



SLIPSTREAM

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Tourism weathering the storm well

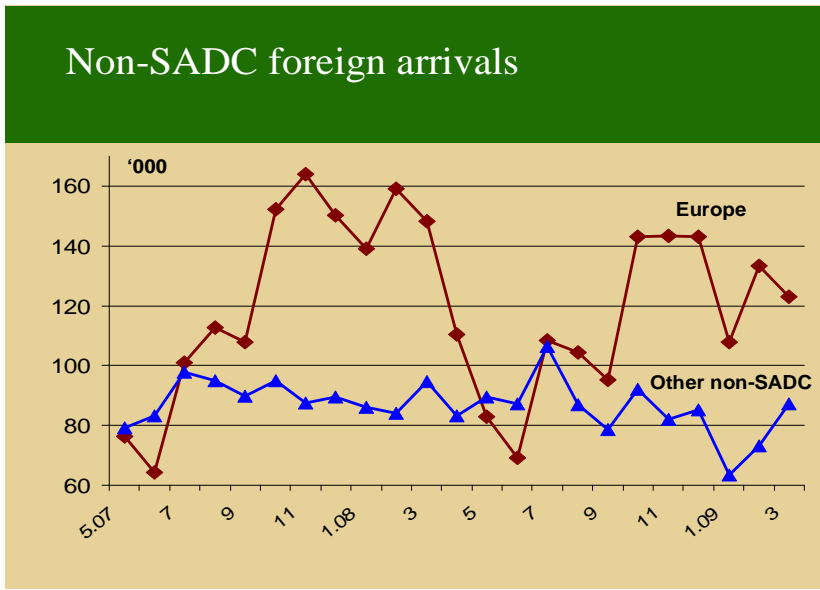
South Africa seems to be weathering the storm that has hit global tourism activity quite well.

According to the latest *World Tourism Barometer*, published by the United Nations World Tourism Organisation (UNWTO), the first four months of 2009 witnessed a decline of 8% in the number of international tourist arrivals. This represents the sharpest decline since 2001 in tourism activity.

The negative trend in tourism commenced in the middle of 2008, with the average monthly number of global tourists declining from 77 million per month for 2008 as a whole to only 62 million during the first four months of 2009.

South Africa has not escaped this negative trend, but the decline for the 12-month period ended March 2009 (compared to the previous 12-month period) has been limited to less than two per cent. In terms of regional in-bound travel to South Africa, the poorest performer during the past 12 months has been Asia, dropping by more than 14%. The Middle East has declined as a source of tourism arrivals by more than 12% and Europe by almost 8%. In contrast, countries in South America and Africa have increased their travel to South Africa.

Tourism activity in South Africa over the past two years has been characterised by significant changes in the rankings of source countries.



The largest improvements in the rankings have been from the US (from 3 to 2), Nigeria (from 15 to 9), China (14 to 11), Italy (13 to 12), Brazil (19 to 14) and Portugal (17 to 15). Losers include Germany, Belgium, Ireland, Switzerland and Japan. (Neighbouring countries and other members of the Southern African Development Community [SADC] have not been included in this analysis).

Top-15 source countries (in-bound travel to SA) March '09		
	Country	Number
1	UK	45,999
2	US	22,707
3	Germany	21,419
4	France	10,981
5	Netherlands	8,438
6	Australia	7,555
7	Canada	5,401
8	India	4,701
9	Nigeria	4,343
10	Sweden	3,973
11	China	3,890
12	Italy	3,765
13	Ireland	3,675
14	Brazil	3,087
15	Portugal	3,032

The timing of the series of international sports extravaganzas hosted by South Africa in 2009 and 2010 has been impeccable and has certainly softened the blow dealt by the international financial crisis.

Negative GDP growth rates in most of the world's high income countries, combined with the outbreak of so-called "swine flu", have resulted in the lowest *Tourism Confidence Index (TCI)* level since its creation in 2003. The panel of experts that compile the TCI are nevertheless cautiously optimistic that the business environment in the tourism industry will improve during the remainder of 2009.

In the event of a modest global economic recovery occurring during the second half of 2009 and gaining momentum during the first half of 2010, the timing would be perfect for South Africa's hosting of the world's premier sporting event – the 2010 Soccer World Cup finals.

Hopefully, the design of South Africa's response to the global recession will accommodate a sharper focus on official support for the sub-sectors that form an integral part of the tourism value chain.

An issue not readily acknowledged in the mainstream literature on industrial development is the role that the hospitality industry at large can play in fostering manufacturing activities at a relatively basic level. The fact is that tourism, broadly defined, represents the largest industry in the world. According to the UNWTO, the combined direct linkages within this sector account for approximately 10% of global GDP.

Ideally, a larger emphasis on tourism development in South Africa should encompass the Southern African region as a whole. The countries comprising SADC are well-known for their great natural beauty. Throughout the region, a multitude of various and unique floral habitats meet. The exceptionally long curve of unspoilt and scenic coastline, large land area and the considerable longitude and latitude distances provide the region with highly varied vegetation with a combination of summer and winter rainfall.

Spectacular fauna & flora

Whilst certain regions are arid and semi-arid, much of the interior regions are characterised by rolling grasslands and savanna bushveld. In other areas, tropical forests intermingle with the more temperate woods, creating an interesting forest habitat of a large variety of species endemic to the region, including the ancient forests that are found in the Eastern Cape, home to former South African President and global icon, Nelson Mandela.

The extraordinary wealth of fauna and flora of the region has played a catalytic role in the development of a modern tourism industry, but considerable scope exists for improved coordination in the marketing of the entire region as a tourism destination of choice.

The hosting by South Africa of the Soccer World Cup finals presents a unique opportunity to raise the contribution of tourism to gross value added to a structurally higher level.

In addition to possibly attracting more than one million foreign visitors to Southern Africa, the cumulative number of global television viewers that will be exposed to broadcasts of matches and advertisements has been estimated at 55 billion. This event represents an opportunity for marketing the development and tourism potential of the SADC region that will probably not repeat itself in the next millennium.

Economic potential

The relevance for industrial development in SADC is related to a fairly extensive value chain of manufactured goods closely associated with tourism activity. This includes (but is not restricted to) a wide range of processed foods, beverages, clothing, artefacts, textiles, furniture, footwear, and a variety of hospitality industry consumables.

A first step in the design of a sector-specific development strategy for tourism would be a quantifiable assessment of the range and scope of sub-sectors that are expected to benefit not only from the soccer World Cup finals, but also from the future effects of a relatively high regional tourism retention rate.

It would also be useful to employ measures aimed at creating a favourable first impression for visitors to South Africa, in order to consolidate the country's reputation as being friendly and hospitable.

This could entail training programmes to improve service standards amongst staff of organisations that are intimately engaged with tourists, including hotels, restaurants, airlines, airports and Customs & Home Affairs officials.

The tourism value chain represents economic activity for which South Africa possesses significant long-term comparative advantage and the country stands to reap the dividends of "the beautiful game" in 2010.