



**AIR TRANSPORT AS A KEY TO AFRICA'S
ECONOMIC DEVELOPMENT**

**9th AVIATION & ALLIED BUSINESS
LEADERSHIP CONFERENCE JOHANNESBURG**
Sandton Convention Centre (August 11-13, 2003)

COMMUNIQUE ON THE 9TH AVIATION & ALLIED BUSINESS LEADERSHIP CONFERENCE HELD AT THE SANDTON CONVENTION CENTRE IN JOHANNESBURG, SOUTH AFRICA BETWEEN AUGUST 11 – 13, 2003.

OBJECTIVE OF THE ANNUAL LEADERSHIP CONFERENCE

The annual Aviation & Allied Business Leadership Conference was initiated in 1995 in Nigeria as a modest effort to contribute to air transport development by convening decision makers in the air transport industry and its allied sectors to deliberate on crucial issues affecting the growth of air transportation in Africa. The main aim is to provide a co-operative platform for public and private sector decision makers across the African continent to deliberate on key issues in the air transport industry. Over the years, the Leadership Conference has grown from a noble initiative that attracted key government officials, aviation chief executives and professionals to a veritable platform where experts drawn from a wide spectrum of endeavors within Africa and other continents gather to deliberate on critical issues affecting the industry with the aim of proffering pragmatic solutions.

THE 9TH AVIATION & ALLIED BUSINESS LEADERSHIP CONFERENCE

The 9th Aviation & Allied Business Leadership Conference was held at the Sandton Convention Centre in Johannesburg, South Africa between August 11 – 13, 2003, the second consecutive time the Leadership Conference held in South Africa. The theme of this year's Conference is ***Air Transport As A Key To Africa's Economic Development***. The event provided yet another opportunity for key players in the airline industry, leasing companies, civil aviation authorities, IT service providers, finance corporations, aircraft manufacturers, allied sectors and the media to convene and engage in high-level brainstorming. This year's Conference presented another unique opportunity for leaders in the industry to interact and exchange ideas with the collective aim of removing air transport barriers, to improve trade and social and economic growth of the continent. The conference took into consideration the fact that no African State can succeed in developing a sustainable air transport network without the co-operation of other nations in the continent and across the globe, hence the drive was indeed collective.

OPENING CEREMONY

The 2003 Aviation & Allied Business Leadership Conference began with a welcome cocktail on August 11 with the chief host, Capt Edward Boyo, Publisher, Aviation & Allied Business Publications and Managing Director, Landover Company Limited welcoming delegates to the event. The conference was officially declared opened on August 12 by Dr. Assad Kotaite, President of the ICAO Council represented by Mr. D.O. Eniojukun, Dean of the Council who delivered a keynote address. Other prominent industry leaders in the continent who delivered keynote address at the event include Dr. Abdulah Omar, South Africa's Minister of Transport who was represented by Mr. Godfrey Selepe, Director of Air Transport Regulation, South Africa's Ministry of Transport; Honourable Isa Yuguda, Nigeria's Minister of Aviation represented by Alhaji Yusuf Mohamed, Managing Director, Nigerian Airspace Management Agency (NAMA) and Mr. Joseph Grandmaison, Member, Board of Directors, United States Export-Import Bank. Thereafter speakers took time to deliver their presentations in six sessions with a sessional opening remark by the various session chairmen and a period of question and answer at the end of every session.

ATTENDANCE

Participation at this year's Leadership Conference in terms of speakers and delegates was an improvement on the 2002 edition. There were 22 speakers at the conference (as against 15 speakers in 2002) and five session chairmen, which include Mr. Christian Folly-Kossi, AFRAA's Secretary General; Mr. Allen Oliver, Vice President, CIT Aerospace; Mr. Vijay Poonoosamy, Aviation Consultant and former Managing Director, Air Mauritius; Mr. Trevor Abrahams, Commissioner for Civil Aviation, South African Civil Aviation Authority; Mr. John Morrison, CEO, Airlines Association of Southern Africa; and Capt. Dapo Olumide, Deputy Managing Director, Aero Contractors Nigeria Limited. Over 185 delegates (as against over 150 in 2002) attended the 9th Leadership Conference. These include representatives of multilateral and international organizations, government officials, aircraft manufacturers, chief executives and senior officials of airlines, civil aviation authorities, airport companies, leasing companies, banks and finance institution, IT and navigational service providers, insurance companies, oil and gas companies, print and electronic media and aviation enthusiasts.

PRESENTATIONS

To confront issues bedeviling sustainable development of the air transport industry in Africa the 9th Leadership Conference had 22 articulate and experienced industry professionals to assertively address the industry's state of affairs. These presentations covered Growing Africa's Share of World Airline Market; Survival Strategy For African Airlines in An Industry in Crisis; Airline Restructuring and Privatization in Africa; Increasing the In-flow of Capital Equipment into Africa; Taking Opportunity of High Sector Growth in Africa's

Commercial Aviation; How Africa Can Benefit From the Global Aviation Crisis; Promoting Professionalism and Technical Excellence in Air Traffic Control Management in Africa; The Need for Airport Co-operation In Africa; Bridging the IT Gap Between Africa and the Developed Market; Low Traffic Airport Financing and Symbiotic Co-existence of Airports Actors; Managing National Ownership and Business Interest in Airline Restructuring; The Role of the African Union in the Implementation of the Yamoussoukro Decision; Opportunities and Regulatory Challenges of Cross-border Investment in Air Transport; Overcoming the Challenges of Fleet Modernization in Africa's Developing Economies; Understanding the Dynamics of Consumer Protection and its Impact on Quality of Air Transportation; The Importance of Going Regional; Prospects and Future of Business Aviation in Africa; Impact of Air Transport on Socio-Economic Development; Implication of the European Union Open Skies Decision on African Air Transport Liberalization; Amidst Current Global Uncertainties: What Prospects for Air Transport in Africa; and Unlocking Trade Boundaries in Africa Through Air Transport.

AIR TRANSPORT AS A KEY TO AFRICA'S ECONOMIC DEVELOPMENT

The Conference addressed several important issues affecting the development of the air transport industry in Africa. These issues constitute key sub elements of air transport that can drive economic growth if properly addressed. To address these issues participants were sensitized on the key role air transport can play in breaking trade barriers and stimulating economic growth, which ultimately would improve the livelihood of the African people. A total of 22 seasoned aviation leaders and professionals, carefully selected, with an average industry experience of 18 years took turn to share ideas on the identified issues in a collective search for a new pragmatic approach at moving air transport forward in Africa. These critical issues were addressed under six headings. They include: Developing Airline Business in Africa; Strategy for Finance and Acquisition; Airports and Infrastructure; Air Transport Policy in Africa; Strategy on Aviation Business, Fleet Modernization and Consumer Protection; and Strategy on Liberalization.

Dealing With the Issues

i. **Developing Airline Business in Africa**

IATA member airlines lost \$3.8 billion in 2002 on international services while globally, the world's airlines lost almost \$25 billion between 2001 and 2002. The Conference brought to the fore the fact that while globally airlines battle to compete against each other they are increasingly becoming victims of airports and ATC providers who in terms of pricing appear to be largely insensitive to the current plight of airlines; the Conference considered that the liberalization policy has not succeeded in providing a level playing field for all parties in the aviation industry; that the non implementation of the Yamoussoukro Decision is an issue of political will; that political instability in some

African countries and frequent changes in management affect the steady development of air transport; that huge debt of some African Airlines affects their operations; that there is a need to review of the level of security and safety audit programmes obtainable in Africa and questioned; whose responsibility is security at the airports: States, airports authorities or airlines?; The conference also looked at the issue of national ownership as against airline restructuring and privatization; developing cargo business operations; taking advantage of e-booking and IT development; and what level of an enabling environment is there for the entrance of an emerging African Airline.

Recommendations

The conference proposed that in developing airline business in Africa

- African Airlines should go into partnerships that will boost traffic;
- African Airlines should seek opportunities to enhance local and foreign investment;
- African Airlines should drive cost down and give priority to customer service;
- African Airlines should talk less and do more on the implementation of Yamoussoukro Decision;
- Government should put in place political structures that will help airlines grow;
- That such policies and regulations should be enabling to encourage the launch of start-up airlines.

To do these, governments, international and multinational organizations were enjoined to formulate and implement policies that will develop airline business in Africa and promote the economic importance of air transport.

ii. Strategy For Finance and Acquisition

Several issues came to the fore under this category. For airlines to finance fleet acquisition or modernization and for airports and other service providers to meet the needs of their consumers in making available modern air transport equipment the following issues were critically considered: Access to finance; government-private sector partnership; business/technical partnership and joint ventures; government guarantees, market pricing policy, financially weak and poorly performing airlines; fleet size and uncoordinated network;

satisfactory returns; and the fundamentals of risk management in airline operations in Africa.

Recommendations

In addressing these issues the Conference highlighted

- The need to promote sustainable private sector development;
- The creation of regional airlines with strong government-private sector participation;
- That African Airlines should seek financial support from international finance institutions and multilateral organizations;
- Government should review aviation laws and policies guiding financing of air transport facilities.

The Conference call on African States to formally ratify the Cape Town Convention of 2001 on asset based financing.

iii. Airports and Infrastructures

Issues raised here include the poor state of navigational and landing aids in Africa; the dragged implementation of CNS/ATM in surveillance operations; airport-airport community relationship; professional training and skills acquisition; latest technologies in airport infrastructures; airport IT infrastructure development; utilizing low traffic airports and the survival of small airports; and hub development.

Recommendations

In dealing with these issues the Conference called on

- The integration of airport operations with other air transport sub sectors;
- A review of Airport and ATC charges to assist airlines operate profitably;
- That airports and ATCs should continually address the need for consistent safety standards for safe skies and airport ground operations;
- Called on airports authorities and ATCs to introduce modern technologies and moderately expand their commercial and retail base without detriment to the airlines and the passengers;

- That concerned aviation authorities should develop and drive traffic to small and under-utilized airports;
- That government should lend support and give concrete backing to the development of airports as hubs to facilitate easy air transport movement and commerce.

The Conference thus urged concerned authorities to developed air transport infrastructures and facilitate the growth of airports as national gateways and economic hubs.

iv. Air Transport Policy In Africa

This session tackled issues relating to policies that impede the development of the air transport industry in Africa. These include government ownership and interference in the management of an airline; inadequate competition rules; traffic rights; route network development policy; multiple points of entry to foreign airlines as against African airlines; the provision of an enabling domestic air transport policy that conforms with international policy; deregulations of airline operations and the involvement of civil aviation authorities; military-civil aviation policy; political interference with professionalism; government budget for air transport development; sub-regional and regional integration of air transport development policies; privatization; and autonomy of civil aviation authorities.

Recommendations

In addressing these issues the Conference called on

- Sub-regional and regional groupings such as UEMOA, ECOWAS, CEMAC, SADC, COMESA to give priority to reducing barriers to aviation development through cooperation and a harmonized air transport policy;
- That if this is done a harmonized air transport policy will better facilitate cross-border trade through faster means of transport in a continent where road and rail networks are largely underdeveloped.
- That full implementation of the Yamoussoukro Decision should be taken seriously by politicians and aviation professionals;
- That the implementation of Yamoussoukro Decision is a matter of political will;

- That if fully implemented the Yamoussoukro Decision would kick-start the speedy development of air transport and Africa's economy and improve life of her people.

The conference however posits that the Pan African Parliament and the African Court of Justice when in force will execute and enforce modalities that would propel the implementation of the Yamoussoukro Decision. The issue of cooperation of safety audit oversight under COSCAP was also addressed.

v. Strategy On Aviation Business, Fleet Modernization and Consumer Protection

Overcoming the challenges of fleet modernization in Africa was a major issue raised at the Conference. To develop the air transport industry in Africa the industry must tread along the part of fleet modernization or stand the risk of being alienated. A radical change is needed for African Airlines take acquisition of new generation aircraft to match their foreign counterparts but what are the cost implications? The struggle for market share by aircraft manufacturing companies and opportunities for growth also came to the fore. Global commercial aircraft manufacturers like Airbus and Boeing are increasingly expanding their market share in Africa while regional jets manufacturers like ATR, Raytheon and Cessna also follow closely behind. Market availability in Africa for fleet modernization was also highlighted. Protecting the rights of air transport service consumers was an issue of interest to participants at the Conference.

Recommendations

The Conference came out with the consideration that

- Airline business needs to develop with the support of State infrastructures. Where this happens, there would be development of commerce and accessibility to more destinations and the creation of more jobs;
- African Airlines should not be weary of taking new generation aircraft and that Government, banks and finance institutions should support airlines where possible;
- That the speed of getting aircraft clearance from some civil aviation authorities is painfully slow, affects business and hence should be reviewed;
- Incessant increase in the price of jet fuel should also be reviewed;

- Safeguarding the rights of the air transport service consumer is paramount and that airlines, airports, ATCs and civil aviation authorities must recurrently intimate consumers on their rights;
- On visa processing and how this affects the volume of air travelers – a relationship between a country’s Home Office and the airline is called for;
- That authorities in charge should review the antiquated and poor state of navigational aids in different countries in Africa.

The Conference urged that the low level of professionalism in the air transport industry in Africa if not addressed would affect the development of the industry.

vi. Strategy on Liberalization

A liberalized air transport industry will assist in developing Africa’s economy. However, how liberalized is the industry in Africa? The following issues were raised: What level of air transport liberalization exist in the Africa?; Bilateral Air Services Agreements; the Open Skies Agreement between United States and some African countries; the implementation of a liberalized air transport policy and inter-regional trade; liberalization in the light of low level of security; impediments to liberalization; the challenges of liberalization: who stand to lose or gain in a liberalized environment (States with small air transport industry versus States with big industry); implementing Yamoussoukro Decision; benefits of NEPAD on air transport; air transport liberalization policy of the EU as an example in developing the industry in Africa; implications of the EU Open Skies Decision on Africa air transport liberalization; prospects and benefits of a liberalized air transport industry in Africa.

Recommendations

Addressing these issues the Conference pointed out that

- Leaders in the industry must learn from the development of a harmonious air transport liberalization policy in the EU since like Europe a liberalized air transport policy will boost the economy of the continent;
- That a liberalized air transport policy in Africa will create wealth and employment;
- That sub-regional and regional cooperation between countries with their multilateral and international affiliates would facilitate the growth of the industry;

- That air transport must not only seek to unlock Africa's economy but link the continent to the rest of the world on a faster pace for development;
- That there should be eliminations of barriers to liberalizations to create a free trade zone;
- Review of the all bilaterals agreements and the United States Open Skies policies;
- That the pragmatic approach of NEPAD as a continental economic instrument should begin to show its benefit for the development of the air transport industry in Africa.

The Conference then called for the elimination of all barriers to air transport development including bureaucratic bottlenecks and putting in place an effective and unambiguous harmonized liberalized air transport policy in Africa for a seamless and easy movement of passengers and cargo.

LAUNCH OF AVIATION WEBSITE – .aero

The 9th Leadership Conference was unique in several ways. A particular feature was the launch of the www.aviationbusinessjournal.aero website by Capt Edward Boyo. The .aero domain is unique to aviation companies worldwide as against the former .com, which had no peculiarity to aviation.

AVIATION & ALLIED BUSINESS INDUSTRY ACHIEVEMENT AWARDS

The annual Aviation & Allied Business Industry Achievement Awards was instituted in year 2001 during the 6th Leadership Conference held in Nigeria. The award is part of Aviation & Allied Business Publications modest way of recognizing hard work, professionalism and contributions of individuals and corporate organization to the development of the industry in Africa. At the 9th Leadership Conference those honoured with Individual Achievement Awards were Mr. Tom Chalmers, Publisher of AIRNEWS magazine; Mr. Julius Okara, former Air Transport Project Coordinator, COMESA and Mr. Bisrat Nigatu, CEO of Ethiopian Airlines. Industry Corporate Achievement Awards went to Aero Contractors Nigeria limited; Airports Company of South Africa; South African Airways and Kulula.com. The Centennial Achievement Award went to Dr. Assad Kotaite, President of the ICAO Council for his immense contribution to the development of the global air transport industry.

SPONSORS

This year's Leadership Conference had the support of several aviation and aerospace companies within and outside Africa. They include Boeing, SITA,

ExxonMobil, ASECNA, Anga & Emuwa – Barristers, Solicitors & Notaries, Ethiopian Airlines, Reville Aerospace Corporation, Nigerian Civil Aviation Authority (NCAA), Kroll – The Risk Consulting Company, Federal Airports Authority of Nigeria (FAAN), Avion de Transport Regional (ATR), South African Airways and Landover Company Limited.

OBSERVATIONS

Participants expressed satisfaction at the outcome of the Conference. Most people agreed with the theme of the conference that air transport constitutes a key to Africa's economic development and this provided a major drive all through the two-day event. From the post-conference evaluation analysis session chairmen and 90% of speakers were highly rated by over 70% of delegates at the conference. Participants also observed that the decision makers in the allied sector of the air transport industry such as the custom service, immigration and the Ministry of Foreign Affairs should be called to show concern and make their contributions for the development of the air transport industry in Africa.

CLOSING REMARK

The 9th Aviation & Allied Business Leadership Conference came to a close on August 13 after the Industry Achievement Awards nite. Mrs. Aduke Atiba, General Manager, Landover Company Limited gave a vote of thanks while Mr. Christian Folly-Kossi, Secretary General of AFRAA officially declared the conference closed. Mr. Folly-Kossi reminded delegates of the ideals of the Leadership Conference to provide a cooperative platform for public and private sector decision makers across Africa and the rest of the world to deliberate on key issues in the air transport industry in Africa. He also called on key players in the industry and organizers of the Conference to bring in stakeholders and decision makers in the allied sectors of the industry and those whose operations affect the air transport industry.

Ends

August 21, 2003.