STOP TAXING AVIATION LIKE TOBACCO – ASKY BOSS

News / Airlines

Airlines in the West African sub-region have complained about the high taxes that has translated into high cost of operations, with players calling for a rethink of tax policies governing the sector.

Henok Teferra, Chief Executive Officer of Asky Airlines has thus called on governments in the West African sub-region to stop taxing air travel like tobacco and alcohol if the region is to realize the full benefits of aviation as an enabler of economic growth.

“Cost in this environment is twice what it is in East Africa, it shouldn’t be. If airlines in the West Africa region are struggling it is because of this cost burden that exist. Whether it is fuel, ground handling, navigation fees and services they are extremely high and all sorts of taxes. We need a better understanding of aviation as an enabler of growth,” he said.

Airlines in the region have had to contend with high taxes and charges manifested in high fuel prices, navigational and rump charges among others. This translates into comparatively high airfares for travelers within the sub-region.

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“Africa aviation has a very strong future. We need to make sure that the overall cost environment for aviation/airlines is brought down. We need governments to understand that aviation is not a luxury business. In some places it is taxed like alcohol and tobacco but aviation is a public service.

“Some few years ago, people in the West African sub-region had to go through Europe to see their brothers next door. That shouldn’t be. Governments must ensure that aviation in this region is supported to flourish. It will push other sectors to grow as well. Aviation is an enabler for tourism, trade, investment and economic integration,” the CEO of Lomé-based Asky said.

The internationally designated Accra Flight Information Region (FIR) -- which refers to the combined upper airspace (240 feet and above) and large portions of the Atlantic Ocean of Ghana, Togo, and Benin -- has been managed by Ghana’s civil aviation on behalf of the three countries for decades.

Air navigation charges for all international flights over four tonnes operating within the Accra FIR, for instance, as at 2010, were charged US$0.75 per kilometre flown. The minimum charge within the Accra FIR is US$200 and a maximum of US$600.

Aircraft with weight between 4-20 tonnes are charged a US$200 flat-rate.

These charges, coupled with tax build-up in aviation fuel (ATK) which constitute about 40 percent of airline cost, makes the commodity expensive in the West African sub-region.

Though international market prices for ATK have remained very low in recent times, it is still expensive in the sub-region largely due to taxes imposed by respective governments in the region. Indeed, cost f aviation fuel in Ghana remains one of the highest in the region.

Airfares from Accra to the four main domestic destinations --Takoradi, Kumasi, Sunyani and Tamale -- went up by 17.5 percent on July 1, following the imposition of Value Added Tax (VAT) on all domestic air travels.

This has reduced the number of passengers travelling from Accra to Kumasi, Tamale and Takoradi. For instance, airlines now have to compete with comfortable air-conditioned buses operating between Accra and Kumasi for a negligible fee of GH¢50 instead of GH¢290 by air.

“The fundamentals are very strong for aviation in Africa to thrive but the conditions are not there. That is why over 80 percent of the African travel is dominated by non-African carriers. Why should it be that why. We don’t want Africa to be just a consumer base for the global economy. We should be the ones who benefit from this economy,” he said.

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