

African open skies: How SA's aviation market could help boost intra-continental travel

By [Paul Calvey](#)

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The South African domestic airline market looks very different now than it did before the Covid-19 pandemic. Some long-established players are no longer flying, new players have entered the fray, and incumbents have expanded their routes.



Image source: [Gallo/Getty](#)

The country has also lagged the overall recovery of the global aviation industry. Oliver Wyman PlaneStats data shows that, at the end of 2022, South Africa's domestic airline capacity was only at 70% of the levels seen pre-pandemic, whereas globally capacity has returned to levels seen in 2019.

This is not to say there hasn't been a recovery: our analysis shows that there was a compound annual growth rate in terms of seat capacity in South Africa of 26% between 2020 and 2022.

But overall, fewer people are flying than they were in 2019. The decreasing amount of commuter and business travel will account for some of the lag in recovery. People are now happy to meet virtually, and organisations are increasingly comfortable with their staff working remotely, so many flights are now simply unnecessary.

Another contributing factor is increasing airfares. Spurred by rises in fuel costs and lower seat capacity, South African domestic flights now cost an [average of 54%](#) more than they did in 2019, according to a study by Visa and Discovery. This means there is likely an unserved demand for flight seats at lower price points.

South African carriers, especially low-cost carriers, still have room to grow in the domestic market, particularly if they can capture travellers at lower price points. However, we also see a significant opportunity to focus more attention on intra-continental travel, which could be of huge benefit to the carriers, travellers, and the GDP of African countries.

Long overdue shifts

The issue of limited intra-African flights and high costs has long been a dampener to economic growth in the region. Given the role that air travel plays in creating employment, facilitating trade, enabling tourism, and supporting sustainable development, this is an issue that urgently needs addressing.

In a world where Europe and a growing number of other regions have enjoyed low-cost flights between countries for decades, it's stark that a return journey between Cape Town and Nairobi (5 hours, 45 minutes) frequently isn't that much less than you would pay for a similar journey between Cape Town to Dubai (9 hours, 25 minutes).

There are several reasons for those higher costs, including restrictive regulatory environments, high taxes, and a lack of infrastructure.

This has resulted in missed opportunities. [An article from March 2022](#), for example, revealed that there were just two direct flights a week between Lagos, Nigeria, and Douala, Cameroon at the time. That's despite the fact it's only a 1.5-hour flight along one of Africa's busiest corridors. Also, there are currently no direct flights between Lagos and Kinshasa, West Africa's two biggest cities.

The PlaneStats data shows, for example, that Africa has one of the lowest airline seats per capita of any region in the world. Just 0.12, compared to Europe's 1.5, while the US has more than 3.5 seats per capita. This puts into context how much room for growth exists across the continent.

Reaping the rewards of liberalised skies

Our analysis also shows that only 17 million of the 177 million seats on African flights that took off in 2022 were intra-African. By comparison, the South African domestic market alone accounted for 15 million seats in 2022. So, the potential for growth for travel across the continent is significant.

Encouragingly, there are a growing number of examples that showcase what's possible when African countries open their skies. When South Africa and Zambia reached a bilateral open-skies agreement in 2013, for example, flight prices between the two countries [fell almost 40% and air traffic increased 38%, according to a report by the UK's Business Environment Reform Facility](#).

There are other initiatives that aim to open the entire continent's skies: in late 2022, for instance, a bloc of African countries, including South Africa, agreed to take part in a pilot implementation project, designed to act as a precursor to the Single African Air Transport Market (SAATM). These agreements will mean airlines are increasingly able to offer more intra-African flights at better prices than before.

South African low-cost airlines, which make up the vast majority of low-cost carriers on the continent, are particularly well-suited to focus on intra-African expansion. They have fleets of aircraft capable of handling the longer flights needed for intra-continental travel and have access to some of the leading aircraft engineers, technicians, and maintenance crews in Africa.

Growth in intra-continental routes by low-cost carriers will also put pressure on national and group-based airlines to push their prices down to remain competitive. And if these routes are successful, there will be even more incentives for African governments to put accelerated liberalisation policies in place.

A sizeable opportunity

While it's hard to quantify exactly how much fully open skies could add to Africa's collective GDP, we do have some ideas. A [few years ago](#), for instance, the International Air Transport Association (IATA)'s vice president for Africa, Raphael Kuuchi stated that if just 12 key African countries opened their markets and increased connectivity, they could create an additional 155,000 jobs and add US\$1.3bn to their total annual GDPs.

Extrapolate that out to 54 countries, and it's clear that the potential for growth is immense.

With South African domestic flights recovering but still not at pre-Covid-19 levels, its carriers are in a good position to help drive growth here. Even as the bureaucratic gears needed for truly open skies grind on, they can use the same tactics that keep them competitive domestically to help bring down the costs of intra-African travel. This, coupled with the opening of more routes across the continent, will drive growth in the years ahead.

Implemented correctly, a sound intra-African strategy would be a win for the low-cost carriers themselves as well as for ordinary African travellers, the businesses that support them, and the GDPs of the countries they fly to.

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