Air Transport in Africa: Role in Economic Growth and Sustainable Development

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AFI Ministerial Meeting
What should Governments do to maximize positive impacts of air transport on Africa’s economic development?

• Air transport and economic growth in Africa

• Connectivity: an important value chain to stimulate air transport development in Africa

• Funding of aviation infrastructure and oversight functions
Air transport and economic growth in Africa
Continuous growth of air traffic

The question is not IF the traffic will recover, But WHEN the traffic will recover.

5.4 trillion
+4.9% growth rate vs. 2011

Revenue Passenger-Kilometres in 2012

* World total scheduled services
Remarkable traffic flow evolution

*Based on OAG data

3,811 Cities for 35,705 Routes and 26,296,329 movements *

Legend

CITIES mov
- 1 - 14999
- 15000 - 58929
- 58930 - 140764
- 140765 - 303197
- 303198 - 556306

FLOW mov
- FLOW2101-44279
- FLOW1001-2100
- FLOW401-1000
- FLOW166-400
- FLOW1-165

2002
Remarkable traffic flow evolution

*Based on OAG data

2012

4,300 Cities for 46,651 Routes and 31,673,958 movements *
Africa: Outlook to 2030: Passenger traffic

Source: ICAO’s Global Air Transport Outlook to 2030 – Cir 333
Africa: Outlook to 2030: Cargo traffic

Source: ICAO’s Global Air Transport Outlook to 2030 – Cir 333
African operators traffic in 2012

- **67 million** passengers carried (+4.5% vs 2011)
- **879 thousand** aircraft departures (+0.6% vs 2011)
- **126 billion** Revenue Passenger-Km (+4.2% vs 2011)
- **3 billion** Freight Tonne-Km (+12.1% vs 2011)
The world of air transport in 2012

Regional distribution*

**Passengers carried**

<table>
<thead>
<tr>
<th>Region</th>
<th>2012 (billion)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1,467</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Africa</td>
<td>126</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>443</td>
<td>+13.7%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>1,633</td>
<td>+6.4%</td>
</tr>
<tr>
<td>North America</td>
<td>1,453</td>
<td>+1.3%</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>281</td>
<td>+8.6%</td>
</tr>
</tbody>
</table>

**Aircraft departures**

<table>
<thead>
<tr>
<th>Region</th>
<th>2012 (thousand)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>7,693</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Africa</td>
<td>879</td>
<td>+0.6%</td>
</tr>
<tr>
<td>Middle East</td>
<td>1,056</td>
<td>+6.2%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>7,892</td>
<td>+5.3%</td>
</tr>
<tr>
<td>North America</td>
<td>11,141</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>2,517</td>
<td>+4.0%</td>
</tr>
</tbody>
</table>

**Revenue Passenger-Km**

<table>
<thead>
<tr>
<th>Region</th>
<th>2012 (billion)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>41</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Africa</td>
<td>3</td>
<td>+12.1%</td>
</tr>
<tr>
<td>Middle East</td>
<td>20</td>
<td>+13.0%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>72</td>
<td>-4.0%</td>
</tr>
<tr>
<td>North America</td>
<td>41</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>5</td>
<td>+1.4%</td>
</tr>
</tbody>
</table>

**Freight Tonne-Km**

*by region of registration*
257,000 direct jobs created by air transport in Africa (2010)

- 113,000 (44%): airlines, handling agents (flight crews, maintenance, reservations)
- 104,000 (40%): governments agencies (customs, security) or services (restaurants, hotels) on airports
- 21,000 (8.5%): airports (management, maintenance, etc...)
- 19,000 (7.5%): civil aerospace sector (manufacture of aircraft systems, components, airframes and engines)

Source: ATAG, 2012
Contribution of travel and tourism to global African GDP

• Direct contribution of travel and tourism 2012: USD 69 billion

• Reflects economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services

Source: World Travel and Tourism Council 2012
Connectivity: an important value chain to stimulate air transport development in Africa
Connectivity in air transport

Capacity of the transport value chain to move passengers, mail or cargo from one point to another

- in the shortest possible time
- with maximum user satisfaction
- at an adequate price
Supporting regulatory framework

ICAO’s contribution to connectivity

- Market access
- Fair competition
- Taxes
- Charges
- Air carrier ownership & control
- ASBUs
- Facilitation/Security
- Consumer protection

Supporting regulatory framework

GUIDANCE

POLICIES
Optimal use of air navigation systems

Time component of connectivity

- Airport operations
- Globally Interoperable Systems and Data
- Optimum capacity and flexible flights
- Efficient flight paths

Aviation safety block upgrades (ASBUs)
Facilitation/security component

- Passenger flow improvement (ICAO TRIP)
- Optimal Border control
- Fast Security Clearance
- Paperless cargo
Market access: Supporting framework

Regional framework
Regional approaches (e.g. EU, YD)

Traffic liberalization (Pax and cargo)

Multilaterals

FREEDOMS OF THE AIR

ICAN

Liberalization: a necessary framework for a sustainable development

YD = Yamoussoukro Decision
EU = European Union
Value and benefits of connectivity enhancement

Market access → Connectivity → Economic development

• **Connectivity** brings concrete value - what air transport is all about

• If conditions are met: **good end-user experience** will bring more travel, more economic development and hence more traffic growth

• Connectivity is in line with **Chicago Preamble**:  

  THEREFORE, the undersigned governments having agreed on certain principles and arrangements in order that international civil aviation may be developed in a **safe and orderly manner** and that international air transport services may be established on the **basis of equality of opportunity** and **operated soundly and economically**;
Funding of aviation infrastructure and oversight functions
Economic development of air transport is constrained by availability of infrastructure

• In order to meet an increased demand of air traffic, sufficient airports and air navigation services capacity should be available as a critical component of the air transport system
  
  – Which investments or other actions are required to overcome infrastructure capacity constraint?
  
  – How to improve organizational and managerial capability of infrastructural management and development?
  
  – How to secure and access to funding for infrastructure to cope with the forecast demand?
Airport and air navigation services infrastructure financing

- There is **difficulty of many airlines, airports and ANSPs in Africa to adequately access funds** for the modernization and expansion of their infrastructure

- **Revenues** generated by the civil aviation sector should be **re-invested** in this sector in accordance with ICAO’s policies on charges (Doc 9082)

- **Regional cooperation and integration** should be explored as the best way to secure cost-effective investments and achieve better returns
Financing aviation safety block upgrades (ASBUs)

ATConf/6 (Recommendation 2.7/1 b)):

• Establish a multi-disciplinary working group to:
  – Assess the challenges associated with the establishment of operational and economic incentives
  – Estimate the early benefits of new technologies and procedures - ASBUs modules

• Multidisciplinary Working Group met on 20 August 2013
  – Its work plan will support operational improvements
  – While maximizing safety, capacity and overall system efficiency
  – Taking into account the specific needs expressed at the Twelfth Air Navigation Conference (AN-Conf/12)
Oversight function: a State responsibility

- When considering the commercialization or privatization of airports and ANSPs, States should bear in mind that they are **ultimately responsible for safety, security and economic oversight** of these entities (ICAO’s policies in Doc 9082)

- States can choose **government funds or charges** for funding of oversight functions at the airport and air navigation services provider (ANSP) level
  - proposal for a passenger-based charge to fund safety and security oversight activities is not in line with ICAO’s policies on charges
Sustainable funding of RSOOs: Air safety charge

Additional guidance was developed on funding of safety oversight function at the regional level

• Based on ICAO’s policies in Doc 9082, **air safety charges** would recover the RSOO’s cost of providing certain safety oversight services

• Strict safeguards should be in place before the implementation of any air safety charge

Revision of Chapter 5 of *Safety Oversight Manual – Part B* (Doc 9734)
The way forward
Liberalization of air transport

Implementation of recommendations made by Sixth Worldwide Air Transport Conference (ATConf/6): 

• Liberalization has provided broad benefits for national economies 
• Liberalization is a means and process, not an end 
• The objective is to develop international air transport in a sustainable manner, 
• Without compromising Safety and Security 
• Safety and Security are prerequisites to Liberalization
International Flights from and to Africa
Liberalization without compromising Safety

Africa – European Union:

• External Air Transport Policy – Community Clause
• Safety Assessment of Foreign Aircraft (SAFA) and banning of airlines found to be unsafe from operating in European airspace.

Africa – USA:

• Open Skies (21 African States)
• International Aviation Safety Assessments (IASA) Program
• Safe skies for Africa Program
ICAO can enhance connectivity at the African level

ICAO Air services negotiation (ICAN) provides

- A central meeting place to conduct multiple air services agreements negotiations
- A forum to get info, discuss issues
- A platform for bilateral, multilateral talks

Since 2008 the number of participating African States has increased from 8 to 19 in 2012

9-13 December 2013, Durban, South Africa
Air transport and tourism partnering for economic development

Aviation & Tourism
Hand in Hand for Sustainability

ICAO/UNWTO Joint Statement

www.icao.int/Meetings/atconf6

Joint Conference on air transport connectivity with the participation of African Ministers in charge of air transport and tourism in October 2014 (TBC)

Working together on common issues will more effectively position aviation and tourism as drivers in the pursuit of sustainable development.

Signed in Montreuil on 18 March 2013.

ICAO: Mr. Tim Clark, Secretary General
UNWTO: Mr. Taleb Rifai, Secretary General
ICAO also teams up with WCO for air cargo security and facilitation

Unite all stakeholders in the supply chain, thereby:

• Enhancing the efficiency and modernization of air cargo for global trade and economic development
• Promoting facilitation of trade and movement of goods by air
• Safeguarding the reliability of the air transport mode by offering a high level of security while promoting a balanced approach to security and facilitation (such as through e-freight)
Thank You, Merci, Shukran, Spasiba, Xie Xie, Gracias

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