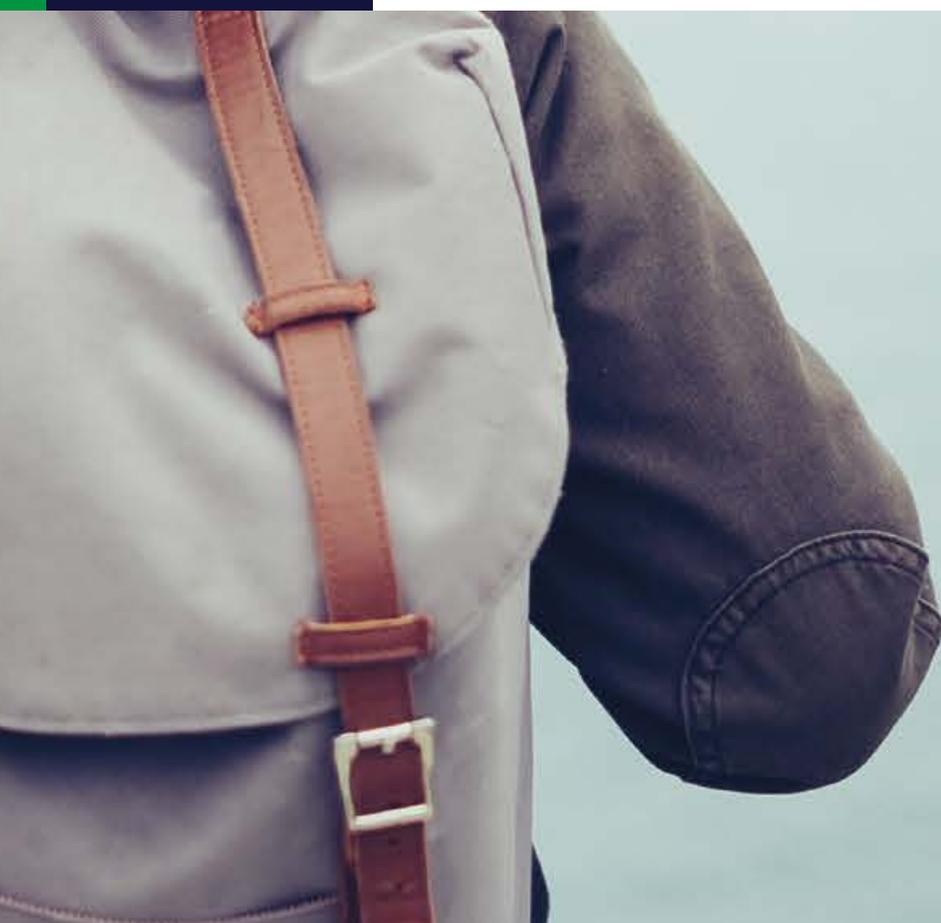





WORLD
TRAVEL &
TOURISM
COUNCIL

TOURISM AS A DRIVER OF PEACE

REPORT SUMMARY



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TOURISM AS A DRIVER OF PEACE

REPORT SUMMARY, MAY 2016

Travel & Tourism has often been recognised for its ability to drive peace, security, and understanding. World leaders, from John F Kennedy to Bill Clinton to Tony Blair, have highlighted the importance of the sector, which supports 10% of global GDP and 1 in 11 of the world's jobs, not only as an economic force but also a force for good.

However, while it is widely argued that travel promotes cultural interchange and understanding, which brings people together and in turn creates more peaceful societies, there is little empirical evidence to support these views. Now, for the first time, the World Travel & Tourism Council (WTTC) has partnered with the Institute of Economics and Peace (IEP) to explore the links between tourism and peace.

Our research shows that countries with a stronger tourism sector tend to be more peaceful:

- An open and sustainable tourism sector means a higher level of positive peace: namely the attitudes, institutions, and structures that create and sustain peaceful societies.
- Countries with an open and sustainable tourism sector are more likely to enjoy higher levels of positive peace in the future.
- The more sustainable a country's tourism sector the lower the country's level of violence and conflict is likely to be.
- In non-conflict-affected countries, tourism is resilient to increases in violence and conflict.
- Tourism is resilient to increases in terrorism, even when terrorism is targeted at tourists.

1. HOW DO YOU MEASURE PEACE?

The Institute for Economics and Peace looks at three measures of peacefulness: negative peace in a country (the absence of violence) is measured in their Global Peace Index; positive peace, or the levels of institutions and attitudes in place to foster and promote peace, is measured in their Positive Peace Index; and the negative impact of terrorism on lives lost, injuries and property damage is measured by their Global Terrorism Index.

The Global Peace Index measures a country's level of negative peace based on three domains of peacefulness: ongoing domestic and international conflict; societal safety and security; and militarisation. The index gives an external measure of negative peace – that is, the state of peace beyond a country's borders – based on indicators such as military expenditure as a percentage of GDP and nuclear weapons capabilities. It also gives an internal measure of negative peace – how peaceful a country is within its own borders – based on indicators such as level of perceived criminality in society and homicide rate.

The Positive Peace Index is based on eight pillars that have been determined as essential to a peaceful society: a sound business environment; good relations with neighbours; high levels of human capital; acceptance of the rights of others; low levels of corruption; a well-functioning government; free flow of information; and the equitable distribution of resources.

For more information, please contact:

ROCHELLE TURNER | Research Director
rochelle.turner@wttc.org

EVELYNE FREIERMUTH | Policy & Research Manager
evelyne.freiermuth@wttc.org

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The Global Terrorism Index is a score based on four indicators of the negative consequences of terrorism: the total number of terrorist incidents in a year; the total number of fatalities caused by terrorism in a given year; the total number of injuries caused by terrorism in a given year; and, the approximate level of property damage caused by terrorism in a given year.

In this research the clearest link between tourism and peace can be found in the area of positive peace. An open and sustainable tourism sector means a higher level of positive peace: namely the attitudes, institutions, and structures that create and sustain peaceful societies.

For more information on the work of the Institute of Economics and Peace and the Global Peace Index, please visit www.economicsandpeace.org

2. HOW DO YOU ANALYSE THE RELATIONSHIPS BETWEEN TOURISM AND PEACE?

In order to investigate the relationships between tourism and peace, WTTC and the IEP have developed a Tourism Index that measures the strength of a country's tourism sector based on sustainability and openness factors. There is much debate as to the definition and measurement of sustainable and open tourism; however there is consensus that four domains need to be accounted for: socio-cultural, economic, political, and environmental¹. The Tourism Index includes indicators in each of these four areas, with data for 2008, 2010, 2012, 2013, 2014, and 2015.

Countries' scores on the Tourism Index, and changes over time, are then analysed alongside respective data from the Global Peace, Positive Peace, and Global Terrorism Indices to identify the statistical relationship between each.

For more information on the methodology used, please download the full report at www.wttc.org

3. TOURISM, VIOLENCE, AND CONFLICT

Countries with a more sustainable tourism sector tend to be more peaceful.

Tourism can help support peace by putting pressure on governments to cease fighting or establish harmonious relationships between citizens in order to attract tourists. This is particularly important if tourism is an important sector for the economy. Examples of this dynamic have been seen in Guatemala, where a tourism boycott 'pressured the military government to desist its violation of human rights'²; in Kashmir, where cross-border tourism is a significant factor in reducing friction between India and Pakistan in the disputed territory³; in Rwanda, where efforts to clear land mines were in part driven by increasing gorilla tourism⁴; and in Panama, where tourism was a driving force for the demilitarisation of the country⁵.

¹ See for example the United Nations World Tourism Organization's "Indicators on Sustainable Development for Tourism Destinations: A guidebook", 2004.

² Burtner and Castaneda (2010)

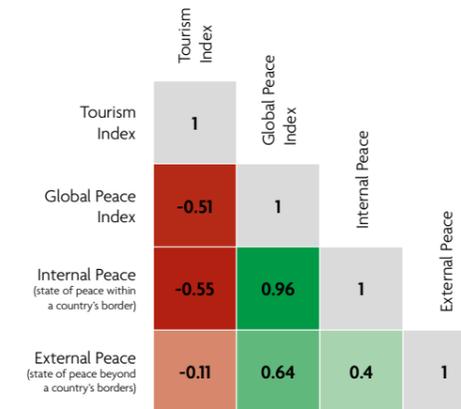
³ Charri et al. (2011)

⁴ Alluri (2009)

⁵ Montero (2014)

Figure 1 shows the relationship between tourism openness and sustainability, and violence and conflict as measured by the Global Peace Index. Overall, tourism thrives when there is a lack of violence and the Tourism Index is correlated with higher levels of negative peace. There is a stronger correlation between the Tourism Index and internal peace than between the Tourism Index and external peace. This means that, in general, countries that have less violence and conflict have more sustainable tourism sectors.

Figure 1. Bivariate correlation matrix of Tourism and measures of violence and conflict



Trends in Tourism, Violence, and Conflict

In non-conflict-affected countries, tourism is resilient to increases in violence and conflict.

The Global Peace Index shows that since 2008 the world has become a more violent place. Homicide rates in Latin America have increased, as have deaths from internal conflicts in sub-Saharan Africa. The UN estimates that there are currently more than 50 million refugees and Internally Displaced Persons (IDPs) – the highest levels since World War 2. There has been an increase in terrorism, and terrorist attacks affect not just the 'usual suspects' Afghanistan, Iraq, Nigeria, Pakistan, and Syria but otherwise peaceful countries such as Belgium, Denmark, and France.

Over this period, however, tourism has continued to grow. The sector's contribution to GDP has increased from 4.9% in 2008 to 5.3% in 2015, and employment in Travel & Tourism has increased from 5.1% to 5.4%.

So, while the global average change in the Global Peace Index between 2008 and 2015 was a decrease of 2.4% (a decrease of 6.6% for conflict-affected countries and 1.4% for those not affected by conflict); the global average change in the Tourism Index was 10% - a decrease of 14.8% for conflict-affected countries offset by a significant improvement of 12.8% for non-conflict-affected countries.

This means that there is a weak negative correlation, at a global level, between changes in the Tourism Index, and changes in the Global Peace Index, indicating that even in non-conflict-affected countries, even when the security situation of a country deteriorates, the tourism sustainability does not necessarily suffer.

Looking at data for individual countries, there are many examples of non-conflict-affected countries that deteriorate in their Global Peace Index Scores, but improve in their Tourism Scores. Examples include Oman, where tourism has flourished despite high levels of militarisation, and Ukraine, where tourism's contribution to GDP increased from 2.65% to 4.95% between 2014 and 2015 despite continuing war with Russia in the northeast of the country. This speaks again to the resilience of the tourism sector in light of worsening levels of violence and conflict.

4. TOURISM AND POSITIVE PEACE

A sustainable tourism sector means a higher level of positive peace: namely the attitudes, institutions, and structures that create and sustain peaceful societies.

Tourism affects positive peace in a number of ways. As people become more exposed to other cultures and people through Travel & Tourism, their degree of tolerance and acknowledgement of the rights of others should increase. Governments too may be forced to acknowledge the rights of local populations in working together with them to facilitate and accommodate the development of a tourism sector. In Myanmar, the government responded to increasing tourism interest by developing a policy on community involvement in tourism, recognising the rights of local communities to be involved in and benefit from the tourism sector⁶.

Increases in tourism sustainability can lead to improvements of the functioning of governments as they respond to demand and aim to create a welcoming environment for further tourism expansion. In Nepal, the government response to increased influxes of tourists to Pokhara led to the implementation of Codes of Conduct for Peace Responsive Tourism to guide the behaviours of all stakeholders⁷. The Election Period Tourism Operating procedures in Kenya, set up in response to tourist fluctuations around election time, provides a platform for stakeholders to work together to promote and maintain peace during periods of heightened political tensions⁸.

As tourism grows and the tourist sector develops, a whole host of skills become necessary for local populations including languages and business skills, driving human capital development. In Namibia, the development of the tourism sector has led to local communities developing skills such as languages and trades such as cooking, leading to increased human capital development⁹. ‘Township tourism’ in South Africa has led to both informal and formal skills acquisition by community members in Alexandra township, Johannesburg¹⁰.

Increased tourism may lead to increases in the flow of information, both within a country and across borders, as people share experiences and ideas. In Northern Ireland, political tourism has seen an increase in people travelling to the region to learn more about the conflict and history, which has in turn enabled understanding and information sharing¹¹.

Changes in relations with neighbours may also be affected by tourism. At an individual level, travelling to neighbouring countries may promote understanding and tolerance of the other. At the state level, travelling to neighbouring countries may promote mutually beneficial economic gain. For example, Israeli ecotourists visiting Jordan had positively altered their perceptions of Jordanian institutions and culture, when compared to a control group that did not travel¹². Similarly, visits to Mt. Gumnang by South Koreans positively influence their views of North Korea, both at the individual level, and at the national level¹³.

Figure 2 shows the relationship between the Tourism Index and measures of Positive Peace. There is a strong correlation between the Positive Peace Index and the Tourism Index, reflecting a positive relationship between levels of positive peace and tourism sustainability and openness. Of all the positive peace pillars, high levels of human capital and a sound business environment have the strongest correlations with the Tourism Index.

6 Hausler and Baumgartner (2014)
 7 Upadhyaya (2014)
 8 Lagat et. Al (2014)
 9 Ashley (2000)
 10 Kaplan (2004)
 11 Simone-Charteris and Boyd (2010)
 12 Pizam et. AL (2002)
 13 Kim et. AL (2007)

Figure 2. Bivariate correlation matrix between Tourism Index and Positive Peace

	Tourism Index	Acceptance of the Rights of Others	Equitable Distribution of Resources	Free Flow of Information	Good Relations with Neighbours	High Levels of Human Capital	Low Levels of Corruption	Positive Peace Index Overall	Sound Business Environment	Well-Functioning Government
Tourism Index	1									
Acceptance of the Rights of Others	-0.65	1								
Equitable Distribution of Resources	-0.72	0.69	1							
Free Flow of Information	-0.56	0.79	0.57	1						
Good Relations with Neighbours	-0.64	0.77	0.61	0.69	1					
High Levels of Human Capital	-0.77	0.77	0.89	0.66	0.66	1				
Low Levels of Corruption	-0.7	0.86	0.71	0.75	0.76	0.77	1			
Positive Peace Index Overall	-0.77	0.9	0.84	0.81	0.83	0.91	0.94	1		
Sound Business Environment	-0.74	0.78	0.8	0.67	0.74	0.87	0.88	0.93	1	
Well-Functioning Government	-0.67	0.76	0.73	0.64	0.69	0.8	0.89	0.9	0.84	1

The relationship between positive peace and tourism openness and sustainability is not uniform around the world. Most regions of the world have a positive relationship between positive peace and tourism sustainability, although the strength of that relationship varies between regions. The exception to the rule is North America where the Tourism Index correlates with lower levels of positive peace – whilst the USA has seen a large increase in corruption and decrease in levels of press freedom, this has not affected its tourism sustainability and openness.

Countries with a sustainable tourism sector are more likely to enjoy higher levels of positive peace in the future.

At a global level there has been very little movement in the level of positive peace since 2008. Changes in the Positive Peace Index often take a long time to emerge but some pillars have changed more than others. Acceptance of the rights of others and the free flow of information have seen the most positive movement since 2008, whilst levels of human capital and relations with neighbours have shown little change. Low levels of corruption is the pillar that has deteriorated the most.

To date, there has been no systematic examination of the causal connection between tourism and the institutions, attitudes, and structures that create and sustain peaceful societies. As a first step to fill this gap in research, we analysed a simple bivariate relationship between tourism sustainability and positive peace, not controlling for other factors that may independently affect levels of peace. The data has been analysed using panel data regression, which is standard practice for cross-sectional and temporal data.

If a causal relationship exists, it is not a contemporaneous one: the sustainability and openness of the tourism sector affects the institutions, attitudes, and structures that underscore peace at future points of time, not 'today'.

The results from the analysis indicate that the Tourism Index is a good predictor of future levels of overall positive peace: countries that have more open and sustainable tourism sectors will likely enjoy higher levels of positive peace in the future. An increase of one unit on a country's Tourism Index score this year will lead to a decrease in the Positive Peace Index (an improvement in levels of positive peace), of 0.012 in two years' time. Whilst the magnitude of this effect may not seem large at first, it must be remembered that the actualized range of scores on the Positive Peace Index across 158 countries is between 1.33 and 4.27, and that the index moves very slowly over time.

5. TOURISM AND TERRORISM

Tourism sustainability is resilient to increases in terrorism, even when terrorism is targeted at tourists.

Terrorism has clear impacts on tourism. Terrorists can target tourists deliberately, as in the case of the bombing of a Russian Metrojet airliner in Egypt, or the Tunisia beach shootings in 2015, or the attack on Luxor in 1998. At other times, tourists are affected by being caught up in terrorist attacks – New York, London, Paris, and Brussels to name just a few. Transport systems or travel infrastructure can be the chosen location or vehicle for attack – aeroplanes, airports, underground systems, railway stations – which has a further disrupting effect on Travel & Tourism.

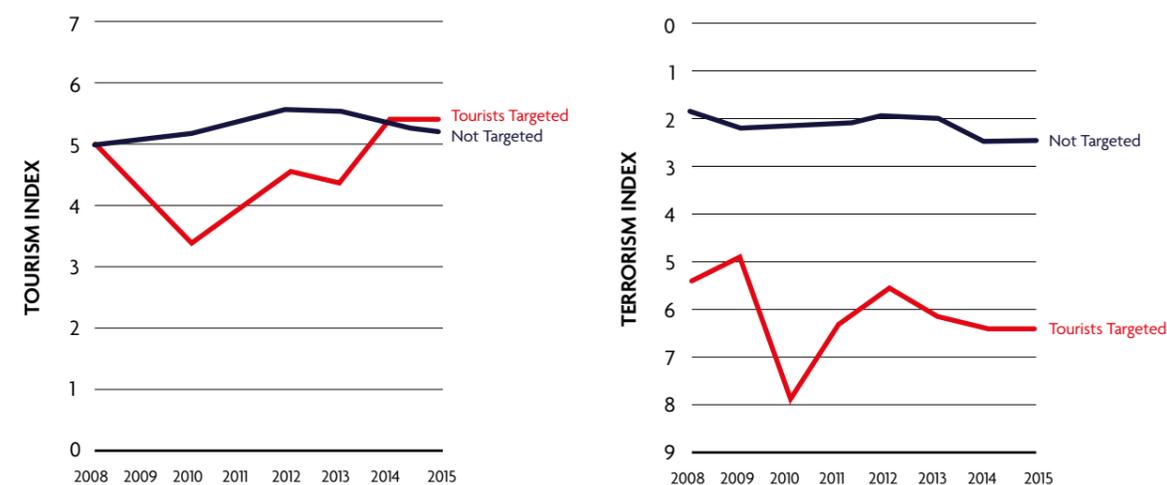
Terrorist activity has short-term impacts on the tourism sector, such as travel advisory warnings leading to decreased tourist numbers, but whether or not the effects of terrorist activities on the tourism sector has longer term consequences is still a topic of debate. Some research has indicated that it is the frequency of terrorist attacks that is harmful for the tourism sector rather than the severity of the attacks¹⁴. Further research has found that political instability is far more damaging to the tourism industry of a country than one-off terror attacks, and in fact terror attacks can increase tourism demand for low-to-moderate political risk countries as immediate price cuts often lure tourists back to a destination¹⁵. On the other hand, perceptions of terrorist threats in one country can also make tourists presume entire regions to be risky.

¹⁴ Pizam and Fleisher (2002)
¹⁵ Saha and Yap (2013)

The relationship between performance on the Terrorism Index and performance on the Tourism Index is not an obvious one. Countries who score poorly on the Tourism Index exhibit a wider range of terrorism scores than those countries who perform well on the Tourism Index. Countries that score poorly on the Tourism Index are also those that tend to see extreme scores on the Terrorism Index. Countries that have higher scores on the Tourism Index have milder terrorism scores. Data from South Asia and MENA, regions that suffer frequent terrorist attacks and which show an inverse relationship between tourism and terrorism (ie stronger tourism correlates to lower terrorism), lends support to the idea that frequency of terrorist attacks may be detrimental to tourism sustainability and openness.

Breaking down the analysis to consider countries where terrorist attacks have been deliberately targeted at tourists separately to countries where this has not been the case, reveals considerable differences in performance on both the Tourism and Terrorism Index scores, as seen in Figure 3. In total, since 2008, 31 countries have seen terror attacks deliberately targeted at tourists¹⁶.

Figure 3. Tourism Index and Terrorism Index by terrorism targeted at tourists 2008 to 2015 (2008 =1)



Countries that have had terrorist acts targeted deliberately at tourists perform historically worse on the Terrorism Index, with a mixed performance on the Tourism Index.

Countries that have had terrorist acts deliberately targeted at tourists have had dramatic changes in their Tourism Index scores since 2008. The declines in the Tourism Index scores for these countries have tended to come right on the heels of the 'wave' of terror attacks targeted against tourists: at first a dramatic decline in the aftermath of the 'wave' of terrorist attacks against tourists in 2008, and again in 2012-2013. But the effect of these waves of attacks on Tourism Index performance does not last long. And in fact the two groups of countries (with tourism as targets and those without), have now equalised in terms of their performance on the Tourism Index. So, while countries where terrorist attacks have targeted tourists specifically have seen short terms impacts on their tourism sector, the effect does not last long.

¹⁶ National Consortium for the Study of Terrorism and Responses to Terrorism (START) (2013), Global Terrorism Database

Trends in Tourism and Terrorism

The world is becoming increasingly more affected by terrorism: in 2014 the number of deaths from terrorism increased by 80% when compared to 2013, which was the largest yearly increase in the last 15 years. Private citizens and property remain the primary targets of terrorism, with a 172% increase in the number of deaths of private citizens due to terrorist activities, between 2013 and 2014. The global economic costs of terrorism reached US\$52.9 billion in 2014, the highest ever, up from \$32.9 billion in 2013. Terrorism remains, however, highly concentrated, with most terrorist activity occurring in just five countries: Afghanistan, Iraq, Nigeria, Pakistan, and Syria. Only 0.5% of all deaths from terrorist activities have occurred in western countries in the last 15 years¹⁸. Ninety-one percent of deaths from terrorism in the West during this 15 year period are attributed to only four attacks: September 11 which killed 2,996 people; the Madrid train bombings killing 191; the Norwegian massacre killing 77; and the London bombings which killed 56.

The global average change of 10% improvement in the Tourism Index Score is accompanied by a global average change of 98% deterioration in the Global Terrorism Index. Decomposing the global averages to examine cases where tourism was explicitly targeted versus not shows substantial differences. The average change in Global Terrorism Index score for countries where tourism was a direct target of terrorist attacks was a deterioration of 119%, versus 91.7% deterioration where tourism was not a direct target of terrorism. At the same time, the average change in Tourism Index score for countries where tourism was an explicit target of terrorism was an improvement of 8.7%, versus 13.6% improvement for countries where tourism was not a target.

At country level, although most countries have seen a deterioration in terms of their Global Terrorism Index scores between 2008 and 2015, a large portion of those still see improvements in their Tourism Index scores. This suggests that tourism openness and sustainability is resilient to deteriorations in terrorism conditions.

The research presented in this report is intended to serve as a starting point for further systematic empirical analysis of the relationship between tourism and peace. The findings from the research suggest that tourism sustainability and openness is resilient to increases in violence and conflict and positive peace in non-conflict-affected countries. Conflict-affected countries and countries that have suffered terrorist attacks deliberately targeted at tourists perform worse than others in terms of Tourism Index scores and different measures of peace.

This research has investigated and highlighted global patterns and trends in tourism sustainability and various measures of peace using quantitative data that allows for cross-sectional and temporal comparison. Importantly, the research has not yet tried to tackle more complex questions such as causality, and the topic of tourism's effects on peace lends itself to many more avenues of research and data collection.

This is a summary of the full report which, can be accessed at www.wttc.org

¹⁸ National Consortium for the Study of Terrorism and Responses to Terrorism (START) (2013), Global Terrorism Database



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THE AUTHORITY ON WORLD TRAVEL & TOURISM

WORLD TRAVEL & TOURISM COUNCIL (WTTC), THE HARLEQUIN BUILDING, 65 Southwark Street, London SE1 0HR, United Kingdom
Tel: +44 (0) 207 481 8007 | Fax: +44 (0) 207 488 1008 | Email: enquiries@wttc.org | www.wttc.org

