

Does Political Instability Affect Tourism: A Case of Egypt

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Abstract

The author investigated the effects of political instability in Egypt on tourism. Using historical approach methodology, the author found that tourism decreased from 15 million tourist arrivals in 2010 to 10 million in 2011 and then slightly increased to 11.5 million tourist arrivals in 2012. The conclusion made in this study is that political instability affected the tourism industry sector in Egypt. It further provides a lesson to other countries that political instability has potential to negatively affect tourism industry.

Keywords: political instability, tourism, Egypt

Introduction

When a long serving president of Egypt, Hosni Mubarak Egypt was overthrown, Egypt was already in turmoil. Mubarak became president of Egypt after the assassination of Anwar Sadat. Mubarak was overthrown after very long protests by Egyptian citizens. The country experienced bloodshed during the protests against Mubarak's rule. The bloodshed and other commissions formed the basis of Mubarak's trial. After the overthrow of Mubarak a transitional government was formed leading to elections and a new president in the name of Morsi belonging to Muslim Brotherhood was democratically elected. However, Egypt instead of experiencing stability after the elections, the country again went into a deep political crisis of further protests and violence. The Egyptians were unhappy with Morsi's

far reaching control of power through certain measurements which he had introduced. As a result, Morsi was also overthrown and arrested. The government came into the hands of Army General as a care taker. However, the Brotherhood began to protest against the removal of their leader and subsequent arrests and their trials. Their sentences have continued to bring turmoil in Egypt.

The objective of this paper is to investigate whether political instability in Egypt affected tourism in the country.

Background

Egypt has a very peculiar cultural heritage and is ranked 64th out of 133 nations in tourism. In terms of pricing its tourism, Egypt is extremely competitive and in position number 5 amongst the nations that are major players in tourism (Alexbank, 2010). In Egypt, there are pharaoh's pyramids which attract many people worldwide. The sites are both historical and cultural in Egypt and were declared by UNESCO as important cultural heritage. Tourists from many countries come to see these sites.

Tourism in Egypt contributed to revenue of in \$8 billion 2007, \$11 billion in 2008, \$10 billion in 2009 and \$12 billion in 2012. During the same period the tourism sector contributed to Egypt's GDP 3.5% in 2007, 4.1% in 2008, 4% in 2009 and 9% in 2010 (Alexbank, 2010). Contribution of tourism GDP is increasing showing the importance of the sector. According to Alexbank (2010) tourism is one of the

vibrant sectors spearheading economic growth in many parts of the world due to its ability to create jobs, specifically being labour intensive and due to the link with other sectors. In 2011, tourism raked in US\$9 billion in revenue. Tourism accounts for 20% of total Egypt's exports. The expenditure on tourism in Egypt was around \$3 billion in 2011 (Mundi, 2014).

Tourism products provide gains of foreign exchange earnings and boost government revenues, create jobs, improve domestic economies, ensures protection of natural resources and enriches cultural heritage (Pizzman and Mansfield, 2005). Many countries have embraced tourism as a growth strategy and have come up with comprehensive plans for the sector to ensure that they benefit meaningfully and realise the sector's optimality.

Political instability, wars, terrorism, violence disasters in relation to tourism

The modern travellers are concerned about their safety. Political violence leads tourists to opt for places where there is peace and sometimes may decide not to go at all (Baker, 2012). Travellers (tourists) are generally very sensitive to their security and safety of the country they go for holidaying (Nyaruwata et al. 2013). The worst events which affect tourism sector are those caused by mankind such as wars, violence and political turmoil. These events succeed in frightening travellers (Cavlek, 2002; Heng, 2006).

Both developed and developing nations have been affected and have seen reduction in travellers' arrivals once a threatening event occurs. These events include: terrorist bombing of the World Trade Centre in New York (September 11, 2011); the USA and its allies were against Iraq (2003); the Tsunami tragedy in South East Asia (December 2004); the long civil war in Angola (ending in 2004); terrorist bombing in Bali, Indonesia (2005); the political turmoil in Kenya

(2007); political turmoil in Thailand (2008-2010) (Nyaruwata et al. 2013)

According to Enders and Sandler (1991), terrorism had impact on tourism in many countries and they found that the effects often spilled over to neighbouring nations. Tourists are often afraid to visit countries affected by terrorism. They also fear to take holidays in countries infected by terrorism in case the terrorist may cross such countries.

Political conditions which affect tourism includes laws regulations and state policies which discourage direct marketing of tourism (Wilkinson, 2007). Often, countries facing political instability introduce new laws as the imposition of curfew as they try to contain and manage political instability. However, the measures often do not encourage inflow of tourists. Marketers of tourism in such countries often find it difficult. According to Dibb et al. (2001), learning marketing conditions is important for marketers to succeed in offering appropriate tourism products. Marketing strategists who ignore environmental changes often find themselves in a difficult position in taking advantage of marketing opportunities or to survive with the threats created by changes in environment.

In many countries where political instability has occurred, tourism has been affected negatively. According to Hall (1994), political turmoil in Lebanon, Yugoslavia, Northern Ireland, Afghanistan, South Korea, the Gambia and Zambia led travellers (tourists) to these nations to decrease in numbers. Mostly travellers look for places where they can relax. Therefore they avoid countries going through political and social turmoil. Political stability is a critical success factor in establishing a solid tourism sector. Tourism in Cyprus after independence became a major source of revenue, however, the invasion of Turkey which took place in 1973 – 1974 drastically affected tourism (Clements and Georgiou, 1998).

Political instability is a major stumbling factor in determining the inflow pattern of tourists in Fiji.

Politically instable tourist resort areas are often shunned by travellers. There is substantial evidence showing that wherever there were coups in Fiji, the number of tourists dropped between 30%-40% (Narayan, 2002; 2003)

Methodology

The author in this paper has used historical approach. Various sources were examined to provide accurate impact of political instability on Egypt's tourism sector.

Results and Analysis of impact of political instability on tourism in Egypt

In 2010 Egypt received 15 million tourists while the number decreased to 10 million in 2011 and went up to 11.5 million in 2012 (Gordon, 2014). The Arab spring which also affected Egypt began in 2010. It is evident from the above that in 2010, Egypt had recorded substantial growth in the number of tourists that visited the country standing at 15 million. One would have expected that in 2011 or other things being equal, Egypt should have recorded even more tourists coming to the country. However, in 2011, Egypt recorded only 10 million tourists. This is the year that Egypt experienced political turmoil arising from the Arab spring. There was a reduction of 5 million tourist from the peak of 2010 in 2011. Political instability had negatively affected any further substantial increase in tourism. Although there was slight increase of 1.5 million from 2011 to 2012 the increase fell short of pre-political instability level of 15 million tourists.

According to the United Nations (2013) although the Egyptian economy generally had defied the odds in registering minimum growth of 1.7% in 2011 and 1.8% in 2012 the tourism sector had been largely affected. The tourist arrivals went up to 12 million in 2012 from the level of 10 million in 2011 being 17% increase. However, this increase was less than that of

2010 when tourist arrivals hit the peak of 15 million being 22% increase. According to Saeid et al. (2012), Arab Spring unrest led to tourism decline in Egypt as it witnessed 35% decline due to political instability between 2010 and 2011.

Conclusions

The conclusion in this paper is that political instability results in a decrease of the numbers of tourists which visited Egypt. This consequently led to a decline in revenues. Although there can be increase in some years, the increase generally is minimal. In the years in which Egypt enjoyed peace such as 2010, it recorded the highest number of tourists coming to the country and earned very high revenues especially in 2010. Tourism is sensitive to political instability and other threats that have impact in intimidating tourists.

Lesson Learnt

It is very clear that countries can learn Egypt's experience that political instability can undermine otherwise thriving industry. A country need not experience it but can learn from the experiences of other countries such as Egypt and consolidate peace to ensure that its tourism sector is not negatively affected.

Recommendations

It is recommended that Egypt should move towards stabilising the political situation in the country so it can ensure growth in the tourism sector. Continuous political turmoil should be avoided at all costs so that the gains Egypt made are not eroded due to mankind causes.

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