



**Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)**

DEVELOPING AIR LINKAGES TO SUSTAIN TOURISM AMONG THE OIC MEMBER STATES



**COMCEC COORDINATION OFFICE
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The analytical study entitled “Developing Air Linkages to Sustain Tourism among the Member States” has been commissioned by the COMCEC Coordination Office specifically for the 4th meeting of the COMCEC Transport and Communications Working Group, to be held on September 11, 2014 in Ankara, with a view to enriching the discussions during the aforementioned Meeting. The study identified the current status of air transportation practices in the OIC member states; determined the implementation barriers for enhancing better air transportation and therefore tourism in the OIC Member States; and proposed recommendations for improving air linkages to foster tourism activities.

(1) Air transport and tourism are inextricably linked: an increase in one often accompanies an increase in the other. Increased air links allow tourists to more readily access a destination; demand by tourists to arrive at a destination leads to enhanced air service. For many OIC countries, the tourism and aviation sectors are vital to economic development. Air service brings tourists and visitors who spend money in a country and the corresponding infrastructure and services that are developed increase local employment. Each new international service introduced at an airport contributes to the country’s economic development, by expanding business sales for local companies, supporting jobs and income for residents and contributing incremental tax revenues

(2) Air transport is by its very nature a global industry. It has seen unprecedented change during the last 20 years, driven by emerging business models, new technology, and social change. Growth has been fuelled by the following major factors:

- Expansion of the global economy which relies heavily on air transport
- Growth of the tourism industry which is shifting more and more to air transport

- The advancement of technology which makes aircraft and flying substantially safer and more cost efficient

(3) OIC member states are estimated to have over 520 commercial airports. The combined total of reporting countries have a momentous 602.6m passengers transported by over 4.2m aircraft movements (estimate for 2012). For the purposes of this study, OIC member countries have been grouped into three groups based on the offering of the tourism sector: Established; Emergent; and Future.

(4) Countries with ‘Established’ tourism sectors have significant tourism infrastructure and active marketing campaigns. Overall, the group consists of 17 different countries. The Established group increased passenger figures significantly over the past 20 years (at a rate of 8.9% per year on average) as barriers to entry were lowered and the number of airlines increased. Passenger traffic in Established markets reached 504m passengers in 2012.

(5) Those with ‘Emergent’ tourism sectors have begun to develop tourism as an industry, but it currently contributes less than 10% to GDP. The Emergent tourism members are by far the majority of the OIC member states with 23 countries out of the total 56. However, Emergent countries accounted for only 16% of OIC country passengers in 2012, at 96.5m. Passenger growth has been limited by the dominance of foreign carriers who drive the majority of traffic outbound into their home markets.

(6) Countries with ‘Future’ tourism sectors are those with underdeveloped tourism markets often due to political, infrastructure or economic transition. While tourism plays a minor role in most of the group’s countries there are solid foundations which can be built on. Limited data exists for the Future countries as not all countries report; however, it is estimated that Future countries accounted for 1.9m passengers in 2012.

(7) There are numerous reasons why aviation and tourism thrive in some countries and not in others. Barriers to developing aviation can take

many forms and be the responsibility of many different stakeholders. Most barriers to aviation have a negative effect on tourism as they limit or prohibit air service that would otherwise be taken by visitors. Simply put, visitors cannot arrive at a destination without flights. The source of aviation barriers is often government policies, typically at the national level. Government policies that restrict aviation include those on:

- Limits on airline operation and ownership
- Lack of aviation infrastructure
- Visa costs and procedures
- Constraining fare regulation
- Taxation
- High airport rates and charges
- Bilateral Air Service Agreements
- National safety and security standards that do not meet international guidelines

In addition to formal government policies, a major barrier to aviation in many OIC member states is political uncertainty and security concerns.

(8) Fortunately, there are many policies that a country can implement in order to develop aviation and, therefore, tourism. Incentives discussed in the study include:

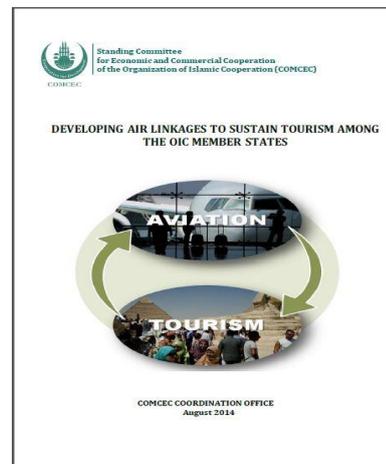
- Establishing a formal, coordinated Air Service Development program
- Aligning National Tourism and Air Transport Plans
- Encouraging private sector involvement in the process
- Offering financial incentives to airlines
- Allocating government funding for aviation infrastructure development
- Easing regulations and cost of visas
- Negotiating more open bilateral agreements
- Improving aviation safety and security, if needed

(9) Air service can best be developed via a variety of means. Elimination of basic obstacles is important as is pro-active air service development. Costly and cumbersome tourist visa processes are key issues. Countless examples reveal that travellers will typically travel to destinations with friendly and welcoming processes and policies.

(10) To grow air service and tourism, bilateral air service agreements are a fundamental factor. The more liberal the policy, the more air service will be created - although this may harm local airlines in the short term. Restrictive bilaterals may protect inefficient airlines for a short time, but the best hope for the survival of those airlines is to be forced to lower costs and increase efficiency, often as a result of new competition.

(11) Air service is best obtained by a nation by having a best-practice air service development program including a quantified proposal for a specific route that fits airlines' strategies, route networks and fleets, with a traffic forecast, which should be done using a globally-accepted methodology.

(12) The study also includes 11 Case Studies that highlight best practices and pitfalls in the OIC member countries with regards to barriers and incentives.



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