

# Africa Travel Recovery, Opportunities & Risks

## Research Brief, March 2021

### Economists

Sarah Jane Trimble

Economist

[sjtrimble@oxfordeconomics.com](mailto:sjtrimble@oxfordeconomics.com)

Helen McDermott

Director of Global

Forecasting

[hmcdermott@oxfordeconomics.com](mailto:hmcdermott@oxfordeconomics.com)

**Domestic travel will recover 2019 levels by 2022.**

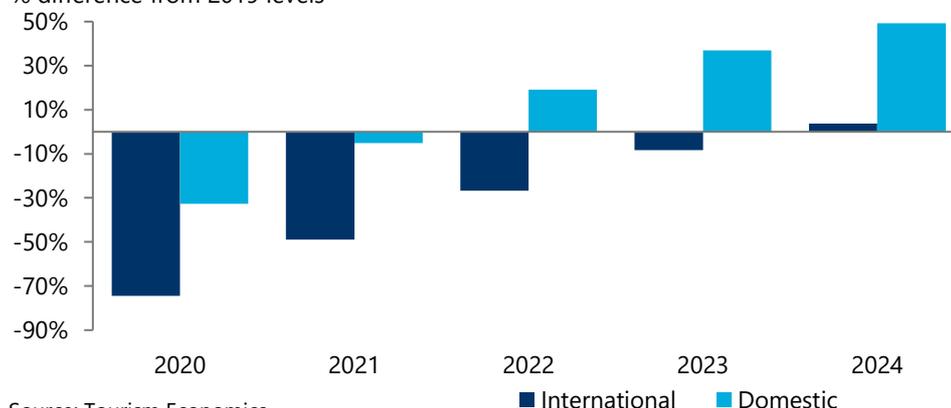
**International travel faces a slower recovery, remaining below 2019 levels until 2024.**

### Executive Summary

- **International visitor arrivals in African destinations in 2021 will remain 56% below 2019 levels in our baseline forecast.** Renewed coronavirus outbreaks and the emergence of a new, highly infectious variant in South Africa has muted travel activity across the region.
- **A strong domestic market and an uplift in short-haul travel will support the travel industry in the near-term.** Domestic travel is set to account for 73% of total arrivals in 2021 – up from 55% in 2019. Reduced travel appetite for far-away travel will increase the short-haul share of international arrivals in 2021 to support markets which have been traditionally more dependent on longer-haul markets.
- **While a more youthful population has minimised the impact of the health crisis in Africa, there are concerns regarding the region's access to vaccines.** Vaccine rollout will be critical in allowing African destinations to fully re-open borders and to restore confidence in travel. The COVAX initiative has helped alleviate these anxieties by providing and campaigning for a more equitable distribution of vaccines. However, other measures, such as testing or digital passes will facilitate earlier recovery.
- **Substantial pent-up demand will help propel Africa's travel recovery once restrictions are lifted.** Lockdown restrictions have suppressed a significant amount of demand, especially for leisure travel, and the easing of restrictions and continued vaccination progress will be essential to realise this latent travel demand.
- **Continued infrastructure improvements, targeted tourism support and concentrated digital marketing campaigns could help stimulate future tourism growth.** Infrastructure improvements and better use of digital platforms could help increase destination competitiveness. This could add to lingering demand for less-crowded destinations with outdoor activities and attractions, which will also be fuelled by a rise in more sustainable travel.

### International vs domestic visitor arrivals, Africa

% difference from 2019 levels



Source: Tourism Economics

**Contact :** Sarah-Jane Trimble | [sjtrimble@oxfordeconomics.com](mailto:sjtrimble@oxfordeconomics.com)

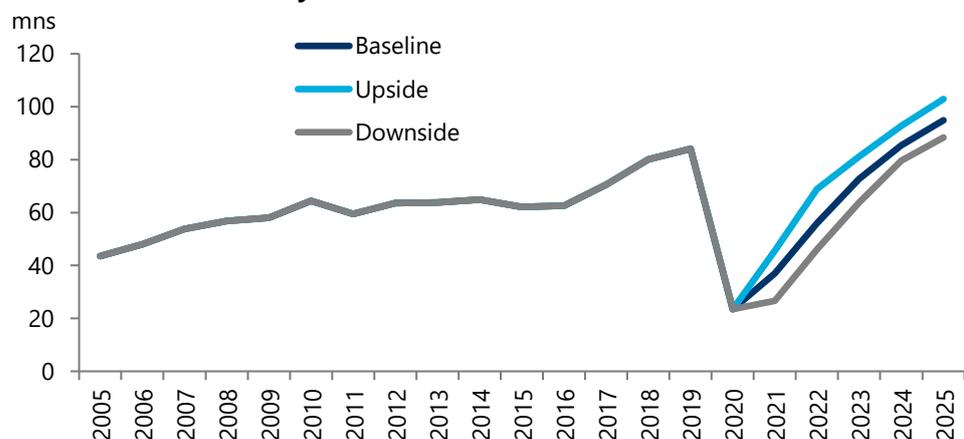
## International Travel & Tourism Recovery

A proactive approach to imposing restrictive measures and a youthful population has helped Africa in the fight against the coronavirus pandemic, with the region recording a much lower number of coronavirus cases compared to other regions. The region's travel industry has still been devastated by the ongoing restrictions and reduced tourist sentiment from the global health crisis. Recovery in travel is set to begin in 2021 but international arrivals are still expected to remain 56% below 2019 levels in 2021, with a return to pre-crisis levels not expected until 2024.

The emergence of new, more transmissible mutations of the virus has increased the downside risks for the travel recovery. The labelling of the mutation found in South Africa as the "South African variant" contributed to significant negative press around the world. This stigma may have a lasting impact on tourist sentiment as the destination may be regarded as more unsafe compared to other locations and may result in more stringent and longer-lasting restrictions imposed by other countries. South African residents have become the most restricted globally, with over 100 countries imposing some form of restrictions as they seek to reduce the risk of importing the highly contagious variant into their country.

As most of the world remains under restrictive measures, it remains unclear what impact the South African variant will have on travel demand for the wider region. Fears of this variant may impact the global appeal of other African countries in the same way that all Western African countries experienced lower tourist sentiment during the Ebola outbreak. But there are also opportunities for other African countries to gain market share as alternative destinations. With more than 40% of cases within the region recorded in South Africa, there are numerous countries that continue to report very low coronavirus case numbers which can gain share if they clearly demonstrate this relative safety to travellers.

### International arrivals by scenario, Africa, 2005-25



Source: Tourism Economics

Europe is a key source of arrivals to Africa, accounting for 30% of international arrivals in 2019, which may add a further challenge to the recovery. While Europe was the most proactive region in easing restrictions and kickstarting travel last summer, this was largely aimed at regional travel as opposed to longer-haul travel. A resurgence in coronavirus cases has led to the reimposition of lockdown measures across Europe which will still inhibit outbound travel from the region into mid-2021. Significant efforts are occurring across Europe to vaccinate populations as quickly as possible, which should allow for a more meaningful easing of restrictions in H2 2021 and eventually contribute to the revival of travel to Africa. Additional measures such as travel corridors, testing on arrival and co-operation on health and safety standards may also be used to allow the resumption of

**International arrivals will remain 56% below 2019 levels in 2021.**

**While traditionally a popular tourist destination, the scale of the outbreak in South Africa may see tourists opt for alternative African destinations with lower coronavirus case numbers.**

**Europe demand accounted for 30% of international travel to Africa in 2019. This segment will not recover in 2021 but should grow ahead of other long-haul source markets.**

travel between the two regions if the vaccination timeline across Africa lags international source markets.

Destinations will gain from a growing demand for short-haul travel. The global pandemic has triggered a shift in travel preferences, with demand increasing for more familiar regional destinations, which involve shorter travel times and are regarded as safer options to visit in the evolving international environment. Travel from within the MEA region accounted for over 50% on international arrivals in 2020 and we expect an elevated share of MEA travel to remain in 2021 as travel restrictions persist and tourists remain wary to take longer-haul trips.

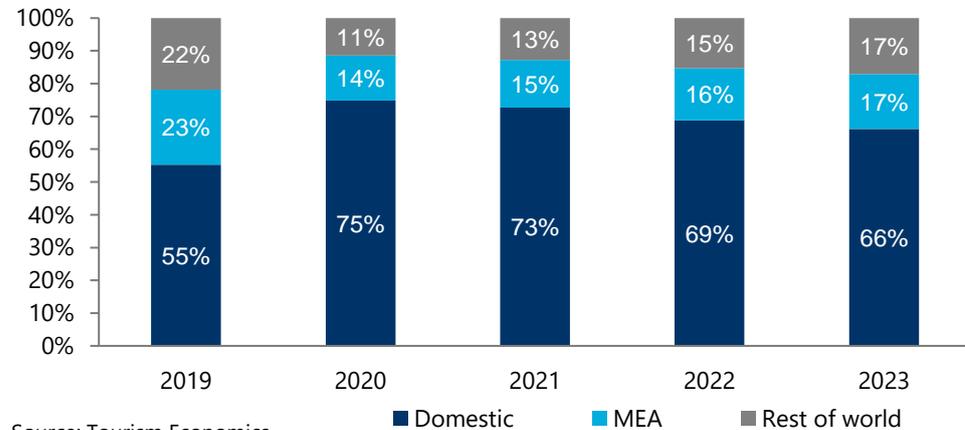
### Domestic travel will remain predominant in the near-term

Domestic travel will remain crucial for destinations during the early stages of recovery at least. Domestic demand accounted for 55% of travel in 2019 but has taken even greater prominence with more restricted international travel and is recovering sooner. Domestic arrivals will remain just 5% below 2019 levels in 2021, recovering to pre-crisis levels in 2022.

Restricted international travel has forced some substitution to domestic trips, but lingering change is expected, to continue to support the sector in the near-term. Border restrictions are limiting some international travel, while associated concerns of safety on such trips is having an additional effect. Domestic travel activity accounted for 75% of total arrivals in 2020, and with international restrictions ongoing, we expect this high share to be retained in 2021. But even as international borders open, we expect to see an elevated share of domestic demand as travellers look for cost savings while some changes in preferences for local and quieter destinations will linger.

### Domestic vs international arrivals , Africa

% share of total arrivals



Source: Tourism Economics

### Vaccination speed is of the essence for the travel industry

Vaccination will be critical for a complete travel recovery in Africa. Countries that manage to quickly vaccinate their populations will be in a better position to lift restrictions and stimulate tourism growth while those countries that face a sluggish vaccine-rollout will need to enforce longer-lasting restrictions, which will delay their travel rebound. Other measures such as additional testing and tracing will be essential to help facilitate the revival of the travel sector in those countries with slower vaccination rollouts.

African countries may struggle to keep pace with the more advanced economies, which benefit from a stronger financial backing and greater access to vaccines. This challenge has been exaggerated by developed countries such as the UK and Canada over-ordering vaccine doses based on their population size which may impede the ability for lower-income countries to access the available vaccines if they are not redistributed. Based on

**Domestic travel will grow in 2021 to a level just 5% lower than 2019 levels, according to our baseline forecast, with a full recovery expected in 2022.**

**The COVAX initiative has helped alleviate some concerns for the ability for African countries to access vaccine supply.**

current vaccination rates, most African countries are trailing behind advanced economies. Travel demand will remain weakened for countries with lower vaccination rates as some restrictions on international flows will linger, even if other measures are introduced.

The COVAX initiative which aims to ensure equitable distribution of vaccines and to limit the disparity between high and low-income countries is a positive development for Africa. Ghana, the first country to receive vaccines through the programme, managed within 2 weeks of receiving these vaccines to administer more than 420,000 doses, covering 60% of the targeted population in the Greater Accra region.

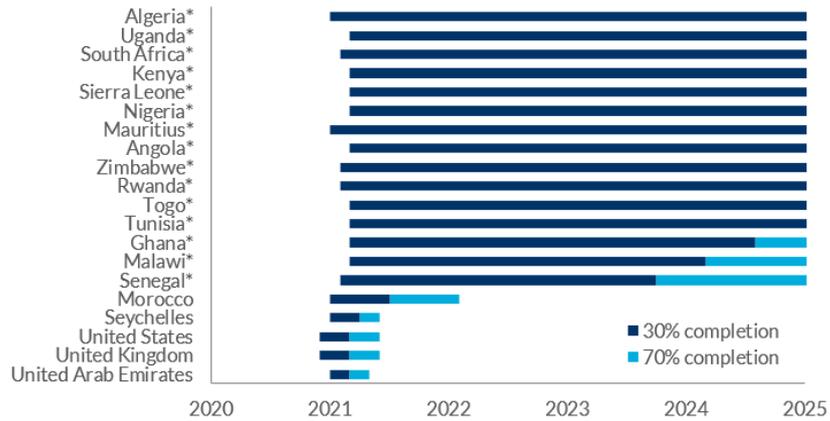
Seychelles is another success story, having received donations of vaccinations from the UAE and India. Based on current vaccination rates it should see 70% of its population vaccinated in 2021. This progress enabled the re-opening of borders on 25<sup>th</sup> March, without restrictions and to all countries (excluding South Africa). Without a sizable internal market, or even a large regional market, this re-opening to global source markets is essential for recovery. Seychelle's top 3 source markets in 2019 were Germany, France, and the UK. These nations remain under strict lockdown measures, with Germany and France lagging the UK in their vaccination roll-out. However, they are set to attain a faster vaccination completion time than most African countries, providing the opportunity to establish travel corridors which could challenge the expected trend of short-haul travel recovering first.

While Morocco's vaccination campaign suffered a slow start, it has quickly gathered momentum and also earned international praise. Based on current rates, we would expect 70% of Morocco's population to be vaccinated by the end of 2022.

**Vaccine distribution to a wide range of destinations will be essential for complete recovery.**

**Vaccine completion timeframe at current rates**

Time period to vaccinate 30% and 70% of population



(Based on CURRENT RATES, those countries marked with an \* will not achieve herd immunity by 2025)

Source: Tourism Economics, OWID

Chart updated: 29/03/2021

**Strong demand for leisure travel will help Africa's travel recovery.**

**More remote outdoor holiday locations may benefit from changing traveller preferences in the post-pandemic environment due to.**

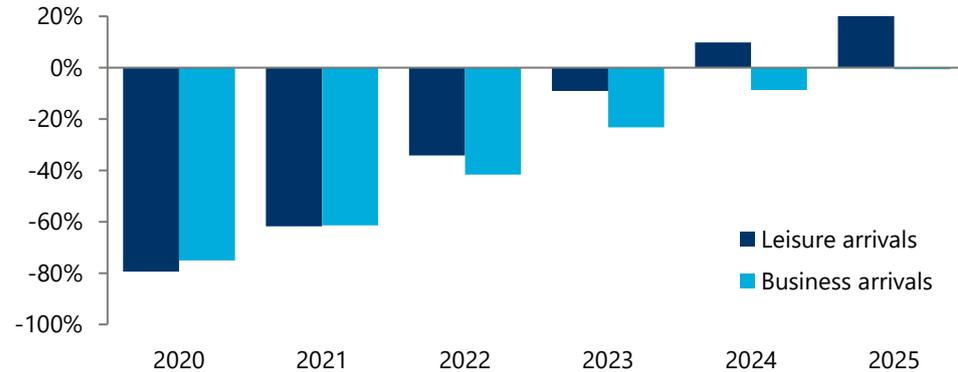
**A strong leisure-travel market will help revive the travel industry**

Over 60% of Africa's international arrivals in 2019 were for leisure which will be beneficial as this segment will recover ahead of business travel. Leisure travel is expected to return to pre-crisis levels by 2024, compared to 2026 for business travel. As well as benefitting from pent-up consumer demand, leisure demand will be boosted by the effects of government support for the sector and the wider economy. Leisure travel is more sensitive to both price and income changes and will therefore recover with less of a lag to expected economic recovery.

The nature of leisure travel in Africa can aid an earlier recovery as it typically includes a large proportion of outdoor and nature-based activities which will be more popular than travel to more crowded destinations. Safari holidays are important for many African destinations and will fit with this preference for outdoor, distanced holidays, but higher associated costs will be a constraint. Island nations and coastal African countries which can offer beach holidays, will be in a favourable position to lure tourist backs, benefiting from their more remote nature, affordable prices and warmer climates.

**International leisure vs business arrivals, Africa**

% difference from 2019 levels

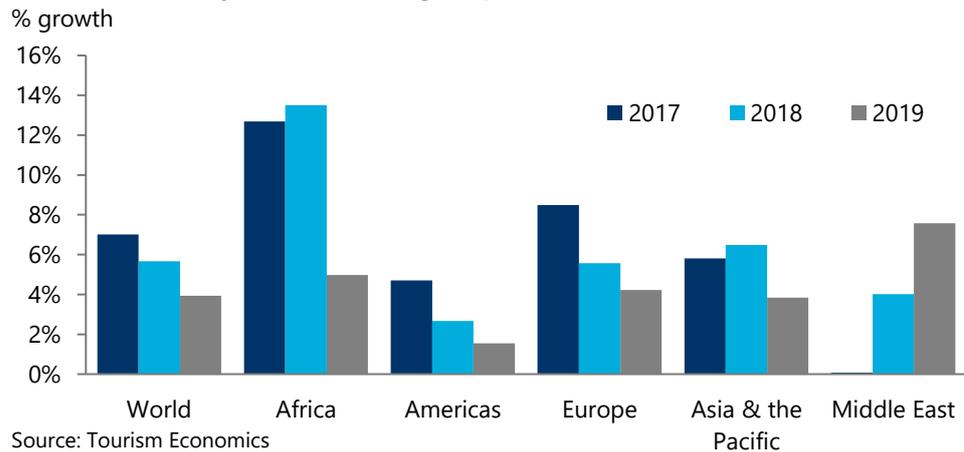


Source: Tourism Economics

## Longer-term outlook and potential opportunities for the travel industry

In recent years, Africa has been making concerted efforts to build its tourism sector by improving accessibility, infrastructure, and technology, and the region’s travel sector was reaping the benefits of these efforts. Prior to the pandemic, tourism growth to Africa outpaced overall global demand and travel to other regions. The COVID outbreak may have stilted these efforts, but they place Africa in a strong position to remain attractive to tourists once restrictions are lifted.

### Inbound travel by destination region prior to the Covid-19 outbreak



Continued development of physical infrastructure, especially in rural areas, will be vital to support continued tourism growth. Post-pandemic travel may be concentrated on more remote areas as opposed to the usual holiday spots which were over-crowded and suffered adverse environmental impacts from the influx of visitor arrivals. African destinations can benefit from this greater awareness alongside the desire to visit lesser-populated areas due to lingering health concerns. Destination management will be critical to ensure a sustainable inflow of arrivals and to raise awareness of a full range of locations and attractions so that the benefits of tourism growth are spread more evenly within countries.

Physical infrastructure will undoubtedly be important to help realise this potential, but African destinations must also consider the importance of digital infrastructure. Improving broadband and mobile connectivity across the region will help increase Africa’s appeal to tourists and also provide the means to spread important information about the health and safety protocols being taken across the region to appeal to the more concerned travellers in a post-pandemic world.

**Prior to the coronavirus outbreak, travel to Africa outpaced global travel demand.**

**Improvements in digital infrastructure will help increase the appeal of Africa in a post-Covid environment, facilitating a strong travel recovery.**