

STUDY TO SUPPORT THE AFRICAN CIVIL AVIATION COMMISSION (AFCAC)

ON AVIATION TAXES, CHARGES AND FEES

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Activity under the EU-funded Project “Operationalisation of the SAATM – Support to AFCAC.”

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Your safety is our mission.

EASA/NTU Lead Consultant



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Introduction-Importance of Tax Harmonisation – The Rationale

Through harmonisation, African countries can **streamline regulatory processes, foster transparency, and build a more competitive aviation market.**

The current **lack of uniformity** creates administrative burdens and inefficiencies that hinder the seamless movement of passengers and goods.

Tax harmonisation is crucial for creating a **uniform regulatory framework** that lowers operational costs, reduces market fragmentation, and enhances connectivity across Africa.

Harmonised tax policies **will facilitate investment and competition** by providing a consistent business environment.

AFCAC Objectives

Utilising Existing Knowledge Base

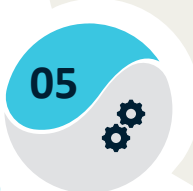
Incorporate insights from studies filed with IATA, ICAO, and in-country experiences across RECs, Academia, etc., to compile the Compendium Taxes from the Inventory of existing taxes & charges.

Objective Achievement Strategy

Provide analysis on achieving objectives both in the immediate and long term.

Demonstrating Potential Gains

Highlight potential gains from taxes to stakeholders.



Harmonisation of Taxes

Identify low-hanging fruits of taxes requiring harmonisation at the national level.

Win-Win Scenarios

Showcase win-win situations for reducing operating costs and airfares.

Promotion of Low-Cost Airlines

Develop strategies to promote low-cost airlines within the competitive landscape.

Adoption Strategies

Provide actionable strategies for fostering a competitive air transport environment.

Overview of the Study

01

Provides a comprehensive examination of how fiscal burdens imposed on aviation operations affect **connectivity, competitiveness, and overall industry health** in Africa



02

Addresses long-standing concerns over **fragmented and often excessive TCF structures**



03

Aims to establish an **evidence-based understanding** of the level and composition of aviation-related charges



04

Benchmarks African practices against **international norms set by ICAO (Doc 9082 and Doc 8632)** and **best practices from other global regions**



05

The study employs a multi-dimensional methodology, combining quantitative assessments (e.g., impact on ticket prices and route viability) with qualitative consultations

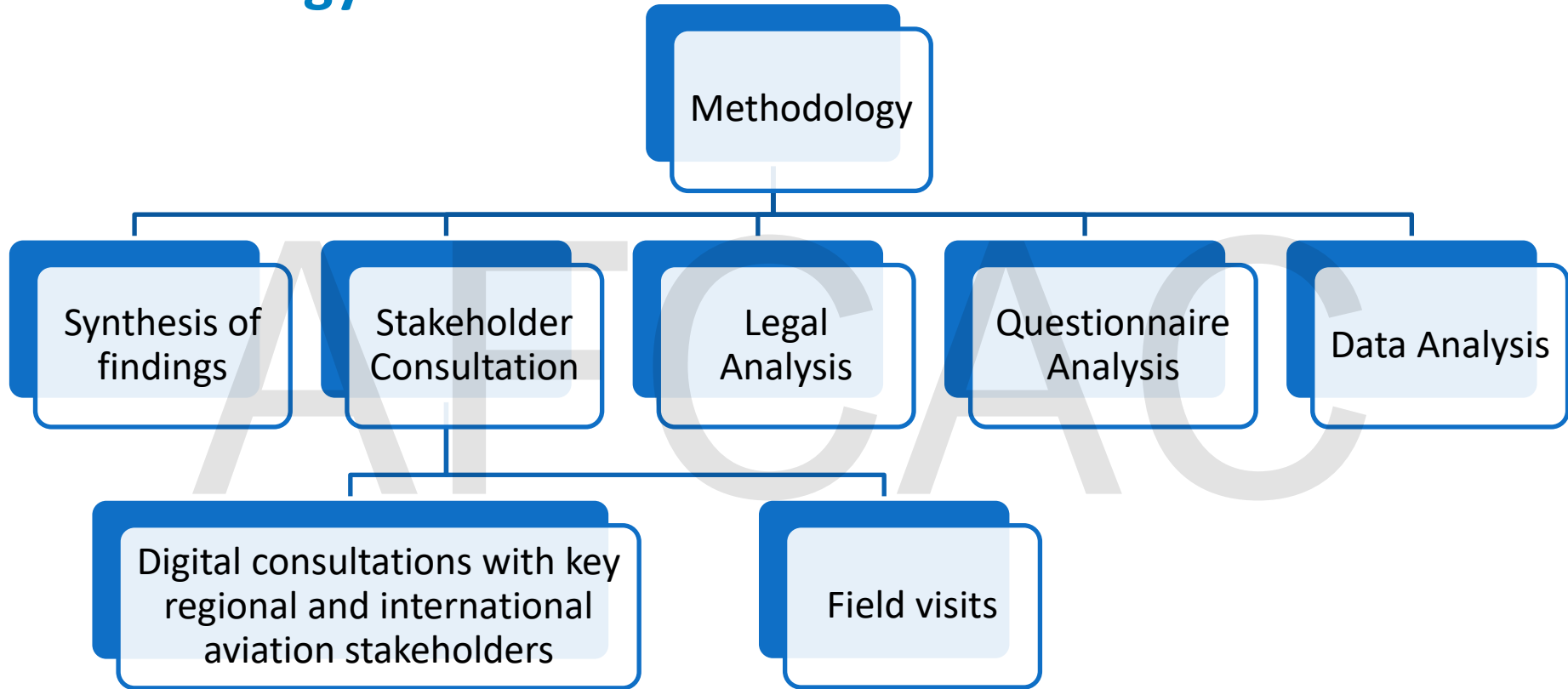


Overview of the Study

Overall, the study reveals that **high and inconsistent TCFs significantly undermine** efforts to liberalise African skies under the SAATM and **constrain broader goals** for regional integration, tourism growth, and trade facilitation.

It ultimately advocates for the **harmonisation of charges and the creation of a unified, development-focused TCF framework** led by African institutions such as AFCAC and the African Union.

Methodology



Methodology

Synthesis of findings

Examined existing literature, reports, and previous studies to establish the theoretical foundation and contextual background of aviation TCF;

Stakeholder Consultations

A series of targeted qualitative interviews was conducted with key stakeholders, AfDB, World Bank, AFRAA, Civil Aviation Authorities (CAAs), government ministries, airport operators, airline carriers, jet fuel providers, and other relevant actors in the aviation ecosystem in *Kenya, Zimbabwe, Zambia, Namibia, South Africa, Sierra Leone, Seychelles, Senegal, Cape Verde*;

Methodology

Legal Framework

The legal and fiscal landscape governing aviation taxes, charges, and levies across Africa, particularly within the **20 states participating in the SAATM Pilot Implementation Project.**

Questionnaire Analysis

Digital survey with *16 main questions* focusing on key areas such as regulations, fee structures, landing fees, and tax exemptions, *involving 14 respondents* representing various sectors of the aviation industry, including aviation authority (1), airline carriers (11), and airport operators(2), from eight countries: Kenya, Libya, South Africa, Tanzania, Egypt, Botswana, Zambia, and Algeria.

Methodology

Data Analysis

Using IATA's ACIC database, we benchmarked aviation taxes and charges across SAATM-PIP states using the Tier Model Approach (Airport Charges, Government Taxes, ATC Charges, Fuel Charges). (Data Period: 2013-2024)

The study adopted a multi-pronged methodological approach, beginning with the selection of a representative sample of AU Member States, particularly focusing on the *20 states under the Single African Air Transport Market Pilot Implementation Project (SAATM-PIP)*.

Tier Model Approach



The Tier Model comprises **four analytically segregated** layers of aviation-related financial components.



Each tier reflects a **functionally unique category of cost**, supporting policymakers and researchers in disentangling the financial architecture of air travel within and across African states.



Each tier is treated as a **discrete analytical object**, allowing for tier-specific findings and policy recommendations.



This segmentation ensures that conclusions are **functionally relevant and scientifically defensible**.

For instance, the interpretation of **fuel charges (Tier 2)** will focus on operational efficiency and concession competitiveness, while the analysis of **government taxes (Tier 3)** will examine economic equity, regressiveness, and tax transparency.

Tier Model Approach

Tier Model Approach

Tier 1 – Airport Charges

- passenger service fees,
- landing charges,
- parking,
- air bridge usage,
- and infrastructure levies.



Tier 2 – Fuel Charges

Captures fuel-related cost components

- into-plane charges,
- storage,
- concession fees,
- throughput levies,
- and refuelling supervision.



Tier 3 – Government Taxes

- air passenger taxes,
- tourism levies,
- exit/entry duties,
- CAA taxes,
- and immigration or security fees.



Tier 4 – Air Traffic Control Charges

- en-route navigation charges,
- communication fees,
- surveillance levies,
- and upper airspace tariffs.



Tier Model Approach



The Tier Model offers a **methodologically sound structure** for disentangling complex, multilayered cost environments in aviation economics.



By decomposing the aviation fee system into distinct analytical tiers, the model enables:

- ✓ **Cross-comparison**
- ✓ **Statistical disaggregation**
- ✓ **Targeted econometric modelling**



Each tier interacts differently with **market behaviour, policy design, and regulatory oversight**, requiring separate analytical treatment.
Example: **Fuel charges** directly influence airline marginal cost



Aligns with **multi-tier costing frameworks** used in transport economics and public finance studies, ensuring analytical rigour and replicability.
Reflects the **actual operational and fiscal ecosystem** in African aviation.

Key Findings

Excessive and Fragmented TCFs

TCFs are **inconsistently applied across African countries**, leading to high operational costs and disincentives for market entry.

Impact on Competitiveness

High, unpredictable TCFs **discourage FDI and reduce the competitiveness** of African airlines in global markets.

Negative Impact on Affordability

High TCFs elevate ticket prices, making air travel **inaccessible** to a large portion of African travellers.

Deviation from ICAO Recommendations

Many TCFs **violate global standards** (ICAO Doc 8632 and Doc 9082), disrupting harmonisation and deterring international operators.

Barrier to Connectivity

Fragmented charges **deter route expansion and reduce frequency**, hurting regional integration and the SAATM agenda.

Key Findings

Missed Harmonisation Opportunities

Lack of a standardised fee system undermines collective growth and aviation market unification in Africa.

Disproportionate Burden on Small Airlines

Emerging carriers face **significant challenges** due to fixed and non-aviation charges that undermine scalability.

Regional Inequities

Landlocked and underdeveloped states **impose higher relative charges**, further isolating them from aviation networks.

Lack of Transparency

Opaque fee structures **reduce trust** in aviation governance and inhibit strategic investment decisions.

Impact of High Taxes, Charges and Fees

Connectivity

Affordability

Competitiveness

Connectivity

High TCFs directly discourage new route development and **limit** flight frequency, especially to secondary and underserved destinations.

The report highlights that **carriers often bypass high-cost** airports, concentrating their operations in a few major hubs.

This can undermine intra-African connectivity, which is a key objective of SAATM. Reshinking network coverage reduces connectivity, hinders regional integration, impairs trade, and isolates communities reliant on air transport.

Affordability

Excessive charges such as passenger service fees, fuel surcharges, VAT, customs duties, and airport development levies **inflate ticket prices** significantly.

For instance, a comparative analysis in the report shows that taxes and fees can constitute up to **40% of the total airfare** on certain intra-African routes.

This disproportionately **affects price-sensitive travellers and suppresses passenger demand**, particularly among the middle class and tourists, undermining air transport as a mass mobility tool.

Competitiveness

High operational costs resulting from TCFs **erode the cost competitiveness** of African carriers compared to foreign airlines.

The report shows that African airlines **face a heavier burden from fuel and navigation charges** relative to global averages.

Furthermore, **inconsistent and non-transparent fee structures** across countries **hinder fair competition and deter foreign investment** and alliances, placing African airlines at a disadvantage in the global aviation market.

Impact of High Taxes, Charges and Fees

In sum, the report underscores that unless TCFs are rationalised and harmonised, **African aviation will struggle to meet its connectivity, affordability, and growth targets.** The findings reinforce ICAO policies (Docs 8632 and 9082) advocating cost-related, non-discriminatory user charges and the need for greater regulatory oversight to improve market conditions.

Benchmarking African Practices against Global Standards

- Benchmarking African Practices Against Global Standards involves **aligning the continent's aviation tax, charge, and fee (TCF) regimes** with internationally recognised frameworks to enhance competitiveness, efficiency, and integration into global air transport networks.
- African TCF practices should be assessed against key ICAO policy documents:
 - ✓ **ICAO Doc 9082** (Policies on Charges for Airports and Air Navigation Services) emphasises cost-relatedness, transparency, and non-discrimination.
 - ✓ **ICAO Doc 8632** (Policy on Taxation in the Field of International Air Transport) discourages taxes that increase costs for international air services beyond the recovery of costs for services rendered.

Benchmarking African Practices against Global Standards

→ Comparative TCF Benchmarking: Africa vs Global Standards

Benchmarking Dimension	Typical African Practice	Global Best Practice
TCF Level	Higher than global average; flat-rate or unlinked to service quality	Cost-based, tiered by service level; efficiency-oriented
Structure of Charges	Fragmented, often includes duplicative and non-cost-based fees	Bundled or clearly itemised, aligned with service levels
Transparency and Regulation	Weak oversight, limited regulation, inconsistent disclosure	Regulated by independent authorities with regular reviews
Engagement with Users	Limited consultation with airlines and users	Formal consultation frameworks (e.g., IATA Airport Consultations)
Alignment with ICAO Docs (8632 & 9082)	Low compliance with recommended practices; ad-hoc taxes common	Strong adherence to ICAO standards; regular audits

Proposed Harmonised Continental Taxation Framework

- **Proposed Harmonised Continental Taxation Framework** aimed at guiding AFCAC and the AU in establishing a *consistent and sustainable approach* to TCFs across African air transport markets:

Objective

- ✓ To create a **standardised, transparent, and development-focused** taxation regime for aviation across AU member states that **promotes affordability, connectivity, and competitiveness**, while maintaining fair and sustainable government revenues.



Proposed Harmonised Continental Taxation Framework

Guiding Principles

01

Non-Discrimination: Apply uniformly to all carriers (domestic and foreign).



02

Cost-Relatedness: TCFs must reflect actual service costs, in line with ICAO Doc 9082.



03

Transparency: All charges must be published and subject to public consultation



04

Predictability: Limit *ad hoc* surcharges and stabilise long-term taxation frameworks



05

Sustainability: Encourage environmental levies that align with global green aviation targets (ICAO CORSIA).



Proposed Harmonised Continental Taxation Framework

Pillars and Key Elements

01 Tax and Charge Classification



- ✓ Define clear categories of permissible TCFs.
- ✓ Separate operational charges from public levies.
- ✓ Set ceilings and floors to prevent abuse.

02 Transparency and Governance



- ✓ Mandate full TCF disclosure.
- ✓ Require regulatory impact assessments.
- ✓ Standardise cost recovery per ICAO standards.

03 Equity and Development Orientation



- ✓ Create differentiated schemes for SIDS/landlocked/ LICs.
- ✓ Offer green aviation incentives.
- ✓ Link TCF reform with PIDA planning.

Proposed Harmonised Continental Taxation Framework

Institutional Mechanism

- **AFCAC/AU Oversight Body:** Establish a Continental Aviation Pricing Observatory under AFCAC to:
- ✓ Monitor compliance.
 - ✓ Provide analytical benchmarking.
 - ✓ Facilitate dispute resolution between states and operators.
- **National Focal Points:** Every state nominates an aviation taxation liaison officer to coordinate with AFCAC.

Continental Aviation Pricing Observatory

Its **core objective** would be to **enhance transparency, promote equitable pricing structures, and align the continent's aviation cost systems** with global best practices, such as those set by ICAO's policies (Docs 9082 and 8632).

The establishment of such an Observatory would not only **strengthen regional cooperation** but would also enable more **evidence-based policymaking**, reduce investor uncertainty, and **ensure fair market competition** across Africa

Independent, centralised body under the AU and AFCAC to oversee aviation Taxes, Charges, and Fees (TCFs) across African markets.

It would facilitate harmonisation, drive down excessive TCFs and ultimately **improve connectivity, affordability, and sector competitiveness**

Proposed Harmonised Continental Taxation Framework

Implementation Timetable

Phase	Timeframe	Activities
Phase 1 – Design	0–6 Months	Stakeholder engagement, data collection, draft framework.
Phase 2 – Adoption	6–12 Months	AU-wide policy approval and country endorsement.
Phase 3 – Piloting	12–18 Months	Test framework in 5 AU regions with reporting.
Phase 4 – Roll-Out	18–36 Months	Full continental implementation and monitoring.

Concluding Remarks

Why Non-Aviation Charges Should Be Scrapped

→ 1. Distort Market Pricing

Non-aviation charges (e.g., tourism levies, solidarity taxes, general surcharges) **artificially inflate ticket prices** without providing commensurate improvements in aviation services. This distorts the real cost of flying and undermines competitive pricing.

→ 2. Violate ICAO Policy Guidelines

ICAO's Doc 9082 **explicitly discourages levying charges unrelated to aviation services**. Such charges undermine transparency, accountability, and international compliance—potentially opening countries to diplomatic and regulatory disputes.

→ 3. Undermine Air Transport Affordability

Africa already has some of the world's highest airfares. **Non-aviation charges further reduce affordability** for passengers, especially in price-sensitive markets, disproportionately affecting lower-income travellers and stifling air travel demand.

→ 4. Hinder Regional Integration

Excessive non-aviation charges create inconsistencies across borders, directly conflicting with the objectives of the Single African Air Transport Market (SAATM), AfCFTA, and other continental frameworks aimed at seamless connectivity.

Concluding Remarks

Why Non-Aviation Charges Should Be Scrapped

→ 5. Suppress Tourism and Trade Growth

Tourism arrivals and trade logistics rely on affordable, predictable air transport. **These extraneous charges raise transaction costs**, discourage airline route expansion, and reduce Africa's competitiveness as a destination.

→ 6. Discourage Airline Investment

Non-aviation charges create uncertainty for foreign and local airlines seeking to invest or expand in African markets. The lack of cost predictability increases operational risks and deters strategic partnerships.

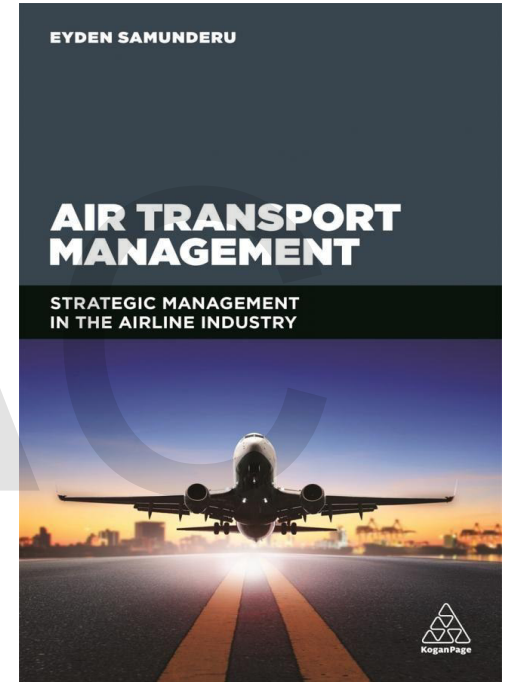
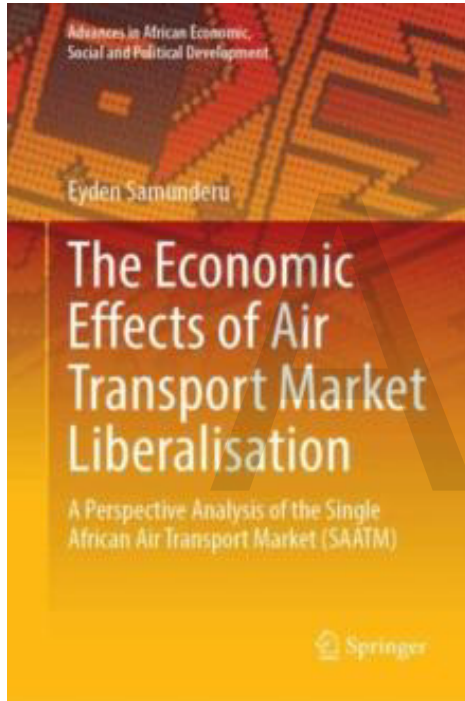


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- *See Report for a full Reference List*

AFCCAC

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Thank you!

Q&As

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