



# ICAO MEETING ON AIR CARGO DEVELOPMENT IN AFRICA

## The Contribution of Air Cargo to Economic Development

05 August, 2014

**DR. ELIJAH CHINGOSHO**  
AFRAA SECRETARY GENERAL



# INTRODUCTION



- } The global air cargo transports goods worth in excess of \$6.4 trillion on an annual basis, according to IATA
- } The global air cargo industry is responsible for transporting approximately 35 percent of all international trade
- } Air cargo best equipped for global sourcing and selling, and just-in-time logistics





# FACILITATING AFRICAN ECONOMIC DEVELOPMENT



- Ø Air cargo service has been a tremendous enabler for economic development
- Ø This is because air freight and integrated air express are critical to time-based competition
- Ø Air freight has expanded the markets for African perishable goods, from the traditional European markets to markets worldwide.







# HIGH VALUE TIME SENSITIVE CARGO



- } Air cargo represents a relatively small percentage by volume of world trade (less than 10%)
- } However it accounts for more than 35% of international trade, according to ATAG
- } I.e. air cargo is oriented towards high value or time sensitive products
- } E.g. the express industry has enabled the widespread adoption of JIT practices by many businesses, while achieving huge savings in inventory and logistical costs.





# IMPROVING COMPETITIVENESS



- } Air cargo services help to improve the competitiveness of almost all aspects of companies' operations
- } Aviation acts as a spur to innovation, increases sales and profits, enables more scope to exploit economies of scale and enhances competition.
- } Business in sectors such as technology, financial services & pharmaceuticals increasingly require high speed delivery services to ensure they can respond to customers' needs.





# GLOBAL AIR CONNECTIVITY



- } High quality cargo infrastructure is a prerequisite for sustained economic growth and for maintaining competitiveness
- } The most innovative and productive firms tend to be those that are competing at a global level
- } The growing African economies need to compete globally and this can be facilitated by a well-developed cargo infrastructure
- } Air connectivity increases with the number of destinations served and the frequency of flights along these routes
- } This in turn will make a location more attractive to foreign investment





- } Air freight vital is in facilitating trade between Africa and the rest of the world Air freight allows African countries to trade in fresh produce, such as fruits, vegetables, or flowers with Europe
- } E.g., the export of fresh fruit and vegetables to the UK alone contributes almost £35m per year to the economy of Kenya
- } Overall, more than one million African rural livelihoods are supported by UK consumption of fruit and vegetables.





# LEVELLING THE PLAYING FIELD



- Air freight allows African exporters to connect with the product needs of European, North American, and Asian markets
- Using traditional ocean transportation, exporters in most African countries are at a considerable shipping time disadvantage
- Air cargo facilitates the levelling of the temporal playing field for African producers
- Air cargo enables developing country producers 24- to 48-hour access to these markets, compared to the typical 30 days shipping time using traditional ocean transport







# SENSITISING DECISION MAKERS



- } To better sensitise decision makers, we need to be clear about the target audience
- } We spend a lot of time and effort communicating to ourselves, to the converted, to the players in the aviation industry.
- }
- } We need to get our message across to the ministers responsible for customs and excise and finance or of economic planning
- } We need to speak in a language they understand in terms of facts and figures, in terms of costs and benefits, in terms of opportunity costs in the aviation sector





## GUIDANCE TO ENSURE INFORMATION IS CLEAR PRECISE AND COMPLETE



- When stakeholders lobby for cargo, they should do so with verifiable and specific facts and figures to highlight and pinpoint the positive impact on the economy and international trade.
- There is opportunity to highlight the success stories elsewhere
- Good examples are the Middle and Far East and China where the Government has massively invested in cargo infrastructure to facilitate a huge expansion of the freight business with enormous benefits to the economy





# CONCLUSIONS



- } Air cargo has enormous benefits for African economies.
- } This message needs to be effectively communicated focusing to enlighten the relevant stakeholders of the huge benefits of air cargo to economies and therefore avoid burdening this sector with excessive taxes, charges and fees and to advocate for its complete liberalisation.
- } The communication need to be simple, data-driven and easy to understand including by other stakeholders.

