

# CRISIS IN TOURISM

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## **Abstract**

*Despite that fact that the tourism has developed rapidly in the recent years favoured by many external factors, it is still facing more often the negative influences and constraints that are slowing down or even temporarily cease the touristic activity in some areas.*

**Key words:** *tourism, terrorism, economic development, health, natural disasters, employment, investments.*

**JEL Classification:** *L83; Z30; Z32*

The spectacular evolution of tourism in the last 25 years was influenced by a multitude of factors and the analysis of fundamental determining agents of tourism is perhaps the most researched problem. Therefore, recent approaches (Py, 1996) are limited to presenting and quantifying the influence of the most important, usually aggregated, like: economic growth, touristic supply, demographic mutations and spear time.

Tourism contributes to the development of tourist destinations. The main advantages of tourism consist of creating jobs, attracting foreign currency to a certain area, developing other sectors closely related to tourism and developing the infrastructure without which any tourist destination could not be known, through limited access of tourists (Alsarayreh et al., 2010).

All these factors are in dynamics and fluctuating, acting simultaneously, with different intensities, during certain periods of time and partially can be directed in the interest of tourism development. Still, the economic growth represents the inherent base of tourism development, being the essential condition of prosperity. It generates increased values of cash balances and a bigger quantity of free time, elements that implicitly generates the manifestation of touristic demand.

Even though it is very difficult to split and quantify the influence of every individual factor, there is an uniform opinion about the most important determining factors of tourism:

1. Population income
2. Prices and fees policies
3. Touristic offer
4. Technical progress
5. Urbanization process
6. Demographic evolution
7. Spear time

The tourism industry contributes to the rapid development of a country's economy, creating millions of jobs worldwide (Stojanovic, 2012.).

There are some external factors that can affect the success of the tourism industry (Prideaux, 2005, p. 780). However, indirect repercussions may fall on several sectors and across several countries (Brück, 2007, p. 5).

Even though tourism is developing due to many external factors, there are also constraints and negative influences. A multitude of administrative, economic, political, health and natural factors can stop or diminish the tourism in a certain area.

Over the time, tourism confronted many crisis, but had the capacity to recover much faster than other industries.

These crisis have been classified by several factors; by severity in 1978 by Breacher; by cause in 1987 by Shivasatva and Mitroff; by length of time in 1993 by Booth, but the most important and useful is the one created by the domain in which the crisis is affecting.

These kind of crisis can appear as a result of some unexpected evolutions in economics, politics, social and cultural areas, environment, etc. all these affecting the demand and touristic supply both in that country but also in tourist generating countries. Economic recession, instability of the exchange rate, withdrawal of investment funds can generate a crisis in tourism. Political events like elections, war, deterioration of international relations, sanctions, terrorism have similar effects. (Patrichi, 2013)

A series of natural disasters like typhoons, earthquakes, floods and volcanic eruptions also generate tourism crises.

The typology of tourism crises includes:

- ❖ Crisis of economic nature;
- ❖ Crisis of political nature;
- ❖ Terrorism crises;
- ❖ Crisis of socio-cultural nature;
- ❖ Crises of a health nature;
- ❖ Technological crises.

The regional, national and international economic characteristics have a major influence on the demand and supply of tourism services (Bull, 1998). Exchange rate fluctuations, as well as rising prices (for example oil) are elements that can generate crises, especially if they occur unexpectedly. The economic crisis that started in 2007 also affected tourism, with tourist traffic decreasing by 40 million in 2009 compared to the previous year. Another example is the case of Greece, whose tourism has suffered due to economic problems.

Tourism and health are indissolubly linked. The first writings referring to tourism recall the curative purposes of the thermal waters that were visited by the Romans. Today, modern tourism has developed forms that rely on various health issues.

In any form of tourism there are voluntary and involuntary health risks. Studies show that 50% of international tourists have their health affected in one way or another.

Crisis caused by health problems have a strong influence over tourist traffic. The 2003 SARS epidemic in China has reduced the international arrivals of tourists by up to 70% in the countries where the virus was recorded.

The mad cow disease virus is another example. "People who work in holiday businesses have suffered more than farmers whose cattle have been infected by the mad cow disease virus. Only at the beginning of the season (spring 2001 n.n.) we lost more than 186 million guilders. Farmers in the meantime have received compensation for their losses ... Probably all farm holidays and not only will be compromised," says Tim Bolweg, president of RECON (Association of Recreational Entrepreneurs in the Netherlands) in In-sight vol. 2, No. 3 September 2001.

The damage caused to infrastructure by **natural disasters**, however, can last much longer, as seen in the case of Thailand's 2004 tsunami (14 months), Haiti's 2010 earthquake (22 months) and Japan's 2011 earthquake (21 months).

The studies show that Tourist destinations recover from terrorist attacks quicker than they would an environmental disaster.

Both tourism and terrorism involve crossing borders and citizens from different countries. The reasons why terrorists attack tourist areas are the desire to affect the economy of that area, to attract international attention and to advertise themselves (Kamrava 2011, p. 341).

One may notice the international activity of terrorist organizations from different states that want to enthrall new territories through their terrorist

actions. Terrorism is not a phenomenon characteristic to the contemporary age only. It has been practiced through all ages, affecting most peoples and manifesting itself through reprobable actions with most disastrous consequences for human relations (Sofroni, 2010, pp. 6-7).

Political instability and political regimes have important negative repercussions on tourism. As a result of political conflicts in the Middle East, tourism in Egypt, Jordan, Thailand, Bangkok suffered.

Hall and Sullivan (1996) highlight six categories of political instability: international wars, civil wars, terrorism, popular upheavals, political and popular unrest, strikes. Corruption is also a major risk to the tourism industry, especially for investors.

Richter (1986) states that "tourism is rapidly declining when political conditions are precarious. Political silence, not cultural or natural attractions, is the first and foremost requirement of tourism. "

The two classic restrictions recognized by tourism theory, namely the availability of free time and money, are not the only and decisive in the development of international tourism. The latest events in the world show us a major new restriction: terrorism. (Rotariu I, 2004)

Tourism expresses freedom of travelling and can contribute to getting acquainted to different cultures. At the opposite end, terrorist movements are propelled by religious and ethnic factors that arise when a certain segment of the population condemns the Occidental lifestyle on which most of the tourist destinations are based (Korstanje et al., 2012).

In 2014 the total number of deaths from terrorism increased by 80 per cent when compared to the prior year. This is the largest yearly increase in the last 15 years. Since the beginning of the 21st century, there has been over a nine-fold increase in the number of deaths from terrorism, rising from 3,329 in 2000 to 32,685 in 2014.

The economic cost of terrorism increased by 61 per cent in 2014. The economic cost of terrorism reached its highest ever level in 2014 at US\$52.9 billion. This is a 61 per cent increase from the previous year and a ten-fold increase since 2000.

While terrorism is highly concentrated in a small number of countries, the number of countries which have had a terrorist attack is also increasing. In 2014 terrorism impacted more countries than ever before. Attacks were recorded in 93 countries, up from 88 in 2013. This continues the trend from 2011 with more countries experiencing terrorist attacks and deaths each year.

Terrorism involves four types of attempts (Servier, 2002):

- ❖ kidnapping of personalities for obtaining a ransom and often for detained terrorists exchange;
- ❖ plane-high jacking, usually followed by liberation demands of certain detained terrorists;

- ❖ robbing of banks and armament warehouses to sustain the armed groups both financially and
- ❖ logistically; destruction of certain tourist buildings/objectives that have great significance for the respective state

Terrorism has affected the tourists' perception with regard to travelling and the risk associated with it. Over the years, terrorism acts have targeted tourist sites and in places where people gather in normal places. Acts of terrorism instill fear among local and foreign tourists and may change the perception people have toward a country.

The Global Terrorism Index scores values between 2 and 4 for countries such as Tunisia, Germany, Italy, Cyprus, Spain, Bulgaria and Canada. A low level of this index (with values between 0 and 1) is scored by countries such as Belgium, Jordan, Morocco, Switzerland, UAE, Portugal and Croatia. At the same time, there are also countries where this index is or tends to be 0, meaning that there have been no terrorist events within these areas, or that their impact was insignificant. This is the case of countries such as Romania and Moldova.

The tourist industry is very sensitive to terrorist attacks that affect the entire population of the area or just tourists. There are situations where tourism is deliberately the target of terrorist attacks, and one reason for them is the advertising that accompanies a negative event and which spreads all over the world, but especially in the countries of origin of the tourists. A decrease in the number of tourists invariably involves a drop in revenues, which weakens the local economy and causes social tensions, which contribute to the achievement of the overall goal of terrorism, namely general destabilization.

Despite the various attacks and subsequent dips in tourism, the travel and tourism sector in 2015 actually grew by 3.1 percent worldwide. Additionally, travel and tourism created another 7.2 million jobs in 2015 and supported more than 284 million, which is 1 in 11 jobs worldwide. The sector also contributed \$7.2 trillion to global GDP—nearly 10 percent of the total.

Western countries have the most deadly terrorist attacks in the last 15 years. This includes the September 11 attacks which killed nearly 3,000. On its own, the September 11 attack accounts for 82 per cent of the total number of deaths from terrorism in Western countries from 2000 to 2014. The Madrid train bombings which killed nearly 200 people represents five per cent of total deaths from terrorism, whilst the Norwegian massacre which killed 77 and the London bombings which killed 56 account for around two per cent each. These attacks caused mass panic and are considered serious security breaches by citizens of the West expecting their governments to provide protection from such events

Of the 37 deaths from terrorism in Western countries in 2014, 18 people were killed in the United States in 2014. The eight other countries that had a

fatal terrorist attack had a combined total of 19 deaths in 2014.

Analyzing the above map we can notice high levels of terrorist threats in countries such as Spain, France, Turkey, Tunisia and Egypt. General threat levels are present in countries such as Germany, Italy, Greece, Cyprus and Morocco. Underlying threat levels are to be encountered in Portugal, Austria, Croatia and Bulgaria, while terrorist threat levels in countries such as Switzerland are low.

Table no1 Deaths from Terrorism in 2014 for Western Countries

COUNTRY	DEATHS	ATTACKS	COUNTRY	DEATHS	ATTACKS
United States	18	19	Germany	0	12
Australia	4	7	Italy	0	7
Canada	4	2	Sweden	0	6
Belgium	4	1	Cyprus	0	4
Kosovo	2	4	Bosnia and Herzegovina	0	3
Austria	2	1	Macedonia	0	3
France	1	11	Spain	0	3
Czech Republic	1	3	Bulgaria	0	1
Albania	1	2	Hungary	0	1
United Kingdom	0	102	Iceland	0	1
Ireland	0	30	Netherlands	0	1

Other countries where the threat from terrorism is rated "high" include France, Turkey and Belgium. The Paris terror attacks in November 2015 saw 130 killed. On July 14, 84 people were killed when a truck was driven through a crowd of people on the promenade in Nice. On July 26, a priest was killed during an attack on a church in Saint-Etienne-du-Rouvray, a suburb of Rouen.

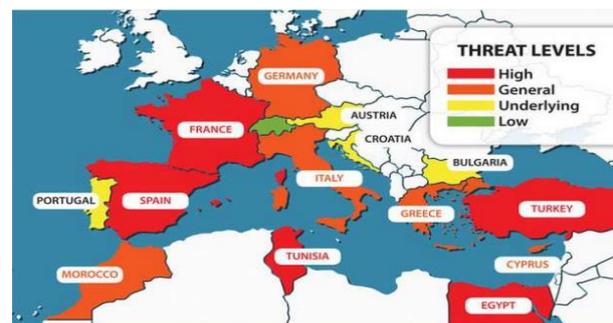


Figure no 1 – Countries targeted by terrorist threats

It's important to remember that not all tourists are the same, more experienced travelers, in search of exotic experiences, were more likely to dismiss the risk of terrorism.

In analysis of what crises can impact tourism destinations, considering disease, environmental disaster, political turmoil and terrorism, the WTTC

says terror attacks have the least impact, with the average recovery time 13 months. Political turmoil in a destination can lead to a recovery time of nearly 27 months, the group found.

The travel industry is resilient and that people have fairly short memories. And so as long as the attacks are a one-off, the impact tends to be small. (Yeganeh Morakabati, 2016)

Despite the physical impact of an attack on a destination and the psychological effect on travelers, destinations usually don't stay down for long. "Travel and tourism is the world's largest industry, and always rebounds," (Douglas Quinby, 2016)

Diller, when speaking in the immediate wake of the September 11 attacks in 2001—"If there's life, there's travel."

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