



A Study on the Global Economic Impact on the Tourism Industry in Yemen

Mosleh Abdu Mosleh AL-Najjar*
Research Scholar, Mangalore University
Mangalore, Karnataka, India
Email: Muslem560@gmail.com

Professor P. Ishwara
Chairman and Dean, Faculty of Commerce
Mangalore University
Mangalore, Karnataka, India

Corresponding author*

Abstract

This study aimed to identify the world economic impact on the tourism industry in Yemen and analyse the contribution and ranking of the Yemeni tourism industry among countries in terms of contribution of tourism in GDP, employment, investment and visitor exports, as well as to identify the ranking real growth and long-term growth of the Yemeni tourism industry. In order to achieve the objectives of this study, a historical approach was utilized for assessing tourism development in Yemen. The study was based on the limited available secondary sources including tourism statistics, surveys, and reports from the Yemeni Ministry of Tourism (YMT), Yemen's National of Information Center (YNIC), and United Nation World Tourism Organization (UNWTO) and other secondary sources. In 2018, the direct contribution of the tourism and travel industry to global GDP has increased from 3.2% in 2017 to 3.8% in 2018. In 2017, the direct contribution of the tourism and travel industry to Yemeni GDP reached to US \$1,681.1 million, which equated to 5.2 % of GDP. The impact and contribution of the tourism industry to the Yemeni economy is very weak because tourism in Yemen is still operating in a random and rather disorganized framework, especially after 2011. The current study shows that tourism has a huge impact on the economic and social development of many countries in the world which is in contrast to the role and contribution of the tourism industry in the Yemeni economy. This study thus strongly recommends that officials of the tourism industry in Yemen strive to develop new plans and strategies to increase the performance of tourism and allow it to make a positive impact on the Yemeni economy.

Keywords: tourism and travel, economic impact, GDP, Yemen.

Introduction

Tourism today, is an essential element in the global economy in the 21st century, turning it into a global industry where countries compete in the various related sectors as one of the strategic pillars of economic development because of its direct and effective impact on the economies of many countries. Tourism also leads to and sustainable development, whether at the labor or sustainable development levels. The tourism industry is no longer the same as it was in the last century. Today, in the third millennium, its branches have become entangled, overlapped and become present in most sectors of everyday life for every individual, family or community. Despite fluctuations in the global economy, tourism has shown positive resilience in the face of major economic and social changes, which have made the world tourism organization, predict that the number of tourists in the world will reach nearly 1.6 billion by 2020.

Yemen, is officially referred to as the Republic of Yemen, and is a country at the southern end of the Arabian Peninsula. It is the second-largest Arab autonomous state in the peninsula, and occupies 527,970 square kilometres. Its lovely coastline stretches about 2,000 kilometres. Yemen is a tough country to get around, but the rewards for resolute tourists are an



unforgettable experiences. Yemen has four World Heritage Sites including the culturally historic sites such as the Town of Zabid, the Old City of Sana'a and the Old Walled City of Shibam while the amazing natural site is the Socotra Archipelago (UNESCO World Heritage Centre, n.d.).

Tourism in Yemen is still operating in a random and unorganized framework, especially after the year 2011. The Ministry of Tourism, which is the official body responsible for organizing and developing tourism, has not succeeded in implementing national strategies aimed at achieving a developed tourism industry and in exercising the needed supervisory role in tourist activity. Despite the efforts made, the achievements remain small for the tourism industry sector in Yemen due to several obstacles and challenges, where the most important is undoubtedly the rampant political instability. Travellers are urged to respect local Islamic customs and always dress modestly and refrain from drinking alcohol in public. Possible terror attacks in tourist places or even the kidnapping of foreigners by militant groups are problematic for tourists (GOV.UK., 2014).

DEVELOPING TOURISM DEPENDS ON SECURITY and stability in the world. Many tourist destinations have suffered from crises due to terrorist acts or religious influences, which some gangs try to hide behind to justify their evil, and in effect, this harms their own people before hurting others. Terrorism is based on extreme ideology, which excludes others and calls people to fight instead of building relationships of mutual respect. This heightens terrorism and increases its activities. Such cultural elements produce mentally, psychologically, and socially ill people, seeking to destroy everything before them. Extreme ideology and black terrorism have resulted in a counter-extremist ideology in which each party seeks to destroy the other, replacing love with hatred. This threatens the world's stability and hurts the tourism industry in every country in the world. To save the tourism industry, different groups of people have to be involved in a battle against terrorism. There has to be a cultural and educational campaign to educate people so they can welcome others and encourage peaceful and open contact with them. A tourism industry cannot be developed in a country where people do not welcome their guests, but Yemen always welcomes guests. (Saleh, 2005).

Objectives of the Study

- 1.1 To study the world economic impact on the tourism industry in Yemen and to analysis the contribution and ranking of Yemeni tourism industry among countries in terms of contribution of tourism in GDP, employment, investment and visitor exports.
- 1.2 To identify the ranking real growth and long-term growth of Yemeni tourism industry.

Methodology of the Study

The study was based on a limited range of available secondary sources. The secondary sources used include tourism statistics, surveys, and reports from Yemen's Ministry of Tourism (YMT), Yemen's National of Information Center (YNIC), and United Nation World Tourism Organization (UNWTO) and other secondary sources. Moreover, the historic approach has also been taken into consideration for the tourism development in Yemen.

World Economic Impact of the Tourism Industry on Yemen’s Economy

Foreign Tourist Arrival and Receipts

Foreign Tourist Arrival to Yemen is not only based on sightseeing various tourist destinations but is also due to many factors, the most important of which is to know the culture of this ancient country closely, including aspects such as traditions, customs, folklore, and others. Table (1) shows the total inflow of tourists to Yemen from all the different regions worldwide which is recorded as 536020 tourists in 2010 to an increase of 24 %, an increase of 102.099 up from 2009, while the Yemeni tourist arrivals (living abroad) recorded 488742 tourists in 2010 with a decrease of -18% down on the 2009 figures. The highest arrivals to Yemen recorded by international tourism (foreigners), represented 52% of the total, while the number of Yemeni tourist living abroad represents 48% of the total.

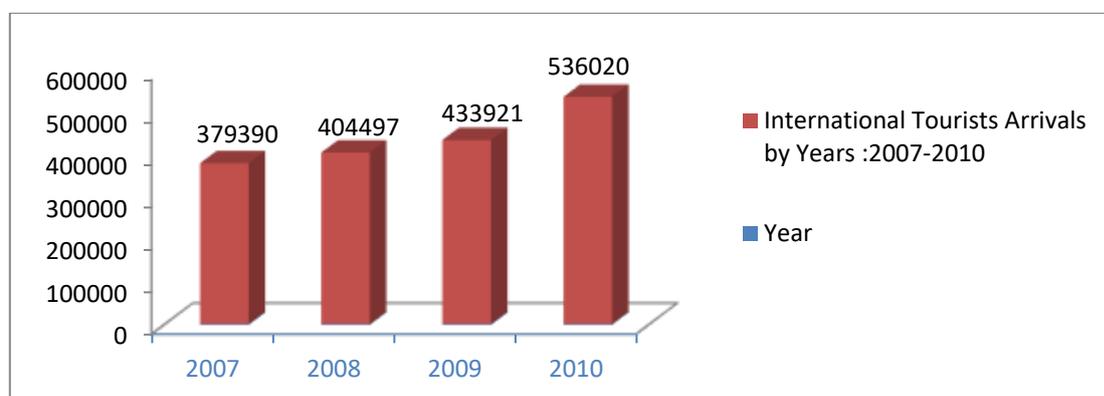
Yemen has to fast-track its economic development and grow its GDP to an annual average of 9 percent. This speeding up of growth should be go together with controllable population growth, leading to a situation where the Yemeni economy Can hope to realize an annual per capita GDP growth of 2.5 percent in the next few years

Table 2. International tourist arrivals by region to Yemen: 2007-2010

| Years \ Regions | 2007 | 2008 | 2009 | 2010 | (%Change over previous years) 2009-2010 |
|-----------------|---------------|---------------|---------------|---------------|-----------------------------------------|
| Europe | 33079 | 35489 | 43493 | 37730 | -13% |
| Americas | 17613 | 18118 | 25493 | 28006 | 10% |
| Asia | 38946 | 38157 | 50171 | 58619 | 17% |
| Africa | 16098 | 15078 | 23381 | 33387 | 43% |
| Australia | 1029 | 1147 | 1440 | 1296 | -10% |
| Middle East | 272625 | 296508 | 289943 | 376982 | 30% |
| Total | 379390 | 404497 | 433921 | 536020 | 24% |
| Yemeni tourists | 568728 | 618240 | 594206 | 488742 | -18% |
| Grand total | 948118 | 1022737 | 1028127 | 1024762 | 0% |

Source: Ministry of tourism –Yemen
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Figure 1. International Tourists Arrival by Years: 2007-2010



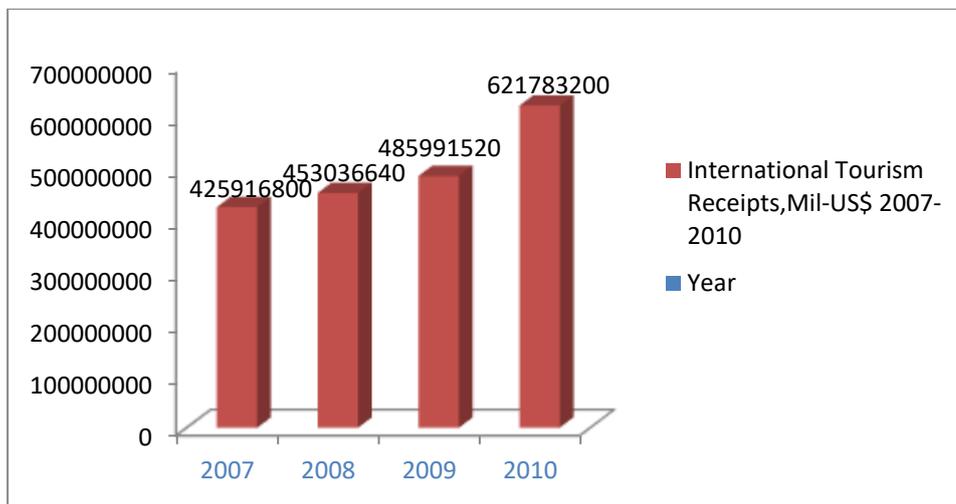
Foreign tourist receipts define all that foreign tourists spend on the country's trans-shipment carriers, which could include expenditures for the purchase of goods and services by foreign tourists within the host country as well as visit receipts for the same day (Akama, 2016). Table (2) shows the total revenues of foreign tourists in Yemen on an average of tourist nights and tourist expenditure during 2007-2010, where the highest tourist receipts (revenues) recorded in 2010 amounted to Y.R 133 Billion, equivalent to \$ 4621 million. As well as visa fees for foreign tourists arriving in Yemen and foreign aircraft landing fees at Yemeni airport.

Table 2. International Tourism Receipts -Yemen 2007-2010

| Year | Inbound tourists | The average length of stay (days) | Tourist nights | Average of expenditure (US\$) per -day | Total of tourist receipts | |
|------|------------------|-----------------------------------|----------------|----------------------------------------|---------------------------|-------------|
| | | | | | Mil-US\$ | Billion-Y.R |
| 2007 | 379390 | 8 | 3035120 | 140 | 425,916,800 | 85 |
| 2008 | 404497 | 8 | 3235976 | 140 | 453,036,640 | 91 |
| 2009 | 433921 | 8 | 3471368 | 140 | 485,991,520 | 102 |
| 2010 | 536020 | 8 | 4288160 | 145 | 621,783,200 | 133 |

Source: Ministry of tourism –Yemen
 Retrieved from file:///H:/statistic2010%20%20(2).pdf

Figure 2. International Tourism Receipts -Yemen 2007-2010



** Note: in the two tables above, the researcher relied on tourism statistics for 2010 due to the suspension of tourism statistics reports issued by the ministry of tourism in Yemen since 2010 because of the war*

Contribution to GDP

Tourism's share of Yemen's GDP in 2017 according to the report on Travel & Tourism World Economic Impact 2018 reached US \$ 1,681.1 million, equivalent to 5.2 % of GDP. The projected growth rate is 5.7 percent annually to the US \$ 3,055.3 million, accounting for 5.3 percent of GDP in 2028. Besides, 10.4% of the world's GDP was contributed by tourism.

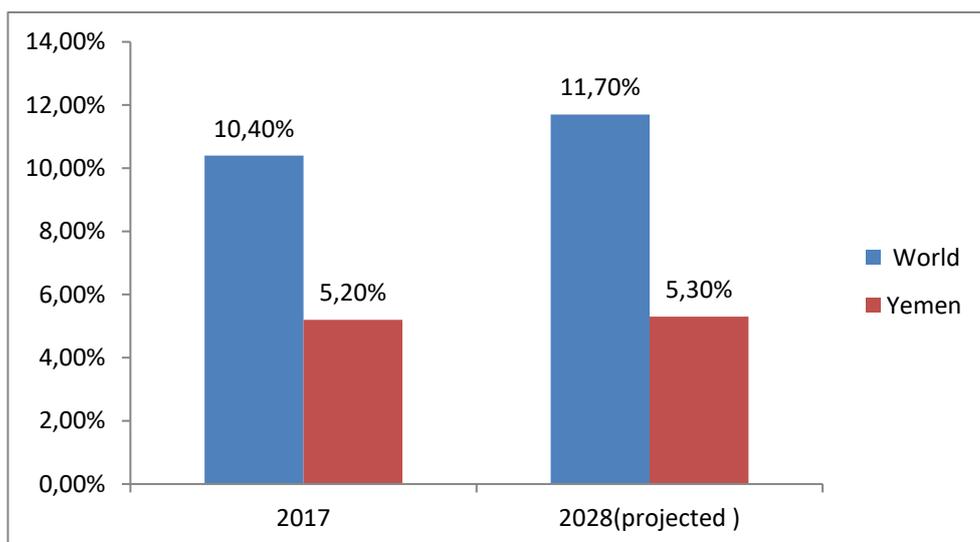


Table 1. Total Contribution of World & Yemeni tourism to GDP

| Total Contribution to GDP-Yemeni Tourism | | | | |
|------------------------------------------|-----------|-------|------------|-------------------|
| | \$mn/bn | 2017 | \$mn/bn | 2028 (projected) |
| World | 8,272.3bn | 10.4% | 12,450.1bn | 11.7% |
| Yemen | 1,681.1mn | 5.2% | 3,055.3mn | 5.3% |

Source:
 Travel & Tourism Economic Impact 2018 World, WTTC
 Travel & Tourism Economic Impact 2018 Yemen, WTTC

Figure 3. Total Contribution of World & Yemeni tourism to GDP



Employment Generation

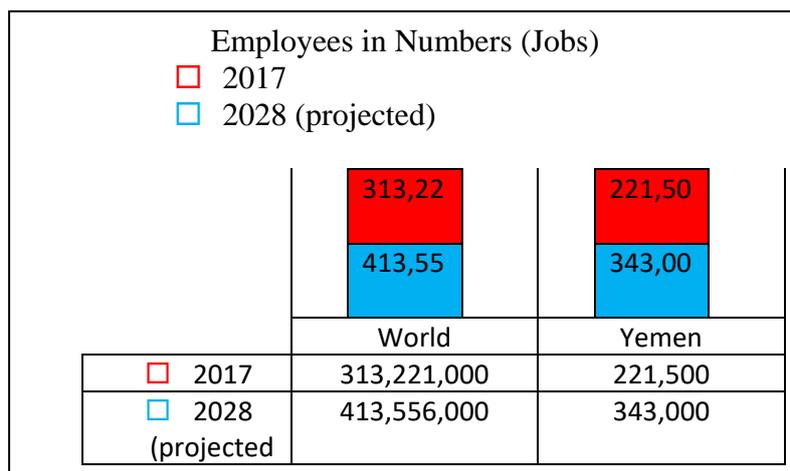
The tourism industry plays a key role in creating employment generation and in the eradication of poverty and unemployment by way of creating employment and income opportunities for millions across the globe (Kusugal, 2014). Table (4) shows that. In 2017, the total contribution of the travel and tourism sector to job creation opportunities including jobs indirectly supported by the sector accounted for 3.3 percent of the total job opportunities of (221,500 jobs). The rate is expected to rise 4.0 percent annually to provide 343,000 jobs in 2028, equivalent to 3.4 percent of all jobs, while tourism expected will create 413,556 million jobs by 2028 across the world.

Table 2. Total Contribution of World & Yemeni tourism to Employment Generation

| Employment Generation | | |
|-----------------------|---------------------|------------------|
| | 2017 | 2028(projected) |
| World | (313,221,000 jobs). | 413,556,000 jobs |
| Yemen | (221,500 jobs). | 343,000 jobs |

Source:
 Travel & Tourism Economic Impact 2018 World, WTTC
 Travel & Tourism Economic Impact 2018 Yemen, WTTC

Figure 2. Employees in Numbers (Jobs)



Infrastructure Capital Investment

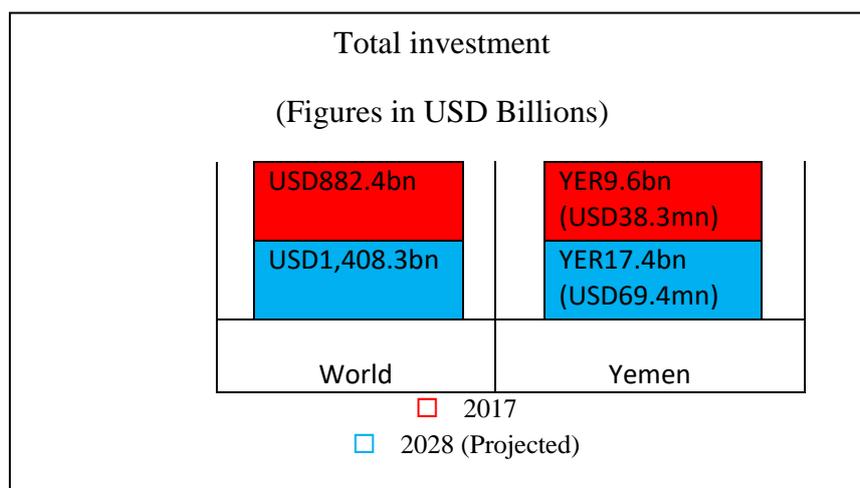
Yemen needs to firstly commit itself to democratic reforms and muster international community support that will allow it to allocate financial resources for the initiatives raised by BMENA countries, inter alia illiteracy eradication, entrepreneurship and business training, microfinance enterprise development, and tourism initiatives. Yemen also needs to stress the need to create supply mechanisms for dialogue, which offer participant countries the chance to share their experiences and develop tourism activities that will lead to a real regional partnership for democratic and political reforms that will boost tourism receipts. (Alqirbi, 2005).

Tourist destinations do not only aim to attract tourists from all over the world, but also seek to bring foreign capital from abroad and human capital such as entrepreneurship ventures in tourism and travel, but in fact, attracting foreign capital to invest in tourism projects is a greater challenge (United nations, 2010). In 2017, the value of investments in the Yemeni tourism sector in US \$ was \$ 38.3 million, equivalent to 3.4 % of total middle east investments. The investment in the sector expected the increase to reach US \$ 69.4 million in 2028, which is equivalent to 3.4 percent of total investment. Whereas, travel & tourism investment around the world in 2017 was US\$ 882.4bn, accounting for 4.5% of total investment and the world travel and tourism council projected a growth in investment opportunities in the tourism sector will rise to 4.3% to US\$ 1,408.3bn in 2028 (5.1% of total).

Table 3. Total Investment

| Total Investment | | | | |
|----------------------------------------------------------------------------------------------------------------|-------------------------|------------|--------------------------|------------|
| | 2017 | 2017 | 2028(projected) | 2028 |
| | | % of total | | % of total |
| World | USD882.4bn | 4.5 | USD1,408.3bn | 4.3 |
| Yemen | YER9.6bn (USD38.3mn) | 3.4 | YER17.4bn (USD69.4mn) | 3.4 |
| Source: Travel & Tourism Economic Impact 2018 World, WTTC Travel & Tourism Economic Impact 2018 Yemen, WTTC | | | | |

Figure 3. Total investment in USD bn/mn)



Contribution and Ranking of Yemeni Tourism among (184) Countries in terms of Contribution of Travel and Tourism in GDP, Employment, Investment, and Visitor Exports

Yemen Ranking Absolute Contribution 2017

Table 6 shows Yemen's position on the absolute contribution to the country ranking of the global economic impact of tourism and travel during the year 2017. Yemen ranked 100th for travel and tourism's total contribution to employment in 2017. Direct contribution to employment was ranked 102th in 2017. Direct contribution to GDP was assigned 122th in 2017. Total contribution to GDP was ranking 129th in 2017. And 165th rank was assigned for capital investment in 2017. finally, Yemen ranked 163th in terms of visitor exports in 2017.

Table 6. Yemen Travel & Tourism Ranking Absolute Contribution 2017

| Indicators | 2017 | |
|-----------------------------------|----------------------------------------------|---------|
| | Contribution *US \$ Billion **000 Jobs | Ranking |
| Direct Contribution to GDP | 0.7* | 122 |
| Total contribution to GDP | 1.7* | 129 |
| Direct Contribution to Employment | 76.9** | 102 |
| Total Contribution to Employment | 221.3** | 100 |
| Capital Investment | 0.04* | 165 |
| Visitor Exports | 0.1* | 163 |

Source: Travel & Tourism Economic Impact 2018 Yemen, WTTC.

Yemen Rankings Relative Contribution 2017

As shown in the table 7, Yemen ranking for its relative contribution to world tourism business. Yemen was ranked 145th for travel & tourism's direct contribution to GDP in 2017 and total contribution to GDP was ranked 160th in 2017. similarly, Yemen's tourism direct contribution to employment ranked 178th respectively in 2017 and 179th rank for total



contribution to employment in 2017 .tourism contribution to capital investment ranked 136th in 2017 while Yemen’s tourism ranked 133th in terms of visitor exports contribution in 2017

Table 7. Yemen Travel & Tourism Rankings Relative Contribution 2017

| Indicators | 2017 | |
|-----------------------------------|---------|---------|
| | Ranking | Share % |
| Direct Contribution to GDP | 145 | 2.3 |
| Total contribution to GDP | 160 | 5.2 |
| Direct Contribution to Employment | 178 | 1.2 |
| Total Contribution to Employment | 179 | 3.3 |
| Capital Investment | 136 | 3.4 |
| Visitor Exports | 133 | 5.0 |

Source: Travel & Tourism Economic Impact 2018 Yemen, WTTC

Ranking Real Growth and Long Term Growth of Yemeni Tourism Industry

Yemen Ranking Real Growth 2017

As shown in the table No. 8, Yemen is ranked for real growth in its contribution to world travel and tourism. the growth rates in travel & tourism's direct contribution to GDP was -3.71 in 2017 and travel and tourism’s total contribution to GDP was -3.27% in 2017. Travel & tourism’s direct contribution to employment was 1.4% in 2017 and travel & tourism’s total contribution to employment was 2.5% in 2017. Travel & tourism investment contribution to total capital investment was -1.46 in 2017. finally, visitor exports contribution to total exports was -2.36% in 2017.

Table 8. Yemen Travel and Tourism Ranking Real Growth 2017

| Indicators | 2017 | |
|-----------------------------------|---------|---------|
| | Ranking | Share % |
| Direct Contribution to GDP | 185 | -3.71 |
| Total contribution to GDP | 185 | -3.27 |
| Direct Contribution to Employment | 146 | 1.4 |
| Total Contribution to Employment | 110 | 2.5 |
| Capital Investment | 174 | -1.46 |
| Visitor Exports | 182 | -2.36 |

Source: Travel & Tourism Economic Impact 2018 Yemen, WTTC.

Yemen Ranking Long-term Growth 2017-2027

As shown in the table 9, in 2017, Yemen is ranked 80th for the travel & tourism’s direct contribution to GDP and 69th for total contribution to GDP while ranked 25th for travel & tourism’s direct contribution to employment and 11th for total contribution to employment. The total capital investment was ranking 68th, while visitor exports contribution to total exports was ranked 17th. In the same line, the long-term growth (Yemen) 2017-2027of travel and tourism’s direct/total contribution to GDP, travel and tourism’s direct/total contribution to employment, travel and tourism investment contribution to total capital investment and visitor exports



contribution to total exports were reported to be 4.7%,4.8%, 3.9%, 4.1%, 4.8% & 7.1% per annum respectively.

Table 9. Yemen Travel & Tourism Ranking Long-term Growth 2017-2027

| Indicators | 2017-2027 | |
|-----------------------------------|-----------|---------------|
| | Ranking | % growth p.a. |
| Direct Contribution to GDP | 80 | 4.7 |
| Total contribution to GDP | 69 | 4.8 |
| Direct Contribution to Employment | 25 | 3.9 |
| Total Contribution to Employment | 11 | 4.1 |
| Capital Investment | 68 | 4.8 |
| Visitor Exports | 17 | 7.1 |

Source: Travel & Tourism Economic Impact 2018 Yemen, WTTC.

Conclusion

Yemen's Strategic Vision 2025 aims at refining human development and raising standards of living for all its peoples. Thus, the Strategic Vision 2025 has targeted the promotion of Yemen to compete with nations in the mid-level of human development, with diversified economies, and comprehensive development in all areas especially tourism, dependent on political stability which is sorely needed. In this paper, the researcher studied the world economic impact on the tourism industry in Yemen. The main objective of this study was to identify the contribution and ranking of the Yemeni tourism industry among countries in terms of contribution of tourism in GDP, employment, investment and visitor exports and its ranking in real and long-term growth. The study concluded that the contribution of this sector in the Yemeni economy is a very small where the inbound tourists do not exceed (536020) tourists and their expenditures 621,783,200 according to the statistics of the Ministry of Tourism in Yemen 2010. Also, in 2017 it did not exceed the share of tourism in Yemen' economic need in terms of a contribution to GDP1, 681.1mn, and in terms of job creation it was only 221,500 jobs and only equated to US\$38.3mn in terms of the capital investment value of this sector. In addition to that, the ranking of the tourism industry in Yemen and its contribution among 184 nations was severely down on the list and the urgent need is to now has reach 100 in terms of contribution to GDP, job creation, and capital investment according to the WTTC (2018).

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