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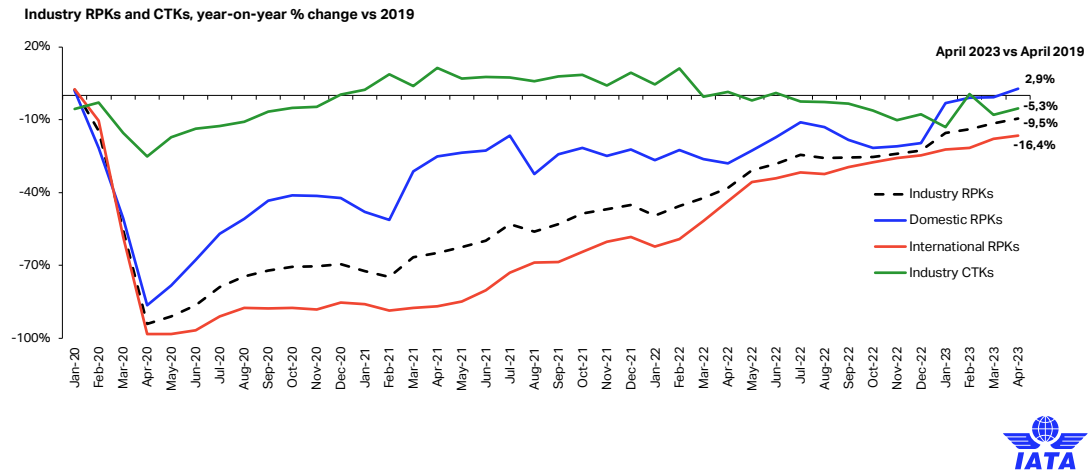
The Power of Flight

79th AGM and World Air Transport Summit
Istanbul, Türkiye 4 – 6 June 2023

Africa Middle East Media Briefing
Kamil Al Awadhi
IATA Regional Vice-President AME



Recovery remains on track despite headwinds Industry-wide RPKs are currently within 10% of 2019 levels

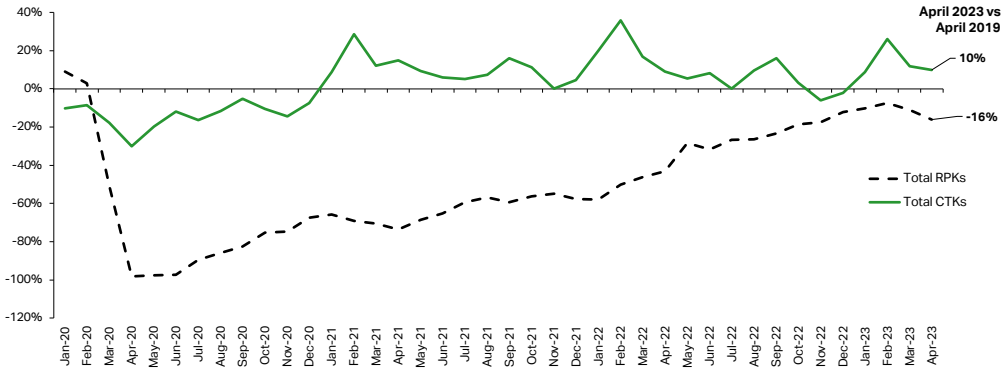


- We had a strong start to 2023, despite several industry headwinds, and we continue to be on track to recovering global air passenger traffic (measured by revenue-passenger kilometers, RPK's) by 2024. From the dotted black line, you can see that global RPKs are within 9.5% percent of their 2019 levels for the first time since the onset of the pandemic.
- Domestic markets, which opened up earlier, are now exceeding 2019 traffic levels by 2.9%.
- International traffic has been slower to recover because of impacts from travel restrictions and by the war in Ukraine. But it is catching up with domestic as international markets, particularly in Asia, reopen.
- Cargo, shown here in green as the change in cargo-tonne kilometers (CTks) from 2019 levels, was less affected by travel restrictions, and therefore was able to show off its strategic importance during the pandemic.
- Our industry received tremendous help from cargo in 2021, when CTks exceeded their pre-pandemic levels throughout the year. Cargo is facing some headwinds today, stemming from the slowing macro-economic and trade conditions as well as from the incoming belly capacity. But as you can see, it ticked back up over 2019 levels again in March.

Africa approaches full recovery

Africa carriers' cargo traffic remain above 2019 levels

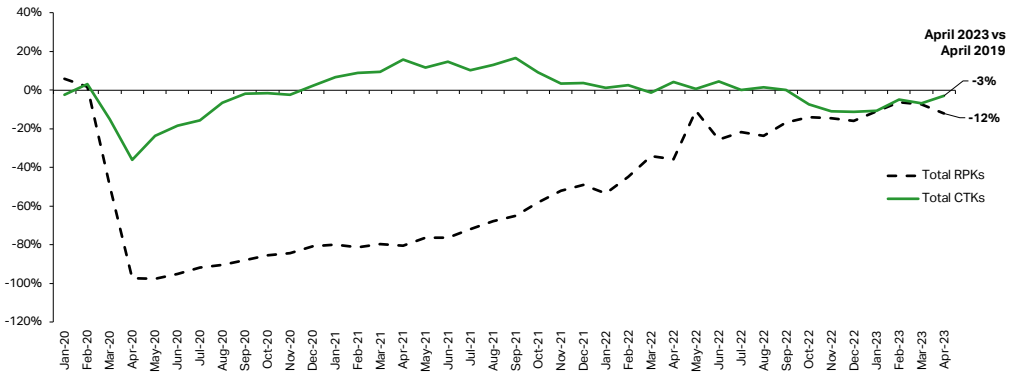
Africa airlines traffic, year-on-year % change vs 2019



- Africa's passenger traffic is within 16% of 2019 levels as of April 2023.
- Cargo has performed remarkably well in Africa, maintaining volumes above 2019 levels since early 2021. CTKs were an impressive 10% above 2019 levels in April 2023.

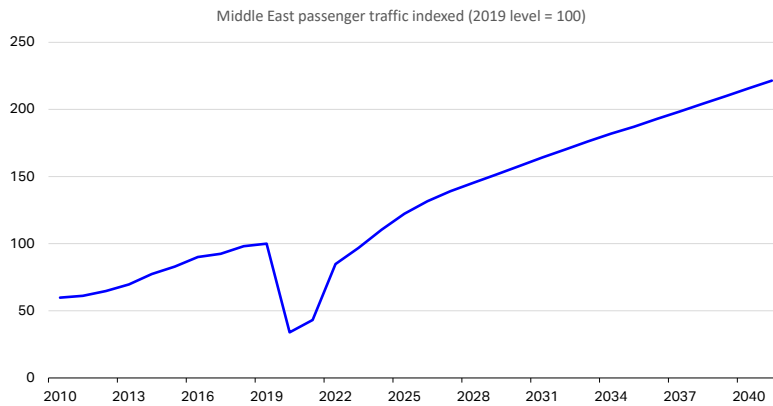
Middle East carriers approach full traffic recovery Revenue passenger-kilometers (RPKs) at 88% of 2019 levels

Middle East airlines traffic, year-on-year % change vs 2019



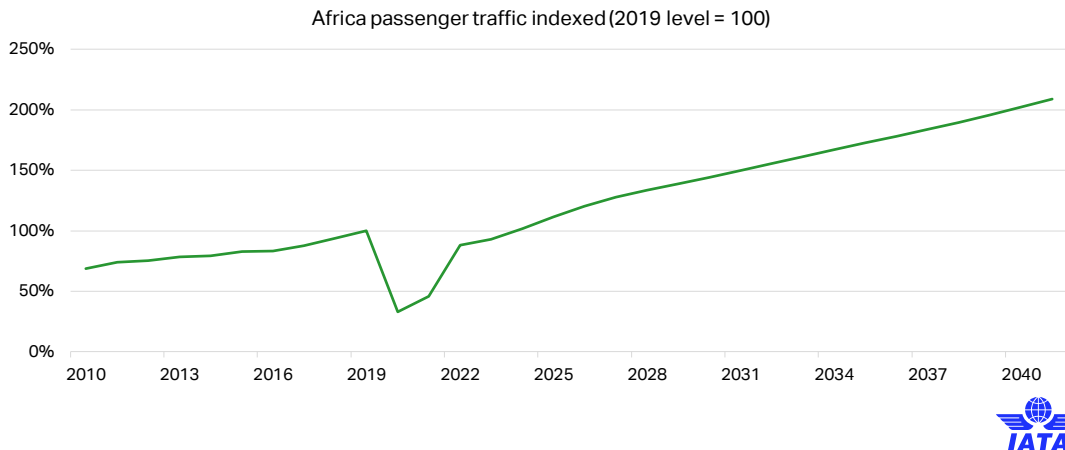
- Passenger traffic for ME carriers has recovered in recent months and was 12% below 2019 levels as of April 2023.
- Cargo has performed well in ME, in April CTBs were 3% above 2019 levels in April.

Middle East passenger traffic will double by 2040, approaching 515 million passengers



- Middle East passenger traffic will double by 2040, approaching 515 million passengers.

Africa's passenger traffic is projected to double by 2040, eclipsing 300 million passengers



- Africa's passenger traffic will double by 2040, eclipsing 300 million passengers (134 million for 2022 to 263 in 2035)
- Eastern, Central/Western Africa to bring further contribution to overall traffic growth in the region.

AME Priorities

Sustainability

Clearing blocked Funds

Safety

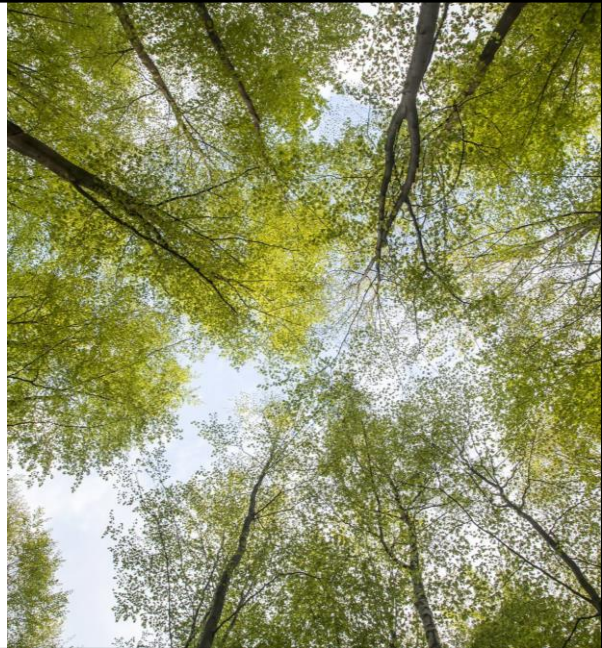


Three priorities for AME

- Sustainability
- Clearing blocked funds
- Safety

Sustainability

- Level up knowledge and resources on sustainability at the airline and gov level.
- Encourage countries in AME to incentivize and develop SAF production



- No briefing these days would be complete without touching on the subject of Sustainability. We have to achieve our Net Zero by 2050 goal. With ICAO agreeing to the Long-Term Aspirational Goals at the 41st Assembly last year, we now have a framework under which governments can support this effort.
- In AME IATA's work in this area is centered around three areas:
- **Leveling up knowledge and resources on sustainability** - The level up initiative is designed to support airlines and governments in the region on their journey to net-zero, sustainable aviation. It provides unique access to resources and seeks to support airlines develop reduction programs in line with the industry's 2050 CO2 emissions strategy.
- **Encouraging countries in AME to incentivize and develop SAF production** - Sustainable Aviation Fuels will be the biggest contributor to decarbonization of the industry, and the AME region has the potential to become one of the biggest SAF producers. The region has unique feedstocks, vast land area, access to seawater, and significant solar potential provide opportunities for both biomass feedstocks and renewable non-biomass feedstocks like solar and wind power-to-liquid (PtL) solutions. Governments in AME should be jumping over themselves to be first in line for the job creation, local economic stimulus, and biodiversity protection that SAF production brings—significant benefits for both developed and developing economies alike.

Blocked Funds

- **\$2.3 billion** in blocked funds globally
- **47%** increase in blocked funds over last **12 months**
- Top countries with blocked funds in AME (as of April 2023)

Nigeria – \$812m
Algeria - \$196m
Lebanon - \$141m
XAF Zone - \$139m
Ethiopia - \$126m



80%
of blocked
funds are in
AME

\$1.9
billion of
blocked funds
in AME

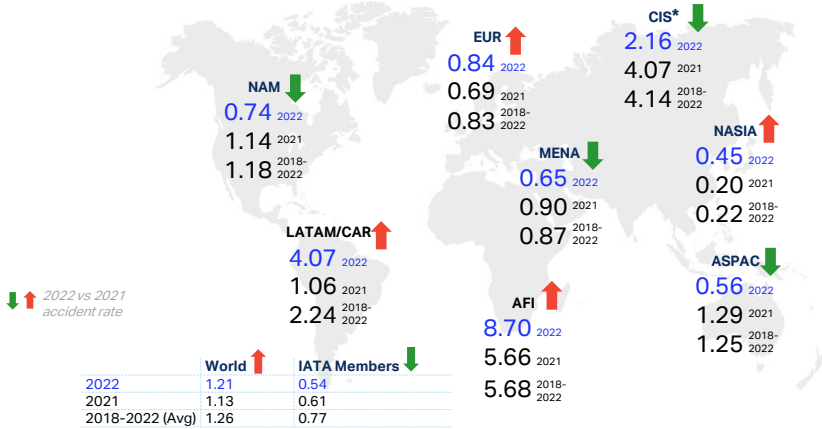


+24
countries in
globally with
blocked funds

- Blocked funds remain a challenge in the region. As of April, globally, there is a total \$2.3 billion in blocked funds. Of this, 80% is blocked in Africa and Middle East for a total of \$1.9 billion, and out of that, nearly \$1.6 billion (70%) is tied up in African countries.
- Zooming in a little more, Nigeria alone is holding back \$812 million. It is the most amount blocked by any single African country. This having a negative socio-economic impact on the country through:
 - Reduction of airlines capacity in Nigeria
 - Reduction of connectivity to Nigeria
 - Negative perception about Nigerian business environment
 - Higher ticket price
 - Discouraging investors into the Nigerian economy
 - Impact on Foreign Direct investment
 - Closing travel agency business
- Our call to clear blocked funds in Nigeria goes directly to the new President.
- Cash flow is key for airlines' business sustainability - when airlines are unable to repatriate their funds, it severely impedes their operations and limits the number of markets they can serve.
- The consequences of reduced air connectivity include the erosion of that country's competitiveness, diminished investor confidence and reputational harm caused by a perception that it is a high-risk place to do business.
- Strong connectivity is an economic enabler and generates considerable economic and social benefits.
- We call on governments to prioritise aviation in the access to foreign exchange on the basis that air connectivity is a vital key economic catalyst for the country.

All Accident Rate per Region of Operator

3 regions witnessed an increase in the accident rate per million sectors



* CIS sectors may undergo larger revisions than normal once actual flown sectors becomes available – this will affect accident rate as well as fatality risk calculations

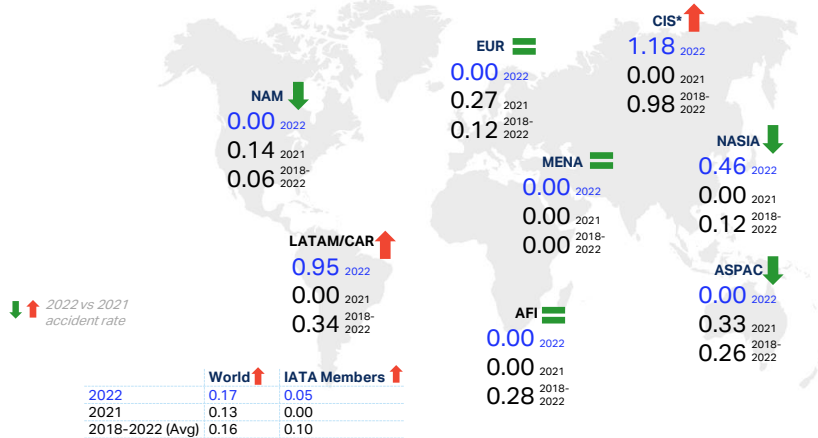
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Source: IATA Safety Report - FY 2022

- Safety is the third priority, especially in Africa.
- The all-accident rate in MENA decreased in 2022.
- In Africa it increased, this was due to high levels of turbo prop accidents.

Safety: Jet Hull Loss per Region of Operator

Jet hull loss accident rate is lower or the same in 6/8 Regions



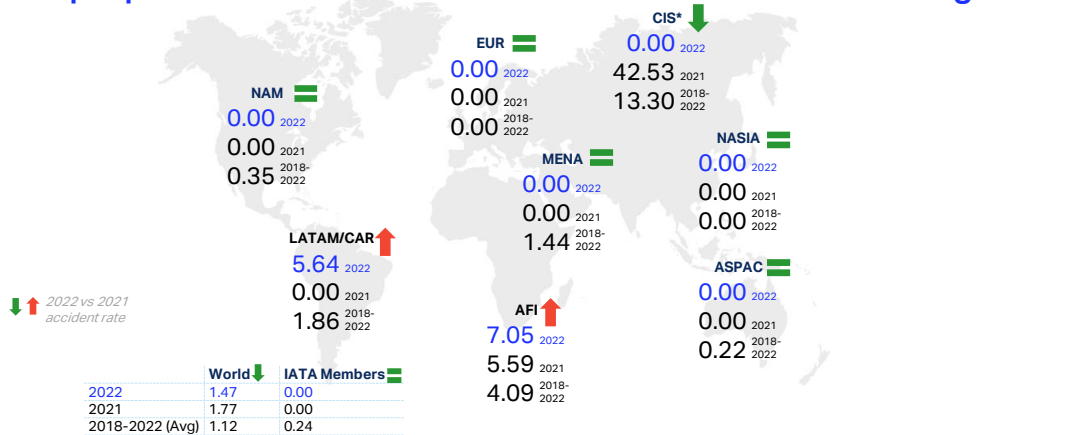
* CIS sectors may undergo larger revisions than normal once actual flown sectors becomes available – this will affect accident rate as well as fatality risk calculations

Source: IATA Safety Report - FY 2022

- Neither region experienced a jet hull loss accident in 2022.

Turboprop Hull Loss per Region of Operator

Turboprop hull loss accident rate is lower or the same in 6/8 Regions



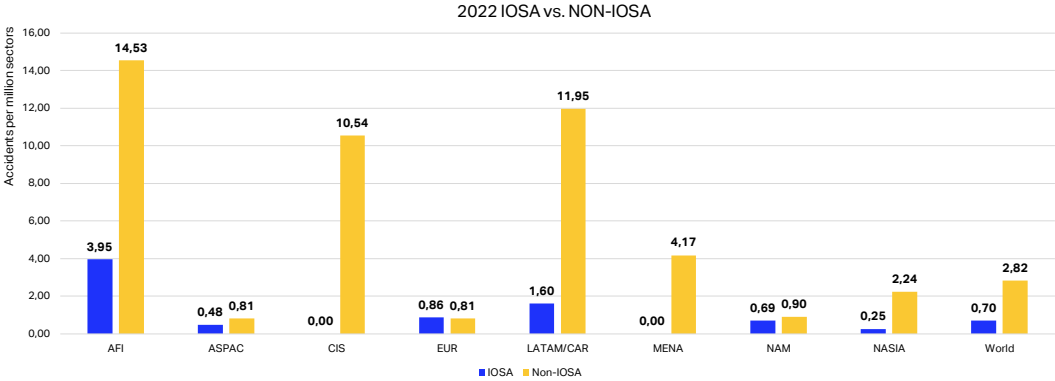
* CIS sectors may undergo larger revisions than normal once actual flown sectors becomes available – this will affect accident rate as well as fatality risk calculations

Source: IATA Safety Report - FY 2022

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- MENA experienced no turboprop accidents in 2022.
- Africa experienced 7 per million sectors in Africa.
- The priority for Africa continues to be the implementation of global standards in all areas related to safety which covers more than incidents and accidents.
- It also includes operational efficiency, information management, airspace management, and aerodrome infrastructure among others.
- Continuing emphasis is also required on the regulatory aspects; oversight by the State, and if we look to the airline itself, registration to IATA's global safety auditing program, IOSA and/or ISSA certification.

Industry Accident Rate for IOSA Vs. Non-IOSA



- Audited airlines perform nearly 3X better than non-IOSA registered carriers

Challenges: Safety at State Level

Governments need to step up:

Implementation of ICAO Standards for safety needs to be improved:

- 21 States in Africa remain below the Effective Implementation (EI) of State Safety Programs

Opportunities with:

- Communication, Navigation, Surveillance (CNS)
- Aeronautical Information
- ATM
- Data-sharing



- Beyond airlines, states in Africa need to step up.
- Significant work has been undertaken to improve safety across Africa but there are still improvements to be made.
- For example, implementation of ICAO standards needs to be improved - 21 States in Africa fall below the state safety program effective implementation (EI).
- Opportunities to improve in CNS, AI, ATM, Data Sharing
- Investment in infrastructure in safety and flight operations is essential.

Focus Africa Initiative



Africa accounts for 18% of the global population, but just 2.1% of air transport. Focus Africa is about closing that gap.



- To achieve the safety objectives among other goals for aviation in Africa, IATA has launched "Focus Africa" to strengthen aviation's contribution to Africa's economic and social development.
- The initiative will align stakeholders from the private and public sectors to deliver measurable progress in six areas that will benefit all stakeholders including passengers
- Africa accounts for 18% of the global population, but just 2.1% of air transport activities (combined cargo and passenger). Closing that gap, so that Africa can benefit from the connectivity, jobs and growth that aviation enables, and Africans can benefit from more accessible travel is what Focus Africa is all about.

Focus Africa Priority Areas

- **Safety:** Improve operational safety through a data driven, collaborative program to reduce safety incidents and accidents, in the air and on the ground.
- **Infrastructure:** Facilitate the growth of efficient, secure, and cost-effective aviation infrastructure.
- **Connectivity:** Promote the liberalization of intra-African market access through the Single African Air Transport Market (SAATM).
- **Finance and Distribution:** Accelerate the implementation of secure, effective and cost-efficient financial services and adoption of modern retailing standards.
- **Sustainability:** Assist Africa's air transport industry to achieve the "Net Zero by 2050" emissions targets agreed to by industry and the UN's International Civil Aviation Organisation (ICAO).
- **Future Skills:** Promote aviation-related career paths and ensure a steady supply of diverse and suitably skilled talent to meet the industry's future needs.



- To enable tangible and sustainable progress in response to African aviation's most pressing challenges, Focus Africa will intensify efforts and step-up activity in six key areas.
- Each focus area is a series of initiatives each designed to achieve the overall goal.
- Each focus stream will be led by an industry expert, supported by a team of subject matter experts who will meet regularly to manage and review progress.

Partnerships are critical



- The best way to tackle the issues is through a partnership including industry and all its stakeholders.
- This Focus Africa initiative is not something invented by IATA and being prescribed for Africa. It has been defined both through broad consultation as well as by the policies and realities that characterise our industry in Africa.
- We see IATA as being ideally placed to bring together all of the relevant stakeholders and role-players across industry to help achieve change.
- Delighted to be announcing three new Focus Africa Partners in the coming days.

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Q & A

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