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Address by Deputy President Kgalema Motlanthe on the Occasion of 69th International Air Transport Association's Annual General Meeting, and the Air Transport Summit, Cape Town

3 June 2013

President of the IATA Annual General Meeting, Mr Nico Bezuidenhout;
Ministers of Public Enterprises, Mr Malusi Gigaba;
Minister of Transport, Mr Benedict Martins
Minister of Transport of the People's Republic of Algeria, Amar Tou
Deputy Minister of Transport of Ghana, Mrs Joyce Bawa-Mogtari
MEC for Finance, Economic Development and Tourism of the Western Cape Province, Mr Alan Winde;
Chief of the South Africa Air Force, Major General Fabian Msimang;
The Director-General and Chief Executive Officer of the International Aviation Transport Association, Tony Tyler;
Distinguished Guests;
Ladies and Gentlemen:

I am honoured to address the 69th Annual General Meeting of the International Air Transport Association.

The importance of the aviation industry for supporting growth and development is indisputable.

Not only is the industry important for tourism and travel but it is also an important contributor to socio-economic inter-connectivity and trade in an increasingly globalised world.

The constant innovation in the aviation industry carries catalytic opportunities for growth domestically, regionally and globally.

As a result improvement of Africa's aviation is amongst one of the most important drivers of Africa's development through trade between Africa and the rest of the world, driven in the main by the trade in agricultural and perishable goods, with the bulk of its commodity trade being transported by sea.

Consequently, it is hard to imagine that we can transform Africa's structural growth without a concomitant improvement in Africa's aviation industry.

Indeed most of Africa's growth and development is hinged on the ability to improve intra-Africa trade and Africa's trade with the rest of the globe.

Africa offers the most viable growth potential for the aviation industry in a world where developed economies are producing at close to saturation growth levels with marginal growth coming from services and consumption sectors.

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As such there are many opportunities for the growth of the African aviation industry with seven of the top ten growing economies in the world constituted by African countries.

However this growth potential cannot be realised if African governments do not improve collaboration with the aviation industry.

African states must play their part in improving aviation policy by providing the necessary public infrastructure and support programmes associated with cushioning the high initial capital investment necessary for assisting the industry grow.

In this connection, the South African government has adopted a National Infrastructure Plan last year which is aimed at addressing some of the concerns you have highlighted relating to socio-economic infrastructure development.

This plan includes the building of new rail systems, ports, fuel pipelines and energy generation as well as transmission infrastructure.

We are also investing in a long-term Human Resource Development Strategy which includes amongst others, a Youth Economic Participation programme.

We hope to attract more young people into the aviation industry including joining the young pilot cadet programme.

We hope these efforts will help to contribute to growth and investment in aviation industry.

We are also investing in research and development through maintenance, repairs and overhauling through our state-owned enterprises, such as Denel Aviation.

Programme Director;

It is apparent that the aviation industries, with its economies of scale, are expected to facilitate the penetration and development of new markets, especially in the largely untapped African continent.

Evidently competition together with reducing cost of travel has encouraged new entrants into the aviation industry including low-cost airlines.

The aviation industry in the world is increasingly driven by a user-pays principle, thus allowing government to focus on creating enabling environments through, amongst others, air traffic management, safety regulations, skills development and improving operational efficiency.

In general the African economies are posting better signs of development and greater investment confidence, on the back of increased trade with high growth countries such as Brazil, Russia, India and China.

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Technological progress in Africa is also accelerating with increased access to technology resulting from investment in broad-band and other telecommunications infrastructure.

These endowments are supported by strong and willing institutions of multi-lateral co-operation such as the African Union which is advocating for the development of air transport as one of its main economic growth objectives.

As such co-operation between the industry and African governments will result in sound and viable business opportunities.

Opportunities for growth in Africa are laden specifically for the airlines industries following the increase in trade on perishable and agricultural products between Africa and the west.

It is, for example, estimated that up to 60000¹ small-scale producers and larger farms export agricultural products to the UK from Africa. These account for an estimated \$320 million dollar of trade with rural African communities. These numbers can grow substantially if we increased Africa's air transport capacity.

Programme Director;

South Africa as a long haul destination at the southern tip of Africa is all too aware of the important role of aviation industry as a conduit for realising our national development objectives.

Aviation is the conveyor for a significant share of tourist arrivals, trade flows and foreign direct investment and foreign exchange earnings.

Through our thriving tourism industry we have registered 9.2 million international tourist arrivals last year, a large number of them travelled by air.

Beyond this there is potential investment growth from the supply of infrastructure and improved intra-Africa trade.

Over the last number of years inter-regional mobility has increased with more and more flights connecting directly within Africa.

Indeed inter-connectivity is a key concern for us and we are looking at the options available for unlocking the growth potential from new markets development; this will also drive down general prices on the back of increased competition and create new employment opportunities.

Of course these statements can only hold true to the extent that governments in Africa are ready, able and willing to present well thought out plans and strategies for development.

Programme Director;

¹Aviation Benefits Beyond Boarders

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The provision of an integrated air transport networks for the world requires to some extent government intervention to ensure that appropriate infrastructure is available to meet the increased demand in air transport services.

Amongst the roles that government must play is air traffic management, safety regulations and creating operational efficiencies.

The South African government is conscious of the difficult economic climate airlines are operating under and our Air Traffic Navigation Service will continue to implement measures that will reduce the costs of doing business in South Africa.

As a long term strategy we are fully supporting the Upper Airspace Control Centre (UACC) which will result in seamless operations for the airlines in the SADC region.

Amongst these wide ranging measures they will be implementing improved safety protocols and installing advanced network communication tools, thus allowing for more effective communication and flight safety operations.

Programme Director;

With these few words, I wish to express my confidence that there is every reason to believe that aviation in South Africa and the continent of Africa will continue to grow and to boost social and economic development.

The “One global market and an open airspace” vision is indeed achievable, and to do this we need safety infrastructure and aligned regulations that are economically beneficial to the entire industry.

Indeed we are most encouraged by your words that IATA’s “Vision 2050 is not just a road map to the future. Flexibility and openness to change will mark the way forward. Instead, Vision 2050 is a challenge to all aviation stakeholders— to unite in articulating and delivering a dynamic vision of our wonderful industry’s future”.

I assure you of the South African government’s, and that of its agencies, willingness to join you as partners on this important journey.

I wish you well in your deliberations and discussions during the Annual General Meeting within our beautiful country.

I thank you.