



**Address by L N Sisulu, Minister of Tourism on the occasion of the 52nd
Airlines Association of Southern Africa (AASA) Annual General Assembly
Kleinmond, Hermanus**

14 October 2022

“Future Developments & Prospects for the SADC Tourism Industry”

Programme Director, Ms Regomoditswe Isis Khoele
Hon. Deputy Minister of Transport, Ms Sindisiwe Chikunga,
African Civil Aviation Commission (AFCAC) Secretary-General, Ms Adefunke Adeyemi
Secretary General of African Airlines Association (AFRAA), Mr Abderahmane Berthe,
IATA Regional Vice-President Africa and the Middle East, Mr Kamil Al-Awadhi,
Airlines Association of Southern Africa (AASA) Chairperson and our host, Mr Elmar
Conradie,
Airlines Association of Southern Africa (AASA) CEO, Mr Aaron Munetsi, and the
AASA Executive Team,
Director-General of the Department of Tourism, Mr Victor Tharage,
Acting CEO of South African Tourism, Mr Mzilikazi Khumalo,
Industry Members,
Members of the media,
Ladies and gentlemen.

Thank you for inviting me to address the Southern African region's aviation industry at such a critical juncture for our deeply interconnected and interdependent sectors. This event could not have come at a better time as we prepare to welcome and put into motion travellers and tourists during the festive season after the devastation of COVID

Over the past two years the travel and tourism sector was almost decimated by the COVID-19 pandemic and the associated restrictions aimed at preserving life. This led to a variety of interventions by governments globally to minimise the impact to the global economy and its workforce. Similarly, the South African Government implemented various relief measures. The Tourism sector developed the Tourism Recovery Plan to assist the sector to navigate its way out of the pandemic. The Recovery Plan interventions included, amongst other, the development and implementation of globally benchmarked Normas and standards to build traveller confidence: support for the protection of core tourism infrastructure and stimulating demand through various campaign and marketing programs to reignite domestic and international demand.

There are many lessons that can be drawn from the experience of Covid-19, however, two lessons are worth identifying. Firstly, that collaboration between the public and the private sector can resolve many barriers however difficult they can be. Secondly, that there is an urgent need for crisis management in the travel and tourism sector including resources to support response measures. The need is even

more acute in light of the frequency of natural disasters, pandemics and a myriad of crises facing the global economy.

Collaboration and sharing of insights to tackle challenges will therefore be critical for the sector to return and exceed the 2019 levels.

The travel and tourism industry is progressively showing signs of recovery.

According to the latest UNTO World Tourism Barometer, the tourism sector is recovering at a strong pace. Globally, destinations received almost three times as many international arrivals in the first quarter of 2022 as in the same period of 2021, with Europe leading the sector's rebound. International tourism increased by 182% year-on-year in January-March 2022, with destinations worldwide receiving an estimated 117 million international arrivals compared to 41 million in Q1 2021.

Due to the intimate relationship between tourism and transport, the recovery is not only restricted to tourism but aviation is also showing some positive signs despite the challenges. This is evident from the reports emerging out of the Airports Company South Africa where both total passenger arrival movements and total passenger departures movements increased by over 55% respectively.

Hopefully, the airlines will share similar positive developments.

Statistics SA is also reporting slight increase in the South African jobs (total employment increased by 4.2%) created by the tourism related industry when comparing April-June 2022 to the same period last year. This is a welcome relief to the South African economy, in particular the tourism industry and its workers, which has been severely affected by the pandemic.

The 52nd AASA AGA provides us that opportunity as government, aviation industry leaders and stakeholders to get together with the singular purpose of designing and delivering the future that we dream of - Our African Dream. I am encouraged that the deliberations at this Assembly under this most apt theme will heighten the collective sense that our recovery journey can truly "lift off" in the short term so that we can register even more positive indicators of regaining markets and having travellers travelling in their numbers to and within the region.

Globally, the world has also just met at the International Civil Aviation Organisation Assembly (ICAO) in Montreal to agree inter alia on how to approach Travel Facilitation in the current and future context. I am sure some of you represented the country and the region at this important platform. Indeed AASA has been a valued and long-standing contributor to South Africa's positions at ICAO. We are also proud that South Africa's flag was visible in the election of the CEO of our Civil Aviation Authority to preside over the Assembly proceedings during the two-week period.

We have an enormous task for the Southern African region. How effectively we do our work will drive the potential of tourism for our economy and the tourism value chain to re-build and grow after the devastating 2 years of the Covid-19 pandemic. The Airlines Association of Southern Africa - and by extension its members - is a key partner for tourism. Our arrivals from key source African air and Overseas markets are enabled by aviation. Without optimal air connectivity these markets face unduly long and expensive trips connecting to access Destination South Africa at best, and being stranded at worst - having to consider other, more accessible destinations.

We acknowledge this enabling role in both our National Tourism Sector Strategy (NTSS) and the Tourism Sector Recovery Plan currently being implemented until 2023/24. Facilitating Ease of Access is a key pillar of the NTSS and the restoration of adequate air capacity is identified as a key enabler of the overall recovery of the tourism economy.

We have been ceased with the much discussed inefficiency of our VISA regime and we have taken a resolution to follow intercontinental trends. However we have our difficulties. Affordability is also a key enabler. The aviation industry is battling headwinds caused by risks including economic downturn, labour shortages and rising cost of jet fuel. We are concerned that this may hamper the rejuvenation of our tourism sector and in August we met with the CEO of the Airlines Association of Southern Africa (AASA) Mr Munetsi to understand the potential risks and how we could assist.

We are seeing that Air travel across the world is becoming less affordable. Rising fuel costs and high demand have forced airlines to raise flight prices and it is of concern to all of us that travel prices

continue to increase with domestic airfare ticket costs substantially up and not affordable to many who would want to travel.

In March 2022 South Africa's competition authority the Competition Commission warned against passengers being unduly exploited by other airlines following the announcement by the South African Civil Aviation Authority that it had suspended the Air Operator Certificate of COMAIR. In June 2022 after receiving formal complaints from consumers as ticket prices continued to soar, the Competition Commission urged airlines to be sensitive to the plight of consumers following the collapse of Comair, which had accounted about 40% of Southern Africa's airline capacity.

We need to ensure there is vibrant collaboration between ourselves and we will continue to call on you and relevant partners to collaborate with us as we advocate for the re-establishment of the pre-Covid-19 route network and new routes connecting various markets as appropriate. This includes the domestic air capacity which has experienced particular volatility - and I need to emphasise this as the domestic market proved to be a vital moderating force during the worst of the pandemic period. It was this market that kick-started the initial recovery period and this was the case in the vast majority of destinations globally, with recovery levels fastest in countries with robust domestic tourism markets. I urge the airline industry to do more to better understand the needs of the domestic market so it can enhance its ability to cater for these needs in its offerings. This is a crucial strategic consideration for joint future.

The recovery environment is also a highly competitive one, with all tourism regions contesting hard to re-claim their space in the global tourism economy. As South Africa we are, however optimistic about the Destination's tourism prospects and the ability of our aviation industry leaders and tourism stakeholders to work together and lead solutions to recover for mutual benefit.

Nobel Peace Prize Laureate and Economist, Social Entrepreneur and Banker 1 Professor Muhammad Yunus argues that "Each of us has much more hidden inside us than we have had a chance to explore. Unless we create an environment that enables us to discover the limits of our potential, we will never know what we have inside of us." These inspiring words seem appropriate for the African Dream theme you have identified for your conference. Muhammad Yunus dreamt that he could fundamentally change the lives of the very bottom of society, women traders, and he went on to pioneer microcredit in Bangladesh through Grameen Bank and altered the course of millions of beneficiaries' lives.

Winner of the 2006 Prize 1

Ladies and Gentlemen, you convene at a time when we face some key challenges.

Although there has been a steady increase in seat capacity relative to the Covid-19 period, the overall air capacity is still below 2019 levels. Tourism Arrivals to South Africa are at around 2.8 million for 2020 and 2.5 million for 2021, a far cry from the 2019 figure of 10.2 million, never mind the projected figures for the two respective years had the pandemic not come to pass. This drop is of mutual concern for tourism and aviation as tourists are a notable demand driver for airlines.

In our Recovery Plan, we identified Reigniting Demand as a major thrust and pillar as we believe that getting people moving and traveling will be the ultimate enabler of tourism recovery. The world has changed dramatically in many respects and we are seeing new trends that have emerged whilst some trends have been accelerated by the Covid-19 event. Among these, seamless travel has gained centre stage as an urgent imperative for every player in the value chain. The need to be more deliberate about resilience strategies has also become critical. On the environment front, ICAO has just agreed on a new long-term climate goal and put aviation on a path to net zero by 2050.

Responding to both the challenges and opportunities of this context, whilst not easy, is well within this remarkable industry not only to "dream" but to realise, drawing on learnings, achievements and best practices that have come to define the sector. As Africans, we cherish our interconnectedness. The spirit of the African Dream that is guiding this conference is a powerful symbol of our collective commitment to support each other's efforts for the ultimate growth of travel and tourism.

WTTC estimates, hence the use of the word.

I would like to highlight that as the Tourism Department, we are at an advanced stage of developing a new Draft overall Policy for tourism in South Africa, which will replace the 1996 White Paper on Tourism and respond to current policy questions and constraints. The updated policy will include a

comprehensive set of supportive policy interventions for long term inclusive tourism growth. Inevitably, proposals in the policy include areas of interest to aviation stakeholders.

We will invite AASA and its stakeholders to comprehensively engage with the draft proposals and offer their inputs in the coming months.

In the interim, we continue to advocate for solutions in the areas that support and enable aviation such as Visa facilitation. A lot of work has been done by the Department of Home Affairs as a partner to the sector and most recently, the roll out of e-visa in various countries including seven African countries was 3 implemented. I also applaud Zambia for its recent announcement on waiving visa 4 requirements for tourists from various overseas markets, many of which are key source markets for most destinations within our Southern African region. The easing of the visa requirements is a stimulus for integrated marketing of the region.

But we must do more than just advocate.

In a podcast featured in the World Economic Forum Website under the title, "World Vs Virus", economist Nariman Behravesesh explains what Covid-19 has done to the global economy. During the podcast a question is posed to the economist, "Could you tell us more about the sectors that have been hardest hit, and the ones that are thriving?". In his response, Behravesesh answers,

"Well, the hardest hit are clearly any activities or any industries that depend on large groups of people coming together in a spot, so airlines are a perfect example of this. Air traffic is barely at 25% of what it was at the end of 2019 and it's not really going to recover for at least another couple of years."

The last question put to the economist is whether, in terms of the big picture, we are going to see a different kind of economy, to which he answers, "... in terms of the travel and tourism industry, one has to wonder what will come out the other end. Our best guess is that things like business travel will be curtailed quite dramatically".

The economist is correct in making the airlines business an example of the hardest hit sector. But as economists often are, he called it wrong on the long- term view that business would be curtailed drastically. Quoted in the online publication, Tourism Update during August 2022, the CEO of CWT asserts that, "Demand for business travel and meetings is back with a vengeance, of that there is absolutely no doubt." Those of us who travel have seen this.

However, over and above the high costs of flying which have come with this return of business travel with a vengeance, is the issue of availability of seats, and the time it takes to travel with local lay overs. As a result, some people are opting to drive, which by all accounts presents serious risks as it increases opportunity for road carnages particularly as we approach the holiday season. We have already seen this with increased freight on our roads.

This should be a matter of real concern to all of us, and indeed we need to find solutions to this problem. It is not enough to say that we are facing normal demand and supply dynamics. We are not facing ordinary conditions.

We have had a massive supply shock. We didn't just lose friends and loved ones to covid-19, we lost colleagues in the industry. And we have this year lost significant partners in our regional aviation sector. The market is not readjusting naturally. Among the questions to be resolved during this gathering is, how do we work together to resolve this failure instead of looking on and hoping for the best. I am committed to work with you as the industry to find solutions to what I believe represents a major market failure.

Distinguished guests, the Airlines Association's 52-year existence points to a solid vision and history of collaboration with multi-stakeholder groups to tackle what I am certain would have been many challenges along a five-decade journey. We look forward to working with you in the vision we have set ourselves to lead sustainable tourism development and supporting our mutual objectives.

Through connecting places, you, as an industry, have made it possible for generations to connect, reconnect and live out their dreams. May you create memories of your own during this conference as you physically interact with what may feel like "long lost" colleagues and friends since the pandemic.

I wish you a successful Assembly.

I thank you.