



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/7)**

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks

**3.2: Enhancing air connectivity through progressive economic and regulatory aviation frameworks
for international air transport**

**FAIR COMPETITION AND REGULATORY CAPACITY FOR SUSTAINABLE AIR TRANSPORT
DEVELOPMENT**

(Presented by Nigeria on behalf of 54 Member States of the African Civil Aviation Commission (AFCAC)²)

EXECUTIVE SUMMARY

This working paper sets out Africa's position on fair competition and regulatory capacity in a liberalizing air transport market. Liberalization under the Yamoussoukro Decision (YD) and the Single African Air Transport Market (SAATM) can only deliver lower fares, wider choice and better connectivity if it rests on effective competition rules, a level playing field and capable, independent economic regulators. Yet African markets remain highly concentrated—dominated by a few carriers, with competition almost absent at many smaller airports—while African carriers face subsidized competition from non-African airlines and residual protection of national carriers.

Africa is not starting from zero. Through the Regulations on Competition in Air Transport Services within Africa (Annex 5 to the YD, adopted by the African Union in 2018), the continent already has a common competition framework, with African Civil Aviation Commission (AFCAC) as its Executing Agency and Regional Competition Authorities. The binding constraint is implementation, enforcement capacity, institutional independence, harmonization across regional regimes, and gaps such as the absence of merger-control rules. Complementing ATConf/7-WP/5 and adding an African perspective, the paper invites the Conference to support global guidance and best practice on fair competition, capacity-building for economic regulators, and cooperation with AFCAC so that liberalization delivers its promised benefits.

Action: The Conference is invited to:

- a) recognize that liberalization can deliver its full benefits only where it is accompanied by fair and effective competition, a level playing field, appropriate consumer protection and capable, independent and adequately resourced economic regulation; and acknowledge that these conditions are particularly important for developing regions, including Africa, where regional air transport markets are being progressively integrated under SAATM;
- b) request the International Civil Aviation Organization (ICAO) to strengthen and update its global policy guidance and best practices on competition in international air transport, addressing, inter alia, market dominance and abuse of dominant position, predatory and exclusionary practices, anti-competitive

¹ English and French versions provided by AFCAC.

² Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

	agreements, State aid and subsidies, merger and alliance assessment, consumer protection and other practices capable of distorting competition, and to establish a structured programme of cooperation on competition and economic regulation, while taking into account the circumstances and institutional capacities of developing States and emerging regional single aviation markets; c) request ICAO to develop practical methodologies, analytical tools and capacity-building programmes enabling States and regional bodies to assess competition, define relevant aviation markets, monitor market concentration and conduct, evaluate the competitive effects of subsidies and other forms of State support, analyse airline cooperation and consolidation, strengthen enforcement and dispute-resolution capabilities, and improve aviation market data collection and analysis; and d) request ICAO to strengthen air transport competition regulatory capacity, including through targeted technical assistance, training and institutional support for civil aviation authorities, competition authorities and regional bodies, with particular emphasis on regulatory independence, transparency, accountability, effective enforcement and evidence-based decision-making, while promoting harmonized rules, institutional capacity and effective enforcement concerning airline competition, market conduct, subsidies and other practices affecting a level playing field.
<i>Strategic Goal:</i>	This working paper relates to Strategic Goal: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All.</i>
<i>Financial implications:</i>	The proposed actions are expected to be pursued within ICAO's existing work programme and available resources.
<i>References:</i>	African Union, Regulations on Competition in Air Transport Services within Africa (Annex 5 to the Yamoussoukro Decision), adopted by the 30th Ordinary Session of the AU Assembly, Addis Ababa, January 2018 Decision relating to the implementation of the Yamoussoukro Declaration (Yamoussoukro Decision), 1999 Study on Aviation Market Competition in Africa, 2025, commissioned by AFCAC and funded by EASA. Doc 9587, <i>Policy and Guidance Material on the Economic Regulation of International Air Transport</i> Doc 9626, <i>Manual on the Regulation of International Air Transport</i> Doc 10227, <i>Assembly Resolutions in Force (As of 3 October 2025)</i> (Resolution A42-26) African Union, Protocol on Competition Policy to the Agreement Establishing the African Continental Free Trade Area (AfCFTA) Lomé Declaration on the Single African Air Transport Market and its Implementation Matrix, 2026

1. INTRODUCTION

1.1 Liberalization and competition are not the same thing. Opening a market to more carriers creates the possibility of competition, but the outcomes liberalization promises—lower fares, more routes, better service and stronger connectivity—materialize only where competition is genuine, fair and sustained. Where dominant carriers can foreclose routes, where subsidies tilt the field, or where regulators lack the tools to detect and remedy abuse and other forms of anti-competitive practices, a market can be nominally open yet effectively closed. Competition policy is the discipline that turns market access into real consumer and development benefits.

1.2 For Africa this distinction is decisive. The continent has committed, through the Yamoussoukro Decision (YD), Single African Air Transport Market (SAATM), Agenda 2063 and the African Continental Free Trade Area (AfCFTA), to a single, liberalized air transport market of all African States. But a single market without harmonized competition rules and the capacity to enforce them risks replacing State protection with private concentration, leaving fares high and networks thin. Africa is home to close to 18 per cent of the world's population yet accounts for only about 2 per cent of global air traffic, much of it concentrated in a handful of carriers and hubs; whether SAATM delivers depends on making competition work.

1.3 This paper, prepared under the coordination of African Civil Aviation Commission (AFCAC), presents Africa's position and priorities on fair competition and regulatory capacity in liberalized air transport markets. It reflects the continent's specific market realities, draws on Africa's existing competition and regulatory instruments and available evidence, and identifies priority actions to strengthen effective competition, regulatory oversight and institutional capacity. It emphasizes the importance of ensuring that air transport liberalization is accompanied by fair, transparent and enforceable competition frameworks capable of supporting sustainable market development, protecting the benefits of liberalization and advancing the objectives of SAATM.

2. DISCUSSION

2.1 Fair competition is the condition for liberalization to deliver in Africa

2.1.1 The economic case for the SAATM rests on competition. Modelling for the AFCAC continental study estimates that full SAATM implementation could generate some 15.9 million additional passenger trips, increase intra-African traffic by about 51 per cent and reduce fares by around 26 per cent—but those fare reductions and new services arise only if new and existing carriers actually compete. Market access is the enabler; competition is what converts it into lower prices, new routes and better service for citizens and businesses.

2.1.2 Competition also drives efficiency, innovation and service quality—the entry of low-cost and hybrid carriers, better schedules and the discipline that keeps fares related to costs. Where competition is weak, the gains of liberalization are captured by incumbents rather than passed to consumers, and connectivity remains thin and expensive. Fair competition, consumer protection and capable economic regulation are therefore not constraints on liberalization but the conditions for it to deliver.

2.2 African markets remain concentrated and contestability is weak

2.2.1 African air transport markets are highly concentrated. Analysis in the AFCAC Study on Aviation Market Competition (2025), using the Herfindahl-Hirschman Index, finds that many markets are dominated by a few large national carriers, with competition almost non-existent at smaller regional airports; it is somewhat stronger only at large hubs such as Cairo, O.R. Tambo (Johannesburg), Addis Ababa, Casablanca and Nairobi. High concentration raises fares, limits choice and deters the entry of the new and low-cost carriers that competitive markets depend on.

2.2.2 Low-cost and hybrid airlines can widen access and drive fares down, yet they struggle to establish and sustain operations in the face of regulatory intervention, residual protection and external competition. The result is limited contestability: markets that are formally open under SAATM but where, in practice, few carriers can enter and compete, leaving passengers with high fares and sparse networks.

2.3 The playing field is uneven: external subsidized competition and residual protection

2.3.1 African carriers also compete on an uneven field. A large share of Africa's international traffic is carried by non-African airlines, many benefiting from government support, which exert strong competitive pressure at both ends of the journey; African carriers, generally smaller and more thinly capitalized, struggle to match them. A level playing field, including disciplines on distortive subsidies, is an integral part of fair competition, internationally as well as within the continent.

2.3.2 Internally, a legacy of protectionism persists: state-owned flag carriers, restrictive bilateral practices and hesitancy to implement SAATM fully for fear of harming national carriers all suppress intra-African competition. The answer is not renewed protection but credible, even-handed competition rules, applied consistently to large and small, public and private carriers alike, that give every operator a fair opportunity to compete.

2.4 Africa already has a continental competition framework

2.4.1 Africa's response is not aspirational but established in law. The Regulations on Competition in Air Transport Services within Africa — Annex 5 to the YD, adopted by the African Union Assembly in January 2018 alongside the launch of SAATM — provide a common, binding framework to promote and guarantee free and fair competition in intra-African air transport. They prohibit anti-competitive agreements and concerted practices such as price-fixing, capacity dumping and market-sharing; prohibit the abuse of a dominant position, including predatory and excessively high pricing and the use of excess capacity to drive out rivals; discipline distortive subsidies; and require non-discrimination.

2.4.2 The framework has an institutional architecture. AFCAC, as Executing Agency of the YD, is mandated to supervise and enforce the Regulations — investigating complaints and own-initiative cases, granting exemptions, ordering remedies and imposing penalties, working with regional institutions established by the Regional Economic Communities (RECs), such as the Common Market for Eastern and Southern Africa (COMESA) Competition and Consumer Commission (CCCC), East African Community (EAC) Competition Authority (EACCA) and Economic Community of West African States (ECOWAS) Regional Competition Authority (ERCA).

2.4.3 This African framework aligns with, and can inform, global practice, and connects to the AfCFTA Protocol on Competition Policy, embedding aviation competition within Africa's wider single-market agenda. Africa therefore comes to the Seventh Worldwide Air Transport Conference (ATConf/7) not to import a model, but offering a continental competition regime from which global guidance can also draw.

2.5 The binding constraint is capacity, enforcement and harmonization

2.5.1 The AFCAC Study on Aviation Market Competition (2025) finds that implementation of Annex 5 has not yet met expectations. Enforcement is constrained by limited institutional capacity and independence, scarce specialized competition expertise and data, and weak market monitoring; and there are substantive gaps, notably the absence of merger-control rules and the fragmentation of overlapping regional competition regimes. The Study recommends a harmonized continental framework, a competition monitoring system and database, a dedicated competition function within AFCAC, and sustained capacity-building.

2.5.2 Strengthening cooperation between Civil Aviation Authorities (CAAs) and Competition Authorities at Member State level since most CAAs do not have competition legislation at national level. Capacity-building in competition assessment, market monitoring, data analysis, enforcement and dispute resolution, together with harmonization across the RECs and with the AfCFTA, and the closing of gaps such as merger control, would make the framework Africa already has genuinely effective.

2.6 Complementary roles of ICAO and regional institutions

2.6.1 ICAO and regional institutions have complementary roles. ICAO provides global principles and guidance on fair competition and the economic regulation of international air transport, together with analytical tools and capacity-building; regional institutions translate them into implementation suited to regional circumstances. This paper endorses the direction of ATConf/7-WP/5 and adds the African evidence and framework. In Africa, AFCAC coordinates continental competition policy with Member States, the African Union Commission (AUC), the RECs and their competition authorities; ICAO support should reinforce these African-led efforts.

3. CONCLUSION

3.1 Fair competition is decisive for the next phase of African air transport. Liberalization and market access are necessary but not sufficient: without effective competition rules, a level playing field and capable, independent regulators, the benefits of SAATM will be captured by incumbents rather than passed to citizens and businesses. Africa's own evidence shows concentrated markets, an uneven playing field and under-enforced rules.

3.2 Africa is not seeking protection; it seeks credible, even-handed competition and the capacity to enforce. It already has a continental framework in Annex 5 to the YD; what it needs is implementation, such as capacity, independence, harmonization and modern tools including merger control, reinforced by global guidance and cooperation. A stronger global framework, combined with regional coordination led by AFCAC, would let competition deliver affordable, connected and sustainable air transport across the continent.

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