



SUSTAINABLE DEVELOPMENT OF AIR TRANSPORT IN AFRICA

Stimulating Demand for Air Transport

29 March 2017

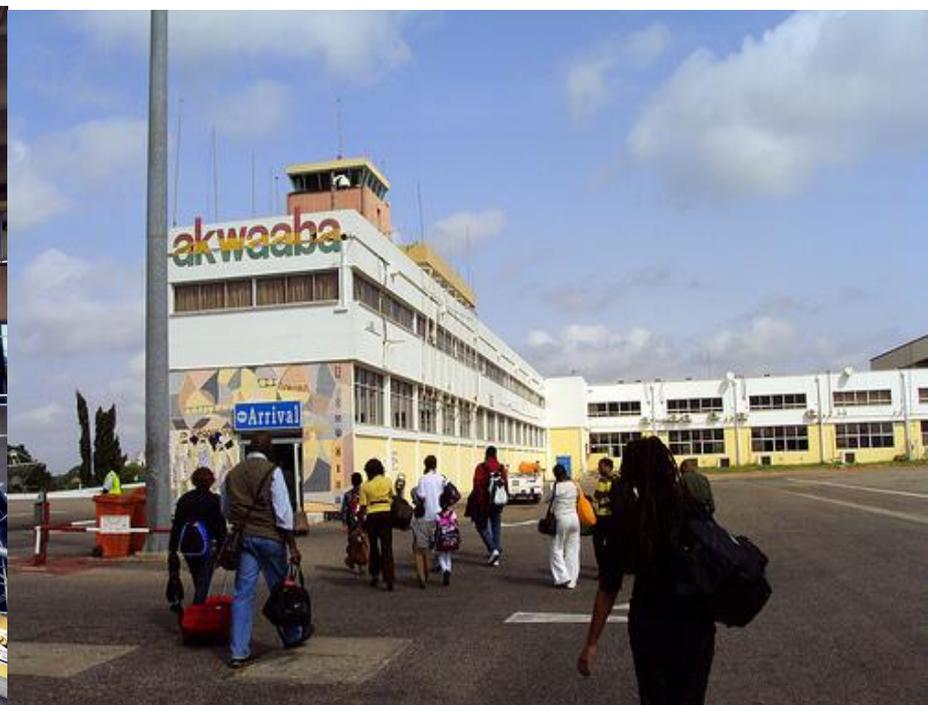
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INTRODUCTION



- ▶ The African Airlines Association (AFRAA) is honoured to be taking part in the Second ICAO Conference on the Sustainable Development of Air Transport in Africa
- ▶ It is great to be in Ghana, the birth place of the African Airlines Association in 1968.





AVIATION IN WEST & CENTRAL AFRICA



- ▶ African aviation share of global traffic is very small
- ▶ The West and Central Africa region is the worst served in terms of connectivity
- ▶ None of the major airline hubs feature in this region.
- ▶ Industry consolidation is critical otherwise we will continue to see more airlines going under





SINGLE AFRICAN AVIATION MARKET



- The HOS of the AU at their Summit in Addis Ababa in Jan 2015 made a solemn commitment to fully open African skies by 2017
- We applaud Ghana for being among the 19 states that declared their solemn commitment to fully open its skies immediately, unconditionally in accordance with the YD
- The other 18 states are Benin, Botswana, Cape Verde, Egypt, Ethiopia, Gabon, Ivory Coast, Kenya, Mali, Mozambique, Nigeria, Republic of Congo, Rwanda, Sierra Leone, South Africa, Swaziland, Togo and Zimbabwe.
- We appeal to the remaining states to join the 19 to help in the realisation of the far-sighted vision of a Single African Air Transport Market



SAFETY STANDARDS HAVE TO KEEP IMPROVING

- ▶ Travellers will only patronise African airlines if safety standards are up to global standards
- ▶ Indeed safety standards have increased significantly in the past few years
- ▶ In 2016, there were no safety related fatal airline accidents in Africa
- ▶ The improved safety standards shows that the efforts by various stakeholders to enhance a safety culture is yielding positive results
- ▶ These efforts need to continue to be enhanced





PROVISION OF COMPETITIVE FINANCING



- ▶ The African airline industry is highly fragmented with average airline fleet size of about 6–12 aircraft
- ▶ Such airlines lack economies of scale and resources to ensure adequate market coverage and good connectivity for its customers
- ▶ There is need for competitive financing for restructuring African airlines and consolidation
- ▶ The creation of a Single African Air Transport Market will facilitate consolidation
- ▶ We call upon development financial institutions such as the AfDB to classify aircraft as infrastructure and thus enable airlines to obtain concessional financing for fleet renewal





NON-PHYSICAL BARRIERS NEED TO KEEP COMING DOWN



- ▶ Allied to the opening up of African skies is the need for the efficient movement of people and goods
- ▶ More and more, we are seeing these non-physical bottlenecks to traffic flow being removed which is in line with the opening up of African skies



NON-PHYSICAL BARRIERS (contd)

- ▶ The African passport was launched in Kigali, in July last year
- ▶ Over 13 states are allowing citizens from all African countries who need a visa to be able to obtain it at the port of entry
- ▶ Other countries have significantly increased the number of countries which visa requirements are relaxed or citizens can get their visas at the point of entry
- ▶ The momentum needs to be kept up.



NEED TO IMPROVE INFRASTRUCTURE

- It is critical that aviation infrastructure at African airports match that of our competitors worldwide to attract passengers to comfortable, convenient and attractive hubs
- The infrastructure needs to cope with the growing airline industry
- Airports should be open 24 hours a day not just during daylight hours
- There is need for the relevant authorities to be proactive and plan for the expected rapid expansion of African aviation in the coming years



POLICIES TO REDUCE INDUSTRY COSTS

- ▶ To stimulate the demand for air transport, there is need for a policy shift from governments treating air transport as a preserve for the rich
- ▶ Hence, there is need to reduce the high industry costs e.g. elimination of monopolies where possible and reducing high taxes and fees on fuel
- ▶ Passenger charges which typically range \$40–\$120 at several stations need to be comparable to the global average of around \$25, to avoid putting African aviation at a huge competitive disadvantage.



BLOCKED FUNDS

- ▶ One challenge facing airlines is that of blocked funds in some states
- ▶ Some states – notably those suffering from the oil price slump continue to block airline revenues
- ▶ The countries most affected are Algeria, Angola, Egypt, Nigeria and Sudan
- ▶ The unavailability of these funds create cash flow challenges for the affected airlines
- ▶ This in turn means that they cannot provide an attractive service to lure more air transport services through their hubs
- ▶ It is in everybody's interest to ensure that airlines are paid on-time, at fair exchange rates and in full.





PROTECTING AFRICA'S RICH BIO-DIVERSITY



- ▶ A major challenge facing the African continent is the illegal poaching & trade in wildlife and wildlife products
- ▶ The thriving bio-diversity across Africa forms the backbone of the tourism sector performance
- ▶ All stakeholders need to collaboratively take measures that facilitate sustainable management of our natural resources for posterity
- ▶ Loss of bio-diversity threatens the entire ecosystem & negatively affects sustainable local livelihoods of African people.



AFRICA MUST BE AT PEACE WITH ITSELF

- ▶ The growth of air transport in a fully liberalised African sky will only be possible if the continent is at peace with itself
- ▶ Africa is a much more peaceful continent than what we witness elsewhere.
- ▶ Nevertheless, like elsewhere in the world, there have been terrorist attacks in some states as well as military conflicts in some states which deter the development of air transport and tourism.





CONCLUSIONS



- ▶ It is a well-documented fact that aviation is a critical tool for the social and economic development of states
- ▶ Air transport will be stimulated in a fully liberalised African sky, with adequate infrastructure, with world class safety culture, having industry costs that mirror the global average, in a peaceful continent.





Thank You

