



# **AIRPORT AND AIR NAVIGATION SERVICES CHARGES IN AFRICA – IMPACT ON AIRLINES**

By

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## Role of Air Transport

Air transport provides the only worldwide passenger and cargo network

35% of global trade is carried by air

Aviation global economic impact is estimated at 8% of world GDP

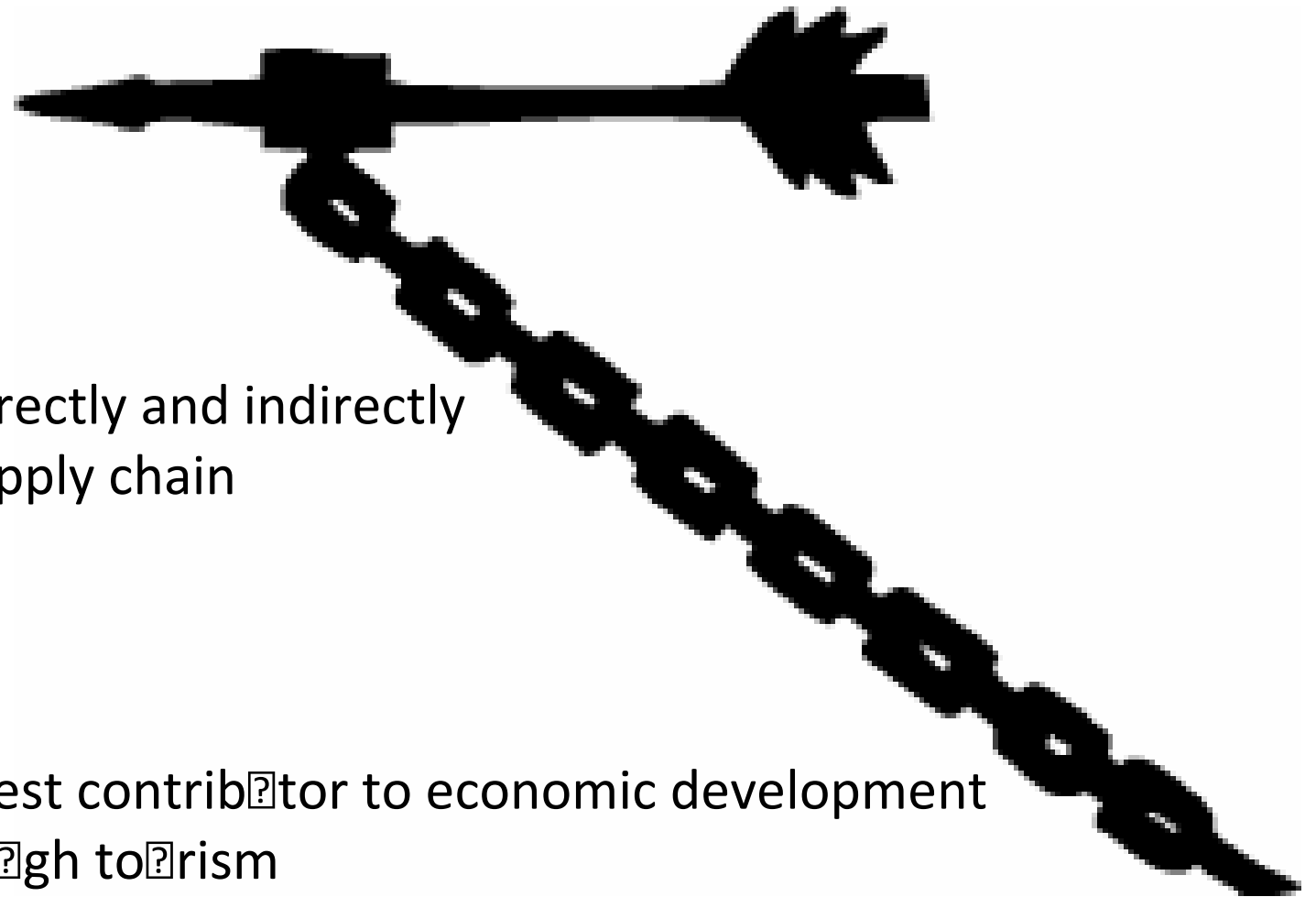


## Role of Air Transport

Creates 8 jobs for every 1 job

Creates jobs directly and indirectly through the supply chain

Largest contributor to economic development through tourism

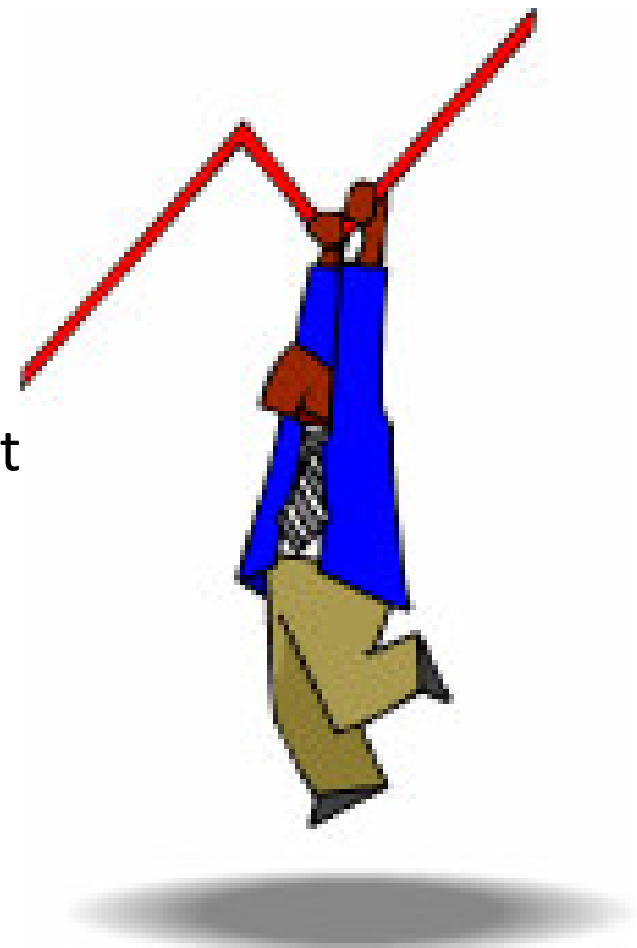


## Role of Air Transport

It is inappropriate for states to target air transport and tax

Airports too must find other revenue sources

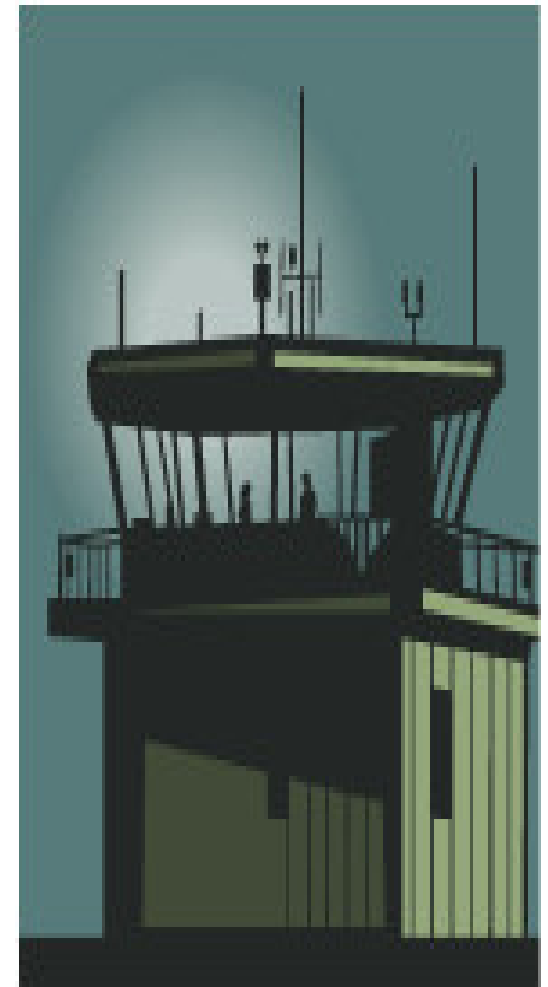
Taxes hampers industry growth and inhibit airlines ability to drive development to its full potential



Congratulations to airports, ARAs and AAs for

unprecedented investment

- ✓ New and refurbishment of terminal buildings
- ✓ Runway extensions and construction
- ✓ Augmented navigation aids
- ✓ Improved AT facilities
- ✓ Handling equipment



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Airlines need functional airports responsive to evolving needs of users

Maintain costs/invest in core business

Waiting for waiting/transit passengers not potted plants

Match investment and capacity



Look for money elsewhere too



Non-aeronautical



Market airports to attract additional flights and new airlines

Airports privatisation – good idea?

– but it's a trap



– eventually AAs will be unable to support their activities and additional tax will be imposed



Do we need new airports?



What are the problems with existing ones?

Ta<sub>q</sub>es are a potential danger to the airline ind<sub>q</sub>stry



Airlines are probably better ta<sub>q</sub> collectors than air operators



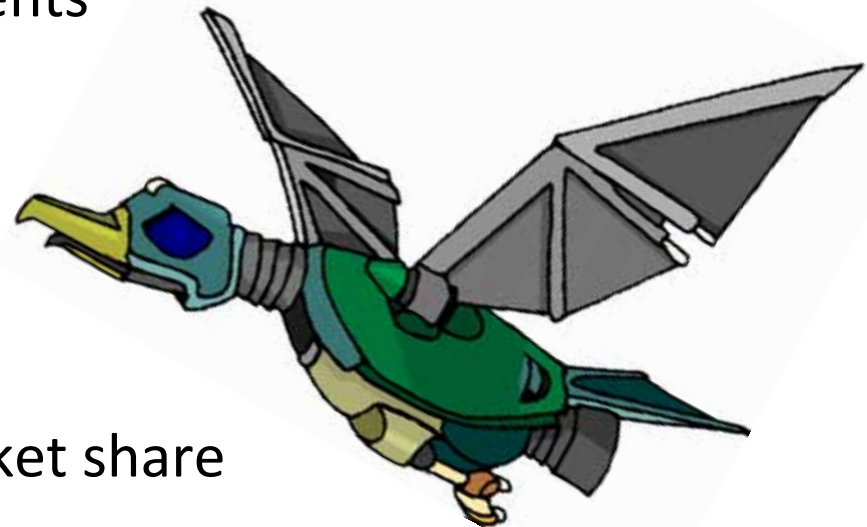
Airlines make others walk away rich



Fast transport system because of

Low Cost Airlines (LCCs)  
and technology improvements

LCCs now control 70% market share





Competition is bringing fares down

But taxes and charges still make air travel expensive

Johannesburg to Cape Town daily coach transport is thrice cheaper than by air





Taxes and charges are high in Africa  
but vary from one country to another

Ranges from \$3.75 to almost  
\$20 per ticket for intra-  
African and domestic



For AD to succeed taxes and charges must be reduced  
to encourage more travel



## Recommendations

Comprehensive aviation development plan

Broaden revenue base and attract new airlines

Joint initiatives for economies of scale

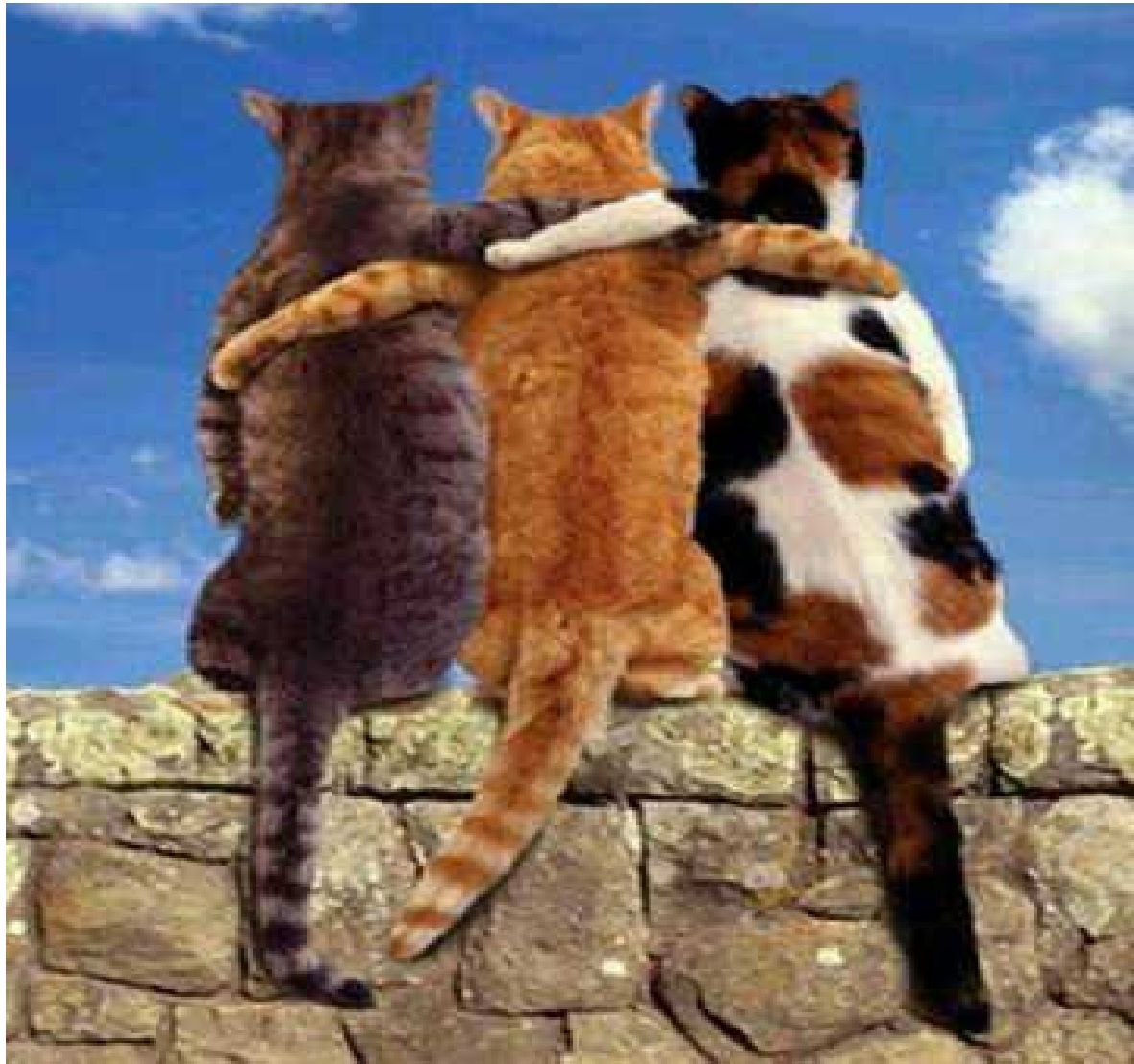
States should be encouraged to fully finance safety and security

Transparent and consultative approach to charges

Quality service and safety



Airlines, airports and AFRAA are buddies





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