The potential benefits from air transport in Ghana

Brian Pearce
Chief Economist

June 2019
Air travel has grown significantly in Ghana

Ghana domestic and international O-D passengers, quarterly

International passenger departures to & from Ghana

Domestic passenger departures

Source: IATA Economics using data from DDS and PaxIS+
But Ghana’s international traffic share declining

Source: IATA Economics using data from DDS and PaxIS+
Large potential increase in air passenger demand

International and domestic origin-destination passenger departures

International O-D departures to and from Ghana

Domestic Ghana O-D departures

Source: IATA Economics using data from IATA/Tourism Economics Air Passenger Forecasts, April 2019
Will help to accelerate the rise of living standards

IMF forecasts for GDP per capita, US$ PPP exchange rates

Ghana
Nigeria
Sub Saharan Africa

Source: IATA Economics using data from IMF World Economic Outlook, April 2019
Ghana’s economy in reasonable shape today

IMF economic forecasts for 2019

- Ghana
- Nigeria
- Sub-Saharan Africa

Source: IATA Economics using data from IMF World Economic Outlook, April 2019
But further economic diversification needed

Source: IATA Economics using data from Thompson Reuters Datastream

Share of manufacturing and agriculture in Ghana's GDP

% of GDP

Agriculture

Manufacturing

Source: IATA Economics using data from Thompson Reuters Datastream
Travel & tourism is one source of diversification

Travel & tourism’s economic footprint in Ghana, 2018

- **5.5% of GDP** (Cedi 16.5 billion)
- **640,000 jobs** (4.7% total employment)
- **Cedi 4.2 billion international visitor spend** (4% total exports)

Connecting cities by air drives more diversification

Direct and one-stop scheduled air services to and from Ghana, June 2019

Source: IATA Economics using data from SRS Analyzer
Creating bridges for economic development

- Trade
- Investment
- Industrialization
- Global supply chains
- Regional headquarters
- Exchange of ideas and innovation
We have developed a measure of connectivity weighted by economic importance. Available seats are aggregated using destination weights.

Source: IATA Economics using data from SRS Analyzer
Nigeria has best absolute regional connectivity

Source: IATA Economics using data from SRS Analyzer
But Ghana is top relative to population size

Intra-Africa connectivity: Destination-weighted seats per 1000 residents

Source: IATA Economics using data from SRS Analyzer (chart excluded Cape Verde)
Ghana could become a significant regional hub

Departing origin-destination passengers and % connecting, 2017

Source: IATA Economics using data from PaxIS+
Cost of air transport is very high in West Africa

Source: IATA Economics using data from DDS and PaxIS+
Plenty of airline competition on international routes

Source: IATA Economics using data from DDS and PaxIS+

Passenger share on Ghana international markets, 2018

- British Airways, 9.4%
- KLM Royal Dutch Airlines, 9.4%
- Emirates, 9.3%
- Ethiopian Airlines, 8.4%
- South African Airways, 7.2%
- Africa World Airlines, 6.7%
- Delta Air Lines, 5.2%
- Kenya Airways, 4.8%
- Arik Air, 4.6%
- TAP Portugal, 2.6%
- ASKY, 3.7%
- Brussels Airlines, 4.0%
- Turkish Airlines, 4.4%
- Others, 20.0%

Source: IATA Economics using data from DDS and PaxIS+
West Africa markets are more concentrated

Passenger share on Ghana’s domestic and West Africa markets, 2018

- Africa World Airlines, 58.7%
- Arik Air, 7.9%
- Dac International Airlines Limited, 6.6%
- ASKY, 5.1%
- Air Peace Limited, 4.4%
- Others, 20.0%

Source: IATA Economics using data from DDS and PaxIS+
You need financially healthy airlines

Net post-tax profit margins

% change year-on-year

-8% -6% -4% -2% 0% 2% 4% 6% 8% 10% 12%

-8% -6% -4% -2% 0% 2% 4% 6% 8% 10% 12%


N America
Europe
Asia Pacific
L America
Africa
Middle East

Source: IATA Economics Economic Performance of the Airline Industry, Mid-Year 2019
Thank you

Brian Pearce
pearceb@iata.org
www.iata.org/economics