Air Transport Development in Africa

(Presented by Director, Air Transport Bureau,
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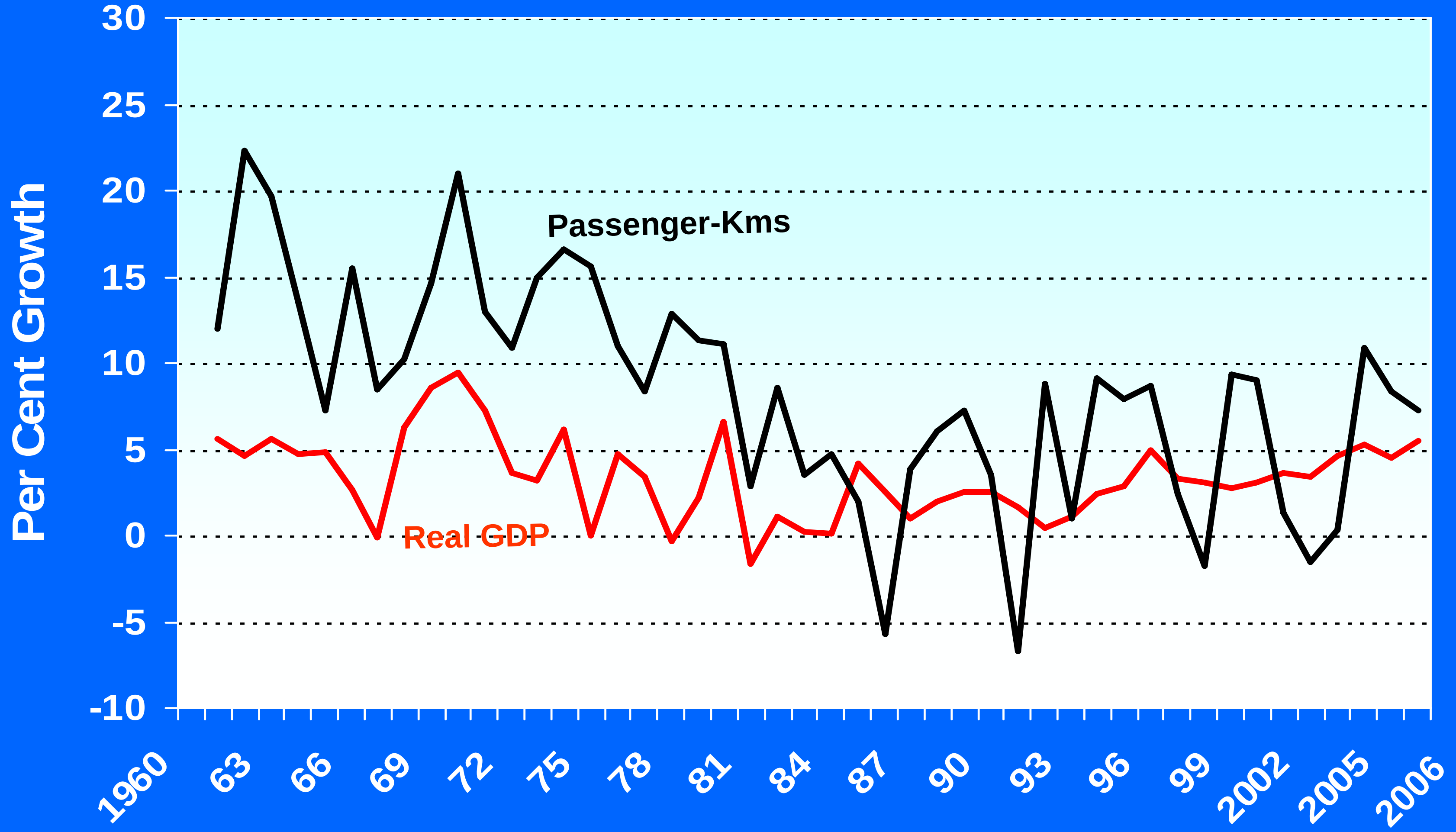
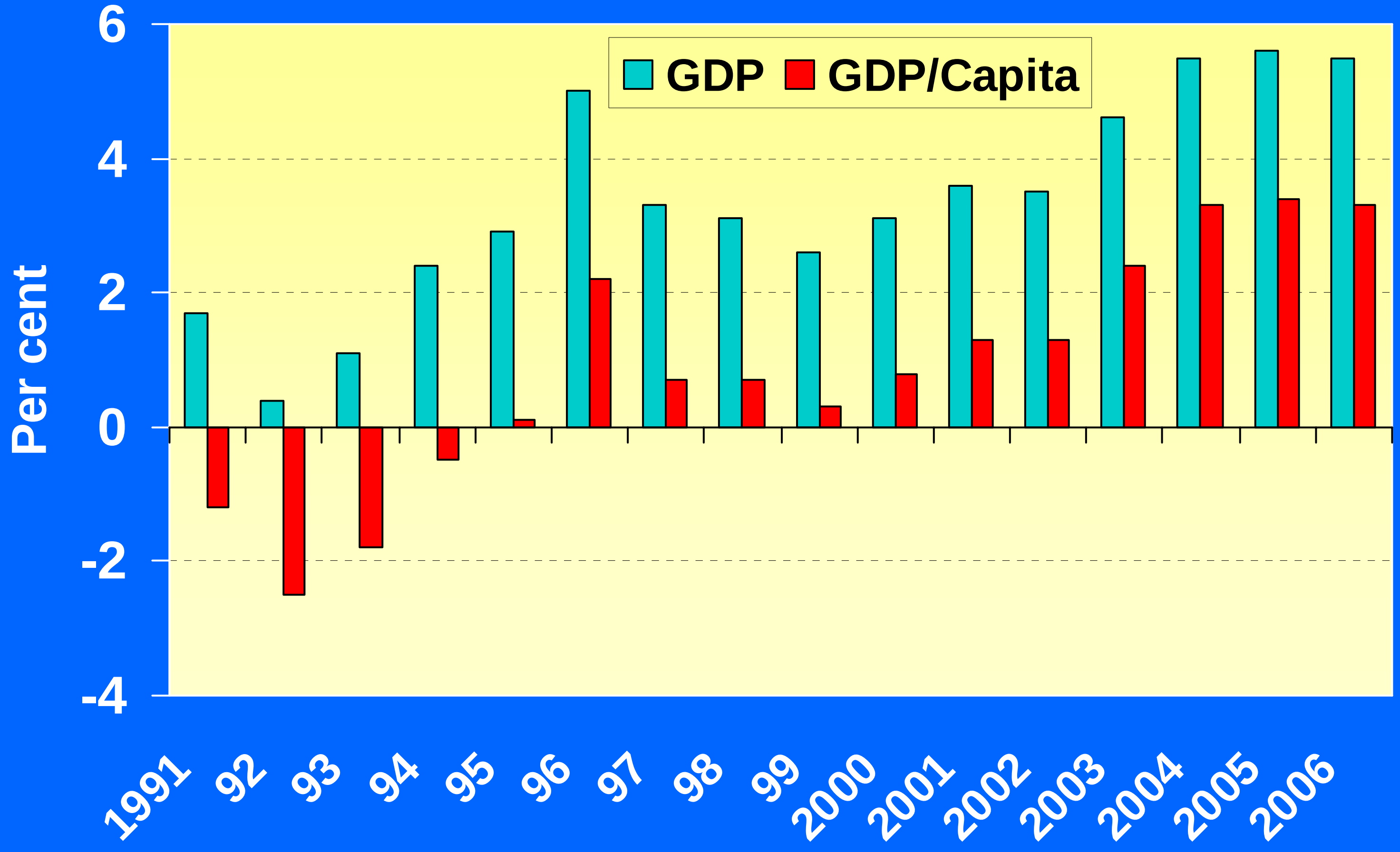
Challenges

- Economic vulnerability and low income
  - 33 Least Developed Countries (LDCs) out of 49 worldwide
  - Air transport and tourism potential not fully exploited
- Less priority on air transport infrastructure
  - Competing with other national spending priorities
  - Difficult to raise private funds
- Regulatory constraints for airline operations
  - Among 60 State-owned airlines, 14 airlines were partially privatized (3 were renationalized)
  - Inefficient operations supported by State aids

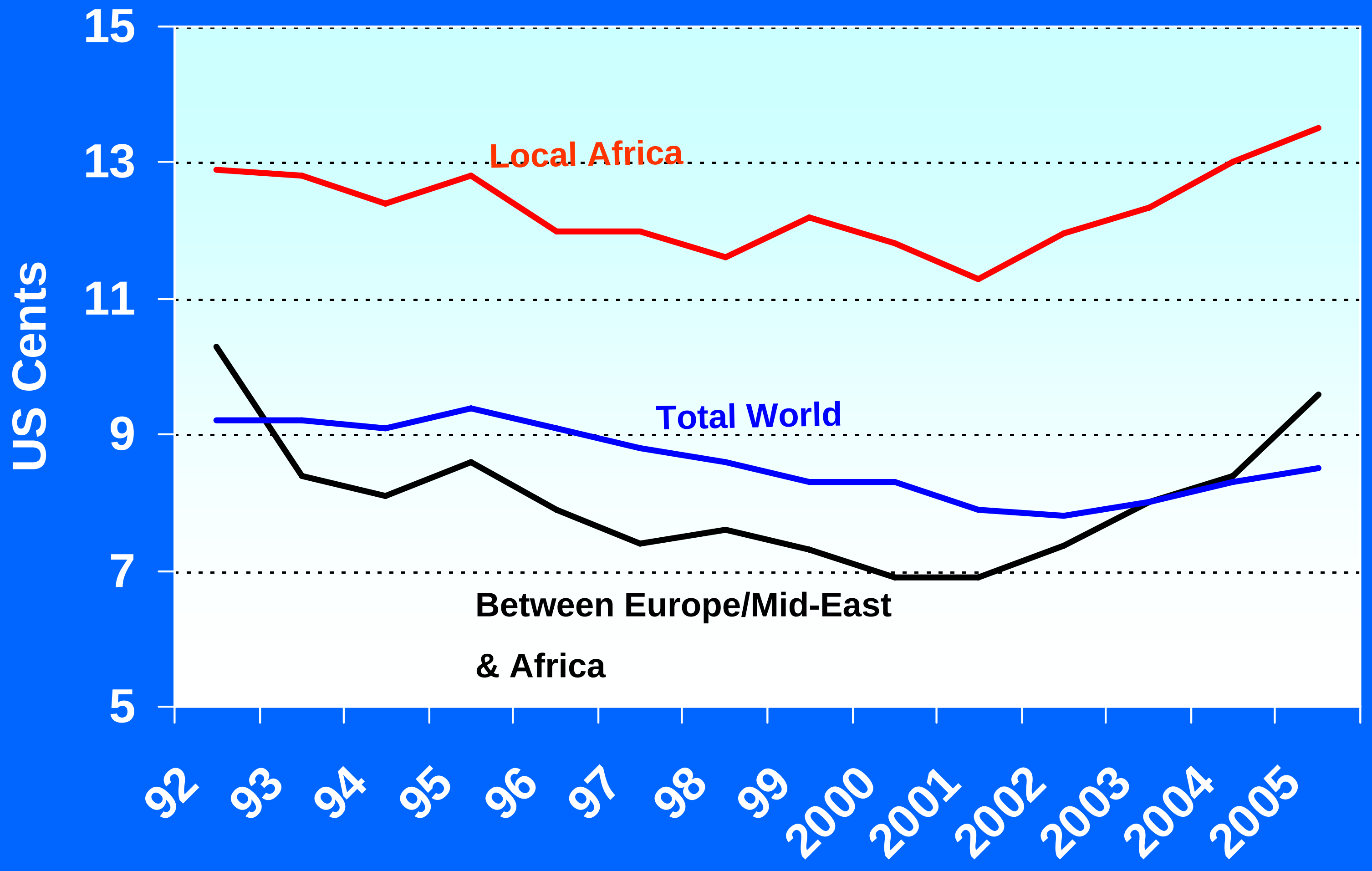
Growth in GDP and Airline Traffic
Africa



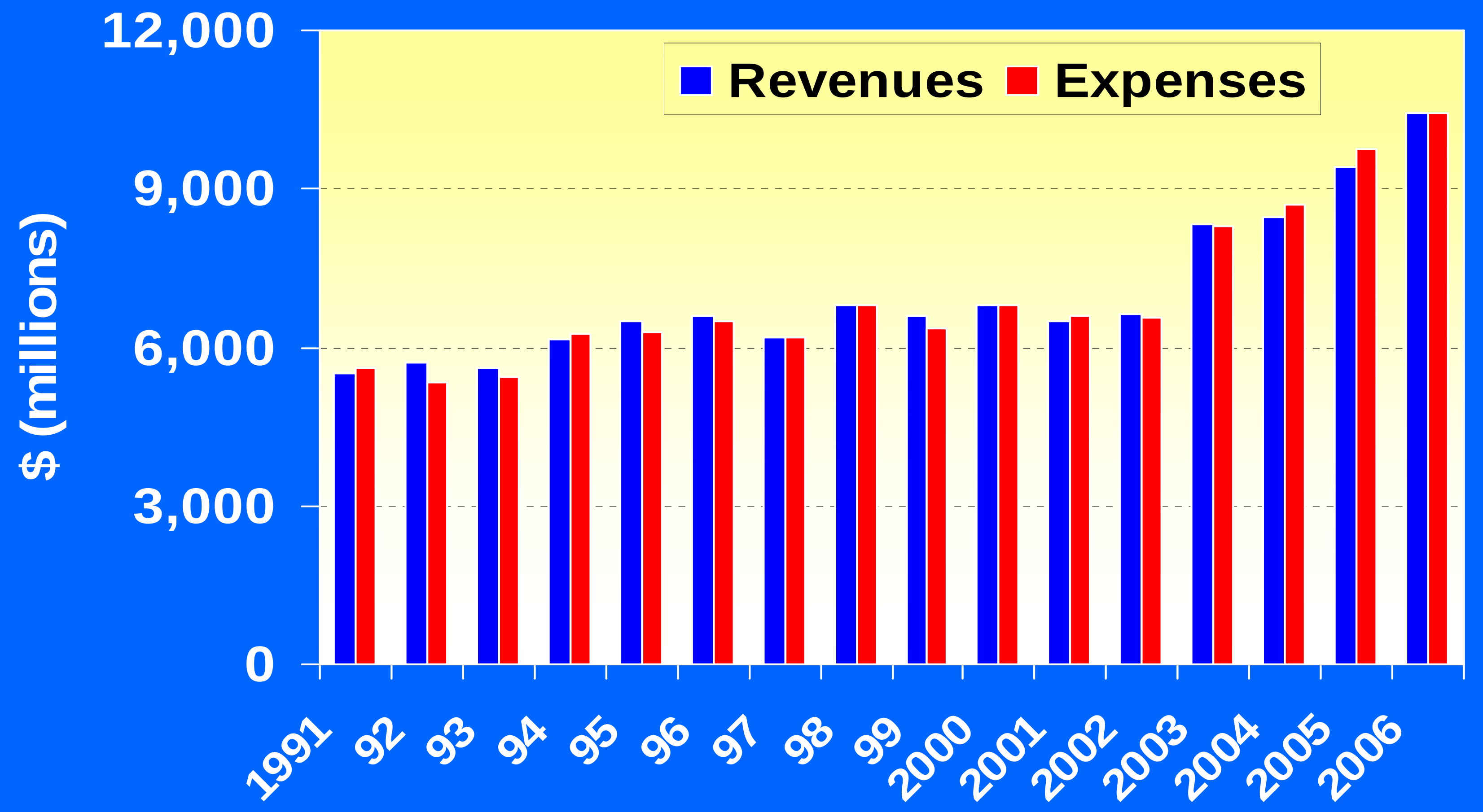
GDP, GDP per capita Growth
Africa



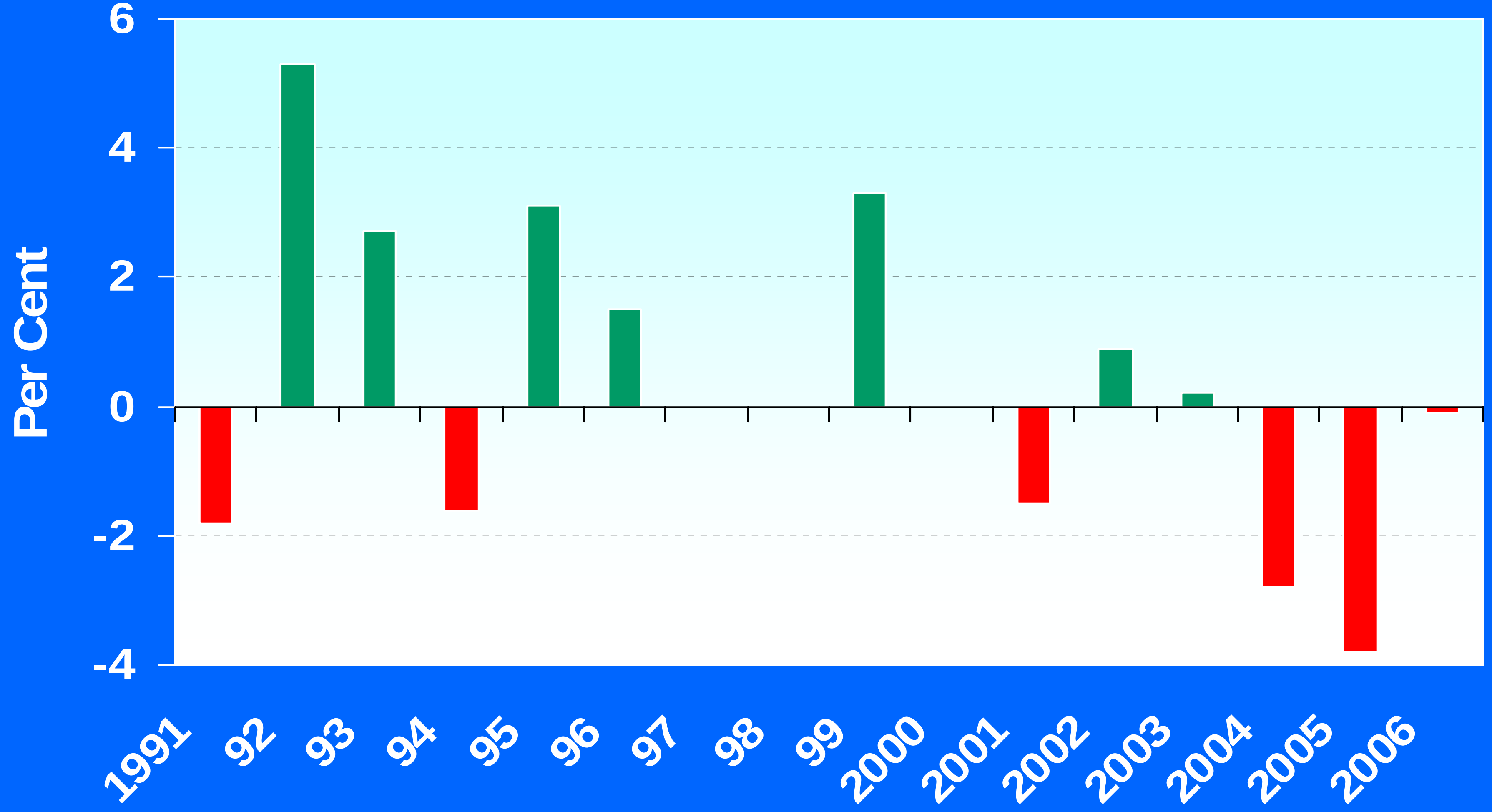
Passenger Yields on Selected Routes (Current terms)



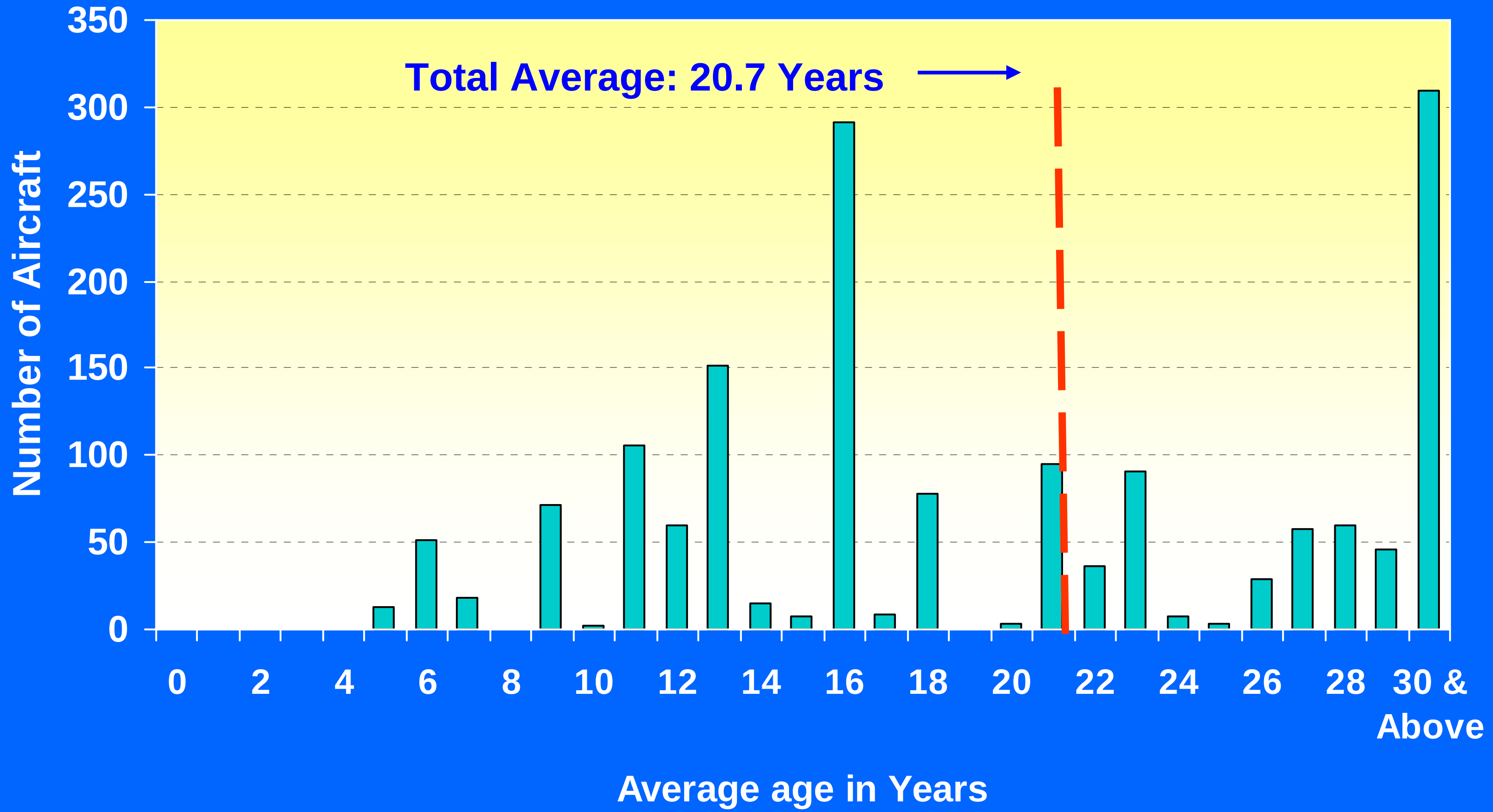
Operating Revenues & Expenses
Africa



Operating Profit as Per Cent of Revenues
Africa



Average age of African fleet



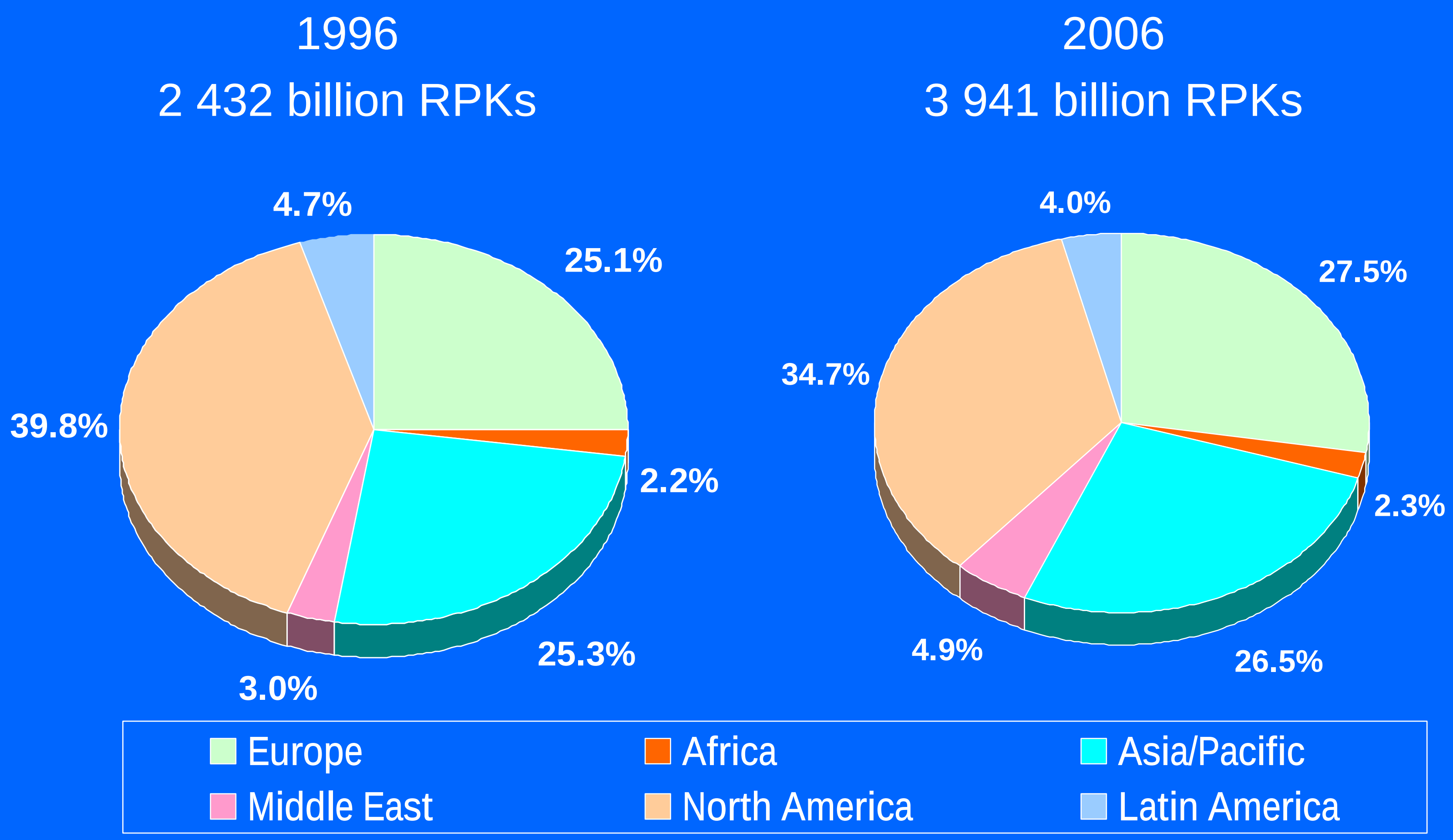
Passenger Traffic of Scheduled Airlines Africa

	Passenger-kilometres (millions)		Average Annual Growth (%)
	1996	2006	1996-2006
African Airlines (total)	53 070	92 337	5.7
International	43 580	78 503	6.1
Domestic	9 490	13 834	3.8
World (total)	2 431 694	3 940 594	4.9
International	1 380 670	2 357 995	5.5
Domestic	1 051 024	1 582 599	4.2

Freight Traffic of Scheduled Airlines
Africa

	Freight tonne-kilometres (millions)		Average Annual Growth (%)
	1996	2006	1996-2006
African Airlines (total)	1 553	2 709	5.7
International	1 472	2 604	5.9
Domestic	81	105	2.6
World (total)	89 199	149 650	5.3
International	75 507	124 180	5.1
Domestic	13 692	25 470	6.4

Regional distribution of Passenger Traffic,1996-2006



RPK = Revenue Passenger-kilometres

Airports and ANSPs

- 192 international airports
  - Still relatively few privatized and/or commercialized airports (South Africa, Egypt, Algeria, Cote d'Ivoire, Gabon, Cameroon, Madagascar, Mauritania, Togo, etc.)
- International cooperation in ANS
  - Agency for the Safety of Aerial Navigation in Africa and Madagascar (ASECNA)
- Financial situation in Africa and Middle East
  - 19 airports (out of 29) and 10 States' ANSPs (out of 12) were profitable in 2005
  - Highest share of total airport and ANS charges in total airline expenditure (10%, 2003)

Autonomy & Financing

- ICAO policy (Doc 9082, §10-14)
  - Establish autonomous entities where best for providers and users
  - State ultimately responsible for safety and security and economic oversight
  - Chicago Convention and Annexes must be observed

- Autonomy is crucial for the financing of investments in infrastructure
  - Improve overall financial situation and managerial efficiency
  - Encourage establishment of financially independent entities (public or private) to operate airports and air navigation services

Economic Liberalization

- African-wide level
  - Yamoussoukro Decision (2000)
  - Creation of intra-African single aviation market but implementation remains sluggish
- Intra-regional level
  - Banjul Accord Group, CEMAC, COMESA etc.
  - More adoption of group approach to liberalization
- National level
  - Kenya, Nigeria, South Africa etc.
  - Liberalized domestic market, designation, pricing, etc.
- Between Africa and third countries
  - Bilateral Open skies agreements with US
  - Common external policy (negotiations with EU)

Promotion of Liberalization

- Safety and Security aspects of liberalization
  - Liberalization and airlines' business practices may affect safety and security regulations
  - ICAO Rules were adjusted in the new liberalized environment
  - Better safety and security records attract more traffic and investments
- Essential Service and Tourism Development Route (ESTDR) scheme
  - A regulatory scheme to promote tourism development routes to LDCs in a liberalized environment
  - Improve access and ensure participation of LDCs
  - A better way to use subsidies for economic development through aviation

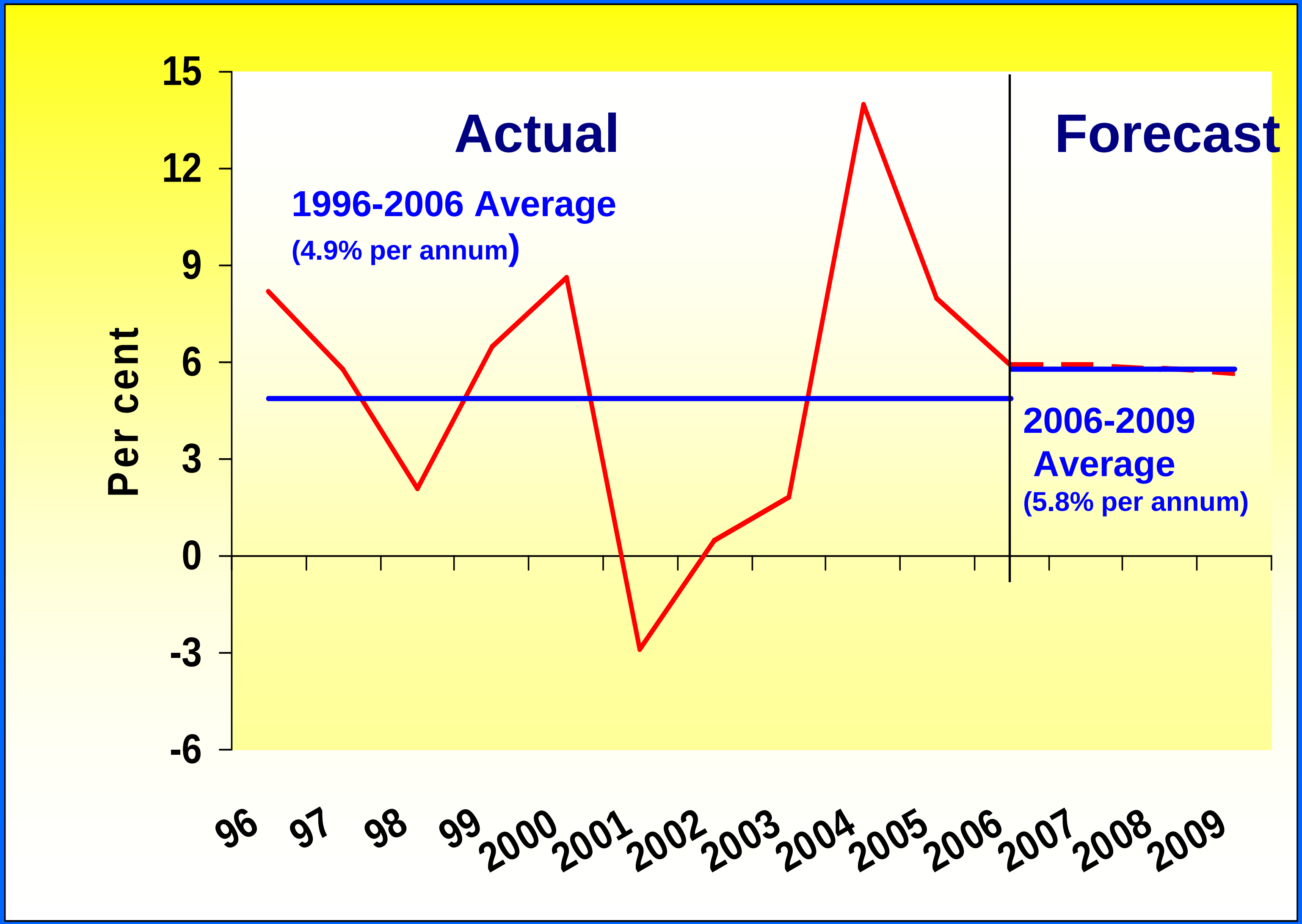
Aviation and Tourism

- Synergies between aviation and tourism
  - Over 40% of international tourists worldwide used air transport
  - Protecting airlines affects tourism business negatively
- Improvement of air links with LDCs
  - Number of State-pair routes to/from African LDCs increased from 454 in 2004 to 488 in 2006
  - 87 new routes and 53 discontinued routes
- High growth of tourism in Africa
  - International arrival increased by 8.5% in 2005 (best region in the world)
  - International tourism receipts increased by US$ 2 billion to US$ 21 billion in 2005

Traffic outlook

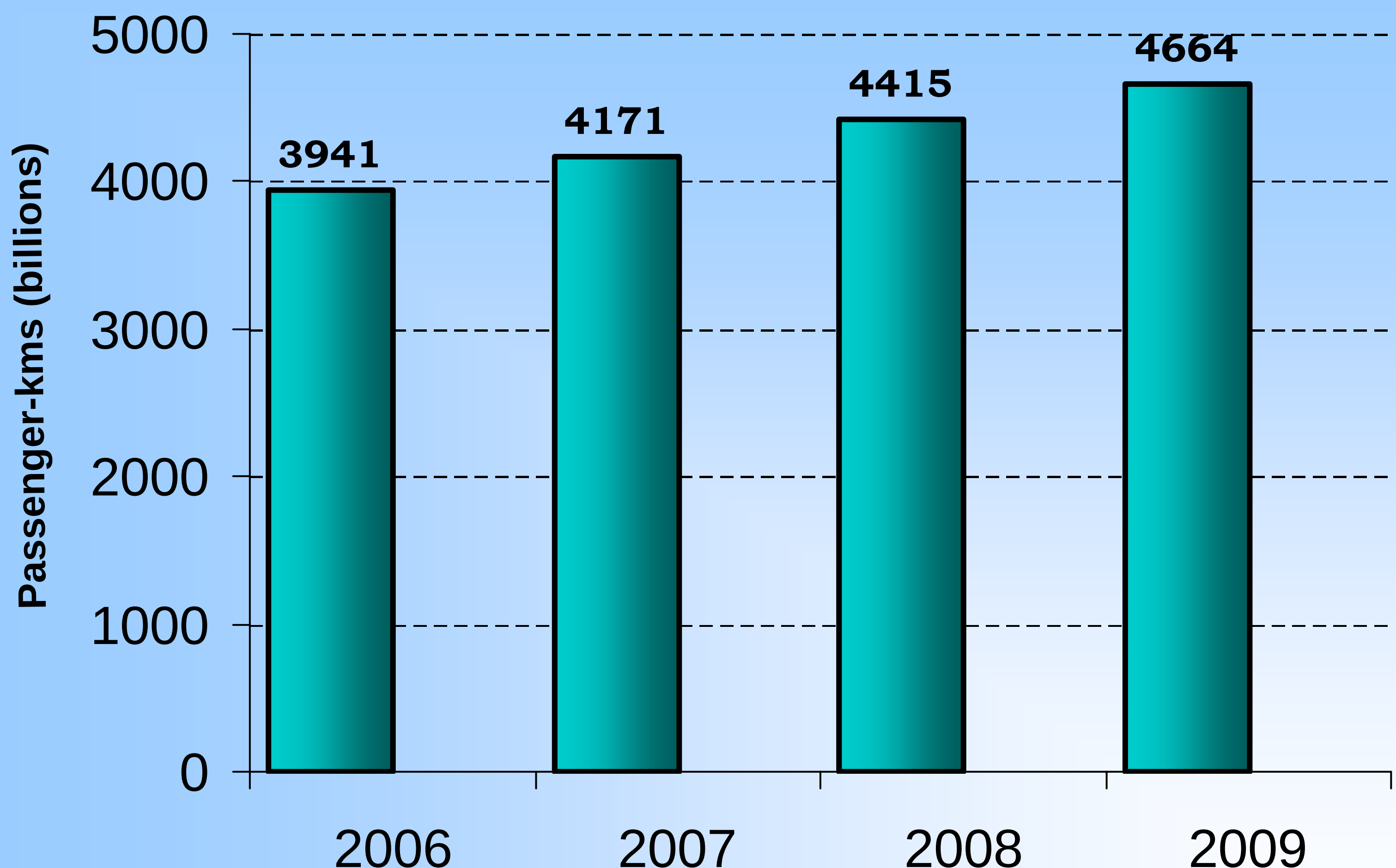
Medium-term

Medium-term Traffic Growth
Global Passenger-kilometres



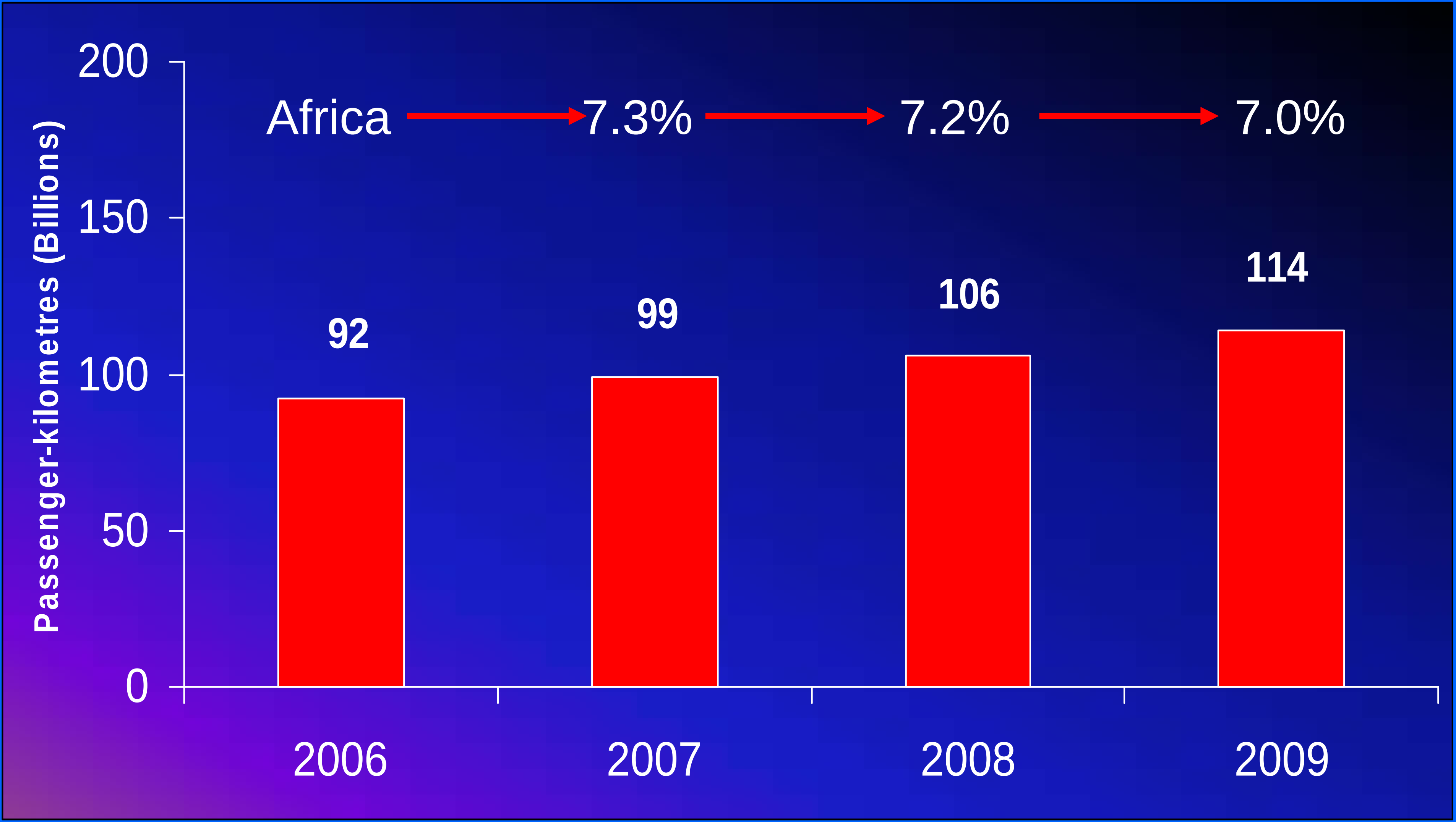
World Traffic Forecast
(Global Passenger-kilometres)

Medium-Term



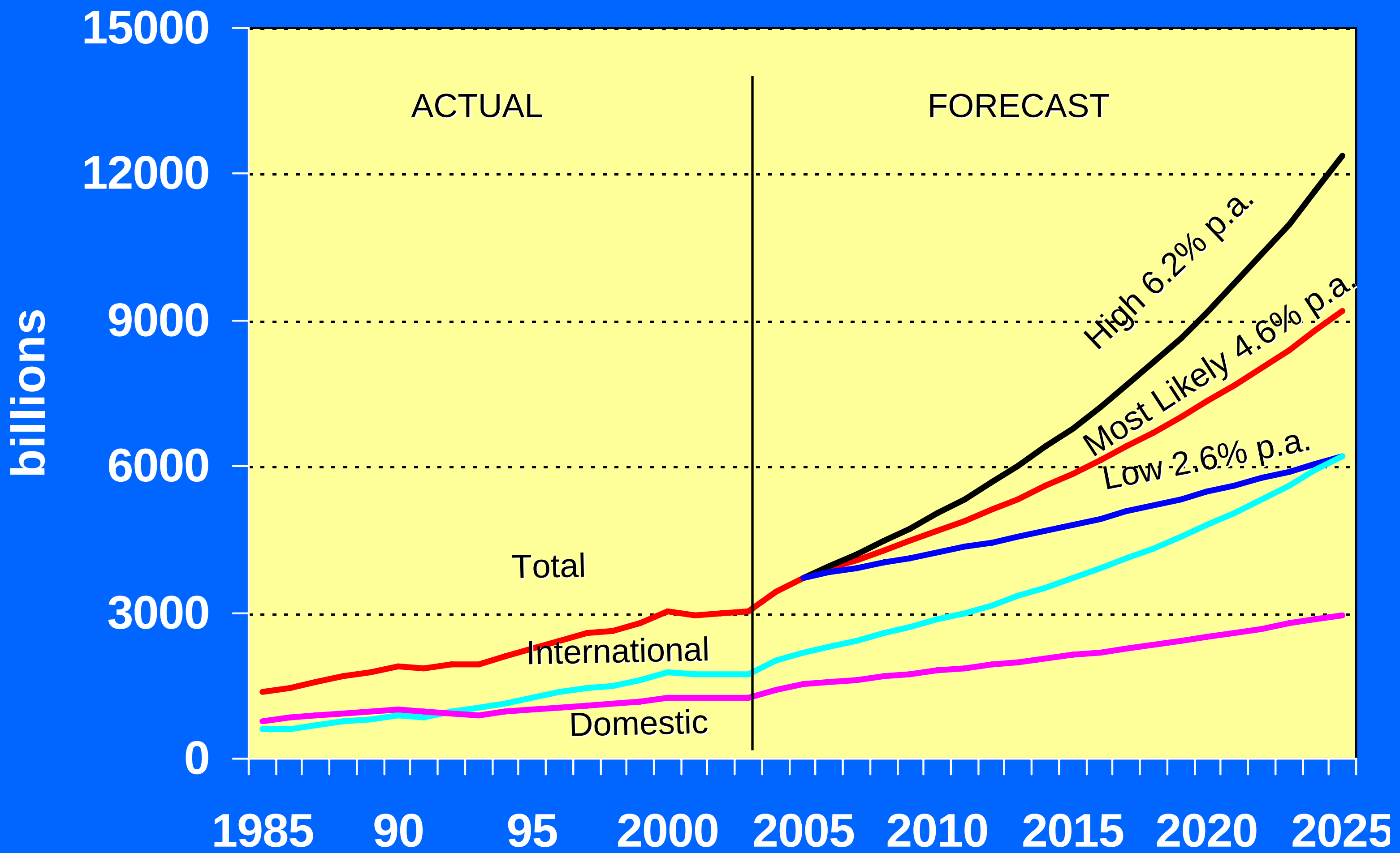
	2006	2007	2008	2009
Growth (%)	5.9%	5.9%	5.8%	5.6%

ICAO Medium-term Forecast
Africa, 2006 - 2009



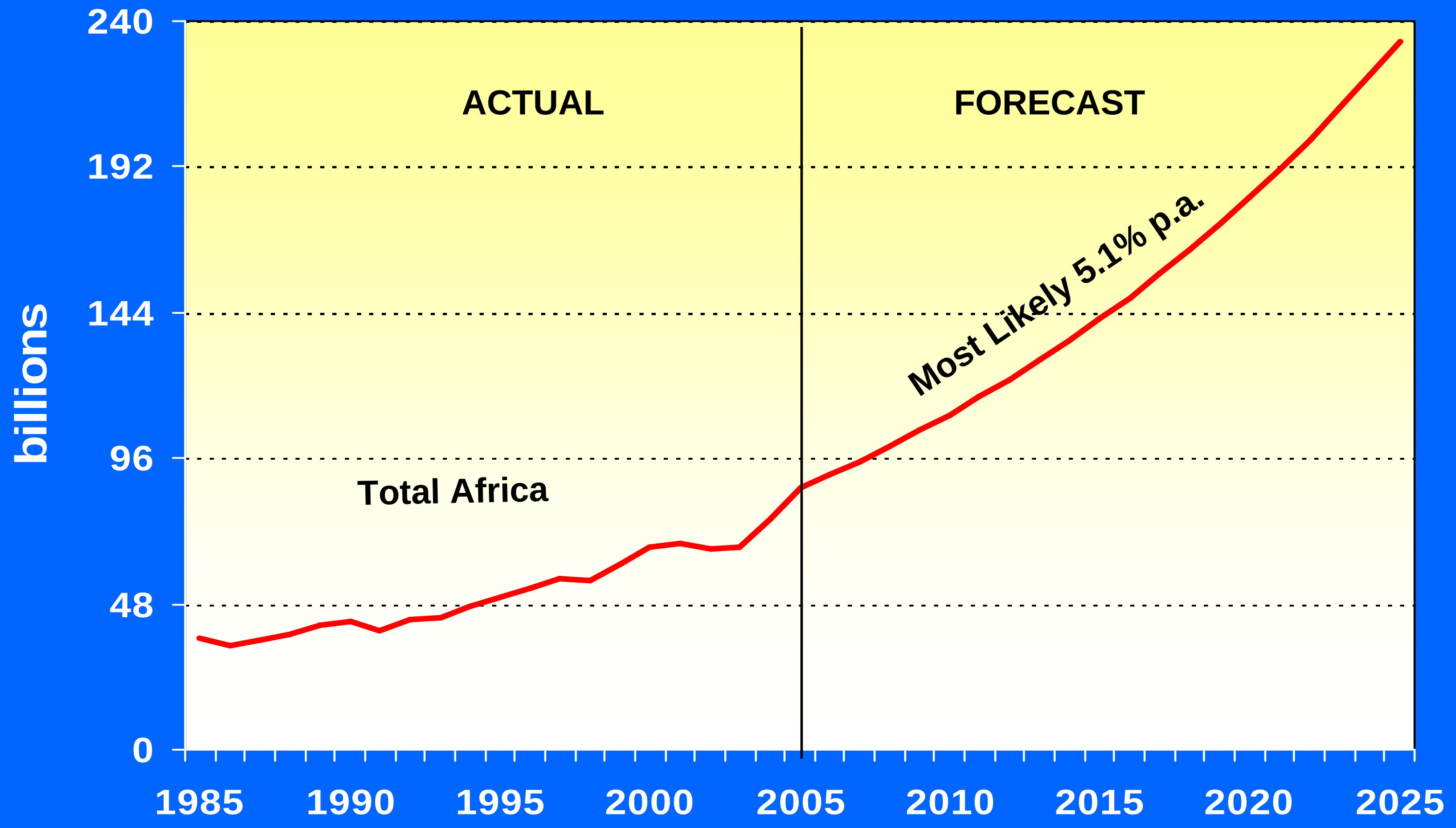
Long-term

ICAO Long-term World Scheduled RPK Forecast, 2005 - 2025



RPK = Revenue Passenger-kilometres

ICAO Long-term Scheduled RPK Forecast, Africa, 2005 - 2025



RPK = Revenue Passenger-kilometres

Long-term Airline Traffic Forecast Africa, 2005-2025

	Passenger-kilometres (millions)		Forecast	Average Annual Growth (%)	
	1985	2005	2025	1985-2005	2005-2025
African Airlines	36.7	84.8	230	4.3	5.1
International	28.5	72.2	205	4.8	5.4
Domestic	8.2	12.6	25	2.2	3.5
World	1 365.6	3 719.7	9 180	5.1	4.6
International	589.3	2 197.4	6 225	6.8	5.3
Domestic	776.3	1 522.3	2 955	3.4	3.4

Forecast of Scheduled Passenger Traffic on Route Groups To/From and Within Africa 2004-2020

Route Group	Passengers Carried (Thousands)			Average Annual Growth (Per Cent) Forecast		
	2004	2010	2020	2004-10	2010-20	2004-20
Africa-Europe	23 170	30 700	46 800	4.8	4.3	4.5
Intra-Africa	5 970	10 600	24 150	10.0	8.6	9.1
Africa-Middle East	6 520	9 700	18 500	6.8	6.7	6.7
Africa-Asia/pacific	1 860	2 500	3 800	5.1	4.3	4.6
Africa-North America	720	1 060	1 900	6.7	6.0	6.3
Total	38 240	54 560	95 150	6.1	5.7	5.8

Source: Report of the Africa-Indian Ocean Traffic Forecasting Group (AFI TFG), February 2006.

Forecast of Scheduled Movement Traffic on Route Groups To/From and Within Africa 2004-2020

Route Group	Aircraft Movements			Average Annual Growth (Per Cent)		
				Forecast		
	2004	2010	2020	2004-10	2010-20	2004-20
Africa-Europe	131 000	174 000	265 000	4.8	4.3	4.5
Intra-Africa	78 000	130 000	297 000	8.9	8.6	8.7
Africa-Middle East	44 000	63 000	120 000	6.2	6.7	6.5
Africa-Asia/pacific	11 000	14 000	21 000	4.1	4.1	4.1
Africa-North America	4 000	6 000	10 000	7.0	5.2	5.9
Total	268 000	387 000	713 000	6.3	6.3	6.3

Source: Report of the Africa-Indian Ocean Traffic Forecasting Group (AFI TFG), February 2006.

Conclusion

- Traffic growth higher than World average during the 60s and 70s and lower thereafter
- Traffic growth driven mainly by economic growth in Africa and other regions of the world
- Traffic growth remains volatile
- Good potential for future growth in the short and long terms
- Intra-Africa and Africa-Middle East route groups look very promising although with a relatively moderate share in the total
- Traffic data reporting status remains very poor for Africa
- Reliable and complete data not available for analyses or forecasts
- Emphasis on African Member States to make extra efforts for reporting all statistical data to ICAO

Conclusion

- Privatization of air transport infrastructure and airlines is still at an early stage.
- Autonomy is crucial for the financing of investments in air transport infrastructure.
- Economic liberalization has been progressed at various levels.
- States need to capture the benefits of liberalization without compromising safety and security.
- Tourism (led by aviation) is a focal instrument for economic development in LDCs

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