TOURISM: SUMMARISED NOTES

GRADE 12

FOREIGN EXCHANGE

Foreign Exchange

GDP (Gross Domestic Product)

= a measure of all goods and services produced and sold in a country in one year.

GDP

The GDP gives an indication of how well a country's economy is doing and it depicts the country's national income.

SA's GDP is mainly made up of the following sectors:

Mining; Fisheries; Clothing and textiles; Transport

Tourism; Agriculture and food processing

Let's Recap

The GDP and the multiplier effect:

1. Tourists visit a country.
2. They spend money during their travels in that country.
3. The businesses they spend their money on benefit directly.
4. These businesses can create job opportunities and in turn support other businesses in the area - they therefore benefit indirectly from tourism.
5. The overall standard of living improves.

CHARACTERISTICS

STRONG CURRENCIES vs. WEAK CURRENCIES

STRONG CURRENCIES	WEAK CURRENCIES
Also known as a **hard currency.**	Also known as a **soft currency.** These currencies also tend to fluctuate erratically due to political instability.
In comparison with other currencies **worth more**. Can therefore purchase more with this currency compared to the same amount of a weaker currency.	In comparison with other currencies **worth less**.
Exchanges for **more units** than another currency.	Exchanges for **less units.**
Domestic tourists' vacations are **more affordable**. Can also travel to other countries more easily.	Domestic tourists' vacations are **expensive**. Also, cannot travel to other countries as easily as it becomes unaffordable.
Exports are more **expensive**.	Exports are **cheaper**.

CONSEQUENCES

STRONG CURRENCIES

- Good for countries that have more imports.
- Exports are becoming more expensive. Demand for exports decreases.
- Trips to other countries are cheaper for the residents (more affordable).
- Fewer international tourists travel to these countries as it is less affordable.
- Imported goods become more affordable.
- Reduction in the local production and job creation, as the demand for exports is low.
- Buying power for people in these countries increases.

CONSEQUENCES

WEAK CURRENCIES

- Good for countries that have more exports.
- Exports are cheaper. Demand for exports increases.
- More international tourist arrivals as it is very affordable to visit these countries.
- Since the demand for exports is high, it stimulates the production and exporting of goods.
- Reise na ander lande is duurder vir die inwoners (raak onbekostigbaar).
- Imported goods become more expensive.
- Reduced buying power for people in the country.

CONTRIBUTING FACTORS

STRONG CURRENCIES vs. WEAK CURRENCIES

Good trade surplus in comparison with other countries.

- High interest rates.
- Low inflation rate.
- Consistent policies that don't change often.
- Strong local financial market & a strong local economy.
- Economical and political stability.

- Increased domestic trade deficits.
- Low interest rates i.e., fewer investors.
- High inflation rate.
- Continuous changes in objectives and policies.
- Collapse of the local financial market. Weak local economy.
- Economical and political instability.

"Do the best you can. No one can do more than that."

— John Wooden