

January 2020



Relaxing entry visa requirements helps many countries boost tourism growth

At the current rate of growth in global travel, tourists will take an estimated two billion cross-border trips annually by the end of the decade, an increase of 500 million globally from today's rate.¹ As travel and tourism continues to outpace the global economy,² many of the world's emerging markets see the industry as a new growth opportunity and are changing their entry visa policies to attract more visitors. The shift is starting to get results. Following a decade of visa liberalization in Africa, for example, tourist arrivals grew 8 percent year-over-year (YoY) in 2019 to reach an estimated 47 million visitors to the continent last year, according to the Visa International Travel (VISIT) platform, which combines VisaNet data with publicly-available cross-border arrival statistics. That was a new high compared to the previous year's arrivals in Africa of 43 million in 2018 (up 11 percent YoY) and 39 million (12 percent YoY growth) in 2017.

Relaxing their visa requirements is one way that African countries can overcome some of the challenges they face in attracting tourists—including the vast distances, nascent infrastructure development, infrequent flight schedules and high cost of travel (sometimes, it is cheaper to travel to another continent than to travel within Africa). Addressing these challenges often requires longer-term planning, investment and coordination. In contrast, African countries may be able to take quicker action on their visa policies, with significant upside potential.

Highlights

Africa leads globally in arrivals growth

Entry visa policies in Africa's sub regions

Africa will benefit from a growing global middle class

Top destinations in Africa

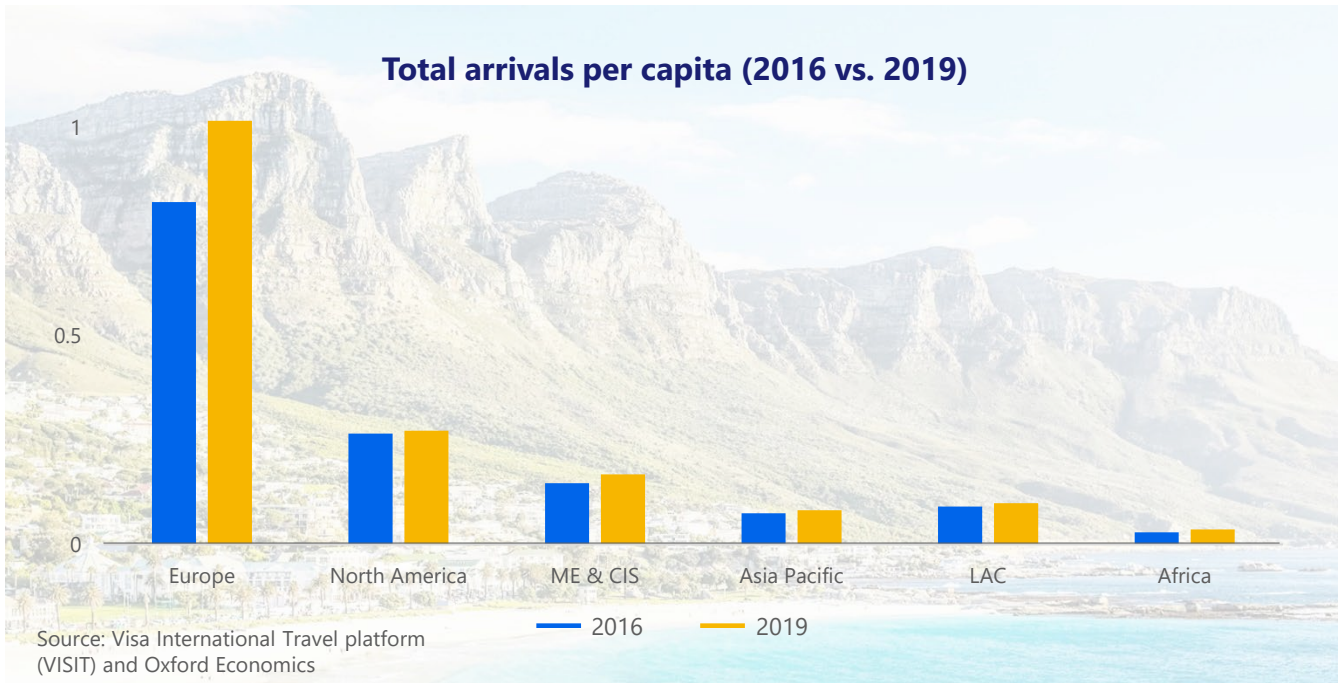
Global Travel Momentum Tracker

¹ United Nations World Trade Organization (UN WTO)

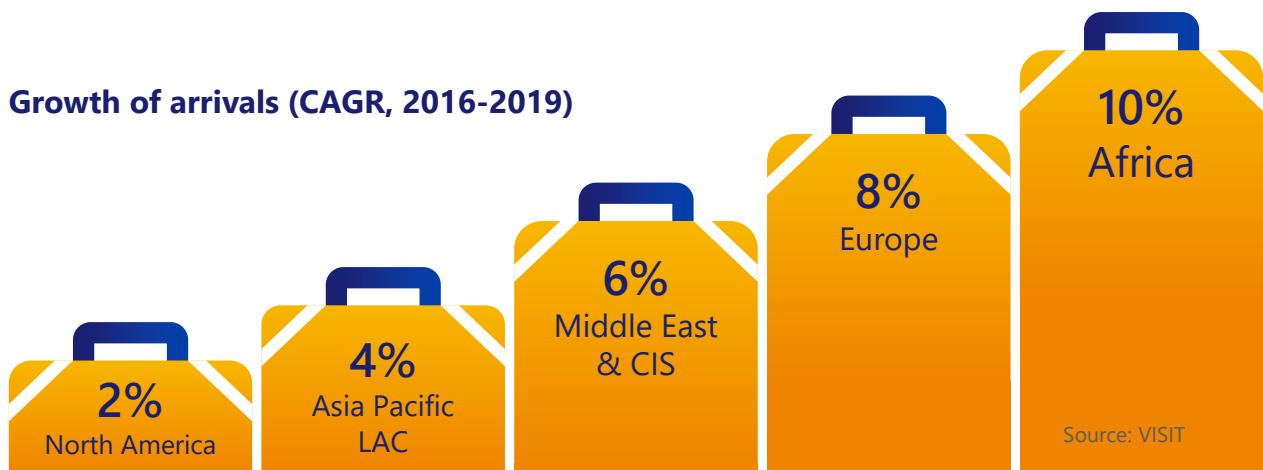
² World Travel and Tourism Council, Travel and Tourism Report 2019: In 2018, travel and tourism accounted for 10.4 percent of global GDP

Africa leads globally in arrivals growth

Opening Africa’s borders is in step with a global trend. Traditional paper visas declined 24 percentage points internationally from 2008 to 2018 while the growth of less rigid visa options ticked up—including visas on arrival (up 10 percentage points), visa exemptions (up 4 percentage points) and eVisas (up 10 percentage points). The growth rates were even more noteworthy in Africa, with traditional visas declining 43 percentage points as visas on arrival increased 30 percent and eVisas grew 12 percent. Simplifying the visa process appears to be Africa’s way of saying ‘karibu,’ or welcome, in Swahili to travelers from within the region and abroad.



The visa initiatives are giving Africa a boost in tourism relative to other regions of the world. While it still ranks lowest in total global tourist arrivals per capita (a small fraction of Europe’s more than 1 arrival per capita),⁴ Africa leads in growth since 2016, at 10 percent compounded annually (CAGR) compared to Europe’s more developed tourism market (at 8 percent CAGR), according to our analysis of VISIT and population data from Oxford Economics. Europe is still the most popular destination in the world, despite its continued heavy reliance on traditional visa policies.



³ United Nations, World Trade Organization (UNWTO) 2019 Visa Openness Report, measured as percent of world population travelers issued each type of visa (and excluding diplomatic passport holders).

⁴ Per capita in this case is per the population sum of the region

How welcoming are Africa's sub regions?

On a sub-regional basis, East Africa has the second-lowest arrivals in Africa, but has also become the most open region, offering visa on arrival to 67 percent of the world's population. The other African regions still rely heavily on traditional visa policies.

North, Central and Southern Africa all remain below the world average in openness, although both North Africa and Southern Africa have been offering more visa alternatives in the past couple years. In general, Europe and the Americas benefit the most from the increase in visa exemptions offered by African nations.

Europe also represents the majority of travelers to North, West and East Africa, while African travelers tend to dominate travel in Southern Africa.

Africa (by entry visa policies)



Source: UNWTO, 2019 Visa Openness Report for Africa

Africa will benefit from a growing global middle class

As incomes rise globally—especially in developing regions such as Africa—the middle class will also grow substantially, increasing its purchasing power beyond the basic necessities and accounting for more than 60 percent of the growth in global consumption by 2030, as reported in a 2018 Visa study.⁵ While no African cities made our list of top “global” cities, according to Visa’s Globalization Index, some like Cape Town, Johannesburg and Cairo did crack the list of “globalizing” cities. In that category, cities have the potential to cross the globalization divide if they are able to improve in key metrics such as trade, global brand prevalence, digital payments, and tourism.

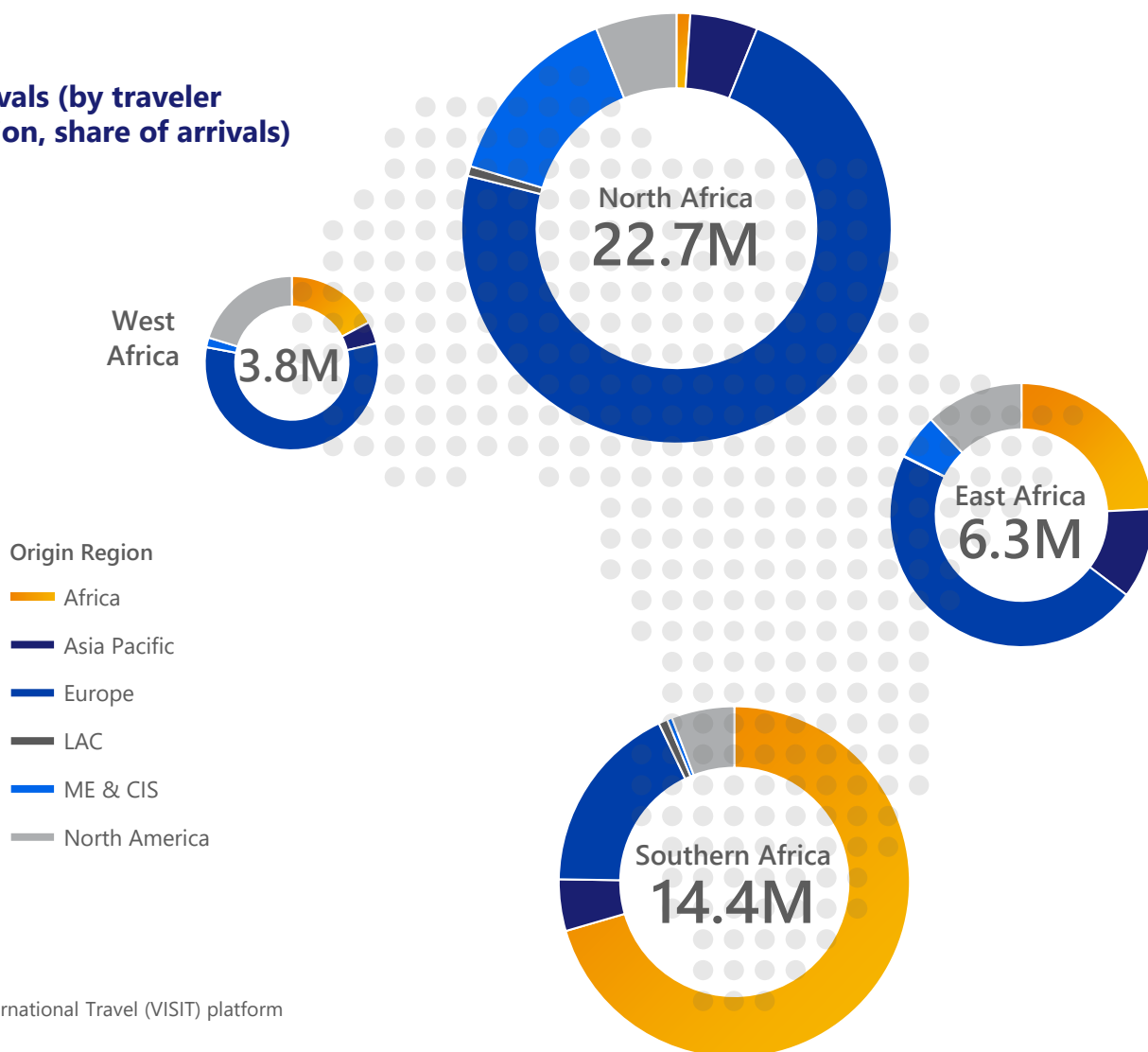
In an earlier Visa study,⁶ we took a closer look at the growth in tourism expected as a result of this growing middle class and democratization of travel. We estimated that a new “traveling class” would arise, with emerging market households in particular fueling most of the growth in global travel. Again, few African countries—Egypt, Nigeria and South Africa—made our ranking of top 50 global markets based on projected outbound travel spending of their traveling class by 2025 (#41, 42 and 44 respectively).

Africa’s infrastructure and entry limitations noted earlier in this report have likely hampered its showing in both studies, but as progress is made in coming years, this could change rapidly. Lowering travel barriers for intra-regional travel within Africa will also make a difference. A new single passport is planned for the 55 nations of the African Union. The AU passport was initially released to government officials, dignitaries and business leaders, and is expected to be launched more broadly this year to the continent’s 1.2 billion citizens.

⁵ “The Geography of the global middle class: Where they live, how they spend,” 2018, Visa Business and Economic Insights and Oxford Economics, www.visa.com/EconomicInsights

⁶ “Mapping the future of travel and tourism,” 2016, Visa Business and Economic Insights and Oxford Economics, www.visa.com/Travelinsights

Africa arrivals (by traveler origin region, share of arrivals)



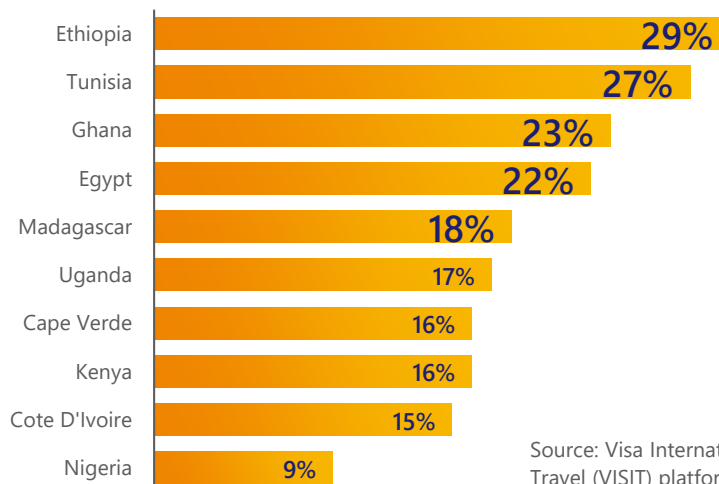
Source: Visa International Travel (VISIT) platform

Where will they go? Top destinations in Africa

As African countries become more accommodating to tourists, their arrivals will continue to grow. Ethiopia, Tunisia, Ghana and Egypt had the biggest gains last year after changes to their visa policies, all with more than 20 percent growth YoY in arrivals relative to 2018, according to our VISIT analysis.

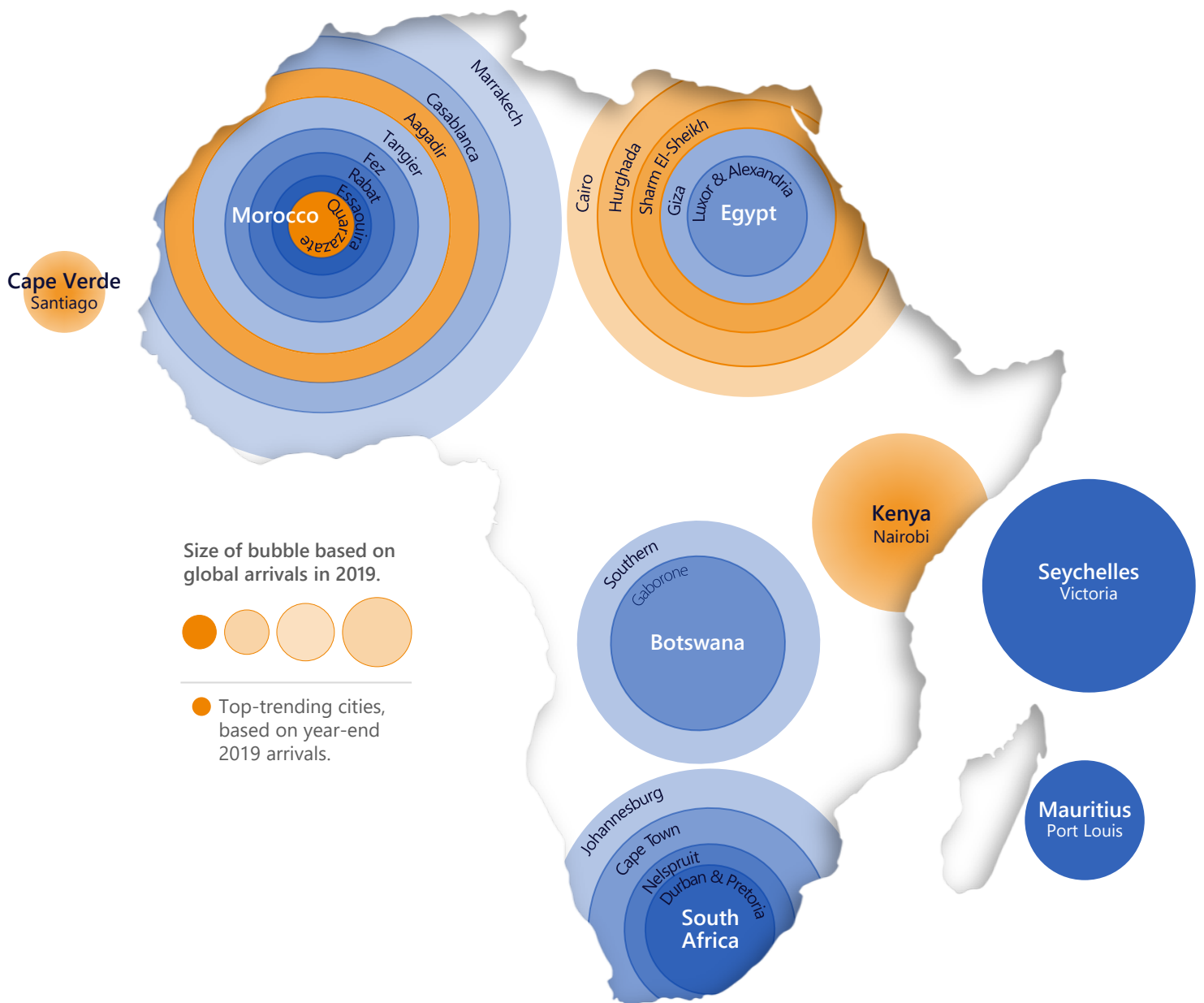
Overall, the top city destinations in Africa were Marrakech, Johannesburg, Cairo, Hurghada, and Casablanca, with Marrakech and Cairo leading the top-trending destinations* at year end.

Total arrivals growth in countries that changed their entry visa policies (YoY growth, 2019)



Source: Visa International Travel (VISIT) platform

Top destinations in Africa⁷



⁷ Size of bubble based on global arrivals in 2019. Top-trending cities shown in orange, as of year-end 2019. * Top-trending destinations are defined in VISIT by three criteria: 1) arrivals to the destination should be within the upper half by total volume of arrivals, 2) be above the median rate of annual growth, and 3) the two first criteria must be sustained for at least four consecutive quarters.

** Limited coverage of African cities in the VISIT platform.

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