

Remarks of
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AFRAA AGA

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Distinguished colleagues, ladies and gentlemen, all protocols observed. Good morning. It's a pleasure to address the 51st Annual General Assembly of the African Airline Association (AFRAA). Thank you Abderahmane for the kind invitation. And a special thank you to Somas Appavou, CEO of Air Mauritius and his team for the superb hospitality.

It's appropriate that we are meeting in Mauritius, it's a country that relies on air transportation to connect it to the world. And it has built one of Africa's strongest economies with aviation as a central pillar.

Across the African continent, the promise and potential of aviation is rich. Already it supports \$55.8 billion in economic activity and 6.2 million jobs. And, as demand for air travel in Africa more than doubles over the next two decades, the critical role that aviation plays in Africa's economic and social development will grow in equal proportion.

Environment

Aviation's growth, however, must be sustainable. Important progress on this topic was made at the 40th Assembly of the International Civil Aviation Organization (ICAO) which concluded last month.

The climate crisis has put our industry in the global spotlight with the introduction of a new phrase to the global vocabulary—"flygskam" or "flight shaming".

We understand that people are concerned about the environmental impact of all industries—including our own, which accounts for 2% of global man-made carbon emissions. However, they also need to be reassured that aviation has been driving positive climate action for over a decade.

- We committed to improve fuel efficiency by an average of 1.5% annually between 2009 and 2020. We are achieving—and surpassing this—at 2.3%.

- We committed to carbon-neutral growth from 2020. And the ICAO Assembly re-confirmed its resolve to make a success of CORSIA—the Carbon Offsetting and Reduction Scheme for International Aviation. It is the global measure that will enable us to cap net emissions and it will generate some \$40 billion in climate funding over the lifetime of the scheme.
- And we committed to cut our emissions to half 2005 levels by 2050. Industry experts are collaborating through the Air Transport Action Group (ATAG) to map out how we will achieve this target, based on realistic technology and policy solutions. And, at our strong instigation, governments, through ICAO, are now looking to set their own long-term goal for emissions reduction.

We can and should be proud of this progress. But there is still more work to do.

First, we must make CORSIA as comprehensive as possible during the voluntary period. Burkina Faso, Botswana, Cameroon, Congo, Equatorial Guinea, Gabon, Ghana, Kenya, Namibia, Nigeria, Uganda and Zambia have all signed-up during this voluntary period. And we encourage all African states to join from day one.

Second, we need to hold governments accountable for their CORSIA commitments. Too many states—particularly in Europe—are introducing aviation carbon taxes that could undermine CORSIA. This must stop.

Third, we must get governments to focus on driving the technology and policy solutions that will make flying more sustainable. In the immediate term, that means focusing on sustainable aviation fuels which have the potential to cut our carbon footprint by up to 80%. South African Airways and Mango Airlines are already operating SAF flights, which is encouraging and should be continued.

Finally, we need to tell our story much better. As industry leaders we must speak in unison to our customers and our governments about what our companies are doing to reduce aviation's climate impact. And IATA will be engaging your airlines with tools that will help you and your teams do just that.

People are concerned about the environment and climate change. That's a good thing. But it is our duty to ensure that they have the facts needed to make the right choices when it comes to air travel. And we can be confident that our track record and targets will reassure our passengers, present and future, that they can fly both proudly and sustainably.

Priorities for African Aviation

Environment is a big challenge for all the industry. It may not be top of mind yet for aviation in Africa. But it is key in source markets for tourism like Europe. So, it is important for all the industry to stay united and committed to our ambitious goals.

There are also other critical topics on the agenda...

- Safety
- Cost-competitiveness
- Opening the continent to travel and trade, and
- Gender diversity

Safety

Our top priority is always safety. The loss of ET302 earlier this year was a tragic reminder of the importance of that priority.

The accident weighs heavily on the entire industry. And it created fissures in the globally recognized system of aircraft certification and validation. Rebuilding public confidence will be a challenge. A harmonized approach by regulators to returning the aircraft to service will make a major contribution to this effort.

We must never forget that global standards have helped to make aviation the safest form of long-distance transport. And there is a good example of that in the safety performance of African airlines. The Continent had no fatal jet accidents in 2016, 2017 and 2018. That is largely due to the coordinated efforts of all stakeholders with a focus on global standards, guided by the Abuja Declaration.

There is still more work to do.

- **Firstly, more states need to incorporate the IATA Operational Safety Audit (IOSA) into their safety oversight systems.** This is already the case for Rwanda, Mozambique, Togo and Zimbabwe and it is a membership requirement for both IATA and AFRAA. IOSA is a proven global standard that delivers demonstrably better performance. Counting all accidents, the performance of African airlines on the IOSA registry was more than twice as good as non-IOSA airlines in the region. Why not make it a requirement for an Air Operator's Certificate?
- **Secondly, smaller operators should consider becoming IATA Standard Safety Assessment (ISSA) certified.** Not all operators can qualify for the IOSA registry, either because of the aircraft type they operate or because their business model does not allow conformity with IOSA standards. ISSA provides a valuable operational benchmark for smaller carriers. We are working closely with AFRAA to grow the ISSA registry among airlines in this region. Congratulations to SafariLink on becoming the first ISSA registered carrier in the region earlier this year.
- **Thirdly, African states need to implement ICAO standards and recommended practices in their regulations.** Currently, only 26 states meet or exceed the threshold of 60% implementation and that is just not good enough.

Taking these steps will surely raise the safety bar even higher.

Cost Competitiveness

The success of African aviation is also challenged by high costs.

African carriers lose \$1.54 for every passenger they carry. High costs contribute to these losses:

- Jet fuel costs are 35% higher than the global average
- User charges are excessive. They account for 11.4% of African airlines' operating costs. That is double the industry average.
- And there is a plethora of taxes and charges, some unique like Redevance fees, Hydrant fees, Railage fees, Royalty Fees and even Solidarity taxes.

Development is the priority in Africa. Aviation contributes significantly to 15 of the 17 United Nations' Sustainable Development Goals. This includes the most ambitious—to eradicate poverty by 2030. Flying is not a luxury—it is an economic lifeline for this continent. That's why it is critical for governments to understand that every extra cost they add to the industry reduces aviation's effectiveness as a catalyst for development.

With respect to taxes, we ask governments for three actions;

- Follow ICAO standards and recommended practices for taxes and charges
- Disclose hidden costs such as taxes and fees and benchmark them against global best practice, and
- Eliminate taxes or cross-subsidies on international jet fuel

Additionally, we ask governments to follow treaty obligations and ensure the efficient repatriation of airline revenues at fair exchange rates.

This is an issue in 19 African states: Algeria, Burkina Faso, Benin, Cameroon, Chad, Congo, Cote d'Ivoire, Eritrea, Ethiopia, Gabon, Libya, Mali, Malawi, Mozambique, Niger, Senegal, Sudan, Togo and Zimbabwe.

We have had success in clearing the backlog in Nigeria and significant progress has been made in Angola. It is not sustainable to expect airlines to provide vital connectivity without reliable access to our revenues. So, we urge all governments to work with our Africa team to make this a priority.

Opening the Continent to Travel and Trade

A further priority for governments is liberalizing intra-Africa access to markets. The high barriers that African states have erected between their neighbors are evident in trade levels. Less than 20% of African trade is within the continent. That compares poorly with Europe at 70% and Asia at 60%.

What would help aviation unlock more of Africa's potential, not just for trade, but investment and tourism as well?

IATA is promoting three key agreements which, when combined, have the potential to transform the continent.

- The **African Continental Free Trade Area (AfCFTA)**, which came into force in July has the potential to boost intra-Africa trade by 52% with the elimination of import duties and non-tariff barriers.
- The **African Union (AU) Free Movement Protocol** would ease the severe visa restrictions that African countries impose on African visitors. About 75% of African countries require visas for African visitors. And the convenience of visa-on arrival is only offered to 24% of African visitors. The free movement protocol would play a key role in making it easier to travel and trade within this enormous continent which is part of the AU's Agenda 2063. But only four states (Mali, Niger, Rwanda and Sao Tome & Principe) have ratified the free movement protocol. That's well short of the 15 needed for it to become operational. So, there is still much work to be done.
- Lastly the **Single African Air Transport Market—or SAATM**—is the vision for opening intra-African connectivity. It has a strong regulatory framework and sufficient protections built-in. But only 31 African states have signed the SAATM agreement. And fewer still—nine—have translated it into national legislation.

My message to governments on this triumvirate of agreements is simple—hurry-up! We know the contributions that connectivity will make to the SDGs. Why wait any longer to give airlines the freedom to do business and Africans the freedom to explore their continent?

Gender Diversity

The last area that I'd like to cover is gender diversity. It is no secret that women are under-represented in some technical professions as well as in senior management at airlines. It is also well-known that we are a growing industry that needs a big pool of skilled talent.

Africa can be proud of its leadership in this area.

- Women are at the helm of four African airlines—far better representation than we see anywhere else in the industry.
- Fadimatou Noutchemo Simo, Founder and President, Young African Aviation Professional Association (YAAPA), won the High Flyer award in the inaugural IATA Diversity and Inclusion Awards earlier this year.
- With the support of the International Airline Training Fund, Johannesburg hosted the location of the first "IATA Women in Aviation Diploma Program". In 2020 Air Mauritius and RwandAir will host cohorts for Indian Ocean and East African airlines respectively.

I encourage all our airline CEOs to nominate their women officers to these excellent courses. And I would ask you to all sign-up to the IATA 25by2025 Campaign which will help us address gender imbalance globally.

25by2025 is a voluntary program for airlines to commit to increasing female participation at senior levels to at least 25% or to improve it by 25% by the year 2025. The choice of target helps airlines at any point on the diversity journey to participate meaningfully.

Of course, the ultimate goal is a 50-50 representation. So, this initiative will help move our industry in the right direction.

Conclusion

The last thought that I want to leave you with is a reminder of aviation's importance and why we are here. We are the business of freedom. And for Africa that is the freedom to develop through our critical role in enabling connectivity and the UN Sustainable Development Goals.

We do that by facilitating \$100 billion of trade annually. Each day we bring African goods to global markets. And we facilitate the importation of vital supplies, including lifesaving medicines.

We also do that by linking people. Each year some 157 million passengers travel to, from or within the continent. That keeps families and friends together over great distances. It facilitates international education, tourism visits and business trips to develop new markets.

With the right tax and regulatory framework, the opportunities aviation creates to improve people's lives are tremendous. And as leaders of the business of freedom we have virtually unlimited potential to enrich the future of the African continent.

Thank you.