

**REPUBLIC OF MAURITIUS**

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# REPUBLIC OF MAURITIUS

**PRESENTATION**

**BY**

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# REPUBLIC OF MAURITIUS

## OUTLINE

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- ❖ BILATERAL AIR SERVICES AGREEMENT
- ❖ OWNERSHIP AND CONTROL
- ❖ AIRLINE CHALLENGES
- ❖ MAURITIUS AIR ACCESS POLICY
- ❖ EFFECT OF GLOBALISATION ON AIR TRANSPORT MARKETS
- ❖ REGULATORY FRAMEWORK

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## AIR TRANSPORT

- ❖ Air transport is a major industry in its own right and it also provides important inputs into wider economic, political and social processes.
- ❖ Air transport facilitates growth in the economic development of a region or of a particular industry such as tourism.
- ❖ The air transport industry has a vital role to play in achieving sustainable development in the Indian Ocean region.

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## CHICAGO CONVENTION

- ❖ The Chicago Convention of 1944 acknowledged the new international potentials of civil aviation and initiated an institutional structure that laid common ground rules for bilateral air services agreements (ASAs) between nations.
- ❖ While providing a formal basis for negotiation, it was essentially one of protectionism with pairs of countries agreeing on which airlines could offer services between them, the fares to be charged and, often, how the revenues could be shared.

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- ❖ Air access to Mauritius is governed by the Civil Aviation Act 1974 and associated regulations which are in line with the provisions of the Convention on International Civil Aviation concluded at Chicago on 07 December 1944, which is referred to as the Chicago Convention.

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- ❖ The Master Plan for Air Transportation prepared by the Netherlands Airport Consultants BV in December 2004 recommended that Mauritius should liberalise along bilateral lines on a step by step basis rather than through engaging into regional arrangements or deregulating its policy overnight.

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- ❖ Since August 2005, Mauritius is pursuing a gradual air transport liberalisation policy within the established bilateral framework through the adoption of a pragmatic approach to enhance seat capacity and competition on all routes with high growth potential.



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## BILATERAL AIR SERVICES AGREEMENT

- ❖ International air services between countries within the Indian Ocean are operated under the terms of bilateral air services agreements (ASAs) negotiated between the countries.
- ❖ Typically, these ASAs specify which airlines could operate between the two countries, the routes carriers could operate (e.g., which airports they could fly to), traffic rights that could be exercised by the designated airlines, limits on the frequency and capacity (seats) that the carriers could operate.

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- ❖ Mauritius has, up to now, signed Bilateral Air Services Agreements and Memoranda of Understanding with 40 countries. The list of countries are as follows:

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## List of Countries with which Mauritius has Memorandum of Understanding and Bilateral Air Services Agreement

- Note: s = signed, i = initialed
- BASA: Bilateral Air Services Agreement
- MOU: Memorandum of Understanding

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S.N.	Country	BASA/MOU
1.	Austria	MOU (2006) s BASA (2006) i
2	Australia	MOU (2007) s BASA (2007) i
3	Belgium	MOU (1992) s BASA (1993) s
4	Botswana	MOU (2011) s BASA (2012) s
5	China	MOU (2006) s BASA (1994) i

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6	<b>Comoros</b>	Procès Verbale (1990) s BASA (1981) s
7	Dubai (United Arab Emirates)	MOU (2001) s
8	Egypt	Minutes of Proceedings (1972) s BASA (1972) i
9	Ethiopia	Agreed record (2002) s BASA (2002) i
10	<b>France (Reunion)</b>	MOU (2005) s BASA (1979) i

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11	Germany	Air Transport Agreement (1974) s Protocol(2005) s
12	Hong Kong	MOU (1995) s BASA (1998) s
13	India	MOU (2005) s BASA (1972) s
14	Indonesia	MOU (1995) s BASA (1999) i
15	Italy	MOU (2007) s BASA (1975) s

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16	Kenya	MOU (2007) s BASA (1979) s
17	<b>Madagascar</b>	MOU (2007) s BASA (2006) i
18	Malawi	Agreed record (1990) s BASA (1990) s
19	Malaysia	MOU (2012) s BASA (2009) i
20	Maldives	MOU (2013) s BASA (2013) s

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21	Mozambique	MOU (2011) s BASA (2011) i
22	Netherlands	MOU (2009) s BASA (2009) i
23	Pakistan	MOU (2007) s BASA (1979) s
24	Russia (USSR)	MOU (2007) s BASA (2007) i
25	Saudi Arabia	MOU (2012) s BASA (2012) i



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26	Denmark	Agreed Minutes (2013) s MOU (2013) i BASA (2013) i
27	Norway	Agreed Minutes (2013) s MOU (2013) i BASA (2013) i
28	Sweden	Agreed Minutes (2013) s MOU (2013) i BASA (2013) i
29	<b>Seychelles</b>	MOU (1997) s BASA (1997) i
30	Singapore	MOU (2010) s BASA (2010) s

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31	South Africa	MOU (2010) s BASA (2010) i
32	Spain	MOU (2007) s BASA (2007) i
33	Sri Lanka	MOU (2008) s BASA (2008) i
34	Swaziland	Agreed record (1977) s BASA (1977) i
35	Switzerland	MOU (2009) s BASA (2009) i

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36	Tanzania	MOU (1979) i BASA (1979) s
37	Thailand	MOU (2006) s BASA (2006) i
38	United Kingdom	MOU (2007) s BASA (2009) s
39	Zambia	Agreed record (1990) s BASA (1993) s
40	Zimbabwe	Agreed record (1990) s BASA (1990) i

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- ❖ These Agreements provide, inter alia, for designation of airlines, the route schedule, frequencies of flights to be operated on the agreed routes, capacity entitlements, as well as traffic rights.

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- ❖ Out of the 40 Bilateral Air Services Agreements and Memoranda of Understanding, 25 provide for multiple designation, 3 for dual designation; and 12 for single designation.

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❖ Recently, Mauritius has signed BASA with Maldives and initialled agreements with Saudi Arabia and the Scandinavian Countries: i.e. Denmark, Norway and Sweden.

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- ❖ The expansion of air services is a necessary condition for the development of a more diversified export base development across the region and for the expansion of tourism in the region.
- ❖ Improvements in the air transport connectivity in the region would no doubt help the regional airlines in lowering transport costs, supporting more rapid economic growth and increasing personal mobility.

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- ❖ The modern air transport industry is thus one that increasingly operates within a liberal market context.
- ❖ while, in smaller countries government controls market entry and capacity, these are gradually and almost universally being removed or relaxed.



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## OWNERSHIP AND CONTROL

- ❖ Most countries have also placed foreign ownership and control restrictions on the airlines.
- ❖ This was to ensure that the airlines complied with the national ownership requirements in the ASA - in order for an airline to be designated by a country under the ASA,
- ❖ It typically needs to be majority owned and controlled by citizens of that country.

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## AIRLINE CHALLENGES

- ❖ All airlines of the world had since 2008 been facing major financial challenges due to the soaring fuel price.
- ❖ The world is undergoing an economic recession whose end cannot be predicted.
- ❖ Most of the airlines had to review their business model and take appropriate measures to build business resilience and long term sustainability.

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- ❖ The national airline was also not spared during these new financial challenges.
- ❖ In this respect Air Mauritius has reviewed its Business Model and has put in place a recovery plan which is being implemented since 2012.

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## ❖ AIR MAURITIUS RECOVERY PLAN INCLUDES:

- 1 Network concentration
- 2 Re-fleeting
- 3 Reinvigorating Revenue Management
- 4 Costs Reduction
- 5 Improving Service Quality

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- ❖ This new business model aims at positioning Mauritius as the main hub in the Indian Ocean region by:
  1. Improving connections between Mauritius and other international airports.
  2. Increasing frequencies and capacity on core routes.
  3. Developing partnership & alliances with other airlines.

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## Overview of Air Mauritius performance

- ❖ For year 2012/13,
  - Around 1.3 million passengers carried
  - Around 1.8 million seats offered
- ❖ Approx. 50% of total tourists carried by Air Mauritius(450,000)
- ❖ 30,000 tons of cargo carried or more than 50% of total cargo traffic
- ❖ Around 1.88 million seats planned for Year 2013/14 or growth of 4% v/s Year 2012/13

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## MK Traffic, Seats & Load Factor

- Average annual growth of 2.3 % in seat capacity over last 10 years to reach 1.8 million seats in 2012/13
- Average annual growth of 2.1% in pax traffic over last 10 years to reach 1.3 million in 2012/13



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## Air Links to/from IOC States

- **Mauritius-Reunion (St Denis & St Pierre)**
  - MK: 3-6 daily flights with combination of ATR 72, A319, A330 & A340
  - Air Austral: daily flights
  
- **Mauritius - Antananarivo**
  - MK: 5 weekly flights with A340 & A319 aircraft
  - Air Madagascar: 2 weekly flights operated with B737 aircraft plus 5 weekly codeshare services on Air Mauritius flights



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## ➤ **Mauritius-Seychelles**

- MK: No operations
- Air Seychelles: 3-4 weekly flights

## ➤ **Mauritius-Comoros**

- No direct operators, indirect services via Reunion & Madagascar

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## Air Links in the Region

There are currently air links between Mauritius and the following countries:

Route	Airlines
Mauritius – Réunion – Mauritius	Air Mauritius and Air Austral + Code share between Air Mauritius and Air France
Mauritius – Madagascar – Mauritius	Air Mauritius and Air Madagascar
Mauritius – Seychelles – Mauritius	Air Seychelles

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## Strategy for the region

- Development of Mauritius as a hub.
- Focus on regional routes development with increased frequencies/capacity.
- Improving connectivity between regional routes & rest of Air Mauritius network.
- Strengthening cooperation with airlines of region for greater synergies
  - Air Mauritius – Air Austral
  - Air Mauritius – Air Madagascar
  - Discussions with Kenya Airways and South African Airways for regional network synergies

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## MAURITIUS AIR ACCESS POLICY

- ❖ Mauritius is cautiously pursuing a gradual air transport liberalisation policy within the established bilateral framework through a pragmatic approach to enhance seat capacity and competition on all routes with high growth potential. In this respect, the cargo regime has been liberalised since 1998.

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- ❖ Since 2005, Mauritius air access policy has been reviewed in order to –
  - Boost and revitalise the tourism sector which has the potential to become one of the main engines of economic growth; and
  - Stimulate demand from markets with high potential, and at the same time induce more price elasticity in low season through the interplay of market forces.

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- ❖ In line with the new policy, the following measures have been taken:
  - Air seat capacity and competition have been enhanced on routes with potential for growth.
  - Access to Mauritius has been opened to countries such as China, Russia, Sweden, Norway and Denmark which have a potential for tourist growth.
  - Schedule carriers have been allowed to operate supplementary flights during peak period.
  - Adhoc flights are also authorised as and when requested, on routes where there are no schedule carriers operations.

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## THE EFFECT OF GLOBALISATION ON AIRLINE MARKETS

- ❖ Globalisation, in its most literal sense, is the process of making transformation of things or phenomena into global ones.
- ❖ This process is a combination of economic, technological, socio-cultural, and political forces.

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- ❖ The implications of globalisation in its many manifestations have been profound for the international air transport industry.
- ❖ It has brought about implicit and explicit international coordination of policies by governments (e.g. regarding safety, security, and the environment).



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## REGULATORY FRAMEWORK

- ❖ In order to enhance the confidence of the travelling passengers and the public in general in the aviation sector, the regulatory framework in Mauritius has been consistently reviewed and the European standards have been adopted for the regulation and supervision of the national airline, its certification process and the oversight system to ensure compliance with international standards of safety and security.

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- ❖ Apart from the airline, the airport infrastructure and the Air Navigation Services also are being modernised with heavy investment to serve the national and international airlines operating in and out of Mauritius.
- ❖ The modern airport infrastructure goes in line with the objective to make Mauritius the hub of the region for regional and international travel.

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## AIRPORTS OF MAURITIUS

10 October 2012

Passenger Statistics - (Arrivals + Departures)												
YEAR	2009			2010			2011			2012		
	Total	Int	Dom	Total	Int	Dom	Total	Int	Dom	Total	Int	Dom
JAN	263,423	253,138	10,285	280,199	269,535	10,664	304,576	291,636	12,940	296,819	282,467	14,352
FEB	163,071	158,348	4,723	180,994	175,357	5,637	188,660	182,197	6,463	202,607	195,943	6,664
MAR	201,082	194,518	6,564	217,640	210,503	7,137	226,246	219,098	7,148	225,286	217,698	7,588
APR	184,525	177,060	7,465	187,594	177,730	9,864	210,521	200,576	9,945	218,454	207,418	11,036
MAY	176,391	170,017	6,374	193,464	186,982	6,482	192,240	184,290	7,950	203,984	195,232	8,752
JUN	141,613	137,503	4,110	163,412	158,390	5,022	161,778	155,549	6,229	160,966	154,312	6,654
JUL	203,702	196,115	7,587	229,897	220,244	9,653	230,476	219,691	10,785	227,959	217,532	10,427
AUG	209,259	201,046	8,213	220,322	210,070	10,252	219,506	209,066	10,440	221,260	209,777	11,483
SEP	162,034	157,190	4,844	178,551	172,668	5,883	182,271	175,148	7,123	185,927	178,969	6,958
OCT	208,550	200,199	8,351	228,134	219,316	8,818	236,985	227,162	9,823	0	0	0
NOV	208,394	199,289	9,105	227,964	218,563	9,401	233,032	221,470	11,562	0	0	0
DEC	259,766	246,996	12,770	280,094	266,294	13,800	280,100	264,424	15,676	0	0	0
Total	2,381,810	2,291,419	90,391	2,588,265	2,485,652	102,613	2,666,391	2,550,307	116,084	1,943,262	1,859,348	83,914

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## Load Factors on Flights

- ❖ The filling up of the aircraft seats on the regional flights remains a determinant factor in the economic viability for the airlines operating on these routes.
- ❖ The table below summarises the average load factors for 2012 for the different airlines operating on the regional routes to/from Mauritius.

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Airline		Load Factor 2012
Air Mauritius	<i>Madagascar</i>	48 %
	<i>Reunion</i>	60 %
Air Austral		65 %
Air Madagascar		45 %
Air Seychelles		80 %

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❖ The table below provides further details on the statistics of the regional passenger traffic into Mauritius over the last two years.

Airline		2011	2012	Growth (%)
Air Mauritius	Madagascar	51,672	52,639	2
	Reunion	262,185	288,030	10
	Total	313,857	340,669	9
Air Austral		271,294	245,741	-9
Air Madagascar		21,185	26,100	23
Air Seychelles		34,660	27,524	-21
Total Regional Traffic		640,996	640,034	-0.2
Total Passenger Throughput		2,666,625	2,690,869	0.9

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The table below provides further details on the statistics of the regional passenger traffic into Mauritius over the last two years.(continue)

<b>Regional Traffic share of Total Passenger Traffic (%)</b>	<b>24</b>	<b>24</b>
<b>Air Mauritius share of the Total Regional Traffic (%)</b>	<b>49</b>	<b>53</b>
<b>Air Mauritius Regional Traffic share of the Total Traffic for Air Mauritius (%)</b>	<b>23</b>	<b>25</b>
<b>Air Mauritius Regional Traffic share of the Total Passenger Throughput (%)</b>	<b>12</b>	<b>13</b>

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- ❖ The new strategies of Air Mauritius and the heavy investment in the airport facilities and Air Navigation Services, are in line with the government policy to provide a safe and secure air transport environment to attract more tourists and consolidate the stance of Air Mauritius as a major airline in the region with a view to position Mauritius as a regional hub.



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**THANK YOU**