

The Second ICAO Meeting on Air Cargo Development In Africa



An Integrated Investment Incentives and Cargo Hub Airports to Stimulate Air Cargo Demand



June, 2017



I. Introduction

- Africa has huge opportunity for air transport countries need proactively exploit.
- 1 billion people – with overwhelming majority of youth
- GDP of \$ 2.2 trillion with growth rate of 3.4%
- 60% of world's uncultivated land is in Africa
- Growing demand for technology
- Large underserved markets
- Air Transport – best alternative for connectivity-
- *Though Africa looks to a much improved future for aviation, it can be considered as underdeveloped that needs change*
- Currently accounts for just 1.6% of the global air cargo market share .



- *Cargo and logistics in general is paramount for economic growth*
- *Aviation is becoming important not only for passenger but for cargo these days*
- *well-thought-through interventions would make the difference in Africa's air cargo sub-sector.*
- Stimulating the major demand drivers for passenger and cargo is vital for air transport development

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- Stimulating of the economic with investment, tourism, foreign trades would drive traffic significantly
- infrastructure development and enhancing service quality is vital
- A well-established investment attractions & incentives, a collaboration of air cargo actors and creating cargo hub airport will play critical role in shaping the future of air cargo development

II. Investment incentives & attractions Ethiopia

No	Type of incentives	Description
1	Custom duty	<ul style="list-style-type: none">• customs duty exemption provided for investors engaged in manufacturing, agriculture, agro-industries and other sectors.• 100 per cent exemption from the payment of customs duties and other taxes levied on imports is granted to all capital goods
2	Income tax exemption	<ul style="list-style-type: none">• Investors engaged in manufacturing and agro-processing, the production of agricultural products, the generation, transmission and supply of electrical energy, and ICT development will be entitled to income tax exemption.
3	Export incentives	<ul style="list-style-type: none">• With the exception of a few products (e.g. semi-processed hides and skins-150 per cent), no export tax is levied on export products of Ethiopia.• Duty drawback scheme• Exporters are allowed to retain and deposit in a bank account up to 20 per cent of their foreign exchange earnings for future use in the operation of their enterprises

No	Type of incentives	Description
4	Incentives applicable to industrial parks	<ul style="list-style-type: none"> • Exempted from income tax up to 8 - 10 years • One-stop government services within the parks premises • Loss carry forward (for half on income tax exemption of period granted) • Land lease term: 60-80 years at nominal rate for factories & residential quarters • Expedited procedure of securing entry, work permit and certificate of residency Customs facilitation - transport of imported raw materials straight from customs post to factory through bonded export factory scheme • Investors also benefit from no taxes on exports
5	Remittance of capital	<ul style="list-style-type: none"> • A foreign investor has the right to make the following remittances out of Ethiopia in convertible foreign currency: <ul style="list-style-type: none"> ✓ Profits and dividends ✓ Principals and interest payments on external loans ✓ Payments related to technology transfer agreements. ✓ Proceeds from the sale or liquidation of an enterprise

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- Moreover, Ethiopia is becoming one of the most attractive countries to invest and do business for local and foreign investors.
- The growing economy-
- Abundant and affordable labor -With over 50 million workers, Ethiopia has the second largest labor force in Africa (World Bank). Ethiopia's minimum wage is among the lowest in Africa
- Improved economic infrastructure
- The abundance of natural resources and raw material for industry input etc...

III. Creating Strong Cargo Hub Airports



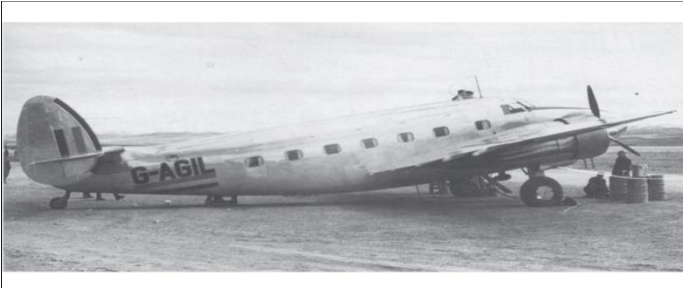
- Currently, EAE and ET are massively investing both in passenger and cargo facilities

Ethiopian airports enterprise

- Construction of cold chain facilities both in Addis Ababa and regional airports given special attention Mekele, Bahirdar, Hawassa, and Diredawa.
- Dedicated space for cargo development
- In addition, the other infrastructure development supports the air cargo development

Airport Infrastructure development

- Ethiopia is one of the earliest countries in Africa to develop aviation service
- **1929** - French made airplane landed in western side of Addis Ababa



- **1940** — The airport was founded at Lideta area currently known as ‘**old airport**’



- **1961-62** - Bole Airport Was constructed



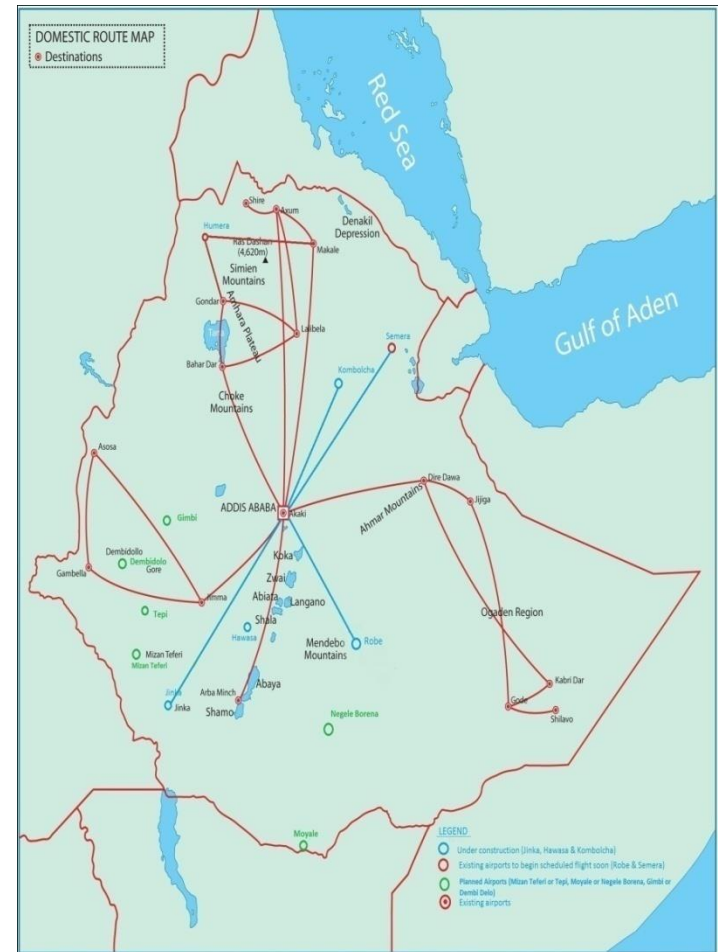
- **2003-** the new terminal were constructed



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- EAE currently administer 23 airports, 4 int'l, 19 Domestic
- 12 airports handling scheduled flight
- Less than 10 asphalted airports before 10 years has increased to 17 asphalted airports
- Addis Ababa Bole International Airport Expansion





NEW VIP TERMINAL

TERMINAL 2 EXPANSION

NEWLY INCORPORATED
CIP CHECK-IN

NEW CHECK-IN HALL +
ELEVATED DRIVEWAY

TERMINAL 1 EXPANSION

Expected to handle 22 million
pax by 2025

Construction of Main Future Hub Airport

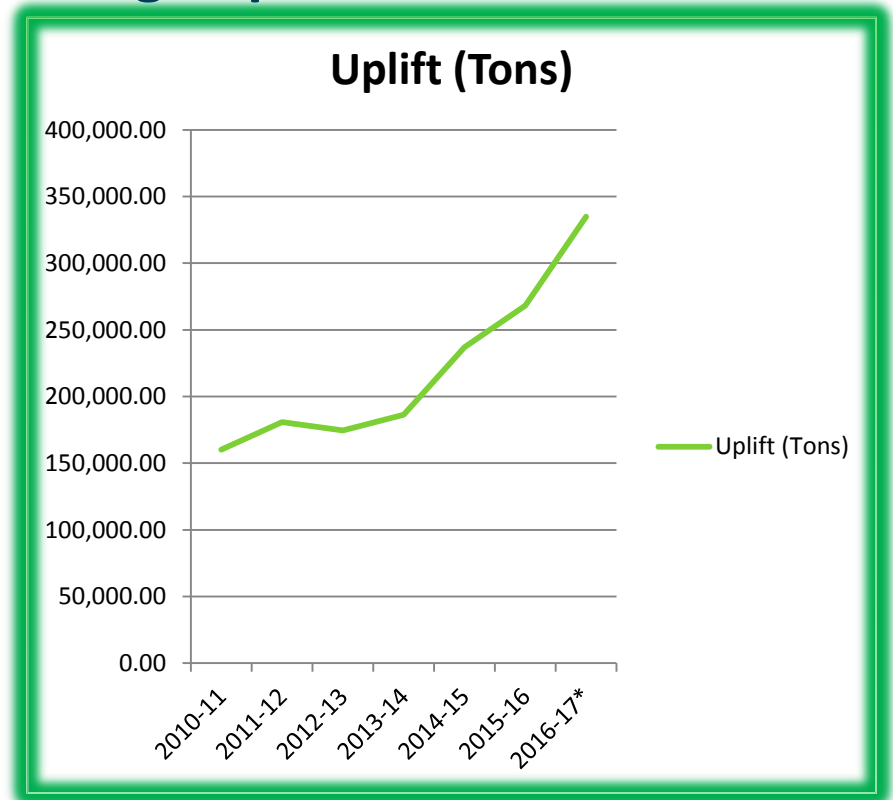
- EAE has taken a bold step to develop New Hub Airport at the vicinity of Addis Ababa which is expected to move the countries aviation in to a higher step
- site selection, feasibility study and master preparation for the construction Major Mega Hub Airport has been undertaken
- This Major Mega Airport is planned to serve in the long term which will have a capacity of accommodating more than 75 million passengers per year

Ethiopian airlines

Current Cargo Operation

- Ethiopian Airlines has done tremendous work in establishing Addis Ababa as the East African cargo hub
- No of Fleet 8
- Fleet capacity 668
- Warehouse capacity (tonnage/annum 290,000
- Warehouse capacity (SQM) 19680

Cargo uplift



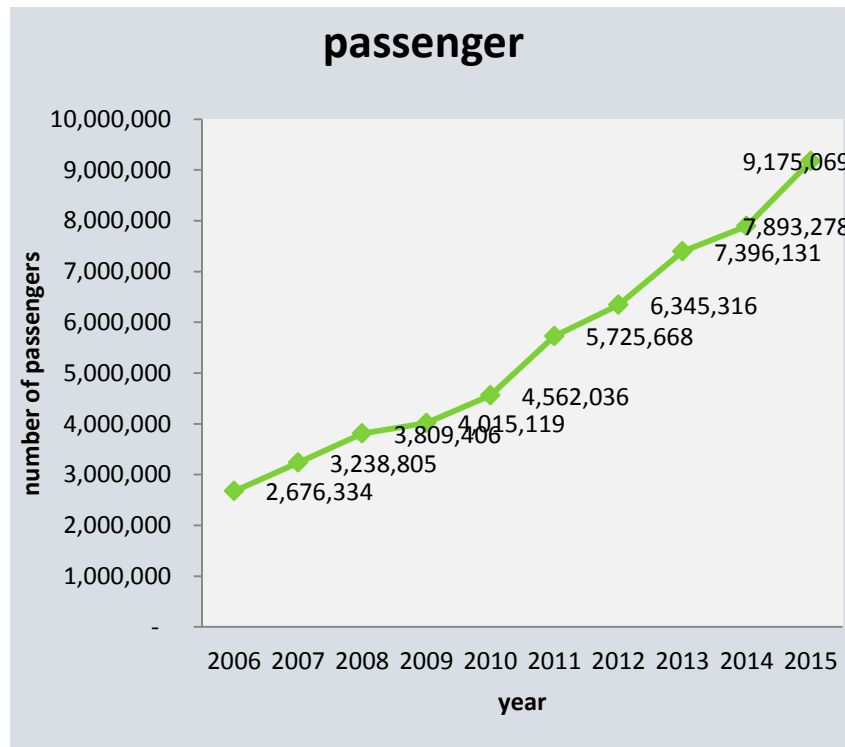
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Future plan

- No of fleet 18 jet aircraft
- Destinations 37 international freighters destinations
- Warehouse capacity (tonnage/annum 1.5 million
- Warehouse capacity (SQM) 99,680
- Cargo uplift 820,000 tones/annum

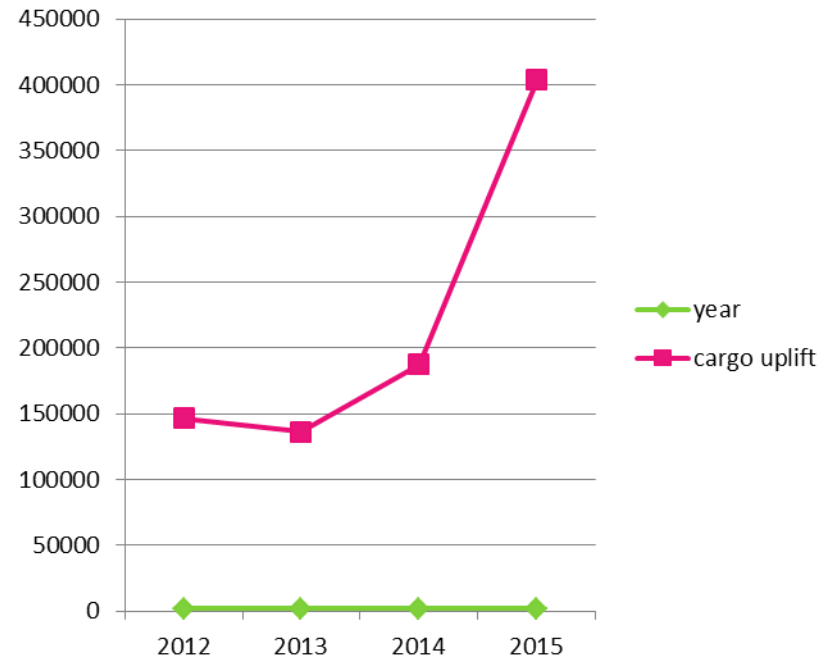
Total passenger and cargo

Passenger



- 25 million passenger/annum by 2025


Cargo



>1 million tonnes per year by 2025

Conclusion

- **The Journey for air cargo dev't**
 - An integrated approach
 - Working on basic drivers – economy, tourist attractions
 - Cargo hub airport development
 - Enhancing efficiency and productivity
- Innovation & digital processes will drive efficiency customer satisfaction



Go for Air
Cargo
Dev't



Thank you