

Open Letter to the Responsibles of EU Taxation Affairs

No Prolonged Tax Exemption for Jet Fuel

October 9, 2024 - Aviation is the most climate damaging form of transport, and it is high time to reduce its direct and indirect public subsidies. In this context, the Orban government's proposal to **prolong jet fuel's tax exemption for another 20 years is out of step with reality**. Also similar steps in this direction are not acceptable.

Currently, a parent bringing their kids to school by car pays more fuel tax than a celebrity flying weekly to their luxury villa. Also farmers producing our food pay more for the tractor fuel than airlines do. This is not only unjust, but also economically illiterate. It is projected that **in 2025, indirect subsidies for aviation will lead to a loss of EU revenues totalling €35.7 billion, of which €13.3 billion is due to the tax exemption of kerosene**.¹ Finally, the proposal simply ignores the climate crisis - by the time this tax would be in effect, the world is supposed to have almost reached climate neutrality.

The argument given for prolonging the fuel tax exemption is more than absurd: “the absence of more efficient alternatives, sufficient quantity of sustainable alternative fuels and electricity”. This absence should be the main reason to finally implement demand reduction measures. Decoupling aviation from its emissions is at best a distant scenario – especially as long as fossil kerosene is subsidised through a tax exemption. This is why air traffic needs to be reduced in line with our remaining carbon budget.²

It is not fair to leave this sector out of climate commitments, while heating and eating become more expensive, especially because aviation is an industry largely at the service of the privileged. Approximately 1% of the world population produces half of aviation emissions, while most people have never set foot on an aeroplane.³ Concerns about the impact of a kerosene tax on the equity of access to occasional air travel by lower income households can be addressed through additional targeted measures like a frequent flying levy and through redistribution of tax revenues.

It is not acceptable to now **reward the industry with a prolonged tax exemption for having missed almost all of its climate targets in the last decades**.⁴

We urge you not to side with proposals dragging on the tax exemption, and to instead choose common sense by **ending the aviation industry's ludicrous subsidies**.

1 Transport and Environment (2023) Aviation Tax Gap. <https://www.transportenvironment.org/discover/tax-exemptions-saw-treasury-lose-4-7-billion-from-aviation-industry-last-year-study/>

2 See e.g. CE Delft (2024): Carbon Budget Aviation.

https://cedelft.eu/wp-content/uploads/sites/2/2024/01/CE_Delft_230219_Carbon_budget_aviation_Def.pdf

3 Gössling, Stefan/ Humpe, Andreas (2020): The global scale, distribution and growth of aviation: Implications for climate change. <https://www.sciencedirect.com/science/article/pii/S0959378020307779>

4 Possible (May 2022): Missed Targets. A brief history of aviation climate targets.

<https://static1.squarespace.com/static/5d30896202a18c0001b49180/t/6273db16dcb32d309eaf126e/1651759897885/Missed-Targets-Report.pdf>

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