

Data Bank: Regional Aviation Struggling in Africa



Pockets of regional airline success dot the landscape of the African continent, as slow progress toward liberalization of its commercial aviation sector is made. Even so, African carriers have much to overcome, including capital constraints, safety, security, disease and flight and management training. AIDS alone has cost thousands of highly skilled aviation professionals, including pilots, engineers and accountants. Liberalization in Africa has followed the usual pattern of consolidation and liquidation as well as the development of several strong regionals serving successful commercial centers throughout the continent.

With a mixed fleet of turboprops and jets, successful African regional service focuses on seven areas – Algeria, Senegal, Cape Verde-Cameroon-Gabon-Republic of the Congo, South Africa, Botswana, Madagascar and East Africa (Tanzania, Kenya and Ethiopia). The carriers – **Air Algerie**,

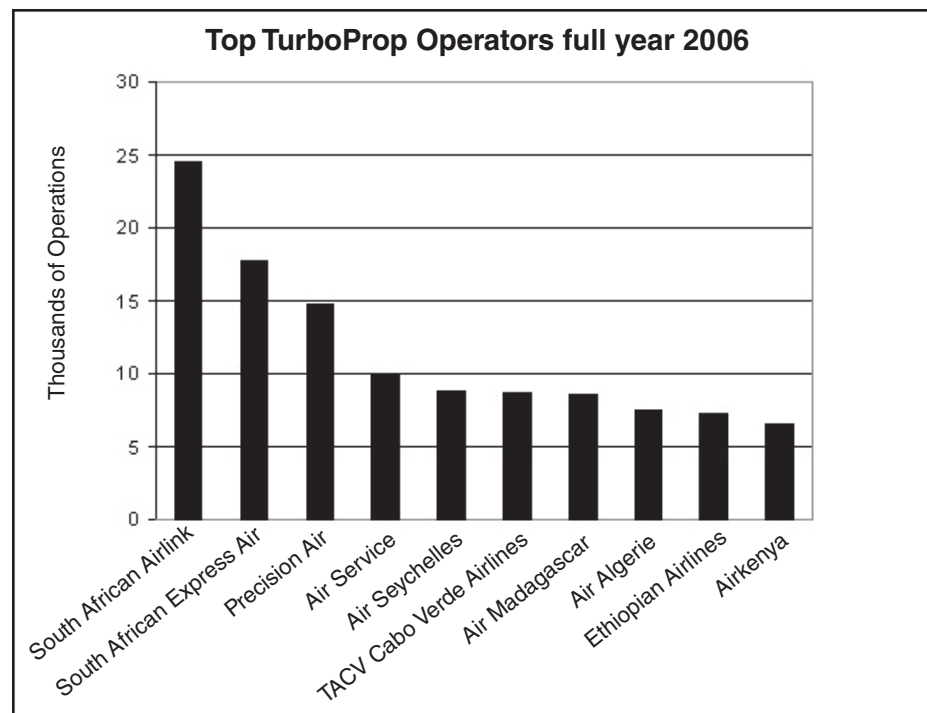
Air Madagascar, **Air Service Gabon**, **Air Seychelles**, **Airkenya**, **Ethiopian Airlines**, **Precision Air Services**, **South African Airlink**, **South African Express Airways**, **Transportes Aereos de Cabo Verde** and **Air Botswana** – operate a mixed fleet from the **Cessna Caravan** to the **Airbus A-300** and **Boeing [BA] B767**.

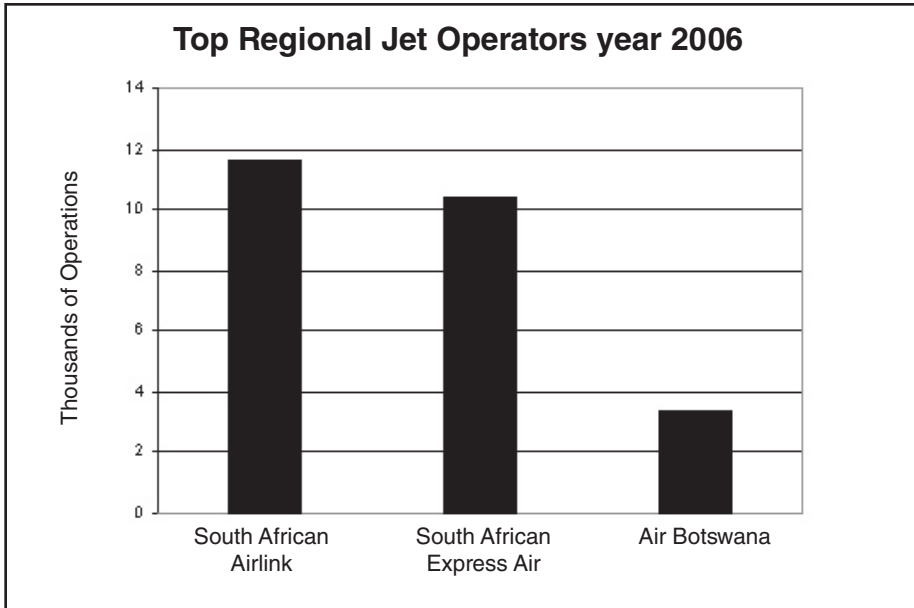
Regional jets, which have only made inroads in the South African market with South African Airlink, South African Express Airlines and Air Botswana, include the **Bombardier [BBD] CRJ**, **Embraer [ERJ] EMB-145**, **ERJ 135 ER/LR**, **Fokker F-28** and **BAe 146**. Indeed, South African Airlink and South African Express Air, independently owned regional partners of South African Airways, also are the two largest turboprop operators with **de Havilland Dash 8s** and **Jetstream 41s**. Airlink – restructured from the consolidation of five smaller airlines in 1995 – operates the Embraer and Jetstream aircraft,

while Express Air concentrates its fleet on six CRJs and seven Dash 8s. The rest of the African turboprop fleet includes de Havilland Twin Otters and Dash 7s, **Beech 1900s**, **Pilatus Britten-Norman Islanders**, **Shorts 360s**, **Fokker F-27s** and **ATR 42s** and **72s**.

Travel on the continent is limited to business and wealthy passengers, meaning yields are relatively high, according to a 2005 report *African Airlines in the Era of Liberalisation – Surviving the Competitive Jungle*, authored by Elijah Chingosho, technical and training director for the **African Airlines Association (AFRAA)**. Yields for the continent are 10.65 cents, slightly behind Asia at 10.9 cents and Europe at 11.61 cents. The yields, however, are counterbalanced by low load factors, low aircraft utilization, poor staff productivity and higher costs compared to other world regions. The region's biggest aviation challenge, besides the critical safety issues that forced the **European Union** to blacklist several African carriers, is changing the business model to make airline service more accessible to the majority of the African population. Transportation in Africa is further challenged by the fact that surface infrastructure is critically underdeveloped.

Chingosho noted in his report that the 41 AFRAA airline members employ more than 90,000 workers. He pointed to the decline in civil strife in the region as a major development and indicated that five countries – South Africa, Nigeria, Egypt, Morocco and Algeria – achieved over 7 percent growth rate and accounted for two-thirds of the continent's GDP in 2002. Indeed, South Africa accounts for fully one-third of the GDP. Even so,





include Comair and British Airways in South Africa and BA-Regional Air in Kenya. Regional Air is the sister company to Airkenya. Interestingly, Chingosho discussed only two low-cost carriers in his report – short-lived Flamingo Airlines in Kenya, started in 2000 using Saab 340s, and Kululu. Otherwise, the low-cost experiment is not yet conducive to the continent, which has few secondary airports that such carriers could exploit for their lower landing fees. Chingosho also said the thin markets and low productivity have conspired against such carriers.

Even so, he sees the future development of budget carriers as critical to the development of mass air transportation systems, and only then will African carriers reach their goals of social, political and economic integration. ✈

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the entire continent produces only 2 percent of the world GDP.

Regional markets have strong untapped potential, said Chingosho. He expects seven states to grow significantly, including Sudan, Democratic Republic of the Congo (DRC), Angola, Zimbabwe, Libya, Liberia and Sierra Leone. The areas with the greatest population are Nigeria, Egypt, Ethiopia, South Africa, DRC, and Algeria. South Africa is the only country with a well-developed airline industry. The other four have poorly developed domestic markets but have “huge existing potential,” Chingosho said. Having deregulated in the 1990s, South Africa, Kenya and Ethiopia have well coordinated route networks with efficient hub and spoke systems. Otherwise, domestic services throughout Africa are extremely limited, with the exceptions being Egypt, Nigeria and Angola.

Chingosho questioned the long-term prospects of small airlines such as Air Botswana, **Air Senegal** (the strongest emerging carrier having filled in after the demise of Air Afrique in West Africa), **Air Burkina** and **Air Ivoire**, owing to their size and undercapitalization. In East Africa, he

called Air Seychelles and Ethiopian Airlines strong and healthy regionals, with Ethiopian having an extensive intra-Africa network. In addition to South African, Chingosho also cited **Air Mauritius** as a healthy national airline, with a rapidly developing market. In North Africa, he points to Air Algeria as the strongest carrier.

Franchising in Africa – partnerships between majors and regionals – is relatively new and, besides the South African network,

