



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

Remarks by the Minister of Tourism Mmamoloko Kubayi-Ngubane, at the launch of the Bluewater Bay Sunrise Hotel, Gqeberha

23 March 2021

Programme director
MEC for Finance and Economic development, Mr Mvoko
Executive Mayor of the Nelson Mandela Bay, Cllr Bhanga
The Board of of the CDC, Mr Mjekula and Ms Mthembu
CEO of the Coega Development Corporation, Mr Khwezi Tiya
Ladies and Gentlemen

Good morning

The tourism sector has been one of the worst casualties of the COVID-19 pandemic to the extent that much of the supply side has been lost and will take time to come back to the market. When I got the invitation to come and join you for today's launch, I was quite pleased that even in the midst of this pandemic, there are still people who see a prosperous future for the tourism sector. The launch of this hotel is very timely because it has contributed immensely to the strengthening of the supply side of the tourism market.

Let me take this opportunity to congratulate Coega Development Corporation (CDC) for the investment they have made in this beautiful hotel that we are launching today. The development of this hotel in close proximity to the Coega SEZ & Port of Ngqura, which is 25 kms away from similar services in Gqeberha, was a very strategic move by COEGA, as it will attract other services to complement the work done both within the SEZ & the Port.

Apart from attracting foreign direct investment (FDI) and boosting employment, Special Economic Zones ("SEZ's") also play a role in helping to add new sectors or sub-sectors to an economy as well as integrate service offerings that improve the investment location, as they compete for investments globally.

This investment is in line with the Tourism Recovery Plan that the Department of Tourism has developed in collaboration with the private sector and other tourism stakeholders. The plan is a roadmap that will help the tourism sector navigate the pandemic and ultimately embark on a growth trajectory in the post-pandemic period.

The plan is anchored on three pillars which include:

- Protecting and Rejuvenating Supply – focusing on business continuity risks, aligning the value-chain to new biosecurity standards, preserving air access as well as investment facilitation e.g. TEF and market access.
- Reigniting demand – this will require a robust domestic marketing strategy, the agility to respond decisively to an uncertain global environment and responsiveness to changes in consumer preference.
- Strengthening Enabling Capability – implementing mechanisms to increase ease of travel through activities such as the piloting and roll-out of the proposed e-visa system to simplify the visa and entry process

The Tourism Recovery Plan is aligned to the country's Economic Reconstruction and Recovery Plan (ERRP), in particular the ERRP's priorities of mass employment creation; infrastructure investment; green economy interventions; gender equality and the inclusion of women and youth; as well as skills development.

It is quite pleasing to see the Coega Development Corporation ("COEGA") has embraced the ERRP and has made it its business to use its capacity to contribute to the implantation of the Economic Reconstruction and Recovery Plan. Apart from the jobs that have been created for the operations of the hotel, I was encouraged to learn that the construction of the hotel, which was project managed by the Coega Development Corporation and built by six (6) local Small Micro Medium Enterprises (SMME's), managed to create over three hundred and seventy-nine (379) construction jobs.

For some years, our economy has been growing at a level that is not responsive to the needs of many South Africans. Last year, the situation was worsened by the pandemic and the economy contracted by 7%. Before last year, the tourism sector of which the hospitality sector is a part, was one of the fastest growing sectors in the economy. When the pandemic hit, the sector came to a grinding halt. However, when we started easing the restrictions the tourism sector recovered very quickly.

In the third quarter of last year when the restrictions had been eased, spending on restaurants and hotels recorded an annualised surge of 7 043%. Although the surge was interrupted by the second wave of the pandemic, it was a demonstration that the sector is resilient and that its recovery will be very rapid. The point I am making is that tourism sector has become very central to economic growth, job creation and socio-economic development.

How we manage the pandemic going forward in particular the vaccination programme. will be a major determinant of how quickly the tourism sector and the broader economy recovers. It will also take time to achieve herd or population immunity in many parts of the world. Expectations are that with growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels across the world only by the end of 2022. The situation is further compounded by the uncertainties around the efficacy of the vaccines against new variants.

The emergence of the virus strain that dominated the second wave late last year, demonstrated to us that as the virus mutates, it has the potential to render vaccines ineffective. You will recall that we had to abandon the AstraZeneca vaccine because of its drastically reduced effectiveness against the new strain. However, our scientists have just informed us that those who were affected by the new variant are now immune to reinfection by the same variant.

All these uncertainties around the pandemic suggests that the sector is potentially facing numerous stop/start cycles as restrictions are changed and adjusted in line with the evolution of the virus. These stop/start cycles will continue to affect traveller confidence and place jobs and the survival of tourism firms at risk. They will further make the recovery highly uncertain. Policy flexibility as well as the adaptability of firms across the value chain will be critical in responding to the stop/start cycles. However, I am confident that the tourism sector will rise again. Once again let me congratulate Coega Development Corporation (CDC) for this investment.

I thank you.