

AIR TRANSPORT LIBERALIZATION PROCESS IN SADC

The liberalization process is undertaken within the framework of the YD and the SADC Protocol on Transport, Communications and Meteorology

STEPS TAKEN TO IMPLEMENT YD

- ◆ 2001 COMESA/EAC/SADC decided to jointly implement the YD;
- ◆ 2004 COMESA/EAC/SADC adopted Regulations for Competition in Air Transport Services;
- ◆ 2007 COMESA/EAC/SADC adopted Guidelines, Provisions and Procedures for Implementation of Regulations for Competition;
- ◆ 2007 COMESA/EAC/SADC develop Action Plans to facilitate Implementation of Regulations for Competition.
- ◆ 2008 Launching of the JCA;

STATUS OF IMPLEMENTATION OF YD IN SADC

- ◆ October 2007 Ministers adopted Guidelines, Provisions and Procedures for the Implementation of Regulations for Competition in Air Transport Services;
- ◆ October 2007 Ministers approved the Joint YD Implementation Plan whose milestones entail *full implementation of YD by January 2009*; and
- ◆ 2008 Study to assess the *impact* of YD Implementation in SADC in order to inform its Member States on the proactive implications and measures to be adopted to facilitate YD implementation (*econometric study-air traffic data and up-to-date regulatory information required*).

AIR TRANSPORT MARKET LIBERALIZATION and REGIONAL INTEGRATION INITIATIVES

- ◆ SADC recognizes that the integration process and the attainment of an increasing measure of collective self-reliance involves **three** mutually interdependent dimensions, namely:
 - The integration of the physical, institutional and social infrastructure;
 - The integration of the production systems; and
 - The integration of the local, regional and continental markets.

Regional Integration and Capacity Building Initiatives in SADC

- ◆ Regulatory capacity building:
 - Objectives of the establishment of COSCAP-SADC as a forerunner of SASO in order to:
 - ◆ Address deficiencies in States' primary aviation legislation and regulations relating to personnel licensing, flight operations, airworthiness certification and surveillance and harmonization of regulations in conformity with ICAO SARPs;
 - ◆ Enhance oversight capability of each Member State by providing on- the- job training;
 - ◆ Create a core of flight inspectors to carry out surveillance and certification functions on behalf of States or as a supplementary measure to States in need.

Regional Integration and Capacity Building Initiatives (cont'd)

- ◆ Aviation Security (AVSEC) is receiving equal attention with an initiative similar to COSCAP-SADC, in its formative stages whose objectives include;
 - Application of Uniform Security Measures and Sharing of Human Resources for security audits etc;
 - Definition of a Regional Aviation Security Policy; and
 - Development and implementation of a Regional AVSEC Quality Control Programme.



Regional Integration and Capacity Building Initiatives (cont'd)

- ◆ Operational capacity building:
 - The establishment of a Regional UACC to develop airspace capacity in order to handle anticipated increase in air traffic; and
 - Upgrading infrastructure and technologies (CNS/ATM) to improve safety, operational efficiency and regularity of air navigation to the benefit of air transport users.

THE ECONOMIC BENEFITS OF LIBERALIZING SADC AIR TRANSPORT

- ◆ SADC expects the liberalization of air transport to invariably lead to;
 - Significant gains for consumers;
 - Boost economic activity;
 - ◆ Increased trade,
 - ◆ Higher levels of foreign direct investment; and
 - ◆ Increased tourism.
 - ◆ Job creation.

WAY FORWARD FOR SADC

- ◆ Liberalize restrictions on airlines and grow air routes between SADC States and into the rest of the continent;
- ◆ Improve the competitiveness of national airlines on cost, service and product;
- ◆ Allow mergers or alliances between SADC airlines to achieve economies of scale; and
- ◆ Enforce competition rules to prevent unfair competition and ensure that passengers derive ongoing benefits from improved route interconnectivity;
- ◆ Develop necessary regulatory and operation capacity to support the liberalized environment.

CHANGE MANAGEMENT

- ◆ The implementation of the YD can be considered to have been very slow bearing in mind that 2008 is its 20th Anniversary;
 - Implementation of YD on the basis of variable geometry;
 - Quantify the economic cost of the regulatory constraints on the air transport industry (*econometric study*);
 - Assessment study on the impact of the implementation of YD on SADC Member States; and
 - Consideration of the application of ESTDR concept.

SADC YD Implementation Structure

- ◆ Joint Competition Authority (JCA)
- ◆ SADC Regional Competition Authority; and
- ◆ YD Implementation Steering Committee