



Airlines for America®

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February 21, 2025

Minister Eelco Heinen
Ministerie van Financiën
Korte Voorhout 7
Postbus 20201
2500 EE Den Haag
The Netherlands

Re: Differentiation of Flight Tax Consultation

Dear Minister Heinen,

Airlines for America (A4A)¹, on behalf of our member carriers, appreciates the opportunity to provide comments on the Dutch Ministry of Finance proposal to increase revenue from the air passenger tax by increasing taxes on long-distance flights. Four of our passenger carriers – American, Delta, JetBlue and United – and our associate member – Air Canada – operate extensive passenger services to the Netherlands and so have a strong vested interest in these proposals.

A4A is the principal trade and service organization for the U.S. airline industry advocating for policies that promote safety, security and sustainability within the commercial aviation industry, and striving to improve air travel for consumers and businesses alike.

Aviation plays a vital role in the Dutch economy, a point that was highlighted in the consultation document itself. However, proposed taxes such as this go against the critical role aviation plays in facilitating the movement of passengers, investment and goods, as well as being against the spirit of the U.S./EU Open Skies Agreement, which clearly outlines the desire of governments to promote competition in the marketplace with minimum government interference and regulation.

Experience in the Netherlands itself shows that departure taxes have a net negative impact on the Dutch economy, in large part because of easy access to competing hubs in Belgium and Germany. On July 1, 2008, the Dutch Government introduced a tax on departing passengers. As in this case, the tax was designed to curb environmental pollution. The government expected the tax to raise €350 million annually. Instead, the tax resulted in around 2 million fewer passengers flying through Schiphol with approximately 1 million more passengers flying from regional airports in Belgium and Germany than would have been the case if the tax had not been introduced. As a result, the Dutch Government reduced the air passenger tax to zero from July 1, 2009. A government study estimated that the tax cost the Dutch economy €1.3 billion in lost revenues.²

We have addressed the consultation's individual questions below:

1. Do you think that long haul flights (>2.500 km) need to be taxed at a higher rate than shorter flights (<2.500 km)?

¹ Members of the association are Alaska Airlines, Inc.; American Airlines Group, Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation; Hawaiian Airlines; JetBlue Airways Corp.; Southwest Airlines Co.; United Holdings, Inc.; and United Parcel Service Co. Air Canada is an associate member.

² Veldhuis 2009, Implicaties van de invoering van de ticket-tax.

A4A does not support distance-based differentiation of the Dutch aviation tax. Aviation is a global industry that operates within an interconnected network and imposing higher taxes on long-haul flights could hinder the Netherlands' ability to compete economically as well as continue as a key European hub.

As noted in the consultation documents, the reason for targeting long-haul flights is emissions, however the aviation sector is already committed to decarbonization through international frameworks such as the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). A distance-based tax does not directly contribute to sustainability goals but rather imposes financial burdens on airlines and passengers, negatively impacting tourism, trade and related industries that rely heavily on a flourishing air transport sector.

Concerning emissions, instead of taxation, A4A encourages policies that promote fuel efficiency, sustainable aviation fuel (SAF) production and operational improvements, which would more effectively reduce emissions without undermining Amsterdam Schiphol Airport's (AMS) competitive position as a global hub.

2. Do you think that very short flights (<500 km) need to be taxed more than other flights?

A4A does not support higher taxation on very short-haul flights. These routes often serve as essential feeder services for long-haul connectivity, particularly for passengers traveling to and from regions with limited alternative transport options. Increasing taxes on short-haul flights could disrupt connectivity for both passengers and cargo, disproportionately affecting regional economies and smaller airports. In turn, this could push travelers to airports outside the Netherlands that offer lower airport charges, reducing the competitiveness of AMS.

3. Are you of the opinion that very long flights (>10.000 km) need to be taxed more than other flights?

A4A does not support additional taxation on very long-haul flights. Any environmental concerns should be addressed through global mechanisms such as CORSIA, rather than through unilateral taxation measures that risk market distortions. The tax undermines the status of CORSIA as the exclusive market-based measure to address carbon emissions from international aviation. To avoid a patchwork of uncoordinated regional and domestic policies for international aviation, ICAO members agreed that CORSIA would be the only market-based measure applied to international aviation. Unfortunately, the success of CORSIA is jeopardized by the decisions of some states to address emissions from international aviation through ticket taxes, on top of CORSIA. To honor its international commitments and to promote multilateral efforts to address climate change through CORSIA, we respectfully urge the Dutch government to withdraw the proposal to increase the passenger tax on long-haul flights.

Furthermore, while the issue of emissions is raised in the consultation document, the proposed tax reduces the ability of airlines to make investments needed to meet their environmental commitments. A4A members are currently implementing extensive measures to reduce their carbon footprint and are making significant investments in new aircraft, operational efficiency measures and sustainable aviation fuel. Our members are committed to net-zero CO₂ emissions by 2050 as well as taking the necessary steps to implement CORSIA and are fully committed to achieving its important objectives. This tax undermines these efforts by siphoning away funds that could be used to decarbonize the industry.

As noted in the consultation briefing, aviation connects the Netherlands to the world – as a small country, aviation allows the Netherlands to be an international hub of people, trade, investments and knowledge. Air transport, including its supply chain, is estimated to generate approximately US \$16.9 billion for the Netherlands' GDP. In total, air travel and its related industries support 3.2% of the country's economy³. Implementing an additional tax on airfares for passengers will do nothing to increase further

³ IATA, 2018

growth and at the same time reduce demand by making the Netherlands a less attractive destination for travelers.

4. Do you think that certain countries or geographical areas should be charged at a different tax rate than their distance from the Netherlands indicates? If so, which countries or geographical areas should be taxed differently according to you?

A4A does not support differentiating aviation tax rates based on geography. Implementing such a policy would distort the market, leading to unintended consequences such as passengers rerouting flights through non-taxed jurisdictions, reducing direct connectivity and ultimately undermining the Netherlands' position as a key global aviation hub.

The Dutch aviation sector is a cornerstone of the national economy, supporting a vast network of industries beyond airports, including airlines, airport operators, on-site businesses like retail and hospitality, aircraft manufacturers and air traffic control services. Collectively, these industries employ approximately 85,000 people in the Netherlands and contribute significantly to domestic economic growth.

Aviation taxation should be designed within a global framework to ensure a level playing field and avoid measures that arbitrarily disadvantage certain regions. Any adjustments to the Dutch aviation tax should align with international agreements and consider broader economic and environmental impacts, rather than introducing regional disparities that could hinder connectivity and economic resilience.

5. Do you think that all types of flights and passengers should be taxed at the same rate? If not, which types of passengers and/or flight should be taxed at a different rate or even exempted?

As outlined in the consultation document, "aviation allows the Netherlands, as a small country, to be an international hub of people, trade, investments and knowledge." A4A does not believe the taxes should be differentiated between different passengers on commercial aircraft. Each subset of passengers brings critically important pieces to enhance the Dutch economy. Introducing disparities can have unintended consequences to the investment and/or tourism sectors of the wider economy.

Thank you for your consideration and I look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Glatz', with a stylized flourish at the end.

Keith Glatz
Senior Vice President – International Affairs