Country risk report: tourism investment in Turkiye and/or South Africa

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1. Introduction

Tourism is a foundational industry in many nations, and therefore ensuring a positive environment for the tourism sector to thrive is essential. In this report, using financial tools we consider the prospects of investing in tourism of Turkiye and South Africa, analyzing and contrasting the two. First, we look into both of their historical economic overview, looking at the big picture of what state the economies are in, and where tourism fits in the picture. Neither looking overly fruitful or risk free. Second, we analyze the geopolitical as well as the socio-economic risks involved with the two nations. Turkiye faces social unrest and a loss of governmental legitimacy, while South Africa tries to secure itself while potentially sitting on a social timebomb waiting to explode. Third, we get into the specific economic risks, where Turkiye struggles to fight inflation making travel expensive, and South Africa struggles to address unemployment and inefficient public spending routing government help away from tourism. Fourth, we offer insight into the sustainability risks of both nations as their actual tourist attraction is impacted by climate change, especially South Africa. Then we offer some suggestions for opportunities and investments as both nations clearly have potential, yet deepening risks. With concluding thoughts we offer our pessimism for tourism in both Turkiye and South Africa, with a hope for better long term outlook.

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2. Economic Overview & Tourism's Role in Economic Stability

2.1 Economic Overview

A country's macroeconomic structure is one of the most critical components when assessing investment risks, particularly in sectors that are highly sensitive to internal and external shocks, such as tourism. In this section, we examine the economic outlook of Turkiye and South Africa for 2025 through four key indicators: GDP growth, inflation rate, public debt-to-GDP ratio, and current account deficit. These values are crucial in evaluating macroeconomic stability, investor confidence, and the financial sustainability of tourism-related projects.

In 2025, Turkiye is expected to experience a GDP growth rate of 2.7%, signaling a moderate post-pandemic recovery. This performance reflects increased domestic consumption and a rebound in services, particularly tourism. However, growth is taking place under significant monetary instability. Inflation remains a central concern, with the inflation rate projected at 31.4% by the end of the year (Reuters 2025). Such high inflation undermines purchasing power, raises operational costs, and introduces unpredictability for both investors and consumers.

Despite these pressures, Turkiye benefits from relatively strong fiscal fundamentals. The public debt-to-GDP ratio stood at 25.6% as of September 2024, with a projected slight decline to 24.7% in 2025 (Trading Economics 2025). This makes Turkiye's public debt position comparatively healthy among emerging markets. However, the current account deficit, forecast at 2.0% of GDP, remains a structural weakness. The deficit is partly driven by energy imports and a volatile lira, both of which raise the cost of doing business and create risks for international investors (World Bank 2025).

By contrast, South Africa faces a more constrained macroeconomic outlook. The country's GDP growth is projected at just 1.0%, reflecting longstanding structural barriers such as energy shortages, rigid labor markets, and weak business confidence (IMF 2025). On the positive side, inflation is expected to average 3.8%, indicating a relatively stable monetary environment and a more predictable price system than Turkiye (IMF 2025).

However, South Africa's fiscal position is much weaker. The public debt-to-GDP ratio is estimated at 75.1% as of September 2024 and is expected to rise further to 76.2% in 2025 (Reuters 2025). This level of indebtedness raises significant concerns over debt servicing capacity and fiscal flexibility, particularly in the context of limited economic growth. On the external side, however, the current account deficit is projected at only 0.6% of GDP, reflecting strong performance in commodities exports and a contained import bill (IMF 2025).

In summary, Turkiye displays stronger short-term economic growth and a healthier debt position, but is hindered by high inflation and external vulnerabilities. South Africa benefits from price stability and external balance, yet its growth potential is limited, and its public debt trajectory raises concerns. These macroeconomic dynamics are vital in understanding the investment climate for tourism development in both countries.

2.2 Tourism's Role in Economic Stability

Tourism is not only an engine of economic growth, but also a powerful stabilizer in emerging economies. It contributes to foreign exchange earnings, job creation, regional development, and economic diversification. In both Turkiye and South Africa, the tourism sector plays a substantial role in shaping long-term economic resilience, though their approaches and structural realities differ significantly.

In Turkiye, tourism contributed 5.1% to GDP in 2025 (Invest in Türkiye 2025), confirming its status as a vital component of national economic performance. Following the sharp decline caused by the COVID-19 pandemic, Turkiye's tourism sector has staged a robust recovery. The government has invested significantly in infrastructure, supported promotional campaigns, and provided targeted incentives to key industries in the hospitality and travel sectors. These measures have helped revive international arrivals and domestic tourism flows.

Nevertheless, the sector is still exposed to macroeconomic volatility. Risks such as exchange rate instability, persistent inflation, and ongoing governance issues could undermine investor confidence and dampen the sector's long-term sustainability (World Bank 2025).

Meanwhile, South Africa's tourism sector has an even greater weight, contributing 6.4% to GDP in 2025 (WTTC 2025). The country has positioned itself as a leading destination for eco-tourism and nature-based travel, with protected areas, biodiversity, and cultural experiences attracting a growing number of international visitors. Moreover, tourism in South Africa is deeply connected to community development and inclusive growth, particularly through rural tourism initiatives and public-private partnerships in conservation areas.

However, the sector is constrained by persistent structural barriers. Infrastructure deficits, particularly in transport and basic services, affect accessibility and visitor experience. Additionally, safety concerns and political uncertainty represent key deterrents for potential investors. These challenges limit the pace at which the sector can expand and increase its resilience to external shocks.

Despite these constraints, both countries clearly recognize tourism as a strategic pillar of their national economies. In Turkiye, the sector functions as a buffer against currency and trade imbalances. In South Africa, tourism is central to sustainability, inclusion, and rural transformation. While both countries face vulnerabilities, the long-term role of tourism as a driver of economic stability and investment opportunity remains strong.

Graphs

Figure 1. Projected GDP Growth Rates for 2025

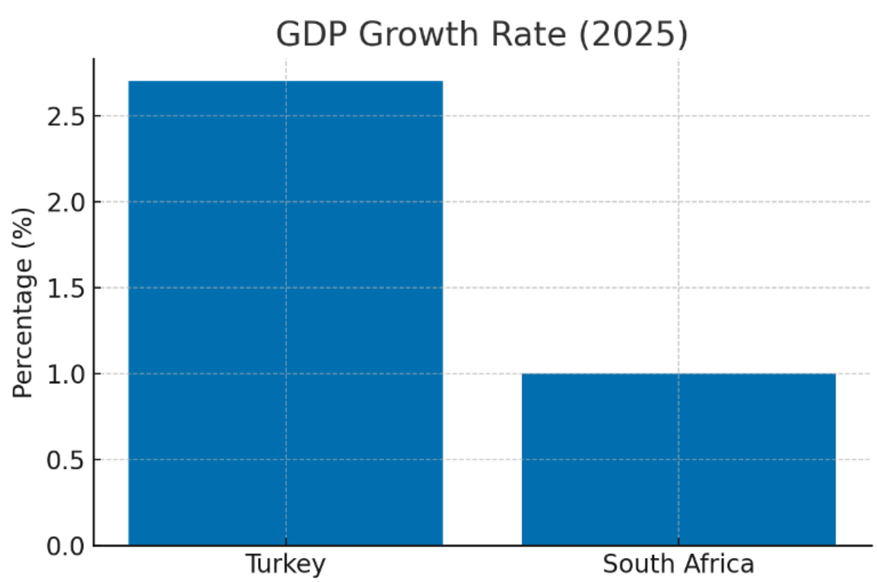


Figure 2. Inflation Rate Projections for 2025

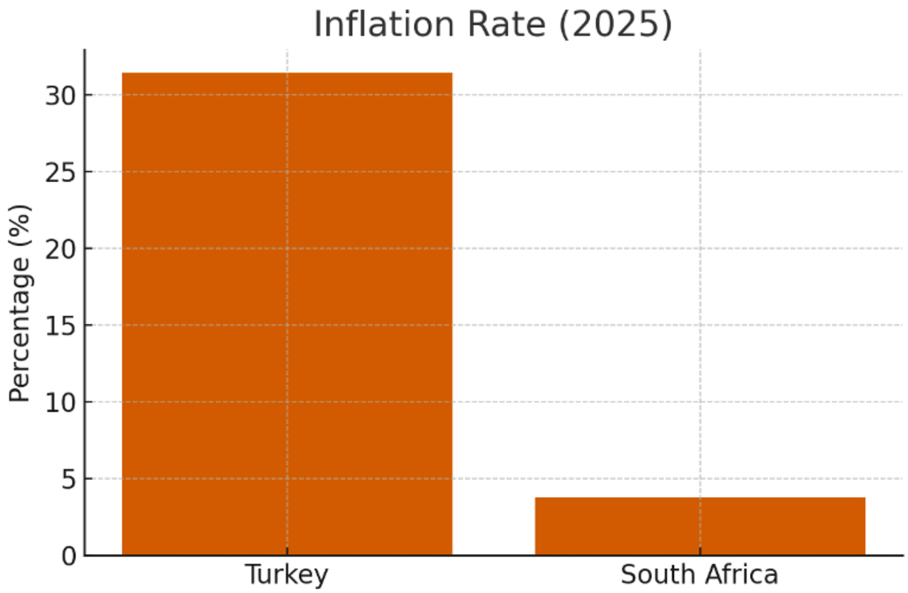


Figure 3. Public Debt-to-GDP Ratio (2025)

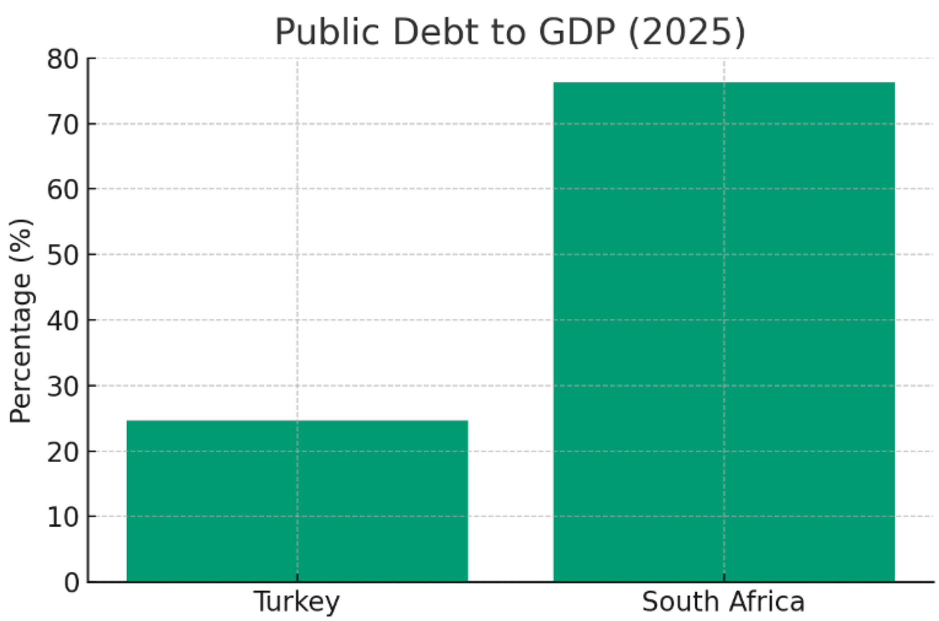


Figure 4. Current Account Deficit (% of GDP)

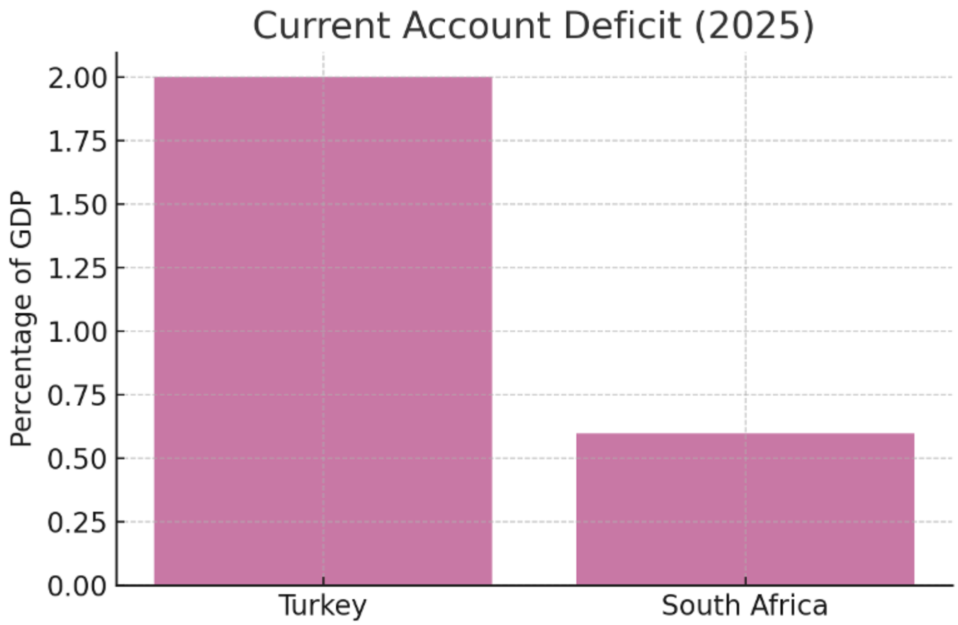
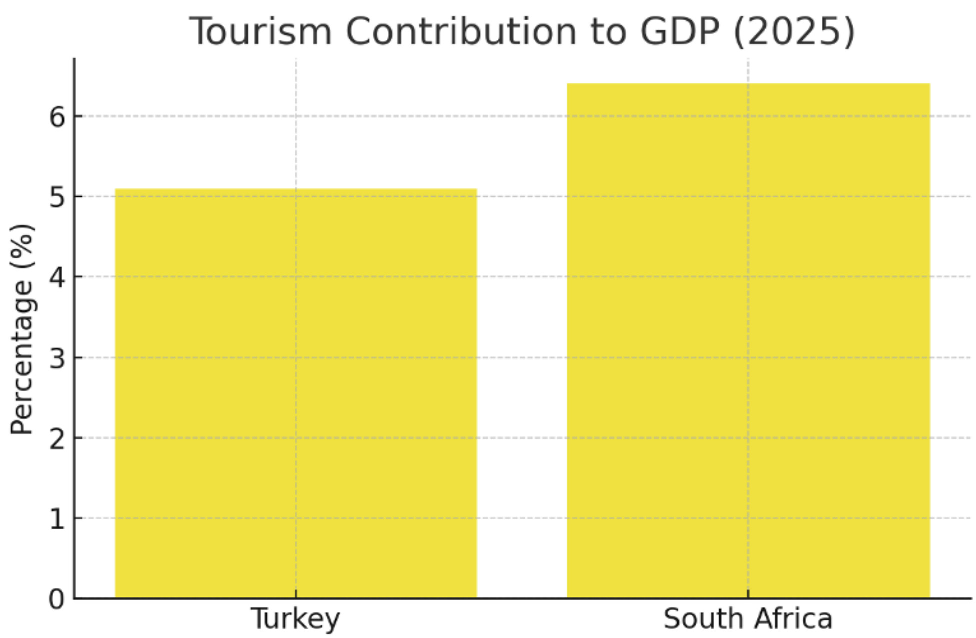


Figure 5. Tourism Contribution to GDP (2025)



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3. Geopolitical and Socio-Economic Risks

Türkiye

Türkiye is slipping as a democracy, plagued by harsh and worsening governance, social unrest, and a list of growing problems. First this section discusses Türkiye facing increasing political instability as it contests support for the opposition, grasping on to power. Next Türkiye's social problems are elaborated upon, breaking down the unrest and the stark problems driving it. Finally a look into Türkiye's external outlook as it navigates a complicated geopolitical space.

Recep Tayyip Erdoğan, current president of Türkiye, faces internal and external instability, partially to blame by his own consolidation of power. After winning the 2014 and 2018 elections, Erdoğan theoretically should not have been able to run again in 2023, but a 2017 referendum vote changed the democracy from a parliamentary to presidential one. Because of this change, he was able to convince enough leaders that this provided new eligibility since it was a new office. This fed arguments from opposition parties, fueling calls of an illegitimate government. Claims of Russian and Azerbaijani influence, political violence against popular Istanbul Mayor Ekrem İmamoğlu, and censorship of critical social media all fogged the election and gave rise to tensions. With an election moved up to fit cultural demands, following the 2023 Türkiye-Syrian earthquake that killed over 50,000, trust in the government to handle things from election to disasters was fading. This is all in the shadow of a 2016 coup attempt against Erdoğan, leaving hundreds dead. Opposition leadership has been pressured and suppressed, the famous case being the arrest and imprisonment of Mayor Ekrem İmamoğlu in March of 2025. While he had been nearly imprisoned in 2022 for insulting public officials, his sentence was suspended. But in 2025 he was charged with corruption activities centered around pro Kurdish forces. This has sparked a massive public and political outcry that has been ongoing since. Where it stands, rating agencies are not very optimistic in this government either, AON rating the current political risk at 5/6, Coface rating the nation a C risk, and the combined view from the Transparency International CPI index being bleak at 34/100 implying a truly broken democracy.

In the context of the political instability, millions across Türkiye have been resorting to widespread protest of the arrest of Mayor Ekrem İmamoğlu, but it is a slew of many reasons why the people have lost trust. Since March of 2025, the protests have been continuous as a variety of political ideologies and ethnicities alike have joined. The response of the government has been to ban public gathering, arrest thousands, and use more harsh crowd dispersion methods such as water cannons and violent riot squads. While the Kurdistan Worker's Party, a group of ethnic Kurds fighting against the government for nearly the last 50 years, reached peaceful terms with the government in May of 2025, the ethnic tension is still very much present as long as Kurds are not given sovereignty. Despite such a focus on suppressing opposition to power, other actors continue to have illicit success. 7.03 on the organized crime index, ranking 14th in the world shows a false face of control in the country, rising in criminality and decreasing in resilience. Reasons outside direct politics for the tension has been the widening inequality, according to the World Inequality Database now up to a 55.6 on the GINI index, currently 16th in the world but was a 50.9 in 2020. The quality of life in Türkiye has also been struggling as the UNDP HDI is sitting at .853 which is 51rst in the world, despite the economic size and geographical importance of the nation. This lack of development is also part of the reason the 2023 Türkiye-Syrian earthquake was so destructive. This has all created the perfect storm for fueling anger and resentment across Türkiye.

Geopolitically Türkiye faces scrutiny and agitation on its doorstep. Türkiye as a NATO member has to closely watch the Russian-Ukraine War as if the conflict were to go on, or even expand, it could force NATO to act further. Türkiye's borders consist of many nations in turmoil and distress. The Syrian conflict has little control and has dangers to bleed onto Turkish soil. While the US State Department has it only as a level 2 travel advisory, anywhere near the Syrian border is a level 4, absolutely do not travel. This has also led to an overflow of refugees, pairing this with terrorist attacks has bred dangerous political discussion that could lead to further conflict for a nation that hosts the most refugees in the world. Türkiye is in the process of applying to be a member state of the European Union, while still early in the process, this turmoil does not bode well for their admittance. European Commission president Ursula von der Leyen has been actively critical of Türkiye in the past, but has continued citing a need for them to "protect democratic values"(Guardian, 2025). If their bid were to be denied they would have more freedom to make decisions, but would suffer loss of future opportunity and investment. In the international space there is increasing concern about the state of the nation, and the future it holds.

South Africa

South Africa finds itself pulled from all directions for allegiance as it tries to also fix its over internal divides and ever-present liabilities of violence and looming social unrest. First, this section discusses the new political coalition and potential fragility concerns. Second, this section considers the social issues facing South Africa including severe violence, inequality, and worries of future civilian responses. Finally, the geopolitical situation of South Africa is considered as the U.S. and eastern powers vie for a cooperative ally.

South Africa's government could be seen as strengthening its political cooperation, or could be seen as the beginning of a shift of power. In the 2024 election, The African National Congress (ANC) lost majority voting for the first time since the end of Apartheid. To ensure a path forward, President Cyril Ramaphosa of the ANC formed a coalition with the Democratic Alliance (DA) and their leader John Steenhuisen. While the ANC contains a broad spectrum of political ideologies, the focus of the DA is considered to be center-right. This coalition has been shaky as they have shown splits in alliance building as well as setting budgets. Labour disagreements have continued as external and internal pressures have pushed for labor reform, and for the changes they have made the enforcement has had little control as over 500,000 children are still working, and in poor conditions (ILO, 2024). Coface has the general risk of the country currently at a C. Citing poor governance, instability, and looming social unrest, are not overly optimistic on the new coalition yet. Transparency International has the Corruption Perception Index at a 41/100, showing a dysfunctional government as parties tied to deep ethnic and social divides play favorites. Dutch and British Colonialism, Apartheid sentiments, and deep rooted African identities continue to play roles in decision making processes. AON currently has the nation at a 3/6 risk, showing cohesion but fragility.

South Africa's social liability is, and has been, an uphill battle that is bound to face further issues due to a lack of urgency to fix the reasons for the social problems in the first place. South African Apartheid still holds a large scar over the nation. While Nelson Mandela may have broken the seal on change in the nation and gotten rid of segregation, the divide of the different ethnic and demographic groups of the nation are vast. With over 12 official languages, 9.6% speaking English and about 40% generally understanding, being on the same page of communication is difficult when the government uses English. While segregation is over, the city centers are still where most white South Africans live and the black citizens more in rural and impoverished areas. The World Inequality Database has the South African GINI Index at 65.1, the most unequal country in the entire world. Obviously this is going to have trickle down effects. With an HDI of .741 from the UNDP, this puts them at 106th in the world. For such a large economy, this is terrible. In a situation where some people are struggling to get by and others are prospering, violence and crime are sure to follow. On the Organized Crime Index they have a 7.18, making them 7th in the world. The are also consistently within the top 5 in homicide rates, making South Africa a dangerous place to do business and explore as a tourist. While they contain the largest private security contractors in the world, this violence is a massive liability for tourists.

Geopolitically, South Africa is in a tug of war between the two international blocs and faces external criticism on humanitarian issues. South Africa, as a founder of BRICS in 2009, finds itself in a diplomatic relationship with Russia as well as China. With Russia's war in Ukraine, nations are not eager to support those still supporting Russia. With China's competitive, yet testy, relationship with the U.S., heightened tensions have brought resistance from the Trump administration to work with South Africa, and levied tariffs have not helped South Africa wanting to be cooperative either. Asylum in the U.S. is now being offered to the white minority Afrikaners in a move to provoke the South African Government. While some within the South African government look to strengthen ties with the U.S. once again, others are eager to seek new partnerships in the east. Maybe they find a way to continue to play the middle, but that is getting harder to do. Human rights watch has criticized South Africa's child labor, poor working conditions, and loose enforcement of regulation (2024). With such high unemployment as well as criminality rates, exploitative forms of work with terrible conditions and benefits are common. As long as this is the case, internal and external criticism will continue.

STUFF ON TOURISM REVENUE

The tourism industry has been a huge providing source for Turkiye, with $56.44 billion in revenues in 2023, rising to $61.1 billion in 2024. That is equal to 8.3% of GDP (Reuters, 2025). For South Africa, numbers seem outdated, with the latest published amount in UNWTO being 2.3% of GDP in 2021. Inbound tourism expenditure was $4.79 billion (UNWTO, 2022). This shows signs of a higher development of the tourism industry in Turkiye.

4. Economic Risk Analysis

While the economic risk of a country is an essential factor in a country risk analysis, it plays an equally as big of a role in the decision to invest in tourism. Fiscal and monetary policy not only influence the economic health of the country, but are also an effect of the current economic state it is in. In this section, the most recent and notably important policy decisions are laid out for each country, followed by an impact analysis for the tourism sector.

Turkiye

Turkiye has dealt with a history of extremely high inflation which was on a downward trend in the past decade. However, in 2020 inflation was on the rise again, and president Erdogan implemented a creative fiscal response: cutting interest rates. Unfortunately, this approach sent inflation soaring again, causing the central bank to intervene and raise interest rates as high as 46% for the one-week repo rate and 49% for the CB overnight lending rate. Hence, price stability and thus disinflation is the focus of both the monetary and fiscal policy. (World Bank, 2025)

An important indicator for fiscal health is the debt to GDP-ratio, which came in at 26% in 2025 (IMF, 2025). This ratio has been decreasing steadily from its 2022 rate at 30.8%. We then consider the GDP growth rate, being 4% in 2025 (IMF, 2025). This means that the deficit of the country should be smaller than 1.04%. Reuters reported a 3% current account deficit, exceeding the threshold to stabilize the debt to GDP ratio (Reuters, 2025). It is however important to know that a debt to GDP ratio of 26% is rather low compared to other countries' states.

Fiscal policy

As policies are focused on disinflation, one can expect demand reducing and revenue increasing measures in order to reduce any deficits. In Turkiye, this is the fiscal policy that is currently in place.

Public spending has been cut as non-urgent capital outlays are being postponed. This means that any infrastructure upgrades, equally for the tourism sector, are being delayed or cancelled. The Central Bank now has the authority to review all government spending programs, meaning that there is a tighter alignment between the fiscal and monetary policy. (TCMB, 2025)

In order to raise revenues, surcharges on utility bills are being raised (TCMB, 2025). These revenues are then being used to build the foreign currency reserve, which is currently in deficit. This surcharge might highly impact tourism sectors, as utility bills are part of the cost the tourist pays for accommodation. An equally important fiscal measure is the consumption tax that is raised on gold (TCMB, 2025). Historically, Turkiye's citizens and commercial entities have been a big gold importer. This came from jewelry but evolved in the light of rising inflation as a hedging investment. In 2020 Turkiye bought 9% of the global gold market (World Gold Council, 2023). These imports became a draining factor of the foreign currency reserves and were thus a big outflow in the balance of payments.

Monetary policy

The monetary policy of Turkiye has a clear goal: creating sticky deposits to achieve a stable funding base. Some important measures that facilitate this policy are described in this section.

The repo rate currently sits around 45%, meaning that commercial banks face extremely high costs to borrow from the CB (TCMB, 2025). This with the aim to slow down demand through less borrowing.

In the past, Turkiye introduced KKM accounts. These accounts were a measure to protect deposits from foreign exchange rate fluctuations. However, recently the rate on these accounts were cut to 50% of the policy rate (this was previously 70%) to demotivate its usage and stimulate regular lira deposits (TCMB, 2025). A synergetic measure that was taken is the raise of the short-term lira deposit ratios from 15% to 17%, meaning that banks have to hold on to more lira's when providing loans . This aims to prevent credit surges. On the other hand, FX reserve requirement ratio's were cut from 5% to 4%, indicating that there is more foreign currency lending capability to support exporters. Lastly, loan growth caps were put in place to slow down excessive demands and again, prevent credit surges. (TCMB, 2025)

This set of policy measures aims to create a stable funding basis for the country. Banks can count on a pool of lira's to fund lending, paying lower interests than when interbank markets need to be tapped.

Interesting to note is that the World Bank has stepped in again after their last intervention in the Turkish economy in 2021, this time with an intervention of four financial years (FY24-FY28). The intervention was motivated by the impact the 2023 earthquakes have had on the Turkish economy, after already dealing with a weak lira post-COVID and the current high inflation and slow growth (World Bank Group, 2024).

Impact on the tourism sector

In the light of these measures, both fiscal and monetary, we can speak of a twin-tightening program. Tourism investments that require infrastructure investments seem to be unfavorable in these circumstances of high borrowing costs and difficult access to credit because of growth caps. The lowering of public spending raises the alarm that public infrastructure investments are on the long road. Turkiye used to be the hotspot for cheap and luxurious travel, but due to its high inflation, its popularity has unfortunately died down. On this short-term, it thus seems to be an unfavorable fiscal and monetary climate to invest in tourism.

South Africa

In the past decades, South Africa has struggled with many factors impacting the economic prosperity of the country, such as the absence of energy security (load shedding), unemployment and overall slow growth (0.7% average, annually in the past decade) (World Bank Group, 2025). These factors influence economic decision making, leading to an inflation-targeting focus, implemented as early as the year 2000.

Looking at the same indicators as Turkiye, the debt-to-GDP ratio of South Africa stands at 79.6%, an all time high. The GDP growth rate stands at 1% in 2025, meaning that the deficit should not exceed 0,796% of GDP, while it currently sits at -1.2%. (IMF, 2025)

Fiscal policy

The South African government is likely to keep up the consolidation fiscal policy that has been in place for some time now. The 2025 budget review states some notable policy decisions.

In order to stabilise its public finances, the South African government aims to raise R18 billion in 2025 and 2026, looking to increase that amount to R20 billion in the 2026 budget. This increase foreshadows debt stabilization, however, the borrowing requirement has increased since the last budget, causing South Africa to finance this with (foreign-currency) loans. The promised VAT-rate rise has been cancelled and other tax measures will be proposed in the 2026 budget. The loss of this will be compensated by an inflation-related increase in fuel levies. (National Treasury SA, 2025)

Investment-wise, the government plans to invest R1 billion in infrastructure over the medium term. This includes roads, railways, energy and water. A high investment post is the social wage, reaching R1.3 trillion in 2025-2026. This social wage invests in health, education, social security et cetera. Other expenditures of low priority or underperforming projects are being revised. (National Treasury SA, 2025).

Monetary policy

The last policy paper produced by the South African treasury states the macroeconomic policy aims to achieve a stable and sustained economic growth that facilitates a reduction in poverty and inequality. (National Treasury SA, 2025)

Inflation management is the main goal of South Africa’s monetary policy. This has been the case for almost two decades.

One of the biggest measures that has been taken is the inflation-targeting policy, which aims to keep inflation between 3-6 percent, and has proven to be successful in a recent paper published by the IMF. However, discussion with regards to setting a new target at 3 percent, is active. If this happens, according to an IMF research paper, GDP growth will increase with 0.1% in the first year and 0.2% in the second year. It will also have positive effects on the real GDP and will lower nominal interest rates significantly on the short term. Keeping the target on the same level is not advised as it will not ambitiously improve the economic situation in the long term. (IMF, 2025)

The South African Reserve Bank has recently decided to lower the repo-rate with 25 percentage points to 7,25%. This measure is caused by inflation hitting below the 3% mark, reflecting some room to lower rates. (Reuters, 2025)

Current challenges are maintaining the level of inflation, especially with regards to South Africa's trading partners, because this has been causing low competitiveness and a pressured exchange rate. (National Treasury SA, 2025)

Impact on the tourism sector

The combination of high debt with limited growth, means that the government is very limited to offer support to tourism investment. Priorities seem to lie elsewhere, focusing on the country's infrastructure. This might, however, be positive for future tourism investment. The lower repo-rate does make investment seem more attractive, but the weak Rand and energy deficiencies, investments will also need to be higher. The demand for tourism might be positively impacted by the weaker Rand, but a lot depends on the infrastructural security the country can offer. On the short term, we would advise against investing in South Africa's tourism sector.

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5. Impact of Climate Change on Tourism in Turkiye and South Africa

Climate change poses significant challenges to the tourism sectors of both Turkiye and South Africa, threatening their economies and natural attractions.

Turkiye, with its wide variety of tourist offerings—including Mediterranean, Aegean, and Black Sea coasts, ski resorts, mountain villages, and open-air cultural sites—is now particularly exposed to the negative effects of climate change, especially regarding climate comfort. Tourism is a crucial sector for the Turkish economy, both in terms of economic activity and employment, but it is also highly vulnerable to climate change.

Historically, climate conditions have significantly influenced tourism demand. An increase in climate comfort has been associated with a rise in monthly tourist flows along the southern and northern coasts, while in mountain and urban regions, demand decreases as temperatures rise, since warmer weather worsens conditions for winter and ski tourism. The southern coast is the most sensitive: a 1% change in the Tourism Climate Index (TCI) leads to a 0.46% change in tourist stays. In contrast, urban areas are the least sensitive to variations in climate comfort (Barrutiabengoa et al., 2024).

Future projections indicate that climate change will become a decisive factor in the seasonal and geographical distribution of tourism demand. A loss of demand is expected, especially along the southern coast, due to rising temperatures and humidity, which reduce the attractiveness of Mediterranean destinations. Mountain areas will also see a decline, as higher temperatures compromise winter tourism. The net effect on total tourism demand could be negative, but this depends on the climate index used and the warming scenario considered. For example, in a scenario of strong temperature increase (+4.8°C by 2100, RCP 8.5), tourism demand could decrease by 5.1% according to the TCI, while the reduction would be more limited (-0.4%) according to the HCI, thanks to a different weighting of extreme temperatures (Barrutiabengoa et al., 2024).

Global warming also brings a rise in sea level, with estimates predicting an increase of up to 1 meter or more by 2100 (Kurt & Li, 2020). Turkiye, surrounded by sea on three sides and with a coastline of 8,483 km, is particularly at risk: 28 coastal cities, 190 districts, and 181 villages are below the 10-meter mark above sea level, involving a population of over 22 million people (Kurt & Li, 2020).

The most vulnerable provinces are Adana, Izmir, Samsun, and Edirne, characterized by wide delta areas and low-lying land. The rising sea threatens not only urban areas but also important agricultural plains and tourist and cultural sites in the Mediterranean and Aegean regions.

The Mediterranean is warming faster than the global average, leading to a "tropicalization" of its waters. This phenomenon encourages the spread of invasive species such as pufferfish and lionfish, which damage local ecosystems and threaten marine biodiversity. The increasing presence of toxic species also poses a direct risk to beach tourism, discouraging visitors in renowned locations like Gökova Bay. Furthermore, the loss of Posidonia oceanica meadows, essential for carbon storage and seabed stability, could further reduce the ecosystem's ability to absorb CO_2 and worsen warming.

Similarly, South Africa faces serious climate change challenges that directly impact its tourism sector. The Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), released in 2021, highlights a rising likelihood of extreme heatwaves, droughts, and flooding in South Africa. The country's mean temperature is projected to rise by about 0.5°C in coastal regions and 1°C in the interior within the coming decades. By the end of the century, average temperatures in the interior could increase by up to 4°C if mitigation efforts are low.

Precipitation patterns are expected to shift, with drier conditions likely across much of the country under low mitigation scenarios, and wetter conditions in the central and eastern interior under high mitigation scenarios. South Africa is already experiencing the effects of climate change, such as increasing temperatures and more frequent extreme weather events.

Consequences for Tourism:

Economic Impact: Tourism is a significant contributor to South Africa's GDP. Climate change threatens this sector by reducing tourist numbers and damaging infrastructure.

Sector Vulnerability: The tourism industry is highly vulnerable due to its reliance on stable weather and rapid decision-making in response to climate crises.

Adaptation and Sustainability Policies in the Tourism Sectors of Turkiye and South Africa

Sustainable tourism in Türkiye is driven by a unique national program developed in partnership between the Türkiye Tourism Promotion and Development Agency (TGA) and the Global Sustainable Tourism Council (GSTC). Launched in 2023 with a goal to be fully implemented by 2030, the program mandates sustainable practices for all accommodation facilities based on international criteria (TR-I) covering sustainable management, socio-economic, cultural, and environmental impacts. This initiative aims to boost Türkiye's global competitiveness and supports international commitments like the Paris Agreement.

In parallel, the "Future is in Tourism" project (2012–2021), involving UNDP Turkiye and Anadolu Efes, has promoted tourism as a tool for sustainable local development, focusing on empowering women and rural communities. It has generated positive impacts in employment, heritage conservation, and women's entrepreneurship—highlighted by the success of the Lavender Scented Village in Isparta.

Similarly, South Africa has recently updated its framework for sustainable tourism through the 2024 Tourism White Paper, signed by Minister Patricia de Lille. This policy updates the 1996 policy to adapt to the evolving sector. Tourism contributed 9.2% of GDP and supported 1.7 million jobs in 2023, yet the sector underperforms relative to its potential. The White Paper aims for a sustainable, competitive, and inclusive tourism industry focused on innovation, growth, and social equity.

Key priorities include improving safety and security, facilitating ease of access (immigration and transport), promoting domestic tourism, and enhancing crisis resilience. It emphasizes Broad-Based Black Economic Empowerment (B-BBEE) and expanding opportunities for vulnerable groups, especially Black women. The policy promotes technology adoption, skills development, rural tourism, quality assurance, better governance, and evidence-based marketing. The approach is private sector–led with government enabling, supported by broad stakeholder consultation involving 3,000 public comments.

The National Responsible Tourism Guidelines frame tourism development around economic, social, and environmental responsibility: maximizing local economic benefits and entrepreneurship; ensuring community involvement and cultural respect; and minimizing environmental impacts through sustainable practices.

An example of corporate commitment is The Royal Portfolio, which operates with a "Planet before profit" philosophy, focusing on conservation, community upliftment, and environmental stewardship—using innovations like hydronic heating/cooling and supporting local empowerment projects.

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6. Opportunities and Investment Strategies

6.1. Potential Investment Opportunities

In assessing tourism investment opportunities, in this section the key is to spot main tourism segments, see how tourism influences each national economy and review the potential for sustainable expansion. Turkey presents a diversified tourism portfolio with opportunities in three main segments:

1.Luxury Resorts: Palm-lined cities Antalya and Bodrum have earned a top rank in luxury tourism. Development in these areas is encouraged by government incentives for investment in infrastructure. Because of their stable international tourism and excellent facilities, these destinations are highly attractive for investors.

2.Cultural Heritage Tourism: Places in Istanbul and Cappadocia that showcase cultural and historical value interest many people from all over the globe. Investing in boutique hotels, museums and heritage experiences should pay off, as those places are favored by European and Middle Eastern tourists.

3.Eco-tourism: Nature-based travelers might soon visit Eastern Anatolia and the Black Sea region. More people want to travel eco-friendly and Turkey has begun providing support for sustainable accommodations and options.

The World Travel & Tourism Council (WTTC) reports that Turkey's tourism sector is expecting to help boost the GDP by ₺5.2 trillion by 2025 and will maintain the jobs of about 3.3 million people. One point worth mentioning is that Turkey has a strong position due to good connections, together with its place in the EU and MENA markets.At least half of the population is under 34.4 years old which makes the hospitality and tourism businesses more efficient.

Regarding South Africa there are great, unique chances to invest in because of its rich culture and amazing diversity in plants and animals.

1. **Wildlife Safaris**: The country's flagship parks, such as Kruger and Limpopo, are globally recognized for Big Five tourism. Investments in luxury lodges, conservation-linked tourism, and private reserves are in high demand and are supported by multilateral institutions like MIGA and UNWTO.
2. **Eco & Adventure Tourism**: Regions like the Garden Route and the Drakensberg Mountains support hiking, kayaking, and green lodges. These areas appeal to environmentally conscious tourists and align well with global trends in low-impact travel.
3. **Cultural Tourism**: Urban centers like Cape Town and Johannesburg (e.g., Soweto) are rich in social history and cultural assets. Investments in heritage tourism and township experiences can support community-based development.

6.2. Tourism investment proposals for Turkey and South Africa

Building upon the analysis of current tourism landscapes, the following policy recommendations are proposed to strengthen and diversify tourism investment in Turkey and South Africa.

Turkey:

1.Diversify Tourism Offerings:

For a long time, Turkey's top tourist attractions were coastal towns and resorts. The government can fight against peak season travel numbers and attract many types of tourists by encouraging health tourism, visiting cultural heritage sites and eco-tourism. It is possible to create diversification by running ads to particular groups and designing infrastructure for those groups.

2.Enhance Investment Incentives:

To draw in more foreign investors, Turkey must simplify its bureaucratic steps and give tax benefits and subsidies, mainly to regions like Eastern Anatolia that are developing rapidly in tourism. If we simplify the process of investment, it could help places that do not yet benefit from tourism.

3.Promote Sustainable Practices:

Making sure sustainability standards are used everywhere in tourism is very important. Examples are rules for the environment, protection of traditional sites and encouragement of green hospitality. The use of sustainable actions helps secure the future of tourism and maintains the resources that bring tourists to the country.

South Africa:

1.Improve Infrastructure:

Tourist destinations become more accessible when both their roads and digital networks are improved. Better infrastructure helps tourists move smoothly and can attract more people and pleased visitors.

2.Strengthen Safety Measures:

It is very important for South Africa's tourism to address safety issues. Implementing good security, community police and emergency response will help the country look more attractive and trustworthy to visitors.

3. Support Community-Based Tourism:

Helping local communities learn, get funds and gain assistance with tourism supports real travel adventures for tourists and fair economic results. With community-based tourism, broader growth happens and the local traditions and cultures are maintained.

Doing these suggested policies can create a tourism industry in Turkey and South Africa that is more stable, mixed and including everyone. Addressing present issues and seizing special opportunities will help strengthen the global competitiveness of both nations in tourism.

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7. Conclusion

This report has analyzed political, economic, social and environment risk and opportunity for sustainable development in the tourism sector in Türkiye and South Africa for investment. Both of these countries have long term potential, strong fundamentals, rich natural and cultural resources and increasing interest in sustainable tourism, but short term risks outweigh the benefits from an investor's point of view.

Geopolitically, both Türkiye and South Africa are mired in high instability in the short term. Türkiye experiences high levels of inflation, pronounced currency volatility and uncertainty in its political environment. On the other hand, South Africa suffers from infrastructure deficits, social unrest and a delating public debt. All these issues seriously challenge the predictability of investments and carry important risks to the implementation of capital in tourism projects.

Despite the adverse effects that tourism induces in both countries, henceforth over the long term, tourism has strategic value in both countries. In this context, Türkiye has established strong supportive institutions for sustainable tourism and South Africa enjoys well established biodiversity with increasing demand for eco tourism. They are both developing frameworks that could eventually provide for resilient, targeted and sustainable tourism investments.

For these reasons, however, we are moderately recommending that any significant tourism investment in either Türkiye or South Africa be delayed until political and macroeconomic uncertainty stabilizes. The immediate investment into this would certainly be premature and it would be a potentially risky investment; however the long term possibilities are cautiously optimistic.

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8. Sources

Disclaimer: generative AI technology was used for ideation and spell-check purposes, all content of this report is, however, original

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