

Multi-year Expert Meeting
on Transport, Trade Logistics and Trade
Facilitation

**Third Session:
Small Island Developing States:
Transport and Trade Logistics
Challenges**

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**Transport and Tourism Nexus
Mauritius/IOC Experience**

Presentation by

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“SMALL ISLAND DEVELOPING STATES:
TRANSPORT AND TRADE LOGISTICS CHALLENGES”
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GENEVA, PALAIS DES NATIONS

TRANSPORT AND TOURISM NEXUS
MAURITIUS/IOC EXPERIENCE

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Transport and Tourism Nexus

- The General Agreement on Trade in Services (GATS) has laid down the multilateral disciplines for the tradability of services.
- Transport and Tourism constitute the important components of trade in services.

Popular Destination but Fewer Tourists

- Despite its highly acclaimed attractions, the Indian Ocean countries surprisingly draw relatively few tourists. Yet these destinations have much to offer including some of the world's most celebrated beaches, one of the planet's most prominent biodiversity hotspots, and an intriguing cultural meeting pot (World Bank Report).

Market Share

- The entire IOC region received only 3.9 million tourists in 2011, equivalent to a 0.4% share of international tourists arrival globally. This pales in comparison to the more established Caribbean region, which received 2.9 million tourists in 2011 and claimed a 2% international market share.
- Of the four IOC countries reviewed by the World Bank, Mauritius has the most mature tourism sector. Last year, Mauritius received nearly one million tourist arrivals, which is more than 50 times the corresponding arrival figures for Comores. Madagascar, recovering from its political crisis of 2009, received just 250,000 tourist arrivals in 2012. Meanwhile, Seychelles surpassed the 200,000 arrivals figure for the first time.

Main Handicaps

- One of the main challenges is the IOC destination's distances from traditional and emerging markets.
- Limited access and limited port infrastructure are the most important impediments to tourism growth in the IOC region.

IOC Summit Decision

- The Heads of State and Government at the 4th Summit of the IOC held in Moroni on 23 August 2014 reiterated the importance for the IOC countries to improve the global connectivity in the region, be it maritime that is crucial for trade, air links crucial for tourism and business or digital that is important for enterprises, investment or technology transfer.

Vanilla Branding

- Tourism is the primary sector in the IOC.
- The IOC aims at developing a regional tourism strategy and industry using the “vanilla island” branding, based on private sector ventures and the complementary tourism assets and attractions of different islands.
- This can be achieved by lowering transport and communication costs.

Aviation and Tourism

- Aviation and tourism are not just closely linked and interdependent but form a symbiotic relationship, one unable to exist and prosper without the other. IOC islands depend almost entirely on air transport to bring visitors.
- Air access remains a top priority for boosting tourist arrivals. However, the flights between the islands are limited and costly.

Limited Air Connectivity

- Travelling within the IOC destinations is more expensive than the European Union. This is largely due to lack of air connectivity within the IOC.
- The best connected of the four studied islands is Mauritius with flight to over 20 international destinations. Madagascar has flights to nine international destinations, while Seychelles links to eight destinations and Comoros to only five.

Intra-Regional Air Connectivity

- In terms of intra-regional air connectivity, the two best connected countries are Mauritius and Madagascar with connections through Reunion island as well as direct connections between each other.
- For Comoros, connections exist through Reunion to other islands along with a limited set of direct flights to Madagascar.
- For Seychelles, a limited number of direct flights both to Mauritius and Reunion allow for connections with other islands. Currently, Air Mauritius does not fly to Seychelles.
- Mauritius does not have direct air links with Comoros.
- Madagascar is not directly connected with Seychelles.
- Seychelles and Comoros are not directly connected with one another.

Open Air Space

- The IOC is of the agreement that open air space and a low-cost regional airline can beef up tourism growth.
- But this policy is far from being implemented.

Need to Improve Intra-Regional Air Connectivity

- Seychelles and Madagascar need to revise the 1979 BASA, with a view to allowing more frequent flights.
- The two vanilla island members Comoros and Seychelles have on 10 July 2014 signed a new BASA (Bilateral Air Services Agreement) which will pave the way for flights between the two islands.
- In October 2014, Mauritius and Seychelles agreed to renew the 17-year old air services agreement in a bid to improve air links. Air Mauritius and Air Seychelles have now at their disposal enhanced frequencies. They can together offer a total of eight flights per week.

Low Cost Carrier

- The IOC needs to explore the possibility of facilitating entry of a low cost carrier. A number of regional tourism stakeholders have advocated for the creation of a regional low cost carrier. For that to happen, there need to be the political will to create a cabotage area.

Strategic Partnership: Air Mauritius-Emirates

- On 16 December 2013, Air Mauritius and Emirates Airline signed a ten-year extension to their existing code share Agreement.
- The new enhanced commercial agreement expands cooperation including China, Egypt, Italy Sir Lanka, allowing Air Mauritius to cover even more destination. Emirates passengers, henceforth, benefit from the connections Air Mauritius can offer to onwards destination from Mauritius such as Madagascar, La Reunion and other Vanilla Island destinations.
- Mauritius has registered notable increase in tourist arrivals from non-traditional markets, such as China, Russia and UAE.

Strategic Partnership: Air Seychelles-Etihad

- Air Seychelles has concluded a partnership deal with the Middle East's third biggest, Etihad Airways.
- This deal aims at helping Seychelles to tap the high end tourism market and to the emerging business links with China.
- The partnership plan includes:
 - Introduction of Airbus A330-200 aircraft
 - Increased frequencies to key destinations

Strategic Partnership: Air Seychelles-Etihad (Contd)

- Benefitting from economies of scale and synergies in staff training, procurement and product development.
- Extended code share operations with Etihad Airways to connect Seychelles, through Abu Dhabi with a global network of passenger and cargo destinations.
- Daily flight between Abu Dhabi and Seychelles as compared to 4 weekly flight in the past.

Modern Airport Infrastructure

- Mauritius has invested massively in airport infrastructure. It has spent eleven billion rupees in the extension of this existing airport. The new terminal now covers an area of 56,900 sq metre and can handle a total of 4.5million passengers per year.
- The topographical constraints of Comoros and Seychelles act as serious handicap in the enlargement of their airports such that they can be able to attract large carrier.
- The airports of Madagascar have remained almost the same since its days of independence and are not appropriate for the landing of mega carriers.

Cruise Tourism

- Within the context of establishing a competitive tourism sector across the region, cruise tourism can be a key platform for regional integration efforts. Cruise tourism, by its definition, requires regional collaboration and cohesiveness. In order to attract more cruise ships, the IOC countries will need to jointly develop a cruise tourism strategy.
- While the Indian Ocean is seen as having potential for cruise tourism, the market is still fairly limited and has been hampered in past years by piracy.

Cruise Ships Arrivals

- In 2010, Mauritius inaugurated an internationally-certified cruise ship jetty. In 2010/2011 fiscal year, Mauritius received 27 cruise ships carrying a total of over 26,000 passengers.
- In 2010, Seychelles received 20 cruise ships carrying 15,634 passengers. Seychelles only major cruise jetty is in Victoria. Plans to build an esplanade for arriving passengers was put on hold in light of the piracy menace, but work will soon begin.
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Cruise Ships Arrivals (Contd.)

- Madagascar, by virtue of its size and wide diversity of attractions, is a great attraction for cruise tourism in the region. However, the country is largely unprepared for cruise tourism, mainly because of its inadequate port infrastructure which limits the number and size of vessels that can visit. With its 3 ports that can receive cruise ships, there were a total of 29 calls in Madagascar in 2010.
- Comoros with its limited infrastructure received only two cruise ships calls in 2011.

Coordinated Approach

- In order for the region to attract more cruise tourists in a sustainable manner, a much more coordinated approach will be necessary. An important first step will be the creation of an Indian Ocean Islands Cruise tourism development strategy.

THANK YOU