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Chief Economist Complex

StatFlash

Tourism in Africa: Recent Trends¹

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I. Introduction

According to the World Tourism Organization (WTO), Africa represents just 3.4% of international tourism receipts and 5.2% of international tourist arrivals. These statistics cogently make the case that Africa is far from exploiting its full potential in the sector. Growth in tourism is crucial for many African countries, to support both economic and social advancement and help lift populations out of poverty.

Given the continent's vast natural endowments and unique wildlife, tourism – particularly ecotourism – presents significant potential for further development. Furthermore, tourism has close linkages to a number of other sectors and is regarded as labor-intensive. It is a contributor to GDP, bringing in foreign exchange earnings and investment. Further, given the high incidence of youth unemployment across the continent, tourism offers an opportunity to boost both formal and informal employment and to help address social exclusion issues.

The tourism sector in Africa experienced severe disruptions at the beginning of 2011 due in large part to the Arab Spring revolutions in North Africa. This had a marked effect on tourism in the region, particularly Egypt and Tunisia, as these two countries are major tourism destinations. Together they accounted for 32% of all tourist receipts in Africa over the period 2007–2011.²

The AfDB's March 2011 StatFlash on the tourism sector³ predicted a quick recovery in visitor numbers for these two countries during 2012, and similar favorable forecasts for Morocco, Mauritius, Tanzania, Kenya, and South

Africa. Together, these seven countries account for 81% of all African tourism receipts.

This StatFlash focuses on the performance of the tourism sector in these seven countries during 2011; it also presents an analysis for the first half of 2012. Section II presents an overview of progress for the continent as a whole. Section III then looks at North Africa, specifically Egypt, Tunisia, and Morocco. Section IV shifts the focus to Sub-Saharan Africa, and the prime tourist destinations of South Africa, Mauritius, Tanzania, and Kenya. The final section looks at emerging trends for 2012.

II. Overview of the Tourism Sector in Africa

The year 2011 proved challenging for the tourism sector in Africa. Total international arrivals registered a modest growth of 1.4%, while total receipts decreased by 1.3%. This was a significant downturn compared to 2010, when the growth rates were 8.2% and 10.1% respectively for total arrivals and total receipts. The slowdown in 2011 was due mainly to the shock registered in North Africa, following the Arab Spring revolutions.

In 2011, South Africa attracted the bulk of tourist arrivals, followed by Egypt, Morocco, and then Nigeria (see Figure 1). In terms of tourism receipts, the largest beneficiary countries were South Africa, Egypt, and Morocco, which garnered in excess of US\$ 9 billion, US\$ 8 billion, and US\$ 7 billion respectively (see Figure 2). Tunisia and Mauritius assumed the fourth and fifth rankings, but below the US\$ 2 billion level (see Figure 2).

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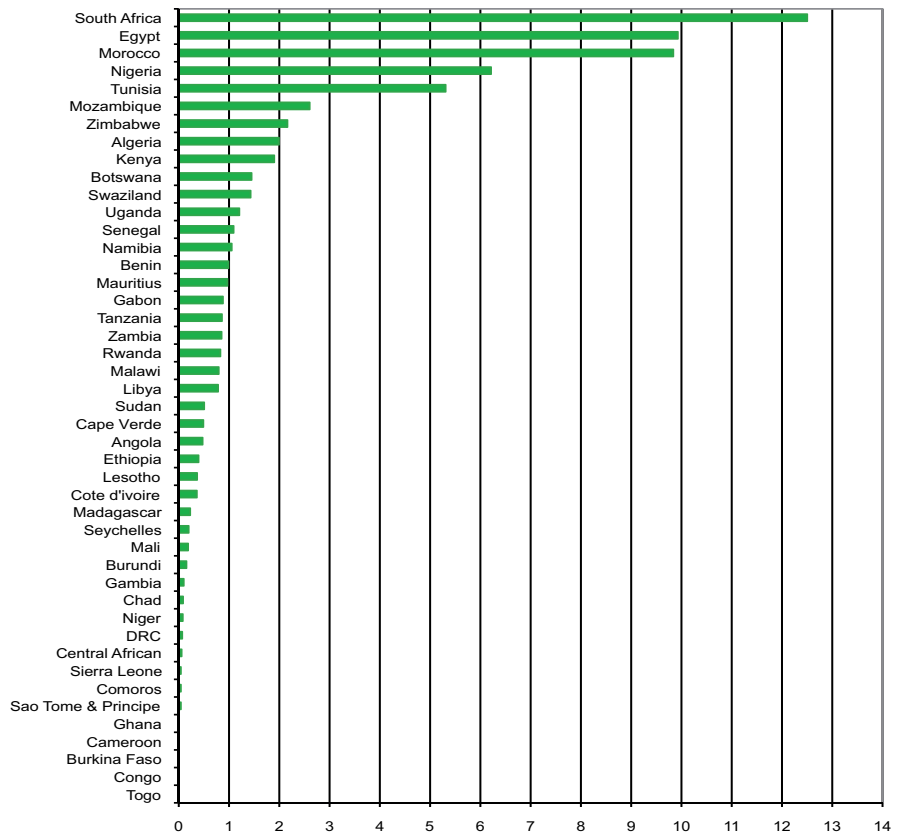
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One unique feature of Kenya's tourism is that although it attracts more visitors in terms of arrivals and overnight stays than Mauritius, Namibia, and Tanzania, it records a lower level of tourism receipts, which indicates that it is a low-income tourist destination. In this respect, Kenya is one of the first least developed countries (LDCs) to have broken into the mass tourism market. Indeed, since the 1970s and 1980s, the country has witnessed a rapid increase in the numbers of tourists and an emerging trend toward ecotourism.⁴

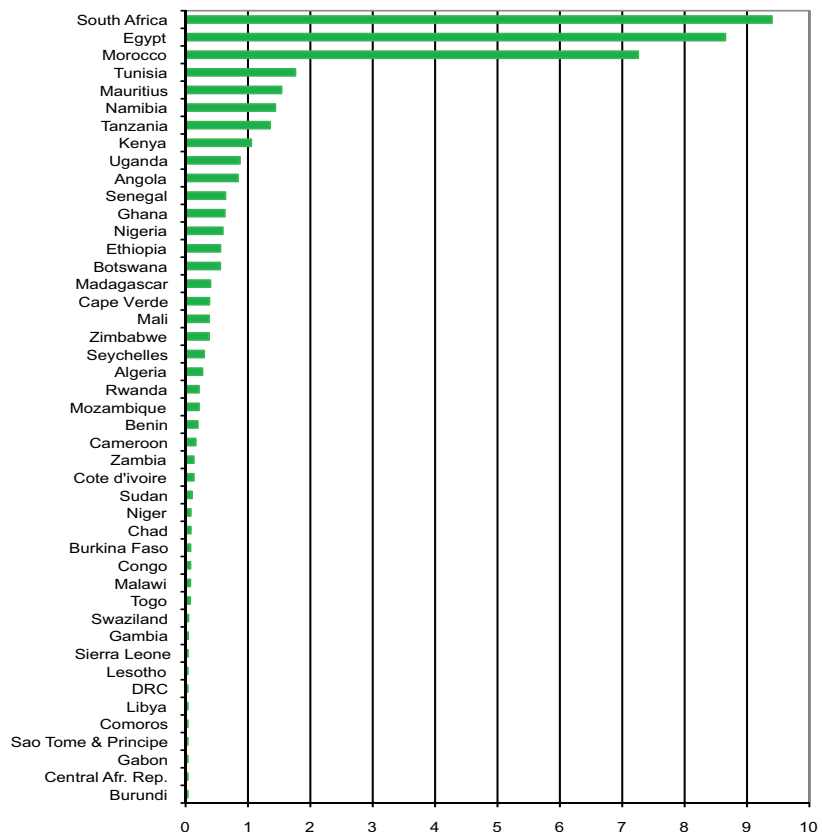
The importance of the travel and tourism sector as a contributor to employment and GDP varies across African countries, ranging from around 2% in the Democratic Republic of Congo to 62% in the Seychelles. In this regard, the ten countries most dependent on the sector are, in order of importance, the Seychelles, Cape Verde, Mauritius, Namibia, Morocco, Tunisia, Egypt, Lesotho, Madagascar and Kenya (see Figure 3).

Figure 1 Tourist arrivals in Africa in 2011 (in million)



Source: AfDB Statistics Department based on Oxford Tourism Economics Database.

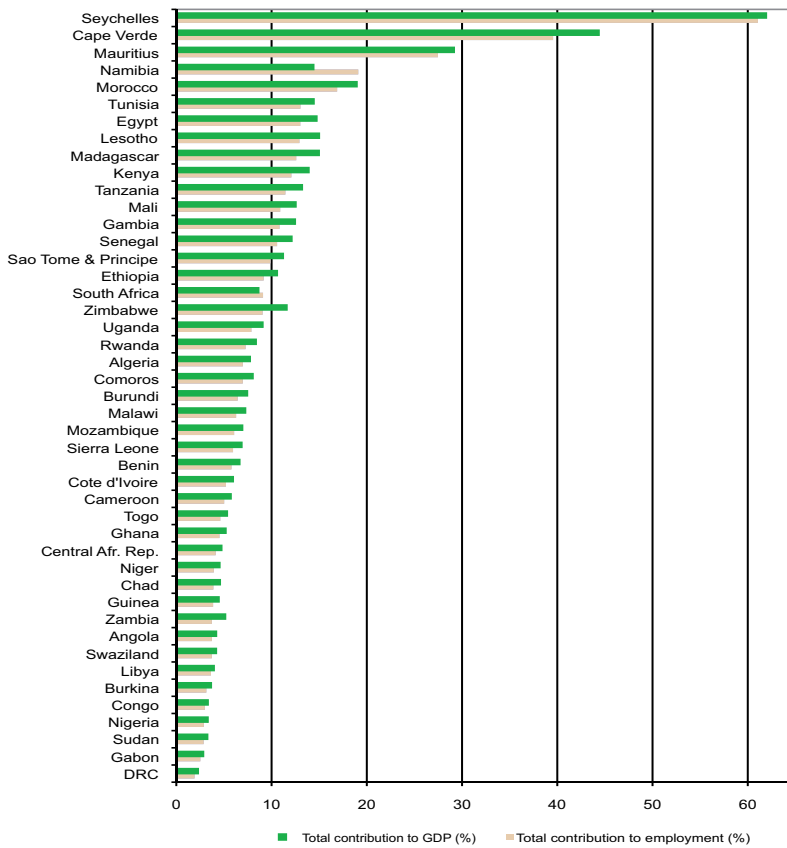
Figure 2 Africa's Tourism Receipts in 2011 (US\$ billion)



Source: AfDB Statistics Department based on Oxford Tourism Economics Database.

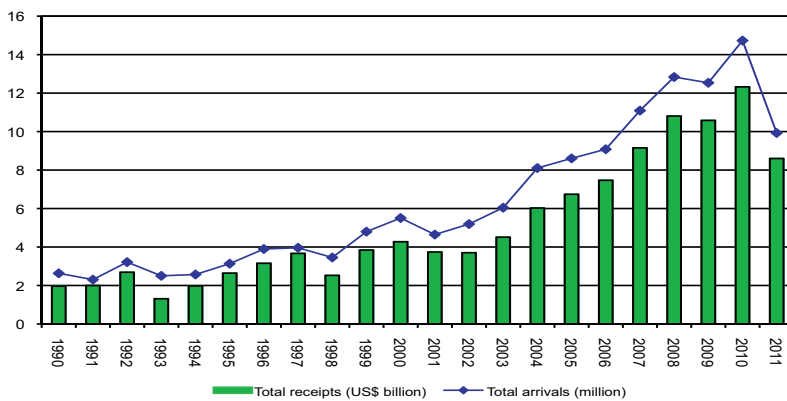
⁴ <http://geobytesgcse.blogspot.com/2008/04/case-study-of-tourism-in-ledc-kenya.html>.

Figure 3 Economic contribution of Africa's Tourism in 2011
(in terms of Employment and GDP)



Source: AfDB Statistics Department based on World Tourism Council Data.

Figure 4 Egypt: Tourism sector, 1990-2011



Source: AfDB Statistics Department based on Oxford Tourism Economics Database

III. North Africa

In 2011, North Africa saw a 27% decrease in international tourist arrivals in comparison with 2010. However, the first six months of 2012 witnessed encouraging results, with tourist arrivals increasing by 18% compared to the previous year. This foretells a progressive return to normal levels in the subregion. Nevertheless, doubts remain concerning the future evolution of the tourism sector in both Egypt and, to a lesser extent, in Tunisia.

Egypt

Following the revolution in 2011, only 9.8 million tourists visited the country during the year, resulting in US\$ 8.6 billion of tourism receipts (Egyptian Ministry of Tourism). Tourist arrivals in 2011 registered a 33% decrease from 2010, when there were 14.7 million tourists. There was also a 24% decrease in tourism receipts in 2011, compared to US\$ 12.5 billion in 2010. The sociopolitical crisis has cost Egypt approximately 5 million tourist arrivals relative to 2010 figures (see Figure 4).

The forecasts for the Egyptian tourism sector for the year 2012 remain very mixed, as the country continues to face political uncertainties.⁵ The first six months of 2012 saw a 27% increase in tourist arrivals relative to the same period in 2011. However, the future evolution of the sector is still highly dependent on whether the new authorities will honor the open policy of non-restriction, brought in by the previous government. Despite assurances given by the government, professionals in the tourism sector fear that in the short term the changes in the political landscape, ushered in by the June elections, will have a deflationary effect on tourist arrivals. It is relevant to note that in spite of its rich archeological heritage, the most popular tourist destinations are the coastal resorts like Sharm el Sheikh.

Safeguarding the tourism sector as a major foreign exchange earner will be a challenge for the authorities in Egypt. The travel and tourism sector represented 14.7% of the country's GDP in 2011, accounting for 13% of total employment⁶ and 20% of foreign exchange earnings.

Morocco

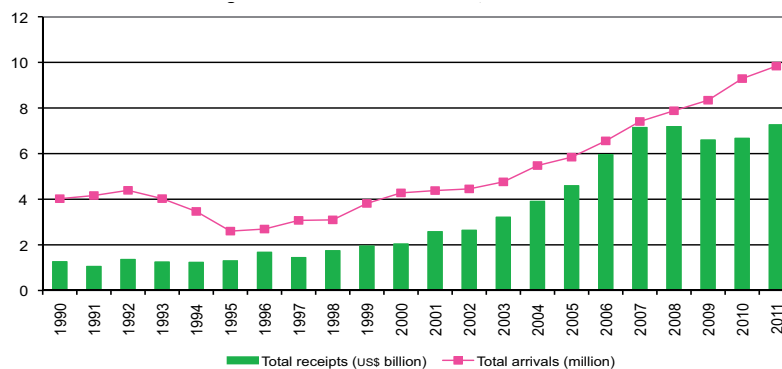
In spite of the general decline in tourism in the Maghreb during 2011, Morocco achieved encouraging results in this sector, unscathed by the aftermath of the revolutions that occurred in Tunisia and Egypt. Tourist arrivals increased by 1% in 2011 compared to 2010, while tourism receipts grew by 4% (see Figure 5).

However, Morocco was not immune to the consequences of the Eurozone crisis, which adversely impacted average overnight stays (a 6% decrease) and bed occupancy (a 3% decrease) in 2011. This is because Morocco's tourism industry is highly reliant

on European travelers, who represent 80% of its international visitors, with almost 36% originating from France alone.⁷

Morocco's GDP in 2011⁸ and 16.9% of total employment.

Figure 5 Morocco: Tourism sector, 1990-2011



Source: AfDB Statistics Department based on Oxford Tourism Economics Database

Total arrivals recorded a 1.7% decrease in the first semester of 2012, compared to the same period in 2011. In response to the downturn, the government has shifted its focus to encourage internal tourism by scaling up promotional offers.

According to the Minister of Tourism, the figures for the summer months of 2012 have shown a marked improvement, with a 42% increase in the number of visitors in August 2012 compared to August 2011, despite the continuing crisis in the Eurozone. This performance was influenced by the positive figures from the French (48%), Spanish (47%), and Belgian (42%) markets. In terms of nights spent in the country, the trend shows slight growth of 1% for the period January to August compared to the same period last year.

The tourism sector accounted for 18.9% of

Tunisia

Tourism in Tunisia has been badly affected by the aftermath of the Arab Spring. About 4.8 million tourists visited Tunisia in 2011, which is a decrease of 31% over the previous year.⁹ Similarly, tourism receipts fell by 31.3% between 2010 and 2011. This significant contraction mainly stems from a 44.6% decrease in European visitors. The French traditionally constitute the bulk of international tourists to Tunisia but their number fell from 1.4 million in 2010 to just 800,000 in 2011. Overnight stays also decreased by 19% relative to 2010 figures. The forecast for 2012, based on the first eight months, is more favorable (see Table 1). This is largely due to a robust marketing campaign by the new authorities to promote a fresh image of Tunisia and to restore the reputation it once enjoyed with tourists worldwide as a safe and welcoming destination.

Table 1 Tunisia – Comparative results for the first 8 months of 2010-2012

Indicators	2010	2011	2012	% Change		
	January-August			2012/2011	2011/2010	2012/2010
Total Receipts (Billion TND)	2.25	1.41	1.96	38.5	-37.2	-13.0
Overnight stays (Million)	24.89	12.70	20.62	62.4	-49.0	-17.2
Total arrivals (Million)	4.78	2.94	3.98	35.7	-38.6	-16.7

Source: AfDB Department of Statistics based on Ministry of Tourism data.

⁵ Egyptian Federation of Tourism: (<http://english.ahram.org.eg/NewsContent/3/0/28158/Business/0/Tourism-official-Islamist-rule-will-impact-tourism.aspx>)

⁶ World Travel & Tourism Council Database. This takes account of both the direct and indirect contribution of travel and tourism sector to GDP and employment.

⁷ Ministry of Tourism : <http://www.tourisme.gov.ma/francais/5-Tourisme-chiffres/ChiffresCles.htm>

⁸ World Travel & Tourism Council Database. This takes account of both the direct and indirect contribution of travel and tourism sector to GDP and employment.

⁹ Office national du tourisme tunisien (ONTT) : <http://www.lapresse.tn/20122011/42344/en-attendant-des-jours-meilleurs.html>

Thanks to this drive to restore Tunisia's popularity as a destination of choice, tourist arrivals increased by 35.7% during January to August 2012, compared to the same period in 2011 (see Table 1). While still below the pre-revolution level of 7 million, tourist arrivals are expected to hit around 6 million in 2012. This target may seem optimistic, viewed in the context of the recent attack on the U.S. Embassy in Tunis in September, as well as the U.S. Department of State's subsequent warning that American citizens should leave the country. While the impact of this event on tourist arrivals in Tunisia is still uncertain, it is clear that a full recovery in the tourism sector to the pre-revolution level will depend on the capacity of the Government to improve security in the country.

The travel and tourism sector accounted for 14.4% of Tunisia's GDP in 2011 and contributed 13% to total employment.¹⁰

IV. Sub-Saharan Africa

In 2011, Sub-Saharan Africa achieved a 7.1% increase in international tourist arrivals compared with 2010. This resulted in a 17% expansion in tourism receipts from US\$ 20 billion in 2010 to US\$ 23.4 billion in 2011.

South Africa

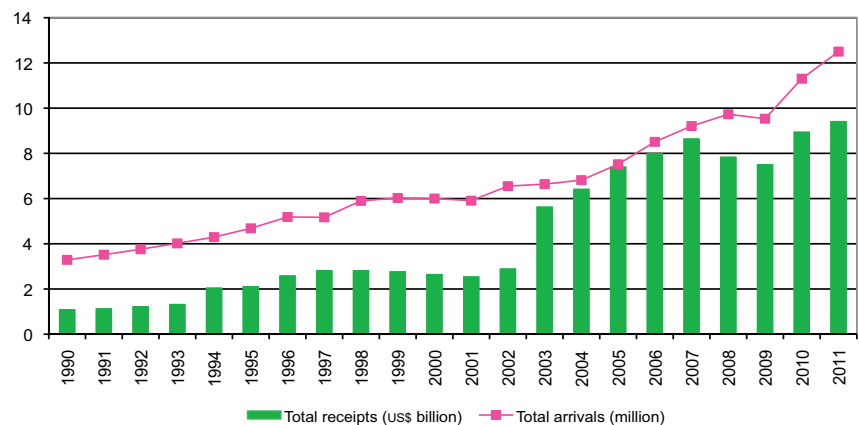
South Africa attracted large numbers of tourists in 2011, including from the emerging economies of Asia. Overall, the country welcomed about 12.5 million international visitors,¹¹ which is a 10.6% rise over 2010 and well above the government target of 11 million visitors a year by 2012 (see Figure 6). In terms of receipts and overnight stays, the sector achieved a growth rate of 5% and 3% respectively compared to the previous year. It is worth noting that the rise in tourist arrivals was driven by a 14.6% growth from

the emerging markets of Asia – with a 24% increase in visitor numbers from China and a 26% increase from India. There is a consensus among tourism professionals that the country's hosting of the 2010 FIFA World Cup helped to promote the country as an attractive tourist destination for new international markets.

Mauritius

The small island state of Mauritius, which has a resident population of just 1.3 million,¹³ registered 0.96 million tourist visitors in 2011. This is a 3.2% increase over 2010 (see Figure 7). Europe is traditionally the key market for the Mauritian tourism sector,

Figure 6 South Africa: Tourism sector, 1990-2011



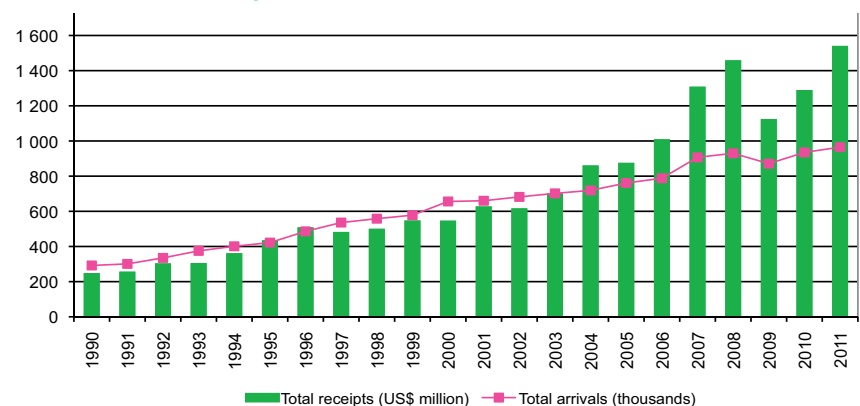
Source: AfDB Statistics Department based on Oxford Tourism Economics Database

The prospects for 2012 therefore look favorable, based on the first five months of the year which show a 7.3% growth rate in tourist arrivals, compared to the same period in 2011.

In South Africa, the travel and tourism sector accounted for 8.6% of GDP and 9.1% of total employment in 2011.¹²

accounting for about two-thirds of arrivals. Recently though, there has been a new influx of Asian visitors. This is largely due to an aggressive marketing campaign on the part of the government, as well as an increased budgetary allocation to the tourism sector in the national budget.¹⁴

Figure 7 Mauritius: Tourism sector, 1990-2011



Source: AfDB Statistics Department based on Oxford Tourism Economics Database

¹⁰ World Travel & Tourism Council Database. This takes account of both the direct and indirect contribution of travel and tourism sector to GDP and employment. Statistics

¹¹ South Africa, Tourism 2011. . <http://www.statssa.gov.za/publications/Report-03-51-02/Report-03-51-022011.pdf>

¹² World Travel & Tourism Council Database. It is related to both direct and indirect contribution of travel and tourism sector to GDP and employment.

¹³ AfDB Data Portal, 2012; see AfDB Statistical Yearbook 2012, p. 242.

¹⁴ <http://af.reuters.com/article/investingNews/idAFJJOE7AN0AX20111124>

In December 2011, the government announced that it was expecting to reach the landmark figure of 1 million visitors to the island in 2012. This goal seems unlikely, given the persistence of austerity measures in the Eurozone, which are acting as a constraint on consumer spending there, particularly luxury items like overseas vacations. In fact, latest available figures¹⁵ from January to August 2012 show that total arrivals registered a slight decline of 0.05% compared to the same period a year before. This modest decline was due to a 7.5% decrease observed in the European market. France remains the prime market for the country's tourism industry but a notable shift has been detected in the last few years in favor of similar destinations like the Seychelles and La Réunion. It seems that Mauritius is in need of an active marketing campaign to win back European tourists.

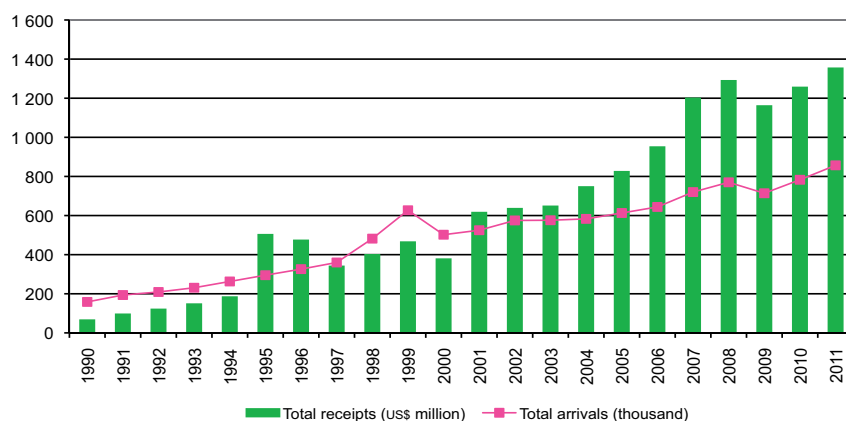
However, one positive new trend, which should serve to mitigate the dwindling number of European tourists, has been a growth in African and Asian visitors (11.7% and 14.3% respectively). This underscores the success of the government strategy to develop new emerging markets. The travel and tourism sector in Mauritius accounted for 29.2% of GDP and 27.5% of total employment in 2011.¹⁶

Tanzania

The tourism sector in Tanzania recovered very well after the 2008 global financial crisis, recording a 4% growth in international tourist arrivals in 2011 compared to 2010. In total, tourist arrivals peaked at 832,000 tourists in 2011 (see Figure 8). Although this is still below the government target of 1 million visitors, given the constraints in the global economy at the time, this strong performance augurs well for the future.

Tourism receipts reached US\$ 1.36 billion in 2011, which is a 4.6% rise over the previous year.

Figure 8 Tanzania: Tourism sector, 1990-2011



Source: AfDB Statistics Department based on Oxford Tourism Economics Database

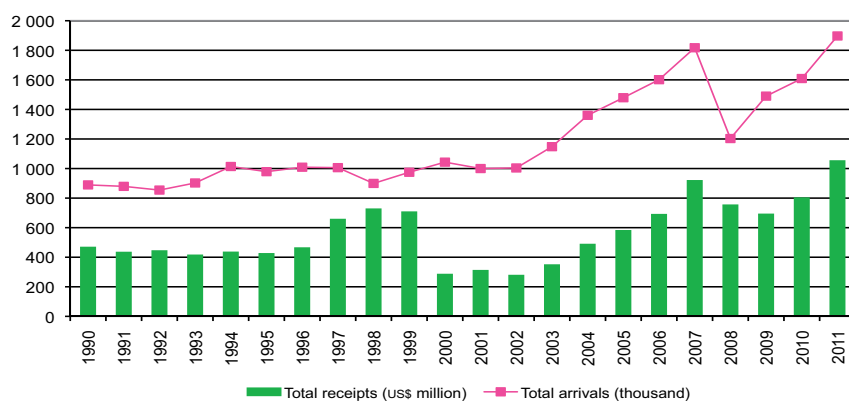
Tanzania's tourism sector shows good growth prospects for the next 10 years. Tourism receipts are expected to grow by 5% per annum until 2022, while the direct contribution of tourism to GDP is expected to increase by 5.5% each year. The government programs and investments designed to bolster international and domestic tourism are starting to show results.

The total contribution of Tanzania's travel and tourism sector to GDP in 2011 is estimated at 13.2%, and this is expected to grow by 6% in 2012. Tourism directly generated about 430,500 jobs in 2011, representing approximately 4.2% of total employment. When indirect employment generated by the sector is also taken into account, the figure is much higher, at around 11.4%.¹⁷

Kenya

After the severe decline in tourism witnessed in 2008, Kenya has enjoyed a strong return to growth (see Figure 9). In 2011, the country recorded almost 1.9 million visitors – a rise of 4.4% compared to 2007, which was the previous record year in terms of visitor numbers and earnings (see Figure 9). This increase in international tourist arrivals translated into US\$ 1.05 billion in tourism receipts, and this is expected to grow by 4.7% in 2012. Admittedly, the Kenyan government's target of 2 million visitors by 2012 has not quite been reached, but the growth trend is promising. This is illustrated by 3% growth in the number of tourist arrivals in the first semester of 2012, compared to the same period in 2011.

Figure 9 Kenya: Tourism sector, 1990-2011



Source: AfDB Statistics Department based on Oxford Tourism Economics Database

¹⁵ Statistics Mauritius.

¹⁶ World Travel & Tourism Council Database. This takes account of both the direct and indirect contribution of travel and tourism sector to GDP and employment.

¹⁷ World Travel & Tourism Council Database.

In 2011, the total contribution of the tourism sector to Kenya's GDP was about 13.9%. Tourism accounts for 12% of total employment, which equates to approximately 790,900 jobs.¹⁸ If the current trend continues, this is expected to increase by 1.4% per annum over the next 10 years.

V. Conclusion

Despite the declining trend in some North African countries in 2011, total tourist arrivals for the continent as a whole grew by 1.4% over the previous year, buoyed by strong performance in Sub-Saharan Africa. The year 2012 is expected to herald a recovery for the African tourism sector. Data available for the first six months of 2012 indicate higher growth for the year as a whole, in terms of tourist arrivals and revenues. This forecast is expected to hold true for Morocco, South Africa, Tanzania, and Kenya. However, the outlook for countries like Mauritius, Egypt and Tunisia is more uncertain, for various reasons.

Two key risks that could constrain growth in the sector are: (i) the economic downturn in the Eurozone and the austerity measures that are being put in place, which will curb consumer spending and European visitor numbers; and (ii) uncertainties and lack of confidence caused by political instability in a number of African countries, which may deter tourists. However, mitigating factors to compensate for the dwindling numbers of European tourists include: (i) the trend of increasing tourist numbers from emerging Asian countries such as India and China; and (ii) the growing regional perspective, whereby countries are increasingly turning to the domestic African market to sustain their tourism industries. For this reason, intra-African tourism is expected to assume increasing importance over the coming years.

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¹⁸ World Travel & Tourism Council Database.

