

**SPEECH BY HON. MICHAEL YEUNG SIK YUEN,  
MINISTER OF TOURISM AND LEISURE ON THE  
OCCASION OF THE OPENING CEREMONY OF THE  
ANNUAL GENERAL ASSEMBLY OF AIRLINES  
ASSOCIATION OF SOUTHERN AFRICA ON  
FRIDAY 31 OCTOBER 2014 AT 08.30 HOURS AT  
HILTON MAURITIUS RESORT AND SPA,  
MAURITIUS**

**Distinguished delegates,**

**Distinguished Guests,**

**Ladies and Gentlemen,**

**All protocols observed,**

It is indeed a great pleasure for me to address you this morning on the occasion of the opening of the 44<sup>th</sup> Annual General Assembly of the Airlines Association of Southern Africa (AASA), being hosted by Air Mauritius.

On behalf of the Government of Mauritius and in my own name, I wish to extend a warm welcome to you all, in particular to the overseas delegates who have travelled from different parts of

Africa to participate in this meeting. I wish them all a very pleasant stay in Mauritius. We are also thankful to the Airlines Association of Southern Africa for choosing Mauritius as the venue for this year's General Assembly.

It would be pertinent for me to recall that the Airlines Association of Southern Africa is a regional organisation currently consisting of 20 member airlines from SADC Member States. It works closely with leaders of the Aviation Industry and Government officials to devise policies and strategies for the overall profitability and long-term sustainability of Africa's Aviation Industry. This year's General Assembly has brought together government officials, industry stakeholders and experts from IATA to reflect on the theme "**MASTERING INDUSTRY STRATEGIC TURNAROUNDS**".

This theme is highly relevant and fitting for many reasons:-

**First**, the performance of the African aviation industry is still lagging behind those of the rest of the world in spite of steady increase in passenger and freight traffic by 45% and 80% respectively over the past years.

**Second**, aviation has a significant multiplier effect on the economy in terms of GDP growth and job creation.

**Third**, air transport is key for tourism growth and development in particular for long haul destinations.

**Fourth**, competitive air services drive global trade, growth of international tourism and bring people, families and cultures together at low cost.

I commend the Airlines Association of Southern Africa for choosing such a live topic as the theme for this year's General Assembly.

## **CHALLENGES AND OPPORTUNITIES TO THE AFRICAN AVIATION INDUSTRY**

**Ladies and Gentlemen,**

The present meeting is of special significance in view of the growing uncertainties in the global market place. Today, the African Aviation Industry is operating in a highly volatile environment and severely constrained by a number of factors:-

**First**, high input costs, particularly jet fuel which accounts for up to 40% of airlines' direct operating costs.

**Second**, inflated user fees charged on infrastructure and a range of other taxes which dampen demand for airfreight and deter travel.

**Third**, closed and regulated market regimes and strict immigration requirements.

**Fourth**, prolonged recession in Western Europe affecting main outbound tourist source markets and political instability in Middle East.

**Fifth**, poor airport infrastructure, lack of physical and human resources, limited connectivity and lack of transit facilities.

**Last but not least**, climate change which requires high investment in new technology as part of mitigating measures.

### **Ladies and Gentlemen,**

These challenges call for concerted actions, effective strategies and active cooperation at regional and international levels to reposition the African Aviation Industry in the new business environment and better connect African countries and regions to boost intra-African business, trade, tourism and cultural exchange. Over and above, a reliable, efficient and competitive African Aviation industry could greatly ease the air connectivity problems currently faced by 16 landlocked African countries.

## INTERDEPENDENT RELATIONSHIPS BETWEEN TOURISM AND AIR TRANSPORT

**Ladies and Gentlemen,**

The growth of air transport and expansion of tourism are intricately linked. Tourism represents not only the primary clients for air transport but it is also an important driver of economic growth, export and job creation. According to UNWTO, last year the tourism sector accounted for 9% of global GDP, 6% of world's exports of goods, 9% of total employment and 29% of the world's services export. By 2030, international tourist arrivals are projected to reach 1.8 billion. Apart from the leisure segment; the business tourism and other niche segments are gaining momentum and represent a vast opportunity for air transport development.

UNWTO and ICAO estimate that 53% of the international tourists arrive at their destinations by air in 2013 and in many countries aviation is key to domestic tourism development.

As Minister of Tourism and Leisure, I must acknowledge the crucial role that airlines and airports have played in tourism development and the opening up of new destinations has been

beyond expectations. It is a fact that without airlines many countries, regions and islands would not have been accessible and even established tourist destinations would have had very few tourists.

## **REGIONAL TOURISM DEVELOPMENT**

According to the World Tourism Organisation, Africa's share of world tourist arrivals in 2013 was only 5% while Europe captured 52% of all international tourist arrivals. In terms of receipts, Africa shared hardly 3% of total world tourism receipts of USD 1159 billion last year.

These figures clearly demonstrate that the African continent has yet to unleash its full potential to enjoy the economic benefits emanating from tourism. In this context, flexible air connectivity within the African region will be critical to drive tourism growth and trade development in Africa.

## **TOURISM AS A CATALYST OF SOCIO-ECONOMIC DEVELOPMENT IN MAURITIUS**

**Ladies and Gentlemen,**

Tourism is a business sector that offers vast development and investment opportunities for the private sector and SMEs. Some

SADC countries have successfully penetrated the niche segment of the top-end market.

The Mauritian experience is quite interesting whereby the tourism sector has over the years emerged as a major pillar of the economy contributing immensely towards the socio-economic development of the country.

- **Today, the tourism sector accounts for 6.9% of the GDP and 15% of the total labour force;**
- **Tourist arrivals increased steadily to reach 993,106 last year and this year we shall cross the one million mark;**
- **Tourism earnings reached USD 1.3 billion in 2013;**
- **The rebalances of tourism growth with more pronounced penetration in emerging markets like China is paying dividends. So much so that the Euro zone which constituted about 67% of our total tourist arrivals in 2009 has gradually declined to reach 55% in 2013 while arrivals from Asia increased from 7.1% in 2009 to 13.3% in 2013.**

Indeed, the sector has had a multiplier effect on the economy as a whole and uplifted the living standard of the Mauritians.

**Ladies and Gentlemen,**

The advances made in the tourism sector have been largely due to the close collaboration between my Ministry, Air Mauritius and the Ministry responsible for Civil Aviation, a coherent strategy and a strong public and private sector partnership. Air Mauritius has always been responsive to the needs of the tourism industry and established direct links to our tourism source markets.

The success of our market diversification strategy and penetration in the Chinese market is largely attributed to the unflinching support of Air Mauritius and a more liberal air access policy adopted by the Government. This collaboration between the Tourism Industry and Aviation Industry will be nurtured and further reinforced for the common good in the context of the formulation of the Tourism Strategic Plan 2015-2020.

**Ladies and Gentlemen,**

Recognising that a modern air transport infrastructure is critical to keep pace with the traffic growth and meet the needs of the tourism sector, the Government has recently built a state-of-the-art passenger terminal at the Sir Seewoosagur Ramgoolam International Airport. The new terminal which has the capacity to handle up to 4 million passengers annually. The runway also has been extended to accommodate bigger aircrafts like airbus A380. Currently, we are receiving two A380 on a daily basis. The vision of the Government is to make Mauritius a hub in the Indian Ocean and to serve as a gateway to Africa for passengers from China, Australia and Asia.

## **CLIMATE CHANGE AND THE AVIATION SECTOR**

**Ladies and Gentlemen,**

I will fail in my duty if I do not mention the issue of climate change which is one of the most acute global challenges that both the aviation industry and the tourism industry have to face in the 21<sup>st</sup> century.

It is a fact that tourism activities such as accommodation and transportation contribute to greenhouse gas emission through

the use of energy. According to UNEP, tourism creates about 5% of total greenhouse gas emissions.

In this context, we need to develop a new hotel development strategy that mainstreams eco-friendly practices such as energy saving devices and use of renewable energy.

In Mauritius, we are already implementing a hotel development strategy that compels hotel operators to resort to energy saving devices, use of solar energy, installation of desalination and recycling plants and rainwater harvesting. Measures have also been taken to ensure that the architecture layout and design of buildings are eco-friendly. More recently, we have developed an eco-label for the tourism industry to mitigate the impact of tourism activities on the environment.

The aviation industry, which contributes to 2% of global man-made carbon dioxide emissions, also needs to adopt mitigation measures such as fuel efficient aircraft supported by cutting-edge airport and traffic navigation infrastructure. In addition, some of market-based measures such as carbon pricing trading

will be necessary to complement the operational, technical and infrastructural improvements.

As tourism and aviation sectors, we should contribute our fair share to limiting the global temperature increase below 2°C above pre-industrial level during this century.

### **44<sup>th</sup> ANNUAL GENERAL ASSEMBLY**

**Ladies and Gentlemen,**

The General Assembly provides a unique opportunity to the members to reflect on key issues, identify opportunities and challenges, chart new orientation and adopt common strategies and policies to position the African Aviation in the global aviation market. It also provides a platform for networking among the airlines in the region and for forging lasting collaboration to advance the causes of the tourism industry and promoting a sustainable aviation industry in the Southern African region.

I am pleased to note that some 200 delegates consisting of Chief Executive Officers, Marketing Directors, Sales Directors, Chief Operating Officers, Commercial Directors, Accountants,

Operating Managers, Business Development Managers, Corporate Planning Directors, Customer service Managers and Experts from IATA are gathered here today to examine the opportunities and challenges of the African Aviation sector and subsequently devise a turnaround strategy for the long term sustainability of the industry. This is indeed a laudable initiative which will surely contribute to move forward the aviation sector and by extension the tourism agenda.

### **CONCLUDING REMARKS**

As I conclude my remarks, let me acknowledge the hard work of Airlines Association of Southern Africa and Air Mauritius for ensuring the successful planning and preparation of the 44<sup>th</sup> Annual General Assembly meeting.

I also wish to thank the organisers for giving me the opportunity to be part of this regional event and address such an august gathering. I wish you all a fruitful consultative meeting, a constructive dialogue and renewed commitments on mutually agreed targets.

**THANK YOU FOR YOUR KIND ATTENTION.**