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Comments from IATA on the proposal on reduced aviation tax in Sweden

The International Air Transport Association (IATA) represents some 330 airlines and around 83% of global air traffic. IATA supports many areas of aviation activity and help formulate industry policy on critical aviation issues. For more information on IATA and its work, you can visit www.iata.org. IATA welcomes the opportunity to comment on the Swedish Government’s proposal on reducing the Swedish aviation tax.

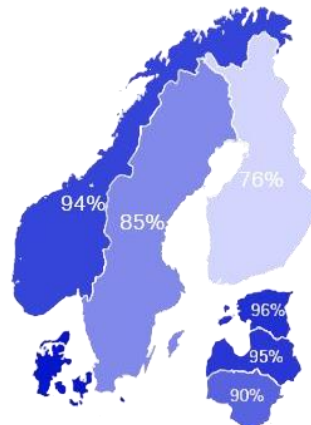
IATA considers that reducing the aviation tax is a step in the right direction. However, IATA recommends that the corresponding tax in Sweden should be fully abolished. Taxing air transport has no positive impact on the environment – and brings a detrimental effect on air travel demand, jobs, competitiveness, and the economy. On the contrary, it deprives airlines from investing in sustainable aviation fuels and other measures that are highly required for the long path to achieve the net-zero goal by 2050.

The airline industry operates in a highly competitive international environment where a balance between regulation and open markets is critical to fair competition and the health of the industry. Sweden is a sparsely populated country with long distances where air travel is critical for both domestic and international connectivity. The Swedish aviation sector has for several years been under severe pressure from competition from other markets, resulting in reduced air connectivity to, from and within Sweden.

Moreover, geopolitical developments, impact of war in Ukraine and closure of Russian airspace have also adversely affected the aviation recovery in the recent years, bringing it behind its peers.

Figure 1: Map of regional countries and the air passenger traffic recovery (2023 vs 2019)

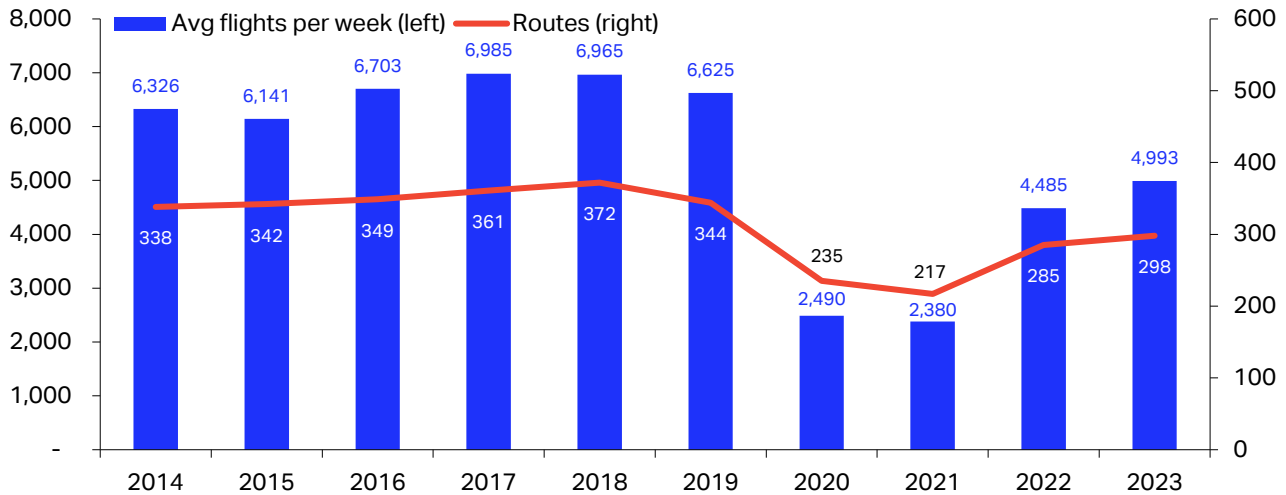
Region	Recovery 2023 vs 2019
Sweden	85%
Europe	97%
Global	97%



Source: IATA Sustainability & Economics based on data from DDS

As it can be seen from Figure 1, Sweden is significantly lagging behind the regional neighbors and European average in the passenger traffic post-pandemic recovery. Although the global traffic numbers have fully rebounded to pre-Covid levels in 2024, Sweden's domestic and international connectivity has not been fully recovered. As seen in Chart 2, although the recovery is ongoing, neither the number of routes nor the flights frequencies have returned to 2019 levels.

Chart 2: Number of routes and average flights per week from Sweden (2014-2023)



Source: IATA Sustainability & Economics based on data from OAG

National regulations and taxes create disparities that affect the level-playing field. Harmonized international instruments are needed to manage the decarbonization of aviation without jeopardizing the competitiveness. IATA recommends that the national aviation tax, as well as the national reduction obligation, should be abolished in favor of the EU-wide instruments now being introduced as part of Fit for 55 package.

IATA recognizes and fully understands the need to address the global challenges of climate change from aviation perspective. In 2021, IATA member airlines committed to achieving net-zero carbon emissions from their operations by 2050, bringing aviation fully in line with the goals of the Paris Agreement to limit global warming. In 2022, at the 41st Assembly of the International Civil Aviation Organization (ICAO), states, including Sweden, agreed to a long-term aspirational goal (LTAG) on climate. The aviation industry welcomed the fact that ICAO contracting states have committed to the same targets as airlines on the path to decarbonizing aviation.

The net-zero objective, agreed upon by the airline industry and the ICAO Member States, is foreseen to be met through a combination of maximum elimination of emissions at source and the use of approved offsetting and carbon capture technologies. Success in this joint effort will require coordinated and combined measures of the entire industry besides a vital element: significant governmental support. IATA's [Net Zero roadmaps](#) provide step-by-step detailing of critical actions for aviation to achieve net zero CO₂ by 2050. These roadmaps address aircraft technology, energy infrastructure, operations, finance, and policy.

At ICAO, States have agreed to reduce taxes levied directly on passengers or shippers. They have also committed to not applying duplicative carbon pricing instruments to aviation, recognising that a multilateral approach is more effective in the long term than individual State measures. States also agreed that environmental taxes or levies should not be driven by fiscal objectives. Instead, they should be designed to recover the costs of alleviating or preventing environmental problems. Consequently, the imposition of taxes on air travel directly contradicts these accepted policies on taxation published by ICAO. For more information, we hereby attached, as an annex, [IATA's Fact Sheet on Taxes and Environmental Transition](#).

The introduction of the Swedish aviation tax has led to significant cost increases for airlines without contributing to the transition towards net zero CO₂ emissions. On the contrary, the tax hampers the transition as the money



needed for Sustainable Aviation Fuel (SAF) investments and other measures are diverted to national aviation tax revenues. Abolishing the Swedish aviation tax would allow the government and the Swedish aviation industry to focus on the investments needed to address the challenges of energy transition and sustainability efforts of the industry.

The airline industry also faces challenges in terms of aviation infrastructure and services, which have been highlighted in recent years by the Swedish Government's inquiries on the Swedish airport system and Arlanda Airport. Together with a high-cost environment for infrastructure and services, this means that Sweden's competitiveness in aviation has deteriorated. In this context, IATA welcomed the initiative taken by the Swedish Government to cover the deficit incurred during the pandemic regarding the cost of airport security checks (the GAS system). In terms of airport and air traffic control charges, airlines in Sweden are still facing significantly increased costs which together with the aviation tax further limit the recovery pace of aviation sector in Sweden.

The Swedish aviation tax was introduced in 2018, despite criticism from an overwhelming majority of the consulted bodies. Much of the criticism has been focused on the design of the aviation tax. While in debates being labeled as a "green tax" the Swedish aviation tax is a tax on air passenger tickets and is not linked to actual emissions. The aviation tax is an instrument providing the state with tax revenues while not contributing to the transition to net-zero future. Nor does the tax create incentives for airlines to increase their investments in new technologies and, for example, to increase their use of SAF.

In conclusion, IATA acknowledges and appreciates the efforts of the Swedish Government in the proposal to reduce the aviation tax but recommends that the aviation tax should be fully abolished. In addition, we recommend the government to work closely together with the aviation industry and adopt policies that would add value to improve connectivity, thereby creating additional jobs and increasing GDP. Furthermore, IATA underlines the need for globally aligned strategic policies to incentivize and support the aviation industry's transition to net-zero CO₂ emissions. As with all successful energy transitions, collaboration between governments and industry stakeholders is critical to creating the necessary framework to achieve these ambitious goals.

If you have any questions or concerns, please do not hesitate to contact us. IATA would be happy to schedule a call to provide the necessary details on the information contained herein and to discuss these important matters in greater detail.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Catrin Mattsson", with a long horizontal flourish extending to the right.

Catrin Mattsson
Area Manager
Nordic & Baltic
IATA