



# AIRLINES TAXES AND CHARGES IN AFRICA

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# AFRAA

## Introduction

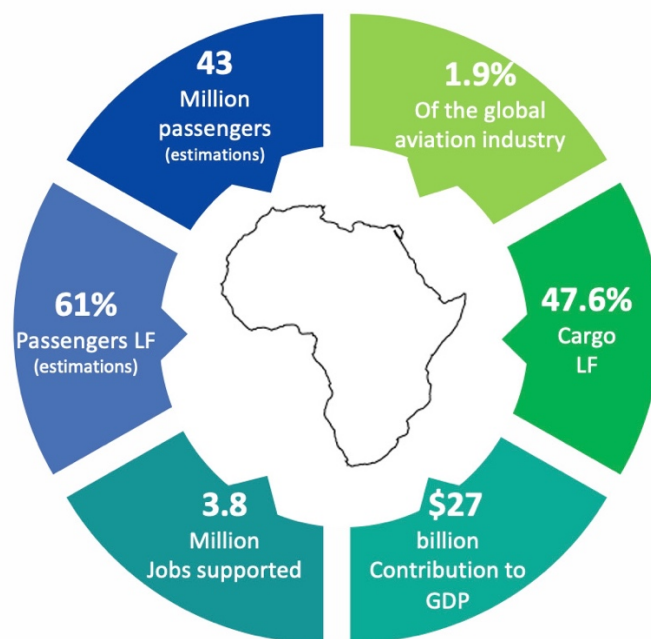
The Covid19 pandemic unprecedently marked the year 2020. The global economy almost stopped, resulting in a 3.5% contraction, the worst performance since the 1930s. Since early 2021, the global economy is gradually recovering with the ease of many restriction measures. The GDP rebounded by 5.7% last year, and the growth is expected to continue, despite an anticipated slowdown due to the Russia-Ukraine war and its economic repercussions.

In 2020, the travel and tourism industry was particularly impacted: with the borders closures, travel bans, and lockdowns taken in almost all countries worldwide, the number of international tourist arrivals dropped by 72.8%. Unfortunately, 2021 was another challenging year for the industry, as the number of international tourists rebounded by only 9%. In Africa particularly, the rebound compared to 2020 was insignificant: 0.8% only.

Air passenger traffic progressively returns to its 2019 levels. In 2021, global airlines carried 2.2 billion passengers, while African airlines carried 43 million.

According to the ATAG (Air Transport Action Group), the Covid-19 outbreak put at risk 44.6 million jobs and reduced the contribution of the aviation industry to the global economy by 49% in 2021 (from USD3.5 billion to USD1.8 billion).

Figure 1: Air transport in Africa



Source : AFRAA - IATA - ATAG

It is therefore imperative that aviation regains its initial level of performance, and reaches the level of growth that was forecasted before the disruption.

The challenge is greater in Africa, where the economic environment is difficult. African airlines face several challenges, including the high level of taxes and charges. In fact, air transport is perceived as luxury service across the continent. Then, governments tend to overcharge the travelers with taxes. As a result, air tickets are expensive and most African citizens cannot afford. It is critical to address this challenge.

The objective of this paper is to benchmark the level of air ticket taxes and charges across the continent and in comparison with other regions, and identify areas of improvement to the benefit of the entire industry.

## I – Concepts and scope of the study

### 1- Concepts

#### 1-1 Definition of Tax and Charge

The International Civil Aviation Organization (ICAO) defines a **Tax** as a levy that is designed to raise national or local government revenues, which are generally not applied to civil aviation in their entirety or on a cost-specific basis.

A **Charge** is a levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation.

#### 1-2 ICAO policies on Taxes and Charges

The Chicago Convention (1944) started to establish a regulatory framework for Air Transport taxes and charges, supported by Doc 8632 and Doc 9082, Assembly Resolution.

The main policies on international air transport taxation are as follows:

- Fuel, lubricants, and other consumable technical supplies, taken on board shall be exempted from taxation,
- Taxation of income of airlines and of aircraft and other movable property shall be limited to the State where the airline has its fiscal domicile (based on reciprocity).
- Taxation on the sale or use of international air transport shall be reduced to the fullest practicable extent (including taxes levied directly on passengers and shippers).

Regarding Charges, ICAO defined four (4) key principles to follow when setting a service charge:

- The Non-discrimination: the charges must be non-discriminatory both between foreign users and those having the nationality of the State in which the airport is located and engaged in similar international operations and between two or more foreign users.
- The Cost relatedness: the charge must be set for the unique purpose of cost recovery.
- The transparency: the charge must be transparently determined, and the service user must have a clear understanding of the formula and/or the billing process.
- The consultation with users: ICAO emphasizes the importance of consultation with service users before changes in charging systems or levels of charges are introduced. The purpose is to ensure that the provider gives adequate information to the user and that providers and users reach an agreement.

#### 1-3 The issue related to Taxes and Charges

The main challenge related to Taxes and Charges is the lack of adherence to the related ICAO policies.

We are witnessing a proliferation of taxes on international air transport beyond the scope of ICAO policies including various taxes on passenger and cargo, tourism taxes, Value Added Tax and Sales Tax on jet fuel, security and environmental taxes, etc.

The Air transport industry is excessively taxed, for the sole purpose of generating States revenues, so much so that sometimes taxes are imposed on air transport for the development of other industries.

We also notice discriminatory practices against air transport vis-à-vis other modes of transport in the imposition and collection of taxes.

This is all the more true on the African continent.

As a result, air ticket fares are expensive, constituting an obstacle to the development and expansion of international travel, trade, tourism, and the general economy.

## **2- Scope of the study**

The study will review in detail the level of taxes, charges and fees collected on air tickets and paid by the final passengers, in each African country, highlighting the differences between Intra and inter-regional travel. The study will also establish a comparison with 2 (two) neighboring regions: Europe and the Middle east.

All the figures in this report, representing the sum of taxes, charges and fees, have been collected in November 2022 from various sources among which IATA and AMADEUS, and reconciled by AFRAA.

## II – Air ticket taxes, charges and fees in Africa

The aviation industry has a particular fiscal regime. Many specific taxes are applied by states to air passengers for various purposes.

Apart from those taxes, some charges and fees are directly applied to air tickets, for cost recovery purpose after services offered to passengers.

### 1- International departures taxes, charges and fees

In Africa, air passengers pay on average **3.5** different taxes, charges and fees for international departures, representing an average amount of **USD 66**. This represents an increase compared to 2020 when the average was **USD 64**.

Table 1 – 10 (ten) most and less expensive countries for International departures

Country	International Departures taxes (USD)	Country	International Departures taxes (USD)
Djibouti	184.4	Comoros	28.1
Niger	148.3	South Africa	27.8
Sierra Leone	139.0	Algeria	20.1
Chad	129.3	Eritrea	20.0
Guinea-Bissau	125.5	Cabo Verde	15.6
Congo	124.2	Tunisia	14.1
Nigeria	120.0	Eswatini	13.8
Liberia	115.0	Botswana	9.6
Cameroon	114.1	Lesotho	5.5
Ghana	111.5	Libya	2.9

In the top 10 most expensive countries in terms of ticket taxes, charges and fees, Djibouti is first, followed by Niger and Sierra Leone. Nigeria and Ghana are also part of the list.

The less expensive countries for international departure ticket taxes are Libya, Lesotho, and Botswana. The list of 10 less expensive countries also includes Tunisia, Algeria, and South Africa, which are countries with significant traffic.

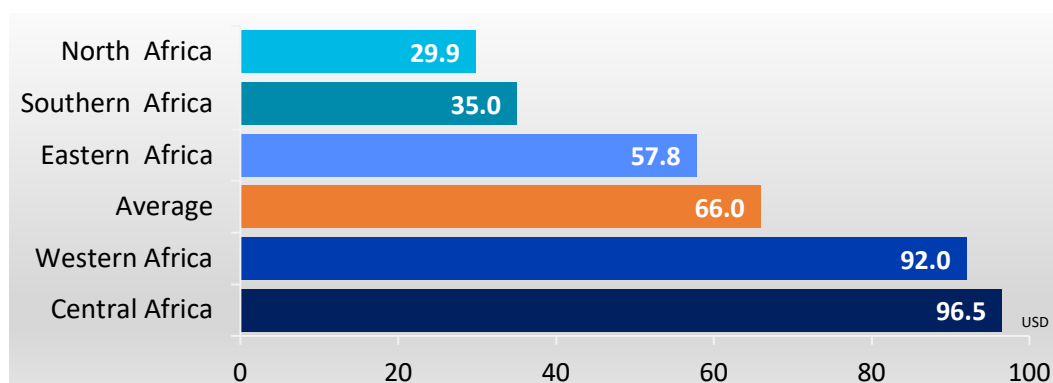
Out of fifty-two (52) countries, twenty (20) charge more than the continental average, thirteen (13) charge passengers above USD 100 compared to ten (10) countries in 2020, emphasizing the continental increase, twenty (20) countries charge USD 50 and more.

When considering African sub-regions, the Central African region is the most expensive, with an average amount of **USD 96.5** taxes, charges and fees paid for international departures (USD 89.9 in 2020).

Western Africa is following, with USD 92 on average, an increase of around USD 11 compared to 2020.

Eastern and Southern African regions, even if affordable compared to the previous, remain more expensive than neighboring regions, charging **USD 57.8** and **USD 35** per passenger, respectively. The same regions charged USD 67.7 and USD 54.1 respectively in 2020.

Chart 1 – Average international departure ticket taxes, charges and fees per African sub-region



The most affordable region in terms of taxes, charges and fees remains Northern Africa, where passengers pay an average of **USD 29.9** (USD 28.6 in 2020).

Twelve (12) out of the twenty-three (23) countries in Central and Western Africa (more than half) charge more than USD 100, although the two regions put together represented only 23% of the continental traffic. Most of the Northern African countries which represent 35% of the traffic, charge less than 50 USD.

Table 2 – Number of countries by region and level of international departure taxes, charges and fees

Sub-region	More than USD 150	Between USD 100 and USD 150	Between USD 50 and USD 100	Between USD 30 and USD 50	Less than USD 30
Western Africa	0	9	5	1	1
Central Africa	0	3	4	0	0
Eastern Africa	1	0	7	3	2
Southern	0	0	2	4	4
Northern	0	0	1	2	3

## 2- Regional departures taxes, charges and fees

Some Regional Economic Communities (RECs) adopted preferential rates among their members. As a result, passengers departing for travels within the sub-region pay a reduced amount of taxes, charges and fees, compared to international departures outside the sub-region.

In Africa, the average amount paid for departures within sub-regions is **USD 57.4**, which is **USD 0.2** less than 2020.

Table 3 – Countries applying preferential rates for sub regional departures

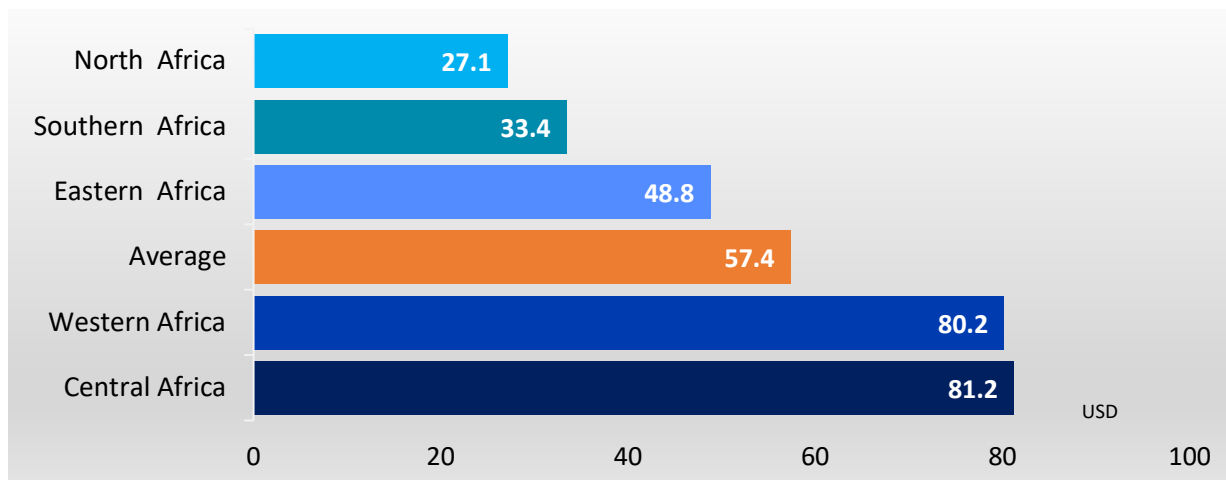
Airport	Region	Regional departures taxes, charges and fees (USD)
Gabon	Central Africa	61,2
Congo	Central Africa	92,3
Chad	Central Africa	105,5
Cameroon	Central Africa	104,8

Equatorial Guinea	Central Africa	77,7
Djibouti	Eastern Africa	78,1
Mauritius	Eastern Africa	50,5
Tunis	North Africa	3,1
Morocco	North Africa	53,9
South Africa	Southern Africa	19,2
Eswatini	Southern Africa	6,1
Côte d'Ivoire	Western Africa	22,5
Ghana	Western Africa	71,5
Sierra Leone	Western Africa	109,0
Nigeria	Western Africa	100,0
Burkina Faso	Western Africa	49,4
Mali	Western Africa	93,5
Togo	Western Africa	56,0
Benin	Western Africa	80,8
Guinea	Western Africa	50,0

Central and Western Africa regions have the highest numbers of countries applying preferential rates.

This allows sub-regional travelers to save on average **USD 8.6**.

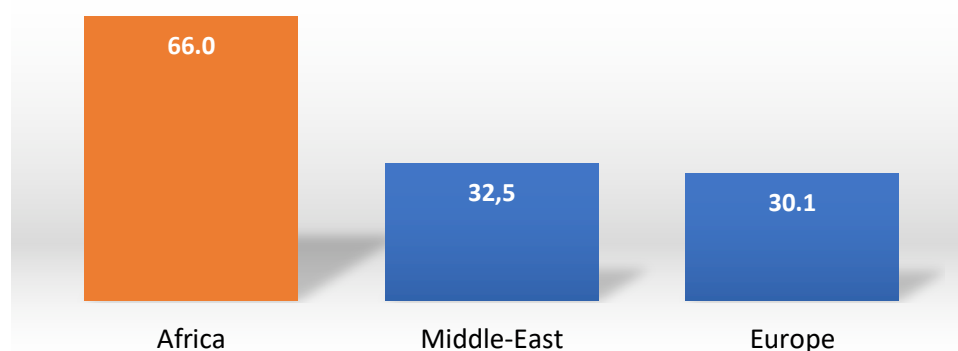
Chart 2 - Average Regional Passenger taxes, charges and fees per African sub-region



### ***Comparison with neighboring regions***

While the average amount of taxes, charges and fees paid by passengers for international departures in Africa is **USD 66**, passengers are charged **USD 30.1** in Europe and **USD 32.5** in the Middle East despite the fact that traffic is much more important in these regions as shown below.

Chart 3 – Comparison with neighboring regions



In Europe, passengers pay on average **2.53** different ticket taxes, charges and fees on departure, **2.69** in the Middle East. In Africa, the number is **3.5**.

Only one (1) European airport among the selected charge passenger more than USD 100, and four (4) charge more than USD 50.

All Middle-East countries charge passengers over USD 100, and only two (2) over the twelve (12) charge above USD 50.

### 3- Transfer and arrival taxes, charges and fees

Passengers in Africa also pay taxes, charges and fees for transfer and on arrival, as shown in the tables below:

Table 4 – Average taxes, charges and fees paid by passenger for transfer in African countries

Airport	Transfer taxes (USD)	Airport	Transfer taxes (USD)
Niger	133.3	Burkina Faso	21.5
Liberia	115.0	Algeria	20.1
Guinea-Bissau	95.3	Senegal	19.7
Chad	87.7	Egypt	18.1
Djibouti	84.4	Morocco	18.0
Madagascar	82.6	Mauritius	15.7
Equatorial Guinea	58.2	Cabo Verde	15.7
Uganda	50.0	Gabon	15.1
Côte d'Ivoire	45.4	South Africa	13.9
Togo	43.9	Eswatini	13.8
Zambia	41.9	Gambia	11.5
Congo	41.6	Angola	11.0
Burundi	40.0	Botswana	9.6
Tanzania	40.0	Somalia	8.0
Cameroon	38.0	Malawi	6.7
Central African Republic	37.8	Lesotho	5.5
Benin	37.0	Mali	3.8
Namibia	33.8	Libya	2.9
DRC	25.5	Ethiopia	2.0
Guinea	25.0	Tunisia	1.6
Sao Tome and Principe	24.0	Average	34.5



41 countries now apply transfer in Africa compared to 35 in 2020, over the 52 selected. Transfer taxes, charges and fees increase ticket price by an average amount of **USD 34.5** compared to USD36 in 2020.

Table 5 - Taxes, charges and fees paid by passenger on arrival in African countries

Airport	Rates on arrival (USD)	Airport	Rates on arrival (USD)
Libreville	49.6	Cotonou	10
Bissau	30.2	Tunis	7.8
Mogadishu	26	Malabo	7.5
Antananarivo	15.5	Abidjan	7.5
Bamako	13.6	Sao Tome	5
Dakar	12	Cairo	2
Banjul	11.5	Lomé	1.5
Accra	11.5	Average	14.1

Arrival related taxes, charges and fees increased from an average USD 12.3 in 2020 to **USD 14.1** in 2022.

#### 4- Example of the effect of taxes on ticket prices for travels in Africa

The examples below show how taxes are affecting the final ticket price.

Table 6 - Examples of ticket price breakdown for intra-African travels

Routing	EFT	Direct / Transfer	Lowest Base fare	Fuel surcharge	Departure taxes	Arrival taxes	Total taxes	Total TKT Price	Ratio Taxes / Base Fare	Ratio Taxes / Total
ABJLFW	01:30	Direct	84	37.3	57	1.8	58.9	180.2	70%	33%
LFWDLA	01:45	Direct	141	55	68.1	-	68.1	264.1	48%	26%
NBOADD	01:15	Direct	112	50	50	-	50	212	45%	24%
DKRCMN	03:15	Direct	72	97.4	128.8	-	128.8	298.3	179%	43%
ADDCAI	03:30	Direct	78	94.5	31.1	1.9	33	205.5	42%	16%
KGLJNB	03:30	Direct	77	43	50	-	50	170	65%	29%
CMNCAI	04:50	Direct	200	85.8	38.8	1.9	40.7	326.4	20%	12%

Routing	EFT	Direct / Transfer	Transfer point	Lowest Base fare	Fuel surcharge	Departure taxes	Transfer taxes	Arrival taxes	Total taxes	Total TKT Price	Ratio Taxes / Base Fare	Ratio Taxes / Total
DKRCAI	08:45	Transfer	CAI	221	176.2	129	27.4	1.9	158	555.3	72%	28%
ABJCOO	04:40	Transfer	LFW	54	68	57	18.4	12.1	87.5	209.5	162%	42%
LOSNO	10:30	Transfer	KGL	395	83	120	-	-	120	598	30%	20%

Taxes and fees generally represent more than 50% of airlines' most affordable base fares, and more than 25% of total ticket price.

Given the low purchasing power in Africa, it is urgent to assess the issue of high taxes, to stimulate the demand and make air transport affordable to African citizen

### III – Other airport charges paid by airlines in Africa

Apart from Passengers taxes charges and fees that are levied directly on air tickets, airlines have to face many other charges related to their operations at airport level. Some of them are listed below:

- Landing
- Noise
- Parking
- Common User Terminal Equipment CUTE
- Jetway Charge
- Passenger Bus
- Lighting
- Counter
- Fire Fighting and Prevention
- Check - in
- Ground Power Unit
- Ground Handling
- Follow - me
- Hangar
- Housing
- Terminal
- Towing and Push – back

The table below shows the charges paid at the main African airports for an international flight with the following criteria:

- |                                 |               |
|---------------------------------|---------------|
| - Aircraft Type                 | : B737        |
| - Total Departing Pax           | : 1           |
| - Total Economy Pax             | : 1           |
| - Parking Time                  | : 2 Hour      |
| - Period of the day             | : Day         |
| - Cargo                         | : 0 Kilograms |
| - Check - in Counters Usage     | : 2 Hour      |
| - Month of the year             | : November    |
| - Number of check - in counters | : 3           |
| - Overflight Type               | : Origin      |
| - Parking Stand A/R             | : Apron stand |
| - Rate Type                     | : Daily       |
| - Total Adult Pax               | : 1           |

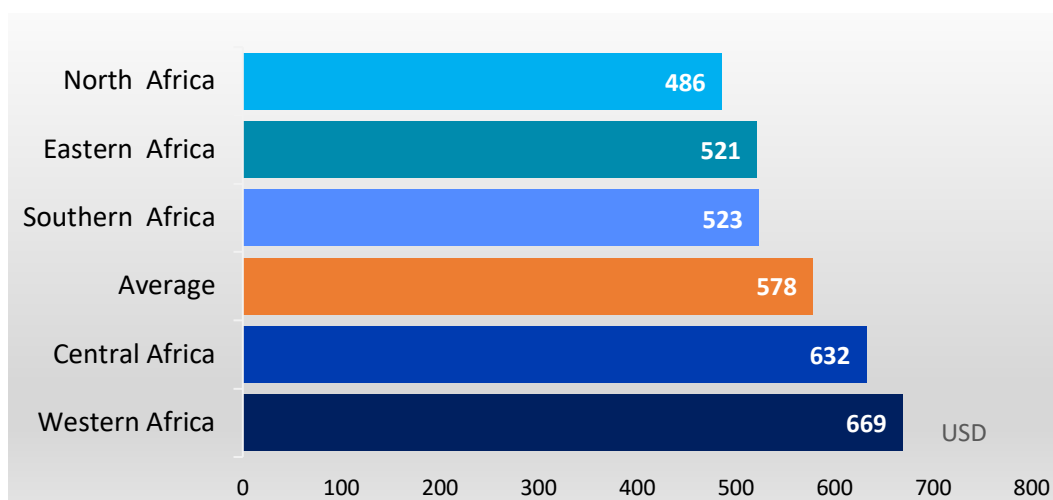
Table 7 – 10 (ten) most and less expensive countries for Airport charges

Airport	Airport charges (USD)	Airport	Airport charges (USD)
Somalia	1800	Namibia	280
Zambia	1445	Madagascar	223
Angola	1283	Kenya	223
Guinea	1203	Botswana	207
Morocco	949	Seychelles	183
Chad	926	Mauritius	156
Central African Republic	829	Algeria	140
Equatorial Guinea	811	Libya	89
Mali	798	Lesotho	46
Togo	759	Eswatini	19

Mogadishu in Somalia is the most expensive airport for airlines charges, with more than **USD 1800** for an international flight. In the same conditions, a busy airport like Algiers charge **USD 140**. The average amount of charges paid is **USD 578** compared to USD 625 in 2020.

Four (4) airports charge more than **USD 1000** including Somalia, Zambia, Angola and Guinea; while three (3) airports in Africa charge below **USD 100**: Libya, Lesotho and Eswatini. From the table above, we can easily see that the busiest countries are among the cheapest. As examples: South Africa, Ethiopia, Kenya charge less than the average.

Chart 4 - Average airport charges per African sub-region

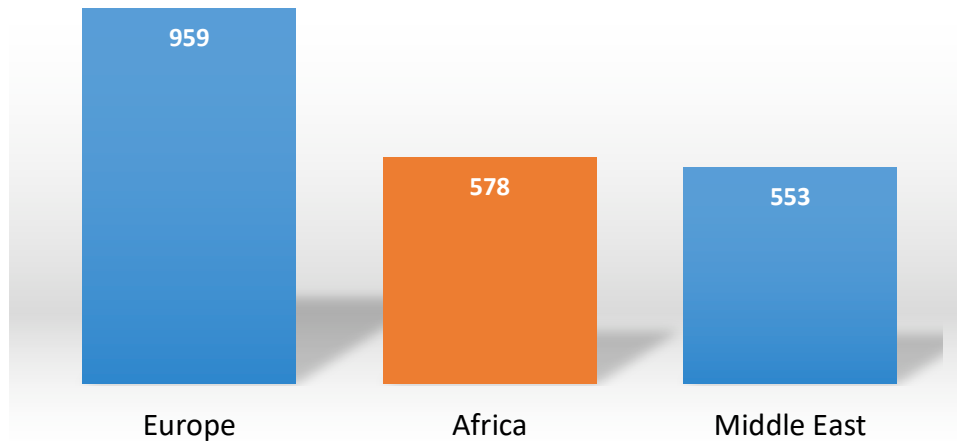


On a regional approach we can see that Central and Western African airports are the most expensive. The average amount of charges in those regions (**USD 632** and **USD 669**, respectively) exceed the continental average, which is **USD 578**. Northern Africa is the least expensive region in terms of airport charges with an average of **USD 486**.

### ***Comparison with neighboring regions***

In comparison with Europe and Middle East, the charges remain lower in Africa. The average amount of non-passenger charges is **USD 959** in Europe, and **USD 553** in Middle East, as shown In the GRAPH below.

Chart 5 -Comparison with neighboring regions



In Europe, airlines have to pay charges type that does not exist in Africa, such as De-icing, Slot coordination, Water for aircrafts. Other charges like lightning and noise have higher rates.

Middle East rates are closer to African one and the scheme of charges is similar. That can explain why the average amount of charges are close in the 2 regions.

## IV - AFRAA Advocacy on Taxes, Fees, and Charges for better skies

AFRAA has always been in the forefront of advocacy on high taxes, charges and fees on both passengers and airlines. This is because of the impact they have on overall ticket cost and travel demand.

For air transport to grow and act as a key economic stimulus, cost of operations must come down and travel must be affordable across Africa and beyond. On its own, and in partnership with other stakeholder organisations, AFRAA continues to engage various advocacy tools and strategies to reduce taxes and ensure charges and fees are commensurate with the level of services provided.

AFRAA advocacy is based on a four-pillar approach aimed at reduction of taxes, fees, and charges; ensuring a competitive environment (avoid monopoly) and checking the involvement and activities of the private sector in managing and providing services at airports. Ultimately, AFRAA aims through advocacy to realize a competitive air transport industry, boost traffic growth and increase the market share of African airlines. The four advocacy pillars are:

- Adherence to the ICAO prescribed engagement process before introduction of new/revised taxes, fees, and charges (ICAO Doc 8632 and Doc 9082);
- Reduction of existing high taxes, fees, and charges on air operators and passengers in identified countries;
- Monitoring and ensuring that private sector participation in airport services delivery results in quality service at competitive rates;
- Implementation of the Aviation Sustainability Laboratory initiatives on taxes and charges.

### Pillar 1: Advocacy for the use of Principles contained in ICAO Doc 9082.

In order to ensure fairness and equity in taxes and charges introduction, AFRAA has always insisted on airports and service providers adherence to the principle contained in Doc 9082 which are:

- **Non-discrimination:** the charges must be non-discriminatory both between foreign users and those having the nationality of the State in which the airport is located and engaged in similar international operations and between two or more foreign users.
- **Cost relatedness:** the charge must be set for the unique purpose of cost recovery.
- **Transparency:** the charge must be transparently determined, and the service user must have a clear understanding of the formula and/or the billing process.
- **Consultation with users:** ICAO emphasizes the importance of consultation with service users before changes in charging systems or levels of charges are introduced. The purpose is to ensure that the provider gives adequate information to the user and that providers and users reach an agreement.

Some airports and service providers are beginning to adopt these principles whenever they want to introduce new charges or review existing ones, but there still exist situations where some taxes and charges are introduced without regard to the operators and passengers.

In some instances, AFRAA has partnered IATA and released papers on the impact analysis of a proposed tax/charge, which is shared with government and relevant stakeholders to draw attention to the adverse implications if the tax were introduced.

The most frequently used advocacy method is through writing to the government or airport companies highlighting operators concerns about the tax/charge and demanding that the principles in ICAO Doc9082 are adhered to.

Benchmarking taxes/charges levels across countries/regions enable us to draw attention to the implication and the competitive disadvantages it will bring to the airport or entity in circumstances where alternatives are less expensive.

### **Pillar 2: Reduction of existing high taxes, fees, and charges on air operators and passengers.**

As shown earlier in this paper, some countries already have disproportionately high taxes, charges and fees. AFRAA at every opportunity it has to engage with stakeholders in such states, would draw attention to the high taxes/charges and their negative implications on travel, tourism, job creation and the economy at large. A careful look at the data provided above shows that most of the high tax or charge airports attract low to average number of operators and traffic.

It would be more impactful if AFRAA were able to conduct independent country specific impact analysis of the high taxes/charges in each of the countries and share the outcome with the decision makers. Unfortunately, the lack of funding to procure data and conduct such in-depth analysis is a drawback to our advocacy. AFRAA is however building it's own data base and tapping into partner data sources to be able to address the data shortfall.

While some countries have admitted that their taxes and charges are higher than competitor states and have held back on further increases, AFRAA continue to reach out to those states that persist to add on to the already burdensome taxes and charges.

In all cases, AFRAA has always depended on the timely information sharing by operators at various airports to intervene. Whenever, this information is shared before a decision or legislation is passed on a new tax/charge, AFRAA swiftly engages the stakeholders with the view to dissuading them from the increase. On occasions where information about the tax is passed on to AFRAA after the legislation is passed, it often becomes difficult to secure an annulment/amendment of the legislation and reversal of the tax/charge. As a result of this, AFRAA has always appealed to airlines to bring to its attention and information (even if preliminary or incomplete) so that it can engage early.

### **Pillar 3: Monitoring and ensuring that private sector participation in airport services delivery results in quality service at competitive rates.**

An emerging trend in Africa is airport concessioning or service delivery outsourcing to private sector third party businesses. Such entities are motivated by the profit and often will review upwards the taxes/charges applicable to passengers and airlines. While AFRAA is not against private sector participation in service delivery, it is against the placing profit ahead of service delivery, quality and safety.

AFRAA advocacy has always been to encourage more than one service provider to avoid monopoly, especially where the business volumes can support it. Where there is monopoly service provider at an airport, the principles in ICAO Doc9082 and Doc8632 must be strictly adhered to avoid exploitation of the operator or passengers.

### **Pillar 4: Aviation Sustainability Laboratory Initiatives on Taxes and Charges.**

During the Aviation Sustainability Laboratory event hosted by AFRAA last year in Nairobi, stakeholders agreed a number of measures to address the challenges of high ticket/fuel taxes

and high charges for service delivery. Among others, the recommendations which are at various stages of implementation included:

- Constituting of a technical taskforce with the required resource persons to collect, review and analyse recent studies on taxes by RECs with the view to establishing taxes, charges baselines within each REC persons
- Propose a harmonized continental taxation framework
- Quantify the potential traffic increase by state if the taxes are reduced and the corresponding potential revenue increase
- Develop an Economic advocacy paper using the results of the study. Include analysed data on fuel taxes to the paper
- Follow up with AUC to ensure review by AU - STCs and adoption by AU Summit.

AFRAA is playing an oversight and secretariat role to the task team working on the implementation of the LAB outcomes on taxes and charges. The results of the task force will enhance the advocacy work of AFRAA in this area and foster better engagements backed by relevant data.

Through conference papers, presentations, keynote speeches and various forms of stakeholder specific engagements, AFRAA has always drawn attention to the taxes and charges menace and propose causes of action to address it. In addition, direct letters to governments and actors in the industry as well as position papers, opinion pieces and face-to-face engagements are some of the advocacy measures used by AFRAA in finding solutions to this matter.

## Conclusion

The high level of taxes and charges is a critical issue and it is counter-productive for air transport development in Africa. As air transport is considered as a luxury service, government tend to overtax air transport supply chain leading to excessive service charges to the airlines. The average amount of taxes applied to air tickets is twice more expensive in Africa than in Europe or Middle East.

AFRAA advocate for reducing taxes and charges through effective gains along the entire supply chain to ensure affordable air transport prices and increase traffic growth rates.

According to a study conducted by our partner Predictive Mobility, the elasticity price/demand for air transport within Africa vary from -2.34% to -3.15%. That means that a reduction of 1% on the ticket price can increase the demand at continental level, from between 2.2 to 3.0 million passengers yearly.

Thus, the reduction of taxes and charges can allow a significant stimulation of demand on the continent. This will help our airline to become more competitive, especially against foreign operators, who are based in regions where the taxes are comparatively lower.