

AFI AVIATION WEEK – 8th EDITION

AFI Aviation Symposium



ICAO



Session 5: Air Transport and Economic Development

Presented by: AFCAC Secretariat

Nairobi, Kenya: August 2023



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Agenda Item 05

Air Transport and Economic Development

AFCAC PRESENTATION



INTRODUCTION



▪ **Launched under the theme *“ACCELERATION OF AIR TRANSPORT LIBERALIZATION IN AFRICA TO IMPROVE CONTINENTAL CONNECTIVITY AND INTEGRATION”*.**

▪ **GOALS**

▪ **To increase 5th freedom traffic rights operations across Africa from 14.5% to 30% by 2025; and**

▪ **To increase inter-sectoral collaboration and synergies between air transport institutions and other sectors of the economy**





- Promote AFCAC YD Aligned ASAs; Application/Harmonization/Domestication of YD/SAATM Regulatory Texts and AFCAP, Visa Openness/Cargo Facilitation, Reduction of Taxes, Fees and Charges; Promote intra Africa trade/cargo routes development amongst African airlines & Airports; Encourage existing or future domestic airlines to attain IOSA Certification and/or ISSA registration
- Reciprocity; Non-Harmonization of Application Costs (Foreign Ops Specs); Non/late Approval of Carrier Designations; High Inspection Costs; Lack of consistency; Visa and Cargo facilitation Issues
- Engage with Stakeholders to improve/maintain Safety/Security oversight
- Traffic Rights/ Designation/Authorization





Recommendations

- Accelerating the full implementation of SAATM will require all the stakeholders (government, airlines, airports, ANSP, trade, tourism industry etc) to collaborate
- Eligible African airlines are required to take advantage of SAATM and expand operations across Africa
- States are required to Complete the harmonization/ domestication the Regulatory Texts of the Yamoussoukro Decision (YD) .

Recommendations

- Eighteen (18) States are yet to sign SAATM. The States are hereby urged to immediately sign and join the SAATM PIP initiative to support the full implementation of SAATM.
- Continuous investment in infrastructure is required to ensure safe, secure, efficient, sustainable and competitive operational environments that promote easy connectivity, business growth and job creation across the African continent.

Actions by the Meeting



- **Urge the remaining eighteen (18) AFI-States that are yet to sign the Solemn Commitment to do so and join the SAATM PIP initiative to support the full implementation of SAATM;**
- **Urge all member States to align their ASAs with the YD compliant ASA Template to create an enabling environment for air carriers to compete for commercial opportunities, and to introduce more 5th freedom traffic routes in line with the SAATM-PIP Initiative.**
- **Urge member States to complete the harmonization/domestication of the YD Regulatory Texts; and**
- **Urge partners/stakeholders for continued support for the work program of the YD/SAATM Executing Agency**



UPDATE ON ECONOMIC REGULATION OF AIR TRANSPORT IN AFRICA



Introduction: LACK OF ECONOMIC REGULATION

- **Weak economic oversight**
- **Proliferation of taxes - security tax, solidarity tax, sojourn tax, stamp duty tax, health tax on international air transport**
- **Lack of harmonization of existing regulations**
- **Underdeveloped African air transport industry**
- **Poor connectivity, high costs of operations and high cost of air travel**



UPDATE ON ECONOMIC REGULATION OF AIR TRANSPORT IN AFRICA



CHALLENGES

- **Restricted access for air service providers on most routes in Africa results in the highest yields (revenue on a per passenger-kilometer basis) in the world.**
- **Air travel in Africa is still reserved for a minority of the population and the notion of taxing the wealthier may continue to be an appealing proposition in economies because of limited opportunities to levy alternative taxes and broaden the tax base.**
- **Some of the current policies and practices contradict the International Civil Aviation Organization's (ICAO's) principles (Doc 9082) with respect to avoidance of discrimination among users.**
- **The portion of charges and taxes borne by passengers is the highest in Africa.**
- **These significantly limit the economic and social benefits generated by air transport and successful implementation of SAATM**



UPDATE ON ECONOMIC REGULATION OF AIR TRANSPORT IN AFRICA



Recommendations

EFFORTS BY AFCAC

- **Three (3) Capacity Building Workshops on Economic Oversight and Regulation for Sustainable Development of Air Transport in Africa to sensitize member States on these issues.**
- **AFCAC, RECs and ICAO to ensure that States implement effective economic oversight function through capacity building on airports and ANS economics and oversight**
- **AUC, AFCAC and RECs to propose the Harmonization of policies on aviation taxes and charges in line with ICAO policies on taxes and charges and other non-tariff barriers in line with the AFCAP**
- **AFCAC, RECs and ICAO to develop an African template on Economic Regulations of Airports and Air Navigation Services for Member States**
- **AUC, AFCAC and RECs to assist member States in strengthening of Economic oversight of Airports and ANSPs through the adoption and use of the AFCAP and African template on Economic Regulations of Airports and Air Navigation Services**

CONCLUSION

- **AFCAC will continue to play its role of supervising and managing Africa's liberalization agenda**
- **AFCAC will continue to build capacity of experts of member States in order to increase knowledge and awareness on ICAO's policies and guidance materials**
- **AFCAC will ensure an improved and harmonized economic regulatory practices by African States under SAATM**
- **This will reduce States' cost of performing economic regulatory functions**
- **Create a better operating environment for all stakeholders for a sustainable development of air transport in the African region.**

Actions by the Meeting



- **Note the information contained in this paper; and**
- **Support and facilitate AFCAC's activities towards a harmonized economic regulatory practice by African States under a Single Air Transport Market.**



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Transforming African Aviation

