

Adesina: High taxes stunting the growth of African airlines

By [Chinedu Eze](#)

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The President of African Development Bank (AfDB), Dr Akinwumi Adesina has said that high taxes imposed on airlines by government agencies was a major challenge dwarfing the growth and development of air transport in Africa. This according to him, explains why the region loses about 80% of its market to foreign airlines.



Dr Akinwumi Adesina. Africa Progress Panel via [Wikimedia Commons](#)

Cost of travel, high taxes undermining growth

Adesina who spoke at the International World Aviation Forum (IWAF) organised by the International Civil Aviation Organisation (ICAO) and the federal government said it costs much more to travel in Africa than any other part of the world by air and that has undermined the growth of the sector in the region, thus denying the continent thousands of more jobs that would have been created by the aviation industry.

He said: "The cost of air travel in Africa remains exorbitantly high and is 200% more than costs in the European Union and 250% higher than in India for similar distances.

"A big part of this is the very high taxes, fees, and levies that are charged in Africa. For example, it costs \$128 to fly between London and Rome, but \$597 to fly between Abidjan and Niamey, a shorter distance. And just to go from Johannesburg in South Africa to next door neighbour Lilongwe in Malawi, the cost is \$406, which again, is a much shorter distance than from London to Rome.

"If you require another example of this serious imbalance, consider for a moment that taxes paid for a Lagos to Kinshasa ticket amounts to \$397 which is 300% higher than the total air travel costs between London and Rome. And that's just the taxes alone."

Restrictive regulatory environments

He also lamented that Africa's aviation growth is held back by very restrictive regulatory environments which limit market size, profitability, and drive up costs, noting that a study by the International Air Transport Association (IATA) shows that liberalising aviation markets through open skies for 12 African countries alone would increase annual GDP by \$1.3bn and create an additional 150,000 jobs, remarking that essentially, open skies meant more jobs and increased trade and investments.



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Aviation key to economic surge

The President of AfDB said that the bank would support the development of airport infrastructure in the region, noting that aviation is the key to economic surge in the continent and, therefore, must be supported and developed. "The aviation sector is especially important as it opens up doors to investors. Very few invest where it's difficult to travel to. That's why ease of access via air travel is strongly correlated to economic growth.

Air transport promotes trade, investments and tourism, and boosts economic growth. Today, Africa's aviation industry adds \$73bn to the continent's annual GDP and employs about seven million people - an average 130,000 people per country in Africa. And that's a lot," Adesina said.

He noted that with rapid economic growth, increasing population, urbanisation and income growth for the middle class, the aviation industry is projected to grow by 5% annually for the next 20 years, adding that from serving 120 million passengers in 2015, the industry would triple and serve over 300 million passengers by 2035.

African aviation in need of modernisation

"We need to develop airport terminal capacity to expand passenger growth, develop regional aviation hubs to improve connectivity and upgrade air navigational services and air traffic control to improve safety. Modern and cheaper technologies such as the satellite-based air navigation services now preclude the need for ground infrastructure and make it possible to serve remote areas with radars. We must also develop within Africa, aircraft maintenance services and strengthen regional and sub-regional aviation safety agencies," he said.

Adesina said that Africa needs to procure about 970 jets and 700 turboprops over the next 20 years, so the financing needs would exceed \$150bn, adding that African aviation needs fleet modernisation, efficiencies, better connectivity and much-improved quality of services for an exponential growth in the number of passengers.

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