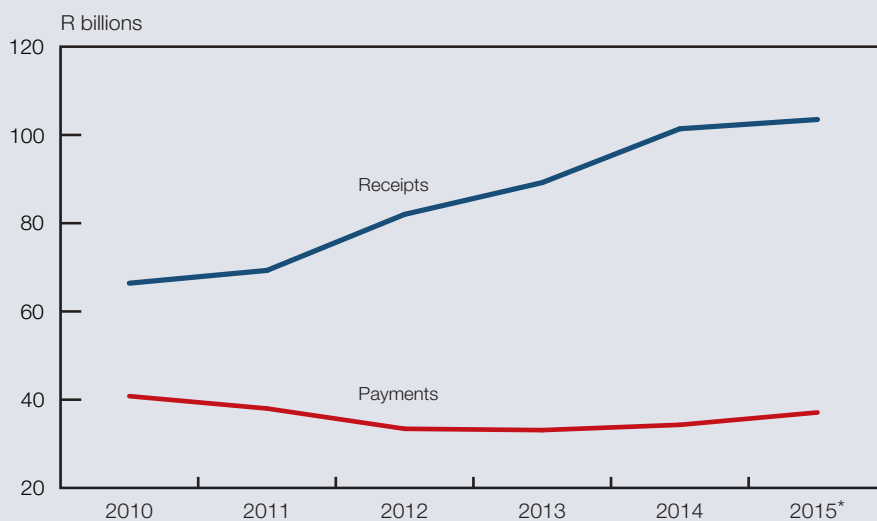


Box 4 Tourist spending in South Africa

Spending by tourists in South Africa accounts for almost 95 per cent of the 'travel receipts' item, the largest revenue component in the services account of South Africa's balance of payments. During the past four years, South Africa registered a steady increase in the number of tourist arrivals which, together with the continuous weakening in the exchange value of the rand, contributed to the elevated level of travel receipts. Consequently, the ratio of travel receipts to total merchandise exports (including gold) rose from 8,5 per cent in 2011 to 10 per cent in 2014.

Gross travel receipts and payments

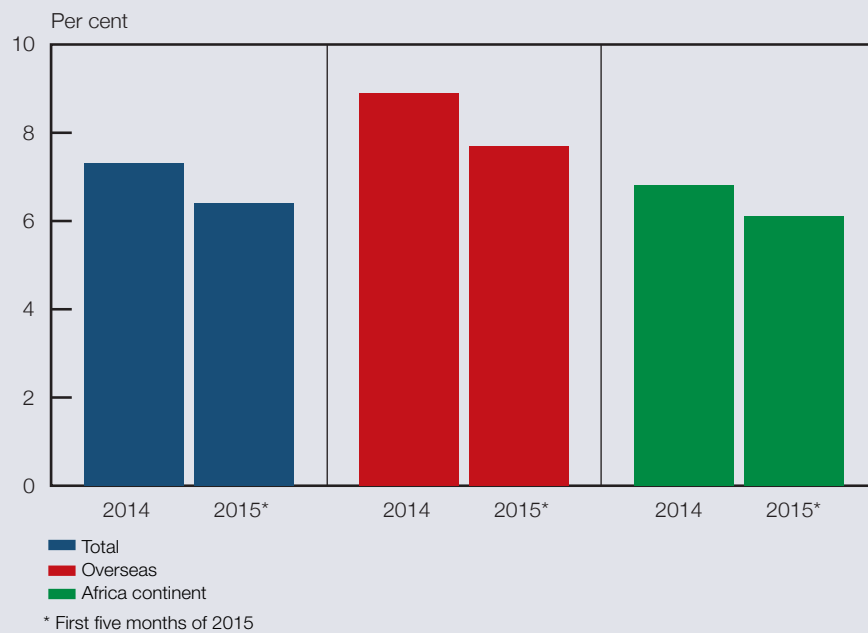


* First half of 2015, seasonally adjusted and annualised

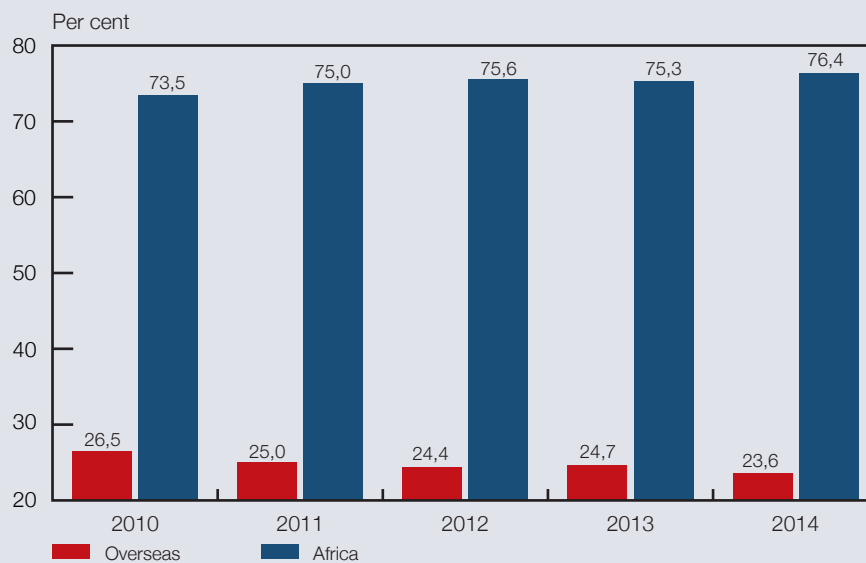
The rate of increase in travel receipts in the first half of 2015 slowed notably when compared with the corresponding period in 2014 amid a decline in the number of tourists visiting South Africa. The decline in tourist numbers could, inter alia, be ascribed to new legislation requiring that visitors travelling with a minor should be in possession of an unabridged birth certificate from 1 June 2015. The capturing of biometric data, including a personal appearance when applying for a visa to visit South Africa, was already introduced at an earlier stage. The new legislation intends to minimise human trafficking, with specific reference to children.

The number of children younger than 18 years constitutes a sizeable portion of tourists in South Africa. The new administrative requirements accordingly have the potential to temporarily affect the number of tourists intending to visit South Africa. Relative to the total number of tourists, the number of children dropped from 7,3 per cent in 2014 to 6,4 per cent in the first five months of 2015 (see the accompanying graph). A further analysis indicates that although the ratio deteriorated for both the overseas and African regions, overseas tourists continued to display a higher concentration of children. This could suggest that overseas tourists are more inclined to travel together as families and, as such, could be more affected by the aforementioned administrative arrangements.

Proportion of individuals younger than 18 years included in the number of tourists



Composition of foreign tourists by area of origin



Owing to its consumption-based nature, spending by tourists is internationally regarded as one of the most challenging economic aggregates to estimate in a macroeconomic statistical framework. However, based on an array of source data and indicators, preliminary estimations suggest that the level of gross travel receipts declined by about 9 per cent in the second quarter of 2015. Given the growing importance and contribution of the tourism sector to overall domestic economic activity, a deterioration in the level of travel receipts could contribute to a further widening of the deficit on the services, income and current transfer account.