

Being Text of an address by the GMD/CEO of Nigerian Aviation Handling Company (NAHCO) Plc at the Airport Business Summit & Expo, 2021, holding at NIGAV Expo Centre, Murtala Muhammed International Airport, Lagos

Topic : Resolving Cargo Ground Handling Operational Challenges

Date: June 22, 2021

All protocols duly observed.

It gives me great pleasure and honour to stand before you my dear colleagues, champions and leaders of the aviation industry in Nigeria.

Ours is a prestigious and highly regulated industry, therefore, for the industry to continue to function and grow under a safe and secure environment, we all as stakeholders need to work together in surmounting what challenges we face. It is on this premise that I wish to start by thanking the organizers of the Airport Business Summit for putting together this laudable event and bringing together various stakeholders within the aviation industry to discuss on key issues affecting the industry. Mr Fortune Ndu, I salute you for your focus and commitment to NIGAV and being committed to keeping this up as an annual event.

I also use this opportunity to thank the Federal Minister for Aviation, for sustaining his passion and drive to ensure aviation is rightfully positioned in our nation and that Nigeria takes it rightful position as a leader in African Aviation. I also thank Captain Nuhu, DG NCAA, for ensuring a sustained enabling environment and Captain Yadudu MD, FAAN for a fully operational airport system in our nation.

The year 2020 was a difficult year for our industry in Nigeria and the world in general as we were greatly affected by impact of the covid 19 pandemic. We witnessed the closure of our airspace, the drop in cargo and passenger volumes and revenue. Through the proactive measures put in place by the government and various regulators within the industry we were able to contain the spread of the virus and are glad that business is slowly beginning to return to normal.

It is a known fact that the ground handling sub sector of the aviation sector is a major and important player, grappling with several challenges, ranging from poor airport facility, lack of funding, governmental challenges, and multiple taxation. I can talk for a whole day on the challenges being faced by ground handling companies, but since the topic dwells on resolving the operational challenges, I will limit my comments to that.

In resolving our operational challenges, we need to spell out in clear terms what constitutes challenges. These include poor infrastructure, lack of low interest capital, difficulty in ease of doing business and lack of synergy amongst stakeholders.

Let me present a few of these challenges.

1. Ensuring business sustainability in a growing industry

Post COVID, there has been a global stabilisation and potential growth in cargo movement post COVID. Combining this with the current trend of freighting cargo through passenger airlines has brought material additional requirements. 3 times more resources is required in terms of manpower and equipment. We have continued to provide cargo ground handling services seamlessly without compromising safety, standardisation and efficiency and sometimes at the same pre COVID rates.

2. Safety and Ground handling incidents and decision making on the ramp

Safety is our primary core value in NAHCO, an essential part of our SIIRRE (Safety, Integrity, Innovation, Respect, Reliability and Empathy). With increase in ramp operations, complexity in ground equipment, traffic control systems, and diversity of service providers on the ramp to implement our corporate goal of reducing Ground handling incidents is a constant battle.

Overcoming this challenge has led to a revamp of our HSEQ team and the focus is to constantly synchronise all elements of our ground handling teams to promote and ensure safe and secure service. The challenge is to ensure that this is done within the ramp microcosm that involves other parties, ATC from NAMA, Marshaller from FAAN, fueler etc. It is worthy of note that NCAA and FAAN have worked on a framework to drive this. It is important that this is continuously worked on and improved to concretise and establish a lasting ramp safety culture that cuts across all parties.

3. The challenges of limitation in infrastructure

The increase in air traffic especially with respect to cargo is putting material pressure on the apron especially at Cargo Ramp at MMIA.

FAAN needs to face this head on to enable Nigeria actualise the full potential of air cargo in Nigeria.

NAHCO's facilities have evolved from the old facilities transferred from FAAN. Many of these require upgrade, refurbishment and replanning. Getting approval for these is most times very challenging.

With the inflation this becoming more expensive to achieve. We require more space to make our facilities full automated, have simple but effective security systems, be environmentally friendly etc. We are unable to achieve this effectively. We have approached FAAN for assistance in this regard and also for the opportunity to operate those being built by FAAN.

This will not doubt be of immense benefit and value to shippers, consignees, agents, the agents, the airlines, the airport, the aviation industry and the nation as a whole. A visit to any cargo terminal outside these climes will show case the reasons why.

4. Technology

Just like passengers demand for better travel experience, cargo customer demand same and there is a push for more automation of cargo warehousing system. IATA is at the forefront of an e cargo system. Today e-manifest has come to stay

Safety, prevention of aircraft damage, sustainability and the drive to become green are driving changes in the design and operations of Ground Support Equipment (GSE) and operations. This calls for more investment in these new equipment and systems. We have through the Aviation Ground Handlers Association of Nigeria (AGHAN) appealed to government for duty waiver and low interest rate loans and grants similar to that given to airlines. I use this opportunity to appeal to the Honourable Minister and DG to assist us in this regard.

In summary, as a ground handler, one of our major challenge is being able to provide adequate infrastructure, facilities, and equipment to service our customers due the capital-intensive nature of the aviation business. This has been greatly hindered by the lack of access to cheap long-term funds which can be used to purchase and replace aging equipment as well as improve our infrastructure.

Just like the other critical industries where government has directly supported them through various incentives, Ground handlers and not just the airlines should be able to access these special loans to be able to run our business, as everyone is aware the aviation industry is a capital-intensive industry that requires a lot on investments in equipment, spares, infrastructure, and training. The cost of purchase and maintenance of Ground Support Equipment is astronomical and in foreign currency.

In the area of airport infrastructure, we greatly require the support of FAAN in the provision and maintenance of key infrastructure within the airports such as scanning machines, electricity, security etc as these greatly hinder our activities. Having to provide for some of these facilities or take on some of these responsibilities put additional pressure of our already dwindling revenue.

Our warehouses, though built and maintained by us at 100 percent, are Customs bonded. As such we require the support of customs and all other regulatory agencies that operate within our warehouses to support us in providing an enabling and harmonious environment that complements our operations. The operating hours of these agencies has material impact on our operational flexibility in managing our airlines requirements. In addition, shippers and consignees constantly request harmonisation of their activities to simplifying the import and export processes and encourage them.

Nahco as part of its 5-year transformation plan as the leading grand handler in Nigeria embarked on the projects to surmount some of these challenges. These include the purchase of new ultra-Morden equipment to replace our aging fleet. We have upgraded and refurbished our warehouses and purchased and installed new scanning machines and cold rooms at our warehouses.

In resolving the challenges, we are glad about the coming on board of Association of Ground Handling Companies of Nigeria (AGHAN). The association is in constant touch with the FAAN and other regulators, pushing for reforms to aid industry growth. It is our prayer that the government and the aviation authorities will cooperate with the association, so that these lofty ideas will see the light of the day.

It is pertinent to note that there is increased support from NCAA as well as a deepening of relationship between FAAN and Ground Handling Companies, as FAAN has become more receptive, and has given some concessions that will aid our operations. We believe that the newly found synergy will help.

I wish to end on this note, with thanks to all participants at this forum for their time and attention. My request is that they continue to support NIGAV and look forward to all of us attending next year's EXPO.

Olatokunbo Fagbemi (Mrs)

GMD/CEO

NIGERIAN AVIATION HANDLING COMPANY PLC