

# Swissport ground handling revenue sinks in four years

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**Dar es Salaam.** Swissport Tanzania's revenue from ground handling segment decreased by half last year compared with 2015, the period before liberalisation of the business. The company's chief executive officer, Mr Mrisho Yassin, said that, during the period reviewed, revenues dwindled to Sh17 billion compared to Sh34 billion in 2015.

He attributed the trend to the cutthroat strategy adopted by the players since the liberalisation of the ground handling business in 2016, which saw Nas-Dar Airco joining the market.

"2019 was a tough year. Competition was at its peak. We lost few customers -KLM and Rwandair and offered discounts to the remaining airline customers," noted Mr Yassin.

To respond to the earning pressure, he said, Swissport reorganised

the business and saved significant amounts of staff related costs and other operating costs.

The ongoing price war led to the estimated market value loss of about \$3 million (about Sh6.8 billion).

This, adversely impacted the ground handling contribution to the economy, with taxes going down to Sh6.1 billion last year, far below compared to Sh11.9 billion recorded five years back.

Under the period, concession fee (charged as a percentage of ground handlers' earnings) to the Tanzania Airports Authority (TAA) decreased to Sh3.2 billion compared to Sh4.7

billion. Furthermore, concession to Kilimanjaro Airport Development Company Limited (Kadco) went down to Sh300 million, compared to Sh661 million.

"Ground handling market is still immature," noted Mr Yassin.

"Further liberalisation will significantly affect the financial performance of the ground handling companies and so is their contribution to the economy."

If not properly controlled, he cautioned, might also lead to staff retrenchment and fewer investments in staff training, technology, facilities and ground support equipment which may impact safety and security performance.

Tanzania Civil Aviation Authority (TCAA) plans to have review of

Ground Handling Regulations before the end of the current financial year, an exercise of which may consider setting a price cap to prevent price war.

TAA director general Julius Ndyamukama told *The Citizen* last month that the authority was planning to set a minimum rate of concession fee.

However, Mr Yassin is optimistic ground handling business will somewhat grow in 2020 despite the ground handling market expected to remain stiff.

He banks on network expansion by Air Tanzania Company Limited (ATCL), saying more flight frequencies and cargo volumes were expected to be registered.

He also said various initiatives taken to promote export of among others, flowers, vegetables, fish and meat, are expected to boost volumes of export cargo this year.

Mr Yassin was also positive that the new terminal three opened in August last year will attract new airlines to Tanzania and thus boost the ground handling market in the future.

**Further liberalisation will significantly affect the financial performance of the ground handling firms**

**YASIN** | CEO, SWISSPORT TANZANIA LIMITED