



## DIRECTORATE OF ECONOMIC REGULATION

### AIR TRANSPORT MONTHLY MONITOR: JANUARY 2021 [ATMM/01/2021]

Air Transport Monthly Monitor [ATMM] is a monthly digest of air transport sub-sector meant to share events that happened during the month in question both locally and globally. With information stakeholders and the general public are able to understand what is happening in the aviation industry and take appropriate action where necessary.

#### **Precision Air Renews Operation Certificate:**

Precision Air has been granted its Aircraft Operation Certificate (AOC) renewal after undergoing inspection in December 2020 by the Tanzania Civil Aviation Authority (TCAA).

The licence renewal means that the airline company would continue to serve the country and beyond while observing rules and regulations of aircraft operations, this was said by its chief executive officer, Patrick Mwanri.

Precision Air has been able to renew its AOC for 27 years consecutively from 1993 when it was first registered as a commercial scheduled and non-scheduled airline. It now operates a fleet of nine aircraft, flying to 11 domestic and regional destinations.

The AOC is the certification granted by TCAA to permit an airline to do commercial operations within the country and beyond, based on Bilateral Air Services Agreements (BASA).

The certification is renewable annually - and is only issued after an intensive review process by TCAA inspectors.

Precision Air is a Tanzania-majority owned company offering schedule flights from its main hub Dar es Salaam to Arusha, Bukoba, Dodoma, Kahama, Kilimanjaro, Mbeya, Mtwara, Mwanza, Zanzibar and Nairobi. Apart from scheduled

commercial flights, Precision Air also offers charter services, third party maintenance services through its Approved Maintenance Organisation (AMO), Parcel services, and cargo services.

#### **TCAA approves Precision Air Training Centre:**

Precision Air (PW) has been approved to conduct aviation training through Precision Training Centre (PTC) by Tanzania Civil Aviation Authority (TCAA), and its first class starts in March 2021.

The PW's Managing Director and CEO Mr. Patrick Mwanri said the centre is expected to offer courses such as cabin crew, crew resource management, aviation safety management, transportation of dangerous goods, aviation security and aircraft weight and balance among others.

"We are looking forward to produce competent candidates for aviation sector in Tanzania and beyond. We have an established experience in this industry and we intend to use it train Tanzanians who will fill the manpower gap in the aviation industry in Tanzania," Mr. Mwanri said in a press release.

Precision Air training centre will be located at the airline's head quarter in Dar es Salaam and it will offer other tailor made courses.

"Our Centre is not for beginners only but we are also offering on job training, recurrence trainings for air operators as well as other aviation faculties.

"We are ready to offer classes that meet international standards," the CEO said.

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#### **Covid - 19: Tanzania and DR Congo added to UK travel ban list in bid to block South Africa variant:**

Travelers from Tanzania and the Democratic Republic of Congo have been banned from entering into the UK in an attempt to block the South African Covid-19 variant.

But the ban - which came into force from 4am on Friday (22th January 2021) - will not apply to British and Irish nationals and those with residency rights returning to the country, Transport Secretary Grant Shapps said.

It comes after the UK's chief scientific adviser Sir Patrick Vallance warned vaccines currently being rolled out may be less effective against the South African variant.

The new variant - known as 501Y.V2 and thought to be about 50% more infectious - is believed to be more transmissible than the UK one. And a study by researchers from South Africa, which has not yet been peer-reviewed, found that the South African variant contains mutations that may be resistant to immunity from previous coronavirus infection.

Mr. Shapps tweeted: "To help to stop the spread of the Covid-19 variant identified in South Africa, we are banning all arrivals from Tanzania and Democratic Republic of Congo from 4am tomorrow.

"All passengers from these countries except British and Irish Nationals and third country nationals with residents' rights will be denied entry.

"We are continuing to monitor Covid-19 rates and new strains of the virus across the globe, this alongside the suspension of travel corridors and

pre-departure testing will help protect our borders."

Matt Hancock said at the beginning of January that he is "very worried" about the South African variant. Flights from South Africa to the UK have already been banned since December 23.

More countries around the southern part of Africa were added to the ban list on January 9: Namibia, Zimbabwe, Botswana, Eswatini, Zambia, Malawi, Lesotho, Mozambique and Angola – as well as the Seychelles and Mauritius as part of protecting UK from the same new South Africa corona variant/strain.

#### **South African corona variant found in travelers from Tanzania:**

On Saturday, (23th January 2021) two new cases of the South African virus variant were found in travelers from Tanzania. This is stated by the Statens Serum Institut (SSI) in a report. The two entrants were both tested on 19 January 2021. They have also both been in isolation since they returned to Denmark, according to SSI's report.

The Danish Agency for Patient Safety has now initiated intensive infection detection. Until Sunday, a total of three cases of the South African variant have been detected in Denmark. It has in all cases been related to travel.

The South African variant of coronavirus, together with the British variant, has created uncertainty around the world. However, it is the British variant that has been the more frequent of the two in Denmark.

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Thus, the British variant, also called B117, has been found in a total of 561 people in Denmark, figures from SSI show on Tuesday 19 January 2021.

### **IATA Reviews:**

#### **IATA calls for a balanced approach to air travel:**

IATA's Director General and CEO, Alexandre de Juniac, has stressed that the industry's situation is still perilous and called the pace of progress in reopening borders "frustrating."

The near-term picture for aviation remains unwelcoming. "Instead of a boost from the year-end holiday period, we got even more restrictions," said de Juniac in a media briefing. "Governments tightened borders in a knee-jerk response to a virus mutation. Canada, the United Kingdom, Germany, Japan, and others added testing to their COVID-19 measures without removing quarantine requirements. In other words, they have chosen policy measures that will shut down travel."

According to de Juniac, rather than a balanced approach, governments appear to be aiming for a zero-COVID world. "This is an impossible task that comes with severe consequences—the full extent of which it would be impossible to calculate," he noted. "But, with this approach, we know for sure that the travel and tourism economy will not recover; jobs will continue to disappear; and the lockdown's toll on people's mental health will continue to grow—particularly on those who are separated from loved ones. "A more balanced public policy approach is needed—one that is based on testing as a replacement for quarantines

so that we can begin addressing the severe side-effects of COVID-19 policies."

Studies have shown that travelers are not a significant factor in community transmission if testing is used effectively. But most governments have not focused on finding ways to safely re-open borders. Consistent, well-reasoned, scientifically supported policies must be used to manage the risks of COVID-19 and travel.

"There was some good news over the holidays," added de Juniac. "We continued to prepare for the day that governments are ready to open borders—with testing or with vaccinations. The first pilot of the IATA Travel Pass app was launched in partnership with Singapore Airlines on routes to Kuala Lumpur and to Jakarta. We are still on track for a full rollout of the app during the first quarter of this year."

The IATA DG concluded by repeating a quotation by the UN Secretary General, Antonio Guterres. "*Aviation is an important engine of our world and will play a critical role in lifting the world to recovery from COVID-19. Let us ensure it receives the support it needs to keep the world's nations connected and united.*"

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#### **Tanzania plans major reforms of aviation sector:**

Tanzania is planning major reforms of aviation sector and its national carrier, Air Tanzania, if the estimates of the national development plan budget for 2021/22 presented in Parliament on February 7 is to happen.

The government expects to buy two more planes, a Boeing 787-8 Dreamliner and Bombardier Dash 8 Q400 in the new financial year.

The purchase of three is 90 percent complete, two of these being an Airbus A220-300 and a De Havilland Dash 8-400. The purchase of the three aircraft will bring the national carrier fleet to 12.

Presenting the estimate budget on February 8 in Parliament for the 2021/22 fiscal year, Minister for Finance and Economic Planning, Dr Phillip Mpango, said in the 2019/2020 period, Tsh315.2 billion (\$134 million) was used in reforming the aviation sector. About Tsh2.5 billion (\$1.08 million) was spent in first quarter of 2020/21.

At the same time, the government undertook the development of the airport expansion such as in Geita, currently at 49 percent implementation, as well as the rehabilitation of the Msalato International Airport in Dodoma which is expected to cost \$330 million.

Other projects are expansion of four local airports in Shinyanga, Kigoma, Tabora and Sumbawanga which would cost about 50 million euro.

Also the works is going on the expansion of Musoma airport, the runway of the Dodoma airport and the installation of aeronautical ground lighting (AGL) at Dodoma, Mwanza, and Tabora airports.

Also planned are the expansion and renovation to be carried out at Bukoba, Mwanza, Arusha, Nachingwea and Iringa airports. In 2019/20, Tsh56.1 billion (\$24.2 million) was used and Tsh4.5 billion (\$1.9 million) in the first quarter of 2020/21.

The government bought four aviation radars for civilian planes, which were installed at Julius Nyerere International Airport (JNIA) in Dar es Salaam, Kilimanjaro International Airport, Songwe and Mwanza airports.

Also the country is currently receiving flights of 12 international airlines out of the 19 formally registered to operate in the country. These are Ethiopian Airlines, Emirates, Qatar Airways, Oman Air, KLM, Turkish Airlines, Fly Dubai, Egypt Air, Swiss International Air Lines, RwandAir, Kenya Airways and Uganda Airlines.

ATCL has signed agreements for international routes especially in the Far East, to promote the country's tourist potential.

Despite huge losses, ATCL has resumed regional flights across Africa in six countries such as Zimbabwe, Zambia, Uganda, Burundi and South Africa routes following a decline in Covid-19 cases.

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#### **Sumbawanga Airport expansion to cost (USD? Or Tzs?) 55.9 billion:**

Construction and expansion of Sumbawanga airport will cost more than (USD? Or Tzs?) 55.9bn/-, it has been disclosed on 23/02/2021.

This was revealed by the Tanzania National Roads Agency (Tanroads) Acting Rukwa Regional Manager, Eng Mgeni Mwanga during the first Regional Road Board (RRB) meeting held here in municipality on Tuesday under the chairmanship of Regional Commissioner Mr Joachim Wangabo.

She expounded that all requisite preliminary preparations of the execution of the project have been completed after contracting M/s Sino-Shine Overseas Construction & Investment East Africa Ltd for the execution of the project at the cost of (Tzs?) 55,908,650,000/-.

“Already, a sum of 3,723,940,000/- has been spent to compensate residents, who have paved way for execution of the project,” she added.

She further added that the fifth phase administration has already disbursed 2,867,180,000/- for starting of execution of the project during 2020/21 financial year.

Eng Mwanga said part of the disbursed fund 110,000,000/- was from internal fund and 2,757,180,000/- from foreign fund through European Investment Fund (EIB).

“The fund will be spent for expansion of runways and its aprons, airplane parking, passengers lounge, control tower, car parking, erection of light structure and road to and from the terminal at tarmac level,” she said.

Contributing participants said upon completion, the terminal will be a gateway to the regions of Southern Highlands Zone and neighboring countries.

#### **Covid-19: Tanzania and others 9 countries added to Oman travel ban list in a bid to combat new covid-19 variants:**

Authorities in Oman have announced a ban to travelers entering in the country from 10 countries from Feb. 25 through at least March 10 as part of the nation's efforts to combat new variants of COVID-19. The countries affected by the new directive are Lebanon, Sudan, South Africa, Brazil, Nigeria, **Tanzania**, Ghana, Sierra Leone, and Ethiopia. The measure also applies to travelers from any nations who have transited through one of these countries within the 14 days prior to travel to Oman. Diplomats, health workers, and Omani citizens, as well as family members of such persons are exempt from the ban.

All travelers arriving in the country must submit to a mandatory institutional quarantine for at least seven days. The quarantine will be at the individual's expense and applies to persons arriving via land, sea, or air. Travelers may reserve their quarantine accommodations at any hotel in the country; alternatively, they may select one of the hotels in Muscat that authorities have designated for this purpose, i.e. the Swiss-Belinn Muscat, Ibis, Secure Inn, Sheraton, Tulip Inn, and Somerset Panorama Muscat. Release from quarantine is contingent upon a negative COVID-19 test result.

The closure of the sultanate's land borders has been extended until further notice to stem the spread of COVID-19 and its new variants. The closure does not apply to commercial truck traffic.

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Nevertheless, Oman's air and sea borders remain open. All arriving travelers must produce proof of having tested negative for COVID-19 using a polymerase chain reaction (PCR) test taken no more than 72 hours prior to arrival. Those traveling by air must also take a second PCR test when they arrive in Oman and a third test after seven days of quarantine. Moreover, all incoming travelers must download the "Tarassud+" mobile application before entering Oman. All foreigners, with the exception of Gulf Cooperation Council (GCC) nationals, are required to have international health insurance that covers COVID-19 expenses for the duration of their stay.

Domestically, a nightly 1900-0600 curfew has been imposed in the Ash Sharqiyah North Governorate through at least Feb. 26; only fuel stations, pharmacies, and health institutions will be permitted to operate during curfew hours. Beaches and public parks have closed nationwide from through at least Feb. 25. The number of customers permitted entry at public and private businesses nationwide has been reduced to 50 percent until further notice. Social gatherings are prohibited.

Nationwide, companies are allowed to operate with 50 percent of their workforce onsite, provided they can comply with social distancing and other safety guidelines. Domestic public transportation is operating. The use of protective facemasks in public spaces and on public transportation remains mandatory.

Authorities could introduce new preventive measures or amend existing restrictions depending on disease activity in the coming days and weeks.

### **IATA Reviews:**

#### **COVID-19 cash burn continues – urgent preparations for restart:**

The International Air Transport Association (IATA) released new analysis showing that the airline industry is expected to remain cash negative throughout 2021. Previous analysis (November 2020) indicated that airlines would turn cash positive in the fourth quarter of 2021. At the industry level, airlines are now not expected to be cash positive until 2022.

Estimates for cash burn in 2021 have ballooned to the \$75 billion to \$95 billion range from a previously anticipated \$48 billion. The following factors play into this estimate:

**Weak Start for 2021:** It is already clear that the first half of 2021 will be worse than earlier anticipated. This is because governments have tightened travel restrictions in response to new COVID-19 variants. Forward bookings for summer (July-August) are currently 78% below levels in February 2019 (comparisons to 2020 are distorted owing to COVID-19 impacts).

**Optimistic Scenario:** From this lower starting point for the year, an optimistic scenario would see travel restrictions gradually lifted once the vulnerable populations in developed economies have been vaccinated, but only in time to facilitate tepid demand over the peak summer travel season in the northern hemisphere. In this case 2021 demand would be 38% of 2019 levels. Airlines would burn through \$75 billion of cash over the year. But cash burn of \$7 billion in the fourth quarter would be significantly improved from an anticipated \$33 billion cash burn in the first quarter.



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**Pessimistic Scenario:** This scenario would see airlines burn through \$95 billion over the year. There would be an improving trend from a \$33 billion cash burn in the first quarter reducing to \$16 billion in the fourth quarter. The driver of this scenario would be governments retaining significant travel restrictions through the peak northern summer travel season. In this case, 2021 demand would only be 33% of 2019 levels.

“With governments having tightening border restrictions, 2021 is shaping up to be a much tougher year than previously expected. Our best-case scenario sees airlines burning through \$75 billion in cash this year. And it could be as bad as \$95 billion. More emergency relief from governments will be needed. A functioning airline industry can eventually energize the economic recovery from COVID-19. But that won’t happen if there are massive failures before the crisis ends. If governments are unable to open their borders, we will need them to open their wallets with financial relief to keep airlines viable,” said Alexandre de Juniac, IATA’s Director General and CEO.

With airlines now expected to burn cash throughout 2021 it is vital that governments and the industry are fully prepared to restart the moment governments agree that it is safe to re-open borders. That makes three initiatives critical:

### **Planning**

Preparing the industry to safely restart after a year or more of disruption will take careful planning and months of preparation. Governments can ensure that airlines are prepared to reconnect people and economies by working with industry to develop the benchmarks and plans that would enable an orderly and timely restart.

“The UK has set a good example. Earlier this week it laid out a structure for re-opening based on an improvement in the COVID-19 situation. This gives airlines a framework to plan the restart, even if it needs to be adjusted along the way. Other governments should take note as a best practice for working with industry,” said de Juniac.

### **Health Credentials**

It is becoming clear that vaccines and testing will play a role as the pandemic comes under control and economies ramp up, including the travel sector. The IATA Travel Pass will enable travelers to securely control their health data and share it with relevant authorities. A growing list of airlines—including Air New Zealand, Copa Airlines, Etihad Airways, Emirates, Qatar Airways, Malaysia Airlines, RwandAir, and Singapore Airlines—have done or are committed to doing trials with IATA Travel Pass.

“Efficient digital management of health credentials is vital to restart. Manual processes will not be able to cope with volumes once the recovery begins. Digital solutions must be secure, work with existing systems, align with global standards and respect data privacy. In developing the IATA Travel Pass these are fully in focus. The IATA Travel App will help to set the bar very high for managing health credentials, protecting against fraud and enabling a convenient travel process. While there is choice in the market for solutions, there should be no compromise on the fundamentals, or we risk failing systems, disappointed governments and travelers, and a delayed restart,” said de Juniac.

**Global Standards:** As vaccination programs and testing capacity expand, two developments have become critical—global standards to record tests



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and vaccines; and a plan to retrospectively record those who have already been vaccinated.

**“Speed is critical.** Fraudulent COVID-19 test results are already proving to be an issue. And as vaccine programs ramp up governments are using paper processes and differing digital standards to record who has been vaccinated. These are not the conditions needed to support a successful restart at scale when governments open borders. The WHO, ICAO, and OECD are working on standards, but each day without them means the challenge gets bigger. We need an early conclusion by competent authorities that the industry can plan around,” said de Juniac.

“Even as governments focus on managing the COVID-19 crisis, we must be thinking a step ahead to the plans, tools and standards needed to restart flying and energize the economic recovery from COVID-19. Working in partnership is nothing new for airlines or for governments. It’s how we have delivered safe, efficient, and reliable connectivity for decades. For a year it’s been lockdowns and restrictions as vaccines were developed and testing capacity expanded. The reason for all the pain that this has caused is to keep people safe and to eventually be able to restore their well-being and that of the economy. With good news on vaccines and growing testing capacity, there is a glimmer of light at the end of the tunnel. So, it’s the time to ask governments for their restart plan and to offer any support from industry that could help,” said de Juniac.