

Presentation to CILTSA Air Cargo Conference



SINCE 1944

Birchwood Hotel May 2008

Presentation to CILTSA Air Cargo Conference

CAASA and KASARDA – the
winning solution?



Purpose of Presentation

- Explain who CAASA is and what it does;
- Share with you a very interesting economic theory which highlights the importance of air cargo operations in the modern economy.



Who is CAASA?

- Founded in 1944;
- CAASA is a non profit organisation;
- Promotes and protects the commercial interests of General Aviation;
- CAASA is the umbrella body for 7 affiliate associations



Our objective

“to serve, promote, watch over and protect the interests of General Aviation and act as a link between the industry and Government”.



What CAASA does ?

– Direct services

- Communicate through CAASA Newsletter
- Monthly Economic Report – *Slipstream* written by Dr Roelof Botha
- Annual Membership Directory
- Advice on Aviation matters
 - Leasing
 - Maintenance
- Membership Benefits;
 - Insurance
- Free subscription World Airnews;
- Aircrew Cards;
- Discounts;
- Liaison Services.



What CAASA does?

– Indirect service

- Protection of the aviation business environment through effective representation at –
 - CARCOM;
 - CAA/Industry Liaison Forum;
 - NASCOM;
 - TETA MANCOM;
 - Aerospace Chamber MANCOM;
 - Aerospace Chamber SDF Forum
 - BBEE Aviation Charter Negotiations;
 - World Cup Fora;
 - SAWS ACAM
 - OPSCOM – Operational User Committee
 - ACSA / ATNS Tariff Negotiations
 - HIV/ AIDS in Aviation Forum



AAD

- CAASA is one of the “partners in Africa Aerospace and Defence”;
 - Profits from the exhibition are shared between AMD, ARMSCOR and CAASA (70% of CAASA’s funding comes from AAD);
 - AAD serves as a showcase for the products and services of the industry.
 - AAD helps popularize Aviation and Air General Aviation with the other aviation sectors.



Recent achievements (1)

- The correction of the George Approach Procedure within 10 hours;
- Preventing ATNS increasing user fees beyond 2.5%;
- Limiting the FFA Air Service License Exemption to 12 months instead of requested 24 months;
- Limiting the restrictions on training in FAD 70 E;



Recent achievements (2)

- Persuaded SACAA to reform Certification Section;
- Persuaded SACAA to reverse policy on Helicopter Registration Marks;
- Persuaded SACAA to review AIC 18-18



Recent Achievements (3)

- Successfully lobbying DoT to re-appoint crucial member of Air Service Licensing Council;
- Persuading SACAA to dispense with sending Airworthiness Inspectors to check new aircraft before issuing CoA.



Future plans



- Certification / accreditation system similar to IOSA;
- Dispute resolution system for members;
- Supplemental Rescue / Emergency fund (for amounts not covered by insurance);
- Expand Membership Discounts and schemes;
- Increase membership and influence of CAASA and affiliates;
- Increase co-operation with other sectors of the aviation industry.

Future plans

- Represent GA in the negotiation of a BB-EE Scorecard for the industry-
 - Organise a presentation by DoT on BB-EE Charter for Aviation;
 - Lobby DoT to change defining criteria for Small Enterprises (SE's);
 - Lobby Government to invest in GA in return for participation in GA.



Importance of Air Freight : Kasarda's Development Theory

Kasarda, Green and Sullivan argue that-

- (i) In the new economy, air cargo drives economic development by growing trade and GDP;
- (ii) Aviation liberalisation, good customs services and lower corruption contribute to greater economic development through higher levels of foreign investment.



Importance of Air Freight : Kasarda's Development Theory contd...

They use case studies and statistical data to illustrate the lead role that Air Cargo plays in the growth of trade , foreign direct investment and GDP and how this role is influenced by air liberalisation, customs quality and corruption



Importance of Air Freight : Kasarda's Development Theory contd...

- Air Cargo drives economic development because-
 - Currently, the most successful companies are not individual productive units, but globally dispersed networks relying on components produced at various locations throughout the World;
 - Due to high value to weight and time critical nature of the components, air transport most suitable transport mode;
 - Those countries that have well established air cargo infra-structures have a competitive advantage in the global economy



Correlation between Air Cargo volume and GDP

- Kasarda argues that there is a direct correlation between levels of air cargo volume and GDP and GDP per capita;
- If one knows the world GDP or world air cargo volume for a particular year, one can predict the other with a 98% accuracy;
- Since GDP and air cargo volumes evolve jointly, they are casual and highly inter-dependant.



Correlation between Air Cargo volume and GDP

- When compared with changes in trade and GDP, emerges as a growth leader ie-
 - US Economy over the period 1992-2002 expanded by 38 percent, trade by 57% and air cargo value by 83%;
 - Hong Kong over the period 1992 – 2003, air cargo % of trade increased substantially faster than other modes of trade as it pushed Hong Kong's overall trade upward



Aviation Liberalisation and Foreign Investment

- Kasarda conducted case studies wrt the Philippines, China and Dubai to show how aviation liberalisation contributed to greater economic development;
- Structural equation models were used to illustrate that higher quality customs service and lower levels of corruption increased economic growth.



Policy Implications for Developing Countries

- It is argued that Governments of developing Countries in order to facilitate air cargo and thereby promote economic growth, should-
- Improve customs practises and fight corruption;
- Liberalise their bilateral agreements and reduce protection of national carriers



How Correct is Kasarda?

- Any comments.....

The End

