

Briefing

The legal framework of the aviation sector in Tanzania

As attention turns to Tanzania's trade and energy opportunities, the spotlight has fallen upon the nation's infrastructure and whether it can keep up with economic growth. In our previous projects and construction updates we have reported on the capabilities and issues of the Tanzanian railway and port sectors; we now address the aviation sector.

In the past the East African aviation sector has recorded low flying levels. The position is compounded by a low percentage of intra-African flight routes. Local airlines have blamed multiple and uneven taxes levied on the sector for the high cost and low level of air travel in the region. In Tanzania, however, a surge in aviation related construction combined with rising demand for air travel is attracting international investors and developers.

Key legislation and regulation

Civil Aviation Act, Cap 80 R.E. 2006

The Civil Aviation Act, Cap 80 R.E. 2006 (the **Act**) empowers the Minister for Transport to give effect to the Chicago Convention and to regulate the use of aircraft by establishing licensing authorities and a system of licensing.

Chicago Convention

The Convention on International Civil Aviation, also known as the Chicago Convention, establishes rules of airspace, aircraft registration and safety, and details the rights of the signatories in relation to air travel. The Convention also exempts commercial air fuels from tax.

The Chicago Convention has 191 state parties, which includes all member states of the United Nations – except Dominica, Liechtenstein, and Tuvalu – plus the Cook Islands.

Main institutions

Tanzania Airport Authority (TAA)

The TAA was established in 1999 and assumed the functions of the former Directorate of Aerodromes of the Ministry of Transport. The TAA is an executive agency mandated to manage, operate and develop all public airports in Tanzania. It is responsible for ensuring that government policies and regulations are implemented.

Tanzania Civil Aviation Authority (TCAA)

A government body formed in 2003 to provide air navigation services and for the safety, security and economic regulation of the civil aviation sector. The TCAA also provides navigations services at 14 airports in Tanzania.

Further information

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Air Tanzania Company Limited (ATCL)

The flagship airline of Tanzania. In 2002 ATCL was partially privatised. The government of Tanzania reduced its shares in ATCL by entering into a partnership with South African Airways. The partnership lasted for four years and accumulated losses exceeding \$19 million. The Government of Tanzania retook complete control of ATCL and since then the company has seen its market share fall to 0.4%. ATCL is currently facing the threat of losing its head office as the result of a debt of more than \$1.1 million.

East African Community Civil Aviation Safety and Security Oversight Agency

A technical institution of the East African Community responsible for ensuring the development of a safe and secure civil aviation system in the region.

Current projects

The construction of a new terminal at Julius Nyerere International Airport (the main airport in Dar es Salaam) is designed to host the airport's international flights. This will leave the existing international Terminal 2 to cater for domestic flights. Currently 2.5 million passengers pass through the airport per year; 1.3 million over capacity.

The first phase of the project comprises the construction of the main terminal building (including roads, platforms and parking lots) and will facilitate 3.5 million annual passengers. The second phase will then provide further capacity to facilitate six million annual passengers.

The expansion of Mwanza airport began in June 2012 and is scheduled to finish in October 2015 at a total cost of \$66 million. The new airport will provide the Great Lakes Region of Tanzania with a viable transport hub capable of handling larger aircraft and with a capacity of up to 1 million passengers.

A \$30 million investment into the Kilimanjaro International Airport aims to increase the airport's capacity by constructing a new taxiway and expanding the terminal. The project is estimated to take two years and will increase capacity to 6 million passengers per annum.

Future opportunities

The prospective rehabilitation of Sumbawanga Airport and Kigoma Airport will raise their runways, taxiways and aprons to bitumen standard. New terminals are to be created along with connecting roads and parking. Tenders for the procurement of Contractors are currently underway for both projects.

A further airport is due to be constructed in the Dodoma region. Msalato Airport is a proposed international airport intended to serve the Tanzanian capital. A feasibility study and preliminary design for the airport has been completed and the soliciting of funds for construction is currently underway.

Conclusion

In the last ten years there has been a rise in the number of domestic and international flights in Tanzania. Demand for flights has increased, particularly as a result of successes in the energy sector. The introduction of low budget airline FastJet and improvements to Tanzania's Precision Airlines have also made air travel more affordable and accessible. The numbers of international passengers flying in Tanzania increased by 16% over the last year.

As it stands, the many current and potential airport construction projects in Tanzania promise to meet this increase in demand. Despite this, there is still a way to go. The aviation sector currently represents only 2% of the national GDP and high tax rates continue to hinder the industry.