

A bright future for the **African commercial** aviation industry



AUTHOR:
Raphael Haddad
President of Jetcraft

It's an exciting time for commercial aviation in Africa. Across the entire continent, there are new trends and developments to respond to. Airlines on the continent are looking for smaller aircraft to implement into their operations, particularly narrowbody types and regional turboprops and jets. In East Africa, we've witnessed an increase in activity and change in key players, with Addis Ababa in Ethiopia recently becoming the biggest connecting hub in Africa. There has also been a notable increase in activity in Central Africa, alongside the usual high levels across Southern Africa, which continues to be a dynamic aviation market. Seizing the opportunities that exist in the African commercial aviation industry means being fully aware of – and being prepared to respond to – the developing trends and the challenges that exist across the regions.



Recession prompts growth in regional aircraft

It's perhaps surprising to talk about opportunities given the International Air Transport Association (IATA) predicted that the continent's airlines will post a loss of around \$213 million in 2023, as the industry continues to recover from COVID-19. Despite this, disruption leading to recession doesn't necessarily lead to inactivity. Instead, a downturn shapes the prospects that exist. For commercial aviation, a recession creates a spike in demand for smaller aircraft offering the lowest risk, typically regional turboprops and jets as well as narrowbody aircraft.

Across the continent, we are seeing a particularly strong interest in some of the turboprop models – with more fuel-efficient aircraft offering better solutions for domestic operations. This is especially the case for customers who plan to fly to remote destinations.

Challenges faced by Africa

Alongside the many developments across Africa, there are also challenges that hold back the potential of aviation across the continent. Africa's airlines face significant costs imposed on them by governments, fuel is up to 40% more expensive than elsewhere in the world, accessing financing can be difficult, and with no open-skies agreement regionally or across the continent, growth via route connectivity is stifled.

Additionally, even before the pandemic, the airline analytics consultancy OAG noted that the sheer number of airlines operating in Africa posed a challenge, preventing each airline from building a solid base and financial and structural core to survive in the face of competition and new entrants.





Planning for the future

Despite the headwinds airlines face, we see a bright future for the African commercial aviation industry, with growing demand across the continent.

While the short-term future of aviation is unpredictable, the sector has always been resilient, and we can expect good things from the African market over the coming years. One development we are watching closely is the potential for the Single Market for Air Transport in Africa (SAATM)'s Focus Africa Initiative, announced in April 2023. Focus Africa involves six areas of concentration, namely safety, infrastructure, connectivity, finance and distribution, sustainability, and future skills. Airlines and governments need to address all areas before they can realise the goal of creating a single transport market. We believe this is the first big

step in the right direction to advance the liberalisation of civil aviation in Africa and give impetus to the continent's economic integration agenda.

For these, and all African airlines moving forward, it will be important to collaborate with expert partners, with the right combination of heritage, local knowledge and access to data to provide genuinely trusted advice. It's this expert insight that we pride ourselves on at Jetcraft. Our commercial aviation team has been operating in Africa, particularly trading regional and narrowbody aircraft, since 2015. Our diverse offering includes jets from Airbus, Boeing, Bombardier, De Havilland, Embraer and other manufacturers. To find out more about how Jetcraft Commercial can help you seize opportunities in the African aviation sector, visit: www.jetcraftcommercial.com