

TOURISM COMPETITIVENESS IN EASTERN MEDITERRANEAN BASIN. LEBANON CASE

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Abstract

The paper presents a short overview on the current state of Lebanon in terms of competitiveness in tourism. There are a lot of weaknesses, as the political instability in Lebanon consist the most important reason why the number of tourists visiting the country has dramatically decreased in the past years. Several data from the Travel and Tourism Competitiveness Index have been analyzed in order to conclude where Lebanon is at, in comparison with the other countries from the Eastern Mediterranean basin.

Still, the paper proposes actions such as enforcement of environmental sustainability regulations, promoting the natural and historical resources and encouraging investments in those areas, could help stimulate the country's potential.

Keywords

Tourism competitiveness, Travel and Tourism Competitiveness Index, strategy, Eastern Mediterranean basin

JEL Classification

Z32, Z38, R58

Introduction

In 2017, the travel & tourism industry continues to be the main driver of growth, creating jobs, reducing poverty and promoting development and tolerance throughout the world. This industry contributed US\$8.3 trillion to the global economy (10.4% of global GDP) and created 313 million jobs (1 in 10 jobs around the world) in 2017. (WTTC, 2018).

In 2017, the travel and tourism in Lebanon contributed around 18.4% of the country's global GDP and supported respectively 17.9%, of total employment. (WTTC, 2018). In order to improve the competitiveness of the tourism sector in Lebanon, one has to analyze all country's tourism indexes and their change over years and deduce strategies that could significantly contribute to promoting sustainable and integrated development.

To measure the overall performance of tourism sector in a destination in comparison with most countries over the world, the World Economic Forum (WEF) developed the Travel and Tourism Competitiveness index (TTCI) reports with collaboration of experts in this domain

and supported by major travel and tourism organizations such as UNWTO^{*}, WTTC[†] and IATA[‡].

Short review on tourism competitiveness

What is competitiveness? There are actually a number of definitions out there. The World Economic Forum, which has been measuring competitiveness among countries since 1979, defines it as “the set of institutions, policies and factors that determine the level of productivity of a country”.

The overall travel and tourism competitiveness is determined and driven by the competitiveness of each of the components of the macroenvironment (economic, social and cultural, political, technological) (Bălan et al., 2009, p. 980). From a tourism perspective, the success of the industry is intertwined very specifically with the performance of energy, technology, telecommunications, agriculture, and transportation sectors (Crouch & Ritchie, 1999, p. 138). Sustainable development of tourism destinations and environmental preservation have an increasing role in the improvement of tourism competitiveness (Huybers and Bennett, 2003)

Ring-beck and Pietsch (2013) have identified 5 elements from the Tourism and travel competitiveness index that are correlated most closely with country’s steady growth performance score. Affinity for T&T, Safety & Security, Environmental Sustainability, Price competitiveness, and Policy rules and regulations among 14 pillars are considered the most effective elements on tourism industry’s growth. Dwyer and Kim (2003) indicate that the destination competitiveness is greatly reliant on the Core resources of a destination which includes: natural resources, cultural resources, heritage and created resources. Crouch and Ritchie (1999) considered that natural resources are the most valuable resources for a tourism destination. Moreover, Gooroochurn and Sugiyarto (2005) considered the following indicators: price competitiveness, human tourism, infrastructure, environment, human resources, and openness as some of the most effective indicators to classify destination according to their competitive strengths.

Literature Review. Tourism overview in Eastern Mediterranean Basin

The current part of the article concentrates on the numerical aspects of tourism with regard to the Eastern Mediterranean basin (with regard to Turkey, Israel, Lebanon, Jordan and Egypt) as well as the touristic policies in these areas. This correlation is of great importance because it can create an overall image of the functionality of these policies reflected in the number of tourist arrivals. The complexity of this particular touristic area of the Eastern Mediterranean Basin has also been increased by the political instability of the area and the fight to diminish its effects. For this reason, this chapter will concentrate on the number of tourist arrivals while taking into consideration causes of growth and decrease, as well as policies and tourism strategies that can help increase tourist numbers.

* United Nations World Tourism Organizations

† World Travel and Tourism Council

‡ International Air Transport Association

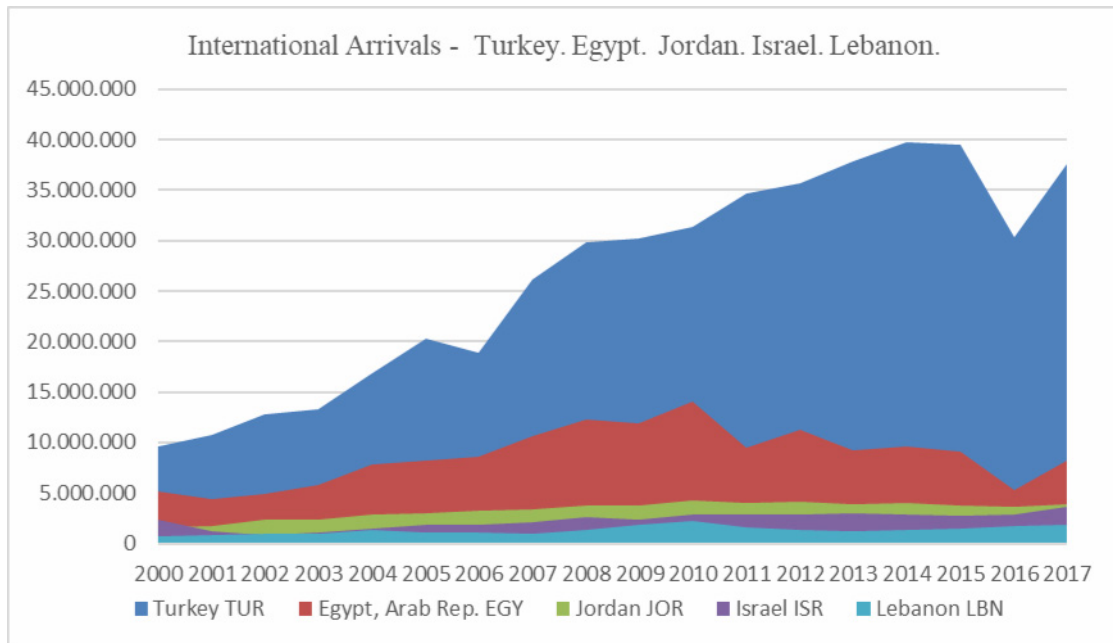


Fig. no. 1 Number of tourist arrivals influenced by political instability

Source: data.worldbank.org interpreted data for Turkey, Egypt, Jordan, Israel, Lebanon

The graphs above represent the interpretation of data taken from data.worldbank.org. The charts start with the year 2000 in order to better observe the how political instability influenced the number of tourist arrivals. Graph number one allows for the study of Turkey, while also creating a full comparison between the three countries in the current article. For better observation graph number two captures the situation of Israel and Lebanon in more depth.

Thus, by studying graph number one, it can be observed that the lows of international arrivals coincide with the increase in terror incidents in 2006 and the Turkish Coup in 2016. In the case of Israel, tourist lows coincide with the Israel – Palestinian Conflict – Operation Defensive Shield in 2002 and the Gaza War in 2008 - 2009. By comparison, Lebanon presents the exact opposite example. Due to the heightened political stability and security the country had a record number of visitors in 2010, with a total of 2,351,081 arrivals. On the other hand, the protests influenced by the Arab Spring that followed in 2011 were immediately reflected in a decrease of tourist numbers over the next period of time. What is more, the all time high of 2010 has not been reached ever since.

Tourism is considered an important branch of the economy that needs peace to grow. At the same time, tourism that was extremely affected during the Arab Spring despite the fact that the western countries showed a political sympathy for the political ideology followed after the Arab Spring. (Butler and Suntikul, 2017)

The most affected Arab country among those analyzed is Egypt, which experienced a very turbulent period from which it has not recovered up to this day. Not surprisingly, the most affected industry was tourism which experienced a decrease from a 19% contribution to the GDP in 2007 to 11.2% in 2013. Taking into consideration the total decrease, it is estimated for Egypt to recover to its initial number of visitors only in 2025. (Saeid 2013)

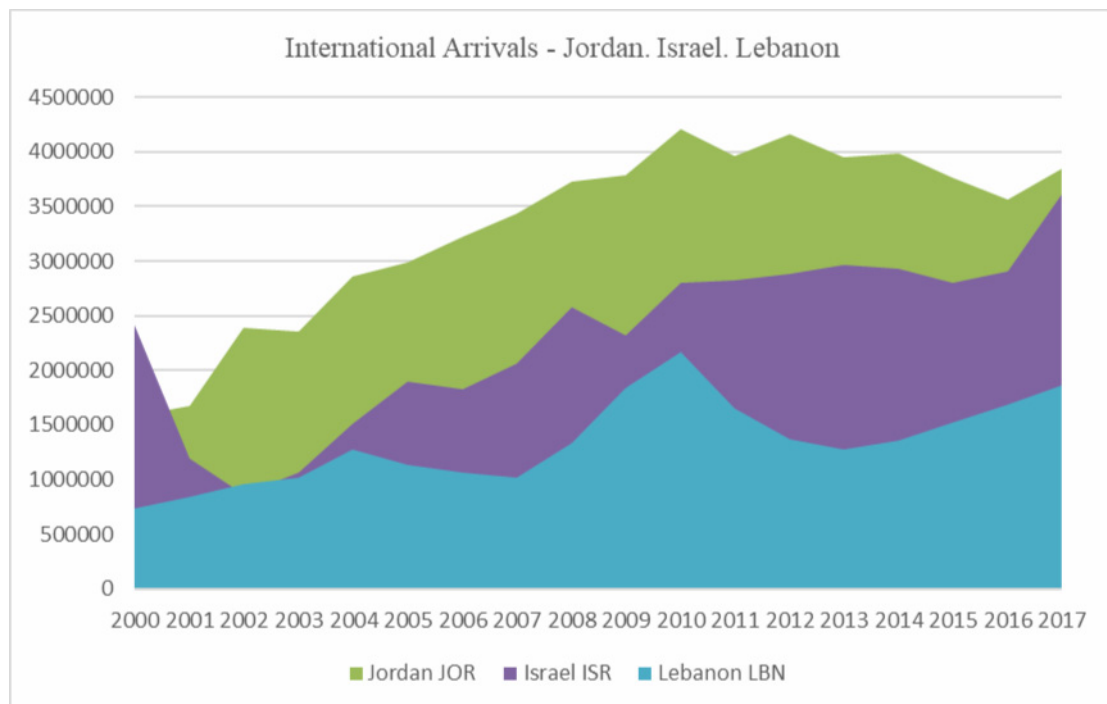


Fig. no. 2 Country comparison Jordan. Israel. Lebanon - International tourist arrivals

Source: data.worldbank.org - interpreted data for Jordan, Israel and Lebanon

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Egypt and Jordan have a very peculiar cultural heritage and are ranked in the first 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). However, the political instability led to a decrease of tourists from 2010 until the present day, as can be observed in figure 1. In the same time, graph number 2 only emphasizes the same situation with regard to tourism decrease applied in the case of Jordan. Due to instability in the region caused by the Arab Spring and internal turmoil, the number of tourists visiting Jordan have dropped.

To sum up, the information given above establishes a cause-effect relation between political stability and/or instability and the popularity of a destination with regard to the number of tourists that visit it.

Tourism and travel competitiveness of Lebanon and region' countries

The table below shows the overall competitiveness index of Lebanon, Jordan, Israel, Egypt and Turkey among 139 countries based on the Travel and Tourism Competitiveness Index reports developed by World Economic Forum from 2009 till 2017. This index covers the

factors of general index of Environment, tourism policy and regulations, Business Environment and Infrastructure, Human, Cultural and Natural Resources.

Table no. 1 The Travel and Tourism Competitiveness Index – Comparative analysis

Country/ economic index	2009		2011		2013		2015		2017	
	Overall Index/ 133	Score	Overall Index/ 139	Score	Overall Index/ 140	Score	Overall Index/ 141	Score	Overall Index/ 136	Score
Lebanon	N/A	N/A	70	4.03	69	4.04	94	3.35	96	3.37
Turkey	56	4.2	50	4.37	46	4.44	44	4.08	44	4.14
Jordan	54	4.25	64	4.14	60	4.18	77	3.59	75	3.63
Egypt	64	4.09	75	3.96	85	3.88	83	3.49	74	3.64
Israel	36	4.5	46	4.41	53	4.34	72	3.66	61	4.79

Source: World Economic Forum, Travel and Tourism Competitiveness Index reports 2009-2017

Giving the above ranks, it is obvious that Lebanon is not in a good position among its competitors in terms of tourism competitiveness, whereas it ranked in last positions among those countries in 2017. Therefore, Lebanon needs to strengthen its tourism strategies to reinforce its position among its competitors.

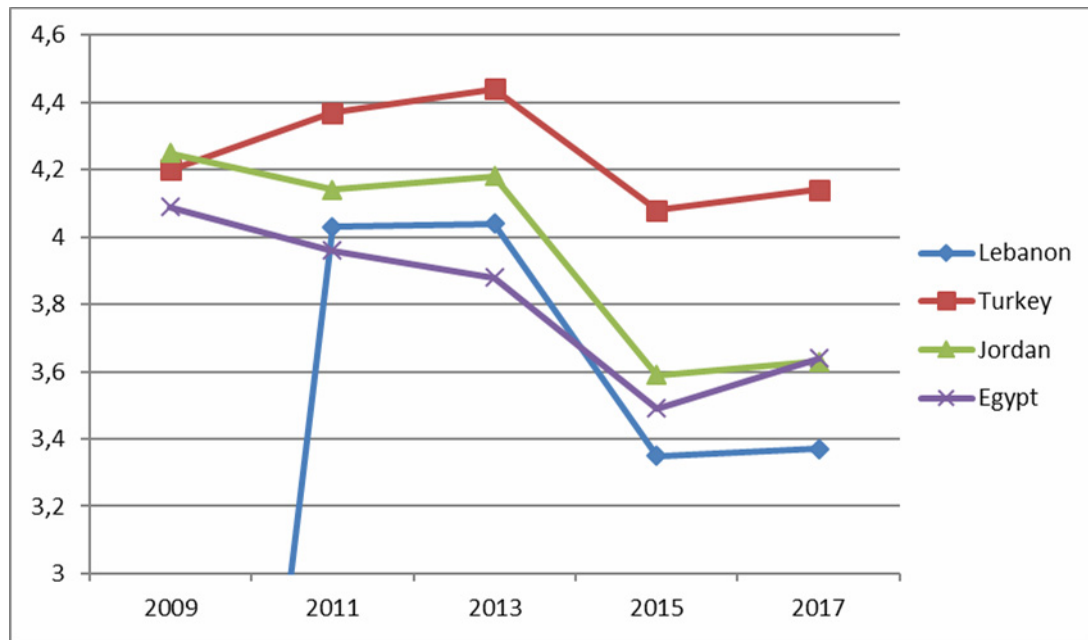


Fig. no. 3 Travel and Tourism Competitiveness Index in Eastern Mediterranean Region

Source: World Economic Forum, Travel and Tourism Competitiveness Index reports 2009-2017

Lebanon entered the Index for the first time in 2011, ranking 9th in the region and 70th overall. Based on the database from UNESCO World Heritage List, the country has a number of cultural sites, such as five World Heritage cultural sites (Anjar, Baalbek, Byblos, Qadisha Valley and the Forest of the Cedars of God, Tyre) and 10 other sites on the on the Tentative List. (UNESCO, 2018).

The World Economic Forum and its data partners (Deloitte, IATA, IUCN, UNWTO and WTTC) have introduced new indicators to the Competitiveness indexes elements and made some updates to the original 14 pillars in order to keep the Travel & Tourism Competitiveness Index methodology up to date and to respond better to policy requirements. In order to have a broader vision about the progress of tourism sector competitiveness in Lebanon, the article recorded the ranks of the main common indexes from 2011 till 2017 in the below table.

Table no. 2: The Travel and Tourism Competitiveness Indexes of Lebanon

Tourism Index/ Global rank	2011 /139	2013 /140	2015 /141	2017 /136	Differences 2017-2011
Safety & Security	123	116	130	125	-2
Price competitiveness	55	68	59	27	28
Environmental Sustainability	125	127	129	110	15
tourist service infrastructure	29	27	33	64	-35
Air Transport Infrastructure	56	67	80	81	-25
Ground and port Infrastructure	100	110	89	86	14
Prioritization of T&T	39	38	29	33	-6
Health & hygiene	48	33	39	47	-1
Natural resources	139	136	140	128	11
Cultural resources	98	68	84	97	1

Source: Compiled from the World Economic Forum's Travel and Tourism Index Reports of 2011, 2013, 2015 & 2017.

A brief view to travel & tourism competitiveness capacity of Lebanon through 2011-2017 shows an improvement of some indicators as price competitiveness (28 pts), ground and port infrastructure (14pts), natural resources (11pts) and environmental sustainability (15pts) in 2017 compared to 2011. Still, it revealed a regression in other indicators such as air transport structure (-25pts) and tourist service infrastructure (-35pts),

Basically, tourism infrastructure was well developed in the country (ranked 29th) in 2011 but this index continues to fall at 64th place in 2017. Moreover, price competitiveness index improved from 55th place in 2011 to 27th place in 2017. This index enclosed Ticket taxes and airport charges, hotel price index, purchasing power parity PPP and Fuel price levels.

However, in order to further improve Lebanon's T&T competitiveness, ground transport infrastructure should be further developed (ranked 100th in 2011 and 86th in 2017).

Security perceptions remain the biggest barrier for the T&T sector, preventing Lebanon to achieve stronger growth. Lebanon perceptions have improved but still remain poor) and should be a main concern for Lebanese government (123rd in 2011 to 125th in 2017).

In addition, environmental sustainability must be taken into consideration as it registered bad records among the other indexes during the period of study (125th in 2011 and 110th in 2017).

Conclusions

From the study above one can easily draw the conclusion that Lebanon does not hold a strong competitive position by comparison with its neighbors. Unfortunately, this is not due entirely to internal factors but also the influence of negative events happening in the region. On the other hand, the article also shows the fact that recovery from a negative event is possible and the best example in this case is Turkey who managed to recover from the negative events of 2016 with a strong tourism strategy.

The tourism strategy of Lebanon focuses more on the development of rural areas and the preservation of historical sites. After a primary analysis of the Lebanese tourism strategy it is easy to observe that their touristic legislature is more centralized than in the case of Turkey that focuses its attention on both national and regional involvement of institutions and stakeholders. However, the Ministry of Tourism does mention the need to “institutionalize rural tourism at the level of local communities” (Lebanon Rural Tourism Strategy). However, the strategy mentioned earlier dates back from 2016. The only recent data that could be found is a press interview with Lebanon’s Tourism Ministry who mentions the fact that the Ministry will do all it can to ensure tourist’s safety during the visit.

Although the data might be insufficient to create a comprehensive view of the tourism strategy of Lebanon this document and the analyzed data could lead to a positive effect on debating the existing situation and having some first steps on rethinking, reanalyzing and why not, innovating the strategy that could lead to attracting more tourists.

In this context, promoting the country’s natural and historical resources and encouraging investments in those areas could help stimulate the country’s potential. Moreover, inducing new protected areas could be one of the strategies that contribute in strengthening Lebanon’s tourism competitiveness. Regarding the Human Resources and labor market, government must support policies that promote gender equality and youth employment, and invest more in tourism education and training. In addition, educational institutions must work with industry and governments to address the sector’s talent challenges.

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