

# InterVISTAS

a company of Royal HaskoningDHV

## Impact of Passenger Charges

*Implications for Air Passenger Traffic  
at Curaçao of Additional  
Government Taxes*



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## Executive Summary

The Curaçao Civil Aviation Authority (CCAA) is contemplating fees on air passengers to fund the CCAA's proposed transition to an independent regulator for the Curaçao aviation sector. The fee level has not yet been determined, but it is anticipated that it will be about US\$ 9 per departing passengers.

In addition, the Ministry of Economic Affairs has announced plans to introduce a US\$ 15 tourism tax, which would go towards increasing airlift and funding the tourism police.

Curaçao Airport Partners has commissioned InterVISTAS Consulting Group to undertake a price elasticity study. The main goals of the study are:

- To gain objective knowledge as to how the additional passenger taxes being proposed could potentially influence the decision of leisure travellers to travel to Curaçao
- To quantify the potential impact of the passenger tax on the number of travellers visiting Curaçao

The key findings are presented below.

### **Extensive empirical research has demonstrated that air passengers, particularly leisure passengers, are sensitive to increases in air fares.**

A total of 41 research papers were reviewed in this study, spanning a period of over 25 years, all of which found that there was a significant demand response to changes in air fares, with increases in air fares leading to lower passenger traffic demand. The consistency of this result strongly indicates that any policy action that results in higher fares (including taxes, fees and charges that are passed along to passengers) will result in a decline in demand.

The research also found that, all else being equal, leisure (or tourist) travellers are particularly sensitive to fare changes, more so than business travellers. Leisure travellers generally have more flexibility to change destinations, or postpone or cancel their travel, than business travellers. Nevertheless, the studies do show that even business travel will decline in the face of fare increases, albeit not to the same extent as leisure travel.

### **Previous cases where governments have introduced new taxes/fees or increased existing taxes/fees, there has been a detrimental impact on traffic. In some cases, this has led to the government removing or modifying the tax.**

Three case studies were examined:

- **The impact of the UK Air Passenger Duty on traffic to the Caribbean**  
Significant increases in the UK Air Passenger Duty (APD) in 2010 contributed to a 20% decline in traffic between the UK and the Caribbean between 2007 and 2010. The increase also reduced the popularity of the Caribbean as a leisure destination, with overall flight searches to the Caribbean slumping by more than 11% after the tax was increased.
- **The impact of an environmental tax on traffic to/from the Netherlands**  
In July 2008, the Dutch government implemented a new aviation tax, which was introduced as an environmental levy. The number of passengers to and from the Netherlands started to decline immediately following the introduction of the aviation tax, while transfer passengers, exempt from the aviation tax, continued to grow. The traffic impacts were particularly pronounced at airports close to the border with Belgium and Germany, where passengers could make use of alternative

airports in these other countries. In July 2009, due to the negative growth in the air traffic and strong opposition from aviation and tourism community, the aviation tax was abolished. In the months following the abolition of the tax, declines in traffic slowed and growth returned by 2010.

■ **The impact of an air travel tax in Germany.**

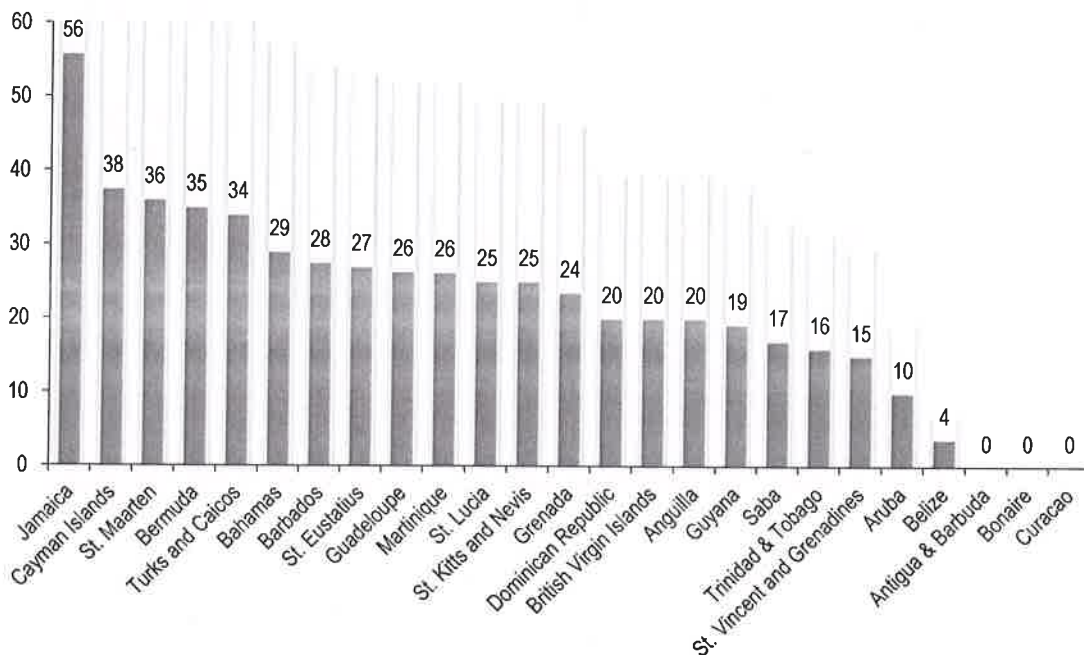
In January 2011, the German government introduced a tax on air passengers with the purpose to generate revenues. As a result, significant traffic declines were registered at airports across Germany, particularly those close to the national border where passenger could use foreign airports to avoid the tax. In 2013, the German federal government published a study into the economic effects of its air passenger tax. The study came to the conclusion that around 2 million potential passengers per annum did not travel because the additional tax meant higher air fares. As a result of that study, the tax levels have been frozen and there has been some consideration of eliminating the tax.

All of these case studies highlight again that passengers do respond negatively to increases in air fares. This is particularly the case where there are alternative options for passengers (alternative departure airports or alternative destinations).

**A benchmarking of government taxes at Caribbean destinations shows that Curaçao currently has a competitive advantage which would be eliminated by the proposed new taxes**

The results of the benchmarking analysis are presented in **Figure ES-1**, which shows the passenger-related government taxes applied to extra-Caribbean international passengers.

**Figure ES-1: Benchmark of per-passenger government taxes (US Dollars)**



Source: websites of country-specific airports, regulators, customs and immigration, tourism boards, IATA's airfare engine.

As can be seen, Curaçao benefits from having no dedicated government taxes imposed on air passengers. Only two other major Caribbean destinations are in the same situation.

The average of such taxes/fees among Caribbean destinations is US\$ 22. If Curaçao were to apply both the Curaçao Civil Aviation Authority and Ministry of Economic Affairs taxes, the per passenger tax burden would reach US\$ 24, above the regional average.

**Elasticity analysis undertaken in this study indicates that application of both proposed taxes could reduce international traffic at Curaçao by as much as 6.5%.**

Analysis was performed to estimate the traffic impact of imposing the proposed taxes, both separately and in combination. The analysis was based on current traffic volumes and average fare levels in Curaçao's major international traffic sectors: Europe, North America, South America and Caribbean. The results are summarized in **Figure ES-2**.

With the US\$ 9 CCAA charge, the decline in traffic is forecast to range from 1.5% in European traffic to 6.1% in Caribbean traffic. The declines are greatest in Caribbean traffic as the US\$ 9 fee results in the largest increase in the average fare (4.7%). The total loss of O&D traffic across the four market segments is 46,418 passengers, or 3.2% of total traffic.

The US\$ 15 tourist tax results in a similar level of traffic loss, ranging from 2.1% in North American traffic to 5.1% in Caribbean traffic, and result in a 3.3% decline in total traffic (47,053 O&D passengers). The traffic declines are similar to those of the CCAA charge, despite being a higher tax, because it is assumed to apply only to visitors and not to residents.

In combination, the two taxes are projected to reduce Europe traffic by 3.9%, North America traffic by 4.4%, South America traffic by 4.6% and Caribbean traffic by 11.2%. In total, traffic is forecast to decline by 93,471 passenger or 6.5%.

**Figure ES-2: Potential impact of the proposed taxes on passenger traffic**

		<b>Scenario #1 Passenger tax of US\$ 9</b>	<b>Scenario #2 Tourist tax of US\$ 15</b>	<b>Scenario #3 Combined tax of US\$ 24</b>
<b>Europe</b>	Average fare	US\$ 874	US\$ 874	US\$ 874
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	1.0%	1.7%	2.7%
	Price elasticity	-1.50	-1.50	-1.50
	% Traffic change	-1.5%	-2.4%	-3.9%
	Estimated passenger volume in 2013	376,661	376,661	376,661
	<b>Traffic loss (annual passengers)</b>	<b>-5,818</b>	<b>-9,042</b>	<b>-14,860</b>
<b>North America</b>	Average fare	US\$ 594	US\$ 594	US\$ 594
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	1.5%	2.5%	4.0%
	Price elasticity	-1.50	-1.50	-1.50
	% Traffic change	-2.3%	-2.1%	-4.4%
	Estimated passenger volume in 2013	288,609	288,609	288,609
	<b>Traffic loss (annual passengers)</b>	<b>-6,559</b>	<b>-6,154</b>	<b>-12,713</b>
<b>South America</b>	Average fare	US\$ 616	US\$ 616	US\$ 616
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	1.5%	2.4%	3.9%
	Price elasticity	-1.30	-1.30	-1.30
	% Traffic change	-1.9%	-2.7%	-4.6%
	Estimated passenger volume in 2013	322,573	322,573	322,573
	<b>Traffic loss (annual passengers)</b>	<b>-6,127</b>	<b>-8,596</b>	<b>-14,723</b>
<b>Caribbean</b>	Average fare	US\$ 192	US\$ 192	US\$ 192
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	4.7%	7.8%	12.5%
	Price elasticity	-1.30	-1.30	-1.30
	% Traffic change	-6.1%	-5.1%	-11.2%
	Estimated passenger volume in 2013	458,076	458,076	458,076
	<b>Traffic loss (annual passengers)</b>	<b>-27,914</b>	<b>-23,262</b>	<b>-51,176</b>
<b>Total</b>	<b>Total Traffic Loss</b>	<b>-46,418</b>	<b>-47,053</b>	<b>-93,471</b>
	<b>Overall % Loss</b>	<b>-3.2%</b>	<b>-3.3%</b>	<b>-6.5%</b>



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# 1 Introduction

The Curaçao Civil Aviation Authority (CCAA) is contemplating an air passenger charge to fund the CCAA's proposed transition to an independent regulator for the Curaçao aviation sector. The final fee level has not been determined, but it is anticipated that it will be about US\$ 9 per departing passengers.

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- To gain objective knowledge as to how the additional passenger taxes being proposed could potentially influence the decision of leisure travellers to travel to Curaçao
- To quantify the potential impact of the passenger tax on the number of travellers visiting Curaçao

## 1.1 Work Plan

This report presents the findings of the study, and is arranged as follows:

- The concept of air fare elasticities is introduced in **Chapter 2**. This chapter also presents the results of empirical research on the appropriate value of air fare elasticities for different market segments.
- Similar aviation taxes have been introduced in recent years in a number of countries, such as in the United Kingdom, the Netherlands, and Germany. **Chapter 3** discusses the impact these taxes had on air passenger traffic.
- In order to put the proposed new passenger taxes/fees at Curaçao into perspective, **Chapter 4** benchmarks and compares the passenger fees, charges, and taxes at Curaçao to other Caribbean locations.
- Finally, the potential impacts of the proposed fee increase are calculated in **Chapter 5**.

## 2 Price Elasticities: Demand Response to Price Increases

### 2.1 Defining Air Fare Elasticity

In economics, *elasticity* measures the response or sensitivity of one economic variable to the change in another economic variable. Elasticities are a useful concept as they allow decision makers insight into the impact of different economic actions. A common elasticity concept is *demand elasticity*. This measures the change in quantity demanded of a particular good or service as result of changes to other economic variables, such as the price of the good or service, the price of competing or complimentary goods/services, income levels, taxes, etc.<sup>1</sup>

The air fare elasticity is a price elasticity, which reflects consumers' sensitivity to price changes (air fare changes) for a particular good or service. The price elasticity is defined as:

$$\text{Price Elasticity} = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Price}}$$

Since the quantity demanded generally decreases when the price increases, this ratio is usually expected to be negative. However, sometimes analysts report the *absolute* value and therefore the elasticity is often quoted as a positive number.<sup>2</sup> In terms of aviation, price is the air fare and quantity demanded is equivalent to the volume of passengers travelling.

As an example, suppose a good has a price elasticity of -0.6; a 10% increase in the price will result in a 6% decline in the quantity demanded. For a good with a price elasticity of -1.2, a 10% increase in the price will result in a 12% decline in the quantity demanded.

Goods with elasticities less than one in absolute value are commonly referred to as having inelastic or price insensitive demand – the proportional change in quantity demanded will be less than the proportional change in price. In this situation, increasing the price will increase the revenue of the producer of the good, since the revenue lost by the relatively small decrease in quantity is less than the revenue gained from the higher price.

Goods with elasticities greater than one in absolute value are referred to as having elastic or price sensitive demand - the proportional change in quantity demanded will be greater than the proportional change in price. A price increase will result in a revenue decrease to the producer since the revenue lost from the resulting decrease in quantity sold is more than the revenue gained from the price increase.

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<sup>1</sup> An equivalent concept is supply elasticity, which measures the change in the quantity supplied as a result of changes in other economic variables, etc.

<sup>2</sup> As the calculation uses proportionate changes, the result is an unitless number and does not depend on the units in which the price and quantity are expressed. Therefore, elasticities for different goods or markets can be directly compared.



A number of factors affect the price elasticity of a good or service:

- Availability of substitutes: the more possible substitutes, the greater the elasticity. Note that the number of substitutes depends on how broadly one defines the product. For example, Ford cars have a high price elasticity as they can be substituted by other brands of cars (General Motors, BMW, Honda, etc.). If one considers the market for cars as a whole, the elasticity for cars is lower as there are fewer substitutes (bus, taxi, cycling, etc.).
- Degree of necessity or luxury: luxury products tend to have greater elasticity. Some products that initially have a low degree of necessity are habit forming and can become "necessities" to some consumers. Bread has a low elasticity as it is considered a necessity, as does tobacco because it is habit forming.
- Proportion of the purchaser's budget consumed by the item: products that consume a large portion of the purchaser's budget tend to have greater elasticity.
- Time period considered: elasticity tends to be greater over the long run because consumers have more time to adjust their behaviour. For example, short-term demand for petrol is very inelastic (approximately -0.2)<sup>3</sup> as consumers have little choice but to continue consuming in order to travel to work, school etc., although they can cut down on some leisure or discretionary trips or use other modes. The long-term elasticity is higher (about -0.7, still inelastic) as consumers can purchase smaller cars, move nearer to work and other behavioural changes in order to reduce consumption.
- Whether the good or service is demanded as an input into a final product or whether it is the final product (e.g., fuel is demanded as an input into production processes, transportation, etc.). If the good or service is an input into a final product then the price elasticity for that good or service will depend on the price elasticity of the final product, its cost share in the production costs, and the availability of substitutes for that good or service.

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<sup>3</sup> Source: *Economics: Private and Public Choice*, James D. Gwartney and Richard L. Stroup, 1997

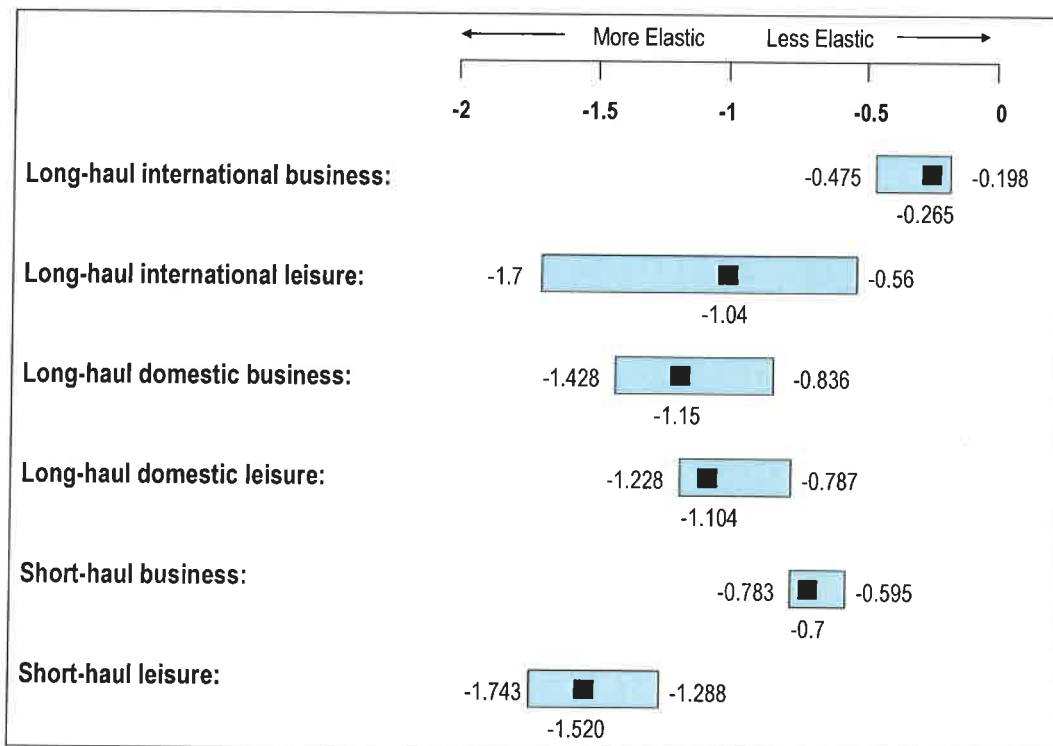
## 2.2 Empirical Research on Air Fare Elasticities

An extensive literature review was undertaken of peer reviewed academic and industry journals and other papers produced by industry or government sources. The review sought out information on the empirical findings regarding air fare elasticities – analysis of the passenger demand response to changes in air fares based on traffic and market data from around the world. A total of 41 papers were reviewed, which are listed in **Appendix A**.

A consistent finding from all the research was that air passengers did respond to changes in air fares, such that increases in the total air fare lead to reduction of passenger traffic, all else being equal.

The range of elasticities estimated from previous empirical research is fairly effectively summarised in a meta-study conducted in 2004 by Gillen, Morrison and Stewart, *Air Travel Demand Elasticities: Concepts Issues and Measurement*. The range of elasticities found by the authors is illustrated in **Figure 3-1**. It shows the range of values estimated in the studies surveyed and the most-likely value (the black dot) determined by Gillen et al. This meta-study found elasticities ranging from -0.198 to -1.743, depending on the market.

**Figure 2-1: Own-Price Elasticities of Demand (Gillen et al., 2004)**



Reproduced from *Air Travel Demand Elasticities: Concepts, Issues and Measurement*, D. Gillen, W.G. Morrison and C. Stewart, 2004.

Although this meta study is several years old now, newer research is consistent with this summary:

- Chi, Koo and Lim (2010) examine the demand effects at the city-pair level, for both single and multi-segment data. Using both U.S. T-100 and DB1B data, the authors found that demand is price elastic and airfare has a stronger determinant of demand than income. They also find that there is a structural change in the data comparing the years 2000 and 2005. Although the price elasticity estimates are larger than some of the previous research, the authors note that they are still within range; they also note that the use of route level data and the inclusion of tourist routes can produce larger estimates.
- Bhadra and Kee (2008) examined price elasticities by market density. The authors found that thick markets (more than 100 passengers per day) have more price elastic demand, while other market types have inelastic demand. Markets with less than 10 passengers per day were the most inelastic. An important driver in this difference is the level of competition in each market; thick markets allow for more competition than very thin markets. They also note that elasticities in thick markets began to increase after 2002, which they claim can be explained by the increase in low cost carriers. The elasticity estimates are in range of previous research.
- Hüscherlath and Müller (2013) examined the introduction of JetBlue Airways on U.S. long-haul markets. Although the study focuses on the welfare effects for passengers, the authors estimate the price elasticity for domestic long-haul routes. The estimate was within the lower range of previous research for market level data.
- Granados, Kauffman, Lai and Lin (2012) studied the price elasticities of different pricing mechanisms, à la carte pricing versus more traditional channels; this compares bookings of GDSs and OTAs versus à la carte channels (i.e., airline websites). Findings indicate that passengers purchasing through the à la carte channel are generally less price elastic than those that use the traditional channels. This study may be revealing self-selection of different segments of the travelling public.
- Mumbower, Garrow and Higgins (2014) studied flight level data to obtain elasticity estimates for JetBlue. Using data on online flight bookings over a 28-day period in four transcontinental markets, the authors estimate an overall elasticity as well as elasticities given different flight and booking characteristics. They estimate overall elasticity to be -1.32 for the median price and -1.97 for the mean price. Elasticity estimates for flight characteristics were found to all be elastic, and elasticities based on booking characteristics were also elastic, with the exception of tickets purchased 1-2 days in advanced of departure which had inelastic demands. They also estimate elasticity of demand during a competitor's seat sale and found that customers were more price elastic during the sale period. The authors use a disaggregate level of data (i.e., data where there are many substitutes) compared to most previous research, which focuses more on market and national level data. The use of online flight-level data is also unique to this study. Their highly elastic findings are consistent with past findings of a high elasticity at the flight level.

The full list of paper reviewed is provided in Appendix A.

## 2.3 Conclusions

Although there is a considerable range of elasticities, some general findings can be drawn from the literature review:

### **Sensitivity to Air Fare Changes**

All of the studies reviewed, spanning a period of over 25 years, found that there was a significant demand response to changes in air fares, such that increases in air fare lead to lower passenger traffic demand. The consistency of this result strongly indicates that any policy action that results in higher fares (e.g., taxes, passenger charges) will result in a decline in demand. The actual decline in demand will depend on a number of factors, as discussed below.

### **Business Versus Leisure Passengers**

In general, the results show that, all else being equal, leisure (or tourist) travellers are particularly sensitive to fare changes (more elastic), more so than business travellers. Intuitively, this result is plausible – leisure travellers generally more flexibility to change destinations, or postpone or cancel their travel, than businesses travellers. Nevertheless, the studies do show that even business travel will decline in the face of fare increases, albeit not to the same extent as leisure travel.

### **Short-Haul Versus Long-Haul Travel**

Another fairly consistent finding was that fare elasticities on short-haul routes were generally higher than on long-haul routes. In part, this reflects the opportunity for inter-modal substitution on short haul routes (e.g., travellers can switch to rail or car in response to air fare increases).

### **New Distribution Channels for Air Travel Purchasing Decisions**

A more recent development in the way in which consumers purchase air travel products has been seen in the rise of online ticketing agents (OTAs) and through the Global Distribution System (GDS). By allowing travellers to easily comparison shop between airlines for the lowest prices, and by unbundling travel packages, OTAs provide a more transparent channel for consumers to make air travel consumption behaviour. Granados, Kauffman, Lai and Lin (2012) investigate these effects and generally find that more transparent purchasing mechanisms like OTAs resulted in higher air fare elasticities, while a la carte distribution channels (namely airline websites) tend to be less price elastic than other purchasing mechanisms. These measures represent a new dynamic in consumer behaviour when considering estimates of air travel demand elasticities.

### 3 Case Studies: Impact of Passenger Taxes on Air Traffic

The following sections provide case studies of impact of the imposition government taxes and charges on air traffic, all of which resulted in traffic declines. The case studies are:

- The impact of the UK Air Passenger Duty on traffic to the Caribbean;
- The impact of an environmental tax on traffic to/from the Netherlands;
- The impact of an air travel tax in Germany.

#### 3.1 United Kingdom: Traffic to the Caribbean

The UK Air Passenger Duty (APD) is a government tax imposed by the United Kingdom and is levied on all passengers departing from an airport in the United Kingdom. The APD was first introduced in 1994 in the form of a flat rate of £5 or £10 per passenger, depending on the class of travel. Since then the structure of the APD has been reformed and the rates have increased.

In April 2009, the UK government introduced a revised Air Passenger Duty scheme. As illustrated in **Table 3-1**, the new charge structure was a four-tier banding system that is based on the route distance from London to the capital of the country of destination. The rates under this new scheme were raised again in November 2010.

IATA estimated the impact of the APD increase to be an average air fare increase of 2.4%, with the most impact on the long-haul flights.<sup>4</sup> Effective November 1, 2010, the APD on flights to the Caribbean, which is a Band C destination region, increased from £50 to £75 a seat in economy class and from £100 to £150 in premium cabins, representing a 50% increase in the level of the tax.

**Table 3-1: UK four-tier Air Passenger Duty system up to 2010**

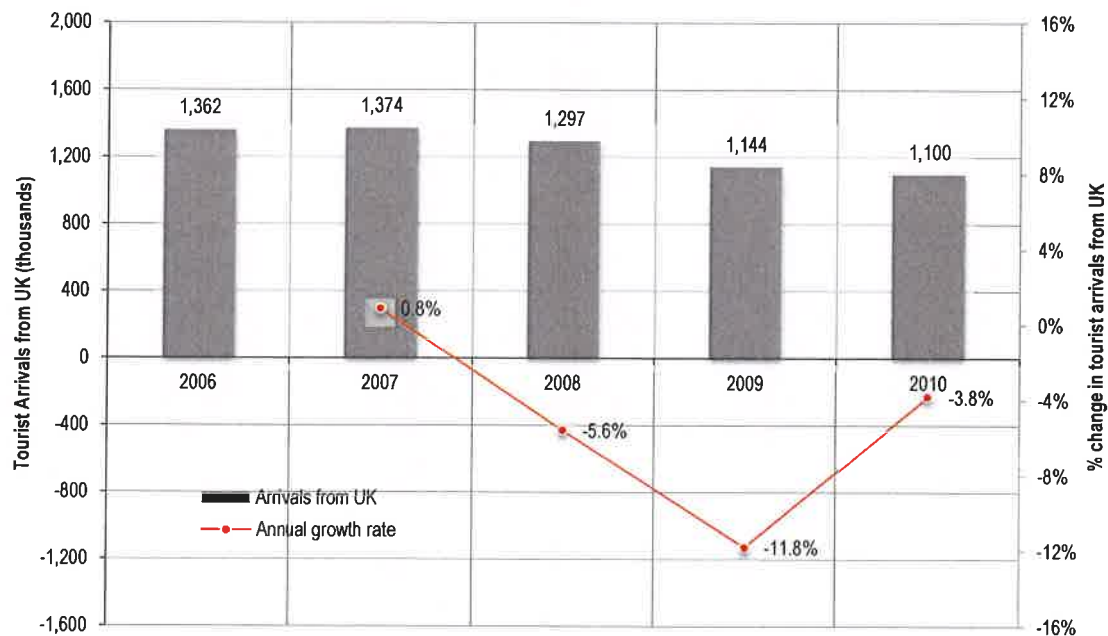
(in UK pounds)	In the lowest class of travel				In other than the lowest class of travel			
Band & approx. distance in Miles from London to Capital	Pre-Feb 2007	Feb 2007 to Oct 2009	Nov 2009 to Oct 2010	From Nov 2010	Pre-Feb. 2007	Feb 2007 to Oct 2009	Nov 2009 to Oct 2010	From Nov 2010
Band A (0-2,000)	£ 5	£ 10	£ 11	£ 12	£ 10	£ 20	£ 22	£ 24
Band B (2,001-4,000)	£ 5	£ 10	£ 45	£ 60	£ 10	£ 20	£ 90	£ 120
Band C (4,001-6,000)	£ 20	£ 40	£ 50	£ 75	£ 40	£ 80	£ 100	£ 150
Band D (Over 6,000)	£ 20	£ 40	£ 55	£ 85	£ 40	£ 80	£ 110	£ 170

<sup>4</sup> IATA Economics Briefing *Analysis of the impact of a new rise in UK Air Passenger Duty*.



The Caribbean Tourism Organization (CTO) examined the impact of the new APD levels on United Kingdom tourist arrivals to the Caribbean. **Figure 3-1** summarizes traffic volumes from the UK to the Caribbean between 2006 and 2010, taken from the Caribbean Tourism Organization study. Representing almost one quarter of total visitors from Europe, the number of tourist arrivals from the United Kingdom declined significantly between 2006 and 2010. **UK tourism to the Caribbean between 2007 and 2010 declined by a total of 20%**, coinciding with the peak of the global financial crisis as well as the implementation of the increased APD rates.

**Figure 3-1: Tourism arrivals from the United Kingdom to the Caribbean**



Source: *The Impact of Air Passenger Duty and Possible Alternatives for the Caribbean*, Caribbean Tourism Organization, November 2010

Reflecting the decrease in popularity of the Caribbean as a tourist destination for UK travellers, the study published by CTO also observed a change in the online search behavior of travellers for eight popular Caribbean destinations. Annual online searches for the islands of Jamaica and Barbados have suffered 13% and 23% falls respectively, according to flight comparison company Cheapflights.co.uk. **After the rise in Air Passenger Duty in November 2010, overall flight searches to the Caribbean have slumped by more than 11%.**

Aside from the increasing rates, the banding system based on the distance to the capital of the country of destination also created a competitive disadvantage for Caribbean destinations in comparison to U.S. holiday destinations. Economy seats on flights to destinations in Band C costs £15 more in APD compared to B and D destinations such as Hawaii, even though Hawaii is nearly twice as far from the United Kingdom.

Since 2010, the APD has been increased annually. Recognizing that a system using the distance to the capital of the country of destination rather than the distance to actual destination as the measurement rule is unfair for destinations such as the Caribbean, the UK government announced

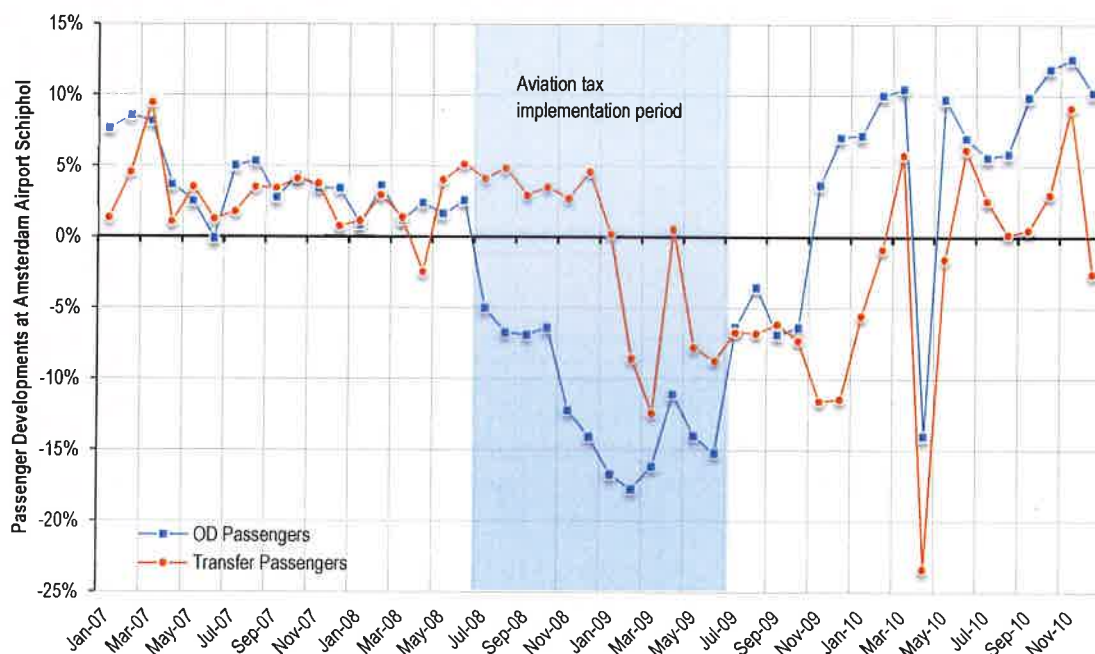
that band C and band D will be merged. The reforms mean passengers on long-haul flights to some Caribbean destinations will pay a lower tax rate from 2015.

## 3.2 The Netherlands

On 1 July 2008, the Dutch government implemented a new aviation tax, which was introduced as an environmental levy. As part of the newly enforced scheme, the originally proposed 25 Euro tax per ticket was abandoned and replaced by a distance-related fee. The imposed tax on passengers departing from the Netherlands was 11.25 Euro for flights within the EU and flights shorter than 2,500 kilometres; for flights longer than 2,500 kilometres the levied tariff was 45 Euro. Transfer passenger were exempt from the aviation tax. In July 1<sup>st</sup> 2009, due to the negative growth in the air traffic and strong opposition from aviation and tourism community, the aviation tax was abolished.

**Figure 3-2** illustrates the traffic development of both Origin and Destination ("O&D") passengers and transfer passenger per month at Amsterdam Schiphol Airport compared to the same month in the previous year.

**Figure 3-2: Passenger development at Amsterdam Airport Schiphol**

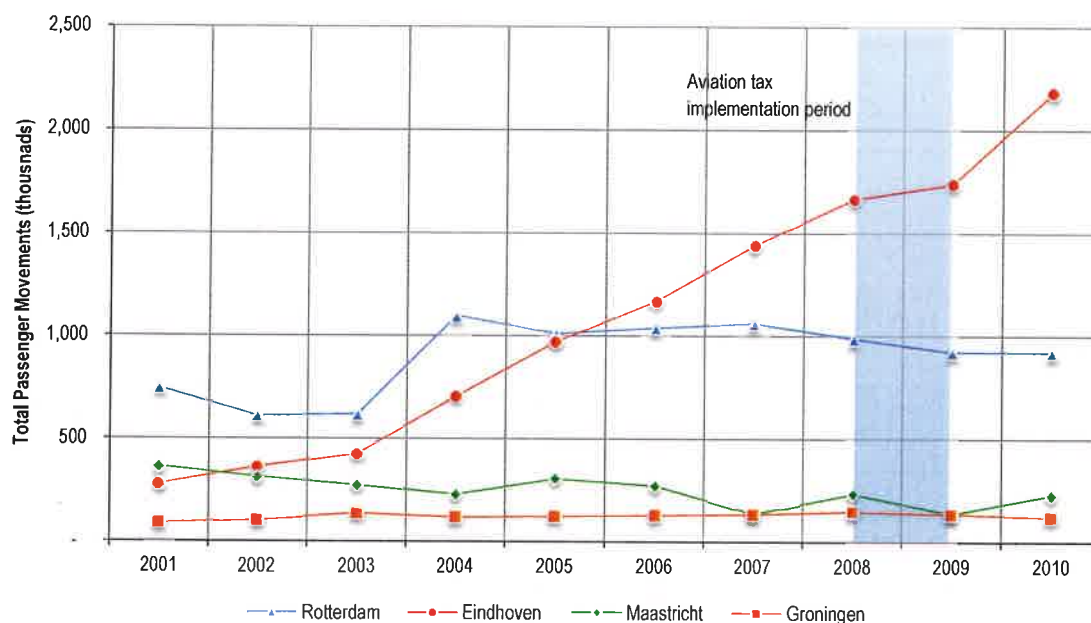


Source: Amsterdam Airport Schiphol.

As highlighted in the graph, the number of O&D passengers starts to decline as of July 2008, coinciding with the introduction of the aviation tax. The number of transfer passengers, exempt from the aviation tax, continues to grow until early 2009, succumbing to the increasing negative pressure on global air travel demand due to the economic downturn. In the months following the abolition of the tax, declines in O&D traffic slowed and growth returned, ahead of transfer traffic.

As illustrated in **Figure 3-3**, at a regional level, the extent of the impact varied from airport to airport: passenger traffic at Rotterdam and Groningen Airports experienced declines, while passenger numbers at Eindhoven Airport increased. **Maastricht Airport, being situated close to Belgium and German borders, lost substantial traffic, declining 41% in 2009 and recovering following the end of the tax.**

**Figure 3-3: Passenger development at regional Dutch airports**



Source: Central Bureau of Statistics of the Netherlands.

In 2010, the Knowledge Institute for Transport Policy Analysis KiM published a report analysing the impacts of the aviation tax extensively. As part of their investigation they conducted an airport choice survey asking: "Did the air passenger tax influence your choice of airport?", the results of which are presented in **Table 3-2**.

The results of the survey showed that **more than 14% of total respondents indicated their travel was influenced by the aviation tax**. This is a dramatic shift in behaviour, reinforcing the strong demand response to the tax. Of all respondents, 7% responded that they choose to depart from a different airport (i.e., one in a neighbouring country such as Germany or Belgium), while a further 7% said changed their travel plans, either by choosing a different means of transportation, cancelling their trip all together, or something else. According to the KiM, the airports benefitting most from the migration of Dutch travellers to competing airports abroad included Dusseldorf, Weeze, and Munster in Germany, and the Belgium airports of Brussels and Charleroi.

KiM estimated the cost to the industry associated with the introduction of the aviation tax to be € 1.2 to € 1.3 billion.

**Table 3-2: Results of airport choice survey**  
**“Did the air passenger tax influence your choice of airport?”**

Answers	Number	Percentage
No, I did not know that there was an air passenger tax	552	20.9%
No, I did not fly during this period	883	33.4%
No, I did not choose differently than I would have when there was no tax	838	31.7%
<b>Yes, I did choose to depart from a different airport</b>	<b>191</b>	<b>7.2%</b>
<b>Yes, I did choose a different means of transportation</b>	<b>55</b>	<b>2.1%</b>
<b>Yes, I did cancel a journey</b>	<b>86</b>	<b>3.3%</b>
<b>Yes, something else</b>	<b>41</b>	<b>1.5%</b>
<b>Total</b>	<b>2646</b>	<b>100%</b>
<b>Total Yes</b>	<b>373</b>	<b>14.1%</b>

Source: KiM Report, Effects of the Air Passenger Tax.

### 3.3 Germany

As part of its fiscal austerity package, on 1 January 2011, the German government introduced a tax on air passengers with the purpose to generate revenues. The amount of the tax depended on the distance of the flight according to the following categories:

- € 8.00 (later reduced to € 7.50) per passenger for Category 1 destinations. This category covers domestic destinations, intra-European flights, as well as flights to Morocco, Algeria, Tunisia, and Turkey. In addition to the departure tax, domestic flights are also subject to a German VAT in the amount of 19%.
- € 25.00 (later reduced to € 23.43) per passenger for Category 2 destinations. Category 2 comprises of destinations that can be reached on medium-haul flights, up to 6.000 kilometres. Typical destinations are located in the Middle East and North Africa.
- € 45.00 (later reduced to € 42.18 Euro) per passenger for all other (long-haul) destinations.

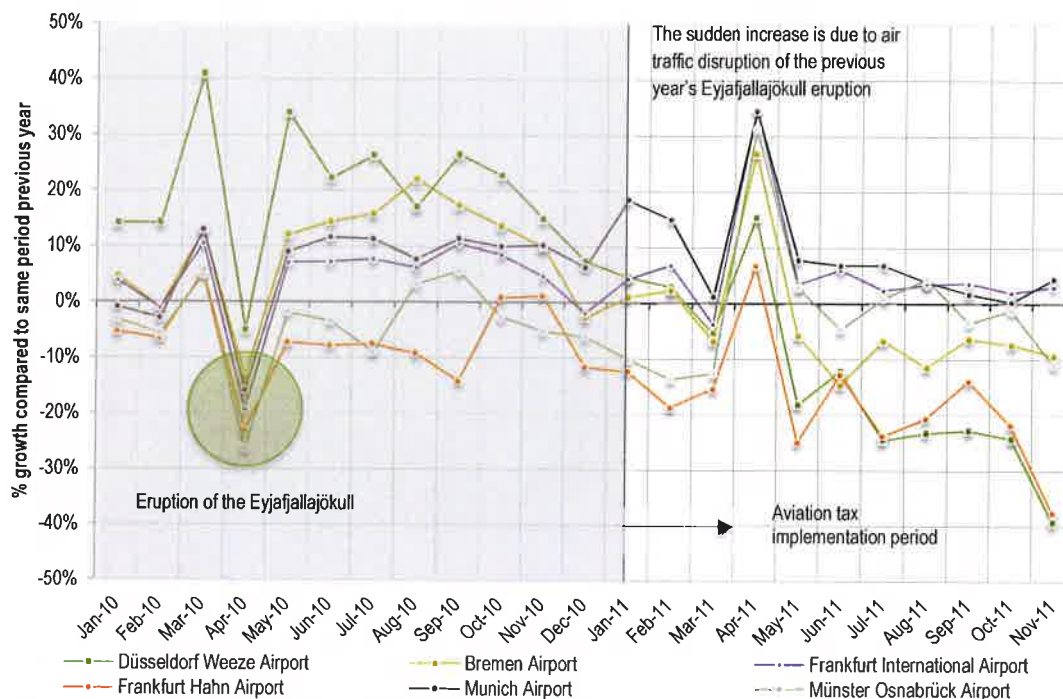
The German air passenger duty particularly affected low-cost carrier traffic and airports close to the border with neighbouring countries such as the Netherlands, Belgium, and Switzerland. These airlines typically carry price-sensitive customers that migrated to cheaper alternative airports across the border. **In anticipation of the tax, Irish low-cost carrier Ryanair started to cut capacity at Frankfurt Hahn already at the end of 2010, while total seat capacity in January 2011 was almost 16% lower than in the same month in 2010.**<sup>5</sup> An even stronger decline in Ryanair's capacity was witnessed at the airports of Karlsruhe and Hamburg Lubeck. Compared to January 2010, Ryanair's total seat capacity countrywide was more than 14% lower in January 2011.

<sup>5</sup> Source: Innovata airline schedule data through Diio Mi data portal



ADV, the German airport association, reported that the low cost carriers traffic decrease in the first half of 2011 by 0.8%.<sup>6</sup> The report also noted that neighbouring airports close to the German border recorded substantial increases in passenger numbers. In the Netherlands, the passenger number at the two regional airports of Eindhoven and Maastricht increased by 29.7% and 71.8%, respectively, in the first half of 2011 (this was after the Netherlands had removed its aviation tax).

Figure 3-4: Passenger development at regional and international German airports



Source: Deutsches Zentrum für Luft- und Raumfahrt ("DLR").

Figure 3-4 illustrates the difference between the German airport focusing on full-service carriers, most notably Frankfurt and Munich, and the smaller airports most reliant on the low-cost sector. Traffic at Düsseldorf Weeze, Bremen, and Frankfurt Hahn increased strongly in the years prior to 2011, **but growth turned sharply negative after the introduction of the aviation tax**. Traffic at Frankfurt Hahn, already in negative territory, declined by 13.7% in the first half of 2011. Frankfurt and Munich were less affected by the new tax.

In 2013, the German federal government has published a study into the economic effects of its air passenger tax. The study came to the conclusion that **around 2 million potential passengers per annum did not travel because the additional tax meant higher air fares**. As a result of that study, the tax levels have been frozen and there has been some political discussion of eliminating the tax.<sup>7</sup>

<sup>6</sup> Source: Centre for Aviation.

<sup>7</sup> <http://aviationweek.com/germany-s-air-passenger-tax-damaging-and-will-remain>.



## 4 Benchmarking: Passenger Taxes at Other Caribbean Destinations

This chapter examines the taxes/fees imposed on air passengers at other destinations in the Caribbean. The analysis not only looks at government and federal taxes, but also considers passenger-related charges, fees, and taxes levied by the airport.

### 4.1 Methodology

There are a number of different taxes and charges imposed on passengers when flying through an airport. Examples of typical passenger charges are passenger facility or service charges and security fees. The terminology to identify the different charges, as well as the manner in which the charges, fees, and taxes are collected, does not follow a uniform standard. Different airports and airlines use different terms for the same type of charge. While some charges are levied by the airport authority, others are imposed by the national government agencies. Some of the charges and taxes may be included in the ticket price and collected by the airline. In contrast, some charges are collected from passengers upon check-in at the airport, or at designated counters within the terminal and are not part of the airfare. As a result of these differences, differentiation and comparison of airport charges and governmental taxes is not always clear.

The benchmarking analysis has been carried out examining two groups of passenger charges:

- The first evaluation includes only the governmental taxes, including passenger departure taxes, tourist taxes, and environmental taxes.
- The second evaluation also includes airport charges, such as passenger facility fees, security fees, and airport expansion and development fees.

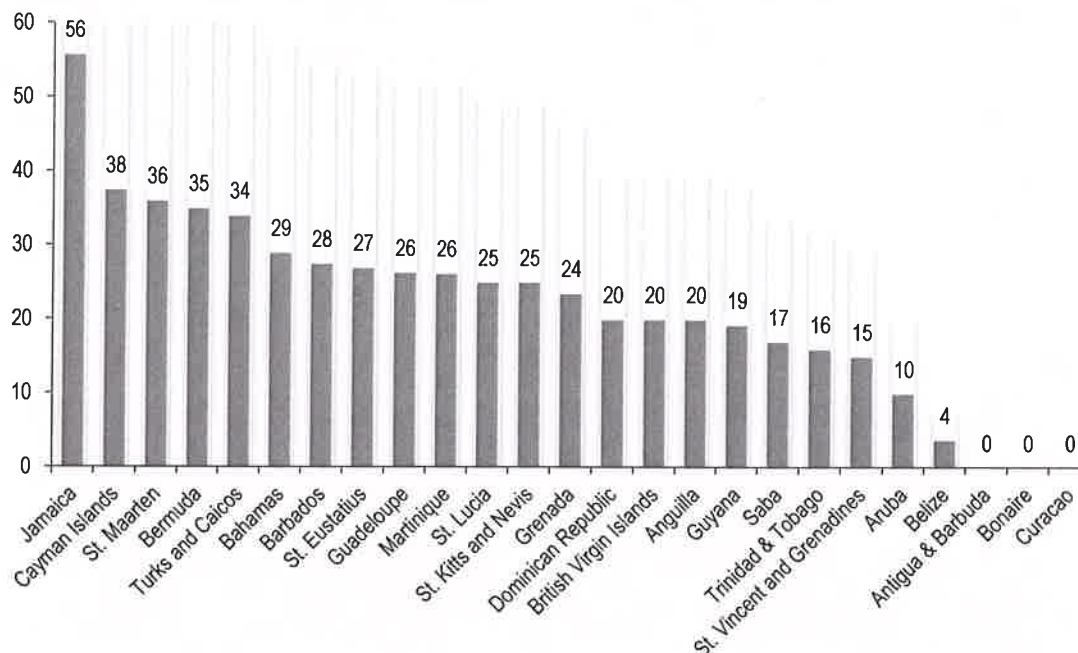
Some countries make a distinction between passengers travelling on a domestic flight versus passengers coming from an international destination. In cases where a destination also levies a charge on arriving passengers, it is assumed this charge will also be paid by the departing passenger and is therefore included in the evaluation.

The information used to compile the overview of the relevant taxes and charges was obtained from various sources. The analysis for the observations presented in this chapter includes research of the websites of airports, regulators, customs and immigration, and tourism boards as well as Google's travel industry software division ("ITA"), an airfare search engine that breaks down all taxes, fees, and charges of an airline ticket. The analysis includes 24 airports; all related passenger fees, charges, and taxes are listed in **Appendix B**.

### 4.2 Results

The results of the analysis are presented in **Figure 4-1** and **Figure 4-2**. **Figure 4-1** presents the results of the first evaluation that was carried out, i.e. a benchmark that only considers the passenger-related government taxes. The results displayed in **Figure 4-2** cover all passenger-related charges, taxes, and fees.

**Figure 4-1: Benchmark of per-passenger government taxes (US Dollars)**

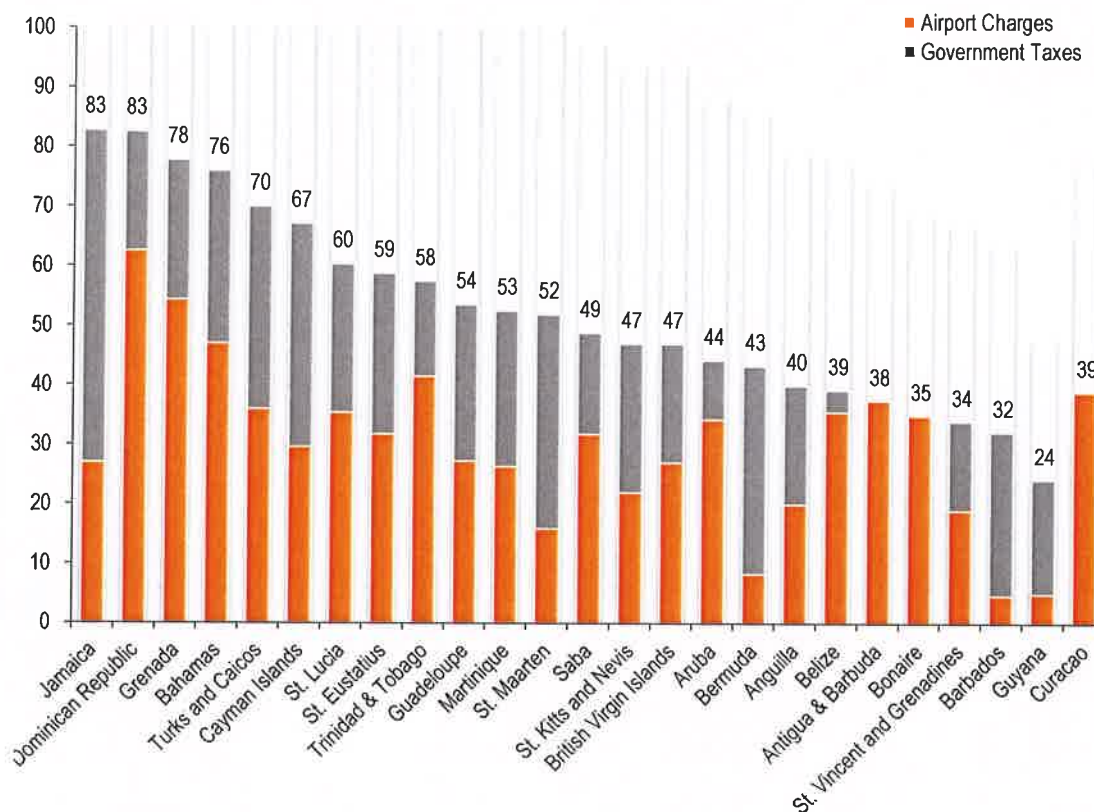


Source: websites of country-specific airports, regulators, customs and immigration, tourism boards, IATA's airfare engine.

Government taxes range from US\$ 56 per passenger at Jamaica to US\$ 4 per passenger at Belize. Only Antigua & Barbuda, Bonaire and Curaçao have no government taxes on air passengers. The average passenger-related tax burden for the peer airport group is approximately US\$ 22. In the case of the destination with the highest charges, Jamaica, the taxes comprise a departure fee of US\$ 20, a Tourism Enhancement Fee of US\$ 20 and a Travel Tax of almost US\$ 16. The Cayman Islands is the second-most expensive destination in terms of government taxes, closely followed by St. Maarten, Bermuda and Turks and Caicos. The destinations with the lowest governmental taxes are Aruba and Belize. Aruba imposes a US\$ 10.00 Travel Promotional Levy, while Belize charges a Conservation Tax of just US\$ 3.75. Antigua & Barbuda, Bonaire, and Curaçao currently do not levy a separate government tax.

While a benchmark of government taxes provides valuable insight into the different taxes that are imposed at the various Caribbean destinations, it does not provide a complete picture of the total travel cost that a passenger faces in addition to the airfare. Especially considering the non-uniformity in the definitions of the various taxes and charges, it is worthwhile to compare the total amount of passenger-related charges, fees, and taxes across the various destinations. The results of this analysis are presented in Figure 4-2.

Figure 4-2: Benchmark of total per-passenger charges, taxes, and fees (US Dollars)



Source: websites of country-specific airports, regulators, customs and immigration, tourism boards, IATA's airfare engine

Note: International flights to Saba and St. Eustatius include the charges imposed at the connecting airport of St. Maarten.

Note: Total passenger charge at Aruba for U.S. destinations amounts to US\$ 47.50.

Total passenger-related charges range from US\$ 24 at Guyana to US\$ 83\$ at Jamaica; the average passenger-related charge for the peer airport group amounts to approximately US\$ 52. Owing to its high tax burden, Jamaica is overall also the most-expensive airport in terms of total passenger charges. Jamaica is closely followed by the Dominican Republic. Although the taxes are relatively low, and below the average of the peer airport group, the low tax amount is offset by the relatively high airport fees that are charged at airports in the Dominican Republic. St. Maarten is another example that illustrates the different composition of the total fees in airport charges and government taxes. While St. Maarten is among the destinations with the highest taxes, the airport charges are relatively low. As a result, the airport performs overall at par with the other peer airports.

Note that at certain destinations the different passenger related charges, fees, and taxes are combined into a single charge. This is the case at Curaçao, which levies a single Airport Facility Charge of US\$ 39, as well as at Bonaire and Antigua and Barbuda, where a single Airport Administration Charge of US\$ 37.50 is imposed. At US\$ 39, Curaçao is currently well below the group average in terms of combined fees, and among the least expensive in the Caribbean. The addition of the proposed passenger taxes would put Curaçao above the group average.

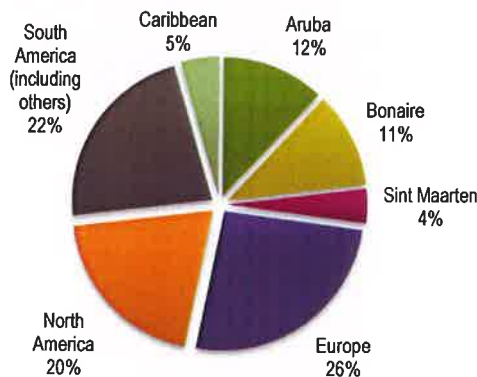
## 5 Potential Impact of the Proposed Taxes

Chapters 2 and 3 provided substantial evidence of the significant demand response to changes in air fares. This chapter presents a modelling analysis to illustrate the scale of traffic impact that could result from the proposed taxes. The potential impact will be calculated for three scenarios:

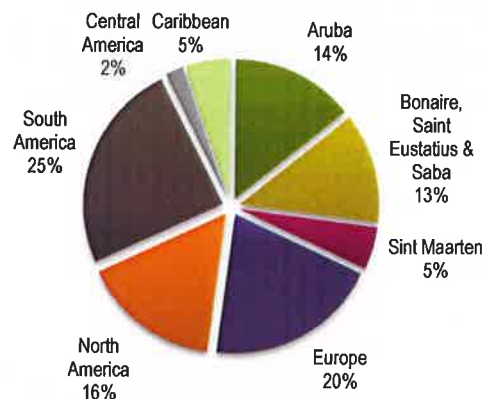
- A passenger tax of US\$ 9, as may be implemented by the Curaçao Civil Aviation Authority.
- A tourist tax of US\$ 15, as proposed by the Ministry of Economic Affairs.
- A combination of the two proposed taxes, totalling US\$ 24.

Curaçao's main markets by O&D passenger market share in 2013 are shown in **Figure 5-1**, and by seat capacity share in 2014 in **Figure 5-2**.

**Figure 5-1: O&D passenger market share by region in 2013**



**Figure 5-2: Seat capacity passenger market share by region in 2014**



- The Caribbean islands, including Aruba, Bonaire, Sint Marten and other Caribbean account for almost a third (32%) of O&D traffic. The fellow Dutch Caribbean island of Aruba is the largest Caribbean market for Curaçao.
- In terms of O&D passengers, Europe represents the next largest source market for Curaçao, accounting for more than a quarter of total O&D passengers. Owing to the close historical ties, the European market is strongly driven by traffic from the Netherlands
- South America represents the third-largest source market, with 22% of O&D traffic. Although Venezuelan passenger traffic decreased sharply in 2009 as a result of the Venezuelan government's reduction in the duty-free allowance, the country on the northern coast of South America is still Curaçao's largest South American air travel market.
- The growing North American market, and especially the United States, accounts for 20% of O&D traffic at Curaçao.



## 5.1 Methodology

The potential impact of the proposed passenger taxes was estimated through the application of price elasticities which, as explained in Chapter 2, relate an increase in price to a corresponding response in demand levels.

To determine the potential decline in traffic levels, the following methodology was applied:

- **Determine the fare increase:** for the main markets, i.e., Europe, North America, South America and the Caribbean, the Diiio Mi air travel ticket booking database was consulted to determine the average fare level for each market, which are shown in **Table 5-1**.

**Table 5-1: Average Round Trip Air Fares for Major Markets**

Market segment	Average Air Fare
Europe	US\$ 874
North America	US\$ 594
South America	US\$ 616
Caribbean	US\$ 192

Source: Diiio Mi O&D Data for 12-month period ending November 2014.

- Using the average air fare presented in Table 5-1 as a base, the relative increase of the proposed taxes can be calculated. For example, a US\$9 increase on an average Europe fare is  $9 / 874 = 1.0\%$ .
- **Select and apply an appropriate price elasticity value:** empirical research summarised in Figure 3-1 found that fare elasticities for long-haul leisure markets ranged from -1.74 and -0.54, while for short-haul leisure ranged from -1.74 to -1.29.<sup>8</sup> For Europe and North America, an elasticity of -1.5 was applied, reflecting the high degree of tourism competition for these markets from other destinations in the Caribbean. In other words, passengers from these markets can switch to other destinations (in the Caribbean or elsewhere) offering similar attractions, to avoid the increased fare. For, Caribbean and South America, an elasticity of -1.3 was applied, the lower end of the range for short-haul leisure.
- **Calculate the loss of passenger traffic:** by multiplying the percentage increase in ticket price with the price elasticity, the percentage decline in passenger traffic can be calculated.
- Applying this percentage to the estimated traffic volumes in 2013 yields the potential loss of passengers. In applying the US\$15 tourist tax, it was assumed that this tax would apply only to tourists and not to Curaçao residents, thus the tax was assumed to apply to a portion of the traffic.<sup>9</sup>

<sup>8</sup> The majority of traffic to/from Curaçao is leisure (vacation) traffic.

<sup>9</sup> Based on analysis of tourist arrivals and airport traffic data, it was estimated that 93% of European traffic was inbound (tourist); 56% of North America traffic was inbound; 84% of South America was inbound; and 50% of Caribbean traffic was inbound.



## 5.2 Results

The potential impact of the proposed taxes on passenger traffic is presented in

Table 5-2.

With the US\$ 9 CCAA charge, the decline in traffic is forecast to range from 1.5% in European traffic to 6.1% in Caribbean traffic. The declines are greatest in Caribbean traffic as the US\$ 9 fee results in the largest increase in the average fare (4.7%). The total loss of O&D traffic across the four market segments is 46,418 passengers, or 3.2% of total traffic.

The US\$ 15 tourist tax results in a similar level of traffic loss, ranging from 2.1% in North American traffic to 5.1% in Caribbean traffic, and result in a 3.3% decline in total traffic (47,053 O&D passengers). The traffic declines are similar to those of the CCAA charge, despite being a higher tax because it is assumed to apply only to visitors and not to residents.

In combination, the two taxes are projected to reduce Europe traffic by 3.9%, North America traffic by 4.4%, South America traffic by 4.6% and Caribbean traffic by 11.2%. In total, traffic is forecast to decline by 93,471 passenger or 6.5%.

**Table 5-2: Potential impact of the proposed taxes on passenger traffic**

		<b>Scenario #1</b> <b>Passenger tax</b> <b>of US\$ 9</b>	<b>Scenario #2</b> <b>Tourist tax of</b> <b>US\$ 15</b>	<b>Scenario #3</b> <b>Combined tax</b> <b>of US\$ 24</b>
<b>Europe</b>	Average fare	US\$ 874	US\$ 874	US\$ 874
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	1.0%	1.7%	2.7%
	Price elasticity	-1.50	-1.50	-1.50
	% Traffic change	-1.5%	-2.4%	-3.9%
	Estimated passenger volume in 2013	376,661	376,661	376,661
	<b>Traffic loss (annual passengers)</b>	<b>-5,818</b>	<b>-9,042</b>	<b>-14,860</b>
<b>North America</b>	Average fare	US\$ 594	US\$ 594	US\$ 594
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	1.5%	2.5%	4.0%
	Price elasticity	-1.50	-1.50	-1.50
	% Traffic change	-2.3%	-2.1%	-4.4%
	Estimated passenger volume in 2013	288,609	288,609	288,609
	<b>Traffic loss (annual passengers)</b>	<b>-6,559</b>	<b>-6,154</b>	<b>-12,713</b>
<b>South America</b>	Average fare	US\$ 616	US\$ 616	US\$ 616
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	1.5%	2.4%	3.9%
	Price elasticity	-1.30	-1.30	-1.30
	% Traffic change	-1.9%	-2.7%	-4.6%
	Estimated passenger volume in 2013	322,573	322,573	322,573
	<b>Traffic loss (annual passengers)</b>	<b>-6,127</b>	<b>-8,596</b>	<b>-14,723</b>
<b>Caribbean</b>	Average fare	US\$ 192	US\$ 192	US\$ 192
	Passenger tax	US\$ 9	US\$ 15	US\$ 24
	% Price increase	4.7%	7.8%	12.5%
	Price elasticity	-1.30	-1.30	-1.30
	% Traffic change	-6.1%	-5.1%	-11.2%
	Estimated passenger volume in 2013	458,076	458,076	458,076
	<b>Traffic loss (annual passengers)</b>	<b>-27,914</b>	<b>-23,262</b>	<b>-51,176</b>
<b>Total</b>	<b>Total Traffic Loss</b>	<b>-46,418</b>	<b>-47,053</b>	<b>-93,471</b>
	<b>Overall % Loss</b>	<b>-3.2%</b>	<b>-3.3%</b>	<b>-6.5%</b>

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## Appendix B: Summary of Passenger Related Charges, Taxes, and Fees

Destination	Description	Type	Amount	Base
<b>Anguilla</b>	Departure tax	Government tax	\$20.00	per departing passenger
	Security tax	Airport charge	\$5.00	per departing passenger
	Development Expansion Tax	Airport charge	\$10.00	per departing passenger
	Airport Expansion Tax	Airport charge	\$5.00	per departing passenger
<b>Antigua &amp; Barbuda</b>	Antigua and Barbuda Airport Administration Charge (SH)	Airport charges	\$37.50	per departing passenger
<b>Aruba</b>	Aruba Travel Promotional Levy	Government tax	\$10.00	per departing passenger
	Aruba Passenger Facility and Security Charge (AW)	Airport charge	\$34.25	per departing passenger (non-US)
	Aruba Special Facility Charge (VJ)	Airport charge	\$3.25	per departing passenger (US)
	Aruba Passenger Facility and Security Charge (AW)	Airport charge	\$34.25	per departing passenger (US)
	Bahamas Security Fee (GK)	Airport charge	\$7.00	per departing passenger
<b>Bahamas</b>	Bahamas International Passenger Departure Tax (EA)	Government tax	\$29.00	per departing passenger
	Bahamas Airport Facility Fee (GJ)	Airport charge	\$34.00	per departing passenger
	Bahamas Passenger Processing Fee (PO)	Airport charge	\$6.00	per departing passenger
	Barbados Airport Facilitation Fee (DI)	Airport charge	\$1.50	per departing passenger
<b>Barbados</b>	Barbados Passenger Service Charge (JG)	Government tax	\$27.50	per departing passenger
	Barbados Security Fee (JH)	Airport charge	\$3.20	per departing passenger

Destination	Description	Type	Amount	Base
<b>Belize</b>	Belize Conservation Tax (FU)	Government tax	\$3.75	per departing passenger
	Belize Passenger Service Fee (FV)	Airport charge	\$15.00	per departing passenger
	Belize International Security Fee (FW)	Airport charge	\$2.50	per departing passenger
	Belize Airport Development Fee (BU)	Airport charge	\$18.00	per departing passenger
<b>Bermuda</b>	Bermuda Departure Tax (BM)	Government tax	\$35.00	per departing passenger
	Bermuda Aviation Security Fee (BL)	Airport charge	\$4.30	per departing passenger
	Bermuda Passenger Facility Charge (EN)	Airport charge	\$4.00	per departing passenger
<b>Bonaire</b>	Departure Tax	Airport charge	\$35.00	per departing passenger
	Departure Tax	Government tax	\$20.00	per departing passenger
<b>British Virgin Islands</b>	British Virgin Islands Airport Development Fee (VG)	Airport charge	\$10.00	per departing passenger
	British Virgin Islands Airport Development Fee (VG)	Airport charge	\$10.00	per arriving passenger
	British Virgin Islands Hold Baggage Screening Fee (LO)	Airport charge	\$7.00	per departing passenger
<b>Cayman Islands</b>	Cayman Islands Terminal Fee (GX)	Airport charge	\$3.75	per departing passenger
	Cayman Islands Security Tax (SU)	Airport charge	\$10.00	per departing passenger
	Cayman Islands Passenger Facility Charge (LZ)	Airport charge	\$15.90	per departing passenger
	Cayman Islands Departure Tax (KY)	Government tax	\$37.50	per departing passenger

Destination	Description	Type	Amount	Base
<b>Curaçao</b>	Curaçao Airport Facility Charge (AN)	Airport charge	\$39.00	per departing passenger
	Dominican Republic Airport Authority Fee (UX)	Airport charge	\$15.00	per departing passenger
	Dominican Republic Airport Infrastructure Fee (VB)	Airport charge	\$16.30	per departing passenger
<b>Dominican Republic</b>	Dominican Republic International Airport Departure Tax (AA)	Government tax	\$20.00	per departing passenger
	Dominican Republic Airport Authority Fee (UX)	Airport charge	\$15.00	per arriving passenger
	Dominican Republic Airport Infrastructure Fee (VB)	Airport charge	\$16.30	per arriving passenger
	Tourist Tax	Government tax	\$5.00	per departing passenger
<b>Grenada</b>	Departure Tax	Government tax	\$18.50	per departing passenger
	Grenada Airport Capital Improvement Surcharge (YV)	Airport charge	\$7.50	per departing passenger
	Grenada International Facilitation Charge (VW)	Airport charge	\$7.40	per departing passenger
	Grenada Airport Capital Improvement Surcharge (YV)	Airport charge	\$7.50	per arriving passenger
	Airport Service and Security Charge (OS)	Airport charge	\$22.20	per departing passenger
	Grenada Concourse Fee (JF)	Airport charge	\$6.00	per departing passenger
	Grenada Baggage Screening Surcharge (FF)	Airport charge	\$3.70	per departing passenger
<b>Guadeloupe</b>	Guadeloupe Aviation Civile Tax (FR)	Government tax	\$5.20	per departing passenger
	Guadeloupe Embarkation Tax (GP)	Government tax	\$5.40	per departing passenger



Destination	Description	Type	Amount	Base
<b>Guyana</b>	Guadeloupe Passenger Service Charge (QZ)	Airport charge	\$27.30	per departing passenger
	Guadeloupe Airport Tax (FR)	Government tax	\$15.70	per departing passenger
	Travel Tax	Government tax	\$12.00	per departing passenger
	Airport Security Fee	Government tax	\$7.25	per departing passenger
<b>Jamaica</b>	Guyanese Passenger Facility Charge (WE)	Airport charge	\$5.00	per departing passenger
	Jamaican Tourism Enhancement Fee (HG)	Government tax	\$20.00	per departing passenger
	Jamaican Passenger Aviation Service Charge (UC)	Airport charge	\$8.00	per departing passenger
	Jamaican Airline Passenger Levy (QK)	Government tax	\$20.00	per departing passenger
	Jamaican Travel Tax (WD)	Government tax	\$15.80	per departing passenger
<b>Martinique</b>	Jamaican Int'l Airport Improvement Fee (EL)	Airport charge	\$5.00	per departing passenger
	Jamaican Passenger Service & Security Fee (EK)	Airport charge	\$11.01	per departing passenger
	Jamaican Passenger Facility Charge (JT)	Airport charge	\$3.00	per departing passenger
	Martinican Embarkation Tax (MQ)	Government tax	\$5.30	per departing passenger
	Martinican Passenger Service Charge (RB)	Airport charge	\$26.40	per departing passenger
	Martinican Aviation Civile Tax (FR)	Government tax	\$5.20	per departing passenger
	Martinican Airport Tax (FR)	Government tax	\$15.70	per departing passenger

Destination	Description	Type	Amount	Base
<b>Saba</b>	Departure Tax	Government tax	\$5.00	per departing passenger
	St. Maarten Airport Improvement Fee (IW)	Airport charge	\$10.00	per departing passenger
	St. Maarten Airport Departure Tax (FH)	Government tax	\$12.00	per departing passenger
	St. Maarten Passenger Screening Fee (FG)	Airport charge	\$21.82	per departing passenger
<b>St. Eustatius</b>	Departure Tax	Government tax	\$15.00	per departing passenger
	St. Maarten Airport Improvement Fee (IW)	Airport charge	\$10.00	per departing passenger
	St. Maarten Airport Departure Tax (FH)	Government tax	\$12.00	per departing passenger
	St. Maarten Passenger Screening Fee (FG)	Airport charge	\$21.82	per departing passenger
<b>St. Kitts and Nevis</b>	Saint Kitts and Nevis Passenger Facility Charge (LE)	Airport charge	\$10.00	per departing passenger
	St. Kitts and Nevis Airport Enhancement Facilitation Fee (FB)	Airport charge	\$12.00	per departing passenger
	Saint Kitts and Nevis Environmental Levy (KV)	Government tax	\$3.00	per departing passenger
	Saint Kitts and Nevis Airport Charge (AQ)	Government tax	\$22.00	per departing passenger
<b>St. Lucia</b>	Departure Tax	Government tax	\$25.00	per departing passenger
	Saint Lucia Passenger Facility Fee (EW)	Airport charge	\$5.00	per departing passenger
	Saint Lucia Facilitation Charge (II)	Airport charge	\$0.40	per departing passenger
	Saint Lucia Security Charge (IJ)	Airport charge	\$4.80	per departing passenger

Destination	Description	Type	Amount	Base
<b>St. Maarten</b>	Saint Lucia Airport Service Charge (KS)	Airport charge	\$25.20	per departing passenger
	St. Maarten Passenger Screening Fee (FG)	Airport charge	\$10.91	per departing passenger
	St. Maarten Airport Departure Tax (FH)	Government tax	\$36.00	per departing passenger
	St. Maarten Airport Improvement Fee (IW)	Airport charge	\$5.00	per departing passenger
<b>St. Vincent and Grenadines</b>	Departure Tax	Government tax	\$15.00	per departing passenger
	St. Vincent and the Grenadines Airport Service Charge (YJ)	Airport charge	\$19.00	per departing passenger
<b>Trinidad &amp; Tobago</b>	Departure Tax	Government tax	\$16.00	per departing passenger
	Trinidad and Tobago Concourse Fee (DD)	Airport charge	\$10.00	per departing passenger
	Trinidad and Tobago Passenger Service Charge (KT)	Airport charge	\$31.50	per departing passenger
	Turks and Caicos Intl Aerodrome Security Charge (TC)	Airport charge	\$8.00	per departing passenger
<b>Turks and Caicos</b>	Turks and Caicos Intl Govt Aerodromes Use Fee (TC)	Airport charge	\$3.00	per departing passenger
	Turks and Caicos Intl Passenger Tax (TC)	Government tax	\$29.00	per departing passenger
	Turks and Caicos Security Facility Maintenance Charge (GO)	Airport charge	\$5.00	per departing passenger
	Turks and Caicos Airport Development Charge (OZ)	Airport charge	\$20.00	per departing passenger
	Turks and Caicos Extended Airline System Environment Charge (BZ)	Government tax	\$5.00	per departing passenger

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