Financing Development: Commission report shows options for airline ticket contribution

IP/05/1082

Brussels, 1 September 2005

A European Commission staff working paper published today contains an analysis of how a solidarity contribution on airline tickets might be used by EU Member States as a source of development aid in order to help achieving the Millennium Development Goals (MDGs). The paper must be seen in the context of the decisions to double development aid and to deliver better and faster, taken at the June European Council. Requested by the Council of Economic and Finance Ministers in July, the staff working paper contains a technical analysis of the two options which Finance Ministers wish to consider further: mandatory or voluntary payment of a contribution by passengers under a common EU scheme in which Member States could voluntarily participate. A co-ordinated EU approach would deliver a political message of European solidarity towards developing countries, facilitate and clarify the operation of the measure for airline operators and passengers and ensure that EC Treaty rules were respected.

The staff working paper published today by the Commission is designed to assist Member States by providing a basis for them to consider further the instruments they could use to finance their Overseas Development Aid commitments. It is now for Member States to make their decisions in this matter in time for the UN General Assembly later this month. The Paper analyses two main scenarios within which there could be a contribution on airline tickets:

- **Voluntary-Mandatory**: a voluntary participation of Member States in an international scheme introducing a mandatory levy for passengers at national level;
- **Voluntary-Voluntary**: a voluntary participation of Member States in an international scheme providing for a voluntary contribution by passengers at national level.

In June this year, the European Union had already decided to increase its budgetary commitment to Development aid from 46 billion EUR in 2006 to approx. 66 billion EUR in 2010. The Union has also decided to further strengthen policy coherence and send at least half of the increased aid to sub-saharan Africa, the region with most difficulties in achieving the MDGs. The European Union remains the worlds' biggest donor of developing aid and the developing worlds' largest trading partner.

Although the Paper recalls that Community law does not prevent a Member State from unilaterally introducing a levy on airline tickets, it stresses that there are advantages to implementing a levy and/or a voluntary contribution in a coordinated manner. In particular, coordination at EU level would reduce potential negative effects. For instance, a common structure would facilitate the implementation of the measure by the operators. As well, a coordinated approach would ensure against any incompatibilities with EC Treaty obligations.

For further information see