

## DIRECTORATE OF ECONOMIC REGULATION

### AIR TRANSPORT MONTHLY MONITOR: NOVEMBER 2020

#### [ATMM/04/2020]

Air Transport Monthly Monitor [ATMM] is a monthly digest of air transport sub-sector meant to share events that happened during the month in question both locally and globally. With information stakeholders and the general public are able to understand what is happening in the aviation industry and take appropriate action where necessary.

#### **World Travel Awards 2020 - Serengeti in Tanzania named Africa's leading National Parks:**

World Travel Awards was established in 1993 to acknowledge, reward and celebrate excellence across all key sectors of the travel, tourism and hospitality industries. Today, the World Travel Awards brand is recognized globally as the ultimate hallmark of industry excellence.

World Travel Awards celebrates its 27th anniversary year in 2020. Each year World Travel Awards covers the globe with its Grand Tour – a series of regional gala ceremonies to recognize excellence within each continent, culminating in a Grand Final at the end of the year.

World Travel Awards gala ceremonies are regarded as milestone events in the industry calendar, attended by the industry's key decision makers and figure heads, as well as key trade and consumer media. The programme, its winners and its sponsors are represented globally on social media, with fresh daily content on multiple platforms.

On 9th November 2020, World Travel Awards has unveiled its Africa 2020 winners to coincide with its inaugural Africa Winners Day.

**In the tourism sector winners included;** *Serengeti National Park Tanzania ('Africa's Leading National Park');* *Thanda Island, Tanzania ('Africa's Leading Luxury Island');* *Shambala Private Game Reserve,*

*South Africa ('Africa's Leading Private Game Reserve');* and *The Oberoi, Marrakech ('Morocco's Leading Hotel Suite')*.

**Other winners include;** *Kenya, with its tantalizing cocktail of epic savannah landscapes, immense herds of wildlife and palm-fringed beaches – voted 'Africa's Leading Destination', whilst its thriving capital Nairobi was named 'Africa's Leading Business Travel Destination'; and Kenyatta International Convention Centre collecting 'Africa's Leading Meetings & Conference Centre'. Cape Town was declared 'Africa's Leading Festival & Event Destination' and its majestic Table Mountain picked 'Africa's Leading Tourist Attraction'. The fascinating South African city of Durban was voted 'Africa's Leading City Destination'.*

**In the aviation sector;** Ethiopian Airlines lifted 'Africa's Leading Airline', whilst 'Africa's Leading Airport' went to Cape Town International Airport. Kenya Airways picked up both 'Africa's Leading Airline - Business Class' and 'Africa's Leading Airline - Economy Class'.

In the hospitality sector, Fairmont Mount Kenya Safari Club's unique comforts in the shadow of the mighty Mount Kenya helped it to the title of 'Africa's Leading Hotel', whilst Saxon Hotel, Villas & Spa, South Africa picked up 'Africa's Leading Boutique Hotel'. Aberdare Country Club, Kenya was voted 'Africa's Leading Green Hotel'.

The results follow a year-long search for the world's top travel, tourism and hospitality brands. Votes were cast by travel industry professionals and the public, with the nominee gaining the most votes in a category named as the winner.

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Graham Cooke, Founder, World Travel Awards, says: "Our winners represent the very best of Africa's travel and tourism sector and my congratulations to each of them. They have all demonstrated remarkable resilience in a year of unprecedented challenges."

#### **Tanzania aviation industry to undergo a massive facelift:**

Efforts to improve the country's air transport network have received a huge boost following the launch of 136bn/- strategic projects to repair and expand four upcountry airports. The launching ceremony of the projects to be executed in the regions of **Kigoma, Tabora, Shinyanga and Rukwa** was held in Dar es Salaam on last month.

Speaking at the launching ceremony, Permanent Secretary (PS) in the Ministry of Finance and Planning, Dotto James, said the European Investment Bank (EIB) will finance the projects set to run for up to 18 months. The PS said that the projects are part of the government's measures to ensure that the country has better transport services for stimulating economic growth. Mr. James said, upon completion, the refurbished airports will be able to accommodate big planes including airbus and bombardier, which would eventually boost trade between Tanzania and other countries as well as provide opportunity for other emerging businesses. *"The projects will involve construction of modern passenger lounges, airplane parking lots, control tower, run-ways and airstrips, and we will also construct fences for safety and tarmac roads to the airports,"* he said.

He said that the government has spent 4.4bn/-to compensate residents, who were evacuated from their lands to pave the way for the implementation of the projects.

Earlier, the Chief Executive Officer of the Tanzania National Roads Agency (TANROADS) Eng. Patrick Mfugale noted that the completion of the projects will connect the four regions with other regions in the country, making it easier for both economic and social activities to flourish. *"The airports will help boost the economy of those regions and the country at large as it will facilitate and ease the transportation of crops and other products to and from neighboring countries,"* he said.

He revealed that the construction of **Tabora Airport**, under the Beijing Construction Engineering Group, will involve a control tower, a 1.7km road entering the area, a new passenger lounge to accommodate 250,000 people per year as well as a safety fence among others.

**In Shinyanga**, the contractor will spend 18 months to construct a 2.2km road to the airport, electrical system, planes parking lot, run-ways and a modern passenger lounge to accommodate 115,000 passengers per year.

**"In Sumbawanga**, the contractor, Sino-Shine Overseas Construction & Investment East Africa will construct a 1.8 kilometres run-way strip, passenger building to accommodate 100,000 passengers, planes parking lot, car parking, security fence, control tower and electric system. This will take 18 months to its completion," he explained.

Eng Mfugale said the **Kigoma Airport** which its contractor will be obtained in the next few days, will involve renovations and construction of a new passenger lounge to accommodate 400,000 passengers per year, control tower, renovation of airstrips and construction of a waste management system.

For his part, Acting Director General of the Tanzania Airports Authority (TAA) Hamis Amiri said the implementation of the four strategic projects will also create employment to the locals and create more economic opportunities to the

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communities in those regions. *"We will supervise to ensure that the projects are implemented and completed on schedule timeframe so as to bring the intended outcomes. We will also monitor to ensure that the projects meet the required standards so as to last long,"* he said.

Meanwhile, the Permanent Secretary used the same platform to issue clarification that the 50 million US dollars the government received recently from the African Development Bank (AfDB) will be used to support the country's budget. He said the funds for the budget support are always poured into the consolidated fund and can be spent on any development project. He said the AfDB issued that unconditional loan in recognizing the fact that the Covid-19 has affected Tanzania's economic activities and revenues collections.

### **Tanzanian Aviators trained on Quality Management System:**

About 150 Tanzania aviators attended the six weeks International Air Transport Association (IATA) courses by the National Institute of Transport designed to enhance capacity for Tanzania Civil Aviation Instructors.

The School of Aviation Technology Principal Denis Mwageni quoted, *"Offering IATA courses at NIT will provide an opportunity for Tanzanians seeking to study these courses at affordable costs."* The courses that started in September were a unique opportunity for trainees to secure employment in any leading global airline, he added.

Among others, the IATA approved courses covered Quality Management System (QMS) for civil aviation, Safety Management System (SMS) for civil aviation, Human Factors (HF) in Ground Operations, Internal Auditing

and Crew Resource Management (CRM) Implementation.

The courses participants were drawn from Tanzania Civil Aviation Authority (TCAA), Air Tanzania Company Limited (ATCL), Precision Air, Tanzania Government Flight Agency (TGFA) and other senior practitioners in the air transport industry in the country.

NIT was recently accredited by IATA as a centre to offer four short courses on airline customer service, airline marketing, airport operation fundamentals and global distribution system fares and ticketing.

Speaking at the closing ceremony, IATA Instructor from America, Andre Aurelian reminded the courses beneficiaries that, commitment is the best thing when it came to safety in the aviation industry.

### **The Government set to buy five new Aircrafts:**

The government is set to buy five new aircrafts including a cargo aircraft in the next five years to support its ambition of becoming an industrialized country and business hub in the region.

The decision was announced by Dr. John Pombe Magufuli, The President of United Republic of Tanzania while opening the 12 Parliament in Dodoma on 13 November 2020.

Speaking to the Members of Parliament, Dr. Magufuli said the cargo aircraft will support agriculture and livestock sectors, horticulture production and fish fillet export in particular for optimal support of government development plans. Tanzania performance in horticulture production has improved where it currently holds a 22 position in the world.

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Currently Tanzania does not have a reliable cargo airlift services, thus the move will not only boost the agriculture sector alone but also the civil aviation industry.

Similarly, President Magufuli announced that his government is set to build a modern international airport at Msalato in Dodoma as well as rehabilitate and upgrade a number of airports, including Kigoma, Shinyanga, Tabora, Mtwara, Songea, Iringa, Manyara, Tanga, Mara, Lindi, Singida and Simiyu.

Meanwhile, Dr. Magufuli insisted that, Tanzania needs to have more indigenous millionaires, thus his government is ready to sit down with the local sector and negotiate on challenges that affect the sector.

#### **IATA Reviews:**

#### **International Air Connectivity Crisis threatens Global Economic Recovery.**

The International Air Transport Association (IATA) released data revealing that the COVID-19 crisis has had a devastating impact on international connectivity, shaking up the rankings of the world's most connected cities.

- London, the world's number one most connected city in September 2019, has seen a 67% decline in connectivity. By September 2020, it had fallen to number eight.
- Shanghai is now the top ranked city for connectivity with the top four most connected cities all in China—Shanghai, Beijing, Guangzhou and Chengdu.

- New York (-66% fall in connectivity), Tokyo (-65%), Bangkok (-81%), Hong Kong (-81%) and Seoul (-69%) have all exited the top ten.
- Africa suffered a 93% decline in connectivity. Ethiopia managed to buck the trend. During the first peak of the pandemic in April 2020, Ethiopia maintained connections with 88 international destinations. Many aviation markets reliant on tourism, such as Egypt, South Africa and Morocco, were particularly severely impacted.
- Asia-Pacific saw a 76% decline in connectivity. Stronger domestic aviation markets, such as China, Japan and South Korea performed better among the most connected countries in the region. Despite the relatively large domestic aviation market, Thailand was severely impacted perhaps because of the country's high reliance on international tourism.
- Europe experienced a 93% fall in connectivity. European countries saw significant declines across most markets, although Russian connectivity has held up better than Western European countries.
- Middle East countries saw connectivity decline by 88%. With the exception of Qatar, connectivity levels reduced by more than 85% for the five most connected countries in the region. Despite border closures, Qatar allowed passengers to transit between flights. It was also an important hub for air cargo.
- North American connectivity declined 73%. Canada's connectivity (-85% decline) was hit more heavily than the United States (-72%). In part, this reflects the large domestic aviation market in the United States, which despite a significant passenger decline, has continued to support connectivity.

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- Latin America suffered a 91% collapse in connectivity. Mexico and Chile performed relatively better than the other most connected countries, perhaps due to the timing of domestic lockdowns in these countries and how strictly they were enforced.

The study reveals that cities with large numbers of domestic connections now dominate, showing the extent to which international connectivity has been shut down. *“The dramatic shift in the connectivity rankings demonstrates the scale at which the world’s connectivity has been re-ordered over the last months. But the important point is that rankings did not shift because of any improvement in connectivity. That declined overall in all markets. The rankings shifted because the scale of the decline was greater for some cities than others. There are no winners, just some players that suffered fewer injuries. In a short period of time we have undone a century of progress in bringing people together and connecting markets. The message we must take from this study is the urgent need to re-build the global air transport network,”* said Sebastian Mikosz, IATA’s Senior Vice President for Member External Relations.

IATA’s 76th Annual General Meeting called on governments to safely re-open borders using testing. *“The systematic testing of travelers is the immediate solution to rebuilding the connectivity that we have lost. The technology exists. The guidelines for implementation have been developed. Now we need to implement, before the damage to the global air transport network becomes irreparable,”* said Mikosz.

Air transport is a major engine of the global economy. In normal times some 88 million jobs and

\$3.5 trillion in GDP is supported by aviation. More than half of this employment and economic value is at risk from the collapse in global air travel demand. *“Governments must realize that there are major consequences for peoples’ lives and livelihoods. At least 46 million jobs supported by air transport are in peril. And the strength of the economic recovery from COVID-19 will be severely compromised without the support of a functioning air transport network,”* said Mikosz.

IATA’s air connectivity index measures how well connected a country’s cities are to other cities around the world, which is critical for trade, tourism, investment and other economic flows. It is a composite measure reflecting the number of seats flown to the destinations served from a country’s major airports and the economic importance of those destinations.