SA tourism industry looks to relaxed visa restrictions to boost arrivals

South Afrca's tourism industry has welcomed the planned easing of visa restrictions, which should boost arrival numbers and offset slowing domestic holiday travel. According to Statistics South Africa (Stats SA), the stringent visa regime was the underlying cause of the decline in inbound tourism last year with international arrivals falling by 6.8% over the course of 2015.

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However, a surge in visitors was recorded late in the year, with foreign arrivals up 5.4% year-on-year (y-o-y) in December, the height of South Africa’s summer break. Stakeholders will be looking for the new visa requirements to reinforce this trend in 2016 and beyond.

Relaxed restrictions

In early February 2016, the Department of Home Affairs announced plans to loosen some of the restrictions imposed over the past two years to make it easier for foreign visitors to apply for visas, including allowing Chinese tour companies to process visas on behalf of travellers and groups.

Under the current system, which was implemented in 2014, foreigners from non-exempt countries are required to submit their biometric data at a visa centre meaning they must apply in person. Many visitors had previously been able to obtain a visa on arrival or via online application. This has been widely viewed as limiting growth from key markets like China or India, which have only a handful of South African visa processing centres. As a result, Chinese arrivals fell by 23% in 2014, according to Stats SA.

“It’s not feasible and certainly not competitive with other destinations,” Michael Tollman, CEO of South African tourism group Cullinan Holdings, told media after the biometric requirements were first announced. “Other destinations are doing all they can to make visas easier because they recognise the value of the Chinese tourist market.”

The added requirement that children from non-exempt countries travelling to and from South Africa carry certified, unabridged birth certificates, as well as a letter of consent in cases where a child was travelling with a single parent or a relative, is also set to be relaxed. The rule had been put in place in June of last year.

In addition, the Department of Home Affairs is reportedly considering a proposal to lift visa requirements for inbound travellers from China, Russia and India, and grant visas on arrival for visitors that have already been cleared to travel to the US, the UK or Canada, given those countries’ rigorous screening procedures.

While the reforms have been broadly welcomed by the local tourism industry, concerns remain over how long it will take to roll out the amendments, with some officials saying the full range of revisions could take up to a year to put in place. “In the current economic climate, with everything else that is occurring, we are in desperate need of these funds coming into the country, and the door is ajar but it’s not open," Donovan Muirhead, chairman of the National Accommodation Association of South Africa, told local media in February.

Cost benefit

While the country is facing some serious economic headwinds, there is a silver lining, as some of them may inadvertently improve South Africa’s attractiveness as a holiday destination over the coming year.

In addition to relaxed visa regulations, depreciation of the rand, which lost more than 25% of its value against the US dollar last year, could help make South Africa a more attractive tourist destination in 2016, as cross-country travel and accommodation become more affordable. Moreover, with the real cost of overseas travel pushed up by a weaker rand, domestic tourism could prove to be a more popular choice for South African vacationers this year, helping to drive up local spending.

More robust sector growth could yield dividends for the broader economy, with tourism’s direct and indirect contribution to GDP reaching 9.4% in 2014. Tourism also accounts for 9.9% of total formal employment, at around 1.5m jobs, according to data from the World Travel and Tourism Council.

Nonetheless, South Africa will likely have to contend with similar pressures as many other major tourist markets, with poor GDP growth in key source countries expected to weigh on sector results in 2016.

This South Africa economic update was produced by Oxford Business Group.