

# TAXES FEES & CHARGES IMPACT ON AIR TRANSPORT SERVICE USERS IN AFRICA

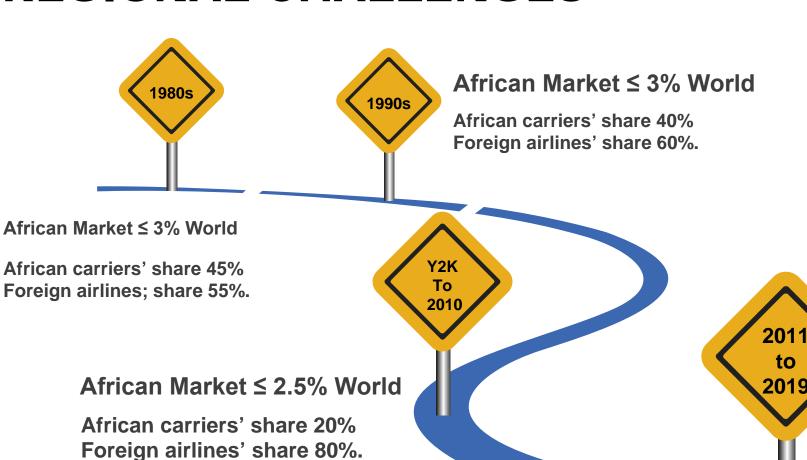
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BEYOND TAXES FEES &
CHARGES IMPACT ON AIR
TRANSPORT SERVICE USERS IN
AFRICA: A LAB TO REVAMP
AVIATION IN AFRICA.
Idris Jala defines a lab.

# AFRICA'S MARGINALIZATION TREND, THE REGIONAL CHALLENGES



marginalization trend is a strong wake-up call to all stakeholders to identify the root causes and develop relevant solutions to revamp Aviation in Africa

#### African Market ≤ 2.5% World

- African carriers' share 20%
- Foreign airlines' share 80%.
- A third of African city-pair traffic through hubs outside Africa
- 8 out of top 10 lucrative routes serviced by foreign carriers

## UN-AFFORDABLE FARES AND RATES RESULTING FROM HIGH COSTS ALONG THE SUPPLY CHAIN

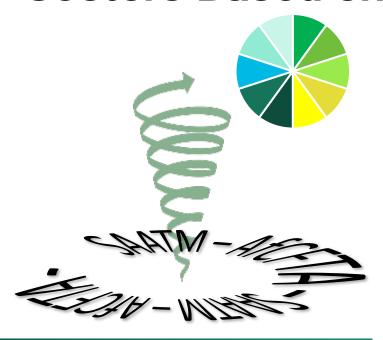
CAAs ANSPs Airports Airlines States

#### GAIN PRODUCTIVITY ALONG THE SUPPLY CHAIN

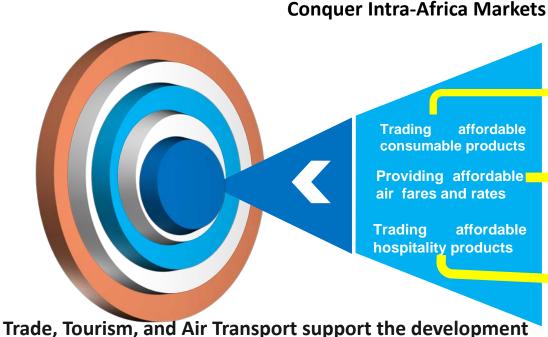
TOGETHER WE MUST FIND OUT-OF-THE-BOX SOLUTIONS TO REVAMP AVIATION



### Strategy: a LAB for Economic Transformation Opportunity Trade, Tourism and Air Transport Sectors Based on Africa Middle-class GDP



The AfCFTA single market in goods services coupled with the Single African Air Transport Market - SAATM engage trade, tourism, and air transport in a virtuous cycle.



Increases connectivity requirements and support air transport

Blossoms air traffic demand and support trade and tourism

Increases consumable demands; support trade and air transport

of each other sector.

Together, they contribute to increase Africa's Middle-class. Conquering intra-Africa improves their competitiveness on global markets.

## By 2030, the LAB Priority Projects Must Contribute to:

- Making the three sectors' industries (air transport, tourism, and trade)
  competitive in intra-Africa markets (lowering costs and prices);
  - FRA implementation lowers costs, reduces CO2, and enhance air service efficiency
  - Implementation domestic tax regime within a REC to make fares affordable to middle class (\$62 KE + TZ \$67 + \$50 = 179 is the fare; it could be \$60 for Nairobi Kilimanjaro)
- 2. Growing Africa's average GDP per capita, and Increasing Africa's Middleclass and;
- 3. Attracting the private sector to invest in transforming locally African raw commodities.

#### **Appeal: The LAB Sponsorship**

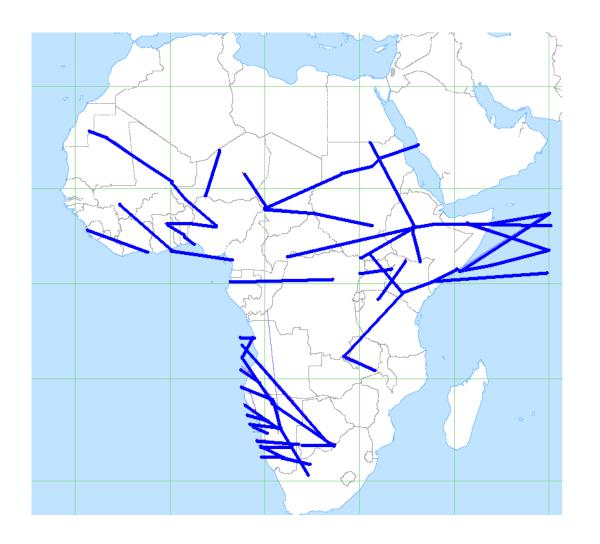
#### Previous example of LAB in AFI

## In five days the RouteLAB delivered in 2010

30 + new routes increasing the choices to chase high altitude tail winds

Five (5) operators sponsored for US\$ 30,000 the RouteLAB to harvest annual savings of:

- 25,000 Metric Tonnes of fuel burned;
- 78,750 Metric Tonnes of CO2;
- US\$ 30,125,000 (2010 fuel price).







#### CONTACTS

African Airlines Association P. O. Box 20166 00200 GPO Nairobi, Kenya

GSM: +254 20 2320144 | +254 20 23 20148 Cell: + 254 (0)722 20978 | +254 (0)735 337669

www.afraa.org