



**44<sup>th</sup> AFRAA ANNUAL GENERAL ASSEMBLY**

**WELCOME REMARKS**

**By**

**Dr. Elijah Chingosho**  
**Secretary General**

19 NOVEMBER 2012  
Johannesburg, Republic of South Africa

- The Minister of Public Enterprises of the Republic of South Africa,  
Honourable Malusi Gigaba
- The Chairman of the Board & A/CEO of SAA, and President of  
AFRAA, Mr Vuyisile Kona
- The IATA Corporate Secretary Thomas Windmuller
- The Chairman and CEO of EgyptAir and Chairman of the AFRAA  
Executive Committee Capt Tawfik Assy
- The ICAO Regional Director, Mr Meshesha Belayneh
- The AFCAC representative, Samuel Gaiya
- Board members of South African Airways
- Chairmen and Chief Executive Officers of African airlines,  
representatives of Member Airlines, Industry Partners and Sponsors,
- Distinguished guests
- Ladies and gentlemen
- Members of the fourth estate
- Salue à tous

## **INTRODUCTION**

It gives me great pleasure to welcome you all, our members, our partners, our sponsors, invited guests, the media and our friends to AFRAA's 44<sup>th</sup>

Annual General Assembly meeting here in Johannesburg, the Republic of South Africa, our generous hosts.

We are back in South Africa, 7 years after the last memorable AGA held at the wonderful Sun City in 2005. We have all already been welcomed so warmly by our eminent host, the Chairman of the world renowned South African Airways and witnessed the exceptional hospitality of our hosts through the activities throughout yesterday and so look forward to all that is planned for us here.

What a tremendous gathering this is and such a powerful opportunity we have to gather under the inspired theme ... **“Business together in the era of growing opportunities”**.

This is our vision that with so many growth opportunities on our continent, the vision of all of us working together, airlines, airports, regulators, our suppliers, our service providers, our partners, respecting and supporting one another.

Today, it is my greatest pleasure to reflect on an important year that has passed since we last gathered in Marrakech, Kingdom of Morocco but more importantly on the year ahead.

I believe there is both tremendous potential and urgent pressure on us all as leaders of our organisations to facilitate, support and create real change in our industry.

## **HOMAGE TO THE HOST**

I would like to pay tribute to the Government and people of the Republic of South Africa for their warm welcome to this wonderful country, a country of rich and diverse cultures, history, heritage and natural magnificence.

The Republic of South Africa is a fascinating rainbow nation, a great country with a long and proud history which realized the enormous potential for air transport and had the vision to exploit it to earn huge revenues from tourism and business.

The Government has created a conducive climate that has resulted in the substantial growth and development of the tourism and hospitality industry and all of us have witnessed some of the most beautiful, charming and romantic hotels in the world.

## **HOMAGE TO SOUTH AFRICAN AIRWAYS**

Distinguished delegates, allow me to pay tribute to the sterling work that South African Airways, the largest airline in Africa, is doing to connect Africa together and to the rest of the world.

The Airline has one of the most extensive networks into the continent flying to 26 destinations from its hub in Johannesburg.

The airline has stood its own despite tough competition from carriers from all over the world. AFRAA values the active support of this great airline.

## **TRIBUTE TO IATA, ICAO, AU & AFCAC**

A warm welcome to the IATA Corporate Secretary, Thomas Windmuller. He has found time from his very busy schedule to share IATA's vision for our industry. We look forward to your words of wisdom.

I would like to take this opportunity to thank IATA for the close relationship and cooperation with AFRAA in several areas particularly in the critical area of joint campaigns to reduce fuel taxes and charges as well as in training and human resource development. AFRAA applauds the excellent working relationship with the IATA Regional office headed by Mike Higgins and his hard working team.

This year, for example, IATA and AFRAA have held three joint workshops and IATA is sponsoring 6 safety courses to help 3 more airlines obtain IOSA certification. We look forward to the continued cooperation and collaboration.

Our deep appreciation to ICAO for the excellent work you are doing to provide technical assistance to States to enhance a safety culture on the African continent. The Regional Director, Meshesha Belayneh and his dedicated and hard-working team are doing sterling work to help States get out of the serious safety concerns list. Your excellent work will facilitate getting States and airlines from the EU banned list.

I would also like to thank the African Union and the African Civil Aviation Commission (AFCAC) for the close working relationship we enjoy to

facilitate the development of safety and aviation in the African region. As the specialized agency of the African Union responsible for Civil Aviation matters in Africa, the views and directions of AFCAC are critical for the development of safe, secure and efficient African air transport system.

## **ECONOMIC BENEFITS OF SAFE AIR TRANSPORT WORLDWIDE**

A study by Oxford Economics and ATAG reveals the vital role aviation plays at a global level:

- 35% of world trade by value is carried by air transport with about 48 million tons of freight in 2010
- about 57 million jobs worldwide are supported by aviation
- its global economic impact including direct, indirect, induced and catalytic impact on tourism is about \$2.2 trillion

## **ECONOMIC BENEFITS OF SAFE AIR TRANSPORT IN AFRICA**

With the relatively poor surface transport systems in Africa and the huge costs of new surface transport infrastructure projects, aviation offers a very cost effective way in facilitating the social, economic and political integration of countries, regions and indeed our huge continent.

Studies by Oxford Economics and ATAG reveal that in Africa, aviation directly employs over 250,000 people with more than 6.7 million jobs if we include indirect employment, induced employment from spending by aviation industry employees. The report shows that \$67.8 billion in GDP are supported by aviation.

Forecasts indicate that passenger numbers are expected to surge from 67.7 million in 2010 to over 150.3 million in 2030. Cargo volumes are projected to rise at a rate of 5.2% per annum. Already, over 1.5 million livelihoods in Africa are supported through the trade in fresh produce to the UK alone.

## **KEY ISSUES OF CONCERN TO THE INDUSTRY**

Ensuring the growth and sustainability of the air transport sector in generating added value is critical for all States and especially here in Africa. To allow the air transport to play its positive role, it is imperative that governments understand this role and facilitates its development.

On the screen are highlighted some of the areas that Government support is vital.

- Improve safety
- Create Even playing field
- Internal liberalisation
- Remove non-physical barriers to travel (visa, immigration restrictions)
- Remove excessive taxes and charges
- Remove monopoly service providers
- Environment

### **Safety**

Currently, safety is the greatest challenge facing African aviation. However, African scheduled airlines, members of AFRAA and IATA have an excellent

record and their safety performances are comparable to any world class carriers worldwide.

We urge all States to rectify deficiencies identified through the ICAO USOAP audits particularly those with serious safety concerns which are negatively tainting the safety perception of the whole African aviation industry.

So far about a third of African States are on the EU banned list and the list continues to grow and no country has ever been removed from the blacklist.

We do not see why airlines that do not fly to the EU should be on the banned list. We also do not see why EU carriers fly to States that are deemed unsafe. What we see is the EU negatively painting African airlines to discourage patronage of these by passengers whilst gaining commercial advantage by increasing flights to blacklisted States. We recommend that the EU work with African stakeholders to help enhance safety rather than issue a banned list which is not helping to improve safety.

### **Even Playing Field**

We are currently witnessing the scramble for African skies by foreign carriers. We see new players from Middle East, Far East, USA and Canada.

In general these new entrants are good for Africa and for competition. However, we need regulations to prevent predatory competition and avoid discrimination in favour of foreign carriers.



Many airlines are complaining about the harsh competition by the mega carriers from Europe, the Gulf States and elsewhere. States are granting them more and more traffic rights which are often denied their African counterparts, which is siphoning the traffic of African airlines. African operators would like to be listened more in this type of negotiations and Governmental Authorities should not lose sight of the duty incumbent upon them to support African airlines.

### **Internal Liberalisation**

AFRAA has for long been lobbying States and the African Union to implement fully the Yamoussoukro Decision of 1999, to liberalize the internal African market to allow scope for airlines to grow and be profitable. This can be achieved by overcoming or relaxing restrictive bilateral air services agreements between States, encouraging cross-border ownership and ensuring strict adherence to global safety standards.

We call upon States without functioning airlines to allow strong African airlines from other States to service their Bilateral Air Services Agreements both within Africa and beyond to strengthen African carriers against onslaught from carriers from outside the continent.

We also call upon States to remove non-physical barriers such as immigration restrictions and visa requirements which discourages air travel, particularly the requirement for transit visas in this country for those transiting to other SADC countries.

## **Excessive Taxes and Charges**

Governments need to appreciate that the role of air transport is not a luxury service for the elite of society. It is rather a basic need for all people due to the poor surface transport infrastructure in most African countries. It is therefore critical that governments avoid burdening this industry with taxes and charges and winding air routes which ultimately results in limiting the economic benefits to the state and reducing its sustainable contribution to development.

Some African airports charge passengers charges as high as USD 60-80; well above the world average. Fuel prices at some stations are twice the world average due to various taxes and charges loaded on the price, putting African airlines at a competitive disadvantage. There is lack of transparency in the way into plane fuel prices are arrived at in many countries.

## **Remove Monopoly Service Providers**

There are several airports with monopoly service providers in ground handling, catering and/or fuel supply. AFRAA urges governments to liberalise the market, bring in more players so as to encourage competition and boost efficiency in service delivery.

## **Environment**

The industry is committed to environmentally responsible growth and continues to improve fuel efficiency, design straighter routes, modernize its fleet and adopt operational measures to reduce fuel usage.

AFRAA welcomes the announcement by the European Commissioner for Climate Action suspending the inclusion of international aviation in the European Union Emissions Trading Scheme (EU ETS) which is in recognition of the progress that has been made towards a global solution for managing aviation's carbon emissions by ICAO. We urge all stakeholders to support ICAO's efforts in coming up with a globally acceptable solution.

### **Closing Commitment...**

To conclude, allow me to express my gratitude to our hosts. I know that hosting an Annual General Assembly is not an easy task. It requires preparation, dedication, and a lot of hard work. To our South African Airways colleagues, on behalf of participants, we thank you very much.

I thank you for joining with me and the entire Assembly today. I look forward to the days ahead, to our reflections and deliberations and setting our course forward, together.

Thank you and good day.