

PLZ – Intercontinental Airport Development

Opportunity for Reconstruction and Accelerated Economic Development in the Eastern Cape – South Africa - by Franco Eleuteri

ECONOMIC DRIVER

The world's economic downturn, following the COVID pandemic, has motivated new development strategies requiring the involvement of the private sector. The creation of an intercontinental air capability in the Eastern Cape would meet freight and passenger traffic needs, while being part of an export-driven strategy as a creator of new jobs.

The present lack of direct international flights, while making use of CPT (Cape Town) and JNB (Johannesburg) airports, provides a lesser service level. International tourist traffic attracted by wildlife and the garden route also enters the country from other airports.

While the Eastern Cape has an established industrial base, with two seaports, it is not directly connected by air to the Global Supply Chain. This is particularly important to high value-added manufactured and perishable products.

An intercontinental air capability as part of a multi-functional solution, therefore, can become an immediate driver of economic development and job creation.

Both the World Bank and IMF recognize competitive access to world markets for emerging economies as an important means to increased GDP growth.

MANUFACTURING – AGRICULTURAL – MARINE SECTORS

The Eastern Cape is presently a center for the automotive, pharmaceutical, wool-mohair, and marine sectors, which require the movement of time-sensitive product on a national/ international basis.

- The automotive industry in the province has five major OEM (Original Equipment Manufacturer) plants including Volkswagen and Mercedes-Benz. This is in addition to 120 first-, second-, and third-tier component manufacturers serving both the local and international markets with exports to Europe (70%), Asia (10%), and Africa (6%).
- Pharmaceutical production is centered on Aspen as the largest drug manufacturer on the continent, with license to produce ARV (antiretroviral) drugs for sub-Saharan Africa.
- South Africa is further the largest producer of mohair in the world, with wool and mohair production centered in the Eastern Cape.

PLZ INTERCONTINENTAL AIR PLATFORM - CHARACTERISTICS

SYNERGISTIC TO EXISTING AIRPORT

- Infrastructure
- Runways / Taxiway
- Buildings
- Operations / Fuel

FREIGHT DRIVEN DEVELOPMENT

- Aircargo / Freight handling
- Manufacturing / Logistics
- Development Zones (time-sensitive production)
- Complimentary to deep water port

INTERCONTINENTAL AIR CAPABILITY

- 3,300m new runway
- Large wide-body sizing
- Expanded market access and quick response

EXPANDED CATCHMENT FUNCTION

- Connected regional transportation network
- Twinned sea/air port locations
- Tourism – Agricultural – Industrial growth potential

PASSENGER DRIVEN DEVELOPMENT

- Business opportunities
- Tourism / Leisure
- Airline support (hangar / flight kitchen)
- Aircraft Maintenance / Mods

DIRECTLY ASSOCIATED DEVELOPMENTS

- Sustainable energy / agrovoltaics
- Car rental / parking
- Airport / Cyber Village
- Special / Economic zone growth (industrial / logistics / incubator)

- The marine economy in the region is the second most important to the Western Cape, with exports primarily to Spain and Italy, followed by Hong Kong and Portugal. Presently, product is moved to Cape Town, where it is processed and exported, while making use of its airport.

Consequently, provision of an expanded efficient and cost-effective air transport capability would increase this importance of these market sectors.

LOGISTICS GATEWAY AND AEROTROPOLIS

The establishment of an intercontinental air capability as part of a multifunctional plan creates a catalyst for growth. This would capitalize on the existing airport infrastructure at PLZ while creating a competitive operating environment.

The new airport development would create a new 3,300m long runway, as part of a logistics gateway and aerotropolis function. Such a plan would be synergistic to the existing Nelson Mandela University, the Bayworld Aquarium and Science Center Redevelopment, the Coega Economic Development Zone, and the existing seaports.

The goal being to create a world-class location for transportation, logistics, and new enterprises.

TOURISM AND THE ECOHABITAT

Presently, Trade, Catering and Accommodation (tourism) is the largest contributor to the Eastern Cape economy. This is driven by the Addo Elephant Park, together with over six private game reserves/parks in proximity to the airport. This is further to its attraction as a biodiversity hotspot connected to the Garden Route and Wild Coast.

National and international tourists to the Eastern Cape presently need to enter South Africa from the other airport locations (JIA, KSIA, CPT).

INTERCONTINENTAL AIRPORT VENTURE

Efforts to expand the existing 1980m x 46m runway at PLZ have been constrained by the inability to lengthen it. Consideration has also been given to a new airport at a remote location at Coega, which would also incur significant capital costs.

Further, recent trends in infrastructure development have a focus on private sector involvement and multifunctional solutions. There is a move from ventures solely dependent on public sector funding and state-owned enterprises. The Lanseria airport in South Africa is private-sector driven as is the proposed new airport north of Cape Town.

In addition, aerotropolis concepts do not define an airport as a passenger-only function, but as part of a multifunctional environment. This builds on the transportation activity as part of a larger plan.

OVERALL CHARACTERISTICS

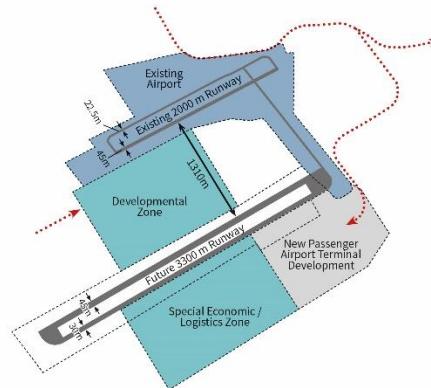
The overall venture would incorporate:

- a multifunctional masterplan
- adding a 3,300m runway
- creating a development zone
- providing passenger-driven facilities
- addressing freight airside and landside requirements
- creating an expanded catchment function
- a phased development capability

The overall plan builds on existing city initiatives in Urban Redevelopment/The Waterfront, The Industrial Academy, and Ecotourism/Bayworld. This is in addition to creating an integrated sea-air-land transportation gateway function.

The objective being to create a competitive destination living and working environment connected to Africa and other continental markets.

PLZ INTERCONTINENTAL AIRPORT DEVELOPMENT



BUSINESS CONSIDERATIONS

The private sector-driven nature of the venture to create the 3,300m runway and directly associated developments enables an expedited project implementation. The approach facilitates the financing of the project as a financially-driven venture, which methodology is commonly used worldwide.

Reduced capital expenditures, in comparison to those of a "greenfield" project, aim to reduce the operational costs of freight movement by air while the location and development plan create a multiuse activity model. A new competitive transportation gateway would, therefore, be created serving the Eastern Cape.

MOTIVATION

The motivation for the new intercontinental air platform serving the Eastern Cape is both strategic and financial as an "obvious" solution, which is of benefit to the public and private sectors.

While having an established track record in tourism industry, agriculture and the maritime economy, the Province has the potential for growth, where PLZ's existing regional airport has been a constraint.

The opening of the Eastern Cape to world markets is a fast-track contributor to GDP growth and job creation as a factor recognized by the IMF and World Bank.



Franco Eleuteri is a recognized specialist in the development and implementation of internationally competitive solutions in the fields of manufacturing, distribution, sea-air-land transportation and master developments. This is a result of knowledge and expertise gained on projects in North-South America, Europe, Asia, and Africa, working with both the public and private sectors.