The contribution of aviation to the growth of African economies

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Foreign exchange crisis

Nigeria's foreign exchange reserves and exchange rates versus the US$

- Central bank foreign exchange reserves
- BDC unofficial exchange rate
- IFEM official exchange rate

Source: Haver

www.iata.org/economics
Damage from commodity price fall not just in Nigeria

Revenue impact of a $50 fall in oil prices

Source: Blackrock, EIA, IMF

www.iata.org/economics
Some oil price (Brent, US$/b) recovery is now expected.
Regaining economic growth forecast to be slow

Economic growth in various African economies

% change over previous year


Ethiopia
Kenya
Nigeria
Angola
Egypt
South Africa

Source: Oxford Economics
www.iata.org/economics
Even the IMF is cautious about Africa in the short-term.

Table 1.1. Sub-Saharan Africa: Real GDP Growth
(Percent change)

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<tbody>
<tr>
<td><strong>Sub-Saharan Africa</strong></td>
<td>6.8</td>
<td>4.0</td>
<td>6.6</td>
<td>5.0</td>
<td>4.3</td>
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<td>Oil-exporting countries</td>
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<td>Of which: Nigeria</td>
<td>9.2</td>
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<td>8.5</td>
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<td>3.8</td>
<td>5.7</td>
<td>5.9</td>
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<td>Middle-income countries</td>
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<td>6.3</td>
<td>2.7</td>
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<td>Of which: South Africa</td>
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<td>3.8</td>
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<td>Low-income countries¹</td>
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<td>Fragile states</td>
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<td>World economic growth</td>
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<td>Sub-Saharan Africa resource-intensive countries²</td>
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<td>Sub-Saharan Africa frontier and emerging market economies³</td>
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<td>3.0</td>
<td>3.9</td>
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</table>

Source: IMF, World Economic Outlook database.

¹ Excluding fragile states.
³ Includes Angola, Cameroon, Côte d’Ivoire, Ethiopia, Gabon, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, and Zambia.
Longer term economic growth potential remains excellent.

Source: IATA/Tourism Economics ‘20 year passenger forecast’

www.iata.org/economics
Growth helped by good governance and institutions

Source: Strategy&, World Bank

www.iata.org/economics
Key income thresholds expected to be achieved for some

Source: IATA/Tourism Economics ‘20 year passenger forecast’
Rapid (potential) growth in air travel in much of Africa

Source: IATA/Tourism Economics ‘20 year passenger forecast’

www.iata.org/economics
Adding 156 million annual passenger trips in Africa by 2035

Source: IATA/Tourism Economics ‘20 year passenger forecast’

www.iata.org/economics
Great potential if current challenges can be overcome

Source: IATA/Tourism Economics ‘20 year passenger forecast’

www.iata.org/economics
Strong prospective average annual growth for many

Source: IATA/Tourism Economics ‘20 year passenger forecast’
This is really important for Africa’s economic development

Source: SRS Analyser, non-stop connections, July 2014

www.iata.org/economics
Still lots of white spaces within Africa

Source: SRS Analyser, non-stop connections, June 2014
Only Ethiopia and Kenya have direct connections to more than half of the other countries in Africa.
Cutting journey times between major cities is critical.

Source: InterVISTAS for IATA ‘Transforming Intra-African Air Connectivity’

www.iata.org/economics
Potential for a doubling of services, at least

Source: InterVISTAS for IATA ‘Transforming Intra-African Air Connectivity’

www.iata.org/economics
Attracting inward investment

Source: Stratfor

www.iata.org/economics
Boosting tourism...if other challenges also addressed

Source: WEF ‘Travel and Tourism Competitiveness Report’

www.iata.org/economics
And boosting trade...if other challenges also addressed

Source: WEF ‘Enabling Trade Report’

www.iata.org/economics
• Foreign exchange crisis
• Commodity prices starting to rise
• Longer-term growth potential still strong
• Air travel could more than double
• Key for economic development is good air connectivity
• Current connectivity within Africa is poor
• New city pair connections could dramatically cut cost
• Attracting investment, tourism, trade – and growth
• Supportive regulations, infrastructure, taxes needed