

The Single African Air Transport Market

- An Agenda 2063 Flagship Project -

PIDA
INTERCONNECTING
INTEGRATING & TRANSFORMING

SINGLE AFRICAN AIR TRANSPORT MARKET (SAATM)

AU Agenda 2063 Flagship Project
AU HODG Declaration on the establishment of the SAATM Doc EXCL/ST/2007

Institutions of the SAATM
- AU Executive Council
- STC-TI/ET
- Ministerial Working Group
- Monitoring Body of YD (AUC, UNECA, AFCAC, AFRAA, RECs)
- Executing Agency of YD (AFCAC)
- Regional Economic Communities (RECs)
- Member States

17 Countries have signed the solemn commitment for the Single African Air Transport Market
 ✓ Total population of these countries - 600 million
 ✓ Total GDP (2015) - 1450 Billion US Dollars
 ✓ Potential passengers greater than 200 million per year
 ✓ Cover 75% of Intra African Air Transport

Benefits of the Single African Air Transport Market
 ✓ Air Service connectivity
 ✓ Over 25% Lower Fares
 ✓ Creation Jobs for the Youths
 ✓ Integration – Bringing African Together
 ✓ Convenience
 ✓ Time Saving
 ✓ Enhanced Intra-African Trade (CFTA)
 ✓ Contribution to tourism growth
 ✓ The survival of African Airlines
 ✓ Contribution to National GDP
 ✓ Contribution to African Integration

Beneficiaries: Africans, Airlines, Airports, Air Traffic Control Services, Tourism Industry, Shippers, Users and Passengers.

Support the free movement of People and Goods in Africa!

Legend:
 [Green Box] Solemn Commitment States
 [White Box] States not yet committed

States that have signed the solemn commitment have committed with immediate effect to the full implementation of the Yamoussoukro Decision (YD) towards the establishment of SAATM (Assembly/AUCommitmentXXIV)
 Launch Date: June 2017

Community Airlines
 Air Zimbabwe, Air Senegal, Air Mauritania, Air Mali, Air Niger, Air Chad, Air Congo, Air Gabon, Air Rwanda, Air Kenya, Air Ethiopia, Air Nigeria, Air Ghana, Air Côte d'Ivoire, Air Sier Leone, Air Cabo Verde, Air South Africa, Air Botswana, Air Zimbabwe, Air Swaziland.

Produced by the Department of Infrastructure and Energy - African Union Commission
 V1.0@January 2017

Liberalising intra-African air transport through the full implementation of the Yamoussoukro Decision, to improve air connectivity and lower fares, ensuring the sustainable development of air transport in Africa and its contribution to economic growth, job creation and integration of the Continent

1. What is the Single African Air Transport Market (SAATM)?

The Single African Air Transport Market (SAATM) is a flagship project of the African Union Agenda 2063, an initiative of the African Union to create a single unified air transport market in Africa, the liberalisation of civil aviation in Africa and as an impetus to the Continent's economic integration agenda. During the commemoration of the fiftieth anniversary of the OAU / AU in 2013, the African Union (AU) leadership expressed the desire to give a stronger and more ambitious impetus to the Continent's socio-economic development and integration agenda. On that occasion, the African Union (AU) Agenda 2063 was elaborated in which some flagship projects were selected and included on the basis of their high potential for changing the face of Africa substantively in that duration. Among these projects are the creation of a Single African Air Transport Market and the African Passport.

How was it established?

In 2015, the Assembly of Head of States and Government adopted the Declaration (Doc. Assembly/AU/Decl.1 (XXIV)) on the Establishment of a Single African Air Transport Market and also issued a commitment (Assembly /AUC/Commitment/XXIV), to the immediate implementation of the Yamoussoukro Decisions towards the establishment of a single African air transport market by 2017.

Eleven African Member States championed the Declaration by signing the Solemn Commitment to actualise the Decision creating the single market. These Member States were constituted as a working group at Ministerial level (Ministerial Working Group) with responsibility to follow-up the implementation of the single market and spearhead the advocacy campaign to urge more Member States to join the single market. The African Union Commission was entrusted with the functions of coordination and facilitation of the process of operationalization of the Single African Air Transport Market. The eleven champion states that signed the initial commitment are namely: Benin, Capo Verde, Republic of Congo, Côte d'Ivoire, Egypt, Ethiopia, Kenya, Nigeria, Rwanda, South Africa, and Zimbabwe. The solemn commitment is open for other states to join.

2. Key characteristics of the Single African Air Transport Market

The Single African Air Transport Market is to be attained through the **immediate** implementation of the 1999 Yamoussoukro Decision (YD). The concept of liberalisation of air transport in Africa emerged in 1988 with the adoption of the Yamoussoukro Declaration, followed ten years later by the Yamoussoukro Decision (YD) of 1999. The Decision was subsequently endorsed by the AU Heads of State and Government Assembly through Decision AHG/OAU/AEC/Dec.1 (IV) in Lomé, Togo, in July 2000, within the context of the Treaty establishing the African Economic Community (Abuja Treaty). It came into force in August 2002, after the expiry of the transitional period of 2 years.

The **1999 Yamoussoukro Decision** provides for the full liberalisation of intra-African air transport services in terms of market access, the free exercise of first, second, third, fourth and fifth freedom traffic rights for scheduled and freight air services by eligible airlines. It removes restriction on ownership and provides for the full liberalisation of frequencies, tariffs and

capacity. It also provides eligibility criteria for African community carriers, safety and security standards, mechanisms for fair competition and dispute settlement as well as consumer protection.

The granting of fifth Freedom traffic rights is important for the growth of intra-African market. Fifth freedom rights with respect to schedule air services, permits an eligible African carrier to fly between two other African countries on a flight originating or ending in its own country. For example with Egypt, Kenya and South Africa being part of the single market, this will allow South African Airways to fly Johannesburg -Nairobi –Cairo or for Egypt Air to fly Cairo-Nairobi-Johannesburg with right to lift and drop passengers at intermediate stops. It is also important that visa requirements are relaxed for African within the intra-African air transport market.

With the full implementation of the Yamoussoukro Decision, ultimately, the single market will evolve into a **common aviation area**, calling for the abolition of bilateral air service agreement between Member States for intra-Africa traffic with airlines able to fly any intra-African routes based on economic and financial considerations of the market, facilitation of trade in services and free movement of goods, enhanced cross-border investment in the industry, recognition of community airlines owned by African nationals with efficient and effective regional safety oversight agencies, application of high safety, security and technical standards, harmonised competition regulation and the revision of visa requirements to enable the free movement of Africans in the Continent. The single air transport market will also guarantees the basic rights of the consumer with a dispute settlement mechanism through negotiation and arbitration, with a Board of Appeal and an Arbitration Tribunal to be established.

3. Institutions of the Single African Air Transport Market

The African Union (AU) has overall responsibility for formulating policies for the aviation industry in Africa with the aim of accelerating the political and socio-economic integration of the Continent. The AU Assembly, made up of all the Heads-of-State or Government of Member States, is the highest decision-making organ of the AU. Its Decision are implemented through the African Union Commission (AUC). The implementation of the Yamoussoukro Decision lies currently under the overall supervision of the Specialised Technical Committee (STC) on Transport, Transcontinental and Interregional Infrastructure, Energy and Tourism.

Institutions created for the implementation of the YD include:

- The **Monitoring Body**. The role of the Monitoring Body is to assist the Sub-Committee on Air Transport composed of African Ministers responsible for Civil Aviation in the follow-up of the implementation of the Decision. Its membership includes the African Union Commission (AUC), the United Nation Economic Commission for Africa (UNECA), African Civil Aviation Commission (AFCAC) and the African Airlines Association (AFRAA). The Regional Economic Communities (RECs) can also assist the Monitoring Body in its duties as required.
- The Yamoussoukro Decision also provided for the creation of the African Air Transport **Executing Agency**, with responsibilities to supervise and manage the African liberalised air transport industry. The **Executing Agency** was finally established in 2007 during the third AU Conference of Ministers responsible for Air Transport, held

in Addis Ababa, Ethiopia, in May 2007, entrusting its functions to the African Civil Aviation Commission (EX.CL/Dec/359 (XI))

- The YD also provides for the creation of an **African Aviation Tribunal**, to facilitate the dispute settlement mechanism; whilst the **Regional Economic Communities** are assigned the role of facilitating and coordinating the implementation of the Decision within their Member States. Currently, there are eight RECs recognized by the AU, each established under a separate regional treaty. RECs have a regional role in facilitating the implementation of the Decision.

Member States and their respective Civil Aviation Authorities have the responsibility for maintaining the minimum standards of safety and security as recommended by the International Civil Aviation Organisation (ICAO) and in accordance with their national laws. The airlines also play a major role in influencing the formulation of policies in the Continent. Many African Airlines are members of the African Airlines Association (AFRAA), an association responsible for protecting the general interest of its members. The establishment of the Single African Air Transport Market is strongly supported by members of AFRAA who account for 85% of the total international traffic carried by African airlines.

The **Ministerial Working Group** is composed of African Member States that have signed the Solemn Commitment and it is responsible for three main functions: (i) following up implementation progress on the establishment of the single market, (ii) provide guidance, and (iii) spearhead an advocacy campaign to urge the rest of the Member States to join the single market. In particular, each Minister of the Working Group has responsibility to enable a conducive environment for the full implementation of the Yamoussoukro in their respective countries. This includes raising awareness within their State among other Ministers and facilitating the establishment of the Single Market. The Working Group is open to those States that may wish to join the single market later. The Ministerial Working Group is technically supported by Experts from the air transport sector from their respective countries, the AUC, AFCAC and RECs as well as other key stakeholders, who are responsible for the preparation of its meetings. The Group has since adopted its Rules of Procedure and has developed a Roadmap of specific activities for both the implementation of the YD and the establishment of the Single Market, to be launched in January 2018. Lastly we have the institutions for the establishment of the **Dispute Settlement Mechanism**.

4. How the Single African Air Transport Market is regulated

In order to foster a safe, secure, efficient, affordable and sustainable air transport industry in Africa, it is important to have the appropriate regulatory framework for the efficient management of the industry. The **African Civil Aviation Policy (AFCAP)** is the overarching framework document that provides the vision and strategic objectives for African Civil Aviation. The policy advocates a liberalised, competitive and common air transport market in African through the full implementation of the 1999 Yamoussoukro Decision.

In 2014, the transport sector Ministers approved the regulatory text of the Yamoussoukro Decision including (a) the **Powers and Functions of the Executing Agency**; (b) **Competition rules**; (c) **Consumer protection** regulations and (d) a **dispute settlement** mechanism. The institutional and regulatory Text were later adopted by the Sectoral Technical Committee on Transport, Energy and Tourism in March 2017. The Executing Agency of the Yamoussoukro

Decision has the mandate to ensure the smooth functioning of the single market with the responsibility of enforcing the competition rules and consumer protection regulations in order to give fair and equal opportunity to all the actors in the liberalised intra-African aviation market, promote healthy competition and protect the rights of the consumers.

The **competition rules** have provisions that prohibit any agreement and/or concerted practice which negatively affects the liberalization of intra-Africa air transport services and which has as its object or effect the prevention, restriction or distortion of competition. It also cover rules on abuse of dominate position, rules on subsidies, safeguard measures and a requirement for non-discrimination in the application of national regulations. The **consumer protection regulations** prescribes the rights of consumers of air transport services within Africa, protection against unfair treatment in the provision of services and provides a basis and mechanism for compensating passengers in case of breach of the rights by air transport services providers.

It prohibits unfair and deceptive practices and discrimination. It also covers the need for services providers to maintain adequate third party insurance cover, provide information to passengers and covers the passengers' right to compensation in cases of delayed flights, cancellation, denied boarding, downgrading and re-routing as the case may be.

The Yamoussoukro Decision also provides a framework for dispute settlement. The framework has been defined in the Dispute Settlement Mechanism, allowing for negotiation and arbitration as the primary mode of dispute settlement. This does not preclude the use of courts, mediation and other appeal procedures. The dispute settlement mechanism provides for the creation of an Appeal Board and an Aviation Arbitration Tribunal, both of which need to be operationalised within the structures of the African Union.

The international civil aviation industry is historically much regulated based on the principle of State sovereignty over its air space and the need for States to negotiate the granting of access to their aviation market on a bilateral basis. The Yamoussoukro Decision embodied some of these principles with a need for Member States to negotiate YD compliant bilateral air service agreements. Bilateralism creates a fragmented market in particular where you have States that continue to protect their national carriers whilst denying the full rights provided for in the Yamoussoukro Decision to eligible African airlines. Under the SAATM, it would be necessary for Member States to have a common legal multilateral protocol for granting market access, the elimination of bilateral air services agreement for intra-African traffic and the harmonisation of national regulations to comply with any Continental regulatory framework.

5. Meeting Safety and Security Standards within the SAATM

Meeting safety and security standards is critical to the success of the single African air transport market. Here, the African Civil Aviation Commission is working with the International Civil Aviation Organisation (ICAO) under its “No Country left Behind” initiative in improving civil aviation safety and security in Africa through the AFI comprehensive implementation Plan for aviation safety in Africa (**AFI SAFPLAN**) and the AFI comprehensive regional implementation plan for aviation security and facilitation in Africa (**AFI SECFAL**) programmes.

African Ministers responsible for air transport have already put in place aviation safety targets (**Abuja safety targets**) and determined appropriate security targets (**Windhoek security and facilitation targets**) for the Continent, to ensure that Member States and airlines meet the minimum standards of safety and security as recommended by ICAO. To harmonise regulations and the standard of safety and security across the Continent, ICAO is also supporting Member States in the establishment of Regional Safety Oversight Organisations (RSOOs), Cooperative Development of Operational Safety and Continuing Airworthiness Programmes (COSCAPs) and in some cases Regional Safety and Security Oversight Organisations (CASSOAs).

These regional organisations are focused on resolving regional safety oversight issues and harmonization of regulations to ensure that airlines certificated within the single market meet the same standards. It is the responsibility of the Executing Agency to ensure Member States meet the minimum standards recommended by ICAO. This will be done through its own audits and result from the ICAO -Universal Safety Oversight Audit Programme (USOAP), Continuous Monitoring Approach (CMA) and Universal Security Audit Programme (USAP) of Member States. ICAO standards and recommended practices are not regulations. Member States need to incorporate these standards into their national regulations. To ensure a harmonised framework for the certification of airlines within the single African air transport market, it is necessary for the Continent to establish a common set of enforceable regulations for the certifications of African eligible airlines.

6. How to join the Single African Air Transport Market

The Ministry of Foreign Affairs of the Member State needs to write the African Union Commission, informing the Commission that the State and its Government is fully committed to participating in, and implementation of the Decisions reached at the Twenty-Fourth Ordinary Session of the Assembly of the Union held in Addis Ababa, Ethiopia, in January 2015, concerning the Full Implementation of the Yamoussoukro Decision on Liberalisation of Air Transport Markets in Africa, and the Establishment of a Single African Air Transport Market by 2017. The African Civil Aviation Commission had circulated a template letter for this purpose to Member States (**AC-HQ/3.2-258**). Immediately the AUC receives the letter of solemn commitment, the State will be informed of the immediate steps to taken in order to make their decision real.

A copy of the Solemn Commitment template can be obtained from:

Secretary General, African Civil Aviation Commission (AFCAC)
BP 8898 Leopold Sedar Senghor International Airport
Dakar-Yoff, Senegal
Tel: +221 33 859 8800
Fax: +221 33 820 7018
Email: secretariat@afcac.org

7. Current Membership of the Single African Air Transport Market

At the eve of the 29th Assembly June 2017, twenty-one (21) Member States have signed the solemn commitment namely: **Benin, Botswana, Capo Verde, Republic of Congo, Côte**

d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Guinea, Kenya, Liberia, Mali, Mozambique, Nigeria, Rwanda, Sierra Leone, South Africa, Swaziland, Togo and Zimbabwe. These twenty-one countries have a combined population of roughly 652 million, more than half the population of the Continent in 2015. Their combined GDP amounts to 1.5 billion US\$ in 2015, which is over 61% of the Continent's GDP with average per capita income of 2,119.5 US\$/capita as compared to the Continent's average of 1888 US\$/capita. In 2015, 63.5 million International tourists were recorded in the Continent and the nineteen countries accounted for over 53% of international visitors (32.5 million visitors). (Source: Africa statistical yearbook 2016).

The current size of the Single African Air Transport market is comparable to the COMESA-EAC-SADC Tripartite free trade area with 26 countries, a population of **527** million persons, a GDP of \$624 billion and per capita income of US\$1,184. Joining the Single African Air Transport Market is based a variable geometry principle in accordance with Member State's commitment to implementing the decisions/declarations of the Assembly.

In terms air transport traffic, among the ten busiest airports in Africa in 2016, eight are found within the current single market namely:

1. Tambo International Airport - Johannesburg, South Africa
2. Cairo International Airport - Cairo, Egypt
3. Cape Town International Airport - Cape Town, South Africa
4. Murtala Muhammed International Airport - Lagos, Nigeria
5. Hurghada International Airport - Hurghada, Egypt
6. Jomo Kenyatta International Airport - Nairobi, Kenya
7. Sharm el-Sheikh International Airport - Sharm el-Sheikh (Egypt)
8. Bole International airport - Addis Ababa, Ethiopia.

The number of countries that have signed the solemn commitment offer a significant single market space, in terms of traffic volumes and airport infrastructure. In 2015, Africa handled 180 million passengers with over 56% handled by airports within the current single market area.

8. Immediate Actions on Joining the SAATM

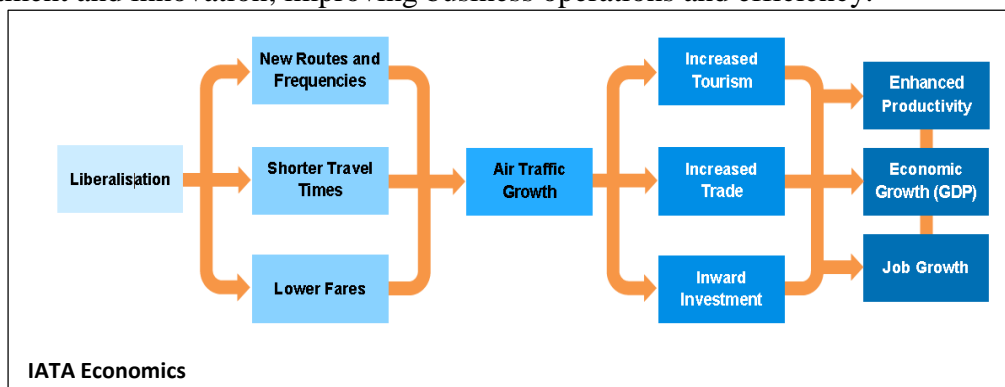
A letter from the African Union Commission in May 2016, requesting Member States that have signed the solemn commitment to: (a) notify other State Parties and especially signatories to the Declaration of Solemn Commitment that their skies are liberalised in accordance with the Yamoussoukro Decision; (b) Review their existing BASAs to ensure conformity with the Yamoussoukro Decision including removal of all restrictions on traffic rights under the 3rd, 4th and 5th freedoms, frequencies, fares, and capacity; and to ensure that all national Laws, Regulations, Rules, Policies are in conformity with the express provisions of the Yamoussoukro Decision, and (c) propose to Executing Agency (AFCAC) at least one airline established in their State for international air services for consideration under the eligibility criteria article 6.9 of the Yamoussoukro Decision. The proposed airline can also be from another State Party or a multi-national airline in accordance with Article 6 of the Yamoussoukro Decision. To facilitate the smooth functioning of the Single African Air Transport Market, it would be necessary to replace BASAs with a common protocol binding

all Member States of the Single African Air Transport Market for intra-African air transport only.

African Member States are also urged to accept among themselves to remove completely any restrictions on the transportation of airfreight in accordance with ICAO guidelines; take into consideration the AU’s policy guideline on negotiation of BASA with third countries and it is recommended for Member States that have not, to sign and ratify the Montreal 1999 convention titled “*the Convention for the Unification of Certain Rules for International Carriage by Air*”. The Montreal Convention 1999 establishes airline liability in the case of death, injury or delay to passengers or in cases of delay, damage or loss of baggage and cargo. Also the facilitation of visa requirement for Africans for intra-African travel will be an additional advantage to facilitating the free movements of Africans in Africa.

9. Potential Benefits of the Single African Air Transport Market

The benefits of the establishing the single African air transport market are well documented from international experiences in other Continents – the European Single Air Transport Market and the liberalised air transport markets in Latin America (Chile, Costa Rica and Brazil) . Air transport can open and connect markets, facilitating trade and enabling African firms to link into global supply chains. It plays an especially pivotal role in just-in-time global manufacturing production and in speeding fresh produce from agricultural communities to appropriate markets. Enhancing air connectivity can help raise productivity, by encouraging investment and innovation; improving business operations and efficiency.



Air transport is indispensable for tourism, where convenient air service facilitates the arrival of larger numbers of tourists to a region or country. The Single African Air Transport Market is based on a policy of full liberalisation. Liberalisation is expected to increase air service levels, increase route competition resulting in lower fares, which in turn stimulates additional traffic volumes, facilitates tourism, trade, investment and other sectors of the economy and brings about enhanced productivity, economic growth and increased employment.

Benefit of Full Air Transport Liberalisation

To raise awareness on the benefits of air transport liberalisation, AFCAC and IATA in 2015 commissioned a study on benefits of full air transport liberalisation between 12 African countries (Algeria, Angola, Egypt, Ethiopia, Ghana, Kenya, Namibia, Nigeria, Senegal, South Africa, Tunisia and Uganda). The study indicated that complete air connectivity across these 12 countries would add USD 1.3 billion to GDP, create over 155,000 new jobs and consumers will benefit from a 75% increase in direct services, fare savings of 25-35% worth US\$500 million, greater convenience, time savings and approximately 5 million passengers who cannot currently afford air travel would be able to do so as increased competition among airlines would result in reduced fares. A similar cost-benefit study among the five East African Committee (EAC) countries (Uganda, Rwanda, Burundi, Tanzania and Kenya) provide compelling evidence that complete liberalisation of air transport among the EAC Member States could result in an additional 46,320 jobs, US\$202.1 million per annum gain in GDP, traffic increase by 46%, fares reduction by 9% on average and increase in frequency by 41% on average.

The opportunity for new jobs include the employment at airports, navigation services providers, travel booking agencies, the airlines and most important creation of jobs in the hotel sector and tourism industry. The Single African Air Transport Market will lead the way for greater cooperation between African airlines, access to cross-border investments and mergers. African airlines need to grow big to be able to stand the competition with mega airlines from other Continents.

It is also important to highlight the consequences of protectionism and non-liberalisation of the intra-African air transport market. AFRAA has established that nearly five million passengers are denied the chance to travel between the intra-African market because of unnecessary restrictions on establishing air routes and services. A number of countries still focus on creating small inefficient national airlines that have no potential of competing in the global aviation market whilst some States grant fifth freedom rights to non-African carriers at the disadvantage of eligible African airlines. The fragmentation of the intra-African market is only beneficial to foreign carriers that are able to use granted six freedom rights to ferry African passengers through their foreign hubs. IATA has indicated that if the intra-African market is not fully liberalised, it would lead to the demise of existing African airlines. With enhanced air connectivity, it is important for the integration of the Continent to have free mobility of people and goods without visa restrictions and other non-physical barriers.

As noted by the AUC Chairperson H.E. Dr. Nkosazana Dlamini-Zuma, (2015):

“Connecting Africa through aviation and other transport infrastructure is critical to integration, intra-Africa trade, as well as to tourism, economic growth and development more generally. The sector is also an important creator of jobs and critical skills on the Continent. The aviation sector is strategic for the implementation of Agenda 2063”.

10. Current Airlines of the SAATM

African Airlines registered in the twenty-one Member States that have signed the solemn commitment account for more than 70% of intra-African air traffic. The majority of airlines are also members of the African Airline Association. The major challenge faced by airlines in the market include monopoly ground handling and navigational services, inadequate airport infrastructure and high charges are some airports, high fuel prices and other restrictions imposed to restrict competition to national airlines. Some of these challenges will be resolved once the Executing Agency of YD becomes effectively functional.



Contact information

Chairperson of the Ministerial Working Group

Hon. Minister for Transport
Pretoria, 0001, South Africa
Mobile: +27 (0)825264386;
Tel.: +27 123093178
Email: mulangal@dot.gov.za

African Union Commission:

H.E. Amani ABU-ZEID (Mrs.)
Commissioner for Infrastructure and Energy
Africa Union Commission
P.O. Box 3243
Roosevelt Street (Old Airport Area)
W21K19 Addis Ababa Ethiopia
Tel: +251 11 5182401
Fax: +251 11 551
Email: KajangeD@africa-union.org;
ngoendoh@gmail.com
Web : <http://www.au.int>

AFCAC – Executing Agency of the Yamoussoukro Decision

Ms Iyabo Sonina
Secretary General,
African Civil Aviation Commission (AFCAC)
BP 8898 Leopold Sedar Senghor International Airport
Dakar-Yoff, Senegal
Tel: +221 33 859 8800
Fax: +221 33 820 7018
Email: secretariat@afcac.org