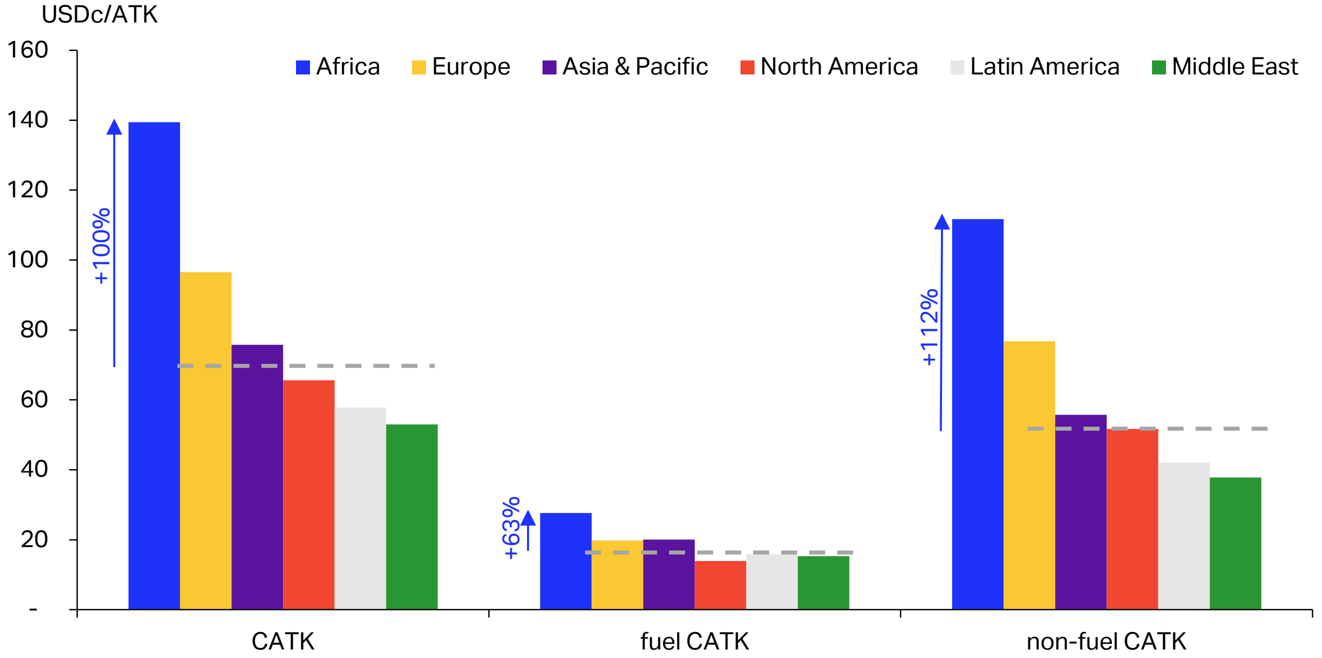
Chart of the Week

31 July 2025

Cost disadvantage of African airlines

Cost category per ATK per region, as of 2024, USD cents



Source: IATA Sustainability and Economics, based on a sample of 11 African airlines excluding Ethiopian

- African airlines continue to face a steep cost disadvantage compared to their global peers. As of 2024, the average cost per available tonne-kilometer (CATK) for African carriers stands at almost 140 USD cents—double the average for the rest of the world. This gap is driven by both fuel and non-fuel components, with fuel CATK 63% higher and non-fuel CATK 112% higher than the rest of the world. The disparity reflects structural inefficiencies that go beyond fuel prices alone.
- One of the key contributors to this cost burden is the region's aging fleet. African airlines operate aircraft that are, on average, five years older than the global norm. This age gap continues to widen, resulting in higher fuel consumption due to lower efficiency, more frequent and costly maintenance, and longer downtimes. Compounding the issue is the difficulty in sourcing parts, which are not only more expensive in Africa but also subject to longer lead times due to supply chain constraints.
- Fuel costs are further inflated by limited competition in the supply chain, high logistics costs, and low purchasing leverage due to smaller volumes. The into-wing price of jet fuel in Africa remains among the highest globally, adding to the already elevated operating costs. In addition, taxes and charges levied on air passengers' tickets can account for a substantial share of the final ticket price, reducing demand elasticity and further constraining airlines' ability to stimulate traffic.
- These challenges are exacerbated by the continent's fragmented market structure. African carriers often operate in smaller, fragmented markets with limited traffic volumes and lower frequencies. This restricts their ability to spread fixed costs—such as aircraft ownership, crew salaries, and overhead—over a larger base. As a result, per-unit costs are structurally higher.
- Adding to the financial strain is Africa's high corporate income tax rate, which averages nearly 28%—the highest among all regions. This further erodes profitability and limits the ability of African carriers to reinvest in fleet renewal or efficiency improvements. Addressing these structural cost disadvantages will be critical to improving the competitiveness and long-term viability of the region's airline industry.

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