



***Aviation in Transition:  
Challenges & Opportunities of Liberalization***

**Session 1: The Liberalization Experience**

**“The Liberalization Experience”  
The Case of Ghana**

***Presentation by:***  
**Joe Boachie**  
**Acting Director General**  
**Ghana Civil Aviation Authority**

**“THE LIBERALIZATION EXPERIENCE”**  
**THE CASE OF GHANA**

**PRESENTATION BY CAPT. JOE BOACHIE, ACTING DIRECTOR-  
GENERAL, GHANA CIVIL AVIATION AUTHORITY**

---

**Introduction / Background**

*Mr. Chairman,*

*In January 1995 the Government of Ghana launched a “Vision 2020” programme with the goal of catapulting Ghana to middle-income status by the year 2020, now revised to 2010.*

*Flowing from this programme is a Ghana Trade and Investment Gateway Project whose main objective is to establish Ghana as the trade and investment gateway to the West African sub-region.*

*The main strategy for achieving this objective is to create a liberalised environment to promote trade and investment and thereby achieve accelerated economic development.*

*One of the of the mandates of the aeronautical authority under the Gateway project is to actualize the creation of an air transport hub for the sub region at Kotoka International Airport in Accra.*

*It is against this backdrop that the Government of Ghana (GOG) adopted a liberalized skies aviation policy in 1998. This was much in keeping with the growing world trend in the aviation industry and the Yamoussoukro Declaration (Decision) by the African States to liberalize the industry on the continent.*

### **Benefits & Expectations**

*Ghana expected that the strategies that had been adopted in the implementation of the new aviation policy would translate into:*

- \* Access to new markets*
- \* Improved efficiency of air carriers*
- \* Routes extension without exploratory costs through commercial arrangements e.g. strategic alliance, code share*
- \* Increased safety and security*
- \* Trade stimulation*
- \* Increased earnings from tourism and*
- \* Investment opportunity*

## **Operating Environment**

*Given the absence of a strong viable home based airline and a low Gross National Product (GNP) per capita a strategy was adopted to introduce a 7 year transitional capacity building period into bilateral agreements.*

*This was a safeguard to mitigate the wide disparity in the level of air transport development between Ghana and some partner States.*

*The woes of most African countries were further worsened by the inability of their respective economies, themselves at the mercy of the IMF/World Bank/Donor Countries, to inject cash into their national airlines after the fateful events of 9/11.*

## **GHANA'S EXPERIENCE**

### **Gains**

*The outcome of Ghana's Liberalization efforts can best be described as mixed.*

*Modest growth has been recorded in areas such as tourism, non-traditional exports, aircraft movement and passenger throughput.*

*On the other hand the hub programme has been slow to advance even though there has been substantial improvement in infrastructure and communication facilities at KIA.*

## **IMPEDIMENTS**

### *High Fares*

*The removal of government controls on tariffs, capacity and frequency has not translated into low fares as was expected. Fares on our routes continue to be relatively high.*

### *Travel Visa Acquisition*

*The strict visa requirements imposed by the developed nations on nationals of developing countries is militating against air travel since many would-be travellers often have their visa applications turned down.*

## **Substantial Ownership & Effective Control**

*The Government of Ghana has replaced the requirement for airlines to be 'Substantially Owned and Effectively Controlled' by bilateral partners before being accepted for designation with 'Place of Registration and/or Principal Place of Business' in the designating state.*

*We are concerned that maintaining the status quo would make it increasingly difficult to attract foreign partners to develop the industry within our state.*

*This new policy has however not found ready acceptance with some of our bilateral partners who cite national laws as basis for their entrenched positions. Some are, however, prepared to grant waivers, but we are not comfortable with the discretionary use of waivers since the privilege could be used to limit competition or give economic advantage to the airlines of bilateral partners.*

### **Self-Handling**

*Airlines expect a more flexible handling regime that entitles them to undertake either self-handling of both passengers and cargo or contract out to third parties of their choice.*

*In Ghana as at now, there is only one licensed ground handling company that has been granted exclusivity.*

*Our objections in the face of the airlines expectations were founded on the fact that passenger and cargo throughput did not support multiplicity of handlers at KIA.*

*However following further discussions It was agreed that cargo handling would be open to competition in 2004*

*Meanwhile the Government of Ghana has initiated action that will introduce competition in both cargo and passenger handling activities possibly this year.*

**Pricing (i.e. Tariffs / Fares)**

*Ghana's liberalization policy permits airlines to fix their own tariffs or price their services, based on market considerations. This effectively removes the power of governments to approve fares before they are implemented.*

*In view of the absence of competition laws regulating the conduct of carriers in the market place, Ghana has introduced a single disapproval tariff regime in its bilateral air services agreements, with the exception of states of the Yamoussoukro Decision and Banjul Accord Group. The rationale behind this is that should a complaint be received from any person with regard to uncompetitive tariffs (either because they are ridiculously low or excessively high as a result of abuse of dominant position) the aeronautical authority should be able to intervene to stop the fare from being implemented. Meanwhile, the parties would be encouraged to enter into consultations in order to find an amicable settlement. It is our policy that without such mutual agreement, the previously existing price / tariff shall continue in effect.*

*It must be mentioned, however, that Ghana's position is very often resisted by those nations that favour greater liberalization, and therefore have adopted double disapproval regime. These nations argue that allowing one party to intervene in such cases stifles competition in the market place and amounts to government control of operations of the airlines.*

### **Conclusion**

*In conclusion, we believe that liberalization is good and Ghana's experience has been beneficial / positive. Results achieved so far indicate that we are moving in the right direction. The pace of capacity building has however not been as fast as has been anticipated.*

*In this respect, in future, we will be inclined to negotiate for a longer transition period depending on how we perceive the disparity in the level of development of the industry between Ghana and our bilateral partner to be.*

*Thank you.*