

AIRPORTS IN THE DANGER ZONE

CONCLUSIONS:

- Air travel is crucial to Sweden's development. Tax on air travel would reduce accessibility to Stockholm and widen the gap between urban and rural Sweden.
- A national tax on air travel is not an efficient way to cut emissions. International agreements, as well as biofuels and new technology, should be promoted instead.
- In the Government Inquiry's report of the consequences of an air travel tax for airports is inadequate for proposing and implementing tax on air travel.
- Air travel taxes have a poor record—recently, nine European countries have reduced, abolished, or refrained from implementing, such taxation.

SUMMARY

AND CONCLUSIONS

The Report examines how the proposed tax on air travel may influence the future of flight availability in Sweden. Seven airports are identified as being at risk of closure after implementation of the tax. The Report examines how the tax may affect each airport in terms of passenger losses. Finally, the socioeconomic effects of each airport being compelled to close are estimated.

Air traffic depends on significant economies of scale. This means a critical mass—minimum passenger volumes for a route to be viable—is necessary. Because of this, even small alterations to travel on the seven routes studied may have a drastic impact on flight availability, with in the worst case, routes being discontinued.

Scheduled traffic from the studied locations is dominated by domestic flights. If the only domestic route is discontinued, this would also jeopardize the future of an airport. All the airports studied receive significant operational grants, primarily from municipalities. These subsidies would probably be difficult to sustain if their main justification, i.e. good links to the Stockholm region and Arlanda Airport hub, disappears.

Measured for all airports and in terms of price sensitivity, the estimated loss per airport is approximately 2,900 passengers, or 6% of total domestic traffic volumes. This study estimates that the passenger effects for the airports are higher than those estimated in the Government Inquiry into a tax on air travel (En svensk flygskatt, SOU 2016:83). Accordingly, passenger losses of these levels may prove problematic for those airports that are already financially vulnerable. The Report estimates the socioeconomic effects that may arise if these airports were to close.

Airport closure would mean lost jobs around the airports. The 15 municipalities around Jönköping Airport could lose 10,500 jobs. Job losses around the other airports are as follows: Karlstad 6,800, Kristianstad 2,600, Trollhättan-Väntersborg 4,400, Växjö 3,000, Örsköldsvik 1,400 and Kramfors-Sollefteå 1,600.

The study was conducted by WSP. The Stockholm Chamber of Commerce draws several conclusions from the study and the report from the Government Inquiry into a tax on air travel.