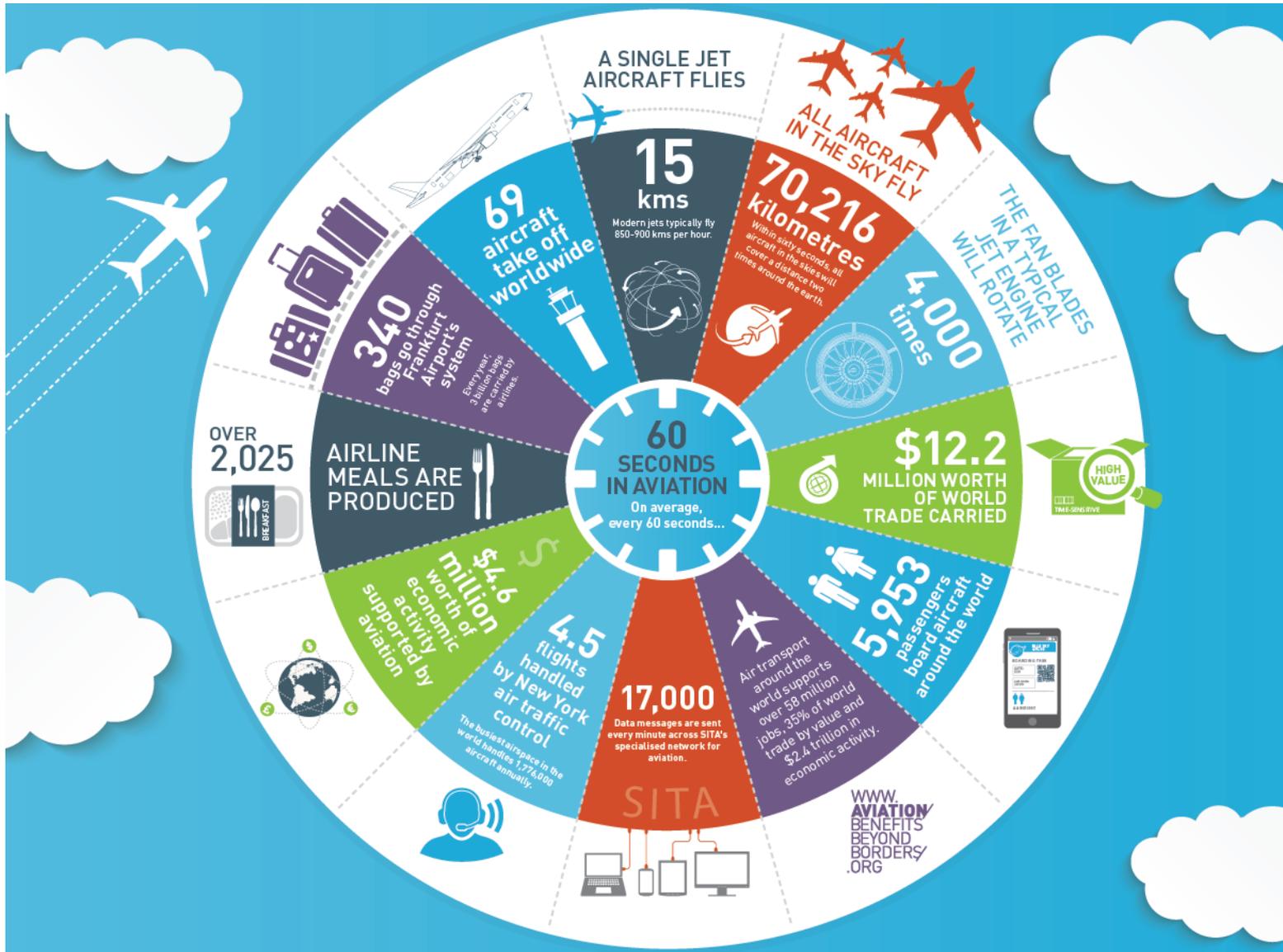




Adefunke Adeyemi

Regional Head, Member & External Relations
Africa & Middle East

Aviation as a Force for Good...





THE VALUE OF AVIATION

Why is aviation so important?

Aviation delivers a wide range of benefits & value to different groups of people and organizations.

Aviation is one of the **key drivers** of the advancement of modern society. This is due to its ability to physically connect individuals over a wide geographical area safely and quickly. It is one of the key pillars to **unlocking the economic potential** of any nation. Aviation flies a third of world trade by value and it transports over half of international tourists. Aviation is also a connector of nations, families and businesses. It is a direct link between the rapidly developing economies of Asia, Africa, Middle East, Latin America and the more established European and North American markets.

What "value" does aviation bring?

Aviation drives the global economy, it drives national economies and it supports businesses.

Economic Value: Aviation creates jobs, facilitates economic activity, supports trade and encourages investments, transports products to markets, allows business meetings to take place and agreements to be made, amongst many other enabling traits. If aviation were a country, it would rank 21st globally. It supports 82.7 million jobs worldwide and contributes to 3.5% of global GDP with the potential to achieve much more.

Social Value: Beyond aviation's critical contribution to economic growth and prosperity, it also **connects the world** by enabling families and friends to see each other and enables tourists to visit other countries. In addition, aviation allows people to learn about other cultures, customs and peoples, which fosters increased understanding of others and can help drive greater social harmony and avoid conflicts. Aviation facilitates new experiences, which in turn drives innovation. Aviation makes large international conferences, sporting and other events possible. Aviation enables **disaster relief and aid missions** and **supports the achievement of the UN's Sustainable Development Goals (SDG)**.

Aviation promotes harmony & prosperity, helps people learn new things, have more enriching lives and...be happy!

Aviation in action...

Aviation delivers incomparable value to national development and economic growth.

Countries that have **strategically** utilized the aviation industry to holistically develop their economies have grown in leaps and bounds over a relatively short period of time and continue to enjoy **immense socio-economic value** from aviation e.g. Singapore, UAE, Rwanda, India, to name a few of many examples.

Today, Singapore is widely regarded as a successful trading centre and global business hub. However, Singapore does not have large amounts of natural resources or a particularly large population base to rely upon. Its economic success is underpinned by the fact that it is an accessible and open country in which to do business. Trade is particularly important to the Singapore economy: the value of goods traded in Singapore in 2012 was over three times its annual GDP. Singapore's position as a global trading and business hub would not be possible without its strategic emphasis on aviation as shown through its high degree of air connectivity and supporting enabling infrastructure.

How should aviation be regulated?

Create an environment in which airlines can contribute economically and socially – and at the same time prosper themselves.

The enormous economic and social potential of aviation is clear. But it is not guaranteed. **A 1% drop in aviation's growth rate will lead to an 8% decrease in jobs generated by aviation and a 17% drop in economic activity supported by air transport.** With so much on the line, how can we ensure that aviation meets its potential?

One important way is through the adoption of a regulatory framework in which the industry can **sustainably** contribute socially and economically and at the same time prosper itself. We encourage the authorities to regulate the industry in a way that will allow it to **stimulate economic growth and job creation**, as well as provide the **numerous social benefits**.

Many states have adopted smarter or better regulation programs, which seek to deliver clearly defined, measurable policy objectives in the least burdensome way. A policy framework which **incorporates these principles** positions a country for sustainable aviation growth.

Following the lead of governments in this area, IATA adopted its own **smarter regulation methodology** in 2014. The set of principles seeks to capture the common themes among the various government or international organization programs worldwide. It includes process principles to ensure a **transparent, consultative, objective-driven approach** to policymaking, and design principles that should guide the design of an individual piece of regulation.



SMARTER REGULATION

What are the effects of regulation on the aviation industry?

Regulations should enable airlines operate efficiently – free from unnecessary financial and operational costs.

A proliferation of regulations and policies inconsistent with international best practice (e.g. ICAO SARPS and policy guidance), or which are simply detrimental to the **growth and sustainability** of the aviation sector, creates **operational and financial burdens** for the industry and makes it difficult for aviation to deliver on its promise.

However, a national or regional policy framework consistent with international best practice and with globally accepted smarter regulation principles, **can unlock** the full value of aviation.

No regulation is the same, different needs require different types of regulation.

Correct. However, if regulators are able to incorporate the Smarter Regulation principles into their regulatory processes and into the design of specific pieces of regulation, aviation industry stakeholders will operate in an environment that enables them to operate sustainably, provide immense socio-economic benefits and deliver aviation's full value.

The below methodology can be practically applied to almost every area of the aviation industry. These include but are not limited to **Economic Regulations, Safety, Security, Licensing and Certifications, Taxation & Charges, Slots, Passenger Rights, Unruly Passengers, Environmental issues, Facilitation and Operational issues, Ratification of international treaties, etc.**

The key to Smarter Regulations is effective communication through **consultation** and engagement with all relevant stakeholders to ensure **alignment and optimal outcomes** for all parties.

THE SMARTER REGULATION METHODOLOGY

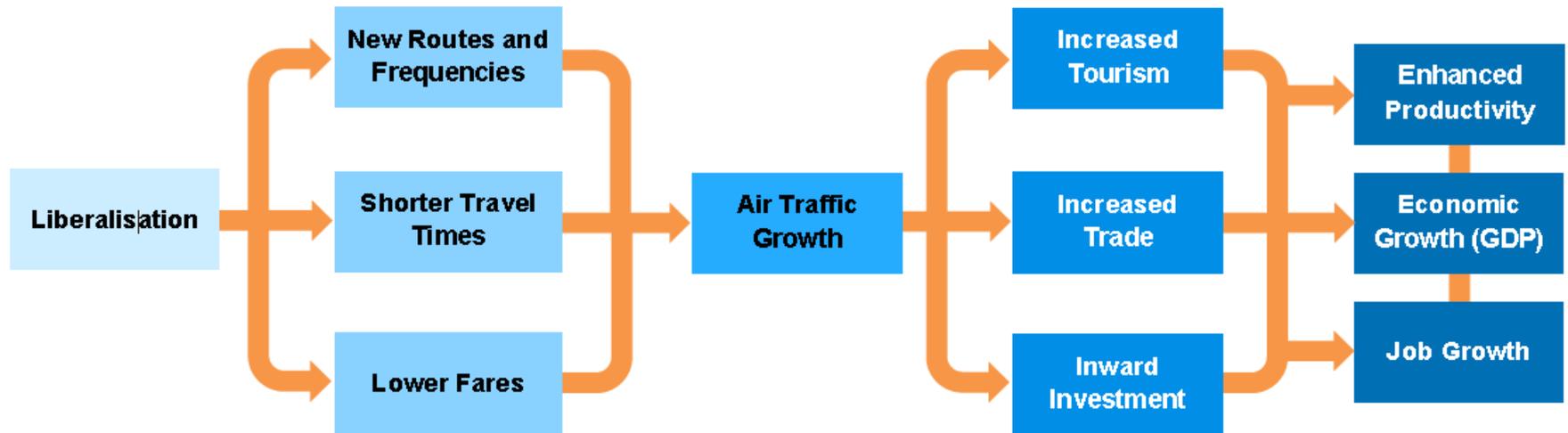
POLICY DESIGN PRINCIPLES	PROCESS PRINCIPLES
Consistency and coherence – Regulations should be consistent with existing (and planned) rules and practices that are applicable to regulated activities so that there are no overlaps and contradictions (nationally or internationally).	The objective of the regulation should be identified based on sound evidence and available alternatives must be considered to select the most appropriate solution.
Proportionality – Regulations should be used only when their necessity is demonstrated and should be proportionate to the problems identified so that the costs of compliance are minimized by pursuing the most cost-effective solution.	There should be an assessment of the impacts from the regulation.
Targeted at risk – Regulations should have specific and well-defined objectives that respond directly to the problems identified. Whenever appropriate, flexibility should be given to those being regulated to meet defined objectives.	The drafting of the regulation should involve those who are potentially affected; the decision making process should be transparent and objective .
Fair and non-distortive – Regulations should be applied fairly and not create discriminatory burdens on any group/s in particular.	The process of developing the regulation should focus on reducing the compliance burden and allow for regular and systematic review (and subsequent modification, if needed) to ensure that the regulation is still appropriate.
Clarity and certainty – Audiences subject to regulatory compliance need to clearly know the regulations that will apply, what is expected of them, and have sufficient time to be able to comply with new requirements.	There should be clear procedures to respond to adjudications and appeals and to revise the regulation if necessary.

AVIATION: AFRICA'S LIFELINE

- Over 1.2 billion people
- Pax numbers forecasted to grow to 300m by 2035
- Projected annual growth rate for international traffic by region, (2014 – 2034) is 5.4%
- 6 of the 13 fastest growing economies are in AFI
- Young population/growing middle class
- Intra-Africa trade only 12-15%



Modelling the benefits – multiple channels



Big gains for consumers and the economy

– even from only 12 countries

Economic benefits

- ✈ \$1.3 billion of incremental GDP
- ✈ 155,000 additional jobs

Benefits for consumers

- ✈ 75% increase in direct services
- ✈ Fare savings of 25-35% - \$500m
- ✈ Time savings
- ✈ Greater convenience
- ✈ Additional 5 million passengers

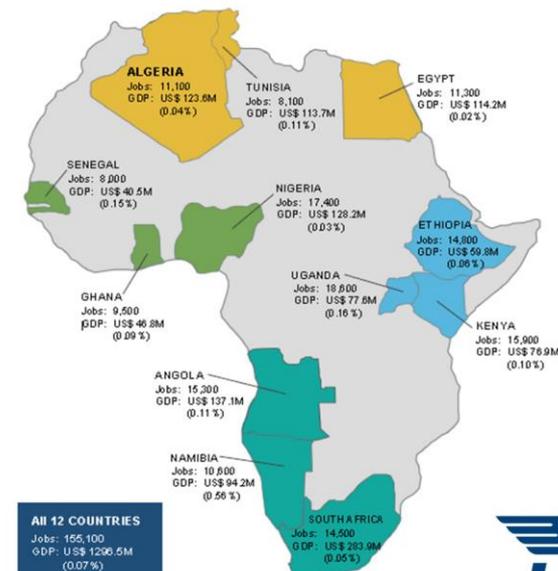


Figure in parenthesis is the GDP impact as a percentage of national GDP. All financial figures are in 2013 prices.



Can emerging markets reach their full potential?

	Jobs	GDP Contribution
2014	38 million	US\$561 billion
2034	61 million	US\$1.56 trillion
2034 – assuming 1% lower growth annually	56 million	US\$1.29 trillion

What's Africa leaving on the table?

	Jobs (thousands)	GDP Contribution
Kenya	617	US\$ 3.15 billion
Nigeria	93	US\$ 1.30 billion
Egypt	1,011	US\$ 13.15 billion
Indonesia	2,562	US\$ 23.72 billion
Thailand	3,262	US\$ 48.33 billion

What's Africa leaving on the table?

WEF travel and tourism competitiveness ranking (141 countries)

		Jobs (thousands)	GDP Contribution
78	Kenya	617	US\$ 3.15 billion
131	Nigeria	93	US\$ 1.30 billion
83	Egypt	1,011	US\$ 13.15 billion
50	Indonesia	2,562	US\$ 23.72 billion
35	Thailand	3,262	US\$ 48.33 billion



What do we mean by “smarter regulation?”



Smart regulation is regulation that promotes and enables the growth and sustainability of any industry. It delivers clearly defined, measurable policy objectives in the least burdensome way.



What it is

- Partnership with governments that will results in well-designed regulations
- Recognition of similar effective initiatives launched by some governments and regulators
- Incorporation of best practices and global standards
- Achieve efficient policy outcomes that avoid unintended consequences.
- A set of common sense principles



39th ICAO Assembly



- Expressed support for these principles
- Encouraged states to adopt them
- ICAO agreed to consider Smarter Regulation in the context of its “**No Country Left Behind**” programme



Where do we need a smarter regulation approach in Africa?

The policy framework which will underpin YD

- Safety
- Blocked Funds
- Infrastructure
- Environment
- Taxation



Opportunities for Smarter Regulations are everywhere...

- Airport regulation
- ATM efficiency
- Border crossing/facilitation
- Conflict zones
- Licensing
- MBMs
- Noise
- Pandemic Response
- Protecting Commercial Freedom
- Requests for information
- RPAS (drones)
- Taxation

*Existing
issues*

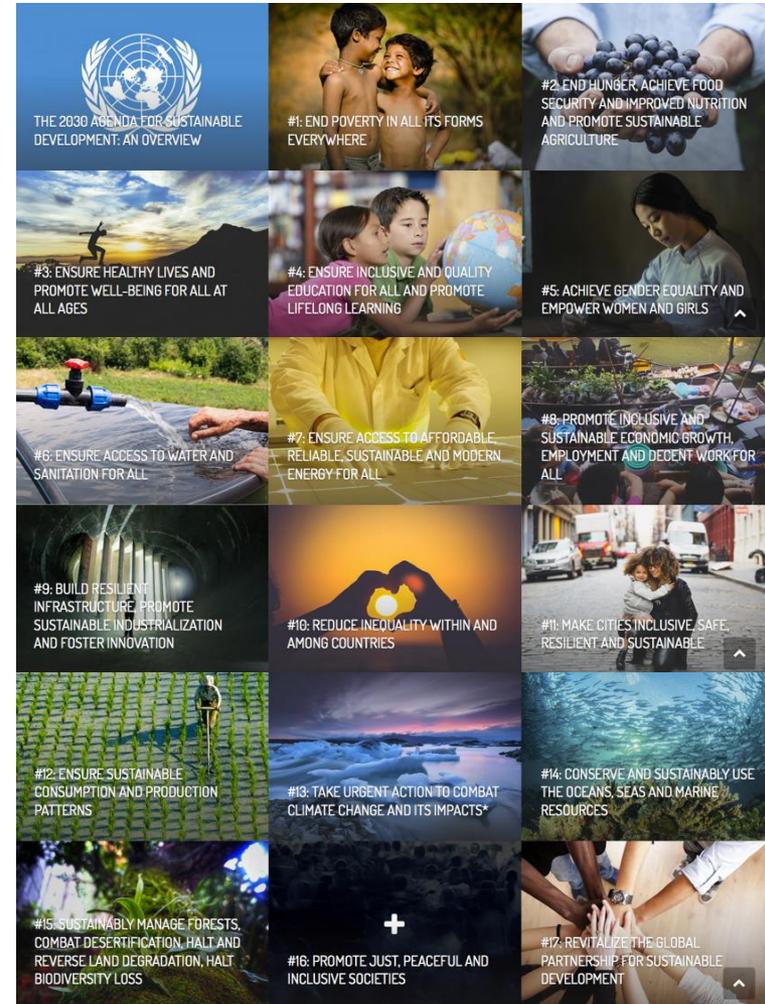
*Spreading
issues*

*Potential
future
burdens*



The UN Sustainable Development Goals

17 GOALS



- **INTEGRATION**
- **UNIVERSALITY**
- **TRANSFORMATION**



Thank you



to represent, lead and serve the airline industry