

Civil Aviation reform in Africa

I. Introduction

- ◆ African countries after acceding to independence have in recognizing the economic and socio – economic development role of the air transport have embarked themselves in the establishment of national airlines as a flag carriers and ensuring the physical integration of all the regions. Airlines established had dual and contradiction mission such as profitability and social development.
- ◆ Policy adopted by the African countries to regulate the air transport sector was a bilateralism approach with great emphasis on reciprocity, limitation of capacity, protectionism, control of tariff, many restriction for access to market, etc.
- ◆ Regulatory authorities established were all under ministries in charge of civil. The authorities didn't have autonomies.
- ◆ The point of views of the users were not taken into account in policy development in most of the African countries.

II. Characteristics

- ◆ Interference of policy makers and governments were seen in most of the enterprises
- ◆ The division of African continent in more than 53 independent countries, leads to the establishment of more or less 53 non-physical barriers to the access to air transport markets in Africa.
- ◆ Lack of cooperation among airlines and air space regulatory authorities has hampered air services development in Africa
- ◆ To travel between two capital cities in Africa and in order to meet some deadline, passengers are most of the time obliged to travel through another continent. For example a passenger leaving Dakar to join Addis had a few months ago to go to Paris, Frankfurt, Tel Aviv and Addis with all associated cost.
- ◆ Air transport costs are high
- ◆ Lack of competition in and for markets within Africa
- ◆ Training was not priority for the enterprises
- ◆ Small market and small air lines in size as well as in operations
- ◆ Inadequate air transport policy. In 1990 there were more than 11 regulation policies available in Africa. Individual countries, sub regional and regional countries have developed different and some time contradictory regulations.

III. Impacts

- ◆ Development of air services in Africa is very slow
- ◆ Disjuncted air transport network
- ◆ Difficult financial situation of air transport enterprises which lead to question their existence
- ◆ Government subsidies
- ◆ Frequent moves of managers
- ◆ External interference to get access for foreign airlines in African markets
- ◆ Lack of resources to improve safety and security

- ◆ Lack of maintenance for infrastructure and equipment
- ◆ Unnecessary facilitation issues hampering the development of the transport of goods and passengers
- ◆ Air transport in Africa represents less than 3% of the total world traffic
- ◆ High risk for investment
- ◆ Private sector was interested to invest in the air transport industry.

IV. New developments and necessity for reform

- ◆ Since more than 20 years the other regions have introduced new regulation policies to regulate the air transport industry and African countries were resistant to introduce changes. Worldwide the followings were introduced: liberalization of access to air services, deregulation and introduction of three elements of air services in the WTO regulations. To overcome some of the protectionism issues airlines have developed alliances, code sharing, franchising etc which allow to sell in all markets with out being physically present in the market. In addition more multilateral regulatory regimes have developed by other regions to ensure fair competition and smooth development of air services since the bilateralism has reached its limit.
- ◆ Due to debt situation of the most of the African countries and shift of priority for economic development, the policy makers are no more able to continue to subsidy the poor performance enterprises. They are looking for more private sector participation and for changing the role of government to regulation instead of managing the enterprises. In this regard, governments are looking for better policies and establishment of appropriate institutions to regulate the industry with less or no interference.
- ◆ Air transport in Africa or anywhere can't be developed in isolation with other regions because the system is interdependent; therefore it was necessary that African countries revisited the current system. This need is also emphasized by the globalization phenomena of economic and competition. For Africa to be able to participate in the globalization and to ensure the availability of African goods in a competitive price in the markets there is a need to introduce appropriate reforms.

V. African regional initiatives

- ◆ Two main regional initiatives were developed and adopted in Africa e. g. Yamoussoukro Declaration of 1988 and Yamoussoukro Decision of 1999. Other sub regional initiatives in line with the regional initiatives have been initiated by COMESA, ECOWAS, ECAS, UEMOA, SATCC, etc.

Yamoussoukro Declaration

In 1988, African countries were not ready to introduce private sector in their policy especially in air transport, which was viewed as a strategic issue and sovereignty responsibility. The airlines as well as the traffic right, which regulated the operation of the air transport industry, belonged to government. The review of the air transport situation in Africa especially the possible impact of the initiatives of other regions lead African Ministers in charge of civil aviation to adopt a new policy for the

survival of the industry in Africa. The new policy calls Yamoussoukro Declaration was conceived as follow:

- i) creation of : bigger airlines through merger, consortium, multinational airlines
- ii) flexibility in granting traffic right
- iii) joint use of facilities and common position
- iv) improving the financing of the sector

It was understood that the merger of airlines will eliminate the needs to negotiate traffic rights therefore the flexibility aspect was introduced in the policy instead of the liberalization or deregulation as was the case in other region. As indicated earlier, African countries did not envisage at that time, the privatization of their airlines, therefore the policy adopted was in line with the dual roles of governments, which were policy regulation and management of the enterprises.

The deadline set to achieve the integration of African airlines was 1996. At the end of the period of implementation of the Yamoussoukro Declaration little progress were made but a lot remained to be done. Therefore a review of the policy was undertaken which reveals that the traffic right is the most important issue. Also the economic environment has changed, because African countries have accepted to introduce the private sector participation in the air transport industry.

Yamoussoukro Decision

In 1999, the African Ministers met again in Yamoussoukro, Cote d'Ivoire to review the policy. During their meeting they have adopted the Yamoussoukro Decision to be part as an instrument for the establishment of the African Economic Community which Treaty was signed by all African countries and has got enough ratification to be into force. The main trust of the Decision is to Liberalize gradually the liberalization of scheduled and non – scheduled intra African air transport services in order to facilitate the access to air transport market in Africa. It allows the two track approach e. g. countries who are ready to fully liberalize from now are encourage to do so and the others have two years to clean up but by starting to reduce restriction to the markets.

The Decision has also defined: the way of granting traffic right; the fixation of tariff without no requirement for approval; no limitation of capacity and frequency if the increase of capacity and tariff are in conformity with the rules of fair competition; the multiple designation is allowed; criteria for eligible airlines to comply with the requirement of the operation; standards for safety and security.

Have been adopted; etc. In addition a regulatory body has been set up to monitor and supervise the implementation of the policy. In doing so the different interpretations of the policy will be avoided and uniformity will be ensured. The regulatory body is one of the most important structures for ensuring the success of the implementation of the new policy and has been established with full power. The fact that the Decision in within the framework of the African Economic Community is also another important moves, because after the adoption of the Decision by the Heads of State and Government of OAU it becomes into force 30 days after the signature of the Chairman of the Submit, to members State party to the Treaty establishing the

Economic Community. Therefore the issue of ratification has been avoided to allow the immediate implementation of the Decision.

In West and Central Africa the Ministers in charge of civil aviation have signed a Memorandum of Understanding committing them to implement the liberalization policy. In this regard, actions have been undertaken by member states, bilateral and multilateral donors to strengthen the capacity to implement the Decision.

The Decision didn't develop the policy for operation between Africa and the other regions of the world due to the fact that it was seen necessary to clean first the situation in Africa. The next step will be devoted to develop common position regulating the industry between Africa and the rest of the world.

Multilateral policy is being adopted in some regions of the world especially between USA and some Asia countries to regulate the air services industry between the two regions. The African countries will in the appropriate time take stock of the various experiences to develop such kind of policy.

VI. Expected impacts of the Decision

The following impacts are expected:

- i) more private sector investment;
- ii) improvement of the African air transport network,
- iii) reduction of fair and tariff,
- iv) increase of traffic,
- v) reduction and or elimination of subsidies in the sector,
- vi) removal of non – physical barriers,
- vii) improvement of air services through fair competition,
- viii) more attention to the need of the users,
- ix) increase of aeronautical revenues,
- x) merger and more cooperation of airlines,
- xi) improvement of safety and security,
- xii) capacity building and improvement of facilitation.

VI. Lessons to be learnt

Lack of appropriate policy and regulation is one of: the barriers for the expansion of air services; the roots for the financial situation of civil aviation enterprises in Africa; lack of appropriate investment of the sector; difficulties for travelling by air in Africa and in transiting through another continent to link two African cities; high cost and tariffs; etc.