



tourism

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Speech delivered by the Minister of Tourism, Mr Marthinus van Schalkwyk, on the occasion of the Airlines Association of Southern Africa (AASA) General Assembly, Somerset West

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Tourism and aviation

International aviation and tourism are inextricably linked. What you call passengers, we call tourists, and that includes both business and leisure travellers. Aviation is the midwife for more than 50% of international tourist arrivals and 70% of all tourism receipts worldwide. But the inverse is of course also true: Tourism is also a 'midwife' for air transport growth.

I will cover two broad themes. Firstly, I will speak to you wearing my tourism hat, and reflect on those megatrends that affect the tourism sector. Secondly, I will address four specific challenges – let's call them 'out-of-the-silo' challenges – that affect both our sectors equally, i.e. tourism and aviation. These are (i) travel facilitation, (ii) air connectivity, (iii) hyper-connectivity, and (iv) sustainability.

Megatrends affecting the tourism sector

As a global sector, tourism has grown exponentially over the past six decades. Globally, we expect 350 million new international tourist arrivals by 2020 and, by 2030, we expect arrivals to top 1,8 billion. What makes our sector so unique is its multiplying effect in contributing to GDP (gross domestic product) and job creation. For every one dollar spent on travel and tourism, \$3,2 are generated in GDP across the entire economy. And for each job in the tourism sector, approximately two jobs are created in the broader economy. It is for this economic and social contribution that the G20 heads of state and government for the first time ever recognised tourism in the G20 declaration adopted in Los Cabos, Mexico last year – the culmination of a process that started in 2010 in South Africa.

A powerful tectonic shift is under way as economic and political power is moving from the North to the South and from the West to the East. As emerging markets, we are not only source markets; we are destinations as well. Over the next 20 years, international tourist arrivals in emerging-economy destinations are expected to grow at double the pace of advanced-economy destinations.

In a mere two years from now, we will be at the crossing point where inbound tourism to emerging-market destinations will exceed that to the advanced economies. This growth in emerging-market travel propensity will also drive new demand for aircraft. Today, on average a fifth of the population of the emerging markets take a flight ever year. Within two decades, on the back of a rising middle class, this will swell to two thirds of the emerging-market population.

Of course, the traditional markets – despite their currently stalled engines – will remain critical for many years to come. But, in the long run, we can ignore neither the changing contours of wealth and power in the world, nor the speed of change.

The twin trends of exponential growth in airlift connectivity and lower real cost of air travel create access to new destinations.

For example:

- Since 1980, the number of direct city-pair air services has increased 2½ times. In other words, today, air transport can connect tourists on non-stop direct flights between any of 15 000 city pairs.
- Since 1970, the real price of air travel has decreased by 60%.

The shift in geographic markets also overlaps with the megatrend of urbanisation. By 2030, we expect 60% of the world's population to have urbanised, which translates into at least a billion more city dwellers than at present. Every year, the 65 million people urbanising around the world are equivalent to adding five cities the size of London. These new cities are springing up in the new markets – in Africa and Asia. By the middle of this decade, there will be just over 50 African cities with populations exceeding three million, with access to airports and other transport infrastructure.

There are four 'out-of-the-silo' challenges that I believe we need to address together – as governments and at a global level, as well as in our capacities as tourism and aviation stakeholders – over the next decade or two.

Travel facilitation

The first challenge is visas. Today, technology offers many opportunities to enhance security, while at the same time facilitating travel and tourism. By introducing e-visas, or even leap-frogging straight to m-visas – visas on our mobile phones – it is possible to significantly boost tourism volumes and our sector's job creation potential. Already, there are far over 600 million e-passports – micro-chipped passports with your biographic and biometric data – issued by governments worldwide. By next year, we expect 55% of all passports to be e-passports, and by 2020, this will likely be over 80%. Surely, this is a moment to be seized.

Air connectivity

The second challenge is airlift. A simulation of 24 hours of air traffic demonstrates the challenges we face to ensure that South-South travel reflects the new economic and political realities in this world.

Zooming in on Africa, we clearly also need more extensive hub-and-spoke airlift configurations that connect peripheral areas of our continent to the mainstream air routes. Ironically, because of the lack of air connectivity, African neighbours often become de facto long-haul destinations to each other. Clearly, there is also major potential for the development of a South-South corridor that reflects contemporary trade and other economic realities.

Hyper-connectivity

The third challenge is the age of hyper-connectivity. Already, the entire travel and tourism value chain relies on this seamless internet and mobile connectivity. But, let us not romanticise hyper-connectivity, as it also brings with it hyper-vulnerabilities. We have to work harder than ever to control content. Real-time reputational risks associated with the social media are greater than ever before. Tourists are more empowered than ever before to be at the centre of decision-making. By clicking on a computer mouse, they can switch to new routes or destinations. Other potential disruptions in the age of hyper-connectivity pertain to the cloud-based economy and trust issues in data security. Just imagine, for example, what would happen when air traffic navigation systems are scrambled by cyber-terrorists with thousands of planes in mid-air.

Sustainability

The final challenge is aviation's current addiction to kerosene jet fuels. Breaking this addiction will be critical for the survival of long-haul tourism. I believe airlines with modern and fuel-efficient fleets, supported by cutting-edge airport and air traffic navigation infrastructure, could become leaders in the emerging low-carbon economy. In the short

term, the key is innovative ways to manage emissions, without slowing down growth in air traffic, for example through infrastructural, operational and technological means, as well as offsetting through global market-based measures. Intransigence in dealing with aviation emissions will only be to the detriment of the tourism sector. Looking 15 to 20 years into the future, hedging against international carbon pricing through the incremental drop-in of second-generation biofuels will very likely become a game changer. As tourism and aviation sectors, we should contribute our fair share to limiting the global temperature increase to below 2 °C above pre-industrial levels during this century.

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