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## IMPACT OF WAR AND TERRORISM ON TOURISM AND HOSPITALITY SECTOR IN LEBANON

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*Ali Harb.* IMPACT OF WAR AND TERRORISM ON TOURISM AND HOSPITALITY SECTOR IN LEBANON

The paper reviews the major factors of political unrest and instability like wars and terrorism in Lebanon in the last four decades and analyses their impact on tourism development. It was shown that in this period Lebanon has experienced the negative impact of consecutive crises related to political instability, unrest and wars, with short periods of relative calm and prosperity, demonstrating the ability of tourism industry to grow in enabling environment. The analysis reveals the strong deteriorating impact of these events and especially of the recent ones (the Arab spring and the Syrian war) on the tourism development that overwhelmed all other development factors.

*Key words:* tourism development, tourism determinants, political factors, political unrest and instability, Lebanon.

### INTRODUCTION

The Lebanese republic is a democratic republic country bordering the East Mediterranean Sea. It is bordered by Syria to the north and east and Israel to the south. Lebanon's location at the crossroads of the Mediterranean Basin and the Arabian hinterland has dictated its rich history and shaped a cultural identity of religious and ethnic diversity.

Lebanon has a moderate Mediterranean climate. In coastal areas, winters are generally cool and rainy, whilst summers are hot and humid. In more elevated areas, temperatures usually drop below freezing during the winter, with heavy snow cover that remains until early summer on the higher mountaintops.

Lebanese people have a cultural and linguistic heritage that is blend of both, indigenous elements and the foreign cultures (El-Ahmar, 2003, pp. 7–8). The culture of Lebanon is the cross culture of various civilizations over thousands of years. Originally home to the Phoenicians, and then subsequently conquered and occupied by the Assyrians, the Persians, the Greeks, the Romans, the Arabs, the Fatimid's, the Crusaders, the Ottoman Turks and most recently the French, Lebanese culture has over the millennia evolved by borrowing from all of these groups.

Before the Lebanese Civil War (1975–1992), the country experienced a period of relative calm and renowned prosperity, driven by tourism, agriculture, commerce, and banking. Because of its financial power and diversity, Lebanon was known in its heyday as “the Switzerland of the East”. It attracted so many tourists that the capital, Beirut, was referred to as “the Paris of the Middle East”. At the end of the war, there were extensive efforts to revive the economy and rebuild the national infrastructure.

Lebanon's tourism industry has suffered severe blows resulting from the Civil war and political unrest that took place in the country, as well as from the following political development of the region. Moreover, the media coverage of the history of Lebanon has caused potential visitors to have a negative attitude towards visiting the country, thus leading them to believe that it is a security risk. The country's history, which is shadowed by war, political instability and acts of terrorism, has caused the country to be perceived as an undesirable vacation destination.

The purpose of the paper is to discuss how the political factors like war, Civil war, political instability and terrorism have affected tourism in Lebanon.

## METHODOLOGY

A descriptive analysis in historical perspective is applied to identify the major political events (wars and political unrest) and to outline their impact on tourism development in Lebanon by using traditional tourism development indicators: number of visitors and overnights, structure of visitors by region and country of origin, occupancy rate, revenues from accommodation, and tourism contribution to GDP. The World economic forum's travel and tourism competitiveness index is used to emphasize the significant drop in destination competitiveness in recent years, as well as to identify the most affected elements of competitiveness. While the Civil war (1975–1992) is considered, the emphasis of the quantitative analysis is limited to the more recent events (the July 2006 war, the Arab spring, and the Syrian conflict).

## RESULTS

### THE CIVIL WAR (1975–1992)

Many countries across the globe rely on tourism as a significant element of the national economy and a means for the country to proudly show itself to international visitors. Lebanon is one such country, where the tourism industry is still undergoing development and is yet to achieve its capacity for international visitors. The regrettable situation of political unrest in

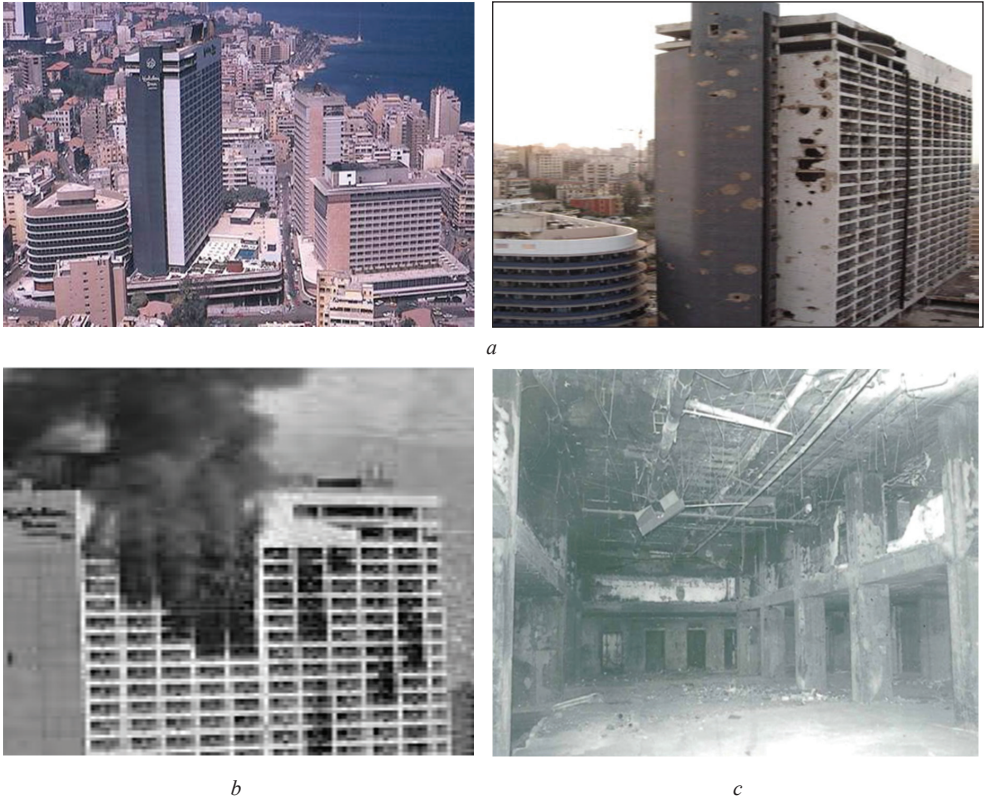


Fig. 1. Famous Beirut hotels during the civil war (1975–1992)

*a* – Holiday Inn and Phoenicia hotels before and during the Civil war (panorama view); *b* – Holiday Inn hotel during the war; *c* – Phoenicia hotel during the war

Lebanon has ensured that Lebanon does not reach its potential for tourist visitors. The history of the country has been blemished by constant violence, which has hindered the regular growth and expansion of the tourism industry.

The Lebanese title “Switzerland of Middle East” came due to the 30 years of abundance and prosperity that the country experienced before the Civil war (1975–1992). Tourism was one of the most important sources of income to the country’s economy. Before the war Lebanon was well known worldwide as a business and financial center, where tourists and businessmen from around the globe could enjoy the tourist attractions or conduct business in a relatively peaceful and conducive atmosphere.

Nearly 20 years of conflict, war, political instability and terrorism attacks have continually degraded and undermined the country as a popular tourist destination. During and after the Civil war, the country lost its glory and could no longer be likened to its namesake.

The Civil war destroyed Lebanon's infrastructure and damaged its economy. Since Lebanon's economy and the flourishing of its touristic sector is so connected to its political stability, the tourism sector was totally ruined (Madi, 1981). This meant a loss in revenue sources for the government, and the development and rebuilding of infrastructure that have been destroyed could not be done fast enough, due to the unavailability of revenue.

The war not only prevented Lebanon from following tourism rules that assemble the ever-changing wants of the international tourist, but it also formed a lot of problems:

- All the tourism activities that were previously heading to Lebanon, were transferred to Cyprus, Turkey, and Egypt.
- A lot of European countries were given a choice of incentives to promote national and local tourism.
- Several Arab countries like Kuwait, Emirates, Saudi Arabia and Bahrain replaced Beirut as a main playground destination in the Middle East.

Tourism, which was one of the main sources of direct income, vanished for a long period, and the political and government sectors collapsed. According to the Lebanese hotel association, 145 hotels were damaged, and in Beirut, the number of hotels had fallen from 130 to 44 (Achkar, 2012). The contribution of tourism to the GNP, which was 20% before the Civil war, declined to 7.4% in 1977. Visitors spent only 469 272 nights in Beirut in 1979, compared to 2 307 122 nights in 1974 (5 times decline).

#### THE JULY 2006 WAR

Before 2006, it was forecasted that the tourism industry was going to attract more than 1.7 million tourists, to generate revenues of 1.5 billion dollars and employment of over 150 thousand people (LHOA, 2006). The Lebanese government extensively repaired infrastructure, which was destroyed during the Civil war and other ensuing conflicts. The coun-



Fig. 2. The south part of Beirut during the 2006 Israel-Hezbollah war

try's capital Beirut, was well on its path towards restoring its lost glory that it had in pre-civil war days. The country was beginning to recover the image it had 30 years ago, and the hotels were almost fully booked; there were no available places to stay or available flights to come to Beirut. The prices went up, due to the high demand.

The July 2006 war known as the Israel-Hezbollah war started on 12 July 2006 and ended on 14 August 2006. The attacks by Israel on the international airport of Beirut, the destruction of roads and infrastructure and the blockade that was launched on the coastal ports of the country dealt a heavy blow on the tourism industry of the country. These 2006 attacks destroyed infrastructure worth billions of dollars, in addition to cutting off the country from the world tourism map. Even after the end of the attacks, rebuilding took a long time, and restoring the country's as a popular tourist destination would take even longer.

The 2006 war has a huge impact on Lebanon's economy, and, of course, the tourism industry. Lebanon once again had the marginalized image of war and insecurity. Tourists feared going to the country again. The industry experienced losses amounting to about hundred millions dollars.

#### TERRORISM

The influence of terrorism on the economy can be enormous: it leads to growth of unemployment, homelessness, deflation, crime, and other economic and social troubles. Its consequences go throughout all business activities related to tourism, such as that of airline companies, hotels, catering facilities, industries supplying intermediate and finished goods.



Fig. 3. Damage of Saint-George hotel as the result of the car bomb that killed the Prime Minister Rafik Hariri on 14 February 2005



Terrorist attacks have a direct impact on the economy and capital stock of the state. Terrorism attacks will influence the tourism industry in creating fear of the country as a dangerous tourist destination, destroys infrastructures like transportation and tourist facilities, loss of jobs, due to decreased tourist arrivals.

Terrorist activities in the country have seen that foreign investors are now hesitant to invest in the country. When the foreign investors fail to invest in the tourism sector in Lebanon, the implications are that the industry will not grow and expand and will take a long time before it realizes its full potential for international visitors.

Terrorism has long-term negative effects on incomes that might not recover. Local producers that lack finance to support their business during such a downturn in business activity (in contrast to large corporations), will have to suspend their operations. Redundant employees will have to look for new jobs.

In the case of Lebanon, the country once known as a preferred tourist destination, was increasingly being perceived as an unsafe place to visit. Due to history of conflicts from the Civil war to terrorist attacks and the presence of the ISIS (the Islamic State of Iraq and the Levant) in the country, the country image as a safe tourist destination has been tarnished. As the tourism industry declines, so does the national GDP, with tourism forming a major backbone in the economy.

A good example is the assault on Rafik Hariri. On 14 February 2005, Prime Minister Rafik Hariri was assassinated, an explosion was detonated on the prime minister's convoy. In addition to that, another 20 people died during the attack. Before Rafik Hariri's assassination, the hotels in Beirut enjoyed a 90% room occupancy rate, and this dropped to almost 30% after the assassination. The numbers indicate that at this time, 40 operators suspended their operations (Aboud, 2012).

The terrorist's networks in Lebanon have engaged different tactics, which also injure the tourist industry in the country. Among this tactics are the assassinations of journalist and media personalities in Beirut during the instable years of Lebanon's politics.

#### THE ARAB SPRING

The Arab Spring has been touted by many as one of the landmarks of the twenty first century. For decades, many Arab countries have been governed by oppressive leaders, restricting civil liberties and harnessing the resources of the economy to their own benefits, etc. The first spark of the Arab Spring started in Tunisia in December 2010, and then spread rapidly to other Arab economies, toppling age-long regimes via a domino effect, whilst stirring civil wars in other neighboring countries. The Arab Spring, however, has come at a catastrophic cost, whether on the human front, claiming tens of thousands of lives, or on the economic front, sending economies into shambles. More specifically, real GDP losses have amounted to \$9.23 billion in Tunisia, \$1.15 billion in Yemen, \$62.26 billion in Libya and \$19.3 billion in Syria (Credit Libanais, 2013).

Lebanon was to a certain extent spared from the Arab Spring phenomenon, yet its geographical proximity to ailing Syria and the various inter-connections with neighboring Arab countries meant that the political and economic spillovers were inevitable. The tourism sec-

tor was one of the first sectors to feel the pinch of the Arab turmoil, as the resulting political instability and deteriorating domestic security conditions prompted some of the GCC (Gulf Cooperation Council) countries<sup>1</sup> to issue travel warnings to Lebanon (LCPS, 2011, p. 5). The real estate sector followed suit, with prices stagnating and the number of transactions dropping markedly, ending as such a four-year rapid acceleration spree. Accordingly, and due to its high reliance on the tertiary sector, the Lebanese economy suffered major setbacks, prompting international agencies to downwardly revise their growth estimates for the years 2011, 2012 and 2013.

According to some estimates the Arab Spring has slashed some 3.3% of Lebanon's real GDP growth per annum over the 2011–2013 period, thus generating a cumulative economic cost of around \$6.03 billion in real terms, representing 19% of the country's year 2013 real GDP.

#### THE SYRIAN CONFLICT (2011–?)

The effects of the recent Arab uprisings seem grim for Lebanon. The expected economic growth for the country for 2011 was more than halved after the outbreak of the Tunisian revolution from 5–6 to 2.5%, according to the International Monetary Fund (IMF). Lebanon has failed to attract the capital that flowed out of many of the Arab countries, particularly from Egypt and Syria. Capital outflow has found refuge in Dubai.

The tourism sector is not expected to perform well in Lebanon either. This is because security concerns have emanated from the Syrian uprisings. It is possible that investors fear that violence will spill into Lebanon and hence have opted to direct their assets into safer markets. Furthermore, since many Gulf tourists visit Lebanon and Syria while on the same vacation, the Syrian uprisings have prevented them from traveling to Beirut. In the absence of a government, some Arab tourists, like Saudi Arabians who tend to be the highest spenders, may reconsider coming to Lebanon for political reasons. The negative impact that the Syrian uprisings are expected to have on Lebanon is not only confined to export and labor, but also to investment and finance, as most investors who evaluate the situation in Lebanon take into account the condition in Syria. In addition, the Western imposed sanctions on Syria may lead to sanctions on Lebanon, due to the proximity and the close relationship between the leadership in Syria and some Lebanese political parties and groups. The slowdown in tourism and foreign capital are impacting other sectors, such as trade and real estate.

According to the latest survey, official unemployment is expected to rise to 11%. The Arab uprisings and the international crises may not necessarily lead to a recession, but will certainly expose Lebanon's economic vulnerability. The immediate consequence will be on public finance, particularly its liquidity and creditworthiness of the national debt. With public deficit at 10% of GDP and debt to GDP ratio at 150%, Lebanon's fiscal situation remains fragile.

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<sup>1</sup> Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Bahrein and Oman.

## IMPACT ON THE VOLUME AND STRUCTURE OF TOURIST FLOWS

The tourism sector in Lebanon was hardly hit from 2011 onward after a booming period before the eruption of the Arab Spring. Total incomers reached 1.85 million visitors in 2009, and 2.17 million in 2010, a respective 38.9 and 17.1% annual growth. Yet, incomers to Lebanon were highly concerned about the beginning of the Syrian war by March 2011 and its repercussions on the neighboring countries. Two-digits' declines characterized 2011 and 2012's performances, with the number of tourists dipping to 1.66 and 1.36 million, respectively. Tourism declined further in 2013 directly hitting the total number of tourists that dropped by 6.7% to reach 1 274 362 tourists, the lowest reported annual figure since 2008.

After the Arab Spring, Lebanon stopped being the Arab tourists' magnet in the Middle East. The fragile situation and the increasing travel warnings from GCC governments to avoid the country for potential security threats sent the number of Arab visitors down to 402 080, after reaching 894 724 by the end of 2010.

Visitors from the GCC stepped away from Lebanon as notable incidents, mainly on the security level, took place. Emirati, Saudi and Kuwaiti tourists' number plummeted by yearly 62.2, 43.6 and 26.2% to 6709, 40 958 and 29 598, respectively. Jordanian tourists also witnessed a drop affected by rising complications in their own country, partly related to their neighboring status to the war-ridden Syria. Egyptians posted a close figure to that of 2012, with a slight slip of 0.7% y-o-y to 63 578 tourists, while visitors from Iraq were the only nationality to post a yearly increase. Tourists from Iraq grew by 11.8% to 141 986 and accounted for 35.3% of total Arab Tourists. This increase can be explained by the flourishing trade and business activity between Lebanon and emerging cities in Iraq.

Incomers from Europe constituted the bulk of tourists this year, grasping a share of 34.1%. Europeans were also intimidated by the turbulent regional environment, as well as the local instabilities that materialized in bombings and skirmishes during the year. Accordingly, their number decreased by an annualized 2.4% to 433 990. French tourists represented 27.1% of total European tourists and showed a 5.5% yearly increase to 117 688 visitors. Italian, German and British tourists also revealed respective increases of 6.4, 7.7 and 5.5% to 24 980, 61 123 and 48 504, respectively. Yet, the overall number was pulled down by several

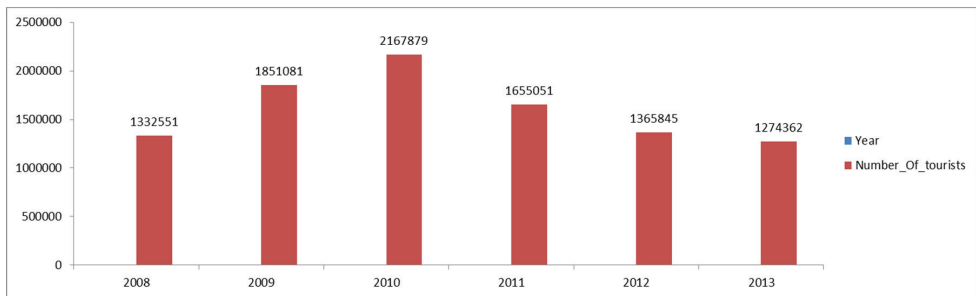


Fig. 4. Foreign visitors to Lebanon 2008–2013 (Ministry of tourism)



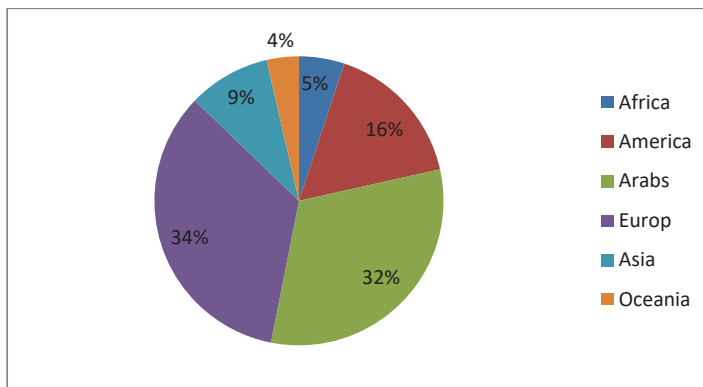


Fig. 5. Structure of Lebanon's foreign visitors by origin (2013)

declines in other European nationalities like Turkish and Swedish nationals that respectively decreased by 13.4 and 3.0% y-o-y to 23 833 and 22 011 tourists.

American visitors to Lebanon accounted for 16.4% of total arrivals by the end of 2013, slipping by a yearly 5.2% to 209 580 visitors. The Asian community also posted a decline of 7.5% y-o-y to 117 703 by 2013, as tourism from Asia is still linked to business travel, rather than entertainment and leisure. The diminishing potential for business and the frail security environment discouraged Asian workers from heading to Lebanon.

African tourists were the only group to show an improvement in 2013, from a previous 61 263 in 2012 to reach 64 792 tourists (Blominvest Bank, 2013, p. 3).

In 2014, Lebanon continued to suffer from the spillovers of the raging Syrian war. The fragile security situation has been weighing on the tourism and hospitality sectors for the past four years. The number of tourist arrivals increased by a yearly 6% to 1.35 million in 2014, the first upturn since 2011. The number of Arab tourists, represented the largest share of 34% in the total, and increased by 15% y-o-y to 460 822. This increase mainly stemmed from the 33% upturn in the number of incoming Iraqis to 189 156. However, Iraqi visitors regard Lebanon as a refuge from hostilities in their country, rather than a leisure destination. The number of incoming Egyptians also increased by a yearly 9% to reach 69 179 in 2014. The number of Saudi tourists, representing 10% of total Arab tourists, increased by 12% to 45 788.

As 2014 witnessed its own set of security events, the declining trend in the number of tourist arrivals extended its reach all the way towards July. In March, gunmen clashes rattled the city of Tripoli and sent the number of tourist arrivals down by 17% by the first quarter of 2014. In May, the presidential term ended with no successor in sight and June was marked by one bombing in Dahr el Baydar and another in Tayyounh. By July, the number of tourists visiting Lebanon reached 746 456, still below 2013 levels.

It's only in the period August to December 2014 that the cumulative number of tourists' arrivals started posting limited upturns. This can be explained by the fact that during this pe-

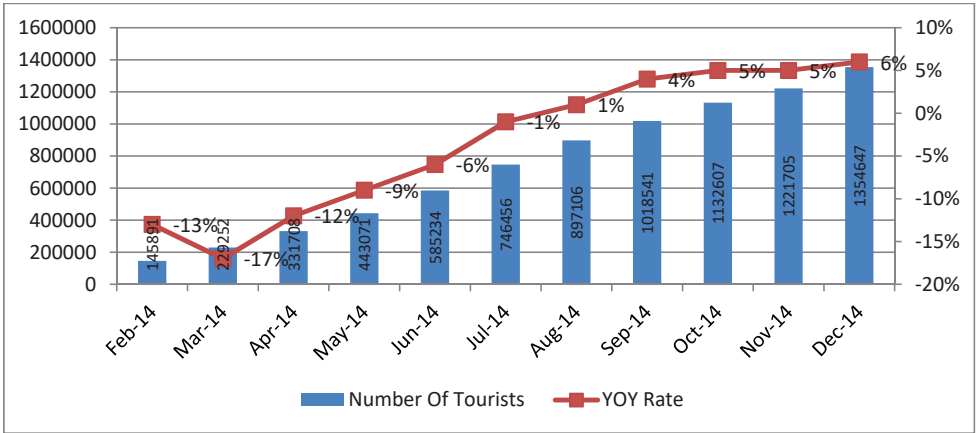


Fig. 6. Cumulative number of foreign tourists in Lebanon by month (2014) and change compared to 2013 (YOY rate)

Table 1

Arab tourist arrivals in Lebanon 2010–2014 (Ministry of Tourism)

	2010	2011	2012	2013	2014
Iraq	129 876	129 294	126 982	141 987	189 156
% change	27.9%	-0.4%	-1.8%	11.8%	33.2%
Jordan	274 615	129 640	89 100	78 018	73 822
% change	22.7%	-52.8%	-31.3%	-12.4%	-5.4%
Egypt	67 773	62 825	64 017	63 578	69 179
% change	18.1%	-7.3%	1.9%	-0.7%	8.8%
Saudi Arabia	191 066	111 701	72 658	40 958	45 788
% change	10.3%	-41.5%	-35.0%	-43.6%	11.8%
Kuwait	95 824	61 756	40 121	29 598	31 970
% change	-6.5%	-35.6%	-35.0%	-26.2%	8.0%
UAE	46 923	32 058	17 742	6 709	7 660
% change	9.2%	-31.7%	-44.7%	-62.2%	14.2%
Others	88 676	54 323	47 449	41 232	43 247
% change	5.0%	-38.7%	-12.7%	-13.1%	4.9%

riod, the frequency of security incidents had receded, as the only major development taking place was the clash between militants in Arsal (controlled by ISIS) and the Lebanese Army.

The share of big spenders such as Saudi Arabians dropped from 21% in 2010 to 10% in 2014, of Kuwaitis – from 11% in 2010 to 7% in 2014 and of UAE nationals – from 5% in 2010 to 2% in 2014. The share of Iraqis, having lower GDP per capita than Lebanon, surged from 15% in 2010 to 41% in 2014.

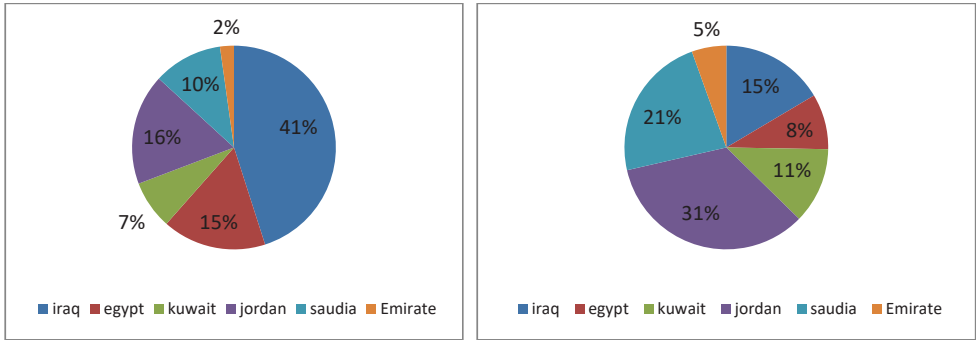


Fig. 7. Structure of Arab tourists by country of origin: left – 2010; right – 2014 (Ministry of Tourism)

Table 2

Foreign tourist arrivals in Lebanon by region 2010–2014 (Ministry of Tourism)

	2010	2011	2012	2013	2014	Jan–May 2014	Jan–May 2015
Arab countries	894.724	581.597	458.069	402.080	460.822	150.960	179.096
% change	13.8%	–35.0%	–21.2%	–12.2%	14.6%		18.6%
Europe	549.481	485.707	444.824	433.990	447.668	146.809	169.246
% change	21.2%	–11.6%	–8.4%	–2.4%	3.2%		15.3%
America	248.726	222.671	22.1174	209.580	224.621	68.807	80.740
% change	6.9%	–10.5%	–0.7%	–5.2%	7.2%		17.3%
Asia	37.3481	24.5462	127.290	117.693	113.597	42.460	48.690
% change	41.5%	–34.3%	–48.1%	–7.5%	–3.5%		14.7%
Africa	39.399	61.319	61.263	64.792	55.613	19.557	28.084
% change	–4.7%	55.6%	–0.1%	5.8%	14.2%		43.6%
Oceania	60.433	56.386	51.892	45.168	50.883	14.073	18.212
% change	–5.7%	–6.7%	–8.0%	–1.30%	12.7%		29.4%
Others	1.736	1.909	1.333	1.059	1.443	405	266
% change	–80.4%	10.0%	–30.2%	–20.6%	36.3%		–34.3%

Due to the political and security concerns, the years 2011–2013 witnessed declines in tourist arrivals from most regions. In 2014, tourist's arrivals from Arab countries, Oceania (Australia and proximate islands), America, and Europe revived after three consecutive years of declines.

In parallel, the first five months of 2015 witnessed year-on-year increases in tourist arrivals from all regions, with tourists from Africa, Oceania, and Arab countries expanding

by 43.6, 29.4 and 18.6%, respectively. Likewise, the number of American tourists rose by 17.3%, and European tourists increased by 15.3% during January-May 2015.

Over the period 2010–2015, tourist arrivals from Arab countries as a share of total tourist arrivals declined from 39% in January-May 2010 to 34% in the same period of 2015. This comes as a consequence of several interacting factors, including Lebanon’s deteriorating stability and security, Arab countries economic, social and political difficulties, as well as travel warnings issued during the abovementioned period. Concurrently, tourists coming from Europe witnessed a rise in their share of total tourist arrivals from 23% in January-May 2010 to 32% in the first five months of 2015. Likewise, the share of tourist arrivals from America out of total tourist arrivals expanded over the aforementioned period, from 9% in the first five months of 2010 to 16% in the same period of 2015.

### HOTEL OCCUPANCY RATE

Due to continued security threats, hotel occupancy rates witnessed a declining trend during the past five years. In fact, hotel occupancy rate fell from 68% in 2010 to 52% in 2014. As for the first five months of 2015, the sector witnessed a reversed trend with hotel occupancy rate improving by 9 percentage points year-on-year to reach 55% in January-May 2015.

On a monthly basis, hotel occupancy rate had been fluctuating over the past year. It went from 63% in May 2014 to 61% in May 2015. The lowest rate was achieved in July 2014 with 36%, while it recorded its highest rate of 67% in June 2014.

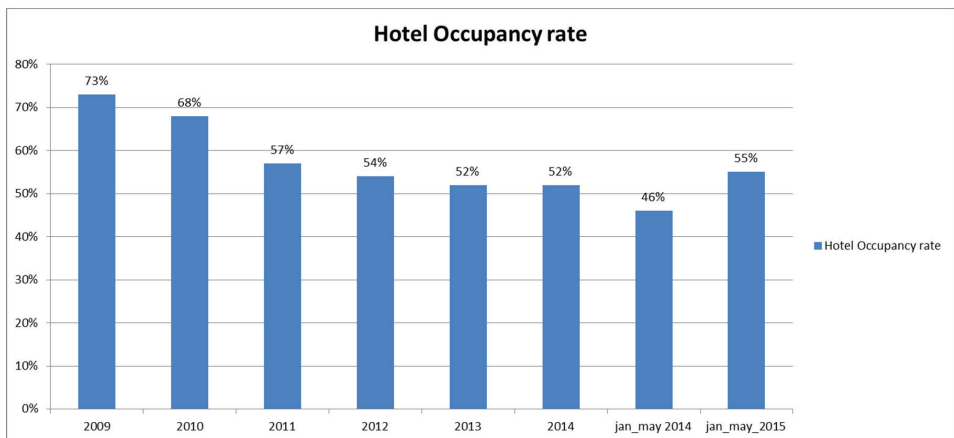


Fig. 8. Hotel occupancy rate in Lebanon 2009–2015 (Ernst & Young, 2015)

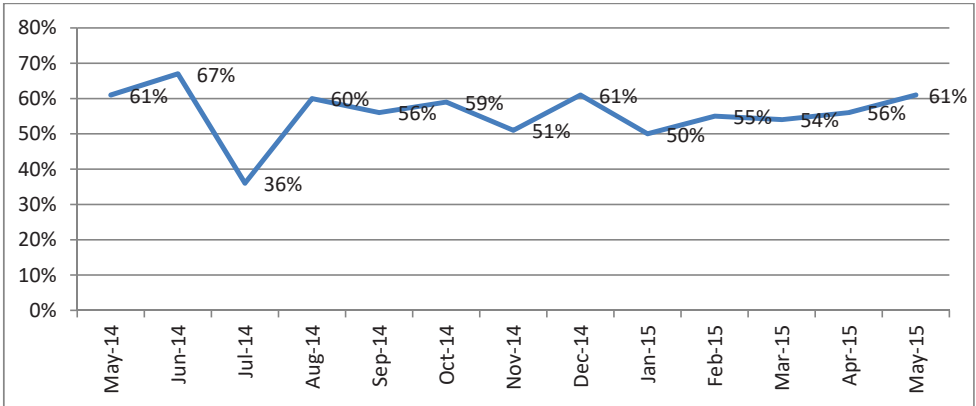


Fig. 9. Monthly hotel occupancy rate in Lebanon 2014–2015 (Ernst & Young, 2015)

BEIRUT HOTELS RATES AND REVENUES PER ROOM

With slowing tourism activity and falling hotel occupancy in 2010–2014, the average rate per room responded to the declining demand, dropping down to USD 165 in 2014. Hence, revenues per available room declined by 22.7% to reach USD 86 in 2014. The slight improvement of the tourism sector in the first five months of 2015 triggered hotel room rates to increase to an average of USD 174 in January–May 2015. As a result, revenues per available room increased to USD 97 during the same period.

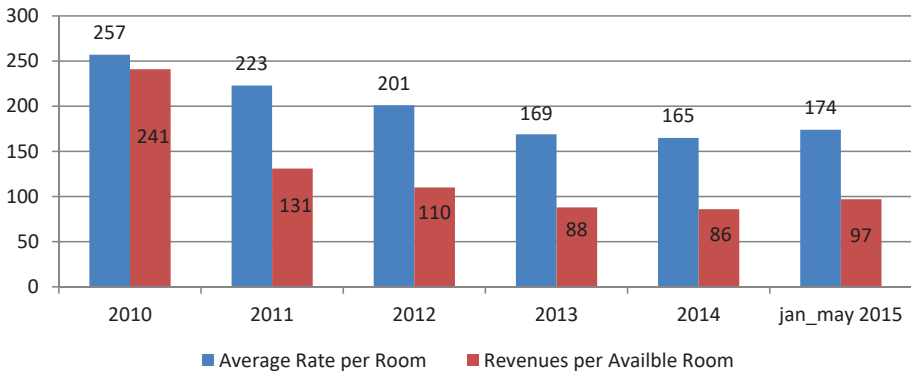


Fig. 10. Average room rate and revenues per available room in Beirut in USD 2010–2015 (Ernst & Young, 2015)

## TRAVEL AND TOURISM CONTRIBUTION TO GDP

With a varied landscape, temperate climate, and a rich natural and cultural heritage, Lebanon has been for many years a prime tourist destination. This aspect allowed the travel and tourism sector to flourish, hereby contributing significantly to the local economy as a major source of income and employment. However, the regional developments and the local security issues that loomed over Lebanon between 2011 and 2014 weighed heavily on this sector, slowing down its growth.

According to World Travel and Tourism Council (2015), the travel and tourism sector's contribution to GDP in Lebanon grew modestly over the abovementioned period to reach USD 13.388 million in 2014, going up by 10.4% from USD 12.123 million in 2013. During 2014, direct contribution increased by 12.2%, while indirect contribution jumped by 9.7%, leading to the overall improvement witnessed in the sector. This rise is mainly attributed to the increased spending by displaced Syrian nationals.

In parallel, the travel and tourism sector's share of GDP decreased gradually from 29% in 2010 to 19% in 2013, while it improved slightly during 2014 to 21% of GDP.

## TRAVEL AND TOURISM COMPETITIVENESS INDEX

The Travel and Tourism Competitiveness index introduced by the World Economic Forum in 2007 is a tool to facilitate both, cross-country comparison and within-country (structural)

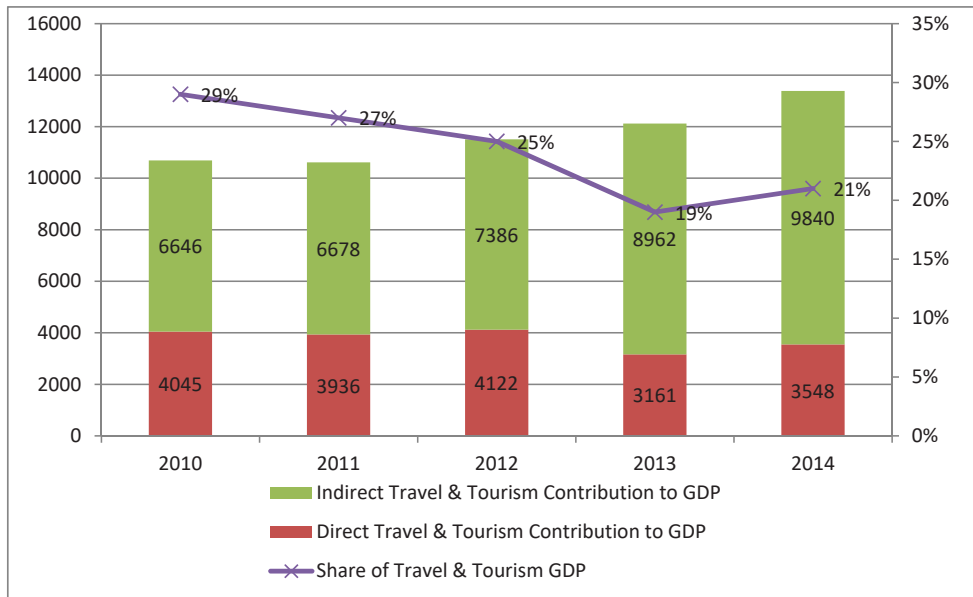


Fig. 11. Travel and tourism contribution to GDP in Lebanon 2010–2014 (WTTC, 2015)



comparison competitiveness, as well as to observe the evolution of destination competitiveness and its evolution over time. In its last version (2015) TTCI consists of 4 sub-indexes, 14 pillars and 90 individual variables and is calculated for around 140 countries. Lebanon is included in the Travel and Tourism Competitiveness reports since 2011. It should be noted that the methodology of the index has changed over time, which prevents direct comparison of some of the sub-indexes and pillars<sup>2</sup>. The analysis of the data for Lebanon for 2013 and 2015 (Table 3) leads to the following findings:

- The overall competitiveness position of Lebanon in recent years is unfavorable. In 2015 Lebanon ranks 94<sup>th</sup> in the world (out of 141 countries) and 11<sup>th</sup> in the region of Middle East and North Africa (out of 16 countries). Globally, Lebanon's travel and tourism sector is said to be more competitive than that of Serbia and Iran, but less competitive than Honduras and Nicaragua. In the region, Lebanon's travel and tourism sector was only more competitive than that of Iran (world rank 97), Kuwait (103), Algeria (123), Mauritania (137) and Yemen (138).

- The strongest pillars in 2015 were prioritization of travel and tourism (world rank 29), tourist service infrastructure (33) and health and hygiene (39). It is worth mentioning that in 2013 Lebanon ranked 1<sup>st</sup> in affinity for tourism, however this pillar was removed in 2015 edition. The weakest pillars were natural resources (140), safety and security (130) and environmental sustainability (129).

- In only 2 years (2013–2015) Lebanon competitiveness experienced serious deterioration – the TTCI score dropped down by 0.7 (from 4.04 to 3.35) and the ranking – by 25 (from 69 to 94). The highest decline in ranking is observed for the pillars Human resources (–48), Cultural resources and business travel (–16), Safety and security (–14) and Air transport infrastructure (–13). The country has improved its position only on 3 pillars – Ground and port infrastructure (+21), Prioritization of travel and tourism (+9) and Price competitiveness (+9).

- The 2015 report (p. 18) classifies Lebanon in the group of countries in the region that “maintain great tourism attractiveness, but have experienced safety and security concerns or infrastructure limitations” (together with Egypt, Tunisia and Jordan).

- The breakdown of the safety and security pillar reveals the extreme position of Lebanon on the business costs of terrorism – 139<sup>th</sup> in the world (only before Egypt and Yemen), the business costs of crime and violence – 129<sup>th</sup>, and the index of terrorism incidence – 124<sup>th</sup>. The indicator that deteriorated most since 2013 is business costs of crime and violence (59, from 70 to 129).

Finally, while the 2015 report emphasized on the impact of political instability and unrest by devoting a special chapter (pp. 53–58), it seems that the indicators for measuring safety and stability are limited in scope (focused on terrorism) and are not able to capture major events like wars, civil wars, influx of refugees, etc.

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<sup>2</sup> The major changes introduced for the 2015 report include increased number of indicators (and dropping out some indicators that are assessed either, as not relevant or difficult to measure) and restructuring of sub-indexes and pillars (separating a new sub-index “Enabling Environment” from the “Travel and Tourism Policy and Enabling Factors”, isolating the sub-index on Infrastructure from the more general index “Business environment and infrastructure, removal of the pillar “Affinity for Travel and Tourism” by dropping out some of its indicators and removing the remaining to other pillars”) (WEF, 2015, pp. 6–7).

Table 3

## The Travel and Tourism Competitiveness Index of Lebanon 2013 and 2015

Indicator	2013		2015		Change	
	Rank (out of 140)	Score	Rank (out of 141)	Score	Rank	Score
<b>T &amp; T Competitiveness Index</b>	69	4,0	94	3,4	-25	-0,7
<i>Enabling Environment</i>			93	4,2		
Business Environment	115	3,9	122	3,8	-7	-0,1
Safety and Security	116	3,8	130	3,8	-14	0,0
Health and Hygiene	33	6,0	39	6,0	-6	0,0
Human Resources and Labor Market	64	4,9	112	4,0	-48	-0,9
ICT Readiness	84	2,8	88	3,6	-4	0,8
<i>T&amp;T Policy and Enabling Conditions</i>			88	4,0		
Prioritization of Travel & Tourism	38	4,9	29	5,2	9	0,3
International Openness			97	2,5		
Price Competitiveness	68	4,6	59	4,8	9	0,2
Environmental Sustainability	127	3,9	129	3,3	-2	-0,6
<i>Infrastructure</i>			69	3,6		
Air Transport Infrastructure	67	3,0	80	2,5	-13	-0,5
Ground and Port Infrastructure	110	2,9	89	3,1	21	0,2
Tourist Service Infrastructure	27	5,5	33	5,2	-6	-0,3
<i>Natural and Cultural Resources</i>			133	1,6		
Natural Resources	136	2,0	140	1,7	-4	-0,3
Cultural Resources and Business Travel	68	2,4	84	1,5	-16	-0,9
Affinity for Travel and Tourism	1	6,1				
<b>Breakdown of Safety and Security pillar</b>						
Business costs of crime and violence	70	4,8	129	2,9	-59	-1,9
Reliability of police services	104	3,5	90	3,8	14	0,3
Business costs of terrorism	131	4,0	139	2,5	-8	-1,5
Index of terrorism incidence			124	5,7		
Homicide rate			90	8,0		
Road traffic incidents/100000 pop.	110	28,5				
<b>Position within the region</b>						
(out of 15 in 2013 and out of 16 in 2015)	8		11			

Source: WEF (2013, 2015)

## CONCLUSIONS

Being known as the “Switzerland of the East”, in the last four decades Lebanon has experienced the negative impact of consecutive shocks related to political instability, unrest and wars, with short periods of relative calm and prosperity, demonstrating the ability of tourism industry to grow in enabling environment. Some of them happened within the country itself (the Civil war of 1975–1990, the Israel-Hezbollah war of 2006), while others took place in

neighboring countries and in the region as a whole (the Arab spring, the Syrian conflict). The whole period was featured by terrorism incidents, although with changing intensity. The analysis reveals the strong deteriorating impact of these events and especially of the recent ones (the Arab spring and the Syrian war) on the tourism development that overwhelmed all other development factors. Since 2010, the number of foreign visitors decreased twice, the occupancy rate fell by 16 percentage points (from 68 to 52%), and the average room rate dropped down by 35%. Significant negative changes in the structure of tourism flows by country of origin are observed, too. Some short-term positive impacts of the displaced Syrian nationals have been recorded in terms of expenditures, respectively in the tourism contribution to the GDP in 2014. The country competitiveness has deteriorated dramatically in the recent years – the ranking on the travel and tourism competitiveness index dropped by 25 between 2013 and 2015 (from 69 to 94<sup>th</sup> position) and the safety and security issues were among the main drivers for this development.

In this context it seems that most of the measures suggested by the World Economic Forum report to cope with political unrest and its consequences (2015, pp. 54–57) are relevant to Lebanon's tourism policy (excluding the focus on domestic tourism, due to the small size of the market), namely: crisis management (incl. pre-emptive planning for crisis management), perception management (with focus on media), incentives for tourists and industry (subsidies or reduced taxes on services, like flights and accommodation, low interest rate loans, promotional trips for tour operators, travel agents and media, etc.), new segments (less susceptible to the impact of political unrest and/or more price sensitive), crisis-immune product offerings (e. g. isolated resorts and tourist centers), multi-stakeholder planning (e. g. tourism safety and risk management committees involving all relevant bodies).

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