Media Briefing
Africa and Middle East (AME)

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- Africa - Aviation supports 6.2 million jobs in the region and generates $55.8 billion in GDP
- Middle East - Aviation supports 2.4 million jobs in the region and generates $130 billion in GDP
- Middle East: CAGR of 4.4%, extra 278 million pas (2018-2037) for a total of 501 million in 2037
- Africa: CAGR of 4.6%, extra 190 million pas (2018-2037) for a total of 334 million in 2037
Regional growth is accelerating while global growth is slowing – this create additional opportunities for the region
Regional challenges remain

- **Per passenger profit (2018)**
  - Global: $6.85
  - Middle East: -$4.46
  - Africa: -$1.09

- **Fall in oil price 2017**
  Gov’s in oil producing nations tried to recoup lost revenue through additional taxes and charges

- **Strength of US Dollar**
  Stronger dollar meant higher costs for dollar denominated expenses

- **Political unrest**
  Economic instability

- **Skills shortage**
  5 Over 500,000 pilots needed globally in 20 years

**Profit Margins Squeezed**
Airlines in the region are seeing their profits eroded and margins squeezed. In 2018 the average profit per passenger globally was $6.12. In the Middle East, airlines lost -$4.46 per passenger and in Africa carriers lost -$1.09 per passenger.

**Fall in oil price 2017**
Economically, the region suffered from the fall of oil prices in 2017. While airlines should have benefited from lower oil prices they suffered as the region’s oil producing nations, tried to recoup lost revenue through additional taxes and charges.

**Strength of US Dollar**
The strength of the US dollar in recent times has also impacted AME—many airlines struggle to pay for services in dollars as their local currencies depreciate in value.

**Political unrest**
Pockets of political unrest and diplomatic tensions remain, leading to ongoing economic instability and social tensions in some nations.

**Staff/skills shortage**
One issue looms large above all. We need people with the right skills and experience.
across all aspects of the business—to manage the business, to fly and maintain aircraft, to operate the airport systems, and to provide air navigation services. According to Airbus, in the next 20 years the world’s global fleet will double to 48,000 aircraft. That means more than 500,000 pilots are needed globally, as well as an even greater number of technicians and engineers to maintain these aircraft.

- **Overall**
  As a region we have a unique opportunity to harness the power of innovation to overcome a number of fundamental challenges that must be addressed so aviation’s full potential can be realized. But we must also recognize the diversity of today’s challenges in our region.
Priorities

**Middle East**
1. Reduce taxes and charges
2. Improve Air Traffic Management (ATM)
3. Capacity-building

**Africa**
1. Improve safety
2. Build connectivity
3. Reduce taxes and charges
4. Blocked Funds
• The average delay per flight attributed to ATC issues in the region is increasing

• Challenge: 1) the UAE's airspace is 50% military blocked 2) the southern part of Saudi Arabian airspace is under developed and the war with Yemen if affecting air space operations 3) Lack of cooperation between Oman and India to develop PBN over the ocean 4) Qatar / GGC diplomatic incident 5) Threat from increased Iran – USA tension

• The average delay per flight attributed to ATC issues in the region is 29 minutes. Without urgent progress, that could double by 2025 costing over $7 billion in lost productivity time to passengers and adding over $9 billion to airline operating costs.

• Collaboration is key
• Taxes and charges major issue in the region

• Recent examples:
  • Algeria VAT of 19% introduced in 2018
  • Iraq overflight charges increased by 22% in 2018
  • Egypt overflight charges increased by 11% in 2019

• Airline financial sustainability at risk for most of the region

• **Governments need to:**
  Establish a meaningful consultation process in line with ICAO’s policies which highlight the key charging principles to be followed of non-discrimination, cost-relatedness, transparency and consultation
Middle East - Capacity-building

- The future demand for skilled aviation personnel in the ME will far outweigh supply
- Investing in and training a future workforce needs to start now
- New skills needed to match the rapidly-changing needs of tomorrow’s aviation workforce
- Diversity crucial
Sadly our region suffered the loss of ET302 in 2019. Airlines in the region had zero jet hull losses and zero fatal accidents for three consecutive years.

Africa was the only region to see a decline in the 2018 all accident rate compared to 2017. However the region experienced two (2) fatal turboprop accidents, neither of which involved a scheduled passenger flight.

More African (Sub Sahara) states need to meet the ICAO safety standards and recommended practices threshold of 60%; currently, only twenty-six (26) states have effective implementation of 60% or greater.

IATA continues to avail its best safety practice tools like IOSA, IATA Standard Safety Assessment Program (ISSA) and ISAGO to enhance and complement the state safety oversight role.
Travel in Africa is a challenge. Distances that should take a few hours can take days simply because the connectivity does not exist. This inefficiency has an economic cost. The low density of the African intra-continental network makes it impossible to realize the potential benefits of a connected African economy.

There is also a completely “made in Africa” policy initiative which we are wholeheartedly supporting. That’s the African Union Single Africa Air Transport Market (SAATM) project.

SAATM—if implemented—gives Africa the potential for economic transformation.

Twenty-eight states have signed on to SAATM. Now they need to follow promises with action. History has shown that opening markets leads to rapid advances in connectivity. We can be confident that the results of 28 states implementing SAATM will make a powerful case for the remaining 27 to come on board quickly. (Benin, Burkina Faso, Botswana, Capo Verde, Central African Republic, Chad, Congo, Côte d’Ivoire, Egypt, Ethiopia, Gabon, Gambia, Ghana, Guinea Conakry, Kenya, Liberia, Mali, Mozambique, Niger, Nigeria, Rwanda, Sierra Leone, South Africa, Swaziland, Togo, Zimbabwe, Lesotho and Cameroon)

To help, IATA is working with the AU, AFCAC and AFRAA to create a guidance booklet on SAATM implementation. The aim is to help all stakeholders work together to take the best advantage of SAATM to boost African development on the wings of aviation.
Governments need to:

- Key to follow ICAO standards – global best practice
- Disclose hidden costs such as taxes and fees and benchmark with Global best practice
- Eliminate taxes or cross subsidies on international jet fuel, in line with bilateral agreements, Chicago Treaty and ICAO principals

Africa – Taxes and Charges

- Average jet fuel costs are 35% higher than the rest of the world
- User charges reflect 11.4% of airlines operating costs in Africa – four times that of North America and double industry average
- Taxes and fees are among the highest in the world
- Governments need to follow ICAO standards

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Blocked Funds

- USD 646 million in blocked funds (31 March 2019)
- USD 413 in African countries
- Top 5 Countries:
  1. Zimbabwe
  2. Sudan
  3. Algeria
  4. Angola
  5. Eritrea
Aviation is the business of freedom. The opportunities aviation creates to improve people’s lives are tremendous – especially in Africa.

Thank you for your time – any questions