

**ICAO Meeting on Air Cargo Development in Africa  
5 August 2014  
Lomé, Togo**

**Setting the Scene  
Angela Gittens**

**STANDING SLIDE**

GOOD MORNING AND THANK YOU FOR INVITING ME HERE TO SPEAK ON AIR CARGO IN AFRICA. BY WAY OF AN OVERVIEW, I'M GOING TO BE DISCUSSING DATA FROM ACI'S 2013 WORLD ANNUAL TRAFFIC REPORT, WHICH WILL BE RELEASED IN AUGUST.

**SLIDE 2: EVOLUTION OF INTERNATIONAL TO DOMESTIC FREIGHT TRAFFIC**

**(2003-2013)**

LET'S START WITH A QUICK LOOK AT THE WORLDWIDE SITUATION TO GIVE CONTEXT TO OUR EXAMINATION OF AIR CARGO IN AFRICA SPECIFICALLY. INTERNATIONAL AIR FREIGHT REPRESENTS A SIGNIFICANT SHARE OF TOTAL AIR FREIGHT AT 66%. THIS IS BECAUSE IN MANY REGIONS, VAST DISTANCES AND POOR ROAD TRANSPORT INFRASTRUCTURE PRECLUDE ANY ALTERNATIVE OTHER THAN SHIPPING INTERNATIONAL CARGO BY AIR. A NOTABLE EXCEPTION IS EUROPE, WHERE COUNTRIES ARE CLOSE TO EACH OTHER AND HIGH-QUALITY ROAD TRANSPORT INFRASTRUCTURE IS AVAILABLE.

### **SLIDE 3: EVOLUTION OF WORLDWIDE FREIGHT TRAFFIC GROWTH (2003-2013)**

WITH WEAKNESSES IN INTERNATIONAL TRADE, THE GLOBAL CARGO MARKET WAS SLUGGISH LAST YEAR. INTERNATIONAL FREIGHT GREW BY ONLY 1.1% AND THE ONLY REGION TO RECORD GAINS IN INTERNATIONAL FREIGHT VOLUMES WAS THE MIDDLE EAST AT 4.9%.

ON THE OTHER HAND, DOMESTIC FREIGHT VOLUMES WERE ALMOST FLAT IN 2013 AS COMPARED TO THE YEAR BEFORE. ALTHOUGH THE ASIA-PACIFIC AND LATIN AMERICA-CARIBBEAN REGIONS POSTED MODEST GAINS OF 2.1 AND 1.8% RESPECTIVELY, OTHER REGIONS WERE EITHER IN DECLINE OR FLAT COMPARED TO 2012.

### **SLIDE 4: EVOLUTION OF CARGO TRAFFIC IN AFRICA**

DURING THE SAME PERIOD, AFRICAN AIRPORTS HANDLED 1.79 MILLION TONNES OF CARGO, WHICH REPRESENTS 1.9% OF THE WORLD'S TOTAL AIR CARGO. AS COMPARED TO 2012, AFRICA SAW A DECLINE OF 3.4% IN CARGO THROUGHPUT DURING 2013, PARTIALLY DUE TO THE CONTINUED SOCIAL/POLITICAL UPHEAVALS IN NORTH AFRICA, PARTICULARLY EGYPT, A MAJOR MARKET AND PARTIALLY DUE TO THE GENERAL WEAKNESS IN INTERNATIONAL MARKETS.

### **SLIDE 5: CARGO GROWTH IN NIGERIA (2013 VS. 2012)**

DESPITE THE WHOLE OF THE CONTINENT EXPERIENCING A MARGINAL YEAR-ON-YEAR DROP IN CARGO, WHEN WE LOOK AT INDIVIDUAL MARKETS, RESOURCE-RICH COUNTRIES—NIGERIA, FOR EXAMPLE—EXPERIENCED CARGO GROWTH.

### **SLIDE 6: TOP CARGO AIRPORTS IN AFRICA 2013**

HERE YOU CAN SEE THE MOST IMPORTANT COUNTRIES IN AFRICA IN TERMS OF CARGO VOLUME IN 2013. FROM AN INDIVIDUAL AIRPORT PERSPECTIVE, JOHANNESBURG IS THE TOP CARGO AIRPORT IN AFRICA, WITH 309,000 TONNES IN 2013. TO PUT THIS INTO CONTEXT, JOHANNESBURG BY ITSELF HANDLED 17% OF ALL CARGO IN AFRICA LAST YEAR. CAIRO AND NAIROBI AIRPORTS WEREN'T FAR BEHIND, HAVING HANDLED 267 AND 245 THOUSAND TONNES OF CARGO RESPECTIVELY IN 2013.

### **SLIDE 7: GEOGRAPHIC COVERAGE OF TOP THREE AIRPORTS**

WHEN WE CONSIDER THESE THREE AIRPORTS TOGETHER, THEY HANDLED 48% OF THE CONTINENT'S CARGO LAST YEAR. THIS IS A CONSEQUENCE OF AIRLINE OPERATIONAL PATTERNS AND THE LOGISTICS INDUSTRY. LOOKING AT A MAP OF AFRICA WE CAN SEE THAT JOHANNESBURG, CAIRO AND NAIROBI

GIVE GOOD COVERAGE TO THE ENTIRE CONTINENT. ON TOP OF THIS, WELL DEVELOPED INFRASTRUCTURE—NOT JUST AT THESE AIRPORTS BUT IN THE AREAS AROUND THEM—MAKES THESE CITIES OBVIOUS CHOICES FOR FREIGHT SHIPPERS.

#### **SLIDE 8: OTHER MODES OF SHIPPING**

SO, THAT'S A QUICK SUMMARY OF CARGO PERFORMANCE IN 2013 FOR THE WORLD AND AFRICA, BUT THE REAL REASON WE'RE ALL HERE IS TO DISCUSS CHALLENGES AND OPPORTUNITIES, AND ONE OF THE MAIN OBSTACLES TO THE GROWTH OF THE CARGO MARKET WORLDWIDE IS COMPETING MODES OF FREIGHT SHIPMENT.

#### **SLIDE 9: TOTAL WORLDWIDE AIR CARGO**

IN GLOBAL TERMS, THE AIR CARGO INDUSTRY REMAINS RELATIVELY SLUGGISH AND TODAY HAS BARELY SURPASSED THE VOLUMES THAT EXISTED IN THE PRE-GREAT RECESSION ERA. THE WEAKNESS IN THE AIR CARGO MARKET OVER THE LAST DECADE OR SO CAN BE LARGELY ATTRIBUTED TO A LOSS IN MARKET SHARE TO OTHER WAYS OF TRANSPORTING GOODS—OCEAN FREIGHT BEING THE BEST EXAMPLE.

#### **SLIDE 10: FREE SHIPPING**

THIS REPRESENTS A CHALLENGE, NOT JUST IN AFRICA BUT ALL OVER THE WORLD. WHILE WE SAW SOME STABILIZATION OVER THE LAST QUARTER OF 2013 IN CONJUNCTION WITH THE ONGOING RECOVERY IN THE GLOBAL ECONOMY, THE FACT REMAINS THAT THERE'S BEEN A SHIFT TOWARD CHEAPER MODES OF DELIVERY. AIR CARGO NEEDS TO RETHINK ITS BUSINESS MODEL IN ORDER TO CONTEND WITH THESE NEW REALITIES.

#### **SLIDE 11: LOSING MARKET SHARE**

AN IATA STUDY COMMISSIONED TO SEABURY INDICATES THAT THE MARKET SHARE OF AIR CARGO HAS DROPPED FROM AROUND 3% OF TOTAL INTERNATIONAL CONTAINERIZED TRADE IN 2000 TO ABOUT 1.7% IN 2013. AND ALTHOUGH WE CAN SEE THAT THIS TREND HAS BEEN ONGOING FOR THE LAST 13 YEARS, THE STUDY SUGGESTS THAT THIS MODAL SHIFT HAS INTENSIFIED SINCE 2010, AND IT IS EXPECTED THAT THIS TENDENCY WILL CONTINUE, ALBEIT AT A MORE MODERATE PACE.

#### **SLIDE 12: AFRICA EQUALS POTENTIAL**

THE GOOD NEWS FOR AFRICA SPECIFICALLY IS THAT THERE ARE PLENTY OF OPPORTUNITIES TO COUNTER THE INCREASINGLY COMPETITIVE NATURE OF FREIGHT SHIPMENT. WE KNOW THAT AIR CARGO GROWTH IS HIGHLY

CORRELATED WITH INCOME, AND COMMERCE AND INTERNATIONAL TRADE TEND TO BE CONCENTRATED IN HIGH- AND MIDDLE-INCOME COUNTRIES.

OVER 1 BILLION PEOPLE LIVE IN AFRICA AND MANY OF ITS COUNTRIES BOAST THE HIGHEST ECONOMIC GROWTH ON THE FACE OF THE GLOBE. THE CONTINENT IS OFTEN CHARACTERIZED AS A SLEEPING GIANT, POISED FOR A MASS AWAKENING BY VIRTUE OF ITS GROWING CONTRIBUTION TO THE WORLD ECONOMY. AS THE POPULATION OF MANY COUNTRIES IN THE REGION MOVE OUT OF POVERTY AND INTO THE MIDDLE CLASS, WE CAN EXPECT A CORRESPONDING RISE IN AIR CARGO.

### **SLIDE 13: THE VOICE OF THE WORLD'S AIRPORTS**

OF COURSE, THIS ISN'T TO SAY THAT WE SHOULD TAKE A "WAIT AND SEE" APPROACH. I'M LOOKING FORWARD TO HEARING FROM OUR SPEAKER LINE-UP OVER THE NEXT COUPLE OF DAYS ON HOW WE CAN ACCELERATE THIS ANTICIPATED GROWTH IN AIR CARGO ON THE AFRICAN CONTINENT BY DEVELOPING THE RIGHT REGULATORY FRAMEWORK TO ALLOW CARGO GROWTH TO FLOURISH AND REGAIN MARKET SHARE FROM OTHER MODES OF FREIGHT SHIPMENT.

THANK YOU.