



## ICAO MEETING ON AIR CARGO DEVELOPMENT IN AFRICA

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# AIR CARGO IN ECOWAS REGION

Presented by

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# PRESENTATION OUTLINE

✓ **BRIEF ON ECOWAS AIR TRANSPORT**

✓ **DIAGNOSIS OF AIR CARGO**

✓ **CHALLENGES OF AIR CARGO**

✓ **CONCLUSION**

# BRIEF ON ECOWAS AIR TRANSPORT



# CONTEXT

## ✓ CREATION

- ✓ 28 May, 1975 in Lagos, Nigeria, of the Economic Community of West African States (ECOWAS)

## ✓ OBJECTIVE

- ✓ Co-operation and integration to support growth in regional trade and free movement, leading to establishment of an Economic Union in West Africa

## 15 MEMBER STATES

- Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone & Togo

## GENERAL DATA

- 328 Million inhabitants
- 5,1 Million Km<sup>2</sup> surface area
- GDP 130 Billion USD
- Mineral Resources (Petrol, Gas, Gold, Uranium, Phosphate,...) & Agriculture Resources (Cocoa, Coffee, Sugar, Cotton, Rubber, Wood...)

## AIR TRANSPORT DATA

- ✓ 60 Airports ranging from 2400m to 4000m: Abidjan, Abuja, Accra, Bamako, Banjul, Bissau, Conakry, Cotonou, Dakar, Lagos, Lome, Kano, Ouagadougou, Niamey, Praia, Sal, Yamoussoukro.....
- ✓ 15 Regional Airlines: Arik Air, ASKY Airlines, Air Burkina, TACV, Senegal Airlines, Air Cote d'Ivoire, AeroContractors, FLY540, Gambia Bird, AWA.....
- ✓ 200 Aircraft, 1500 Pilots, 19 Maintenance facilities

# AIR TRANSPORT POLICY

**ECOWAS member States entrusted the Commission to assist them in coordinating and harmonizing their air transport policies coming from:**

## ✓ **Chicago Convention (December 7 1944)**

- ✓ Develop Civil Aviation in a safe and orderly manner
- ✓ Ensure equality of opportunity and operate soundly and economically
- ✓ ICAO SARPs and International Air Law Instruments

## ✓ **Yamoussoukro Declaration (October 7 1988)**

- ✓ Cooperation between African States against protectionism
- ✓ Integration of African airlines: joint ventures, merges
- ✓ Pooling: fees, maintenance, CRS, tariffs, spare parts, training

## ✓ **Yamoussoukro Decision (November 14 1999)**

- ✓ Liberalization of access to air transport markets in Africa
- ✓ Free exercise of traffic rights, free tariff fixing, no limitation of capacity or frequencies, multiple designation of eligible airlines
- ✓ Compliance with ICAO SARPs: Aviation Security & Safety

## ✓ **NEPAD, PIDA PROGRAM**

- ✓ Support the Yamoussoukro Decision in order to establish safe, efficient, and risk-free airspace and airports in Africa
- ✓ Public/Private partnership for infrastructure projects to achieve good results

## ✓ **COMMON AIR TRANSPORT MARKET**

- ✓ Adoption of 9 Air Transport Supplementary Act on 17 February, 2014, by the ECOWAS Authority of Heads of State & Government, relating to Liberalization of Handling services, Compensation for Denied Boarding Passengers, Slots Allocation, Approval of Air Carrier, Air Tariffs, Conditions to Market Access, Liability of Air Carriers in case of Accident, Exemptions to Competition Rules in air transport services, and Common rules on Aviation Security

# LEGAL FRAMEWORK OF AIR CARGO

- ✓ **In tandem with the 1999 Yamoussoukro Decision , Air Cargo is a part of air services quoted in four (4) ECOWAS Air Transport Supplementary Acts adopted on 17 February, 2012, as follows:**
- q **SUPPLEMENTARY ACT A/SP.3/02/12 RELATING TO THE COMMON RULES ON LIBERALIZATION OF MARKET ACCESS TO GROUND HANDLING SERVICES IN AIRPORTS OF ECOWAS MEMBER STATES**
  - ∅ Air cargo assistance is included in ground handling services to be liberalized subject to some criteria inter alia compliance with regulations on aviation safety and security according to ICAO's SARPs
- q **SUPPLEMENTARY ACT A/SP.8/02/12 RELATING TO THE COMMON RULES ON THE CONDITIONS OF ACCESS TO AIR TRANSPORT MARKETS IN ECOWAS MEMBER STATES**
  - ∅ Air Cargo is a part of air services subjected to liberalization including cabotage in ECOWAS space
- q **SUPPLEMENTARY ACT A/SP.6/02/12 RELATING TO THE COMMON RULES ON TARIFFS APPLICABLE TO PASSENGERS, FREIGHT AND MAIL FOR AIR TRANSPORT WITHIN, FROM AND TO ECOWAS MEMBER STATES**
  - ∅ Air Cargo is subjected to air tariffs liberalization
- q **SUPPLEMENTARY ACT A/SP.11/02/12 RELATING TO COMMON RULES ON AVIATION SECURITY IN ECOWAS MEMBER STATES**
  - ∅ The provisions of this SA shall be applied to air cargo in compliance with ICAO SARPs
- q **NEXT STEPS**
  - ∅ **Publication of the Air Transport Supplementary Acts**
  - ∅ **Awareness Campaign in ECOWAS member States: especially sensitization seminars** for interpretation and harmonized application to avoid discrepancies between the member States.
  - ∅ **Follow up/Evaluation** of Member States' level of implementation of ECOWAS air transport Supplementary Acts in order to correcting gaps found.

# DIAGNOSIS OF AIR CARGO



# BENEFITS OF AIR CARGO

- q **AIR CARGO DEVELOPMENT will enable ECOWAS member States to:**
  - ✓ **Improve operation of their huge mineral resources (petrol, gas, uranium, phosphate, bauxite...) and agricultural resources (coffee, cocoa, cotton, sugar...)**
  - ✓ **Export by air freight of flowers, fruits, vegetables, seafood and meat products**
  - ✓ **Face specific needs of land-locked countries (Burkina, Mali, Niger) or island (Cape Verde)**
  - ✓ **Alleviate negative effect of famine and epidemics through rapid conveyance of foodstuff and medicine, thereby making a concrete contribution to poverty reduction**
  
- q **VIABILITY OF AIR TRANSPORT INDUSTRY**
  - ✓ **Revitalisation of air transport sector in West Africa**
  - ✓ **Optimize utilisation of airport**
  - ✓ **Catalyst of job creation for youth and women**
  
- q **CONTRIBUTION TO ECOWAS INTEGRATION**
  - ✓ **Boosting of Economic growth and Political integration within ECOWAS space**
  - ✓ **Consolidate international relations and trade with partners through Air Carrier operations.**

# FEATURES OF AIR CARGO

## TRANSPORTATION OF AIR CARGO BY:

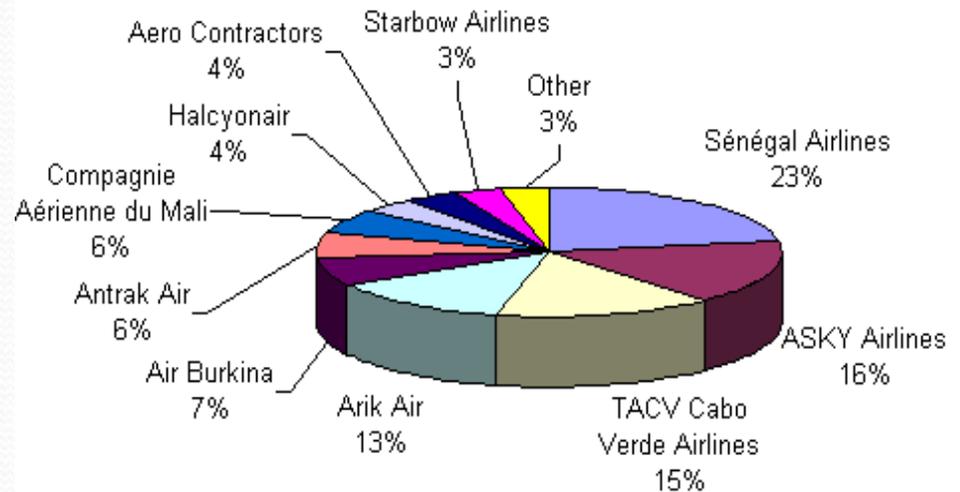
- More than 60% air freight carried by free belly capacity of regional airlines (ASKY Airlines, Arik Air, Aerocontractors, Air Burkina, Senegal Airlines, Air Cote d'Ivoire...) and international airlines (Air France/KLM, Lufthansa, British Airways, Emirates, etc)
- Integrators including Air France Cargo, Lufthansa Cargo, British Cargo, Cargolux, Ethiopian Cargo, DHL...
- Sometimes on charter flights

## MULTIPLE STAKEHOLDERS

- Trade sector for customs regulations
- Agriculture: production of fruits and vegetables, fish and meat
- Air Transport characterized by its speed of transport of goods because air transport is the fastest mode of transport

# 2013 WEST AFRICAN AVIATION MARKET

- **INTER-CONTINENTAL:** the most lucrative market, dominated by foreign carriers (42% of total market of roughly 8 to 10 million passengers annually)
- **INTRA-AFRICA:** (22%= 4-5 million PAX) market dominated by South African, Ethiopian and Kenya Airways
- **DOMESTIC:** small market, except for Nigeria (around 10 million domestic passengers per year).



**Market shares (seats) of ECOWAS-registered airlines on intra-ECOWAS flights without domestic Nigerian market, Jan. 2013.**

**Source: SRSAnalyser**

# WEST AFRICAN CARGO MARKET

- **NORTH – SOUTH** (Europe/Middle East to West Africa)
  - Ø **Goods:** transportation of pharmaceutical products (vaccines, medicine), food, dairy products, electronic devices, spare parts, Postal, etc
  - Ø **Operators** are foreign carriers: Air France/KLM, British Airways, Lufthansa, Brussels Airlines, Emirates, Ethiopian Cargo, Cargolux, DHL, : transport
- **SOUTH – NORTH** (West Africa to Europe/Middle East)
  - Ø **Goods:** transportation of perishable: fruits (mango, pineapple, papaya, melons, etc) & vegetables (green beans, green peppers, eggplants, cucumber, strawberry...), flowers, meat and fish (sea food),
  - Ø Transportation of low weight-high value products such as handy craft, artifacts, etc
- **INTRA-AFRICA:** small market, operated by regional airlines (Arik Air, ASKY Airlines, Air Burkina, TACV, Senegal Airlines, Air Cote d'Ivoire, AeroContractors, Gambia Bird), DHL, South African, Ethiopian and Kenya Airways .
- **HUMANITARIAN FOODSTUFF AND MEDICINE** by World Food Program (WFP) in Liberia, Mali, Niger, Nigeria, ....

# 2013 ECOWAS AIR TRANSPORT MARKET

YEAR 2013	CARGO Ton	PAX m	AIRCRAFT m	POPULATION m	SURFACE Km2	GDP Billions
BENIN	7,616	476,704	12,309	9,900,000	112,760	8.30
BURKINA FASO	7,011	523,355	9,936	17,800,000	273,600	12.2
CAPE VERDE	3,061.5	1,957,747	28,702	0,530,000	4,030	1.9
COTE D'IVOIRE	17,548	1,152,887	18,195	22,400,000	318,000	28.2
GAMBIA	1,387.3	348,248	5,298	1,880,000	10,120	0.90
GHANA	23,437	2,447,989	43,688	25,200,000	227,540	44.2
GUINEA	3,967	331,558	8,596	11,180,000	245,720	6.3
GUINEA BISSAU	400	121,000	1,100	1,660,000	28,120	0,9
LIBERIA	8,621.4	193,175	3,456	3,990,000	96,320	1.9
MALI	10,047	572,105	10,296	15,970,000	1,220,190	11.1
NIGER	3,201	203,487	7016	16,900,000	1,266,700	7.4
NIGERIA	246,238.8	14,853,248	245,398	175,000,000	910,770	286.5
SENEGAL	25,198	1,883,806	22,955	13,300,000	192,530	15.1
SIERRA LEONE	4,693.7	227,649	3003	5,600,000	71,620	4.8
TOGO	4,004	538,697	10,228	7,150,000	54,390	4.4
TOTAL	366,432	25,831,655	430,176	328,460,000	5,032,410	434
WORLWIDE	44,000,000	3,100,000,000	N/A	7,000,000,000	148,326,000	74,900
AFRICA	2,000,000	163,000,000 (4.1%)	N/A	1,100,000,000	30,221,532	2,600,
ECOWAS share	18%	16%		30%	18%	17%

# CÔTE D'IVOIRE

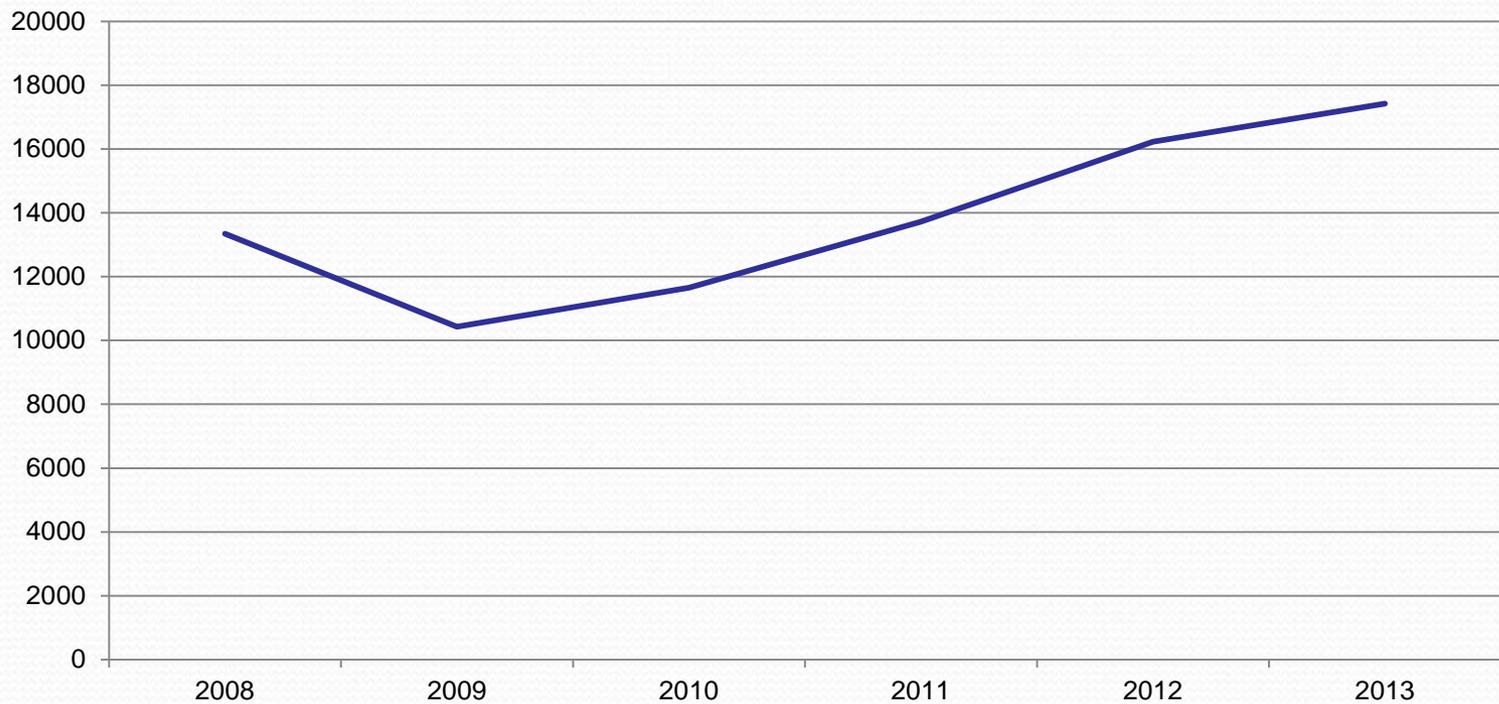
✓ **CARGO AIRPORT:** Abidjan where facility is on extension

✓ **CARGO OPERATORS:** Air France Cargo, Emirates, Air Côte d'Ivoire



# CÔTE D'IVOIRE

YEAR	2008	2009	2010	2011	2012	2013
CARGO (Ton)	13 342	10432	11653	13724	16228	17419



# SENEGAL

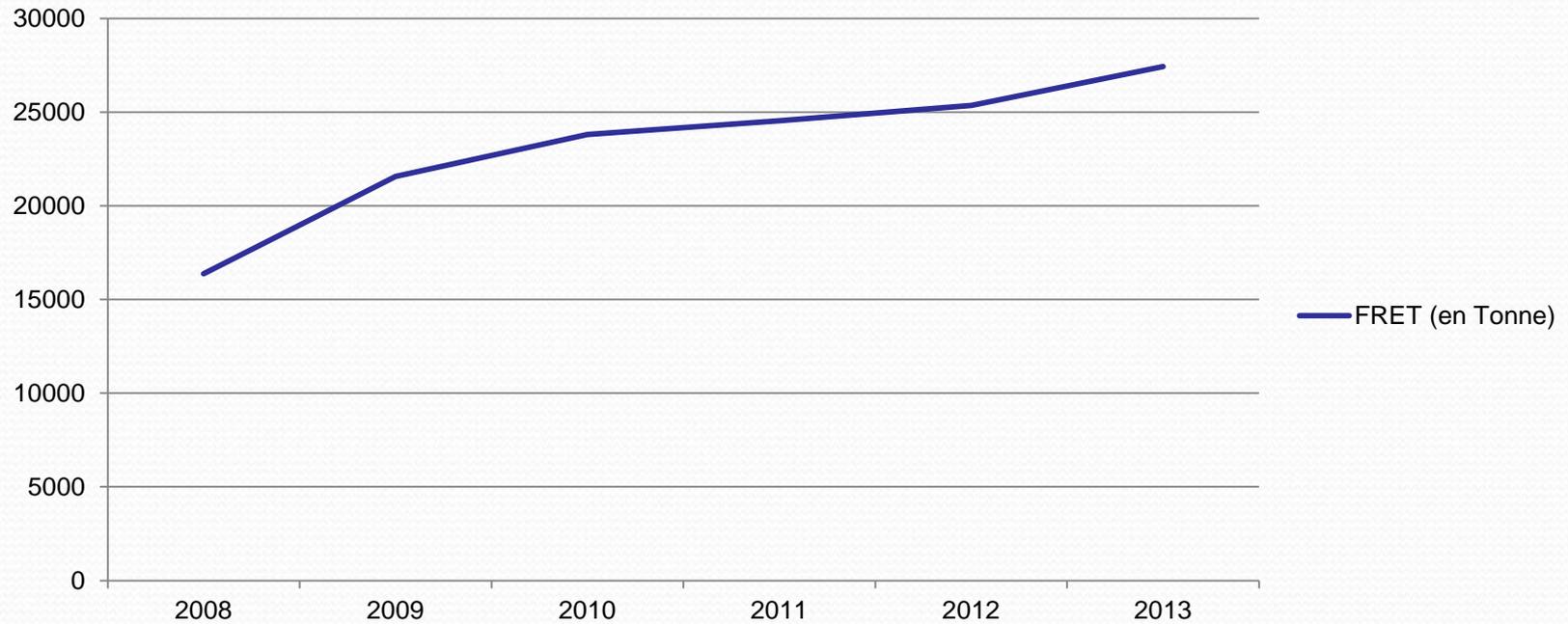
✓ **CARGO AIRPORT:** Dakar, facility extended

✓ **CARGO OPERATORS:** Air France Cargo, Emirates, Cargolux,  
Senegal airlines



# SENEGAL

YEAR	2008	2009	2010	2011	2012	2013
CARGO (Ton)	16368	21575	23803	24544	25361	27428



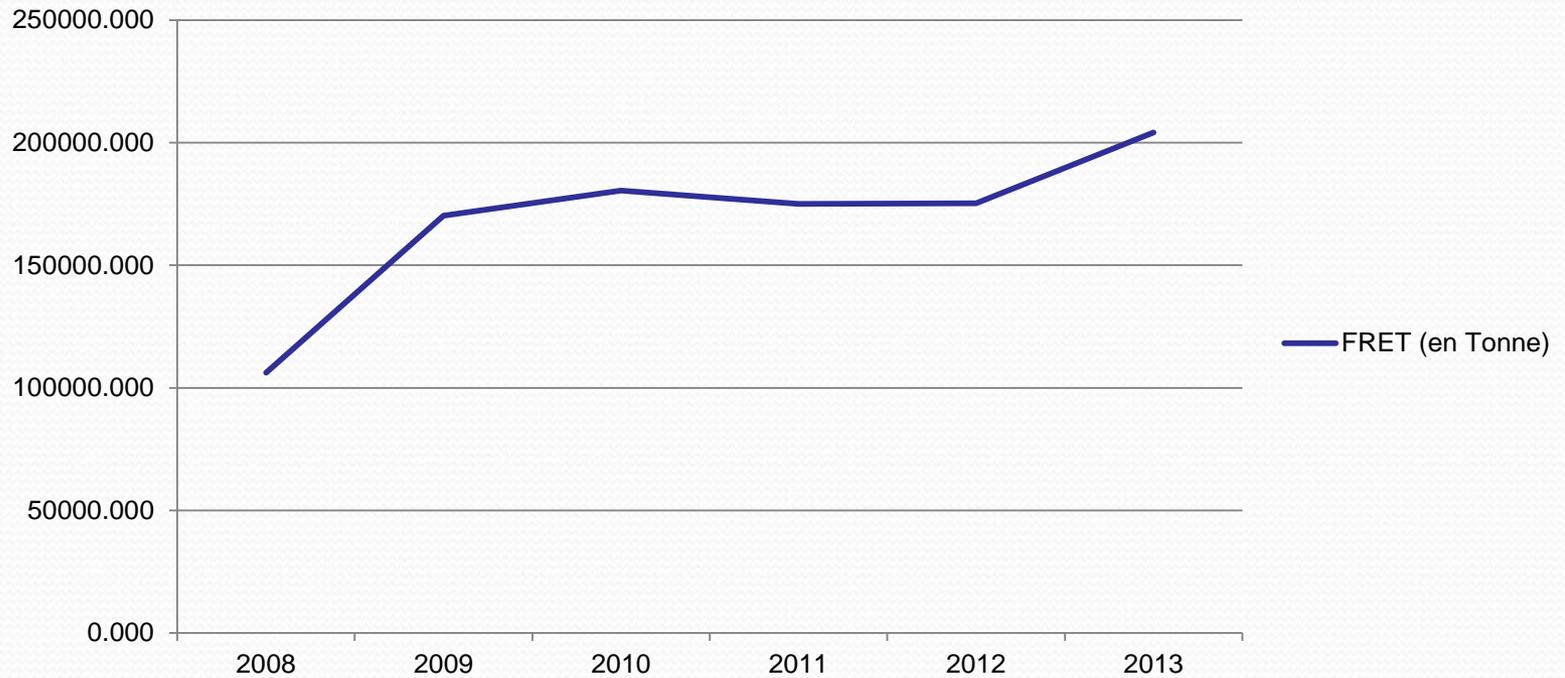
# NIGERIA

- ✓ **13 CARGO AIRPORT** where facilities were upgraded: **Lagos, Abuja, Kano, Port Harcourt**, Akure, Calabar, Ilorin, Jalingo, Jos, Makurdi, Minna, Owerri, Uyo
- ✓ **CARGO OPERATORS:** Foreign carriers (British, Air France/KLM, Lufthansa, Emirates, SAA, Ethiopian, Kenyan), 7 domestic carriers (Arik Air, Aerocontractors, Dana Air, First nation Airways, Medview Airways, Middle east Airlines, Overland Airways) & 3 international (Arik Air, Aerocontractors, Allied Air)



# NIGERIA

YEAR	2008	2009	2010	2011	2012	2013
CARGO (Ton)	106165.302	170281.903	180401.891	175012.481	175220.273	204092.431



# CHALLENGES OF AIR CARGO



# CHALLENGES (1)

## POLITICAL

- **Political unrest:** in regions in which Air Carriers operate, political unrest can result in damaged airport infrastructure, facilities & equipment and undermine the confidence of users
- **Protectionist attitudes** of some States affects the granting of air traffic rights contradicting the YD Liberalization

## ECONOMIC, SOCIAL

- **Marginalisation of West Africa:** since collapse of historic airlines (Air Afrique, Nigeria Airways, Ghana Airways,...) and some freighters (Naganagani, Africa West, etc) constraints to set up a competitive and profitable air carrier
- **Insufficient connectivity** between capital city of ECOWAS member States
- **Poor cooperation** between ECOWAS Air carriers: flight schedules, interline agreements, joint venture, alliances ....
- **Inadequate skilled manpower and capacity**

## HIGH OPERATING COST

- **High operating cost** of airlines: aviation taxes and fees, fuel, insurance, maintenance, training of personnel
- None of the ECOWAS airlines own of their aircraft. They operate on aircraft leasing scheme: Dry Lease (aircraft without crew but MI) or Wet Lease (ACMI); African airlines face a very high interest rate from aircraft leasing companies : around **35%** (2013, World Bank study)
- Handling of air freight
- High air fare for cargo customers

# CHALLENGES (2)

## FINANCIAL

- **POOR ACCESS TO FINANCING** Difficulties to access financing for airlines and air transport projects
- ECOWAS airlines generally do not have adequate access to necessary resources for investment (loans) to enable them to successfully purchase or lease aircrafts and spare parts;
- ECOWAS airlines often purchase used aircrafts that are available at low cost on the market

## INFRASTRUCTURE , EQUIPEMENT & FACILITIES

- Runway, Taxiway, Parking, Ground handling equipment, storage facilities
- Freight terminals: efforts in some States: 13 cargo airports in Nigeria, N'Diass airport in Senegal, Ghana, RCI, Togo, Mali, Donsin airport in Burkina Faso, etc
- Insufficient temperature controlled air freight depots at airports for perishables
- Partnership Ethiopian Cargo/ASKY Airlines for a cargo hub in Lome for an estimated capacity of 50,000 ton/year

## AVIATION SECURITY & SAFETY

- Aged aircraft not well maintained
- Certification of aerodromes
- High level accident rate in Africa
- Removal of deficiencies on Aviation Security and Safety identified in member States by ICAO Audits

# CONCLUSION



# DEVELOPMENT OF AIR CARGO

## q **FULL LIBERALIZATION OF AIR CARGO**

## q **IMPLEMENTATION OF AIR TRANSPORT INTEGRATION-BASED PROJECTS**

- Ø Regional Safety Oversight Organizations (RSOO): BAGASOO/ACSA
- Ø Regional Aircraft Leasing Company
- Ø Regional Aircraft Maintenance Facility
- Ø ECOWAS Policy on Aviation charges
- Ø Steering Committee of ECOWAS Airlines
- Ø Regional Air Transport Data Base

## q **WORKING TOGETHER WITH ALL AVIATION STAKEHOLDERS**

- Ø Bring member States, ECOWAS bodies, ICAO, ACI, IATA, AFRAA, AFCAC, Airlines, Airports, Trade sector, Agriculture sector and Private sector to adhere to a strategy based on Growth Improvement i.e. cooperation and coordination as Policy maker/Enabler/Accelerator/Catalyzer aimed to:
  - ENSURE A CONDUCIVE ENVIRONMENT FOR AIR CARGO
  - IMPROVE AIR CONNECTIVITY
  - PROMOTE FURTHER ECONOMIES OF SCALE
  - ENHANCE AVIATION SAFETY AND SECURITY
  - CAPACITY BUILDING



**THANK YOU !**

