

EU subsidies

Airbus ruling shows it's high time to stop the aviation subsidies binge, says NGO

Today's [ruling](#) by the WTO against the EU on subsidies to Airbus, and an expected similar ruling on Boeing, officially adds another €20 billion or more to the already very long list of subsidies granted to the aviation sector, sustainable transport group Transport & Environment (T&E) has said. That list of direct and indirect subsidies includes:

- **Airlines** enjoy universal exemption from fuel taxation, estimated at [€20 billion](#) a year in Europe and over [€60 billion](#) globally;
- **Airlines** receive an effective subsidy worth another [€7 billion](#) in Europe alone because ticket prices are artificially suppressed by about 20% due to the VAT exemption on ticket sales;
- **Airlines** are [bailed out](#) on a regular basis especially since the 2009 crisis;
- Already lenient state aid rules for **airports** have been regularly flouted; worth another estimated [€3 billion](#) a year in Europe alone;
- **Manufacturers** get a [€1.8 billion](#) subsidy under the 'Clean Sky 2' joint technology initiative;
- **Air traffic control** gets a [€3 billion](#) subsidy under the SESAR 'joint undertaking'.

Next week the ICAO assembly in Montreal will try to agree the details of a so-called 'global market-based measure' to address the runaway CO2 emissions of aviation, the most climate-intensive of transport modes. One reason CO2 emissions are out of control is that flying is artificially cheap because of such subsidies.

Meaningful action is urgently needed at ICAO but the very modest and inadequate plans being discussed at the global level will mean nothing so long as the sector binges on government handouts. The subsidies above fall outside of WTO rules and will only be removed with action by governments.

Bill Hemmings, director of aviation at T&E, said: *"Today's ruling is a wakeup call to anyone who believes that the ICAO assembly will solve aviation's climate problem. Flying is the cheapest and quickest way to fry the planet because not only manufacturers, but also airlines and airports, are subsidised to the hilt."*

Today's ruling is also significant because it was Airbus which in 2012 [intervened](#) directly to emasculate the only international measure currently in place to address aviation's climate problem, the EU's emissions trading system (ETS). Airbus also played [a key role](#) in ensuring that ICAO's fuel efficiency standard for new aircraft, decided in 2016, will be meaningless.