

The GLOCEPS

Weekly Influential Brief

Research and Analysis in Development Pillar

Opening of Mombasa skies integral to the growth of Tourism and the Blue Economy

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Photo Credit: Kenya Association of Travel Agents

Executive Summary

The Yamoussoukro Declaration of 1999 on the easing up of rules and regulations of national airports for African airlines was meant to liberalize the regional market and competition. Despite being a signatory to the Single African Air Market (SAATM), Kenya stopped African airlines from landing directly at the national airport in Mombasa, except for Ethiopian Airlines. This has been directly extended to non-African international airlines. The coastal hub's status as Kenya's tourism and blue economy hotspot depends on a consistent and large flow of international leisure and business arrivals. Constraints to open skies are therefore a continued impediment to this effort. While the employment of protectionist policies may favor national carriers, the social and economic implications are however regressive and widespread. Decisions by the

Ministry of Transport and Infrastructure to reverse international flights from landing directly at Kenya's airports of Mombasa, Kisumu, and Malindi are associated with high airport charges, taxes, and air tickets due to monopolization of the routes by Kenya Airways and its subsidiary. Resultantly, it restricts the opening of markets for the direct export of domestically produced goods. It also depresses passenger numbers which drive job creation in the tourism and blue economy sector. To revamp tourism, restoration of consistent foreign tourist flow through improved accessibility to direct air traffic remains vital. Alternatively, Kenya's premier destination will not save it from competitive destinations of Zanzibar and Dar es Salaam that allow and promote direct flights to their national airports.





Context

Tourism stakeholders postulate that rebuilding the coastal tourism footprint after navigating the COVID-19 pandemic should be the government's top priority. The position is aligned with Kenya Kwanza's manifesto on the limited contribution of the tourism sector to national growth despite its historic and economic importance. Industry actors argue that interventions aimed at leveraging the country's reputation as a premier leisure and business destination depend on easing direct travel. Currently, tourists are required to travel through the Jomo Kenyatta International Airport, before getting a connecting flight to Kenya's coast. This arduous endeavour is detrimental to tourism. Tourists and business arrivals deliberately avoid connected traveling, especially to long-haul

destinations like Kenya. As a result, they prefer Dar es Salaam or Zanzibar, which have direct flight options.

While closing direct international flights to Moi International and Malindi Airports is pursued to protect the home turf of Kenya Airways from international airlines, this measure is counterproductive to the coastal hospitality sector. Incidentally, until December 2022 when Kenya Airways started direct flights from Mombasa to Dubai, there were no direct flights servicing the highly attractive coastal strip. Thus, Kenya's economy suffers from a reduction of revenue, employment opportunities, foreign exchange, and taxes that would abound with an increase in arrivals.



Photo Credit: The Star





Trends in tourism and hospitality

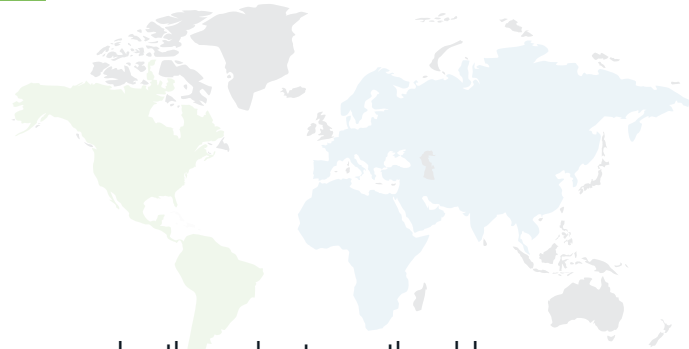
Combined business and leisure (bleisure) travel and cost considerations are among the trends that are shaping the tourism and travel industry in the post-pandemic era. This has seen the leisure and business components converge as a growing tourism package rather than being pursued as two disparate categories.

To capitalize on this market shift, enhancing the ease of travel is essential. To this end, the growing global and continental trend has been the opening up of skies to allow for connect-free travel. Open skies policy allows for the ease of access and rules of use of national airports for direct flights by foreign airlines. Governments increasingly engage in bilateral agreements that open up new routes not covered by the national carrier to other airlines. Equally, actors in the tourism and hospitality sector, including

hotels and airlines, leverage open skies through mutual interoperability and synergies to boost profitability and national incomes.

However, in post-COVID Kenya, regressive efforts have been made to reduce the pursuit of open skies policies at the Moi International Airport (MIA) and the Malindi Airport. International airlines such as KLM Royal Dutch Airlines, Polish Airlines, Ukraine charter flights, and Condon charter airline of Germany which previously enjoyed two weekly direct flights to Mombasa have been denied licenses. Ironically, most of the airlines emanate from the traditional western market that Kenya is greatly invested in to increase arrivals. Such policies make the Kenyan tourism and hospitality market highly unattractive to budget travelers. Likewise, license applications for direct flights by Qatar Airways,





Emirates, Turkish Airlines, and other charter airlines have proved unsuccessful. The limitation of direct connectivity informs the direct decline in tourist arrivals. Proximal rival destinations of Zanzibar and Dar es Salaam have benefitted as they allow for direct international flights. In one case, a flight brought 88 German tourists through Mombasa's MIA while 122 transited to Zanzibar. Equally, it is estimated that the closed skies regime has witnessed weekly flights dissipate from the 33 flights in the pre-COVID era. This trend ruins the viability of tourism and resulting employment at the coast. Resultantly, it is estimated that hotel bookings average 40-50% of the over 40,000 hotel beds in the Kenyan coastal strip.

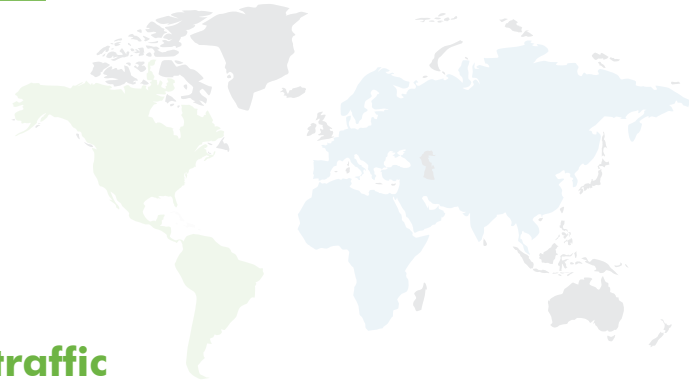
Tourism actors such as the Kenya Coast Tourism Association attribute difficulties to leverage on

the blue economy and Meeting, Incentives, Conferences, and Exhibitions (MICE) potential on the close skies regime. Most stakeholders advance that the South African cities of Durban and Cape Town have reinvigorated their positioning as preferred MICE destinations on the adoption of the open skies policy. The Kenya Coast Working Group posits that MICE's travelers avoid destinations that require connections like Mombasa. This is due to their busy schedules. Thus, without improved accessibility, the marketing and branding of coastal experiences are moot. Investors in the tourism industry thus miss out on MICE opportunities. MICE is seen as a growing, reliable, and recurrent source of income in the hospitality sector. It is estimated that on average, MICE guests pay 17.5% more than leisure guests.



Photo Credit: The Star





Reduction of air traffic

The closed skies regime at the coast has coincided with the cancellation of direct international flights into Mombasa and Malindi. The central argument for the restriction is that implementation of open skies policies will overrun the national and low-cost airlines that operate local and regional flights. However, the application of strict regulatory protection is often associated with curtailed competition, inflation of airfare, and the dampening of air traffic growth. It equally leads to the net decline of the much-needed foreign exchange and employment opportunities in the coastal tourism sector.

On the contrary, historical evidence points out that gradual and controlled liberalization of the international transport sector can open new

markets. African states like South Africa are progressively disembarking from air protection tendencies, abandoning perennially ailing national carriers to allow efficient foreign operators. The witnessed net effect has been the increase of both passenger and cargo freight numbers, greater efficiency, safety, and competitive pricing. The situation is required for the Kenyan coastal air space where heavy investments of more than Ksh 7 billion were invested in the upgrading of the cargo handling facility at MIA. However, this facility is underutilized. Kenya's policy action conflicts with prevailing evidence. For instance, Morocco's pilot of the open skies policy rejuvenated its stagnant air traffic in 2003. The program reduced transport costs, enhanced greater fluidity between markets, and coordinated



Photo Credit: Airspace Africa



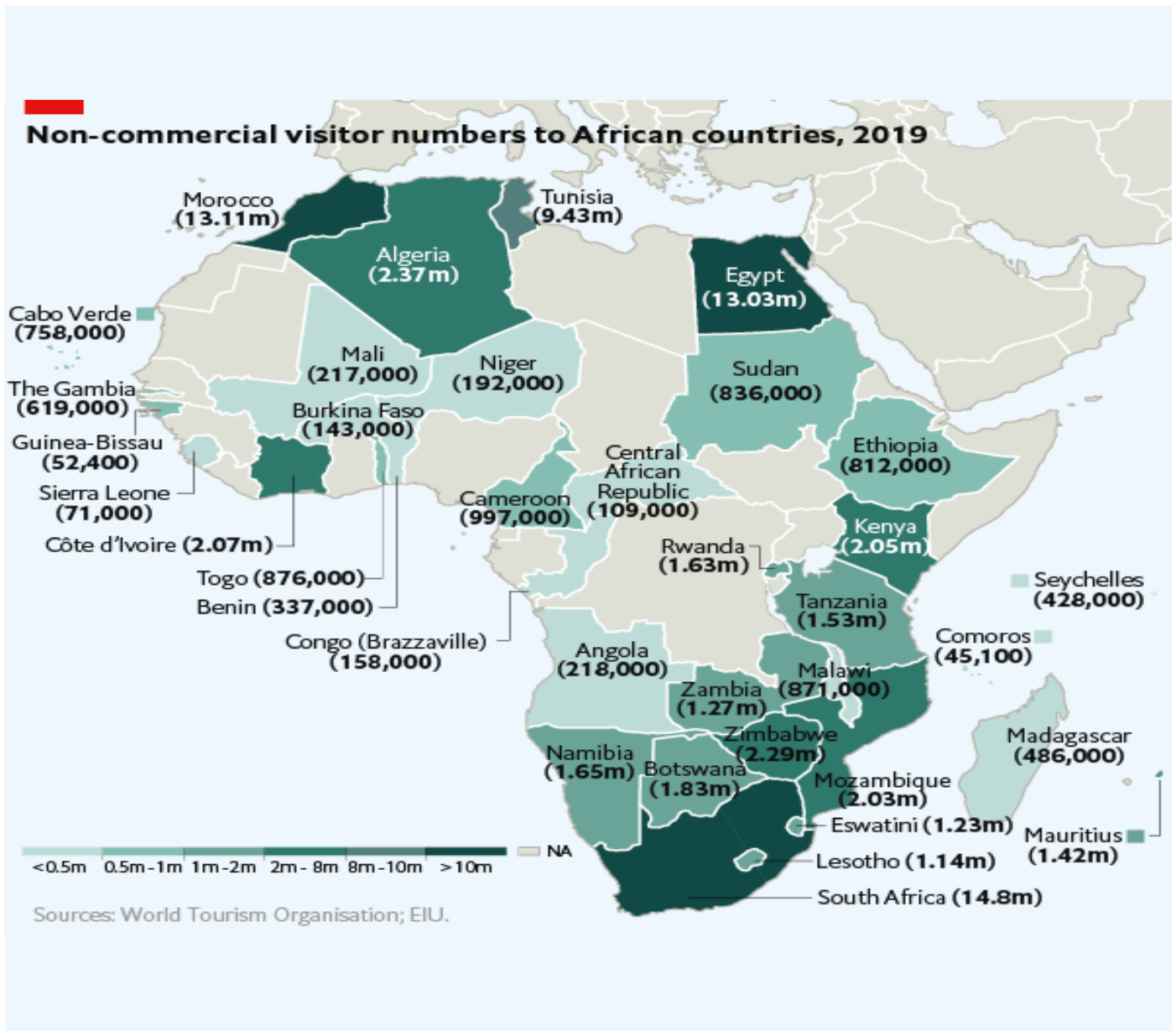


between new markets and tourism zones.

opened routes to Nador, Tangier, Agadir, and Oujda.

Additionally, the Morocco experiment indicates that their open skies policy with the European Union is greatly beneficial to the national carrier and local airlines. The national carrier, Royal Air Maroc, accounts for 55% of the scheduled flights and seats. Local airlines, Atlas Blue and jet4you.com, account for 10%. Not only has the policy enhanced traffic to the traditional destinations of Marrakech and Casablanca, but additional daily scheduled flights have also

Lessons from Morocco indicate that their liberal pursuit of the Open Skies Policy with the European Union allowed their airlines to be more competitive. A decrease in air-ticket prices boosted tourist and business arrivals from 2 million to 12 million annually in a decade. Kenya should strategically apply the same gamebook to revive and grow her tourism and blue economy sectors.





Conclusion

The coastal strip is primed as Kenya’s tourism and blue economy hub. To capitalize on this innate potential, direct access to international travellers remains the backbone of the tourism industry. Inhibiting international airlines from landing directly at the Kenyan coast to protect the national carrier erodes the country’s position as a premier tourist destination. The current measure is counterproductive to the tourism sector and the national economy. Actors in the industry posit that Mombasa should be positioned as a key gateway to East Africa. With the significant infrastructural investment made in the coastal strip, Mombasa should not be subservient to Nairobi as the country’s entry point.



Photo Credit: The Exchange Africa

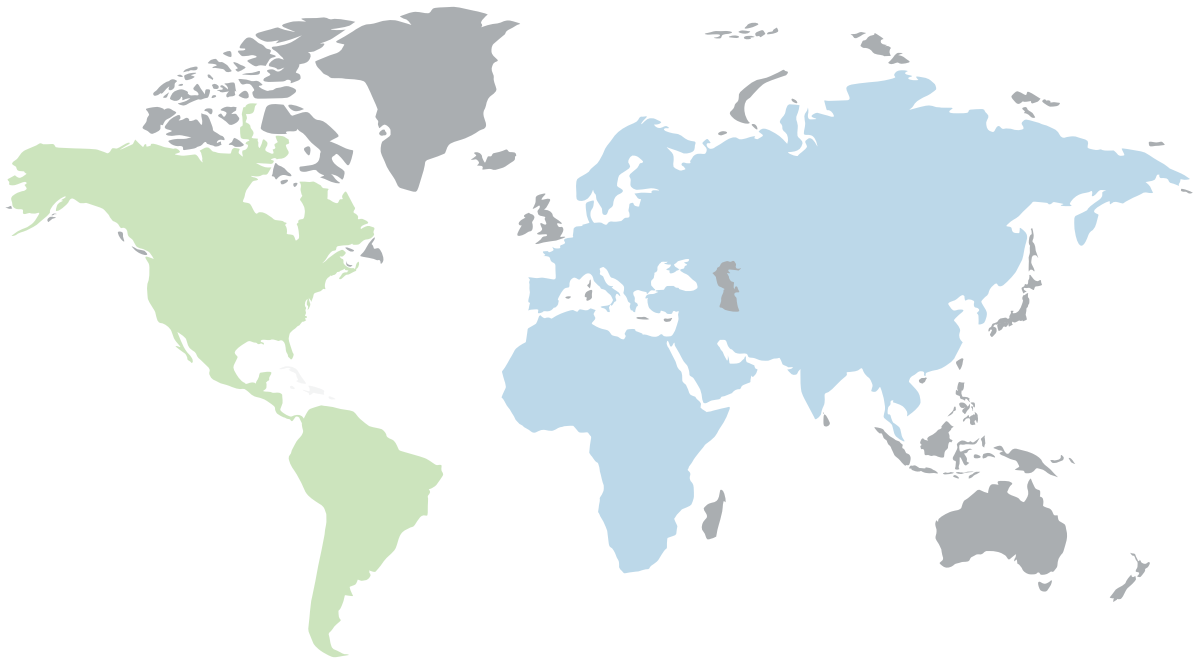
Recommendations

The Ministry of Transport and Infrastructure, and the Ministry of Tourism and Wildlife alongside actors in the tourism industry need to implement the open sky policy that will enhance direct arrivals of leisure and business travellers and investments to the lucrative coastal hub.





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