

Press release

AFRAA concludes its 2021 fuel programme: Significant cost savings estimated for participating airlines

Nairobi, 04 August 2021: The African Airlines Association (AFRAA) has concluded its 2021 fuel programme for the period 2021-2022 under the framework of the AFRAA fuel project. The fuel programme, which runs on an annual basis, has achieved a total of US\$55M cost savings to the participating airlines since its establishment in 2012. The 2021 fuel programme is expected to realize an estimated US\$ 0.5 million in cost savings cumulatively for the participating airlines for the period 2021-2022.

Fuel is the most significant component of operating costs of flight operations. Fuel costs are significantly higher in Africa compared to the rest of the world. High fuel costs and other expensive charges drive down the competitiveness of African air carriers. As a result, African airlines' available seat-kilometer costs are much higher than the industry average.

Mr. Abdérahmane Berthé, AFRAA Secretary General stated: "Sustainability of the African airline industry is among AFRAA's top priorities. Excessive taxes, charges and fees make African airlines less competitive since these levies have significant impact on the financial performance of airlines operating in a high cost environment. It is against this backdrop that continuously establishes initiatives and joint projects for its members."

"We will continue to facilitate beneficial cooperation among African airlines with the objective to implement cost-effective common solutions on various aspects of airline operations. I invite more airlines to partake in the AFRAA fuel Project which is well aligned to AFRAA's Covid-19 recovery plan pillar 6 actions on Cost Management." Mr Berthé added.

Mr. Sanjeev Gadhia, CEO of Astral Aviation commented: "Fuel is such a large component of an airline's operating costs that intense efforts in the industry are needed to reduce these costs and improve fuel efficiency. Fuel prices in Africa have historically been 20% higher than other regions even though the sources and supply chains are similar. Through Astral Aviation's participation in the project, we have achieved price competitiveness from the fuel programme and cost reduction through the lobbying efforts and the economies of scale. As the Chair of the Committee, Astral Aviation will continue to support AFRAA's coordinated efforts to attain sustainability of the aviation industry in Africa."

Other focus areas for value addition to airlines by the AFRAA Fuel Committee include:

- Lobbying in close collaboration with industry stakeholders (Airlines, Industry Associations, Fuel Suppliers, Governments and Regulatory Authorities) for the reduction of high taxes charges and fees.
- Addressing unique challenges being faced by African airlines on fuel on a location by location basis.
- Capacity building to participating members in fuel purchase and management through experts on the negotiation and handling of fuel purchases as well as fuel cost management and other areas relating to commercial aviation fuel.



A total of 12 member airlines participated at the 2021 programme, including: Air Bostwana, Air Burkina, ASKY, Astral Aviation, Kenya Airways, LAM Mozambique, Precision Air, RwandAir, South African Airways, TAAG Angola, Camair-co and Congo Airways.

About AFRAA

The African Airlines Association, also known by its acronym AFRAA, is a trade association of airlines from the member states of the African Union (AU). Founded in Accra, Ghana, in April 1968, and headquartered in Nairobi, Kenya, AFRAA's mission is to promote, serve African Airlines and champion Africa's aviation industry. The Association envisions a sustainable, interconnected and affordable Air Transport industry in Africa where African Airlines become key players and drivers to African economic development.

AFRAA membership of 46 airlines cuts across the entire continent and includes all the major intercontinental African operators. The Association members represent over 85% of total international traffic carried by African airlines. Follow us on [Facebook](#), [LinkedIn](#), [Twitter](#) and [YouTube](#).