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TBCSA - 2008/011486/08

Impact of the Visa Regulations: DATA SNAPSHOT

STATISTICS SA:

Prior to the announcement of the visa regulations, tourist arrivals into South Africa had been steadily growing:

2011 = 2 176 719 arrivals
2012 = 2 505 763 arrivals (15,1% growth)
2013 = 2 660 631 arrivals (6,1% growth)

The first two quarters of 2014 also saw growth (5,6%) but this changed abruptly in the third quarter of 2014 – the in-person visa application requirement came into effect in June 2014. Since then, there has been a systematic decline in tourist arrivals, particularly out of the BRIC source markets:

From Sep – Dec 2014, Brazil was down -37%, China -46.9% and India -14.4%, continuing into 2015.

The June 2015 arrivals data from Statistics SA showed:

- Overseas arrivals down -13% to 113 689 from 130 410
- US down -9% to 29 269 from 26 503
- UK down -8% to 17 897 from 19 371
- Australia down -11% to 7 682 from 8 654
- Germany down -12% to 6 983 from 7 927
- India down -25% to 6 577 from 8 785
- France up 1% to 5 112 from 5 064
- Netherlands down -3.5% to 4 256 from 4 411
- China down -27% to 4 167 from 5 823

COMPETITOR COMPARISONS

In June 2015, tourist arrivals to **Australia** were up 7% year on year.

- US up 4%
- UK up 3%

- Germany up 12%
- India up 5%
- China up 21%

In June 2015, tourist arrivals to **Mauritius** were up 8% year on year.

- UK up 12%
- Germany up 3.5%
- India up 17.5%
- China up 60%

In June 2015, tourist arrivals to **Thailand** were up 53% year on year.

- UK up 9%
- US up 30%
- Germany up 6.5%
- India up 23%
- China up 187%

AASA:
AASA (Airlines Association of Southern Africa) data for June, July and August 2015 showed a 44% decline in the number of children under the age of 18 travelling in and out of South Africa across all source markets when compared to the same period in 2014.

STATS SA:
Based on Stats SA data for Jan – April 2015, this means that SA will lose 138 000 foreign air passengers per annum due to the regulations. However, as only 24% of foreign travellers enter/exit SA by air, when one includes all ports of entry (air, land and sea), South Africa is likely to lose 578 000 foreign tourists per annum due to the regulations.

According to SA Tourism, the average spend per passenger is R13 000, which amounts to R7.51bn revenue lost to the country.

TRAVEL AGENCY DST DATA:
July 2014 saw a 21% decline year on year in air ticketing revenue for tickets purchased to South Africa, according to IATA's air ticketing data. There was a 22% decline in air ticketing revenue from the European market, a 6% decline from the North American Market, a 40% decline from South America and a 36% decline from Asia.

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FORWARD KEYS:

An analysis of data based on reservations by intelligence firm ForwardKeys showed that international arrivals of families into SA increased by 1.8% between 01 September 2014 and 31 May 2015, but with effect from 01 June 2015 with the advent of the birth certificate requirements, they dropped by
-9.8%. Reservations from the UK were down -3%, Germany -16%, US -18%, the Netherlands -3% and France and Sweden -29%.

THE RESERVE BANK:

Preliminary estimations have suggested that the level of gross travel receipts declined by 9% in the second quarter of 2015.

LESOTHO DISPENSATION

The Department of Home Affairs has announced that minors from Lesotho will not need to produce an unabridged birth certificate (UBC) when crossing the border if they have a letter from a South African learning institution saying the institution holds the UBC in safe keeping. However, the Department has not clarified the definition of a learning institute or how the document will be verified by immigration officials.

According to *Tourism Update*, studies have shown that child trafficking is linked to the incidence of extreme poverty. The Institute for Trafficked, Exploited and Missing Persons identifies poverty as the root cause of international human trafficking, with a study establishing a strong correlation between a country's GDP and its odds of being a source or destination country for human trafficking. *Tourism Update* points out that it is ironic that a concession has been made for Lesotho, with a GDP per capita that is a fifth of South Africa, while the regulations throttle tourism growth from key source markets of the 79 countries in the world with a higher GDP per capita than SA, where trafficking is less likely.

JEWELLERY COUNCIL OF SA

The jewellery industry has been severely affected by the stringent new VISA regulations. The

Jewellery Council of South Africa has raised its concerns that should this not change, many jewellery and diamond companies who deal specifically with tourists from China, will close their doors and employees will lose their jobs.

Since the implementation of the new VISA regulations, one diamond company has experienced a drop from 100 Chinese tourist groups per month to between 20 to 25 tourist groups coming through their doors.

Another diamond company, which has been in business for 35 years and mostly sells diamonds to Chinese tourists, may be forced to close down and this will result in a chain reaction, starting with at least 15 of their suppliers whose employees will also be affected.

Chinese tourists form a huge part of the jewellery industry's clientele, accounting for over 70% of polished diamond consumption, 40% of luxury watches and a large percentage of finished jewellery products.

Tour operating companies from China have advised that the reason for the drop in tourists is due to the complicated process applying for a VISA and the inefficiency of the SA VFS offices in Beijing and Shanghai. Most tour operators have removed South Africa as a vacation destination, rerouting customers to Botswana and Namibia. The time and resources it takes to apply for a South African visiting tourist VISA are far too complicated.
