

Terrorism's impact on Tourism – 26 January 2016

The tourism industry is, by its nature, vulnerable to a host of potential risks, from security challenges such as crime, terrorism, armed-conflict, and civil unrest; to natural disasters, industrial accidents, and political actions such as sanctions. Of these risks, terrorism perhaps represents the most significant threat to the industry as it leads to a loss of life, destroys infrastructure, and (through the spread of fear and misunderstanding) ultimately damages the overall perception of the destination, an effect from which it can take significant time to recover.

The impact of attacks against tourists

Tourist destinations and the routes to them represent relatively soft targets and the expected returns to terrorist organisations can far outweigh the costs. Although damage caused to infrastructure and the immediate cessation and cancellation of holidays results in short-term economic shock, terrorist attacks can undermine customer confidence for a long period, potentially wreaking economic havoc in the targeted country. Militants can also attack tourist sites in order to target nationals from countries militarily and or politically opposed to their own goals and ideals, such as from countries involved in bombing Islamic State group (ISG), reaching out to strike them in a more permissive environment.

The effect of loss of life and material damage caused by terrorist attacks can be matched and even outlived by the negative publicity that these assaults generate. Unfortunately, by their very nature, tourist destinations are often well known on a global scale, resulting in a wide spread circulation of news and interpretation of an attack. Furthermore, the international media coverage following attacks against foreign nationals bypasses any state-imposed media controls, something which is especially valued by trans-national terror movements.

Only four weeks into 2016 and there have already been a number of high profile terror attacks targeting tourist hotspots. On 12 January 2016, a lone Syrian suicide bomber killed ten German tourists in the heart of Istanbul's Sultanahmet historic district. The area is home to the Blue Mosque and the Hagia Sophia, two of Turkey's premier tourist attractions. A further fifteen people were wounded. Turkey is exposed to a number of terrorist threats ranging from left wing secular groups to the Kurdish PKK. A scenario under discussion is whether the current drive against the PKK in the south east of Turkey would provoke attacks from the PKK or ISG in northern Syria against Turkey's Mediterranean coastal resorts.

Two days later, on 14 January, five militants linked with ISG launched an attack in downtown Jakarta. The attack left only two victims dead, however injured scores more, and sparked intense and widely broadcast media coverage. Indonesian Security forces report three foiled attacks. Malaysian government officials have recently released footage of ISG-affiliated terrorists in country and will be concerned about the vulnerability of their tourist beach and city destinations.

Whilst it is too early to tell what the long term impact of these and future attacks will be, evidence shows that the economic impact of such attack varies greatly depending on which countries are targeted.

Terror and the damage to a country's economy

In 2015, for example, France suffered the highly publicised attacks against the Charlie Hebdo newspaper in January and the coordinated attack against civilians in November which left 130 dead. However, tourism increased 3% from 2014 with some estimated 86.3 million visitors. Just as with the Madrid attacks in 2004 and the London bombings in 2005, tourism to both Spain and the UK was only lightly affected.

The economic shock of terrorism on other popular tourist destinations are however very different. Egypt, and particularly southern Sinai's Sharm el-Sheikh, where a Russian Airbus A321 flight was downed by an ISG-affiliate,



killing all 224 people on board, have suffered a dramatic decrease in tourism. Likewise, Tunisia which suffered a terrorist attack on a beach in Sousse in June 2015 has seen visitor numbers drop drastically.

Whereas the Paris attack was an isolated incident in a secure and stable country, the Egyptian plane bombing occurred within an already unstable environment, albeit in a secure enclave. The Sinai Peninsula where Sharm el-Sheikh is located is home to extremist groups like Ansar Bait al-Maqdis which has declared fealty to ISG.

Likewise, in the wake of the Sousse attack in Tunisia, some 3,500 British tourists fled the resort in the days after the incident. Tunisia's location to the west of chronically unstable Libya, as well as memories of its revolution in 2011 lend it an image of instability, and thus terror attacks can more easily undermine confidence.

As such, the attacks in North Africa have highlighted underlying security concerns. Whereas, following the Paris attacks, there was a reported dip in passengers in budget airlines such as Easyjet which quickly recovered, after the Metrojet bombing, countries altogether suspended direct flights further impacting a struggling tourist industry. Even countries which have been less affected have suffered drops in visitor numbers despite being good cost comparative options. International visitors to Tunisia in 2015, for example, fell to 5.2 million from 7.2 million in 2014.

The combined effect of these terrorist attacks has resulted in an estimated 8% decrease in visitor numbers to North Africa, going against a global upward trend, according to a recent press release by the United Nations World Tourism Organization (UNWTO).

The negative perceptions that terrorist attacks create drive tourists to other destinations. For example, according to GfK Ascent's Leisure Travel Monitor, booking patterns changed following the Tunisia attack in June, with a switch away from Tunisia towards perceived safer destinations. Supporting this, the Association of British Travel Agents report that 2016 holiday bookings for Spain are tracking well ahead of 2015 levels and it is likely that Spain will be 2016's top destination.

Putting the threat in context

Terrorist atrocities against tourism garner a disproportionate amount of media coverage. This can make it difficult to properly assess how much of a risk terrorism poses to both tourism as an industry as well as to individual holiday-makers.

The UNWTO found that, in 2015, despite a number of high-profile terror attacks, global tourism increased some 4.4% with 50 million more tourists travelling to international destinations than in 2014.

A study from the World Travel and Tourism Council (WTTC) showed that it takes tourism, on average, thirteen months to recover from a terrorist attack. The WTTC noted that, "previous large-scale terrorist attacks in major European capitals have had a decidedly limited impact on overall tourism in the country".

It is entirely plausible that coordinated attacks against the tourism industry may increase in 2016. Facing pressure in their traditional heartlands of Syria and Iraq, ISG may seek to boost its credentials and continue rallying supporters to its cause by staging sensationalist attacks abroad which gain high levels of publicity; just as did the November 2015 Paris attacks. Whilst tourists are increasingly looking to travel to countries, such as Spain which are perceived as safe, it is possible that these 'safe' destinations may attract terrorist violence on the principle that the violation of a haven creates greater shock and terror.

Whilst at an individual level, the statistical probability of any one person being caught up in an attack are minimal, the real threat from terror attacks on tourism is the damage it does to the economies and well-being of the countries it targets.



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Email: Operations@scr-ltd.co.uk
Website: www.scr-ltd.co.uk

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Special Contingency Risks Limited, 70 Mark Lane, London, EC3R 7NQ | Tel: +44 (0)20 7088 9100 Fax: +44 (0)20 7088 9101 Email: contactus@scr-ltd.co.uk