



French expect support for flight ticket tax to fund aid

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France expects up to 10 countries to support an international tax on airline tickets during a development conference that opens in Paris today.

The proposal to fund medical aid with a ticket tax has been led by Jacques Chirac, French president.

It is supported by some big emerging market countries including Chile and Brazil, who campaigners hope will be persuaded to participate themselves, but opposed by airlines and some countries dependent on tourism.

The French parliament has already approved a national version of the scheme. From July French travellers will be subject to a tax ranging from €1 for economy tickets within Europe to €40 for first-class transcontinental flights, in a bid to raise €200m a year.

The UK has given symbolic rather than substantive support to the scheme by relabelling part of the revenue from an existing air travel tax as dedicated to development aid, rather than introducing a new tax or increasing its aid budget.

The money raised by France and its partners would be directed to a new fund for purchasing medical products, with anti-retroviral drugs to fight Aids top of the list.

French officials say between five and 10 countries will commit themselves to the scheme this week and that this number is likely to double in the medium term. The US will not be among the 95 countries taking part in this week's meeting of mainly finance and development ministers.

Officials in Germany said it was unclear whether Berlin would pledge to introduce a ticket tax. Hans Eichel, the former finance minister, was in favour of the scheme but the new government of Chancellor Angela Merkel is still to decide.

A decision in favour of a ticket tax by Europe's largest economy - and a key player in the international air travel business - would add momentum to the push behind new financial instruments for development aid.

"It's unclear if we will be counted among the 10 supporters [of the ticket tax] after the conference," a Development Ministry spokesman said yesterday.

French officials insist the tax would not create more bureaucracy and could be administered cheaply by an institution such as the World Health Organisation or Unicef and held in a trust fund by the World Bank.

But airlines have come out strongly against the proposals, saying it is unfair to target a single industry, especially when carriers are attempting to weather the sharp rise in fuel prices.

"I know how important it is to contribute to under-developed countries," said Wolfgang Mayrhofer, chief executive of Lufthansa, last Friday. "But I strongly believe I can contribute more if I fly there than if I don't fly and pay taxes."

The conference will also discuss the International Finance Facility, a scheme to frontload aid by borrowing on the capital markets.

Germany has been sceptical towards the IFF but is under pressure to support some form of new initiative.

Paul Zeitz, director-general of Global Aids Alliance, called for the UK and French governments to merge their proposals for a ticket tax and the IFF.

Additional reporting by Alan Beattie in London

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