



**MINISTRY OF TOURISM  
REPUBLIC OF SOUTH AFRICA**

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**Remarks by the Minister of Tourism, Mmamoloko Kubayi-Ngubane, at the Tourism Leadership Forum, Sandton Sun, Sandton**

**09 March 2020**

Programme director  
Distinguished guests  
Ladies and gentlemen

Good Evening

We are meeting here this evening under a very dark cloud, when our industry is undergoing a very severe crisis. The outbreak of the Corona virus in December 2019 has already affected the tourism industry very negatively and this will continue until the world finds a way of containing this virus.

The coronavirus COVID-19 is currently affecting 104 countries and territories around the world with confirmed Coronavirus

Cases having surpassed 100 000 and more than 3500 Deaths recorded thus far. We convened this meeting so that we can discuss the impact that the virus will have on our sector and together suggest ways of minimising this impact in the sector.

Globally, we are waking up to more and more bad news in relation to the travel industry. Kenya has also joined Mauritius and the Seychelles as the latest African country to have banned flights from the Italian cities worst-affected by the coronavirus after most of the continent's confirmed cases were linked to Italy. Countries such as Australia countries have imposed travel restrictions on travellers arriving from affected countries.

Airlines, including Air Canada, have cancelled all flights or significantly reduced the number of flights in and out of China. Some researchers have predicted that coronavirus could wipe out between \$63 billion and \$113 billion in worldwide airline revenues this year. Russia closed its land border to passenger travel with China and Hong Kong shut down its borders, cross-border ferries and railways. Yesterday, Italy formally locked down more than a quarter of its population, about 16 million people in a bid to stop the spread of the virus.

On the African continent, cases have been reported in Senegal, Algeria, Egypt, Morocco, Nigeria and Tunisia. The SADC region is still largely unaffected and we hope the situation remains the same.

Tourism supply chains involve everything from agriculture and fishing to banking and insurance. The longer these restrictions continue, the hardest hit part of the value chain will be the core industries which include accommodation, food and beverage services, recreation and entertainment, transportation and travel services.

Here at home we now have seven confirmed cases of the virus, and it remains uncertain whether the number of cases will grow or the virus will be contained to just a few cases. Despite the fact we have had very few cases of the virus, the local tourism industry has already suffered serious losses. Undoubtedly,

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these losses are still going to increase. Whatever happens, the truth of this situation is that the virus will have a negative impact on the tourism sector, at least in the short to medium term.

During this uncertainty, there are three possible scenarios that we will have to consider going forward so that we can start thinking about how we are going to respond as a country and as a sector.

The first scenario is one in which by the second quarter of this year the cases of Corona virus in South Africa have peaked as with the rest of the world. Countries start to open up their borders and the travel bans are lifted, restoring normality in the travel and tourism sector. In this scenario industry quickly recovers and it quickly returns to a growth trajectory.

The second scenario is one in which the cases of Corona virus increase at an alarming rate and certain areas in our country have to be closed off similar to what Italy did yesterday. The cases of the virus only peak between the third and the fourth quarter. These areas may include popular tourist attractions. This impact of the virus in this scenario would be severe, leading to closure of businesses and severe job losses. In this scenario the industry takes an extended period to recover.

The third scenario is one in which case numbers grow rapidly in the country and the virus spreads to the SADC region and most of Sub-Saharan Africa. This development may prompt countries in the region to seal their borders. In this scenario the global economy descends into a recession and our country's economy suffers significant contraction for the year 2020. The impact in our case, under this scenario, maybe prolonged by the fact that the region may not be able to contain the virus for an extended period.

What are the prospects that we could end up with Scenario 1? China has continued its downward trend in new cases, with only 40 new infections and 22 deaths. South Korea also saw some positive news, with 248 new cases announced, far below the daily increases of roughly 500 seen last week. If this trend continues and these two countries share the lessons learned on how to manage case growth with other affected countries the situation could be quickly brought under control. Given the rising cases in Italy and other parts of the world including our country, the first scenario is highly unlikely.

Scenarios 2 and 3 would be the most devastating for the tourism industry. The United States has just reached 500 cases, with more than 30 states announcing infections.

Our region has less robust health systems and therefore, we could see more general transmission. This means that it is possible that our region can remain with the stigma of the virus long after other parts of the world have brought the situation under control.

These two scenarios are highly likely to be the ones that prevail in the coming months.

To mitigate against the potential negative impact on businesses and jobs, we will work with all stakeholders to implement certain measures that will assist to bring relief to affected businesses and individuals. Amongst other things:

- We will engage treasury to assist businesses in distress to access the Employment incentives that have been put in place
- We will negotiate with various meeting and events owners to postpone to future dates based on scenarios so that we minimise cancellations.
- Inevitably there will be job losses. We have engaged the Minister of Labour and Employment who has agreed to look at relief measures for those registered with the UIF

In their February 27, Joint Statement on Tourism and COVID-19 - UNWTO and WHO called for Responsibility and Coordination in the handling of this situation. The statement also emphasised the fact that WHO "did not recommend any travel or trade restriction based on the current information available". Our government is continuing to monitor the situation and decisions that will be taken will be communicated by the relevant departments. But I must make it clear that the decisions that will be taken going forward, depending on how this situation evolves, will be based on putting South Africans first. Protecting the health South African citizens of utmost importance for our government.

WHO and UNWTO also counselled that "Tourism's response needs to be measured and consistent, proportionate to the public health threat and based on local risk assessment, involving every part of the

tourism value chain – public bodies, private companies and tourists, in line with WHO’s overall guidance and recommendations.”

The Department of Health through Minister Zweli Mkhize has been giving regular updates about developments around the Corona Virus cases in our country and he will continue to do so that all of us are aware of the local risk going forward.

Post the Coronavirus crisis, work will need to be done to restore the country’s brand and to promote South Africa as a tourist destination of choice. To this end, we will reduce spending on marketing especially global marketing given that in the current environment we are unlikely to make the impact we want with our marketing initiatives.

We will conserve the funds for use in the future to reposition the country through various programmes including incentives and mega events.

Sadly, this outbreak is happening at a time when our economy is not doing well and has not been doing well for the past few years. We have just experienced a technical recession because of the contraction of the economy in the third and the fourth quarter of last year. Our fiscus is severely constrained given the reduction in the revenue collection. The economic impact of the Coronavirus will be felt in every corner of the world and almost every sector of the economy. Globally, it is estimated that lower demand could slow growth of the global economy between 1.8 percent and 2.2 percent instead of the 2.5 percent envisioned at the start of the year. This will further constrain economic growth in our country.

Simply put, ladies and gentlemen, we do not have the resources to offset the damage that our economy will suffer because of this crisis. We are, however, willing to work with the sector to engage Development Finance Institutions and banks to assist the sector to get some relief on capital debt repayment.

The question is what is it that we need to do, together, in the short to medium term to minimise the impact of the virus on the tourism sector? Given the uncertainty around the evolution of the spread of this virus, we cannot at this moment provide definitive answers.

It is important, ladies and gentlemen, that we work together through these challenging times. There are many aspects about this situation that as government we are still going discuss and take decisions and we are inviting you as industry players to make inputs so that as we discuss we make more informed decisions. This is our way of ensuring that tourism’s response is “...measured and consistent, proportionate to the public health threat and based on local risk assessment, involving every part of the tourism value chain”.

I thank you.