hubs

Ontwikkeling OD-verkeer op Schiphol, Parijs CDG en Frankfurt

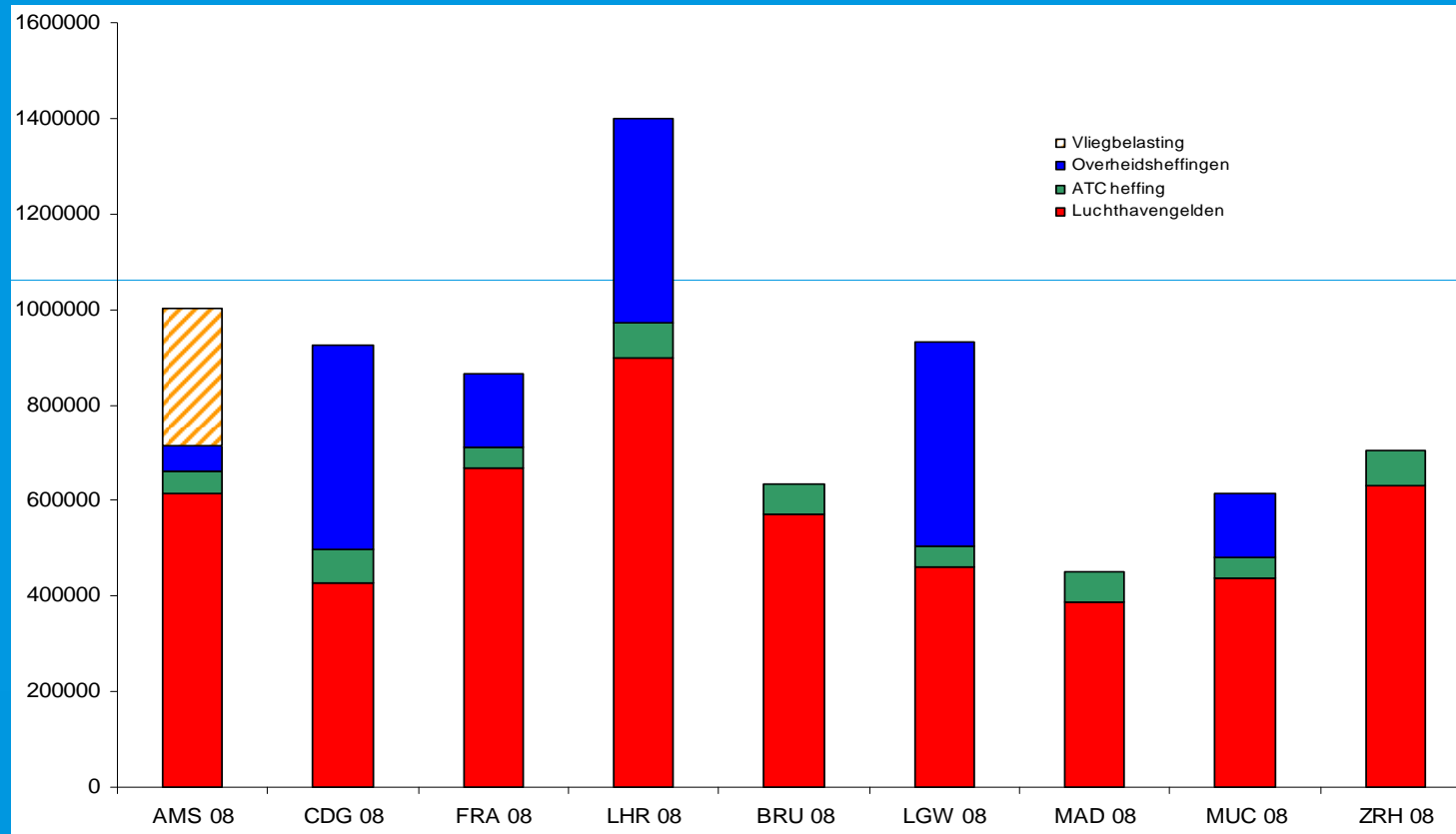
	AMS	CDG	FRA
2007-1	6.472	9.681	5.938
2007-2	7.558	10.738	6.775
2008-1	6.632	10.151	6.241
2008-2	6.896	10.588	6.387
%groei			
2008-1	2,5	4,9	5,1
2008-2	-8,8	-1,4	-5,7

Ontwikkeling transfer-verkeer op Schiphol, Parijs CDG en Frankfurt

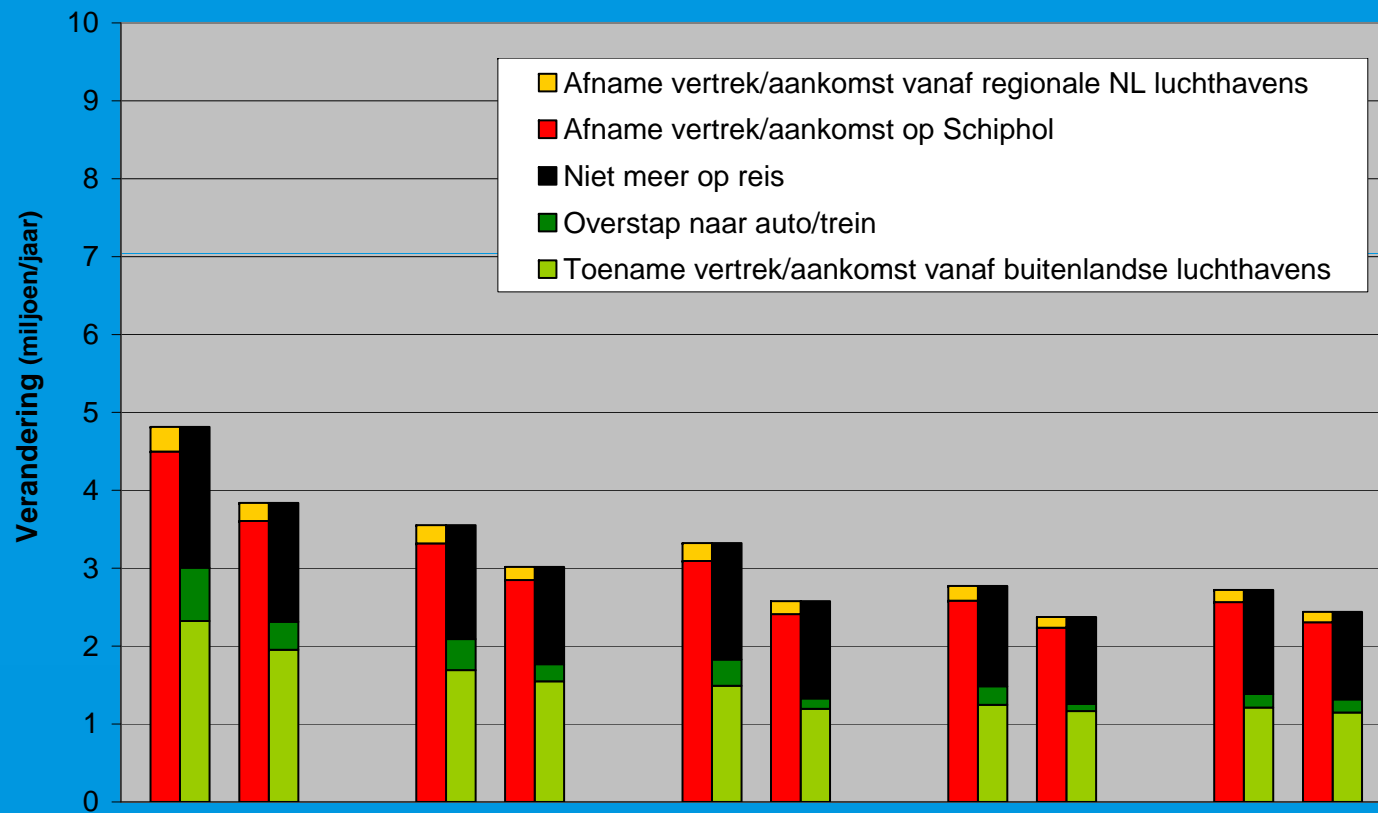
	AMS	CDG	FRA
2007-1	4.689	4.542	6.840
2007-2	5.140	4.893	7.394
2008-1	4.786	4.604	6.835
2008-2	5.329	5.001	7.154
%groei			
2008-1	2,1	1,3	-0,1
2008-2	3,7	2,2	-3,2

- **OD at AMS also in '08-1 lower**
- **OD in '08-2 , 8.8% lower**
- **OD in '08-2 at FRA affected by LH-strike**
- **Connecting traffic not affected**
- **Can tax effects be isolated ?**

Airport Charges at Competing Hubs total costs of AMS-traffic



Effects of ticket-tax scenarios (Aeolus-model)

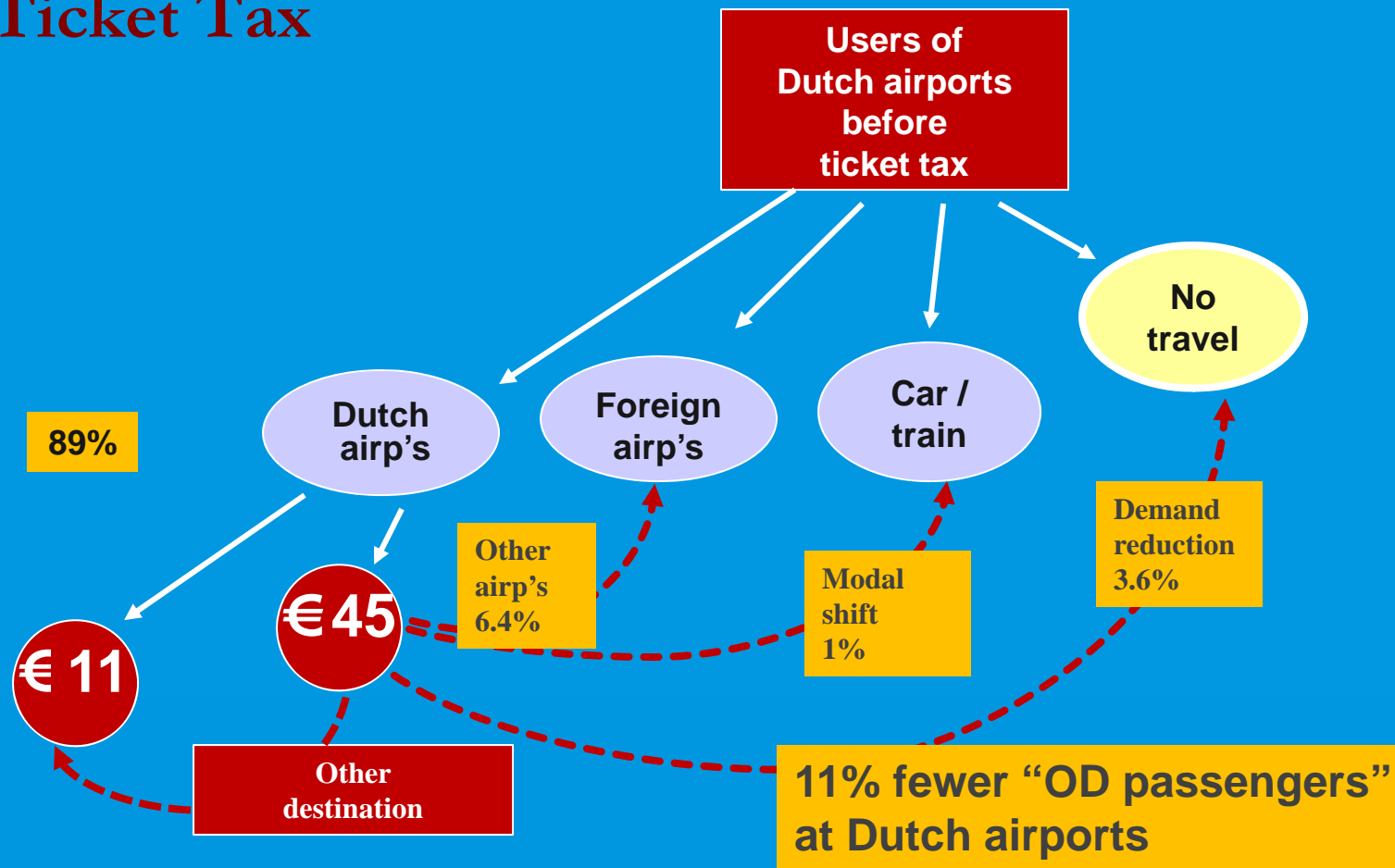




Decline not by Tichet Tax only

- Decline of OD traffic at Schiphol of **-3.6%** caused by:
- Autonomous factors, independent of ticket tax: **-1.4%**
 - Economic growth: still 2% in the Netherlands in 2008, but...
 - Price of crude oil increased from € 72 in 2007 to € 99 in 2008
 - Appreciation of € vis-a-vis \$ and £
- Effects of ticket tax: **-3.9%**
 - Structural effects on yearly basis -11%, however....
 - Tax only effective half year (from 1st July)
 - Full and structural effects only seen after a couple of years
- Other factors (such as adjustment of airfares): **+1.8%**

Structural Effects of Ticket Tax





Structural Financial Effects

- **Yearly revenue loss at:**
 - Dutch airports: € 89 million
 - Airlines at Dutch airports: € 940 million
 - Businesses depending on incoming tourism: € 83 million
 - Travel agencies and tour operators: € 300 million
- **Total revenue loss (excl. double counting):
€ 1.2 to 1.3 billion**
- **Total 5 to 10 thousand jobs lost**



Financial Effects Government

- 5 to 10 thousand jobs lost
- € 100 to 200 million of unemployment compensation
- Tens of million €'s less tax on profits
- € 5 million less revenues from VAT
- Total costs and revenue loss: € 150 – 280 million
- Revenue of ticket tax (yearly basis 2008): € 261 million

Large negative economic effects (on top of crisis)
Little environmental benefits
Little net revenues for government



Recent Government Decision

- Ticket tax at Dutch airports from 1st July 2009
 - € 0 on short haul (intra-European) tickets
 - € 0 on long haul (intercontinental) tickets
- Ticket tax however not formally abolished



Conclusions

- Only local implementation of tax in competitive environment
- 16 airports in catchment area
 - 5 in the Netherlands
 - 5 in Belgium
 - 6 in Germany
- Relative little demand reduction (and environmental benefits), but market loss for Dutch Airports
- Negative economic effects and little net revenues for government
- Better environmental effects expected from European wide ETS in 2013



The Dutch Ticket Tax – A German Perspective

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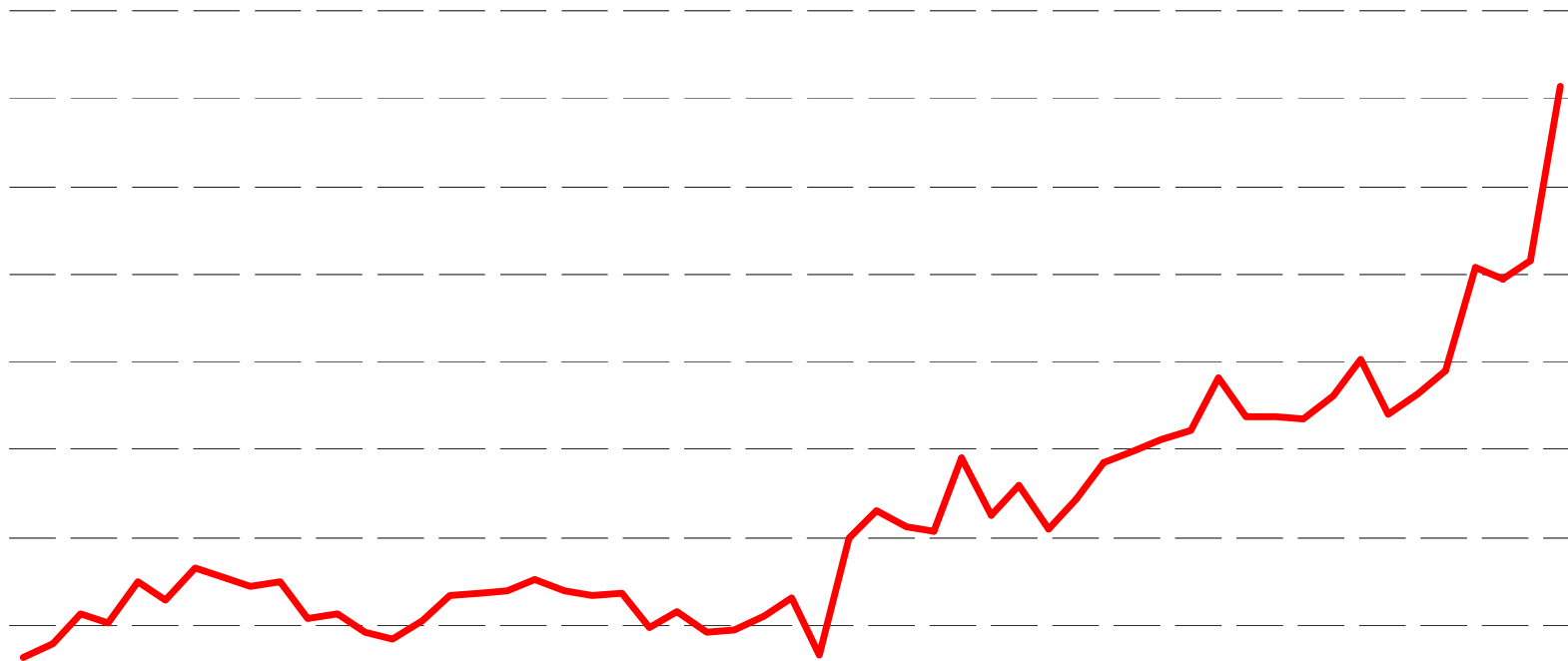
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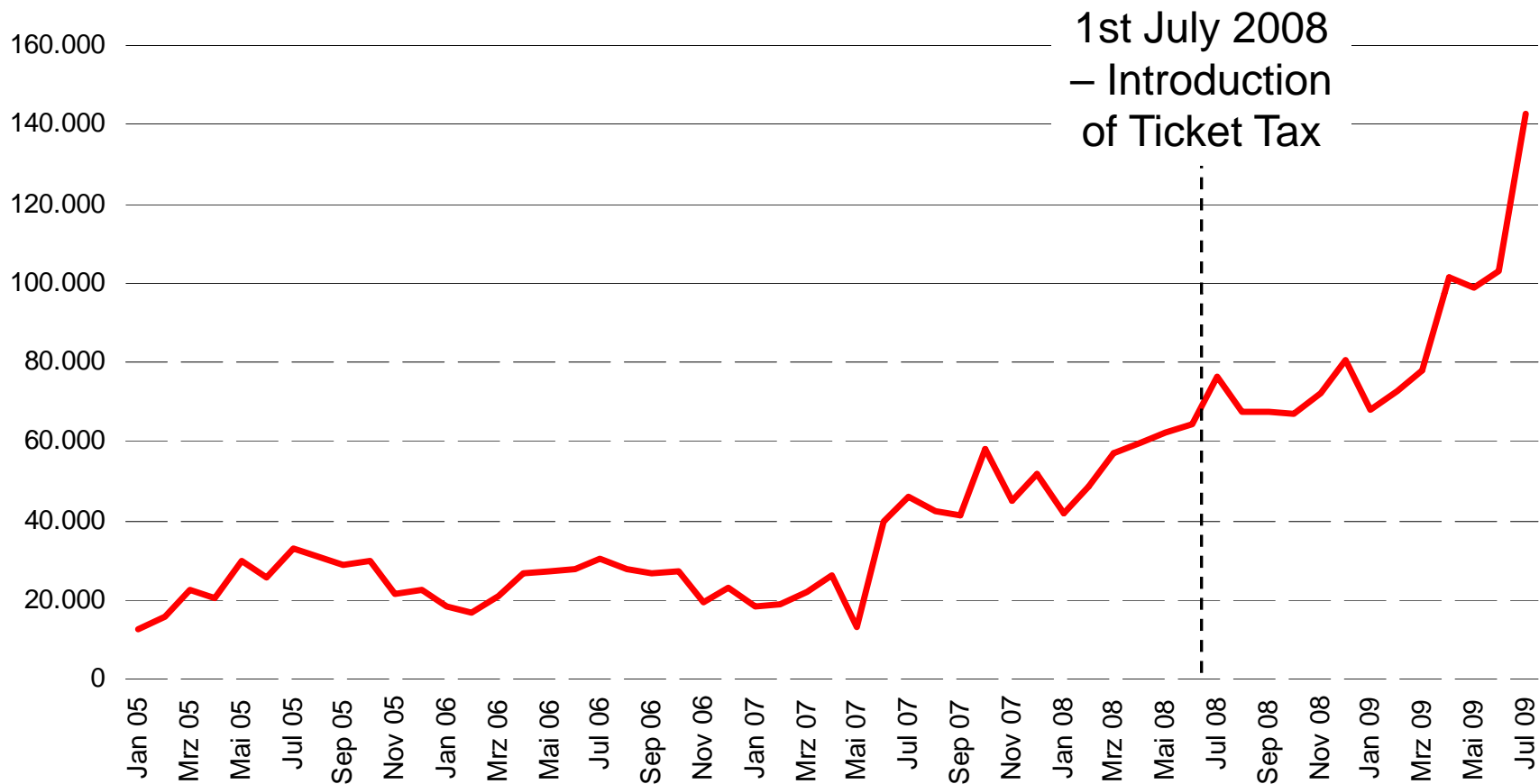


The Dutch Ticket Tax – A German Perspective





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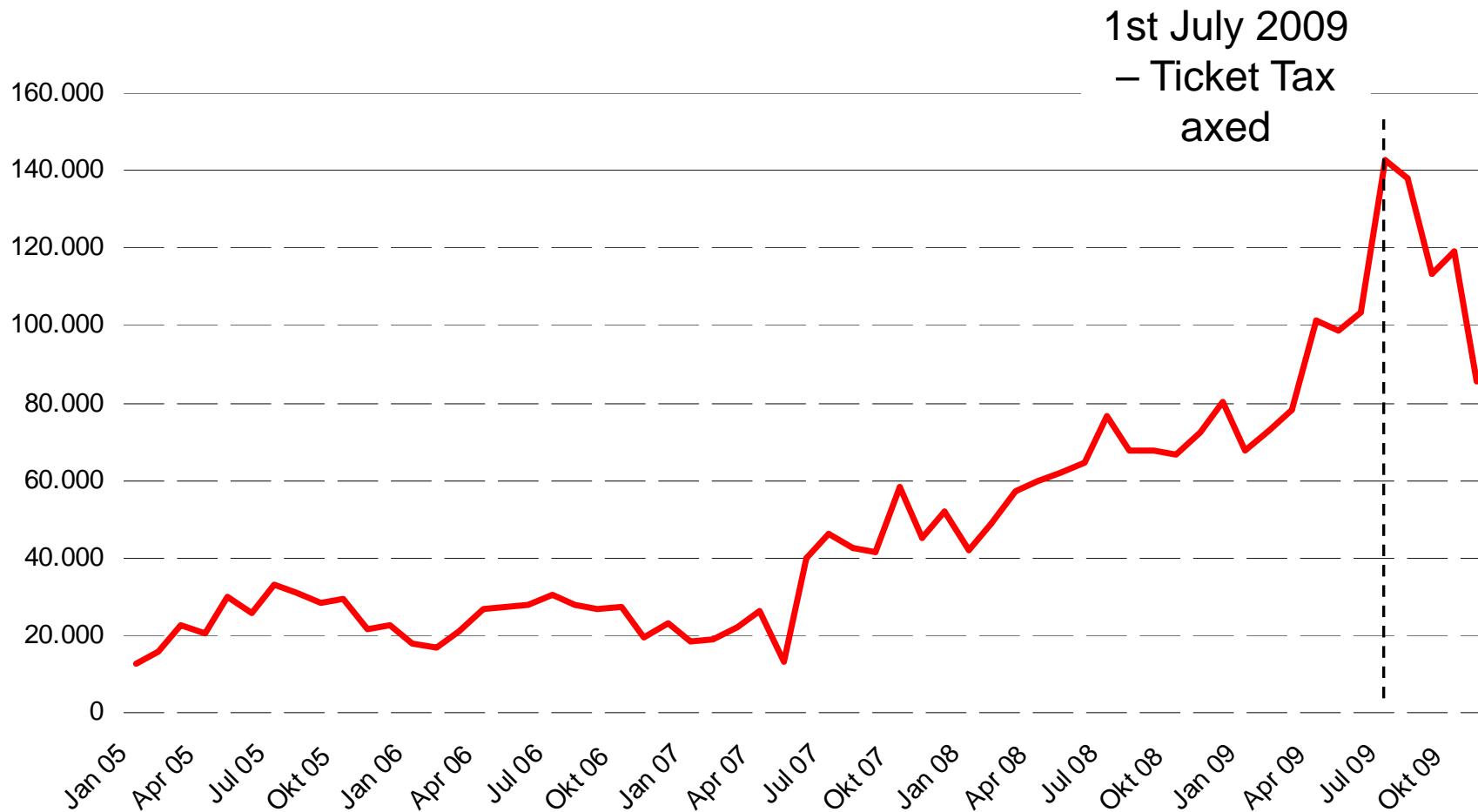


Enplaned passengers at Airport Weeze Niederrhein





The Dutch Ticket Tax – A German Perspective



Enplaned passengers at Airport Weeze Niederrhein