



Optimizing aviation's impact via a “Smarter Regulations” approach

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To represent, lead and serve the airline industry



IATA IN BRIEF

Global trade association for the world's airlines

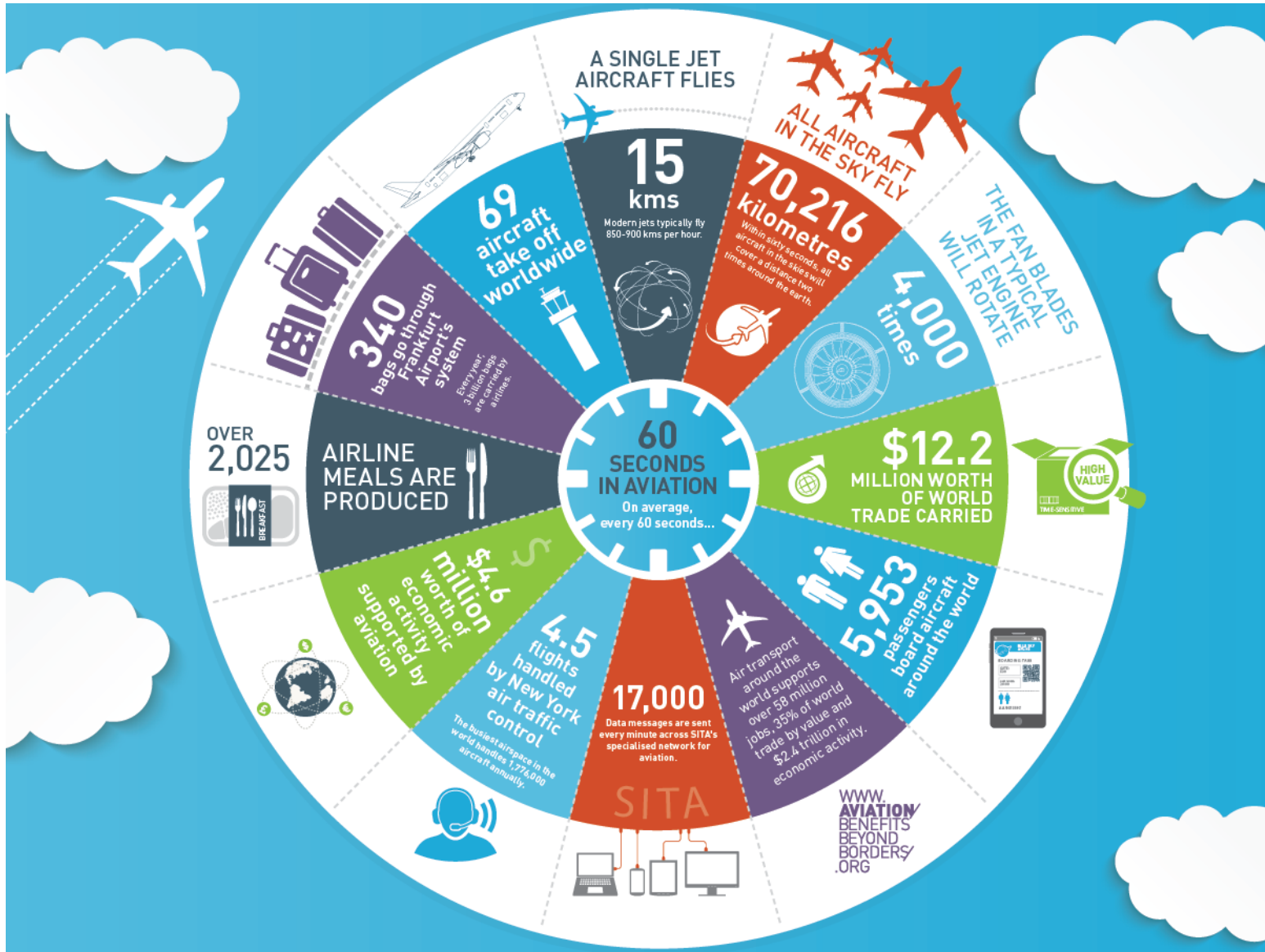
290 passenger and cargo carriers

84% of global air traffic

Meeting our members' needs



Aviation as a Force for Good...

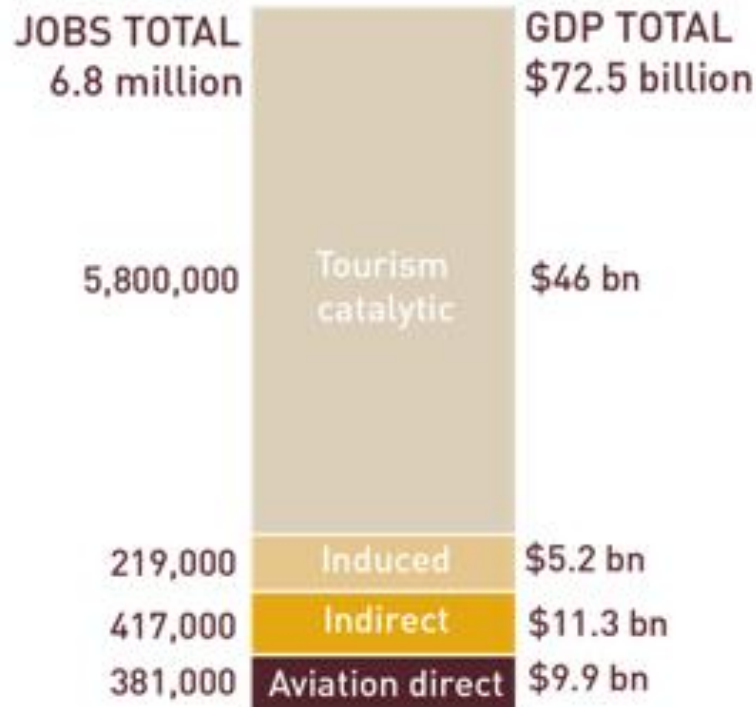


The Business of Freedom



Aviation as a key economic enabler

Total jobs and GDP generated by air transport in Africa, 2014



76.6 million passengers

1,033,398 flights

369 commercial airports

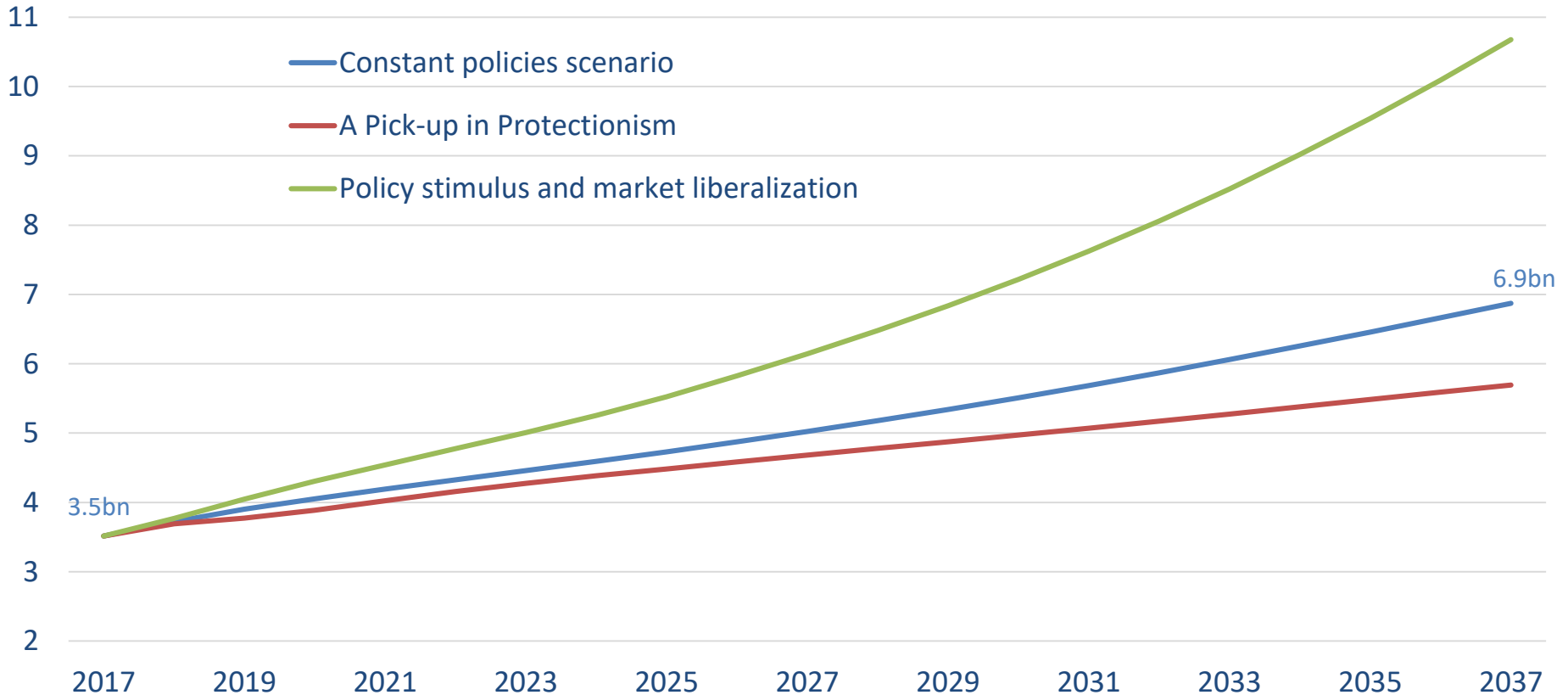
244 airlines

38 air navigation service providers



Demand for air travel to double over the next 20 years

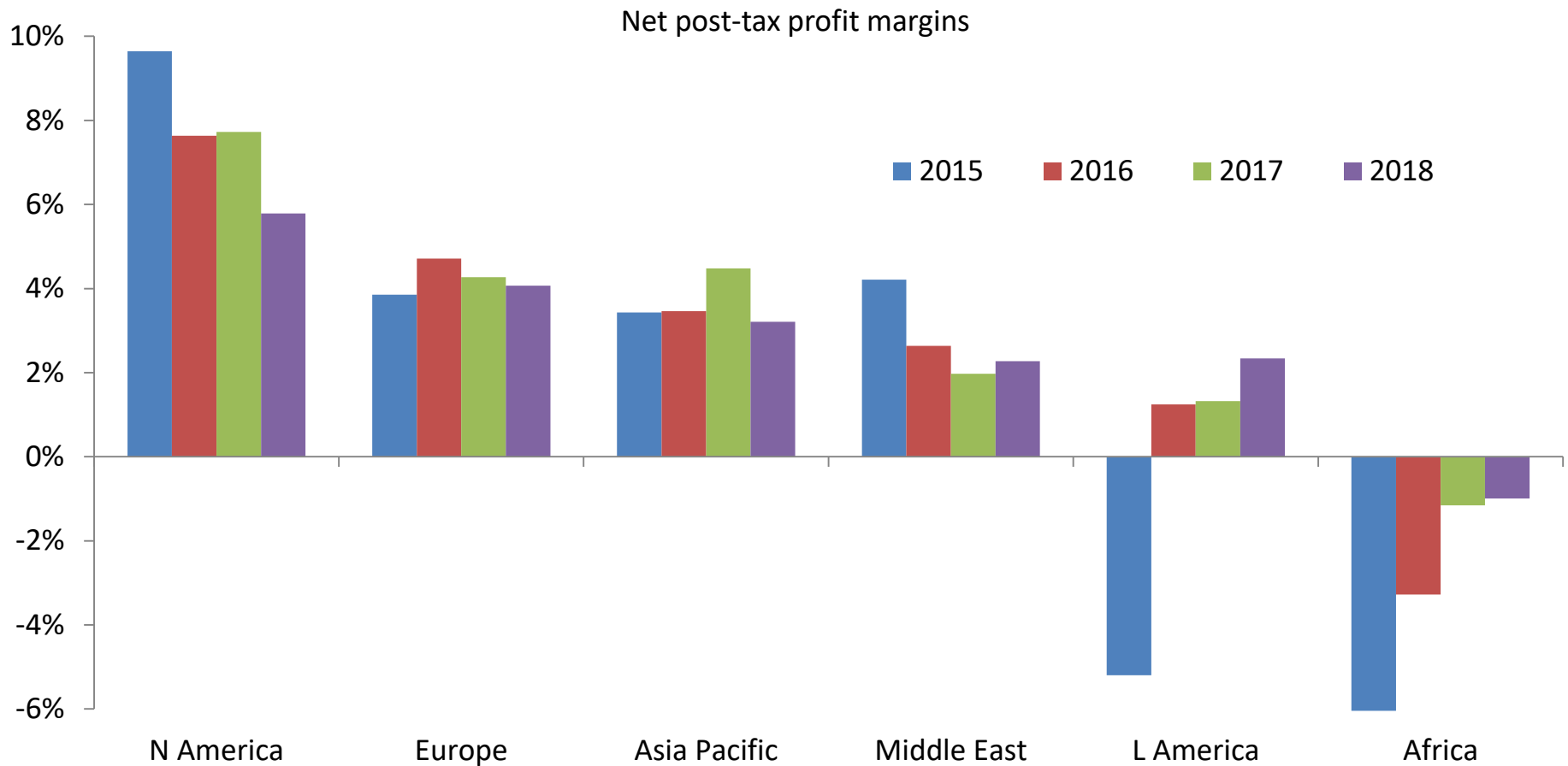
Global passengers (billion, O-D basis)



Source: IATA/Tourism Economics

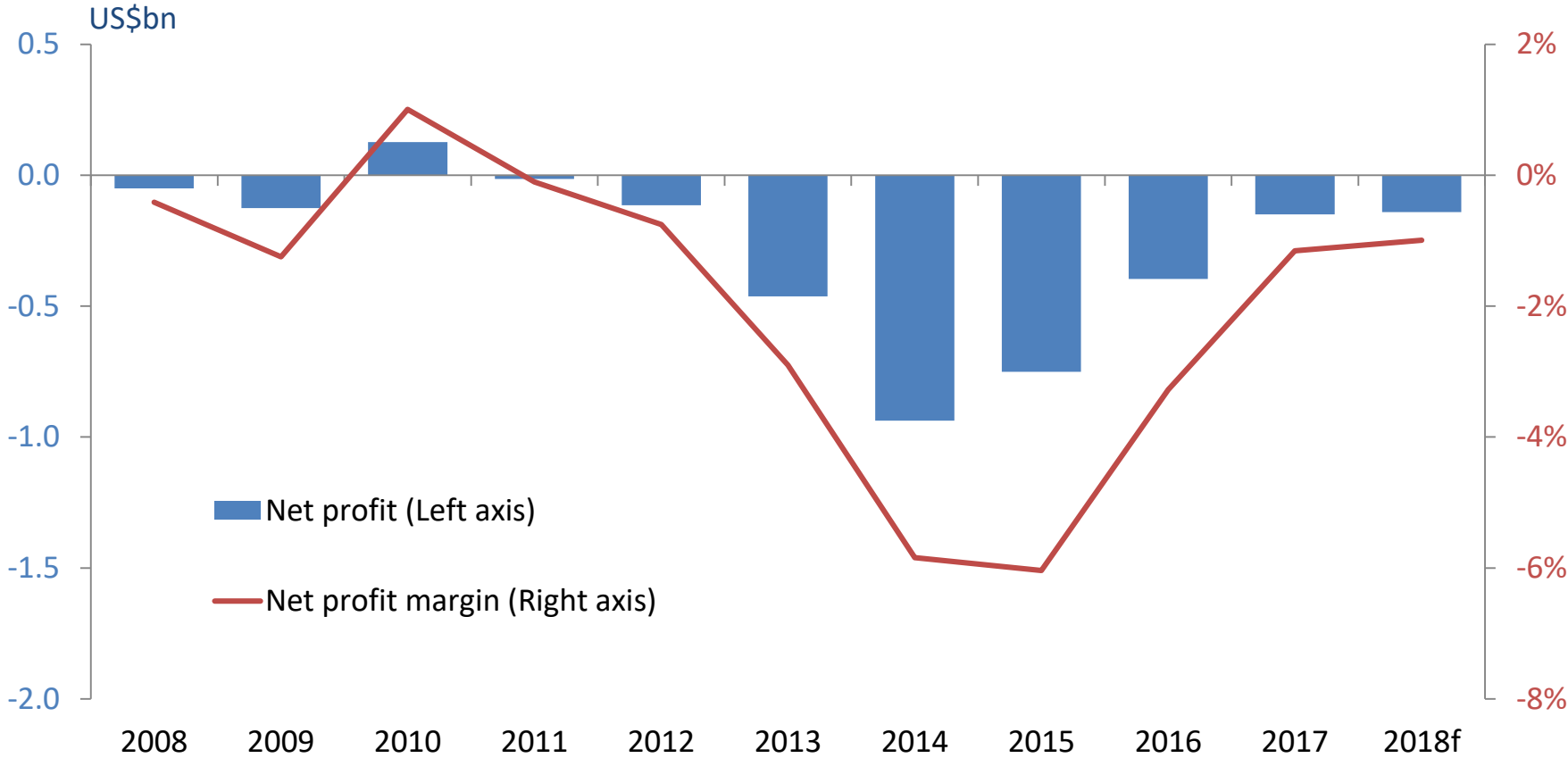
www.iata.org/economics

Regional profitability remains very uneven



Source: IATA Economics using data from ICAO, The Airline Analyst, IATA forecasts

Regional (net) profitability – Africa



Source: IATA

What does African aviation need?

1. Continuous improvement in Safety and Security
2. The full implementation of the Single Africa Air Transport Market (SAATM)
3. **Regulatory & policy harmonization**
4. Optimized infrastructure – ground and air
5. Ease of intra-African mobility (Visas/customs)
6. Reduce taxes and charges - competitiveness
7. Human capacity development
8. Multi-sector collaboration





THE VALUE OF AVIATION

Why is aviation so important?

Aviation delivers a wide range of benefits & value to different groups of people and organizations.

Aviation is one of the **key drivers** of the advancement of modern society. This is due to its ability to physically connect individuals over a wide geographical area safely and quickly. It is one of the key pillars to **unlocking the economic potential** of any nation. Aviation flies a third of world trade by value and it transports over half of international tourists. Aviation is also a connector of nations, families and businesses. It is a direct link between the rapidly developing economies of Asia, Africa, Middle East, Latin America and the more established European and North American markets.

What "value" does aviation bring?

Aviation drives the global economy, it drives national economies and it supports businesses.

Economic Value: Aviation creates jobs, facilitates economic activity, supports trade and encourages investments, transports products to markets, allows business meetings to take place and agreements to be made, amongst many other enabling traits. If aviation were a country, it would rank 21st globally. It supports 82.7 million jobs worldwide and contributes to 3.5% of global GDP with the potential to achieve much more.

Social Value: Beyond aviation's critical contribution to economic growth and prosperity, it also **connects the world** by enabling families and friends to see each other and enables tourists to visit other countries. In addition, aviation allows people to learn about other cultures, customs and peoples, which fosters increased understanding of others and can help drive greater social harmony and avoid conflicts. Aviation facilitates new experiences, which in turn drives innovation. Aviation makes large international conferences, sporting and other events possible. Aviation enables **disaster relief and aid missions** and **supports the achievement of the UN's Sustainable Development Goals (SDG)**.

Aviation promotes harmony & prosperity, helps people learn new things, have more enriching lives and...be happy!

Aviation in action...

Aviation delivers incomparable value to national development and economic growth.

Countries that have **strategically** utilized the aviation industry to holistically develop their economies have grown in leaps and bounds over a relatively short period of time and continue to enjoy **immense socio-economic value** from aviation e.g. Singapore, UAE, Rwanda, India, to name a few of many examples.

Today, Singapore is widely regarded as a successful trading centre and global business hub. However, Singapore does not have large amounts of natural resources or a particularly large population base to rely upon. Its economic success is underpinned by the fact that it is an accessible and open country in which to do business. Trade is particularly important to the Singapore economy: the value of goods traded in Singapore in 2012 was over three times its annual GDP. Singapore's position as a global trading and business hub would not be possible without its strategic emphasis on aviation as shown through its high degree of air connectivity and supporting enabling infrastructure.

How should aviation be regulated?

Create an environment in which airlines can contribute economically and socially – and at the same time prosper themselves.

The enormous economic and social potential of aviation is clear. But it is not guaranteed. **A 1% drop in aviation's growth rate will lead to an 8% decrease in jobs generated by aviation and a 17% drop in economic activity supported by air transport.** With so much on the line, how can we ensure that aviation meets its potential?

One important way is through the adoption of a regulatory framework in which the industry can **sustainably** contribute socially and economically and at the same time prosper itself. We encourage the authorities to regulate the industry in a way that will allow it to **stimulate economic growth and job creation**, as well as provide the **numerous social benefits**.

Many states have adopted smarter or better regulation programs, which seek to deliver clearly defined, measurable policy objectives in the least burdensome way. A policy framework which incorporates these principles positions a country for sustainable aviation growth.

Following the lead of governments in this area, IATA adopted its own **smarter regulation methodology** in 2014. The set of principles seeks to capture the common themes among the various government or international organization programs worldwide. It includes process principles to ensure a **transparent, consultative, objective-driven approach** to policymaking, and design principles that should guide the design of an individual piece of regulation.



SMARTER REGULATION

What are the effects of regulation on the aviation industry?

Regulations should enable airlines operate efficiently – free from unnecessary financial and operational costs.

A proliferation of regulations and policies inconsistent with international best practice (e.g. ICAO SARPS and policy guidance), or which are simply detrimental to the **growth and sustainability** of the aviation sector, creates **operational and financial burdens** for the industry and makes it difficult for aviation to deliver on its promise.

However, a national or regional policy framework consistent with international best practice and with globally accepted smarter regulation principles, **can unlock** the full value of aviation.

No regulation is the same, different needs require different types of regulation.

Correct. However, if regulators are able to incorporate the Smarter Regulation principles into their regulatory processes and into the design of specific pieces of regulation, aviation industry stakeholders will operate in an environment that enables them to operate sustainably, provide immense socio-economic benefits and deliver aviation's full value.

The below methodology can be practically applied to almost every area of the aviation industry. These include but are not limited to **Economic Regulations, Safety, Security, Licensing and Certifications, Taxation & Charges, Slots, Passenger Rights, Unruly Passengers, Environmental issues, Facilitation and Operational issues, Ratification of international treaties, etc.**

The key to Smarter Regulations is effective communication through **consultation** and engagement with all relevant stakeholders to ensure **alignment and optimal outcomes** for all parties.

THE SMARTER REGULATION METHODOLOGY

POLICY DESIGN PRINCIPLES	PROCESS PRINCIPLES
Consistency and coherence – Regulations should be consistent with existing (and planned) rules and practices that are applicable to regulated activities so that there are no overlaps and contradictions (nationally or internationally).	The objective of the regulation should be identified based on sound evidence and available alternatives must be considered to select the most appropriate solution.
Proportionality – Regulations should be used only when their necessity is demonstrated and should be proportionate to the problems identified so that the costs of compliance are minimized by pursuing the most cost-effective solution.	There should be an assessment of the impacts from the regulation.
Targeted at risk – Regulations should have specific and well-defined objectives that respond directly to the problems identified. Whenever appropriate, flexibility should be given to those being regulated to meet defined objectives.	The drafting of the regulation should involve those who are potentially affected; the decision making process should be transparent and objective .
Fair and non-distortive – Regulations should be applied fairly and not create discriminatory burdens on any group/s in particular.	The process of developing the regulation should focus on reducing the compliance burden and allow for regular and systematic review (and subsequent modification, if needed) to ensure that the regulation is still appropriate.
Clarity and certainty – Audiences subject to regulatory compliance need to clearly know the regulations that will apply, what is expected of them, and have sufficient time to be able to comply with new requirements.	There should be clear procedures to respond to adjudications and appeals and to revise the regulation if necessary.

What do we mean by “smarter regulation?”



Smart regulation is regulation that promotes and enables the growth and sustainability of any industry. It delivers clearly defined, measurable policy objectives in the least burdensome way.



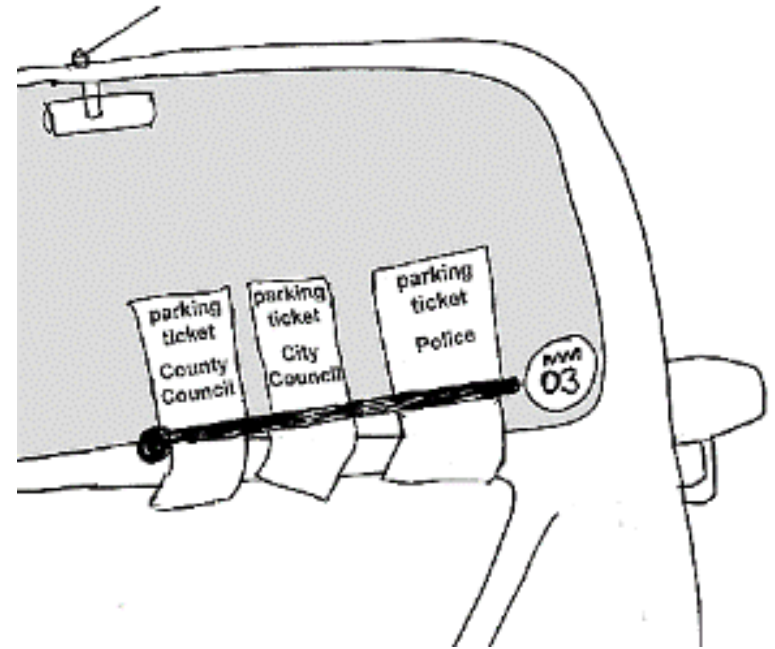
What it means....

- Partnership with governments that will results in well-designed regulations
- Recognition of similar effective initiatives launched by some governments and regulators
- Incorporation of best practices and global standards
- Achieve efficient policy outcomes that avoid unintended consequences.
- A set of common sense principles



Smarter Regulation: Core Design Principles

- Consistency and coherence
- Proportionality
- Targeted at risk
- Fair and non-distortive
- Clarity and certainty



Smarter Regulation: Core Process Principles

- Addresses a clear need
- Impact assessment
- Consultative
- Transparent and objective
- Reduces compliance burden
- Regular review
- Appeal



Government of the United Kingdom

HM Government



Focus: Regulatory Impact Assessment (RIA)

- A tool used to examine and measure the likely benefits, costs and effects of government policies
- An analytical framework for decision making:
 - ✓ Clear identification of the underlying policy problem and specific options for addressing that problem.
 - ✓ Organizes and consolidates a menu of options for decisions at early stages of policy development
 - ✓ Provides an objective and transparent basis and criteria for decision making

Focus: Consultation

- Public participation can help governments understand stakeholders' needs and ensure their feedback is considered.
- Consultation should be done at the earliest stages of the policy development process and if possible at various stages so that it helps governments collect data and the results can be used effectively.
- European Commission: “listen more closely to citizens and stakeholders, and be open to their feedback, at every stage of the process – from the first idea, to when the Commission makes a proposal, through to the adoption of legislation and its evaluation”.

RIA & Consultation together reinforce best practice

- Affected stakeholders are in a unique position to contribute to an accurate cost-benefit analysis, as well as identify unintended consequences
- Aviation example: imposition of new taxes and charges
- Consultation on RIA efforts therefore critical to share the burden and create an accurate picture of regulatory costs
- Timing of RIA & Consultation also critical as proposals can change during the legislative process

The benefit of hindsight (or an impact assessment)...

Tourism to lose billions over new travel laws

Jun 10 2014 07:00 Fin24



Cape Town - New regulations for passengers travelling by air with children will cost the tourism sector over R6.8bn in losses and could result in job cuts, warned the Board of Airline Representatives South Africa (Barsa) on Monday.

The ministry of home affairs amended immigration regulations concerning **travelling with children** amid concern about the growing issue of child trafficking.



Visa regulations hurting tourism industry - report

2015-06-23 19:00

Adam Wakefield, News24

news24



Johannesburg - The new immigration regulations that came into effect at the beginning of the month are already hurting the South African tourism industry, according to a new report released on Tuesday.

The impact assessment report, compiled by the Tourism Business Council of SA, named two changes in the regulations that directly affected tourism.

The first was the requirement for all children



South Africa's new Immigration Laws should be Repealed

POSTED BY ADMIN ON 13 AUGUST 2015 IN FREE SKIES, NEWS | 585 VIEWS | LEAVE A RESPONSE

I have been reading a lot of articles and watching news on television about South Africa's new immigration laws that went into effect in October 2014 and in June this year. Having read these articles and watched the news, I've come to the conclusion that South Africa's journey to prosperity will be long, very long. Along the way severe turbulences will come – that will, at times, reverse the socio-economic gains the country has made.



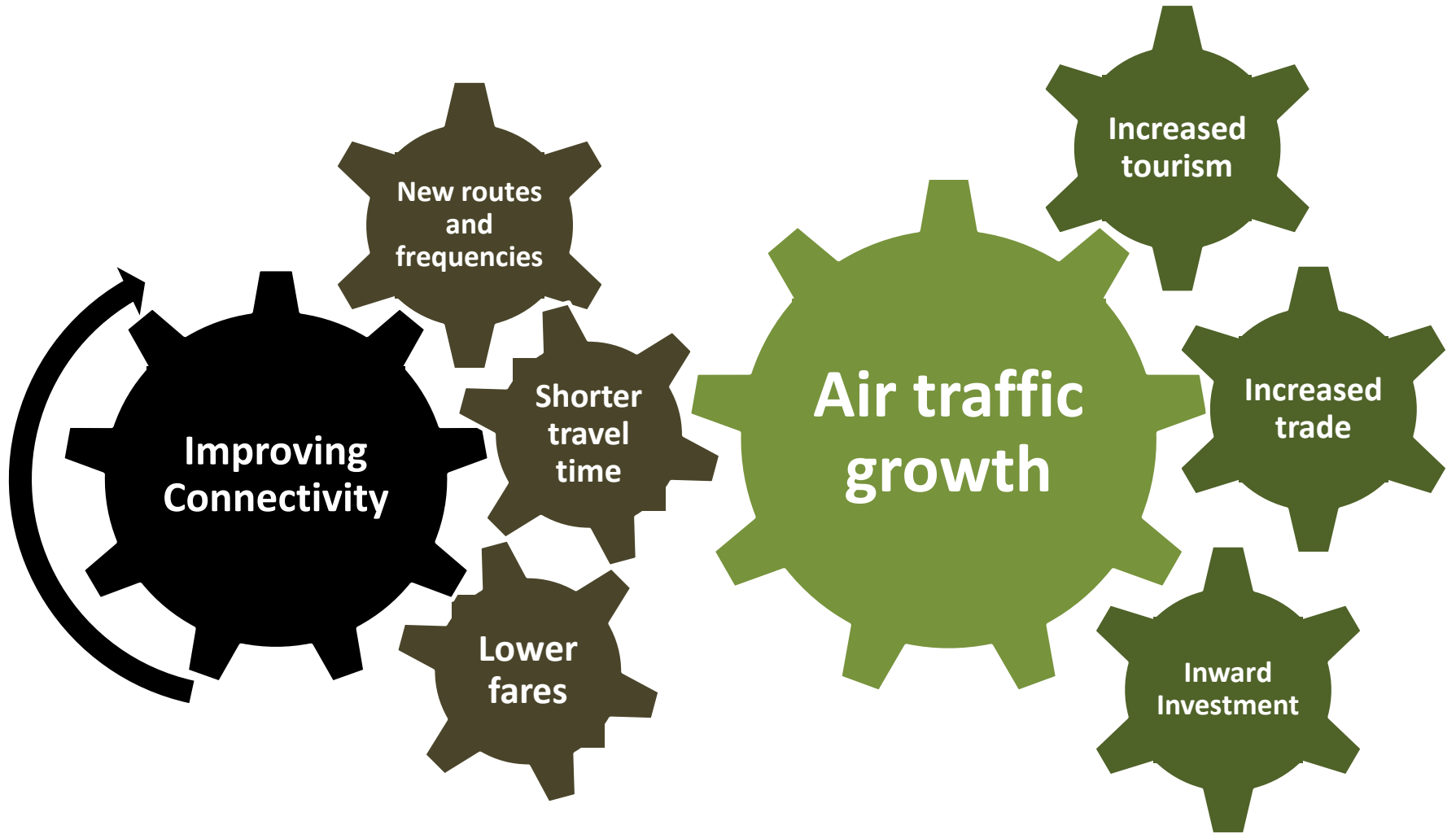
Where do we need a smarter regulation approach in African aviation?

The policy framework which underpins aviation development

- Safety & Security
- Connectivity
- Airline repatriation of funds
- Infrastructure
- Environment
- Taxation, etc



The impact of a favourable regulatory environment in Africa



SAATM Priority Implementation Plan 2018/2019

Key Issues for Consideration

1. Pillar 1: Advocacy for Effective Operationalisation of the SAATM
2. Pillar 2: SAATM Regulatory Framework
3. Pillar 3: Operationalization of SAATM
4. Pillar 4: SAATM infrastructure
5. Pillar 5: SAATM- Enhancing Safety and Security
6. Pillar 6: SAATM – Financing the Aviation Industry

Key Takeaways

- **Efficient and effective regulation supports quality of life, social cohesion and the rule of law**
- **Smarter regulations:**
 - ✓ Helps achieve policy objectives at minimum cost
 - ✓ Ensures that policy is prepared, implemented and reviewed in an open, transparent manner
 - ✓ Supports regulations that are in the best interest of the public, justified, effective and transparent
- **Stakeholders are in the best position to inform government policies**
 - ✓ Avoiding unintended consequences
 - ✓ Expanding options for efficient regulatory choices





Thank you



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