Getting ready for the single air transport market in Africa...
Aviation is a key economic enabler

Total jobs and GDP generated by air transport in Africa, 2014

- JOBS TOTAL: 6.8 million
- GDP TOTAL: $72.5 billion
- Tourism catalytic: 5,800,000 (Tourism direct: 3.9 billion)
- Induced: 219,000 ($5.2 billion)
- Indirect: 417,000 ($11.3 billion)
- Aviation direct: 381,000 ($9.9 billion)

- 76.6 million passengers
- 1,033,398 flights
- 369 commercial airports
- 244 airlines
- 38 air navigation service providers

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Demand expected to nearly triple over next 20 years

Source: IATA Economics using data from TE/IATA Air Passenger Forecasts, Oxford Economics
Huge potential for Intra-Africa Connectivity

Source: SRS Analyzer
Mixed performance over past year

Source: IATA Economics based on SRS Analyzer
Airlines need to be profitable to invest in connectivity

Net post-tax profit margins

- N America: 10% (2015), 10% (2016)
- Europe: 5% (2015), 5% (2016)
- Asia Pacific: 0% (2015), 0% (2016)
- Middle East: -5% (2015), -5% (2016)
- L America: -10% (2015), -10% (2016)
- Africa: -5% (2015), -5% (2016)
Competitiveness affects ability to deliver value

Quality of Air Transport Infrastructure (Ranking / 140 countries)

Source: World Economic Forum
Cost competitiveness is a major challenge

Quality of Air Transport Infrastructure (Ranking / 140 countries)

Source: World Economic Forum
Airlines have a compelling consumer story to tell

Unique city-pairs and real air transport costs

Source: IATA, ICAO
Not the case across the supply chain
Price does not always translate into quality

Source: World Economic Forum
Price does not always translate into quality

Source: IATA Economics based on World Economic Forum
Key Points

• Aviation drives huge economic value…
• ... expected to double over 20 years

• **But** growth in connectivity requires accommodating environment:
  – Cost competitiveness - taxes and charges
  – Infrastructure – master planning for cost-effective investment
  – Operating environment – implementing smart regulation
With the right policies, the potential is even greater

Source: IATA Economics using data from TE/IATA Air Passenger Forecasts, October 2016
LOOKING FOR INSIGHTS INTO AIR TRANSPORT MARKETS AND ISSUES?

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Maximizing the social and economic benefits of aviation
Creating the win-win-win environment

…an operating environment designed to allow airlines to fully deliver social and economic benefits by

✓ Implementing smarter regulation approach, harmonized with international standards and best practice

✓ The proactive removal of financial and operational costs
Smarter Regulation…

Principles of Policy Design:

• Consistency and coherence
• Proportionality
• Targeted at risk
• Fair and non-distortive
• Clarity and certainty
Smarter regulation…

Process Principles:

• Addresses a clear need
• Impact assessment
• Independent
• Inclusive
• Reduces compliance burden
• Regular Review
• Appeal
Examples of smarter regulation…

• ICAO core principles on consumer protection, balancing protection with airline sustainability

• Taxation legislation consistent with ICAO policies (Doc 8632)

• Allowing airlines to convert and repatriate funds in a timely manner

• Ratification of international treaties such as MC99 and MP14

• Implementing API/PNR requirements consistent with ICAO standards
Key policy directions for the African single air transport market

Taiwo Peters
Member & External Relations, Africa
AVIATION: AFRICA’s LIFELINE

- Over 1.2 billion people
- Pax numbers forecasted to grow to 366m by 2035
- GDP Growth over 20% over next 20 years
- 7 of the 13 fastest growing economies are in AFI
- Young population/growing middle class
- Intra-Africa trade only 12-15%
Connectivity …

is the key condition for Africa’s progress and transformation!
The challenge is to fill in the white spaces

Source: SRS Analyser, IATA Economics November, 2015
Lack of access to intra-African markets is a key issue.

Source: WTO Air Services Agreement Projector
Drivers for African Aviation Sustainability

- Safety and Security
- Infrastructure
- Connectivity and Competitiveness
- Environment
- Taxes and Charges
- Human Resources
Drivers for African Aviation Sustainability

➡ Connectivity and Competitiveness
ASSEMBLY OF THE UNION
Twenty-Fourth Ordinary Session
30 – 31 January 2015
Addis Ababa, ETHIOPIA

List of Countries

1. Benin
2. Botswana
3. Cape Verde
4. Congo Republic
5. Cote d'Ivoire
6. Egypt
7. Ethiopia
8. Gabon
9. Ghana
10. Kenya
11. Nigeria
12. Rwanda
13. Sierra – Leone
14. South Africa
15. Zimbabwe

SOLEMN COMMITMENT BY AFRICAN UNION MEMBER STATES TO THE IMPLEMENTATION OF THE YAMOUSSOUKRO DECISION TOWARDS THE ESTABLISHMENT OF A SINGLE AFRICAN AIR TRANSPORT MARKET BY 2017
Spreading the message…

• At the 2015 AU HoS Summit, 11 AFI States re-committed to full implementation of YD – 15 states now.

• Over 20 new routes have opened so far in 2016 (37 in 2015)
REPUBLIC OF ........................................
MINISTRY OF FOREIGN AFFAIRS

REF:


The Ministry of Foreign Affairs of the Republic of ......................... presents its compliments to the African Union Commission in Addis Ababa, Ethiopia, and has the honour to acknowledge receipt of the Latter’s Note of 26 February 2015.


Considering African integration and the socio-economic impact of the said declarations, the Ministry wishes to inform that our Government is fully committed to participating in, and implementation of the Decisions.

Accordingly, kindly include our State as part and parcel of the Decisions/Declarations immediately and without any reservations whatsoever.

The Ministry of Foreign Affairs of the Republic of ......................... avails itself of this opportunity to renew to the African Union Commission the assurance of its highest consideration.

The African Union Commission
Addis Ababa, Ethiopia
Immediate measures...

- Publish or Gazette State commitment to immediately implementing the YD in accordance with national laws.
Immediate measures...

- Notify other State Parties that their skies are liberalized in accordance with the YD.
Immediate measures...

- Review of BASAs to ensure conformity with the YD.
Immediate measures...

- Propose to AFCAC at least one airline established in their state for International Air Services.
Immediate measures...

- Constitute a National Implementation Committee for the YD and designate a dedicated focal point and notify the RECs and the Executing Agency – AFCAC.
Raising Awareness...

• Organize public awareness activities/advocacy on YD and the Single African Air Transport Market.

• Celebrate the YD (1999) on the anniversary of its signing on 14 November.
AFCAC – Executing Agency
Summary

• The next 20 years are set to be exciting times for African aviation

• The industry is forecast to show strong growth

• ... but these outcomes are not guaranteed

• We must remain vigilant to those factors which could derail this progress

• **African** Partnership remains key to unlocking the potential in Africa and to ensure the benefits can be realized
Thank you

to represent, lead and serve the airline industry