

# Open skies, more business travel means a stronger Africa

By <u>Oz Desai</u> 18 Sep 2017

In travel, the term 'open skies' mean far more than a torrential downpour. In Africa, it means the creation of thousands of jobs and billions of dollars of revenue for the continent. It means making travel on the continent more affordable, business growth and increasing opportunities for innovation.



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In short, more business travel across Africa means a stronger Africa.

We've been talking about open skies since 1999 when 44 African nations vowed to fully liberalise air transport in the Yamoussoukro Declaration (YD). The target was set for 2002. Fifteen years on, open skies have yet to become a reality on the continent.

As we celebrate Tourism Month and recognise the impact that travel and tourism have on the global economy, there's an opportunity for us once again to acknowledge what achieving open skies in Africa would mean for the business community and business travel in general.

# What achieving open skies in Africa would mean for business

A London businessman thinks nothing of boarding a flight to Stockholm. Like a Swedish sandwich cake, he has a smorgasbord of flights from which to choose – different times of day, different airlines and tonnes of different airfares.

His South African counterpart travelling from Johannesburg to Lusaka, not so much. To travel the same distance, the South African has only five direct flights a day on one carrier. If he wants to get to Lubumbashi, a little further north, he has the option of only six direct flights a week. And if we wanted to fly from Lubumbashi to Nairobi, try three times a week. Miss your flight and you can see you're going to be cooling your heels for quite some time before you can catch the "next flight out".

It is also more expensive per kilometre to fly within Africa than it is to fly overseas from South Africa. According to Corporate Traveller statistics, a return trip from OR Tambo International Airport in Johannesburg to Gaborone in Botswana costs as much as R4,41 per kilometre, to Maputo as much as R3,40 and Lusaka R2,21. Whereas a flight from Johannesburg to Perth, Australia, would cost only R0,88 per kilometre, Paris only R0,61 and New York R0,52. The costs to fly within Africa are significantly higher than flying overseas.

For business travel to make the contribution it could make to Africa's economy, business travellers are going to need open skies to make it a reality. A report released a few years ago by the International Air Transport Association (IATA) said if Africa eventually implemented open skies, airfares would fall between 25% and 37%.

In addition to the fare savings, business travellers would benefit from greater connectivity, no longer needing to travel back to a hub like Nairobi or Johannesburg to get between two African destinations. This would mean time savings for travellers and much more convenience.

Improving air access will mean that companies can access new markets due to new destinations, better flight connections, and higher frequencies offered. Better air connections would mean business would have access to more markets globally and with that more potential customers to sell their services and products.

#### What's stopping Africa?

So, what's stopping countries from implementing open skies on the continent when the benefits to the continent's economy are clear?

The fear among governments is that by liberalising their skies, they will harm the profitability and viability of existing carriers, many of which are government owned. Of course, this is very possible. As new competitors enter the market, these national carriers would no doubt lose market share – no longer the only game in town. But with liberalisation, these national carriers would also enjoy growth in traffic volumes as they expand into new markets and the pool of travellers grows. And surely, the benefits of increased employment opportunities, economic development and better investment conditions outweigh any concerns that governments would have around the impact on their national carriers?

## The exponential growth of travel into and within Africa

We've seen in two separate reports recently – Euromonitor and ForwardKeys – that international travel into Africa is growing exponentially due to improved air connectivity to the continent, with Kenya and South Africa largely leading the charge.

ForwardKeys said in its report earlier this year that African airports are seeing double-digit growth in flight arrivals for the first half of 2017. This growth is mostly international traffic, not domestic. The biggest growth into Africa is from the East, followed by the Americas, although the share of arrivals from Europe remains the greatest (46% of all air arrivals into Africa).



Intra-African air travel is also growing, though it is a much smaller portion of arrivals. It is disappointing that the demand from African travellers and investment in airlines within Africa is less than that in countries from outside the continent.

As a frequent business traveller, I cannot wait for the day when it is easier and as convenient to travel between two African destinations than it is in other parts of the world.

### **Get cracking**

Not implementing open skies in Africa means an opportunity lost for better business travel and in turn job creation and economic growth. As encouraging as the growth is that we're seeing, it could be a great deal faster and more beneficial to travellers and economies if we would park our fears at the door in Africa and get cracking on implementing YD so we can build each other's economies up instead of waiting for growth from other continents.

Let's not make it another 15 years.

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