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## PRESS STATEMENT

### Tourism Business Council's Response on Brexit

**Pretoria.** *The Tourism Business Council of South Africa ("TBCSA") believes that it's too early to say with absolute certainty, the full impact of the United Kingdom's decision to leave the European Union. However, the Council says that the country's decision to exit the European Union ("EU") will in all probability affect travel between the UK and South Africa, as well as investment both in the short to medium and in the long term depending on how the matter is settled internally within the UK and with the EU.*

TBCSA Chief Executive Officer, Ms. Mmatšatši Ramawela, says the Council is concerned about the immediate impact the Brexit decision will have on South Africa's travel and tourism industry. Following the announcement, the British Pound ("GBP") slumped to a record 30%, (the lowest rate in 30 years) raising fears that UK inflation could spike as imports will cost more. As a result of the devaluation of the pound, the Council expects its decreased buying power to influence the British travellers to make the decisions to hold onto their money and reduce their travel, particularly to long haul destinations like South Africa. This kind of impact could be more pronounced in the leisure market as compared to the business tourism segment in view of the strong economic ties that South Africa enjoys with the United Kingdom.

From an investment point of view, the Council expects a significant impact. In the short to medium term, we could see many investment decisions "kept on hold" both in South Africa and the UK as investors wait to see if the UK will "activate" the EU's article 50 or reconsider the decisions based on the increased pressure from the people petitioning the British Parliament to reconsider the leave decision. The Council believes that in the medium to long term (once EU's article 50 is activated/envoked), investment by British companies could be reduced in South Africa especially in the hospitality and aviation industries.

Airlines Association of Southern Africa ("AASA") Chief Executive Officer, Mr. Chris Zweigenthal, echoed similar sentiments and says that many UK travellers are likely to pull back on international travel in the short and long term. "With expectations that the British exchange rate will remain at lower levels (possibly as much as 10% below non-Brexit levels), UK residents, who are traditionally good travellers, are likely to pull back on international travel, with the International Air Transport Association ("IATA") predicting UK passengers could decline by 3% to 5% by 2020. This could also be offset by increased travel by foreigners into the UK to take advantage of the weaker British Pound, says Mr. Zweigenthal.

Mr. Zweigenthal also notes that the pressure on the South African economy could be substantial from an investment point of view. "One other general concern is that with UK businesses being amongst the largest investors in South Africa, this uncertainty together with the volatility in the markets could negatively affect the necessary recovery of the South African economy, with continued pressure on the exchange rate of the rand, jobs and rising prices," says Mr. Zweigenthal.

In conclusion, the Council wishes to reiterate that it's too early to make a long-term pronouncement on the impact of Brexit on South Africa's travel and tourism industry. "It's a wait and see game for now, with all of us in the industry needing to commit to working together to make travel to South Africa a compelling proposition for UK travellers. In the meantime, we must brace ourselves for travellers who have not concluded their purchase deals to visit South Africa; to either cancel their plans or to reduce the expenditure associated with their travel plans. All in all, it's not going to be business as usual with the UK and the EU to a certain extent and we must be ready as an industry in collaboration with our Government to work harder to vigorously promote our destination during this

uncertain time. The United Kingdom is currently the biggest source market for South Africa’s tourism industry and we need to work harder with our members and partners to keep it that way,” concludes Ms. Ramawela.

**Ends**

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### **Editor’s Notes**

#### **ABOUT TBCSA**

Tourism Business Council of South Africa (TBCSA) is a member-based organisation, made up of Tourism Associations as well as leading businesses operating in the Travel and Tourism sector. The Council seeks to ensure that the industry is unified and speaks with **one** voice when engaging relevant stakeholders on macro-economic issues affecting the sector. Sector associations affiliated to the TBCSA are as follows:

1. AHI – Afrikaanse Handelsinstituut
2. AASA – Airlines Association of Southern Africa
3. ASATA – Association of Southern African Travel Agents
4. BARSА – Board of Airline Representatives of South Africa
5. EXSA – Exhibition & Event Association of Southern Africa
6. FEDHASA – Federated Hospitality Association of South Africa
7. NAA –SA - National Accommodation Association of South Africa
8. PHASA – Professional Hunters Association of South Africa
9. SAACI – Southern African Association for the Conference Industry
10. SABOA – Southern African Bus Operators’ Association
11. SATSA – Southern Africa Tourism Services Association
12. SAVRALA – Southern African Vehicle Rental Association
13. SAYTC - South African Youth Travel Confederation