

Africa's Cargo Market And Opportunities In Aircraft Conversion

By Patrick Leopold

Over the last couple of years, levels of air cargo within the African continent have demonstrated a consistent augmentation, surpassing those of any other region according to IATA. In general, due to the associated credit risks, lessors are more cautious to lease to this market. The aviation industry takes a different format in Africa as airlines are predominantly state-owned, and those that are privately owned have a greater tendency to struggle. There remains a significant amount of fragmentation in the African market as the connection throughout Africa is less unified and a coherent market is yet to be achieved.

From a cargo perspective, there are certainly many opportunities in terms of demand for air freight, a contributory factor to which is the emerging and augmenting middle-class and the subsequent demands of e-commerce. This has been bolstered by a greater level of internet access through mobile

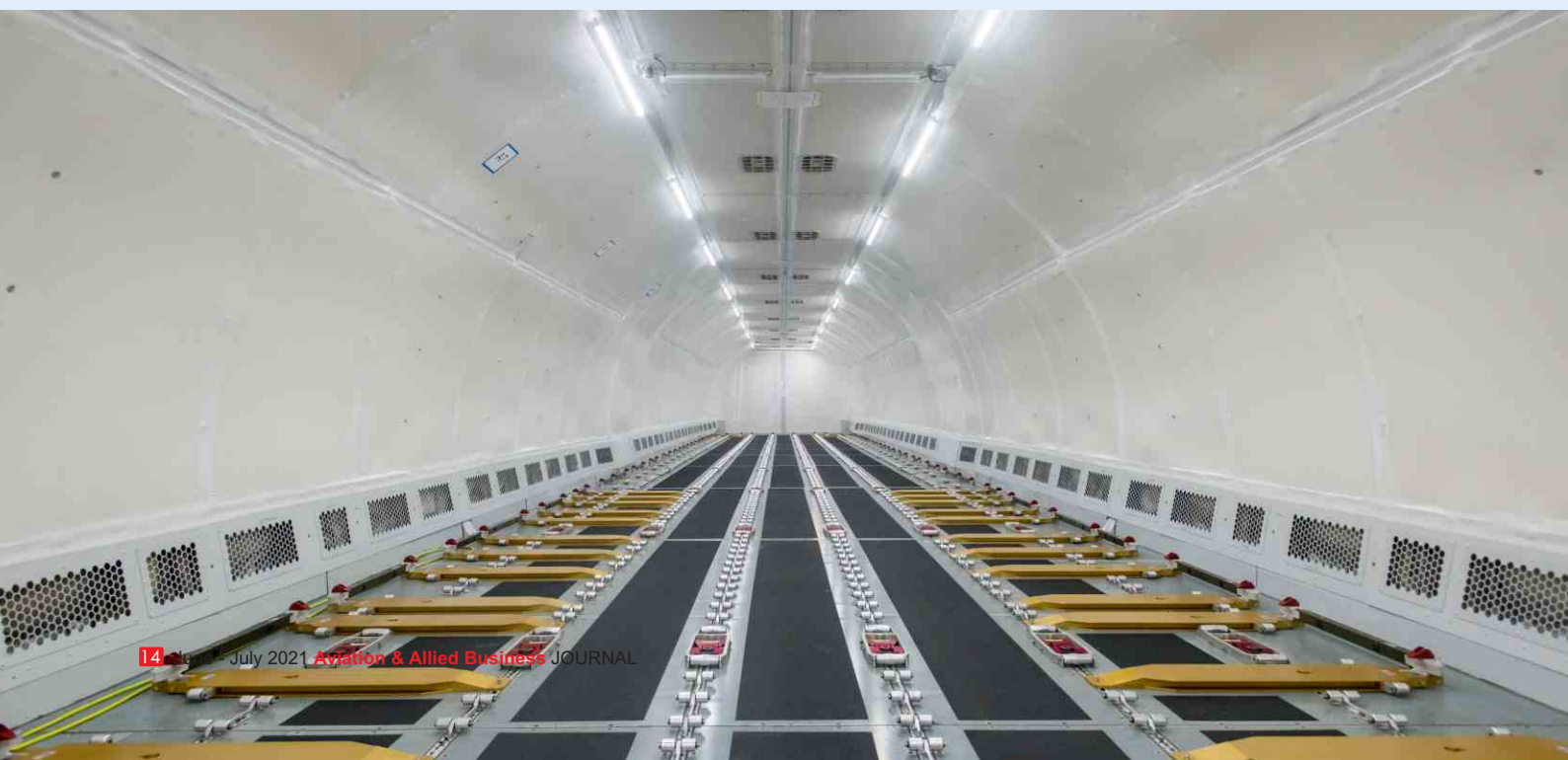


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phone data. Having previously conducted business in Africa, we are keen to pursue this avenue. There will of course be risks and challenges, however, these will be outweighed by the rewards.

Customer relations are key in any region, however personal contacts and face to face contact are paramount for business in Africa. We are witnessing a strong drive amongst young people to enter into aviation and they are taking an entrepreneurial approach to the industry. Politics, and the unsettled nature of the political climate within some countries, certainly present challenges to the next generation of would-be aviation professionals, however if one can find good opportunities there is certainly potential.

Our lease services provide operators with a number of flexible solutions, from short term leases helping operators optimise their busy periods while limiting their overall cost base, to long term leases with integrated support services. Vallair's extensive aircraft MRO capabilities, as well as engine and aerostructure repair capabilities, support our trading and leasing division, offering customers the peace of mind that comes with integrated support.



According to Cargo Facts Global Freighter Forecast 2021 - 2040, overall the global fleet of dedicated freighters is expected to grow by about 50% to around 4,000 aircraft in total, and it is estimated that a combination of around 1,000 new build and 2,000 converted freighters will be needed - around 50% for replacement and around 50% for growth of the fleet. At Vallair, we have invested heavily in our cargo conversion programme. The A321F is the greenest, and most efficient narrowbody freighter currently available. Converting younger aircraft into freighters certainly has environmental advantages. As the technology used within the aircraft is younger by default, operators of this freighter can expect to see a 20% reduction in fuel burn per payload. With the surge in demand for air cargo as a result of the pandemic, and the availability of feedstock, we believe that the A321F will be the future of e-commerce and satisfy market demands for the next 20 years.

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A321F allows for the transit of ten containers in addition to the fourteen cargo positions available on the upper cargo deck; this ability to offer containerised cargo, increases

efficiency by reducing turn-around-times. To meet future demand for freighter conversions Vallair's portfolio of A321 is ready to support the narrowbody freighter fleet for many years to come. Maximising the life of these assets will ensure that the fleet of converted cargo airplanes will enter into their second life after conversion providing customers and partners with unmatched value underpinned by a range of sale/lease options.

This is the start of a new era for air cargo in Africa as e-commerce firmly establishes itself within the region. Over the past few years, the GDP in some African countries has risen by up to 7%. Due to strong trade and investment within the region from Asian superpowers, the reality of this is a 17% year-on-year growth for the air cargo industry, and investment from freight forwarders will further improve the infrastructure and security around the airports.

As such, this makes Africa a very interesting prospect for Vallair and also for our cargo conversion programme. ■

Partnership

...RwandAir, Visit Rwanda Join Basketball Africa League As Official Partners

The Basketball Africa League (BAL) and the Rwanda Development Board (RDB) announce a multi-year partnership that makes "Visit Rwanda" - the country's marketing and tourism initiative - a Founding and Host Partner of the inaugural BAL season.

RwandAir says it will be the league's Official Airline for the inaugural season and has provided travel to and from Kigali for select BAL teams and staff.

The partnership will showcase Rwanda as a world-class tourism and investment destination and highlight Africa's growing sports industry. Visit Rwanda will be showcased on BAL team uniforms, and the BAL and RDB will collaborate on youth development and social responsibility initiatives in Kigali during the season.

Amadou Gallo Fall, BAL President, states: "As we set to tip off our league and make basketball history, teaming up with RDB and RwandAir reflects our belief that sports, and basketball in particular, can be an economic growth engine for the continent. Rwanda is leading the way for tourism in Africa, and this partnership will highlight an African continent that is creative, vibrant and ready to tell its story."

Clare Akamanzi, Rwanda Development Board CEO, notes: "We are thrilled to partner with the BAL as it gives us an invaluable opportunity to showcase the wonders of Rwanda. As a Founding and Host Partner, we will reach millions of basketball fans from all around the world and promote Rwanda's natural beauty, budding sports tourism, and conducive investment and business

environment.

"Hosting the BAL in Rwanda is also a testament to Rwanda's successful handling of the COVID-19 pandemic, and we are pleased to welcome all the players and visitors to Rwanda for a safe and seamless experience."

Yvonne Makolo, RwandAir CEO, adds: "As Rwanda's national carrier, we're honoured to be the official airline partner of the BAL. We're excited to play such a pivotal role in uniting teams across Africa for the inaugural season. In addition to vaccinating all RwandAir employees, we've implemented stringent health and safety protocols on board and at the airport. These measures mean that players and staff will have the highest level of reassurance and peace of mind on their journey to and from Kigali."