

**ADDRESS BY THE SECRETARY OF AFCAC MS. ADEFUNKE ADEYEMI DURING THE AIRPORTS AND AIR NAVIGATION USER CHARGES WORKSHOP – DAKAR, SENEGAL (13-14 MARCH 2023)**

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Distinguished Participants

Ladies and Gentlemen.

It is my great honour to welcome and appreciate your attendance and participation at this all-important workshop on Airports and Air Navigation User Charges Workshop.

Let me start by saying that Air transport by nature has its own particular characteristic including its international regulatory structures, agreements, and arrangements. The airline industry in particular is brutally competitive and ever changing. Operating costs are still very high for airlines in Africa and ticket fares very expensive for travelers in many cases, some of the most expensive tickets in the world. Thus, high aviation charges, taxes, and fees limit traffic growth, and by extension, the functions and catalytic importance of civil aviation in socio-economic development and Africa's continental integration.

Whatever the type of taxes, charges and fees, whether they are directly collected from the passengers or the airlines, it all adds up to the cost of travel that ultimately will be borne by the travelling public as these are reflected to the passengers as costs of tickets. Therefore, unilateral and excessive imposition of taxes charges and fees on air transport in Africa must be avoided as some of these taxes are not supported by transparent detailed financial information demonstrating cost-relatedness, while specific regulations that will minimize fees and charges in aviation must be addressed.

Increased taxes, together with rising charges and fees, remain a threat to the sustainability of African aviation. According to the AfDB Market Access Study (Nov. 2019), high value of airport taxes, fees and charges is one of the main barriers to the development of traffic in the African countries. African regions, excluding the North Africa region, have reported values clearly above the average calculated for Asia, Europe and Middle East in each of the compared regional and international markets. It is also a known fact that these charges are not supported by transparent detailed financial information demonstrating cost-relatedness.

For instance, air travel in the ECOWAS region in particular is substantially more expensive than in other parts of the world as some aeronautical charges, fees and taxes paid by passengers are estimated to be equivalent or more than 50% of the cost of transport in some routes in West Africa - according to the Feasibility Study by the ECOWAS Commission and the World Bank in 2018 relating to "A Common Policy on Aviation Charges, Taxes and Fees for ECOWAS States" and carried out by the International Air Transport Association (IATA).

The impact of these has over the years, negatively affected the competitiveness of African airlines, cost of products and indeed, on the consumers' choice of destination and competition with third party airlines. Having established this basis therefore, AFCAC and all the relevant stakeholders: AUC, AFRAA, IATA, AAIG, RECs, ICAO, have been working assiduously to see how we can collectively address the high costs of operations exacerbated by taxes, high charges and fees on the continent. It is absolutely important that we all must continue to seek opportunities for cost reduction and efficiency improvements to ensure sustainable growth.

It may interest you to know that in 2021, AFCAC in collaboration with these stakeholders organized 2 workshops on economic oversight and regulation aimed at addressing taxes, high charges and fees on aviation in Africa and I can confirm to you that the recommendations from these workshops were quite germane.

The workshops reaffirmed the importance of member States' compliance with ICAO's policies on charges, fees and taxes, domestication and application of the relevant provisions of the African Civil Aviation Policy (AFCAP) and the Yamoussoukro Decision (YD), as well as the need for member States to establish strong economic oversight systems.

The participants at these workshops called for the harmonization of RECs and member States' policies in line with ICAO policies on taxes and charges and other non-tariff barriers and equally urged governments to stimulate air transport demand by removing all government taxes on air transport as well as reduction of passenger charges as excessive and unjustified taxes, charges and other government-imposed fees and levies on international aviation have negative impacts on the industry's competitiveness and national economies.

These recommendations and many more were processed through the relevant organs of the AU and have been adopted by our Ministers. We will continue to focus on multi-sectorial approach through collaboration, coordination, and communication as the most robust mechanism to comprehensively ensure that we reach continental consensus and obtain political goodwill of States to harmonize aviation taxes, charges and fees in order to strengthen the foundation of resilient aviation sector in Africa that will guarantee sustainable development leading to the realization of the socio-economic benefits promised by air transport.

One of the traditional benchmarks for a region's importance in international aviation has been its population size. Based on the 2019 passenger numbers for Africa (ICAO), African market flew over 100 million passengers in 2019 while in the same year, air passenger transport in the European Union (EU-28) amounted to over 1.1 billion passengers, Middle East amounted to 228 million, Latin America amounted to over 305 million. This is despite these regions being smaller than Africa. This shows the significantly smaller base African airlines have to build intercontinental operations in competition with other airlines.

The vision for African aviation under the AU Agenda 2063 is to enable a fully connected, prosperous and united Africa as aviation can play a fundamental role in the drive for long-term African economic and social prosperity. This is because air travel is an essential service and a catalyst for fostering trade and promoting tourism and regional development. Therefore, one strategic initiative that could help build a stronger foundation for the aviation sector in Africa is the Single African Air Transport market (SAATM) and a push for its full implementation.

Thus, the African Civil Aviation Commission under a renewed impetus recently launched the SAATM Pilot Implementation Project (PIP) with the view to accelerating the full liberalization of the African air transport market. The vision is to transform Africa's aviation in a sustainable manner that will ensure full realization of the benefits of socio-economic development promised by air transport to meet the AU Agenda 2063 objectives of an integrated, peaceful and prosperous Africa, where air transport is expected to play a pivotal role in generating economic growth, alleviating poverty, enabling access to healthcare, food, and education, while enhancing mobility and connecting different cultures.

In concluding this remark, I must say that Aviation must not be treated as a cash cow for providers or an easy target for taxation by governments since the negative impact on the economy of unfairly taxing air transport often outweighs the revenue raised. Governments must therefore, take deliberate steps to address the high costs of running airlines in Africa.

Finally, in order for Africa to realize the objectives of the AU Agenda 2063 of a prosperous and integrated continent, all stakeholders would need to work together to reduce the cost of travel so as to make it affordable to a larger sector of the African population who currently are excluded from the use of air transport because of the high fares.

I thank you all for your kind attention and wish you all fruitful deliberations.