

## **Keynote address by Minister Marthinus van Schalkwyk during the opening ceremony of the Routes Africa conference, Seychelles, 8 July 2012**

Chairperson, distinguished delegates

Thank you for the opportunity to address you during this opening session of the Routes Africa conference. Over the last day or so, I have enjoyed the hospitality of Minister St Ange and the people of the Seychelles. It is truly a privilege to be your guest on these magnificent shores. As a tourism minister myself, I stand here humbled by the beauty of your island landscapes and the wonderful experiences that you offer visitors.

However, I also stand here today as a proud African tourism minister – the splendour of our continent's natural riches and the warmth of our people create so many truly unique settings to be appreciated by both foreign and intra-continental tourists.

I have always believed that tourism, as economic growth engine, job creator, earner of foreign currency and connector of people, is key to future growth and better mutual understanding on our continent. While much is made of our mineral riches and other economic development opportunities, we all know that our most valuable resource, and an inexhaustible one at that, is the experiences that we offer visitors.

Chairperson, from our vantage point, continental tourism plays a critical anti-cyclical role during economic downturns. The dominance of regional tourism in Africa shielded the continent from the worst impacts of the 2008/9 global economic recession. Tourism also has unique potential to grow exponentially from low baselines over short periods in destinations that have not previously reaped its benefits. Furthermore, the tourism sector is a haven for small enterprises, and as a labour-intensive sector with a supply chain that cascades deep into national economies and communities, it is an important vehicle for social inclusion. On a continent where we understand that we need to create new jobs and grow the economy to the benefit of all our people, we also understand that tourism offers fast uptake for newly skilled workers, especially women and young people, in urban and rural areas alike.

Globally, tourism today creates significantly more jobs than other industries, employing six times more people than the global automotive manufacturing sector, four times more than the mining sector, and a third more than the financial sector. In Africa, we expect the number of direct and indirect tourism jobs to increase from some 18 million in 2011 to 23 million within a decade. Each job in the tourism sector creates just under two jobs in the broader economy.

But, chairperson, amidst all the success stories, we also have to acknowledge that this sleeping giant on our continent has hardly been woken. The continent has a long way to go to capitalise on its unique attractions and cultural diversity. Although Africa is home to some 15% of the global population, we account for only 3,4% of global tourism receipts and 5,2% of arrivals.

With a population of just over a billion, with a fast-growing and rapidly urbanising middle class, I believe Africa is on the verge of an unprecedented tourism boom over the next two decades. We all know that there is a very strong link between the growth of big

cities and the growth of aviation and tourism. In a mere three years from now, there will be just over 50 African cities with populations exceeding three million. By 2030, about half of all the people on our continent will be living in urban areas, with access to airports and other transport infrastructure. By then, Africa's urban population of some 750 million will total more than all the current city dwellers in the West, and although many of our people will still be living in poverty and urban slums, a very significant and growing percentage will be able to afford to travel. The number of African households with discretionary income is increasing dramatically, and the middle-class households earning more than \$20 000 already outnumber those in India.

From a travel and tourism vantage point, technology is creating leapfrogging opportunities. The number of mobile-phone subscribers has increased sevenfold to a conservatively estimated 520 million over the last decade, thereby bringing tourist destinations and travel arrangements within reach of millions of previously disconnected would-be travellers. In short, the African lions are on the move.

Passenger numbers in Africa are expected to increase from 68 million in 2010 to 150 million in 2030. This would translate into a five percent per year growth rate for aviation's direct contribution to gross domestic product on the continent.

But, for us to wake the sleeping giant, many barriers still need to be overcome. Today, in the context of this conference, let me highlight just two.

The first is visa barriers. Many of us understand that the bureaucracy and costs involved in applying for and issuing visas are a major impediment to foreigners wishing to visit our shores, and to our own people to travel on our continent. As Africans, we have an opportunity here to leapfrog by doing two things right. In an era of globalisation, technology offers many opportunities to enhance security, while facilitating travel and tourism. By introducing e-visas, we will not only grow tourism volumes, but we will also create many new job opportunities. Furthermore, I believe there are opportunities to accelerate the creation of regional visa schemes. This would allow our international visitors and intra-African travellers to move more freely and efficiently, to the benefit of our continent.

This then leads me to the second barrier, namely the old air connectivity models that inhibit growth and only serve to keep our destinations dependent on air arrivals from economically hard-pressed traditional source markets. Many of these airline hubs on which we depend, tax our international travellers like cash cows. Let's rather unlock the potential of airlift on our continent. In addition to these off-shore hubs, we need a long-term plan to create an intra-continental air transport architecture that facilitates intra-African travel and trade, including tourism.

Now, let me highlight five suggested priorities in our pursuit to overcome these barriers:

One: We need real drive behind the implementation of the Yamoussoukro Decision. By gradually opening our skies to more competition, we will be able to offer our passengers more competitive fares, expanded direct air access, and, generally, greater convenience. There has been some reluctance in this area, but I believe we are making tangible progress. On our continent we understand the strategic role that aviation, and specifically airlines, play in the development of national economies. They are key enablers of trade and tourism, and are strategic instruments for states to cooperate with each other to enhance regional connectivity. That said, in those instances where an airline's monopoly on a route results in higher prices to passengers, we

must rely on the provisions of the bilateral air agreements and the commitment to the Yamoussoukro Decision, to ensure that a near monopoly position on domestic and international routes does not unjustifiably drive up the cost of air travel.

Two: We need hub-and-spoke airlift configurations that connect peripheral areas to the mainstream air routes as well as to a South-South corridor. Due to legacy architectures of yesteryear, we remain too dependent on hubs in other world regions – hubs outside our continent. Less than 15% of all African seat capacity serves to connect the different African regions. Often, when we, as Africans, visit each other, we have to connect over expensive or bottlenecked airports in Europe, and elsewhere. In the process, we often also sacrifice a day or two from our tourists' itineraries to the benefit of these off-shore hubs.

Three or four African hubs will render all of us more attractive to each other's source markets – and, as brothers and sisters, we will no longer be artificially separated by geography, but will be linked even more closely as short and medium-haul destinations. We cannot afford to remain locked in a pattern where neighbours become *de facto* long-haul destinations to each other, simply because the air connectivity infrastructure does not exist.

Thirdly: We need the new-model lower-cost airlines to take off on our continent. They could cater for market segments that are currently underserved. They have a huge role to play in moving beyond purpose-driven travel to leisure tourism as the dominant feature of intra-African travel. But, of course, these higher capacities will have to go hand in hand with the deregulation of the airspace, increased competition, and the spread of hub-and-spoke network models. I am told that Africa has some 370 commercial airports, and although many are in need of upgrades, these airports are functional and could become the backbone of drastically increased intra-continental, low-cost air travel.

Fourthly: Given the forecast growth rates, we need to address the potential skills gaps as early on. As it stands, skills shortages pose a huge short-term obstacle to growth. This includes the need for adequately trained pilots as well as other technical staff.

Fifthly and finally, IATA tells us that jet fuel in Africa is among the most expensive in the world. At risk of generalising, I think it is safe to say that this is the result of a lack of transparency regarding government prices, infrastructure issues and disproportionate taxes. This renders our destinations less competitive – and it means we are not realising our full job-creation and poverty-fighting potential.

Chairperson, with these few reflections, I wish you a successful Routes Africa. But more than that, I hope that we will also find the time to engage in the important dialogues about where we want to be as we take our continent and its airlift and tourism infrastructure into the next ten and 20 years.

Thank you.

Issued by:

Ministry of Tourism

Melene Rossouw

Tel: 082 753 7107