

Air Transport in Africa: A Portrait of Capacity and Competition in various Market Segments

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Air Transport Volumes in Africa

104 million seats (estimated) in 2015 for both North and Sub-Saharan Africa. To put this into perspective

- The country of Brazil: 100 million seats for **domestic** traffic only (120 million total)
- Washington DC area National, Dulles, and Baltimore Washington International airport 68.5 million passengers (or roughly 90 million seats at a 76% load factor)

Air Transport Volumes in Africa

South and East Africa have the air transport corridor, while there is little in central Africa

- The three major airlines, from South to North, are
 - South African
 - Kenyan
 - Ethiopian

Air Transport Volumes in Africa

A Picture is worth a thousand Words...



FlightRadar24 returns, July 9, 2016. Note the sparsity over Africa...

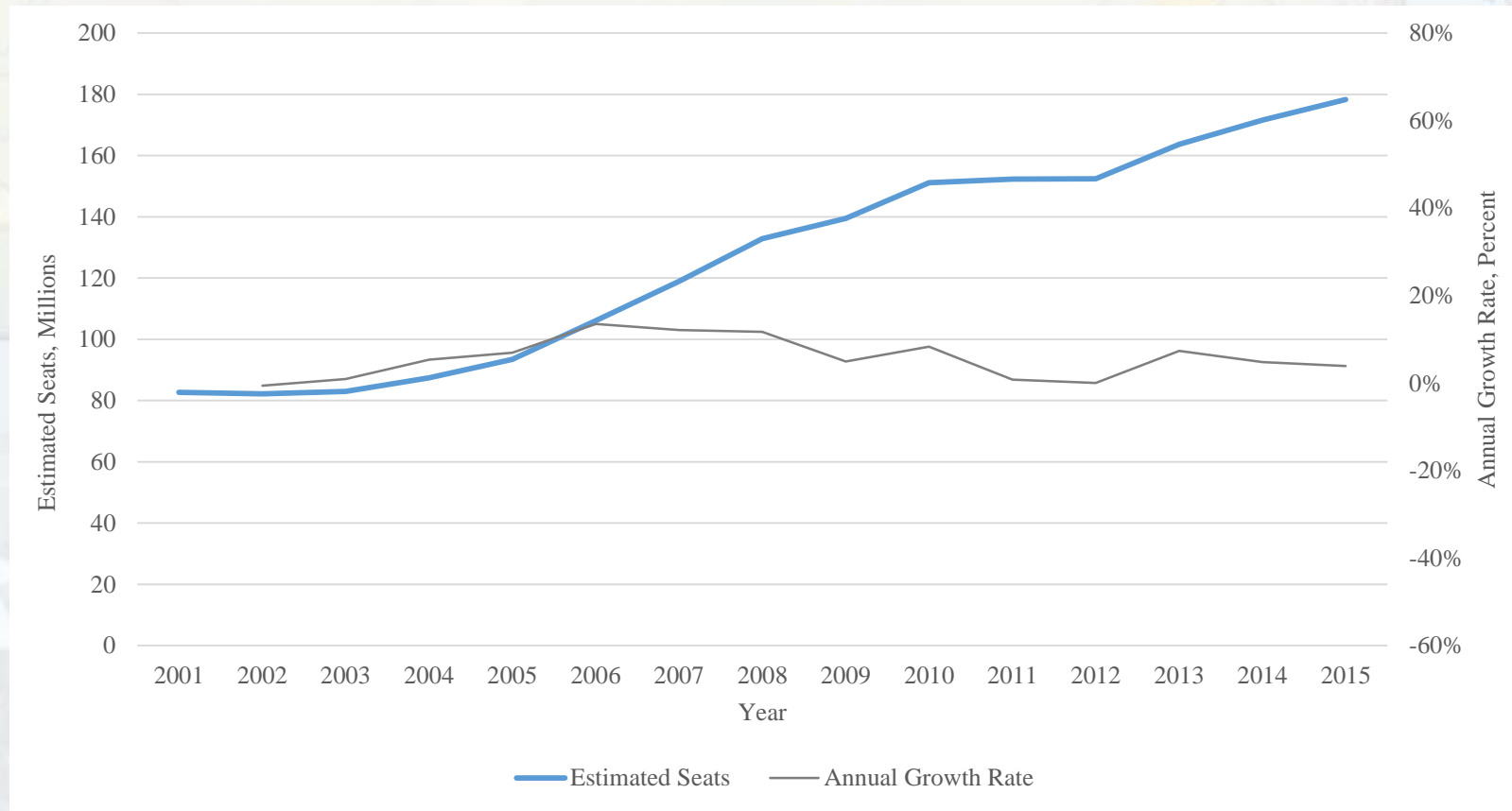
Air Transport Volumes in Africa

A Picture is worth a thousand Words...



FlightRadar24 returns, July 9, 2016. Africa up close, the Eastern Corridor is clearly visible

Growth in Recent Years has been Significant



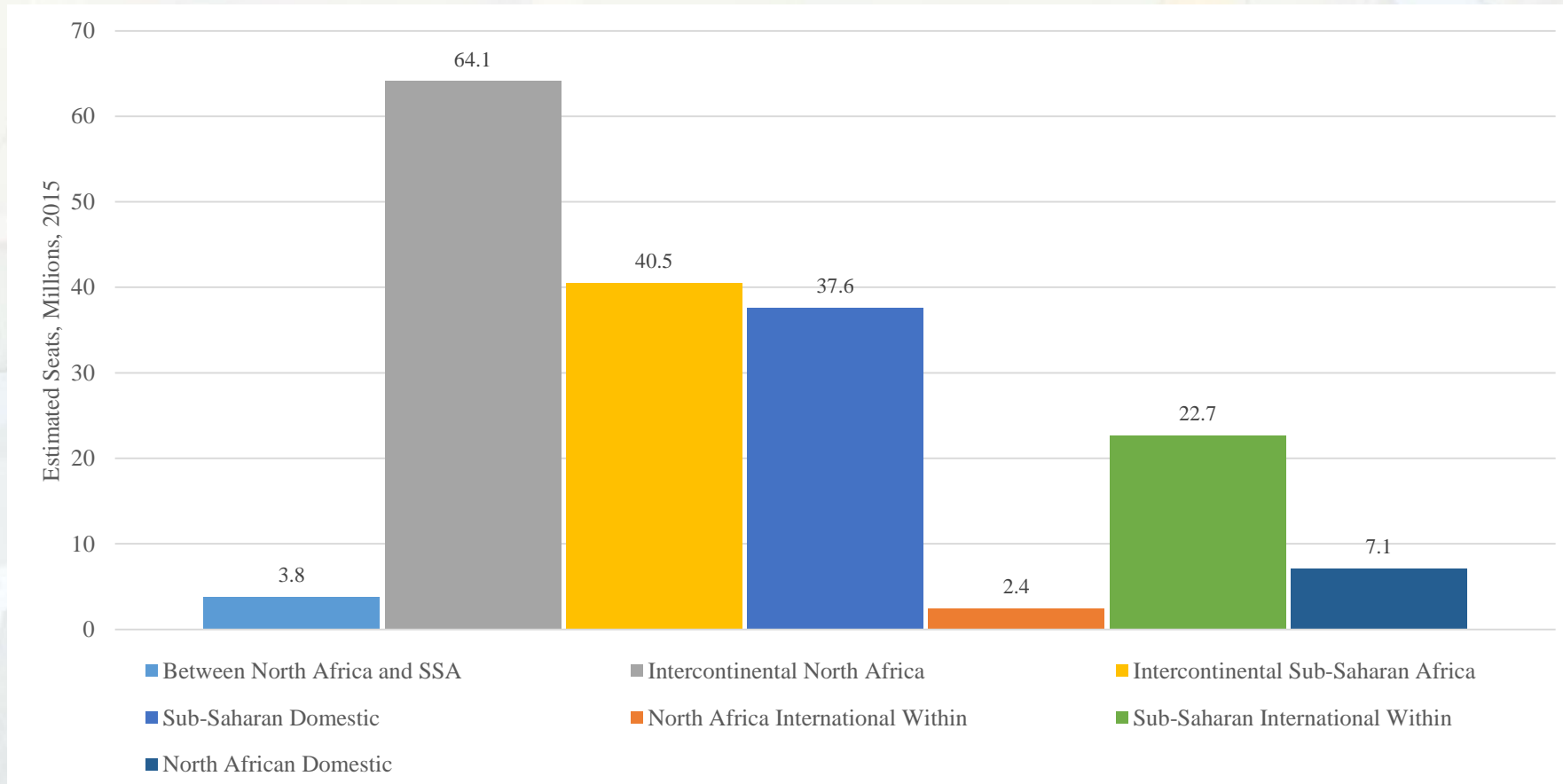
- High: 13.5% annual growth rate between 2005 and 2006
- Low: 0% between 2011 and 2012
- Growth never went negative, even during the global slowdown
- Overall: 5.6%

Air Freight has also grown, recently

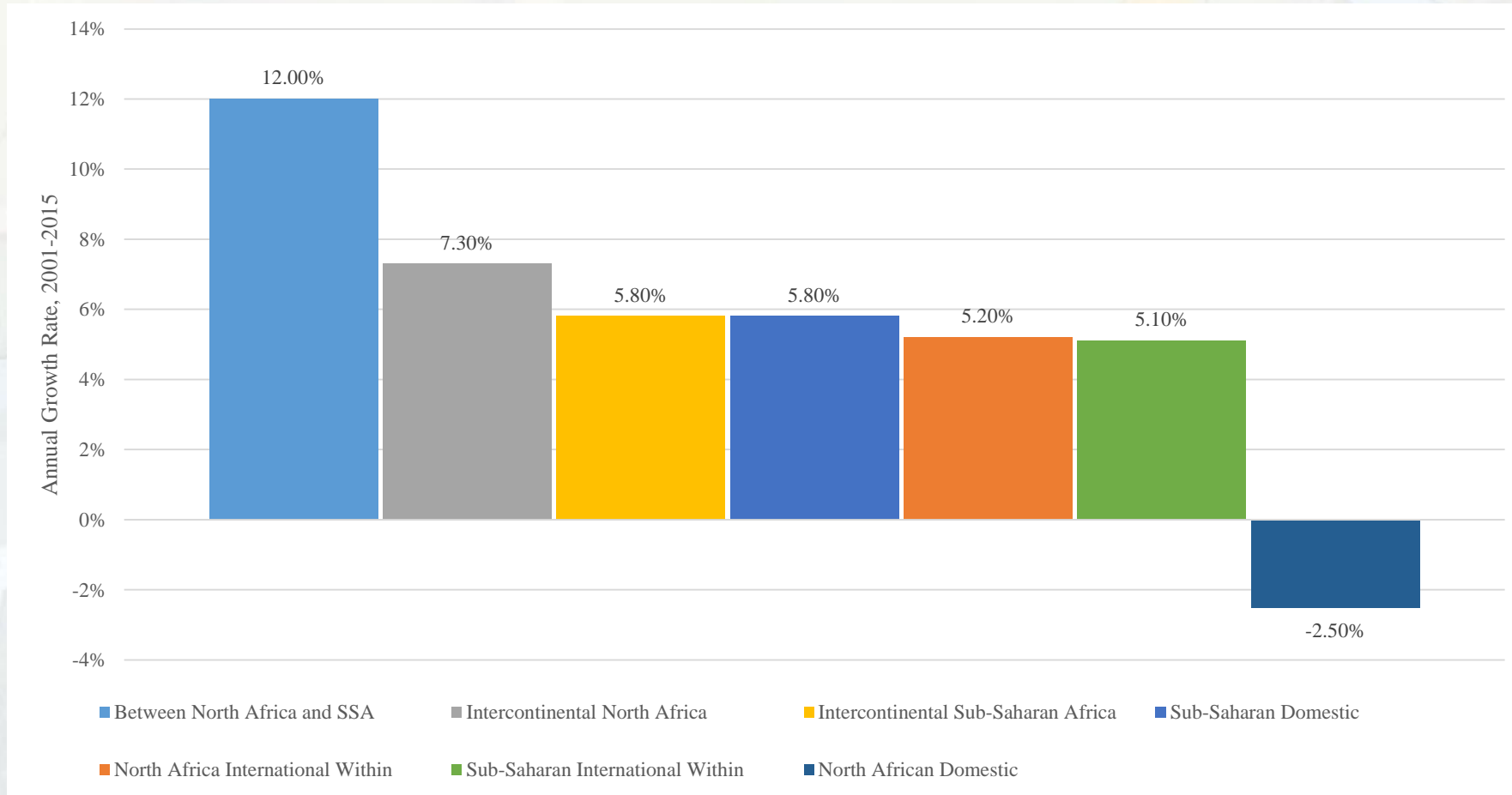


- High: 28.0% annual growth rate between 2010 and 2011
- Low: -16.3% between 2007 and 2008
- Overall: 3.6%, 8.5% between 2011 and 2014 before declining

Seat Capacities can be divided by Route Type



Seat Capacity grew at different Rates by Route Type



- Highest growth in traffic between North and Sub-Saharan Africa
 - Low volume sector, though

Top Countries in Market Segments

- Top intercontinental Sub-Saharan traffic is with South Africa, then Ethiopia
- Top intercontinental North African traffic is with Egypt, then Morocco
- Top international routes within Sub-Saharan Africa include many routes with South Africa
- Top international routes within North Africa, a tiny market, involve Tunisia
- Both Morocco and Egypt are neck in neck in providing international services between Sub-Saharan Africa and North Africa
 - Senegal, Nigeria, and Ethiopia lead as Sub-Saharan connections
- Top Sub-Saharan domestic traffic can be found in South Africa, Nigeria, and Kenya
- Top domestic traffic in North Africa is in Egypt, followed by Algeria, then Morocco

Top Carriers based in Africa

Sub-Saharan Africa:

- Ethiopian (35.7 billion seat/km, moved into the number 1 spot, also number 1 in cargo)
- South African (28.6 billion seat/km, used to have the number 1 spot)
- Kenyan (14.4 billion seat/km, does not fly into the Americas, but does service Europe, important for cut flowers in cargo)

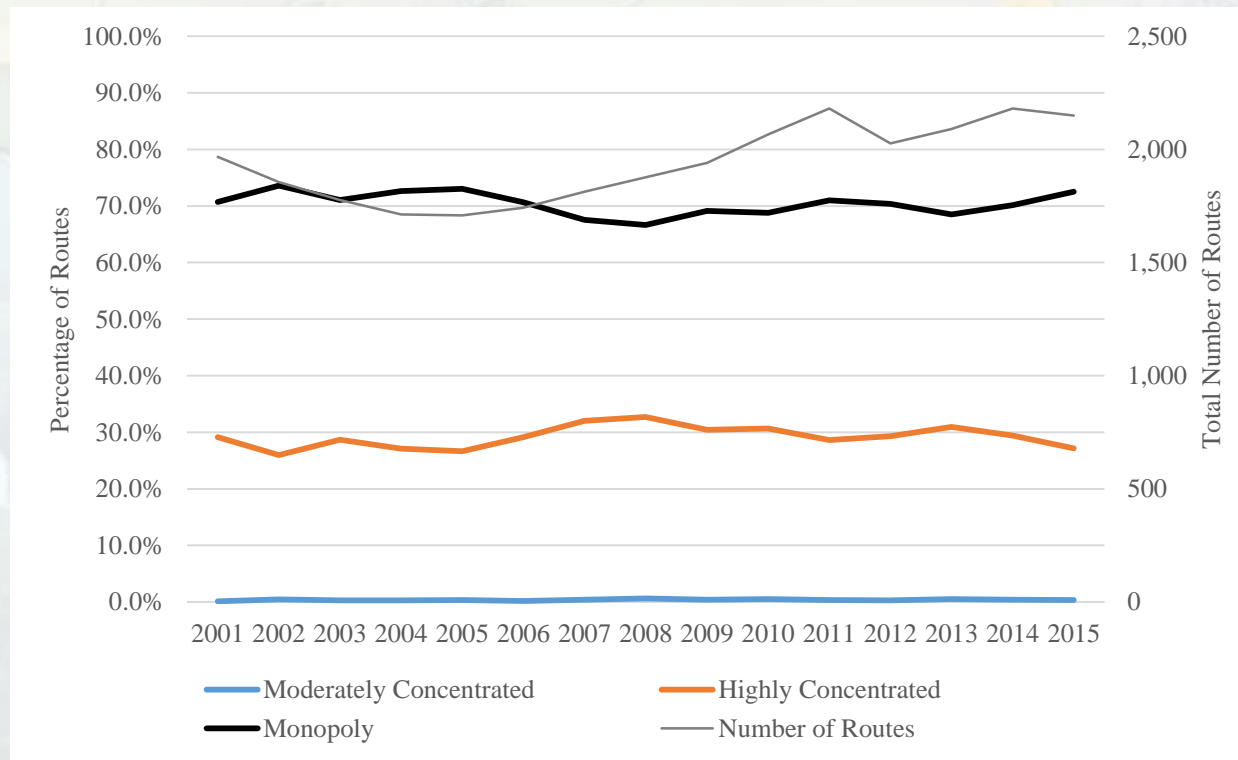
North Africa:

- EgyptAir (27.6 billion seat/km)
- Royal Air Maroc (18.4 billion seat/km)
- Air Algerie (8.9 billion seat/km)
- TunisAir (5.9 billion seat/km)

Beyond the African carriers, Emirates has developed extensive intercontinental capacity with 38.5 billion seat/km.

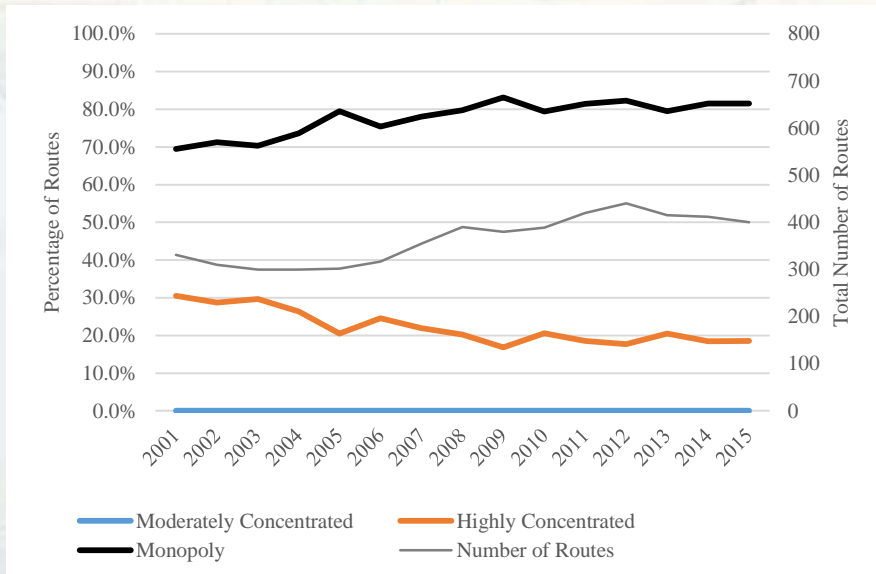
Overall Competitiveness

Overall, market competitiveness trends swing between full monopolies on routes and highly concentrated routes, per Herfindahl-Hirschmann Index.

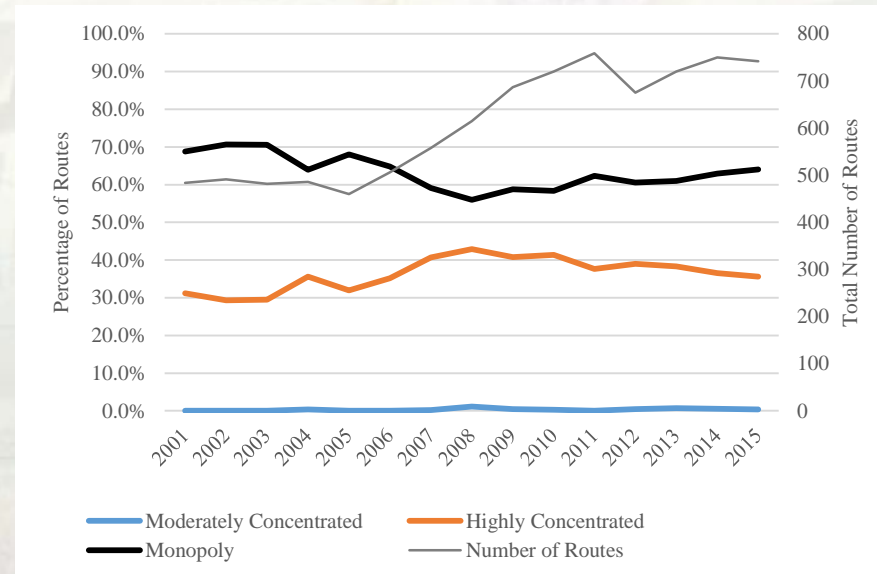


Competitiveness - Intercontinental Routes

Sub-Saharan Africa:

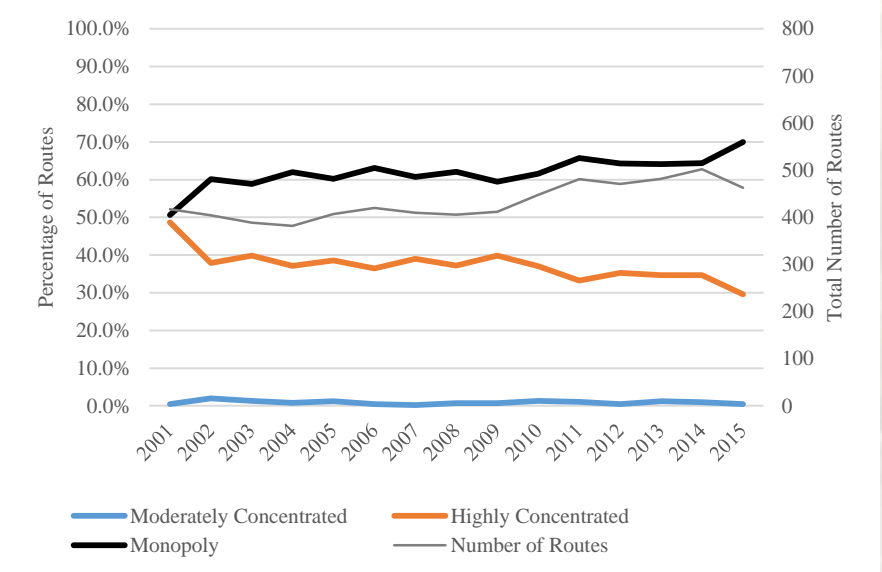


North Africa:

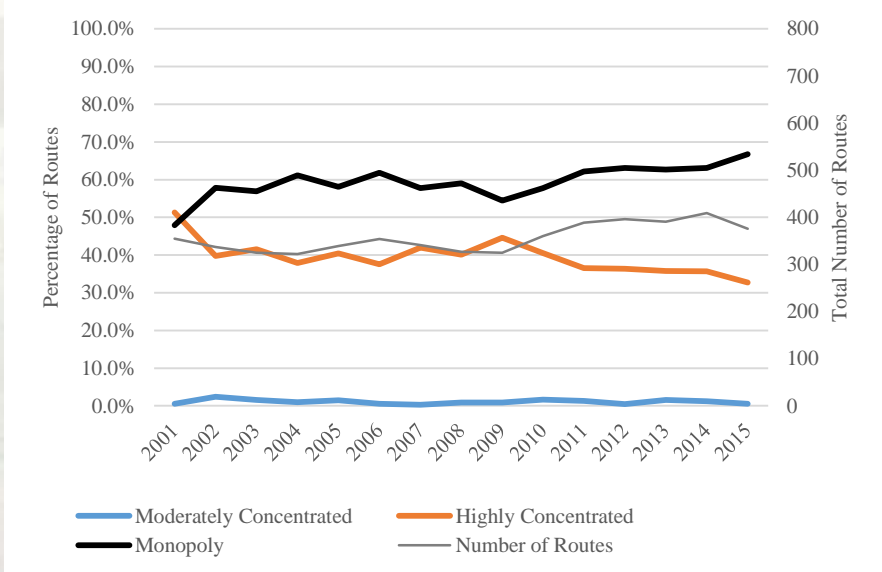


Competitiveness - International Routes

Sub-Saharan Africa:



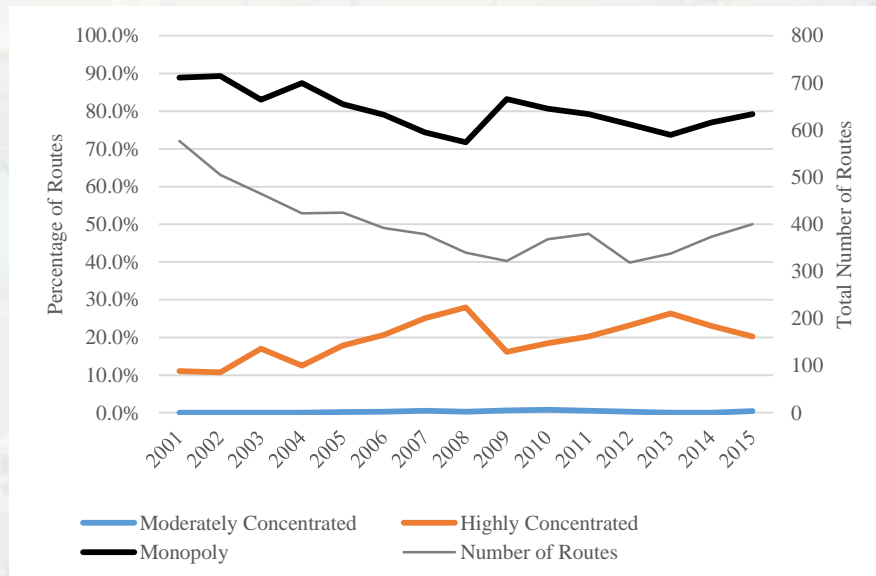
North Africa:



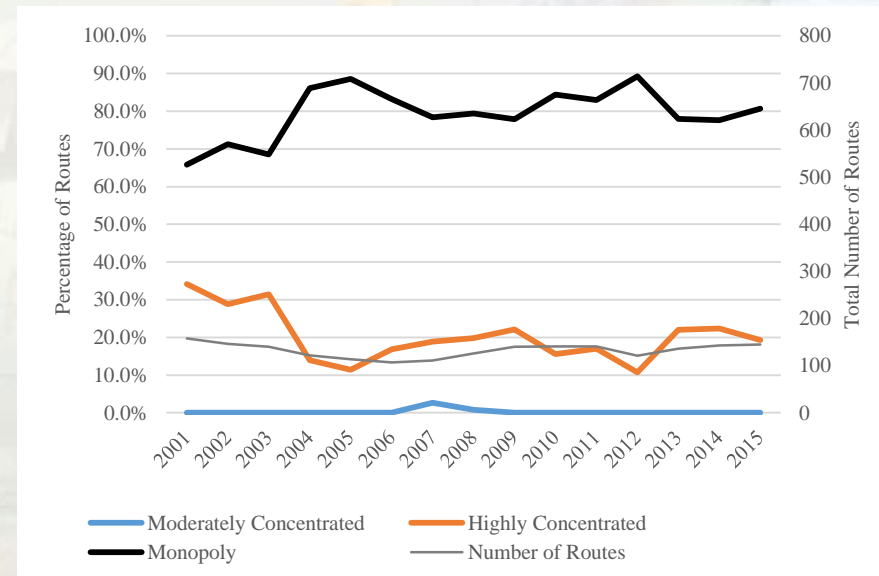
Note: For travel between the two, over 90% of routes are monopolies!

Competitiveness - Domestic Routes

Sub-Saharan Africa:



North Africa:



Note: For travel between the two, over 90% are monopolies

Challenges for the Sector

Air Safety in Sub-Saharan Africa:

- The worst statistics globally, though improving somewhat
 - Only four countries allowed to fly their airlines into the US:
 - Cape Verde
 - Ethiopia
 - South Africa
 - New: Nigeria, though World Bank engagement in improving oversight
- 15 out of the 24 countries mentioned in the EU Blacklist are African, with 14 being Sub-Saharan, and they are not all failed states!

Inefficient investments in the sector:

- Airport Planning
 - White elephants
 - Pervasive dreams of creating hubs
 - Every country thinks it should be a hub
- National Flag Carriers
 - Many failed ones being kept alive due to national pride (it's a long list...)
 - Frank Zappa Syndrome: "You can't be a real country unless you have a beer and an airline." (OK, so he qualified his statement: "It helps if you have some kind of a football team, or some nuclear weapons, but at the very least you need a beer.")

Thank You!

