

COLLABORATION BETWEEN BIG AND SMALL AFRICAN AIRLINES



AIR BOTSWANA

Going Your Way

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THE LIBERALIZATION CHALLENGE

- Governments in Africa have paradigm challenges that make it difficult to drive air liberalization; a few thoughts:
 - Lack of political will. It requires all the states to execute the process via formalizing the arrangement with each of the other states (individually).
 - There are economic and commercial concerns that stronger states may well enter a weaker state and extract more economic and financial gain than expected, at the perceived cost of the weaker state.
 - There is a further concern that a foreign airline may enter another market, local airlines may then fall by the wayside; and then, should the operation no longer prove to be profitable/viable enough for the foreign airline (or should it find a more profitable environment to apply its resources), it withdraws, leaving the local aviation transport environment without a supplier/airline.

THE LIBERALIZATION CHALLENGE

continued...

- The actual financial/economic model on which different state-owned and privately owned airlines operate, are not always comparable. In certain instances the airline is subsidized in one form or another and the state uses it as a tool to gain revenue from other sources. Another model is where the airline is part of a larger group (including tour operators, travel agencies, hotels, food and liquor distributors and other modes of transport); the airline may run at a loss, but the group overall is profitable. These scenarios create concern that unfair competition may arise due to the playing fields not being level.**
- A further point to not be lost sight of is that the original signatories to the Yamoussoukro Declaration are not necessarily still part of the current leadership order in the different states of the African Union. Over the past two decades, there have been many changes within and between the various states (on economic, political and social fronts) and this may result on the platform on which the original YD was signed, no longer being applicable.**

AFRICAN AIR TRANSPORT CHALLENGE

- ☐ **Extreme difficulty getting around**
- ☐ **Different socio-economic and political cultures and disciplines**
- ☐ **Different roles and accountabilities of airlines in different states**
- ☐ **Vast financial challenges in meeting international regulatory demands**
- ☐ **Facility and environment challenges**
- ☐ **Perceptions of the international community**
- ☐ **Managing and retaining our skills base**

ROLES OF LARGE AND SMALL OPERATORS

- Transporting people and goods from A to B in safe, efficient and sustainable manner**
- Connecting Africans within Africa**
- Connecting Africa to the World**
- Different motives for operation exist; through synergy, all may be achieved**

SYNERGY AND ECONOMIES OF SCALE

- ☐ **Financial viability**
- ☐ **Sharing of knowledge**
- ☐ **Purchasing power**
- ☐ **Efficient and Effective servicing of needs**
- ☐ **Maintenance**
- ☐ **Support relationship**
- ☐ **Code Sharing**

MANAGEMENT CO-OPERATION

- Knowledge sharing**
- Skill-support sharing**
- Board representation**
- Synergy**

IF WE DON'T.....

- Japanese belief: Co-operation and Competition**
- If we don't Somebody else will**
- Non-African Carriers will grab the high ground**

SO WHAT NOW?

- Dedicated team of CEOs, sponsored by their Governments
- Identify exactly what the African Aviation environment requires e.g. Routes; Skills; Services; Disciplines
- Match requirements with what is accessible
- Define the Gaps
- Confirm accessible solutions to the Gaps
- Drive Political and Commercial Commitment to “make it happen”
- *Those that embrace the drive, will reap the benefits*