

A FUNCTIONAL NATIONAL AIRLINE HAS POTENTIAL TO IMPROVE THE BALANCE OF TRADE

By Owen Wagabaza

In 2016, during the Independence Day celebrations in Kiyunga, Luuka district, President Yoweri Museveni announced the revival of Uganda Airlines after 15 years on the sidelines.

According to Dr Joseph Muvawala, the executive director of the National Planning Authority, the airline is in line with Uganda's Vision 2040, which sets the long-term aspirations of transforming Uganda from predominantly peasant to a modern and prosperous country within 30 years.

The idea was formulated in the First National Development Plan and the Second National Development Plan where the airline is highlighted as one of the flagship projects expected to drive Uganda towards its medium to long-term development goals.

"The decision to revive the airline was based on Uganda's past aviation experience, as well as lessons from the success and failure of airlines globally," Muvawala explains.

Aviation history

Uganda's aviation history spans from 1943 with the formation of the East African Airways from the former Wilson Airways that collapsed with the East African Community and the imposition of the economic embargo in 1975/6.

The first national carrier for Uganda, Uganda Airlines, was formed with an airline fleet of 15 aircraft linking the country to Africa, Europe and Middle East. However, the airline suffered financial difficulties and in May 2001, it was liquidated after years of losses.

There have been numerous unsuccessful attempts to establish a local-based airline including attempts by Africa One, East African Airlines, Alliance Air, Victoria International Airlines and Air Uganda among others.

"These airlines failed due to under-capitalisation, old technology aircraft, political interference, lack of route rights, poor management and lack of appreciation of value addition to the airline," Muvawala says.

It will spur development

According to the National Business Airline and Implementation Plan (NBAIP), a document that present a detailed case and final review of the viability of establishing a national airline with a hub at Entebbe International Airport, the airline will enhance the country's competitiveness by reducing the cost of air transport and easing connectivity to and from Uganda.

"It will support faster harnessing of opportunities in the economy and fulfill the

Why was it important to revive Uganda Airlines?



The Bombardier Uganda Airlines plane after the signing ceremony last week in Mirabel, Canada

requirement to establish air transport infrastructure to meet the growing demand for air transport," reads the document.

According to the plan, the revival of the national airline is an infrastructure development that will have tremendous impact on the economy of Uganda.

Impact

Among the expected impacts is promotion of tourism by offering connectivity to and from source markets abroad. The connectivity provided by international air transport facilitates the fast-growing global tourism industry.

"It is estimated that over half of international tourists globally travel to their destinations by air. Uganda's tourism potential will be boosted by the national airline's services and promotion of brand 'Uganda' through its marketing power, travel connections and visibility internationally," the NBAIP notes.

Cornwell Muleya, the technical advisor to the Presidential National Airline

Implementation Taskforce, Uganda Airline will also stimulate growth, create employment and revenue generation for the government.

"The air transport industry has a substantial economic impact, both through its own activities and as an enabler of other industries. Of the five million direct jobs generated by the air transport industry worldwide, 4.3 million people are employed by the airlines and airports (aviation sector) globally, contributing about \$275b of GDP to the global economy," Muleya says.

He also highlights the promotion of exports through the facilitation of access of goods to international markets.

According to Muleya, one of air transport's most important economic benefits is its effect on international trade, which plays a key role in promoting economic growth in countries in different stages of development.

"Air transport is an important trade facilitator. It increases the global reach of companies, enables them to get products to market more quickly and allows them to be more responsive to customer needs, thereby contributing to improved living standards," he says.

Balance of trade

There will also be an improvement in the balance of trade. A functional national airline has the potential to improve the balance of trade by saving and generating foreign exchange directly and indirectly through foreign exchange premium savings and spin-off activities.

According to the NBAIP, the airline is expected to reduce the cost of air transport. Before 2007, Uganda did not have

Current prices are averaging \$330 for economy class on this route, after commencement of operations by RwandAir.

This demonstrates the competitive power of having a strong local airline to ensure a level playing field and proper pricing for the consumer.

The drop of air fares to and from Entebbe will lead to significant savings for passengers. There will be a reduction of dominance of foreign operators, which bears unfair influence on the cost of air travel.

There will also be a balance of aviation opportunities arising from mutually beneficial bilateral agreements and benefits only attributable to national airlines.

Currently, only foreign airlines benefit from Uganda's aviation market with revenue and profits repatriated to home countries.

Uganda Airlines will create employment and offer citizens the opportunity to develop careers and participate in an essential and growing aviation industry worldwide.

The absence of a national airline limits opportunities for Ugandans to develop careers and benefit from the global rapidly growing revenues in the aviation sector.



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Congratulations!

The Uganda Development Corporation would like to congratulate the Ministry of Works and Transport and all Partners that have worked tirelessly to ensure the revival of the Uganda Airlines.

Uganda will officially receive the first Uganda Airlines Bombardier Jetliner CRJ900 on 23rd April, 2019 and its arrival will mark the official revival of Uganda Airlines, the national flag carrier.

This is a significant milestone in the journey of an airline that will transmute into a globally competitive aviation line. We wish the Uganda Airlines continued success as it spreads its wings and soars to new heights.



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UGANDA AIRLINES WILL CREATE EMPLOYMENT AND OFFER CITIZENS THE OPPORTUNITY TO DEVELOP CAREERS IN AVIATION