



African Airlines Association

Association des Compagnies Aériennes Africaines

Serving, promoting and protecting the common interests of African Airlines

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MEDIA RELEASE

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AFRAA 44TH AGA CALLS FOR LIBERALISATION AND AIRLINE COOPERATION

Johannesburg, South Africa, 20 November 2012; Leaders from the African Airlines industry concluded their 44th Annual General Assembly and conference in Johannesburg, South Africa today with a call for airlines cooperation, market liberalization and creating of a level playing field to facilitate competition and sustainable growth. The three-day conference was held under the theme “Business together in the era of growing opportunities” and brought together over 392 high profile delegates from Africa and across the world.

Opening the Assembly, the Minister for Public Enterprises of South Africa, Hon. Malusi Gigaba, challenged African airlines to be more aggressive and innovative in the business and work together to better serve the continent air transport needs. He called for the implementation of the key recommendations and resolutions that will emerge out of the conference. He further called upon industry stakeholders in Africa to work together and seek partnerships to broaden their network and compete with operators from other regions.

Welcoming delegates to the meeting, the President of AFRAA and Chairperson of South African Airways, Vuyisile Kona, noted that air transport liberalisation is good for the continent although it can pose serious survival challenges to local airlines that are ill-prepared to compete in a liberalized market. He said South African Airways was ready and willing to support other African airlines in areas where it has expertise. He commended the large turnout at the AGA and reiterated the need for airlines to commit to working together through commercial cooperation and joint initiatives to derive economies of scale. In his words, “this is the only way we can be competitive and profitable”.

The Secretary General of AFRAA, Dr. Elijah Chingosho deplored the excessive airport taxes, charges and fees being levied on airlines and passengers and said, “... this in addition to the generally high cost of operations, is making African airlines less competitive compared to their foreign counterparts.” Dr. Chingosho called upon African States to take their safety oversight responsibility seriously and together with the African Union engage the EU on the putting of many African states and airlines on the EU banned list. The Secretary General bluntly stated that the EU list of banned airlines was a ploy to switch traffic from African operators to their European competitors. Dr. Chingosho queried how one can explain why the EU claims some African destinations are unsafe and yet the EU carriers continue to operate and conduct brisk business out of those unsafe markets.

On the role of government in the development of air transport in Africa, the AFRAA Assembly called upon governments to demonstrate commitment towards liberalizing the air transport industry and creating a conducive environment for airline operations. This will stimulate regional and domestic traffic growth and create a bigger home-base market for our intercontinental airlines. Governments should remove barriers to cooperation between carriers and put in place policy and regulatory framework that facilitate beneficial cooperation.

Growing Opportunities

Dwelling on the theme of the conference, “Business together in the era of growing opportunities”, speakers lauded the enormous growth opportunities in Africa and why African airlines should position themselves to benefit. It emerged that airlines can do more to support each other. The big African carriers offered to support the smaller ones, and asked the smaller carrier to seek help whenever they require it. Issues of liberalization, market access, elimination of non-tariff barriers and improving safety and security as well as investment in infrastructure dominated discussions.

African Airlines Performance in 2011

In a detailed annual report on the performance of African airlines presented by the Secretary General of AFRAA, Dr. Elijah Chingosho, during the just concluded AGA, he noted that passenger traffic in 2011 declined by 8.2% to 56 million, due to the Euro zone financial crisis and the political instability in parts of Africa, especially North Africa. The report noted that 42% of all passengers into and out of Africa travelled on intercontinental routes, 26% travelled within Africa (intra-Africa) while 32% were domestic passengers.

Europe remains the biggest air transport market for African airlines accounting for 156 billion RPKs in 2011. Looking ahead, Europe is forecast to have the lowest growth potential at just 4.5% per year over the next 20 years. The market to watch according to the 2011 AFRAA annual report is Asia Pacific. In 2011 Asia Pacific accounted for 6.2 billion RPKs, but with a forecast growth of 8.2% per year over the next 20 years, and little competition from the Asian carriers (at least for now), the region may well be the market to target for future passenger and freight growth according to AFRAA.

On freight, the report noted that African airlines still lack the capacity and are not properly structured to take advantage of this business segment currently dominated by non-African airlines. According to AFRAA, airlines continue to lose freight business on intra-Africa and domestic routes to road, water and rail transport systems. Of the 705,000 tonnes of freight carried in 2011, 68% was to/from intercontinental destinations, 23% to intra-Africa routes and 9% on domestic networks.

The continent recorded 68.2% average load factor in 2011, up 1.2% from 2010, compared with the industry average of 75.0%. AFRAA attributed the low load factor to a miss-match of capacity and demand, lack of cooperation among airlines and over-capacity on some routes.

On fleet, the report noted that, Africa fleet is only 4% of the total global commercial aircraft in operation and is made up of 64% single-aisle, 29% twin-aisle, 6% regional jets and 1% large jets. The average age of the fleet improved significantly to 14 years in 2011 due to the replacement of some overages aircraft and the acquisition of new ones by some airlines. AFRAA predicts that over

the next 20 years, the continent will need to acquire 800 aircraft worth US\$100 billion to replace some existing fleet and meet traffic growth needs.

On safety, the report noted that significant improvements have been made over the years with 38 African airlines currently registered on the IOSA registry. Of the total of 39 fatal accidents recorded globally in 2011, Africa accounted for 13% or 5 accidents. AFRAA urged States to take their safety oversight responsibility seriously and called on countries with challenges in meeting their safety obligations to seek assistance through the AFCAC/ICAO initiated AFI Plan for Safety programme. In a resolution adopted on safety, African airlines condemned the EU list of banned airlines and called upon the European Union to adopt pragmatic and constructive approaches to dealing with safety in the industry. The resolution further acknowledged ICAO as the only neutral body with a mandate to oversee to the global regulation of aviation and urged the EU to avoid unilateral regulation of the aviation industry which will serve no good but only ignite retaliation. The AFRAA 44th AGA called upon ICAO to speed up work on coming up with a globally acceptable formula for dealing with carbon emissions by airlines, now that the EU have put the Emission Trading Scheme on a one year temporary hold.

Appointment of Officers

The AGA elected Dr. Pimentel, the Chairman and CEO of TAAG Angola Airlines as Chairman of the Executive Committee while Mr. Inati Ntshanga, CEO of South African Express and Mr. Sergio Rosa CEO of Air Burkina were re-elected First and Second Vice Chairmen respectively of the Executive Committee. The AFRAA Executive Committee has oversight responsibility for the Association and crafts policy as well as oversees implementation of projects and programmes by the Secretariat.

The Assembly also elected new members to replace those whose term of office on the Executive Committee expired at the close of the 44th AGA. Mrs. Fatima Beyina-Moussa, CEO of EcAir (West/Central Region); Eng. Enhemed Elwani, Chairman and Ag. CEO Afriqiyah Airways (Northern Region) and Mr. John Mirenge, CEO of RwandAir (Eastern Region) were elected for a term of 3 years each.

Host of 45th AGA

Kenya Airways was elected by the 44th AGA in Johannesburg, South Africa as host of the 2013 AFRAA AGA. The Assembly announced that the 45th AGA will be held in a yet to be named venue in Kenya from 24-26th November 2013.

As a prelude to what delegates should expect next year, a short video on some of the facilities and attractions that will be sampled during the AGA was played by Kenya Airways.

Individual Recognition

A former Chairman of EgyptAir Group and AFRAA, Eng. Hussein Massoud, was recognized at the AGA for his distinguished contribution to AFRAA and the African aviation industry. Eng. Massoud, who is also the immediate former Minister of Aviation of Egypt, received the plaque of recognition from the Minister of Public Enterprises of South Africa, Hon. Malusi Gigaba.

Notes for Editors

The African Airlines Association, also known by its acronym AFRAA, is a trade association of airlines from the member states of Africa. Founded in Accra, Ghana, in April, 1968, and headquartered in Nairobi, Kenya, the primary purposes of AFRAA are to foster commercial and technical co-operation among African airlines and to represent their common interests.

AFRAA membership cuts across the entire continent and includes all the major intercontinental African operators. The Association members represent about 83% of total international traffic carried by African airlines.

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