

Uncorking Africa's Trade Potential



Session 1
2nd ICAO Meeting on Air Cargo Development in Africa
June 27th



“So many Africans have told me, we don’t want just aid, we want trade that fuels progress.”

Barrack Obama, - First US President to Address AU



The tide shifting in Africa – Focus on Trade

- **Regional Cooperation**

- SADC Free Trade Area - 85% of intra regional trade zero duty
- EAC - Single customs territory (SCT) - Regional passport Jan 2017 fully digitized
- ECOWAS Trade Liberalization Scheme – No fees, no duties

- **Holistic Policy**

- Tripartite Free Trade Area (TFTA) - 26 countries
- Continental Free Trade Area (CFTA) - 54 countries



Air Cargo Making Moves – ICAO Lead



The Start – 1999



The Revival - 2014



Why these Agreements to Private Sector?

- **Bilateral Restrictions Rule the Skies**
 - Approved Carriers – Both Countries – Intra Africa
 - State Owned vs Private Sector
- **Route Restriction**
 - # of Carriers & Frequency of Flights Limited
 - Too many carriers plying the route
 - Tariffs on Foreign Carriers
- **High Cost of Trade**
 - Lack of Competition Making it too costly to Trade
 - Airlines pay an average of \$350 for an Airbus 320 in Tax
- **100% Liberalized – No restrictions on Capacity or Flight Frequency**



Game Theory – Air Traffic in Africa

	Other African Countries Open	Other African Countries Closed
Country A Open	500 , 500	-50 , 350
Country A Closed	350 , -50	100 , 100



“We have to copy the European model for aviation”

Tewolde GebreMariam, CEO Ethiopian Airlines



Implementation Lies with RECs

	Trade agreement	Member states
COMESA	Common Market for Eastern and Southern Africa	19 East and Southern African states, including DRC, Egypt and Kenya
EAC	East African Community	5 East African States, including Kenya and Tanzania
SADC	Southern African Development Community	15 Southern African states, including Angola, DRC, Mozambique, South Africa and Tanzania
AFTZ	African Free Trade Zone	COMESA, SADC and EAC members
ECOWAS	Economic Community of West African States	15 West African states, including Ghana, Nigeria
ECCAS	Economic Community of Central African States	10 Central African states, including Angola and DRC
IGAD	Intergovernmental Authority on Development	8 East-African countries, including Kenya
AMU	Arab Maghreb Union	5 North African states, including Algeria



East Africa Seeing the Light

Intra-East Africa air traffic – Sits at 3.4% - increasing at half its average rate of economic growth

Infrastructure Needs - Rwanda's Avocado and Roses

- Lower air freight prices - modal shift as avocados switched from sea to air

EAC Meeting – **Fast Track Implementation**



Keys Lies within Regions – One Country Driver Seat

Rwanda is leading **the Charge**

- COMESA Implementation of YD

East Africa – In need of **10-20 tonne freighters** (EABC)



Social Impact

On average Africans need visas to travel to **55%** of other African countries

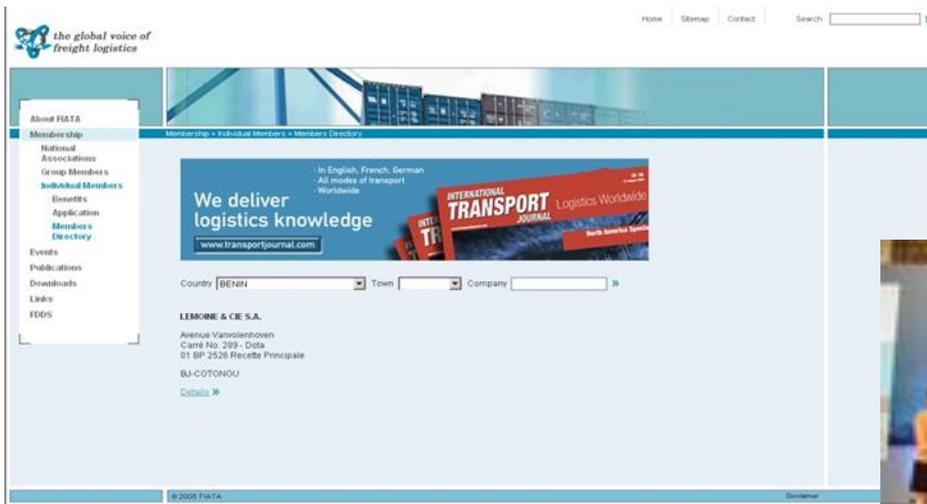
Can only get visas on arrival in **25%** of those countries (Source: African Development Bank)

Transport leads to **improvements in VISA requirements**



FIATA

- 106 Association Members in 96 countries
- 5500 direct Individual Members in 160 countries
- Largest world wide NGO in Transport and Logistics



FIATA's Region Africa Middle East (RAME)

- **Similar to RECs**
 - 16 National Associations out of 54 African countries
 - 1300 individual members across the continent
 - 13 out of its 17 Annual RAME Field Meetings

Position Paper

Revisiting the Yamoussoukro Declaration – July 2014

Contribute to discussions early > Facilitate implementation later

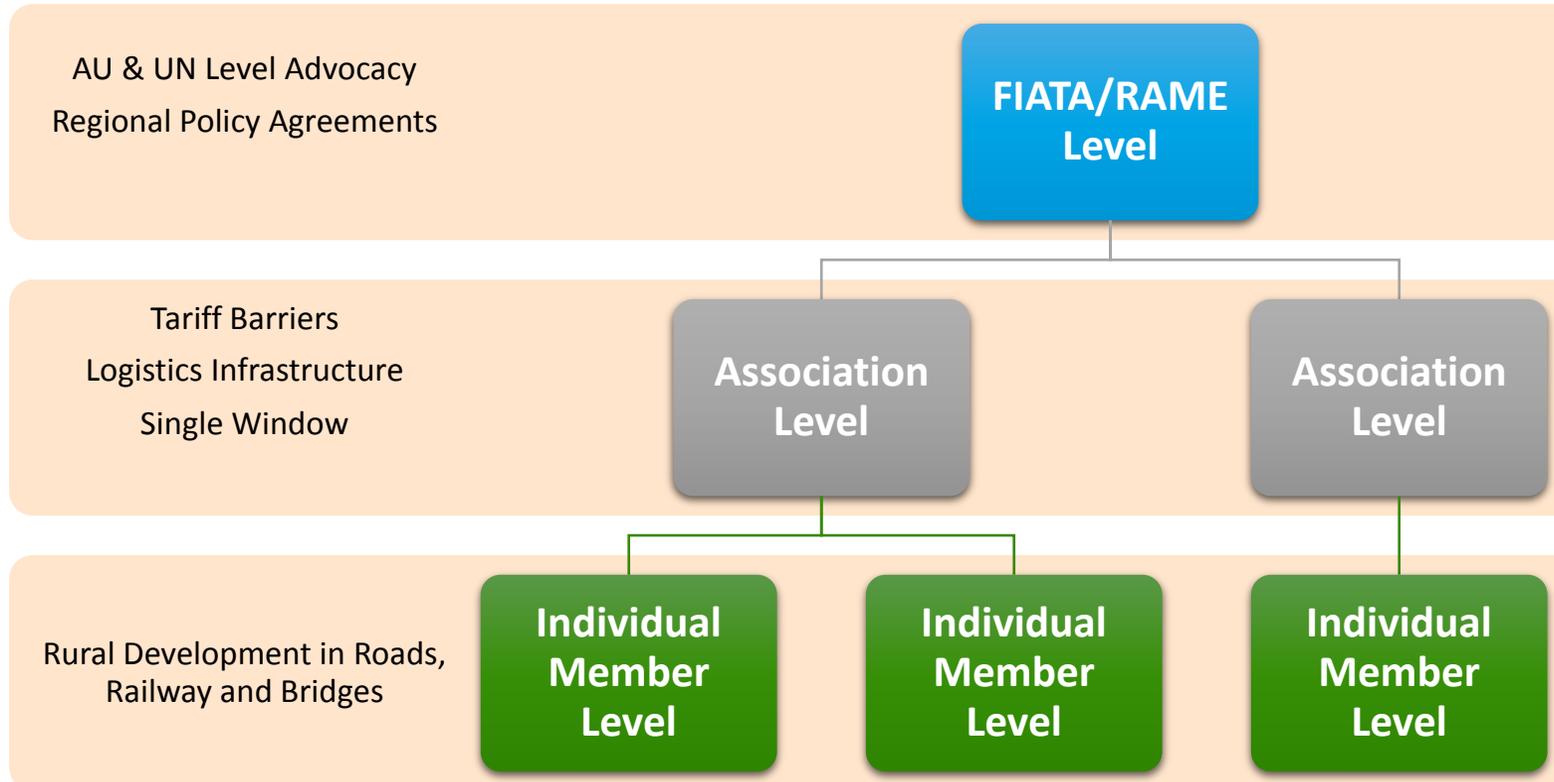




COMESA FIATA MoU



ENGAGEMENT AT ALL LEVELS



Thank You



ANNEX



Yamousoukro Declaration – Dormant



Yamoussoukro Declaration

44 Signatories in 2000

10 Countries Missing

13 Re-affirmed Commitment to Implement by 2017

Kenya, Egypt and South Africa – Flag Carrier

Shielded from competition

More National Carriers to come – Need Commercial Viability

Immense Opportunity - Cargo

- Africa has about 2% of all world trade
- Resource Rich Continent
- African Union, ICAO and others – Trade in Focus
- By 2060, there will be 1.1 billion Africans in the middle class – Increase Consumer base
- More than 70% of the world's biggest consumer goods companies are already operating in Africa
- Increase in mobile handsets, tablets, televisions, laptops and computers



Our Positions

Key Focus on enabling logistics for Trade

- **Revisiting the Yamoussoukro Declaration** – *July 2014*
- **The TFA instrument of development for better global trade** – *December 2015*
- **The Keys to Unlocking Africa** – *July 2016*
- **SDG Mapping Logistics Connectivity** – *September 2016*
- **Freight Forwarders, Logistics and the Building Blocks of Free Trade** – *February 2017*

Penetration of Position > Just as Important as Position



How Important is Air Cargo in Africa?

- Ivory Coast, Ghana and Nigeria accounting for 80% of West Africa's exports to the EU. (Source: EU Trade Commission)
 - The West Largest Trading Partner.
- China's trade with Africa recorded \$10 billion in 2000.
 - Last year, the figure grew to \$220 billion. (Source: China Daily)
- Central African oil dominating (70%) exports

12% of the world's people - less than 1 per cent of the global air service market. (World Bank)

