

**'IMPROVING POSITIVE COMPETITIVENESS IN THE
AIR TRANSPORT SECTOR'**

**BEING PAPER PRESENTED BY THE EXECUTIVE
COMMISSIONER CORPORATE SERVICES FEDERAL
COMPETITION AND CONSUMER PROTECTION
COMMISSION (FCCPC) ADAMU AHMED
ABDULLAHI,**

**AT THE AIRPORT BUSINESS SUMMIT AND EXPO
AFRICA HELD AT NIGAV CENTRE MURTALA
MOHAMMED INTERNATIONAL AIRPORT LAGOS,**

ON MONDAY 21ST JUNE 2021

The Distinguished Members of the Senate,

Distinguished members of the Senate Committee on Aviation, here present

Honourable Members of the Federal House of Representatives,

Honourable Members of the House Committee on Aviation, here present

The Honourable Minister of Aviation,

The Permanent Secretary, Federal Ministry of Aviation,

The Directors of the Federal Ministry of Aviation,

The Chief Executive Officers of Aviation Parastatals,

The Chief Executive Officer of Federal Competition and Consumer Protection

Commission,

The Chief Executive Officers of Airlines in Nigeria,

Gentlemen of the Press,

Distinguished Guests, Ladies and Gentlemen.

I feel greatly honoured and privileged to have been invited to this important summit; and more so for being considered to present a paper on the topic “improving positive competitiveness in the air transport sector:

Air transport sector is anchored on four (4) major components; which are:

- Safety,
- The strength of the airlines,
- Infrastructural facilities and
- Highly skilled manpower.

These components constitute a vital tool for ensuring positive competitiveness if properly followed and encouraged in the sector. Aviation World wide is one of the most regulated sectors, where every equipment, airports, personnel, air traffic control, must be satisfied licensed; to ensure safety, security, regularity and passenger comfort.

Today, with the development of the web and other ICT infrastructural capabilities, the level of awareness of an average air traveler has grown. Air transport service providers are making frantic efforts in creating quality service for their customers, ground handling companies are improving their service, and airports are coming up with the state of the art facilities to attract airlines thus leading to an improved healthy competition in the aviation sector.

In Nigeria the confidence of the air traveling public has been restored with the introduction of modern aircrafts benefit of Nigeria full implementation of the Cape Town convention, and the Consumer Protection Provisions. The 35 years old DC9S, Boeing 737-200 series, Boeing 727s and BAC1-11s that populated our airspace have now been replaced with brand new Boeing 737-700 series, new Bombardier CRJ 900 series and Dash-8, Q400s- the fleet of helicopters in the oil sector has virtually been replaced with brand new ones.

The ICAO universal safety Audit of Nigerias effective implementation of standards and recommended practice capabilities, IATA IOSA Gap Analysis of all Airlines, FAA certification; the attainment of category I status, and ICAO Security Audit have all put the minds of the International Aviation community at rest. Nigerian registered Airlines can now imitate flights to and from the USA. Nigeria today leads the Global Aviation Safety Roadmap for Africa and has become the template for Regional Safety oversight organization endorsed by ICAO, through COSCAP Programme, the FAA through its Regional Assistance safety team and support of the World Bank Assisted Programme.

Regrettably, the same has not happened for the aviation infrastructure. Our airports cannot compete favourably with world established airport; and the dream of turning Murtala Mohammed Airport Lagos into a Regional hub is far from being realized.

Most of the nations terminal buildings require modern functional ones with the state of the art technology. Our apron spaces are congested and grossly inadequate, thus not being able to minimize timing in the area of facilitation.

Runways are undulating and deteriorating, and have outlive their design life.

On the whole, critical safety support services are all stretched to their limits.

Associated services at the airport such as Airport Rescue and fire fighting services, water and power supply are outdated.

Air navigation services (ANS) comprising the entire CNS ATM are in an even more deplorable state. Replacement of obsolete communication equipment, improvement of the Navigational equipment are necessary if our airports must compete positively with world established airports.

The degree of competition faced by airports varies strongly with market conditions.

Capacity constraints in relation to airlines needs and hub functions is a veritable tool. Aeronautical and non-aeronautical activities are important sources of revenue and demand for such services is complementary. Airports physical capacity to handle flights is determined mainly by runway and terminal capacity. African states have come up with a declaration called Yamoussoukro declaration: The objective of the declaration is to come up with a new African Civil Aviation policy, that will create a conducive environment for the development of intra-African international air service; granting of traffic rights and the elimination of non-physical barriers that hampers the sustainable development of air transport services in Africa on the bases of equality. Notwithstanding the above efforts, the West African sub-region has also come up with an accord call the Banjul Accord Group for Aviation Safety Oversight Organization (BAGASOO).

The aim of the accord is for the purposes of promoting cooperation and solidarity for the safeguarding of international air transport in the West Africa sub region, and to encourage the possibility of amalgamation of national airlines into a larger; more efficient, competitive entity in the provision and management of air traffic services, flight operations, with a well co-ordinated safety oversight co-ordinated multilateral approach to the negotiation of agreements with respect to granting of traffic rights and open skies liberalization, so as to compete positively with EU and American airlines on global market.

These are all efforts made to ensure positive competitiveness in the aviation sector.

Avoiding fare discrimination or predatory pricing by airlines. Airlines before commencing flight operations, must are to file their fare, tariff or fare

adjustments showing all rates, add-on-charges, terms and conditions of carriage for both free and reduced rates with the Authority.

The airlines have to obtain approval from the Authority to introduce and or increase add-on-charges or surcharges such as fuel, internet booking, insurance, security and similar surcharges prior to implementation.

If an air carrier that offers a service fails to apply the fares, rates, charges or terms and conditions of carriage set out in the tariff that applies to that service, the Authority shall direct it to pay compensation for any expense incurred by a person adversely affected by its failure to apply the fares, rates, charges or terms and conditions set out in the tariff.

The Director General may decide, at any time to disallow or suspend a basic fare which taking into account the whole fare structure for the route in question and other relevant factors including the competitive market situation, is excessively high to the disadvantage of consumers in relation to long term fully, allocated relevant cost of the air carrier, including a satisfactory return on investment.

Before an air carrier publishes tariff through an Agent the carrier shall file with the Authority a letter authorizing the Agent to act on its behalf. For any unfair methods of competition and anti-competitive practices, it shall be unlawful to enter into any contract, arrangement, understanding or conspiracy between two or more parties in the civil aviation industry where such contract, arrangement, understanding, or conspiracy constitutes a restraint to competition. The protection of consumers rights is also paramount in ensuring improved positive competitiveness in the aviation sector. Consumers have the right to choice, to be hard, to redress, to a conducive environment, to value for money paid for service, and information.

The abuse of dominant position by some airlines to eliminate competition have been addressed by the Nigeria Aviation Regulations (Nig CARS 2015)

An Airline, service provider or Operator abuses a dominant position if it impedes the maintenance or development of effective competition in a market and in particular is engaged in any of the following:

- Restriction of entry of any other Operator into any other market or preventing or deterring any Operator from engaging in competitive conduct in the relevant route or market, eliminating or removing any operator from the relevant route or market.
- Directly or indirectly imposing unfair, discriminatory or predatory tariffs or fares, purchase or selling prices or other anti competitive practices through any discount, allowance or rebate practice in relation to the supply of services, etc.

These are all efforts made to ensure positive competitiveness in the aviation sector. This paper simply highlights some measures that if taken seriously and followed to the letter can bring about an improved positive competition in air transport.

Distinguished fellow participants and discussants,

Ladies and Gentlemen, I thank you all for your patience and attentive audience