



Food price hikes 'no threat to tourism'

INCREASING food price inflation, which is currently driving the increase in operating costs, will not severely affect the tourism sector due to its continued resilience and increasing foreign arrivals boosted by the weak rand, a tourism specialist said yesterday.

The latest figures from the Tourism Business Council of SA this week revealed that the sector performed steadily in the first quarter of the year, regardless of tough business conditions.

Tourism specialist at FNB Business Charnel Kara said the recent drought – which has led to a surge in food prices, coupled with broader economic challenges – was placing strain on the bottom line of many tourism operators.

Earlier this month, the National Treasury announced that bread prices were expected to rise at least 10 percent as a result of the 34 percent increase in the import duty on wheat. Also, the shortage in milk production was expected to lead to a rise in the milk price by at least 60c a litre from next month.

However, Kara said high food costs would not be a negative factor for foreign visitors due to the weakness of the rand against major international currencies.

She said rising food price inflation did not pose an immediate threat to the revenue and growth of the tourism sector, regardless of its negative impact on the local economy.

Kara acknowledged that the industry was experiencing a slowdown in domestic activities due to tough economic conditions forcing consumers to cut back on spending and luxuries.

"Despite the current challenges, the travel and tourism sector is still showing strong performance, especially in accommodation occupancy rates which are being driven by foreign and regional arrivals." – ANA