

**The First Ordinary Session of the African Union Specialized Technical Committee
on Transport, Intercontinental and Interregional Infrastructures, Energy and
Tourism**

28 November- 2 December 2016
Addis Ababa, Ethiopia

THEME: Financing Infrastructure in Africa

**Convergence of Aviation and Tourism; UNECA Study on
Aviation and Tourism Findings and Recommendations.**

I. Background

1. In May 2016, ECA validated a study on Fostering Africa's tourism growth through Aviation-Tourism policy convergence. The main objective of the study is to examine and inform appropriate policy formulation necessary to addressing the need for policy convergence between Africa's air transportation and tourism sectors. This was occasioned by the appreciation of Africa's unexploited potential for the two sectors and the symbiotic relationship that exists between the two. It is hoped that the findings of this study will make a contribution to elucidating and shaping the debate on how Africa can harmonize the two sectors which are instrumental in employment creation and sustained economic and social development for the continent.
2. Tourism has continued to be a leading global economic sector. In the year 2014 for instance, the sector generated US\$7.6 trillion, representing 10% of global GDP, and 277 million jobs (1 in 11 jobs) for the global economy. The growth prospects for the sector remains positive with the UNWTO's long term forecast projecting that international tourist arrivals are expected to increase by 3.3% a year from 2010 to 2030 to reach 1.8 billion by 2030. Of importance to note is that, between this forecast period, international arrivals in emerging destinations that currently stands at +4.4% a year compared to +2.2% a year in the advanced destinations are expected to increase at twice the rate of those in advanced economies. This, the UNWTO indicates, will result in the market share of emerging economies reaching 57% by 2030, equivalent to over one billion international tourist arrivals, compared to the 30% in 1980.
3. Closely linked to the tourism industry is the aviation sector which has been pivotal for any international tourism development owing to the need for tourism demand to move to the product destination. Overall, the significance of transportation in tourism development cannot be gainsaid. Good and reliable destination accessibility, which is determined by the transport services provided, is a fundamental condition for the development of any tourist destination, providing the vital link between the tourist generating areas and destinations. According to the UNWTO, air travel has continued to be the dominant mode of travel in international tourism accounting for slightly over half of all international arrivals (53%) in 2014.
4. It is in view of the unexploited potential of Africa's tourism industry and the pivotal role that air transportation plays in the development of the sector that the need for policy and regulatory convergence between the two sectors is critical and timely. The harmonization of the twin sectors would in effect contribute to the regional initiatives such as increased intra-regional mobility, integration, trade and tourism as envisioned in the U.N. Sustainable Development Goals, the Africa Union's agenda 2063, the Programme for Infrastructure Development in Africa (PIDA) and, the Yamoussoukro Decision.

II. Overview of the tourism and aviation industries in Africa

5. According to World Tourism Organization (UNWTO) / International Civil Aviation Organization (ICAO) joint High-Level Forum on Tourism and Air Transport for Development held concurrently with the 21st session of the UNWTO General Assembly in Medellín, Colombia, on the 15 September, 2015 (UNWTO, 2015b), tourism and air transport are key sectors for sustainable and resilient growth and development, particularly for Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs). They can play a pivotal role in creating employment opportunities, both directly and indirectly through their linkages to local economic activities, raising income at both household and national levels, improving the balance of payments and driving economic growth. Their importance in promoting economic cooperation, trade and cultural exchange, both at the regional and international levels make them fundamental for the sustainable development in African countries.
6. With regards to tourism sector, despite facing a number of major challenges that have resulted in occasional slumps, the African region has been experiencing growth in the sector. For instance, between 2005 and 2014, Africa's international arrivals grew from 34.8 million to 55.7 million visitors, a record 60.1% change within about 10 years (UNWTO, 2015). During this period, Africa except North Africa as a region recorded about 72 % change in tourist arrivals while the North Africa region recorded a change of 42.4%.
7. At a country level, more and more African countries have continued to realise growth in their international tourist arrivals. For instance in 2005, only six out of the 54 countries in Africa received over 1 million tourists, i.e. South Africa (6.8 million), Tunisia (6 million), Morocco (5.5 million), Zimbabwe (1.9 million), Algeria (1.2 million) and Kenya (1.1 million) accounting for almost 70 per cent of all international arrivals in the region (UNWTO, 2006). However, this number had doubled five years later when in 2014, fourteen countries had crossed the one million international visitors mark, accounting for almost 70 per cent of all international arrivals into the region¹ (Table 1.1).

¹ This percentage excludes arrivals in Egypt which is considered part of the Middle East region under the UNWTO classification

Table 1.1: African Countries with above One million international tourist arrivals in 2010

	Country	International Tourists Arrivals ('000)
1.	Morocco	10,282
2.	Egypt	9,628
3.	South Africa	9,549
4.	Tunisia	6,069
5.	Zimbabwe	1,880
6.	Botswana	1,826
7.	Algeria	2,733*
8.	Mozambique	1,886*
9.	Kenya	1,433*
10.	Uganda	1,206*
11.	Namibia	1,176*
12.	Senegal	1,063*
13.	Tanzania	1,063*
14.	Mauritius	1,039

Source: UNWTO, 2015 Tourism Highlights

* 2013 International arrival figures

8. Further, an intra-Africa tourist arrival has continued to form a significant segment of the visitor arrivals into the region. For instance in 2009, regional visitors accounted for 46% of tourist arrivals in Africa compared to 31% from Europe, 4% from Middle East and 3% from Asia-Pacific and America (UNWTO, 2010).
9. Such growth has seen tourism become a leading economic sector in the region albeit with varying results between different countries ranging between 4.5% of GDP in Burundi to 56.5% in Seychelles (WTTC, 2014). Further, the sector continues to be a leading driver for employment creation in the region. WTTC, for instance, estimates that by 2012, there were 5.3 million direct and 12.8 million indirect jobs supported by the sector across Africa except North Africa. This figure is expected to rise to 6.7 million direct and more than 16 million jobs by 2021 (WTTC, 2012). Within the two sub-regions, 5.3% of the workforce in North Africa and 2.4% of the workforce in the rest of Africa are directly engaged in tourism and the related industries including hospitality, leisure, and transportation service provision (ibid).

10. The World Travel and Tourism Council (2013) estimates that in 2013, more than 2.79 million people were directly employed by the tourism industry in Africa's top five destination countries alone (Table 1.2).

Table 1.2: Tourism employment in selected countries.

Country	Direct Tourism Employment* as % of Total Workforce (2013)		Direct, Indirect, and Induced Tourism Employment** as % of Total Workforce (2013)*	
	% of Total Workforce	Total Directly Employed in Tourism	% of Total Workforce	Total Employed in Tourism (Direct , Indirect and Induced)
Seychelles	22.7	9,700	56.5	24,100
Mauritius	10.8	62,000	23.9	137,500
Cape Verde	14.5	32,000	38.4	84,500
Morocco	7.6	814,000	16.7	1,798,000
Tunisia	6.6	228,000	13.8	473,000

SOURCE: WTTC (2013)

Notes:

* "Direct tourism employment" includes those dealing directly with tourists in hotels, travel agencies, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.

** Indirect and induced tourism employment includes jobs in ancillary services generated by government collective spending on tourism (e.g. tourism marketing and promotion; tourist information bureaux and administrative services), resort security services, sanitation workers; as well as jobs generated by the spending of those directly and indirectly employed in the tourist industry.

11. In relation to the status of the aviation industry in Africa, the study finds out that the large size of the continent coupled with a number of land locked countries,² and the sheer distances between key African cities makes air transport undoubtedly a crucial means of transport for the continent. Further, the poor over-land infrastructure in the continent underpins the importance of airline connections. Table 3.1 illustrates the distances between some African cities compared to that between some European cities.

²i.e. Botswana, Burkina Faso, Burundi, Chad, Central Africa Republic, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, Swaziland, Uganda, Zambia, and Zimbabwe

Table 3.1: Distances between selected African cities vs selected European cities

Distances between some African cities		Distances between some European cities	
Casablanca-Johannesburg	7,637km	Rome- Madrid	1,361km
Cairo- Cape Town	7,234km	Geneva - Stockholm	1,212km
Dakar -Addis Ababa	6,123km	London -Brussels	319km
Lagos -Nairobi	3,805km	Paris -Berlin	877km

Source: Inter *VISTAS* Consulting ltd, 2014

12. In the last decade, Africa has witnessed a sustained growth in the air transportation sector, rising by 6.6 % and making the continent the second fastest growing region globally after Asia. International air passenger numbers have grown consistently year on year since 2004 except in 2011 where the numbers dipped as a result of political instability in parts of North Africa. From less than 40 million passengers carried in 2004 by African airlines, passenger numbers increased to 73.8 million in 2013. Domestic passenger numbers within the region have also increased significantly reaching 28 million in 2013 (Chingosho, 2014).
13. This growth in Africa's aviation industry is projected to continue in the foreseeable future. As the Boeing's long term forecast 2014-2033 indicates, driven by a positive economic outlook, increasing trade links, and the growing middle class, traffic to, from, and within Africa is projected to grow by about 6 percent per year for the next 20 years. Moreover, Africa is projected to require about 1,100 new airplanes over the next 20 years, approximately two-thirds of which will expand the region's fleet (Boeing Commercial Airplanes, 2014).
14. The African region has for a while made efforts to liberalize its aviation industry, most important of which was the Yamoussoukro Decision (YD) of 1999 that sought to deregulate air Africa's air services and promote regional air markets open to transnational competition. While the implementation of the YD has notably encountered a number of challenges, its net effect on the growth of intra-regional air travel is commendable.

15. Free movement of people is the hallmark of regional economic integration. As articulated in Aspiration 2 of the African Union's Agenda 2063, Africa aspires to be a "continent with seamless borders" where "the free movement of people, capital, goods and services." To realize this vision, greater visa openness is a key prerequisite, resulting in the removal of time, cost and process obstacles to moving freely across the Continent. Towards this end, the AU Agenda 2063 stipulates several measures to abolish restrictions to intra-regional travel including introducing an African Passport to be issued by member States, capitalising on the global migration towards e-passports, and abolishment of visa requirements for all African citizens in all African countries by 2018. To date, citizens of this region require a visa to travel to 45% of African countries, can get visas on arrival in 35% of African countries and do not require a visa in 20% of African countries.
16. In conclusion, the study also finds that despite the progress made in Africa's tourism and aviation industries, the potential of most African countries is not fully exploited. The African Union under the African Agenda 2063 envisions the overall goal for the tourism sector as being: *to make Africa the preferred destination for tourism in the world*. To achieve this overall tourism goal, the Agenda spells out the need to build capacity and speed up implementation of the AU/NEPAD Tourism Action Plan. In Aviation, a simulation by the *InterVISTAS Consulting Ltd*³ on the impact of implementing the Yamoussoukro Declaration (YD) on the traffic and passenger flow between 12 African countries showed a number of positive outcomes of liberalization on Africa's aviation industry which should be accomplished for the benefit of African countries. Therefore, successful tourism-aviation policy trade-off should focus on improving efficiency along those tourism value chains linked with air transport.

III. Key Challenges in tourism and aviation sectors

17. A number of factors continue to directly limit the growth of Africa's tourism industry. Key among these being unfavorable policy framework, insecurity, political instability, infrastructure and human resource capacity gap, and price competitiveness challenges. Significantly however, the poor performance of the region's air transportation industry that currently accounts for about 3% of the total global air transportation traffic, has played a key role in hampering the growth of Africa's tourism industry. This is occasioned by such challenges as lack of infrastructure, inadequate transit facilities, limited air connectivity, poor safety and security record, restrictive visa policies and, ineffective government actions.

³ InterVISTAS consulting ltd conducted analysis of the traffic and passenger impacts resulting from liberalising the air service bilaterals between 12 countries in 2013: North: *Algeria, Egypt, Tunisia*; East: *Ethiopia, Kenya, Uganda*; South: *Angola, Namibia, South Africa*; West: *Ghana, Nigeria, and Senegal*.

18. More significant to the tourism industry, air transportation in Africa is relatively more expensive compared to other regions of the world. This is primarily as a result of relatively high passenger taxes and excessive levies in the form of airport fees, jet fuel taxes and, excise duties. While some states have relaxed bilateral ASAs to allow more flights and frequencies, several factors have prevented the full realization of the potential represented by the Yamoussoukro Decision from being realized. According to a recent study commissioned by IATA , such barriers include protectionist policies favoring “national” airlines, discriminatory practices in favor of other continents’ carriers, severe restrictions on African carriers provided by, among others, EU safety regulators, non-physical barriers – visa and other documentary requirements, shortage of foreign exchange etc.
19. Unfortunately for many African countries, while this link between aviation and tourism is obvious, it has not been given much attention among many countries. However, the Luanda Declaration on Tourism and Air Transport Connectivity is a step in the right direction for the continent. The Declaration demonstrates an appreciation of the need for policy convergence between the aviation and tourism sectors in Africa. It thus spells out the region’s commitment to addressing the critical issues related to bridging air transport and tourism policies, including the current regulatory framework and taxation. The declaration is aimed at ensuring that the continent exploits the growing overall opportunities that tourism and aviation are generating globally.

IV. Key Issues for Discussions with STC Experts

20. The following are the key issues that are being brought to the attention of the STC experts to address this road carnage in our continent as we aspire towards the Africa we want;
 - a). Regulatory arrangements in aviation and their impacts on tourism flows; Governments should avoid unnecessary regulations and burdens in their policy implementation and take special steps to optimize connectivity and implement coordinated and holistic measures towards tourism and air transport development. They should also assess the benefits of tourism and air transport against different development opportunities, resources used and values created. Governments should seek convergence and compatibility when formulating consumer protection regimes, giving due regard to relevant international instruments, including the ICAO core principles on consumer protection
 - b). Tourism-related interests /measures and their hindrance to air liberalization; the protection and fortification of state-owned flag carriers has in many cases proved a significant threat to the liberalization of the aviation sector.

Looked from another side, this protection of the flag carrier should be understood as a wider effort to insulate scheduled airlines from the threat of charter services (generally characterized by cheap flights to a multitude of tourism destinations during the peak seasons as part of a holiday package offered by a tour operator at an inclusive price).

- c). Transport and air travel nexus; Due consideration should be given the importance and role of infrastructure to support the necessary development of airports and intermodal transportation infrastructure to meet the demand for air services, as well as practices for attracting public and private capital in the most cost effective manner.
- d). Focus on improving efficiency along those tourism value chains linked with air transport. This would improve both the tourism sector's competitiveness and create favorable conditions for enhancing growth for the aviation sector.
- e). Evidence based policies; African countries must be informed by quantifying the costs and benefits of aviation liberalization not only to the airlines and to home country passengers, but also the potential economic benefits from increased inbound tourism and push forward the agenda by supportive by a strategic regional tourism policy.

V. Policy Recommendations

- 21. Restrictive air service regulations constrain air travel, tourism, and business, and as a result, impact negatively on economic growth and job creation. Liberalization of air transport is therefore, a critical decision that must be taken for the health of the African economies. A number of conclusions can be drawn from the foregoing analyses;
- 22. African countries are encouraged to pursue a tourism and aviation policy trade-off approach with a view to ensuring mutually beneficial outcomes for the two sectors
- 23. Enhanced evidence-based decision-making is of primary importance, especially with relation to the use and management of resources - including biodiversity - benefits and impacts of tourism and air transport at destinations. As a result, Governments should actively support the development of indicators by UNWTO and ICAO to assist States in monitoring progress towards the SDGs.
- 24. Governments should avoid unnecessary regulations and burdens in their policy implementation and take special steps to optimize connectivity and implement coordinated and holistic measures towards tourism and air transport development. They should also assess the benefits of tourism and air transport against different

- development opportunities, resources used and values created. Governments should seek convergence and compatibility when formulating consumer protection regimes, giving due regard to relevant international instruments, including the ICAO core principles on consumer protection.
18. Domestic tourism helps to achieve a better distribution of benefits, employment and wealth throughout the national territory. It is closely linked and interdependent with other sectors of the social and economic life of each country and air transport is increasingly important for domestic tourism growth in many countries around the world. Therefore, the development of domestic tourism should form an integral part of strategic development planning that contributes to strengthening resilience and sustainable development at the national and local levels.
 19. Under a gradual and balanced liberalization of air services, regional and global air links would be expanded and connectivity would be increased. Competitiveness would improve foreign direct investment would increase, and economic development would accelerate. Governments should therefore actively pursue the continuous liberalization of international air transport to the benefit of all stakeholders and the economy at large guided by the need to ensure respect for the highest levels of safety and security and the principle of fair and equal opportunity for all States and their stakeholders.
 20. Travel facilitation is of great importance for the development of present-day tourism and Member States should pursue efforts to implement the provisions of previous declarations and recommendations, especially those encouraging travel facilitation and, when appropriate, lend their support to UNWTO and ICAO and implementation of the YD
 21. Facilitation, wherever feasible, of travel formalities and procedures in respect of entry and exit points, customs, currency, safety and security as well as health regulations, is crucial in order for the tourism and air transport sectors to sustain their resilient growth and yield their development potentials. The ECA report noted that the restrictive, expensive and inefficient visa processes have curtailed intra-Africa travel, thus further negatively affecting demand for intra-African travel and tourism. Specifically, though deepening intra-regional travel has been, and continues to be a long-held aspiration among African countries, Africans travelling within the region are generally more restricted compared to outsiders.
 22. Improving transport conditions, especially air transport, should be ensured by vigorously promoting the introduction of measures that enable seamless, safe and secure domestic and international travel, such as the ICAO Traveller Identification Programme (ICAO TRIP) as well as INTERPOL's Stolen and Lost Travel Documents Database (SLTD), so as to maximize the holistic approach to identification management at borders while ensuring travellers' safety and the resilience of tourism development.

23. Governments and the aviation industry should avoid imposing unjustified taxes, charges and other levies on international aviation which may have negative impacts on the competitiveness of the air transport and tourism industries and national economies.