

AFRAA to lead an all-Inclusive laboratory for out-of-the-box solutions to effectively implement the SAATM and AfCFTA and to address the sustainability of air transport in Africa

1. Introduction

Africa's air transport which is at less than 3% share of the world air traffic is far from maturity. In addition to its modest size, Africa's air transport stagnated around 2.3% of the world market along the last 40 years. Despite Africa's growth potential being among the fastest rates compared to those of the matured air transport markets, the industry economists forecast Africa share to be 2.4% of the world air transport market by 2030. From the 1980s to 2019, African airlines lost market shares to foreign air operators continuously. By the end of 2019, African airlines serviced 20% of the African market while foreign air carriers served the 80% balance. The forty-year historical trends and the ten-year future forecast together point to the marginalization of Africa's air transport market.

African air transport faces a myriad of challenges. African airlines haven't recorded average profits since 2010 whilst airlines from other regions of the world were profitable from 2010 after recovery from the global economic crisis. This marginalization trend is a strong wake-up call to all stakeholders to identify the root causes and develop relevant solutions to revamp Aviation in Africa. As a result of expensive fuel prices, and the low productivity of the stakeholder along the supply chain African air transport is not competitive.

Indeed, the total travel ticket prices are double compared to Europe. Yet, the revenue per capita in Africa is lower than the same European indicator. Consequently, with the GDP, an African middle-class citizen can afford only 1.1 trips by air per year while his counterparts can purchase respectively 5.4 trips in Latin America, 6 in the Asia Pacific, 11 in the Middle East, 26.4 in Europe and 33 in North America. Stakeholders must engage in addressing the fact that African citizens have the lowest GDP, yet they are the ones to pay the highest fares to travel by air.

In 2020, along came COVID-19 pandemic which aggravated the situation of African aviation. All stakeholders in the supply chain were impacted by the pandemic including: ground handling service providers, airlines, airport operators, air navigation service providers, aircraft lessors, and civil aviation authorities. This state of affairs makes the wake-up call to all stakeholders to cooperate and develop relevant solutions to revamp aviation in Africa more acute. The industry restart and recovery must be viewed as an opportunity for the aviation industry ecosystem to address the issue of sustainability of aviation in Africa.

2. Discussion

Transformation is necessary to ensure the survival of air transport in short-term and its sustainability in long-term in Africa. In order to address the issue of sustainability of African aviation, appropriate measures need to be implemented in a coordinated and collaborative approach.

Out-of-the-box solutions by stakeholders are needed to ensure that Africa achieves the following:

- i. Liberalisation of access to air transport markets and trade in line with what pertains in other regions of the world through effective implementation of SAATM and AfCFTA;
- ii. Appropriate economic oversight and regulation to ensure implementation of policies on aviation taxes and charges in line with ICAO policies on taxes and charges and other non-tariff barriers and domestication and application of the relevant provisions of the African Civil Aviation Policy (AFCAP) and the Yamoussoukro Decision (YD);
- iii. The industry's competitiveness and cost structure for air transport in Africa.

The all-inclusive LAB approach

Addressing the factors that negatively impact on the industry’s sustainability and competitiveness in Africa such as high operational costs, affordability of air transport, market restrictions will result in the blossoming of air traffic growth and intra-Africa connectivity. The efficient implementation of AfCFTA will foster the development of the intra-Africa trade which will stimulate new air traffic demand and support intra-Africa connectivity. The interrelatedness of AfCFTA and SAATM for the economic development of Africa buttresses the wake-up call to all stakeholders to cooperate and develop relevant solutions to revamp Aviation in Africa.

On this backdrop, a laboratory convening all relevant stakeholders is an excellent transformation opportunity for economic development and will be key to innovate for short term survival and medium-term sustainability & competitiveness:

- a. Airlines, ANSPs, Airports, CAAs must innovate to make the African air transport safer, competitive to become an efficient logistic system to support;
- b. The manufacturing sector, trade, hospitality, and other vital economic sectors should anchor their businesses on AfCFTA and SAATM and;
- c. The Development Financial Institutions need to support this virtuous cycle transformation of economic development as Africa’s priority.

Strategy and approach for the LAB on effective implementation of AfCFTA and SAATM

The LAB’s purpose avoids individual stakeholder incremental improvements; instead, the set objectives require the participants to seek out-of-the-box solutions to implement AfCFTA and SATAM collectively and efficiently;

- Manufacturing industries transform Africa’s raw materials into competitive products to develop intra-Africa trade to rise to 50% by 2025;

- Each stakeholder in the Aviation supply line reduces costs significantly to ensure that air passengers and freight forwarders pay total fares and cargo rates three times lower than 2019-prices by 2025;
- Aviation supply chain stakeholders make air transport affordable to African citizens;
- Both trade and tourism sectors demand that aviation stakeholders’ efforts promote intra-Africa trade and tourism competitiveness further. The growth of these sectors yield new air traffic demands for the benefit of aviation;
- Financial institutions to fund the initiatives that support the manufacturing industry, hospitality, trade, and air transport expansion.

AFRAA, in coordination with the African Union Commission (AUC), the African Civil Aviation Commission (AFCAC), and the African Aviation Industry Group (AAIG) shall convene the LAB in Q1 2022.

3. Conclusion

The LAB is an all-inclusive approach which will enable stakeholders and experts understand the reasons behind the status-quo of African air transport and develop headways for sustainability of African aviation in manner that is impactful and data driven to change policies that are not working. The time proposed is appropriate to conduct the LAB which will set the right priorities to revamp aviation in Africa. The LAB will bring participants from various sectors to craft out-of-the-box solutions, implement both AUC flagship programs, AfCFTA and SAATM.

Implementing the LAB outcomes will transform the ways of doing business in the African region to ensure the efficient development of the intra-Africa markets for the manufacturing industry, hospitality, trade, and air transport. The LAB results will also increase the respective contribution of these sectors to the GDP of African economies. 

The stagnation of the air transport industry in Africa during the last 40 years has led to the marginalization of Africa’s air transport market.

This is a strong wake-up call to all stakeholders to identify the root causes and develop relevant solutions to revamp Aviation in Africa. The all-inclusive laboratory approach by AFRAA will seek to establish out-of-the-box solutions for the transformation of the air transport sector in Africa.



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