

Carbon pricing and aviation tax

Food for thought for the new European Commission

The 21st century is the era of globalisation. In no time at all, we can be in touch with the other side of the world: digitally and physically. The technological revolution has made our world smaller and more accessible, and affordable plane tickets now enable us to go all over the globe.

At the same time, our climate is changing, forcing us to rethink our habits. In Paris we all agreed that action was needed and pledged to take measures to keep global warming below 1.5°C. However, the UNEP Emissions Gap Report 2018¹ shows that if we fail to intensify our efforts, the global average temperature will rise by 3°C by 2100.

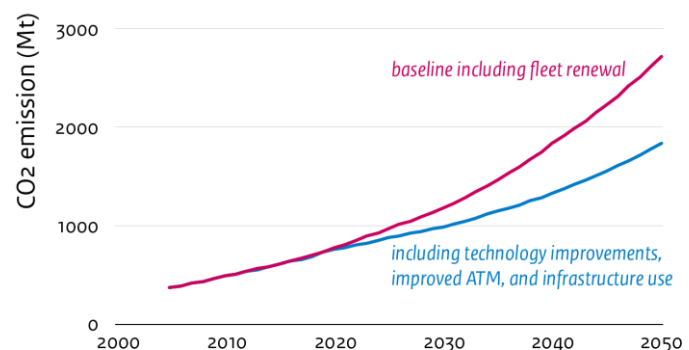
To prevent galloping climate change, we need to be more ambitious. Member states are already taking ambitious steps on a national level, including in the area of taxation. In the Netherlands, fiscal measures include introducing a carbon price floor for electricity generation, higher taxes on energy and waste, and a tax on aviation. But polluting emissions do not stop at the border. Especially when it comes to aviation, since most flights, including in the EU, are international rather than domestic. So we shouldn't do it alone. The figures are alarming:

Around 2.5% of global CO₂ emissions stem from aviation.

These emissions will only rise, because aviation emissions are strongly dependent on economic activity, and global economic growth will keep on increasing.

CO₂ emissions from aviation are expected to have increased by **68%** between 2010 and 2020.¹ This increase is set to continue, by **185%** by 2040 and up to **300%** by 2050!

International aviation CO₂ emissions



The sharp rise in aviation-generated carbon emissions is no surprise. Globalisation will continue and more people will benefit from economic growth, resulting in greater demand for air transport. Economic growth is in itself a positive development. However, the price of flight tickets for transporting passengers and freight does not include environmental costs. This will have a major impact on our ability to achieve our climate goals. A fair price for flight tickets that includes these external costs could bring about a decrease in carbon emissions. If we are to take on this challenge effectively, we will need to work together to levy tax on aviation.

¹ Published on 27 November 2018: <https://www.unenvironment.org/resources/emissions-gap-report-2018>.

The following European countries already have – or have had – a tax on aviation: Germany, France, Italy, Sweden, the United Kingdom, Austria, Norway, the Netherlands (previously and planned), Denmark (previously) and Ireland (previously).



Emissions do not stop at the border. The Netherlands is convinced that the EU should have a leading role in discussing and examining the possibilities for taxing aviation and should take action where possible. A coordinated European approach could prevent a shift in air passengers to neighbouring countries, avoid the accumulation of regulations and administrative burdens for airlines, and counter the fragmentation and disruption of the internal market. Therefore, without effective global instruments in place, member states should consider carbon pricing on aviation at EU level, such as through the emissions trading system (ETS), a tax on kerosene, an air passenger tax (ticket tax) or a tax per flight. Such type of tax should however not become an 'own resource' for the EU.

Given the international nature of aviation and climate change, member states need to work together on these issues. Firstly, to sharpen minds around this discussion. Secondly, to stimulate an initiative that could become part of the new European Commission's programme.

In this context, the Netherlands is holding an international conference from 20 to 21 June 2019 that will allow member states to continue their discussion on carbon pricing and aviation tax, and to find ways to work together at EU level.