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# 54<sup>th</sup> AFRAA ANNUAL GENERAL ASSEMBLY & SUMMIT

## THEME

“Aging the Roadmap to Sustainable African Aviation”

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## KEYNOTE SPEECH

*By*

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**Distinguished Delegates,**

**Ladies and Gentlemen,**

Good morning.

I would first start by extending greetings and gratitude from His Excellency Wamkele Mene the Secretary-General of the African Continental Free Trade Area Secretariat for the invitation to the AfCFTA Secretariat to give this keynote speech at the 54<sup>th</sup> Annual General Assembly of the African Airlines Association. We are honoured to be among such an illustrious group of stakeholders to discuss issues and propose solutions that will have a lasting impact on our African airlines and the wider African business community.

**Distinguished Delegates,**

By now, I am sure that we all have a common understanding of the integral role that logistics and transport services particularly air transport services play in the efficiency of supply chains and regional value chains across the continent. Poor logistics services, such as insufficient coordination between countries on border procedures; inefficiency of customs clearance processes at points of entry; fragmented and substandard transportation infrastructure; expensive and infrequent shipping routes; delays in tracking and tracing consignments; delays in terminal handling and clearance of goods; the absence of cold storage facilities at airports, differing charges regimes, and the need for rationalization of taxes, fees, and charges as well as the overflight permit fees for intra-Africa flights are some of the critical challenges that need to be addressed if the continent is to witness the transformation promised under the African Continental Free Trade Area.

The UN Economic Commission for Africa (ECA) projects that the AfCFTA will significantly enhance the value of intra-African exports across the continent with statistics indicating that between the commencement of the AfCFTA (2020) and 2040, the share of intra-African trade would increase by 40% to 50%, depending on the level of ambition in the liberalization agenda. However, the success in realizing the gains of the AfCFTA hinges on establishing an efficient and cost-effective transport and logistics service sector. This can be achieved through the

liberalisation of air transport services which effectively serves as a trade-facilitating tool, unlocking opportunities for the growth of the African aviation industry. The AfCFTA Protocol specifically references the Yamoussoukro Decision (YD) in its preamble, highlighting the significant contribution of air transport and SAATM in particular to boost intra-African trade and the AfCFTA in particular. Together with the SAATM, the AfCFTA in the current round of services negotiations, will lead to the opening of Africa's skies through implementation of specific commitments in air transport services undertaken by AfCFTA State Parties. I am happy to inform you, distinguished delegates, that the 17<sup>th</sup> Extraordinary Session of the African Union Assembly of Heads of State and Government, held in Niamey this November has adopted the Schedules of Specific Commitments of 21 AfCFTA State Parties that contain liberalisation commitments in air transport services. Such liberalisation is likely to spawn investments in air transport infrastructure that can address bottlenecks among African countries, enabling them to increase cross border trade in manufacturing and agribusiness, driving industrialisation.

As twin flagship projects of the African Union, cooperation and joint implementation of SAATM and the AfCFTA Protocol on Trade in Services specific commitments in the air transport sector will be instrumental in aligning the two initiatives. Such alignment will lead to the reduction of trade and transaction costs for African businesses, enabling them to grow and expand, further innovate and collaborate, resulting in increased trade volume, economies of scale, and developing and sustaining continental value chains. Thus the added value of the AfCFTA in spawning additional benefits for trade and growth cannot be over-stated, and represents a game changer for the continent.

I am also happy to report that another outcome from the Extraordinary AU Summit in November is a directive from the Heads of State and Government for the AfCFTA Secretariat to work together with organisations like the African Civil Aviation Commission and other continental air transport stakeholders in the implementation of the SAATM.

This is a helpful turn of events, since the AfCFTA Secretariat had already started a dialogue of cooperation with the Secretariat of AFRAA to explore approaches of working together on activities of mutual interest. In this regard, our respective organisations have already started to outline a range of activities and areas of collaboration including a publication on trade, tourism

and air cargo transport; a trade in services forum convening captains of air transport industries; development of a strategy for movement of African business persons; and a symposium on air cargo transport and trade in light commodities. We continue to participate in each other's meetings and in this regard, the AfCFTA Secretariat is honoured to be participating in the AFRAA LAB on Air Transport Sustainability in Africa, which seeks to formulate and develop long-term strategies to facilitate economic development and address the sustainability and competitiveness of Africa's aviation sector. We look forward to continued collaboration moving forward. In particular, we anticipate close collaboration with AFRAA, AFCAC and the AUC Infrastructure Directorate responsible for SAATM implementation, as our new initiative, the AfCFTA Guided Trade Initiative on Trade in Services gets underway. Some of the work envisaged under the GTIS will include focused interventions and discussions to facilitate the reduction of air cargo costs for businesses across Africa, particularly SMEs; secondly, addressing high shipping costs and other auxiliary transport and logistical challenges; third, the development of a stronger and more efficient insurance sector to support the sustainability of the air transport sector; and fourth, to catalyse the movement of businesspersons in the continent.

### **Distinguished delegates,**

As you are aware the other side of the coin of the AfCFTA Protocol on Trade in Services is the development of regulatory frameworks to support the liberalisation commitments undertaken by State Parties. The Protocol already envisages an Annex on Air Transport as one of the legal instruments to be developed in this regard. The development of such a regulatory framework will be informed by developments in the RECs as well as continent-wide legal instruments such as the Yamoussoukro Decision framework. It will seek to rationalise and streamline the elaborate structures of bilateral air service agreements (BASAs) based on reciprocity that currently operate on our continent, restricting fares, reducing capacity, frequency and aircraft types on designated routes, effectively leading to underdeveloped networks, higher fares and a lack of competition in the airline industry. In effect, the regulatory framework under the AfCFTA Protocol on TiS will seek to promote and guarantee free and fair competition in air transport services, allowing for industry growth and increased cooperation. This in turn will translate into lower fares, increased choices and options for African businesses, including SMEs, women and youth.

### **Distinguished Delegates,**

The combination of implementation of legal obligations under the AfCFTA and SAATM, and the institutional collaboration and cooperation already begun, will be the firm foundation on which Africa seeks to chart its new path towards socio-economic progress and development. The airline industry has always shown the way in terms of innovation, whether that comes through technological advancements or management approaches. Let us ensure that the foundation being laid now is consistently built upon to guarantee specific action towards the goals we have set for ourselves. Such action is likely to inspire other stakeholders whether private and public sector, SMEs, women and youth to join in such efforts to enable the transformation that we aspire to. Together we can and the time for Africa is now.

Let me end by saying that we commend the AFRAA Secretariat and the Airlines' General Assembly for the considerable work you are doing toward acing the development of Sustainable African Aviation. We look forward to participating in our joint activities in this endeavour.

Thank you very much for your attention and I wish you every success with this important General Assembly.