



Opening Remarks

By the Secretary General of the African Airlines Association (AFRAA)
Mr. Abderahmane BERTHE

User Charges Workshop
(Nairobi, Kenya 29th October 2024)

- Ms. Lucy Mbugua, the Regional Director, ICAO Eastern and Southern Africa (ESAF).
- Ms Adefunke Adeyemi, the Secretary-General, African Civil Aviation Commission.
- Mr. Kashif Khalid, the IATA Regional Director, Airports, Passenger, Cargo, Security & Facilitation.
- **Distinguished delegates,**
- **Ladies and gentlemen,**
- All protocols observed,
- Good morning.

THANKS

It is a great pleasure and honour to address this joint workshop organized by the aviation sector stakeholders, including the African Airlines Association (AFRAA).

I thank ICAO ESAF for hosting this workshop.

INTRODUCTION TO THE THEME

Our vision at AFRAA is to create a sustainable, interconnected, and affordable African air transport industry in which African airlines can become key players and drivers of African economic development.

Africa's aviation industry continues to perform strongly, with increased passenger traffic and improved operational efficiency. Key drivers include expanded routes, and rising domestic and international travel demand.

One of the most fundamental factors determining an airline's success or failure is the cost structure associated with its operations. If the cost is too high, the profitability is affected, making it more challenging to expand the network.

HIGH TICKET FARES

Unfortunately, Africa is a high-cost region for airlines. Taxes and fees generally represent over 40% of airlines' most affordable base fares and more than 20% of ticket prices.

For a given average trip length, ticket fares are more expensive in Africa. On average, they are twice or thrice as high as in Europe and Asia.

Consequently, air transport is not affordable for African citizens with the lowest GDP per capita.

NON-HARMONIZATION

According to figures from a 2022 study by the African Airlines Association (AFRAA), the level of taxes in this region is high compared to other areas.

The intra-Africa comparison shows disparities and non-harmonization across the continent, with West and Central Africa being the worst affected.

CONCERN AND IMPACT

The upward trend in Taxes and Charges in the sector, as observed in several countries, is a serious concern.

Taxes are sometimes imposed to raise government revenues, which are applied to non-aviation purposes.

Since taxes and charges imposed on African aviation are among the highest in the world, this hinders the industry's growth and development and significantly affects its competitiveness.

The current cost structure of most African carriers will not allow them to compete with the increasingly fierce international competition.

CALL FOR GOVERNMENT ACTION

Aviation is not a luxury but a critical economic development and integration driver.

This considers its direct links to economic growth, resulting from spillover effects by creating direct and indirect jobs in the industry and other auxiliary sectors, such as tourism, services, and logistics.

As such, governments need to make the sector's development a priority.

Governments must reduce levies targeting airlines to create a conducive environment for air transport development.

CALL FOR STAKEHOLDERS' ACTION

Understanding that the industry can only thrive in an environment where air travel is made affordable, and more Africans can travel, all actors must ensure the sector is well-positioned for success.

Noting that high taxation is a significant obstacle to aviation development and Airline sustainability, industry stakeholders organised the Air Transport Sustainability Laboratory in 2022, hosted by AFRAA, in Nairobi.

The laboratory developed a roadmap, including recommendations regarding taxes and charges.

AFRAA calls for implementing the roadmap. We will continue our lobbying efforts to reduce these taxes to ensure the continent reaps the full benefits of an efficient air transport industry.

CONCLUSION

In conclusion, I want to remind everyone that this is not the first workshop on user charges, and the challenge persists.

Are we talking to ourselves, and the decision makers are not hearing or understanding us?

We need to use this workshop to discuss ways to effectively engage decision-makers in reducing taxes and charges on the continent.

I wish us a fruitful discussion.

Thank you for your attention.