



Implementing Regulatory Solutions for Air Cargo

ICAO Meeting on Air Cargo Development in Africa

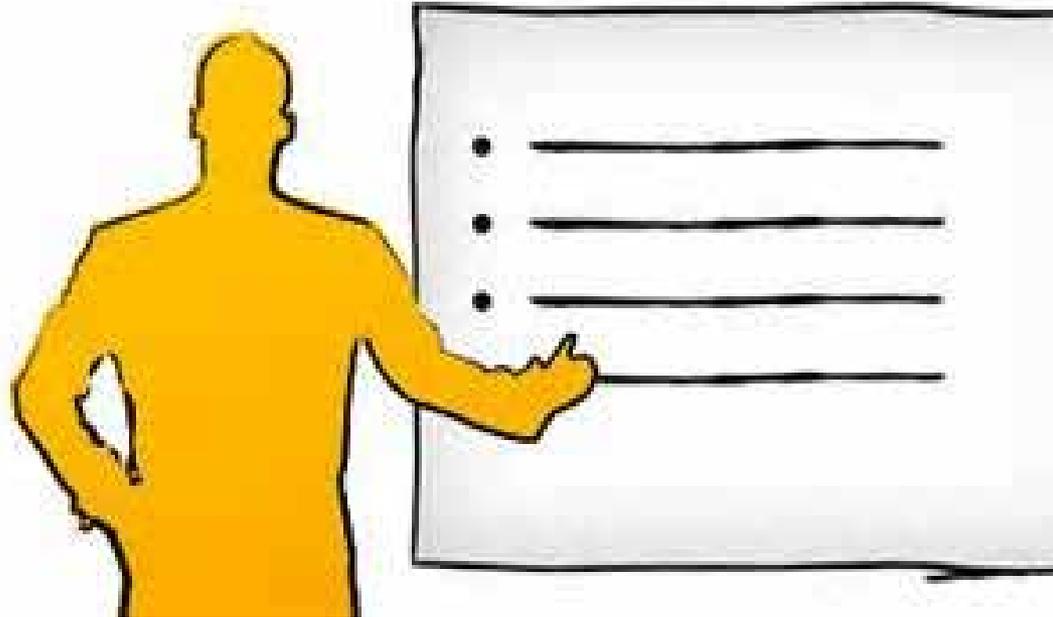
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To represent, lead and serve the airline industry



Outline

- Regulatory Framework
- Value of Aviation (VoA)
- Global Standards
- Smart Taxation



Regulatory Framework

- Further liberalization of market access for both scheduled and non-scheduled air cargo services.
- Air cargo transportation as economic development tool
- Show the benefit of Liberalization
- Other sectors carry the message



Value of Aviation Study

- **Benefits on liberalization of intra-Africa market.**
- **User benefits**
 - Impact on routes, frequencies and traffic volumes
 - Impact on average fares and user benefits from increased air travel
- **Wider economic benefits**
 - Impact on Gross Domestic Product (GDP)
 - Impact on trade
 - Impact on employment



Successes where Markets have opened in Africa

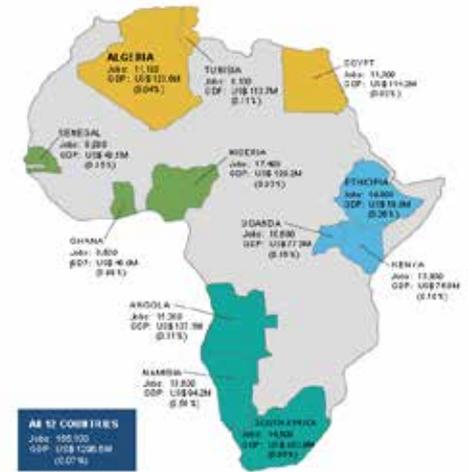
- Where African nations have liberalized their air markets, either within Africa or with the rest of the world, there have been substantial positive benefits:
- **Kenya - South Africa** (early 2000s):
69% rise in passenger traffic;
- **Ethiopia's** pursuit of more liberal bilaterals:
On intra-African routes with more liberal bilaterals,
Ethiopians benefit from 35-38% higher frequencies and 10-21% lower fares.
ET one of the largest and most profitable airlines in Africa;
- **Morocco-EU** open skies (2006):
160% rise in traffic;
Number of direct routes between Morocco and EU increased from 83 in 2005 to 309 in 2013



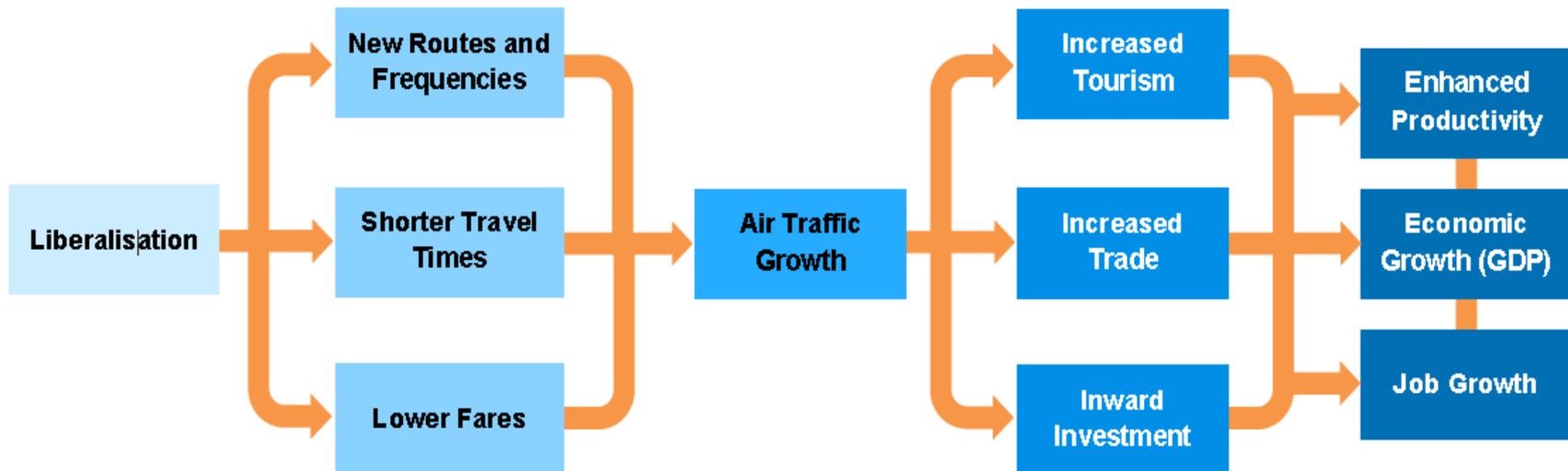
Modeling the Benefits – Multiple Channels

Examine the impacts of air service liberalisation for 12 countries :

- **North:** Algeria, Egypt, Tunisia
- **East:** Ethiopia, Kenya, Uganda
- **South:** Angola, Namibia, South Africa
- **West:** Ghana, Nigeria, Senegal



Analysis considered liberalisation between all 12 countries and liberalisation just within each sub-region (North, East, South and West)



Increased Connectivity

Increased air service and traffic would stimulate economic growth and employment in a number of ways:

- **Aviation Sector:**

Additional activity driven directly by additional air services.

- **Tourism Sector:**

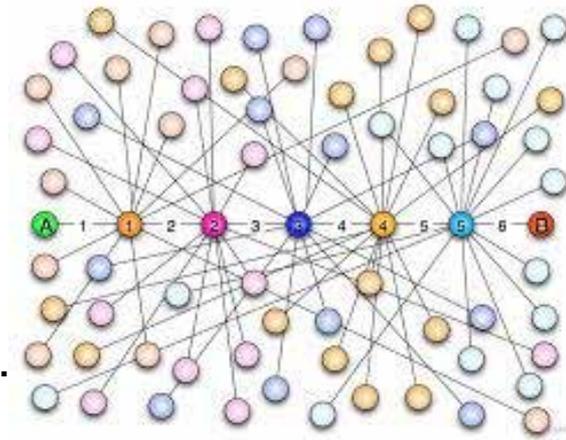
Air services facilitate the arrival of larger numbers of tourists (both business and leisure); The spending of these tourists can support a wide range of tourism related businesses: hotels, restaurants, theatres, car rentals, etc.

- **Impacts on Trade, Investment and Productivity:**

Air transport facilitates market access for both trade in goods and services (new opportunities and lower trade costs);

Availability of air transport a key factor in business location decisions;

Increased market access enables firms to achieve economies of scale, driving productivity benefits.



Creating New Business Opportunities

Increased air service and traffic would stimulate economic growth and employment in a number of ways:

- **Aviation Sector:**

38,000 additional jobs

- **Tourism Sector:**

1.23 million additional tourist visits. \$1,285 million in incremental tourist spend.
75,000 additional jobs.

- **Impacts on Trade, Investment and Productivity:**

\$430 million increased trade.
\$345 million in incremental GDP and an additional 42,000 jobs in the wider economy.

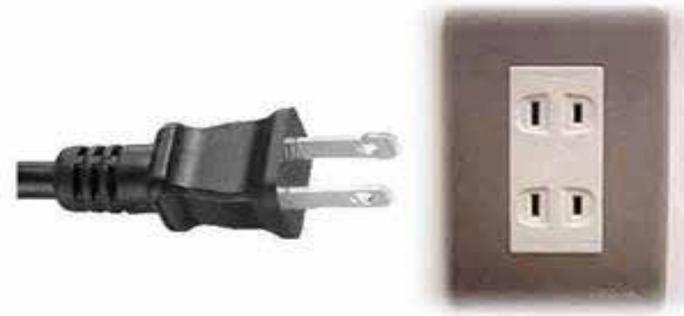
Overall Impacts

\$1,3 billion of incremental GDP

155,000 additional jobs



Global Standards



Meeting global cargo security requirements

1. ACC3 In Europe

IATA established the Center of Excellence for Independence Validators (CIEV) To help airlines handle the station audits.

Harmonization of programs and Mutual recognition

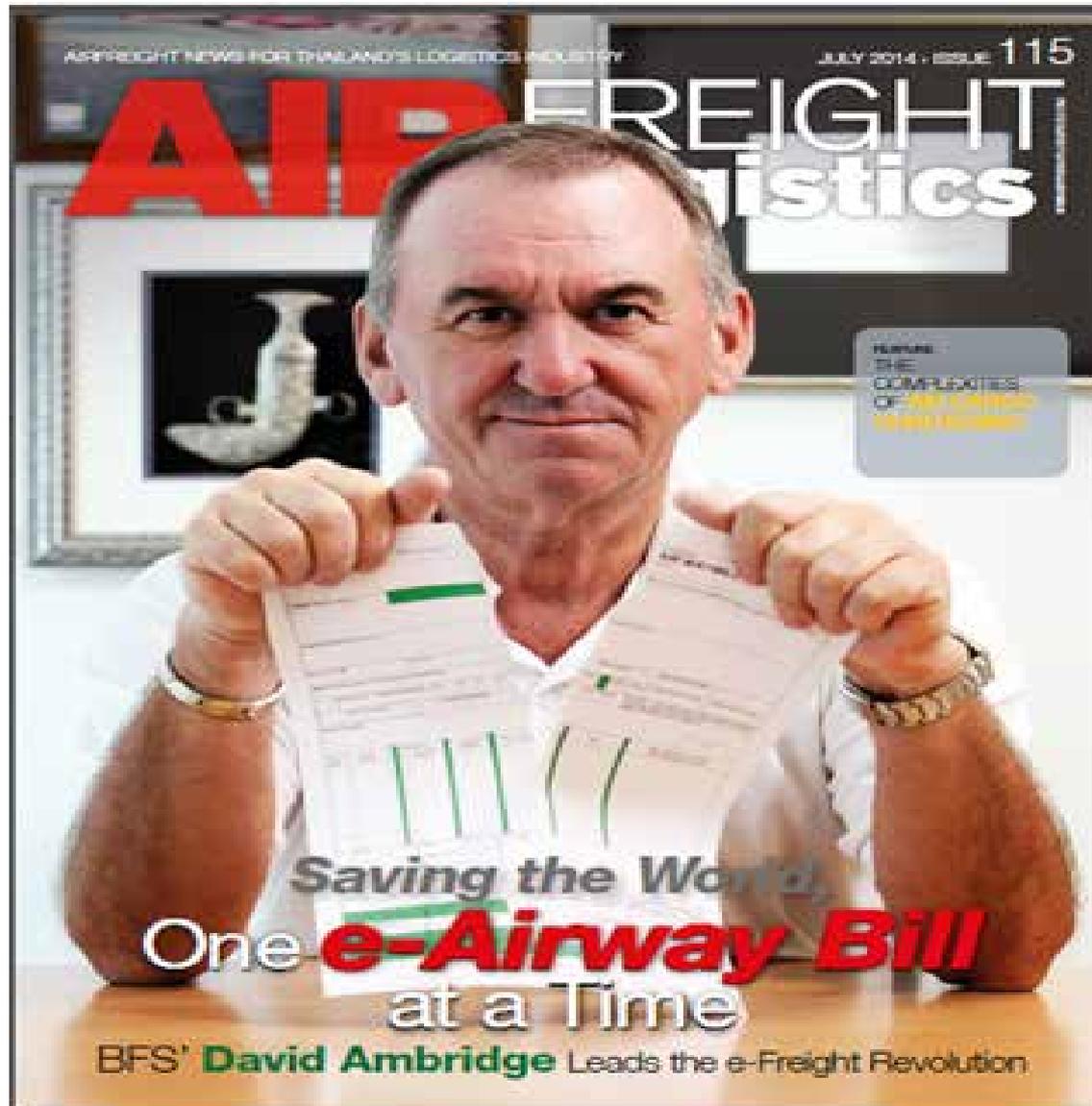
1. US Air Cargo Advance Screening (ACAS) Rule making stage
2. PRECISE (Europe)
3. PACT (Canada)

Copycat legislation expected from other parts of the world.

DGR = Push to embargo Lithium metal batteries in some quarters.

Value proposition for a paperless environment: E-AWB

Tearing the Paper AWB



Global Standards .../2

- Stakeholders and customs to find the right mechanisms and IT protocols for the acceleration of the adoption of E-AWB
- Collaboration IATA-FIATA
- MC99 Ratification for a broader commercial environment for e-freight.
- Improve efficiency, reduce transit time of air cargo for return to profitability.



Smart Taxation and Charges

- IATA supports strongly ICAO documents:
 1. ICAO's policies on charges (Doc 9082)
 2. ICAO's policies on taxes (Doc 8632)
- Cost relatedness
- Consultation
- Transparency
- Non-discrimination
- Against proliferation of charges or taxes

