

The Airports of the Maghreb Face the New Century

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Africa is an example of dynamism and vitality. Despite the harsh living conditions across much of the region today, the youth of its population and the great economic development the continent will undergo in the coming years invite optimism with regard to the generation of opportunities and the improvement of the social conditions of its inhabitants. In 2018, four of the world's ten fastest-growing economies were African: Libya, Rwanda, Ethiopia and Côte d'Ivoire. In this economic awakening, due consideration must be given to the development of trade both within Africa and beyond, on an international scale. The mobility of people and goods will be essential to fostering this trade and air transport must not be left out.

The Maghreb, in North Africa, is a crucial part of the western Mediterranean region. Comprising both European and African countries, this latter region has long been and will continue to be a place for economic and cultural exchange. The development of transport infrastructure and services on both shores is key to encouraging and strengthening all manner of relations; however, above all, it is directly involved in improving living conditions in the Maghreb. In the recent history of the Maghreb countries, infrastructure – for both transport and other purposes – has never been so essential to creating wealth and accelerating all kinds of economic activity. It is no exaggeration to say that the North African countries that make up the Maghreb are home to one of the most important transport corridors on the continent.

The five Maghreb countries – Mauritania, Morocco, Algeria, Tunisia and Libya – comprise the transport corridor known as the Trans-Maghreb Multimodal Corridor. The corridor is multimodal because it is intended to encourage interaction and complementarity between the various forms of transport – road, rail, sea, and air – to allow people and goods to move as efficiently and agilely as possible. It is a corridor of prosperity and economic and social progress because it can stimulate new economic activities, which, in turn, foster the development of the countries that host them. Unfortunately, however, the corridor is not yet an established reality, notwithstanding the efforts that have been dedicated to it. It is a major transnational project that, in the coming years, will put into play the capacity of the Maghreb countries to reinvent themselves, overcome political or ethnic strife, and cooperate to enable the implementation of a project that will guarantee the region's common good and, consequently, that of the western Mediterranean as a whole.

The overall figures for the Trans-Maghreb Corridor and the other infrastructure making up the main network in the Maghreb region are remarkable: 21,880 km of roads, of which 13,844 have been laid; 11,110 km of freight rail, of which only 2,399 have been laid; 7,584 km of passenger rail, of which only 794 km are fully operational and 1,031 are in urgent need of modernization; etc. And the list of the infrastructure that gives meaning to the corridor goes on, including ports (28 in service), airports (26 in service) and logistics platforms, which are rapidly emerging as freight hubs. Currently, there are only three in operation in the entire Maghreb, but 17 new ones are planned. Together, this infrastructure must make it possible to build the corridor, which will involve substantial outlays not always within the means of the Maghreb countries. It is thus necessary to be aware

of this reality and search for alternative sources of funding to enable the infrastructure's implementation. It is a daunting, but utterly necessary task.

Five Short-Term Challenges Facing Maghreb Airports

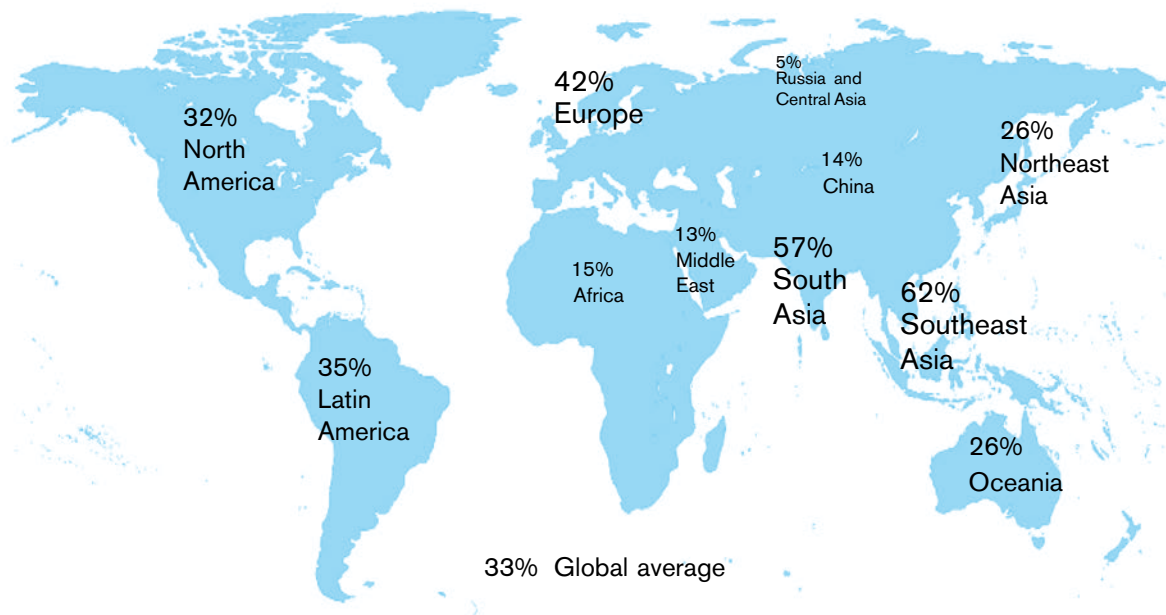
The airports of the Maghreb, mostly located along the Trans-Maghreb Corridor, are an essential part of the project. Already prominent players today, they will only become more important in the near future in terms of the development of new economic activities. In both the Maghreb and beyond, air transport in Africa is essential to ensuring the movement of people and, albeit to a lesser extent, goods. Improving air connectivity at the domestic level, as well as the African regional and international level, will clearly help internationalize the economy and give rise to new challenges based on the emergence of new economic activities. However, air transport development is lagging compared to other regions of the planet, such as Europe, which has a much higher degree of airport maturity, or Asia, especially South-East Asia, whose air transport industry is experiencing non-stop growth.

Indeed, certain issues must still be dealt with to improve air transport in Africa in general and, although on a smaller scale, the Maghreb, too. Specifically, the industry faces five short-term challenges. Perhaps the largest one is to achieve greater liberalization of the African airport market through the creation of a single market with freedom of movement for airlines and the continent's citizens. By 2018, 28 countries had endorsed the Single African Air Transport Market (SAATM) project, an outstanding milestone for the Maghreb countries. Achieving this single market will also mean relaxing the bilateral air transport agreements between African countries. In particular, liberalizing traffic rights and, especially, those of the fifth freedom, must become a priority in the short term to promote air cabotage on the continent.

The preservation of national airlines, or "flag" carriers, as state assets that thus depend on public coffers remains a reality in Africa as a whole and the Maghreb region in particular. Additionally, the presence of low-cost carriers in Africa is amongst the smallest of any continent, which again stands in contrast with the situation in Europe and Asia. As has occurred in other regions of the world, the deployment of low-cost carriers across Africa is expected

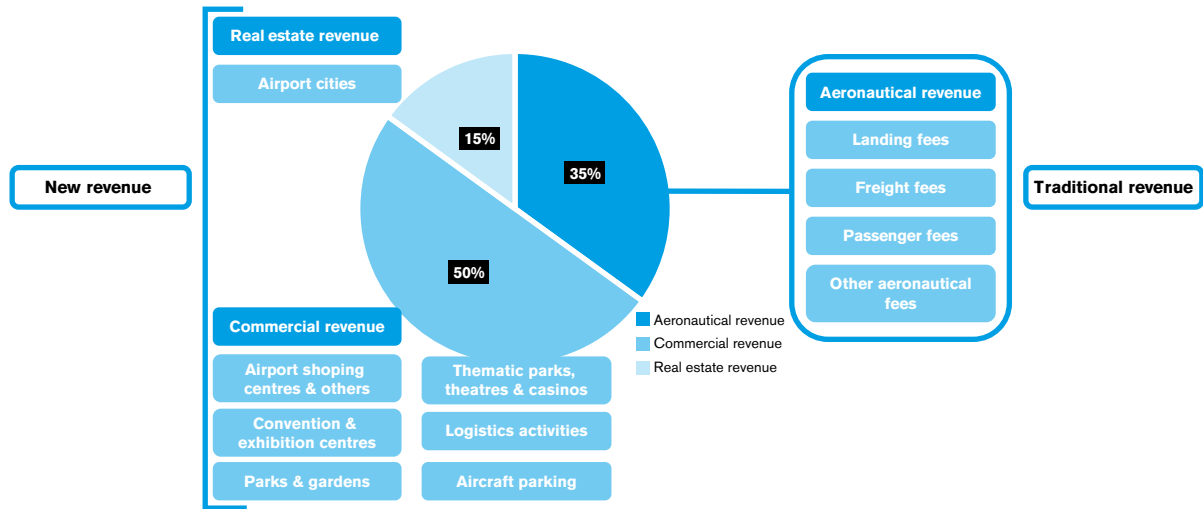
MAP 5

Global Presence of Low-Cost Airlines



Note: Annual seats, short-haul only (<3,000nm).

Accounting for just 15% of all the continent's airlines, low-cost carriers make up a small share of airlines in Africa compared to other regions of the world. Source: "Commercial Market Outlook 2019-2038" (Boeing).



Globally, including at airports in the Maghreb, the airport industry is undergoing a transformation process that is leading to revenue diversification. Airport fees, which were formerly an essential part of airport revenue, are losing ground to commercial and real estate revenue. Source: CETMO (2018).

to grow in the coming years, which will subject traditional airlines to increased pressure due to the emergence of these new competitors. The result of these changes will be the necessary restructuring of the state-owned airlines to allow them to compete on better terms with the low-cost newcomers.

Improving air connectivity at the domestic level, as well as the African regional and international level, will clearly help internationalize the economy

However, one unexpected circumstance is affecting, and will continue to affect, the African air transport industry in general and that of the Maghreb countries in particular, namely, the Covid-19 pandemic that emerged in late 2019 and has since spread around the world. Its impact on airline and airport activity, as well as that of other sectors of the economy that depend on them, such as tourism, is still impossible to say. Airlines' resilience in a situation of imposed economic paralysis will need to be taken into account in defining short- and medium-term future scenarios. Any airport strategy that is

drawn up will have to fully factor in how the Maghreb airport map will look in the wake of the global coronavirus crisis.

With regard to airlines, the incidence of Covid-19 has already prompted interesting moves by various Maghreb airlines. In an effort to achieve greater economies of scale, the Moroccan carrier Royal Air Maroc recently joined the One World alliance, which includes such large and important airlines as British Airways, American Airlines or Iberia. Joining the alliance will allow the Moroccan flag carrier to expand its destination network through partnership agreements with other alliance members. But that alone will not be enough. Both Royal Air Maroc and other Maghreb airlines will need to be able to meet their high fixed costs for several months of complete inactivity. Because they are state-owned companies, these urgent needs will require the region's countries to grant substantial loans to ensure their financial liquidity and continuity in the aftermath of the pandemic.

Covid-19 will also affect how airports operate. The coming years will see a significant transformation of the airport business. Whilst airports have traditionally based their revenue on strictly aeronautical activities (transport services) through the collection of airport fees, the future will be characterized by a diversification of revenue streams to include non-aeronautical activities, such as retail, real estate,

advertising or services targeted at end users, i.e. passengers, who will increasingly be regarded as airport customers. Airports are the epicentre of a transformation that will place travellers at the centre of the business. Major airports around the world are shifting their focus to travellers as the main source of revenue, which means that airlines, and the fees they pay to operate at airports, will no longer account for the brunt of a commercial airport's operating account. This trend has already reached Europe; sooner or later, it will reach the Maghreb, too. When it does, it will call for a thorough rethinking of the airport business in each country, where airport management remains almost entirely within the public sphere.

One last issue that is crucial to air transport in general and to airports in particular will shape the agenda in the coming years: the ability to become sustainable infrastructure aligned with the Sustainable Development Goals (SDGs) outlined by the United Nations. Sustainability, which must be understood to consist of a social, economic and environmental dimension, is an essential feature of any 21st-century infrastructure and airports are no exception. Any airport or airport system must be able to ensure a threefold level of sustainability.

Social sustainability refers to the degree of permeability of an infrastructure, including airports, in relation to the society around it. In other words, it refers to the degree of accessibility that citizens have to it regardless of their socioeconomic standing. Sus-

tainability also has two other equally important components. The first is an infrastructure's economic sustainability; the second, and perhaps better known, is its environmental sustainability. But both are very important. First, any infrastructure, and this is especially true for airports, must be economically viable, something that historically has not always been taken into account in the planning, design, construction and management of new airports. However, in addition to economic sustainability, an infrastructure's environmental sustainability must be taken into account, based on its ability to be environmentally friendly.

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The Maghreb airports must be able to become sustainable on all three levels. Only by achieving this threefold condition will they be able to satisfactorily transition to modern infrastructure adapted to 21st-century requirements.