

Air tax: doing substantial damage to the UK economy

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The UK's controversial air tax costs 91,000 jobs and is acting as a brake on the economy.

New research by the World Travel & Tourism Council (WTTC) shows that removing Air Passenger Duty would result in an additional 91,000 British jobs being created and £4.2 billion added to the economy in 12 months.

The research comes as Britain is about to face yet another rise in Air Passenger Duty. Increases planned from April mean a family of four flying to Malaga will pay £52 extra on the price of their tickets. This rises to £260 for the same family to fly to Florida and £368 to fly to Australia.

David Scowsill, WTTC President & CEO, said "Air Passenger Duty is a completely disproportionate tax on people's holidays and is hitting business travel hard. When the economy needs help, it is economically illogical to continue with a tax that costs the country some 91,000 jobs and as much as £4.2 billion."

In the next 12 months, the UK Government will collect £2.8 billion in extra tax from air travellers, far more than any other country in the world.

David continued: "Travel & Tourism grew by 4.1% in the UK last year, but is forecast to slow to 1.3% in 2012. This slowdown is partly due to the impact of Air Passenger Duty, which is dampening demand.

This tax is damaging the economy at a crucial time, and is having a negative effect on trade with countries in the Caribbean, Africa and Asia. We urge the UK Government to recognise the impact on the overall economy and reduce Air Passenger Duty."

Martin Craigs, CEO of the Pacific Asia Travel Association (PATA), said: "The UK is an island trading nation, air services are the vital lifeblood of modern global commerce. The UK Air Passenger Duty is now the world's highest by a wide margin. It is certainly turning away tourism and trade from the world's fastest growing economic region Asia Pacific.

Air Passenger Duty started in 1994 at £5 and some worthy intentions to offset aviation's carbon footprint. Today at £85 to zone D (Asia/Pacific) it's a 'detention tax' that's restricting job growth, alienating important trade partners and not being transparently directed to green projects. Air Passenger Duty maybe easy to collect but it's also easy to see its macroeconomic damage."

ENDS

Note on the research:

The research was conducted by Oxford Economics for the World Travel & Tourism Council. The research examined how sensitive passengers are to changes in fares, based on statistics from the Department for Transport and Intervistas. DFT estimates show a lower sensitivity than estimates by Intervistas.

Oxford Economics concluded that:

- Abolishing Air Passenger Duty would raise the UK "gross value added" by between £1.8 billion and £2.9 billion in 2012 due to the boost to aviation and tourism sectors from increased passenger numbers. This would create an extra 38,000 to 61,000 jobs.
- The extra income available for consumers from lower airline ticket prices provides a stimulus to consumer spending, and could raise the UK "gross value added" by £1.3 billion and 30,000 jobs.
- The overall benefit to the UK economy could be up to 91,000 jobs and £4.2 billion.

Note to Editors:

The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism. It promotes sustainable growth for the industry, working with governments and international institutions to create jobs, to drive exports and to generate prosperity.

In 2011 Travel & Tourism accounted for 255 million jobs globally. At US\$6.3 trillion (9.1% of GDP) the sector is a key driver for investment and economic growth. For more than 20 years, the World Travel & Tourism Council has been the voice of this industry globally. Members are the Chairs, Presidents and Chief Executives of the world's leading, private sector Travel & Tourism businesses. These Members bring specialist knowledge to guide government policy and decision-making, raising awareness of the importance of the industry as an economic generator of prosperity.

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