

Sector Analysis Series no. 1

The Bad Year of Tourism



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The Bad Year of Tourism

In the third quarter of 2016, the tourism sector declined by 40.5 percent to 5.8 billion TL from 9.9 billion TL by 2015.

The tourism sector is one of the essential building blocks of the country's economy both regarding income level and job opportunities that it has achieved. Tourism in Turkey, where youth unemployment is high, is of vital importance as it is a labor-intensive sector. When the performance of the industry last year is assessed, the role of tourism in the economy clearly emerges. The share of income from the tourism sector in the GNP rose to 6.2 percent in 2015, the highest level of its history, according to TURKSTAT. Tourism is also a great prospect for the growth and development of Turkey. The sector can cover 49.7 percent of the foreign trade deficit of the same year. However, recent political problems and several terror attacks across the country have had a negative impact on tourism in Turkey.

It is already known that tourism is negatively affected by non-sectoral problems. In addition, another negative impact comes from tourism agencies. The fact that tourism agencies impose package programs that only include 'sea-sand-sun' holidays to tourists causes other types of tourism to fall into the second plan.

\$ 7 billion deficit compared to last year

When the level of income obtained from tourism is examined, it is clear that the sector has been negatively affected. In the third and fourth quarters of the current year, there is a deficit of approximately 7 billion dollars (TURKSTAT). If the current situation does not change, a loss is expected in the same quarter. Thus, considering the actual and expected losses in the sector, Turkey will have lost nearly 10 billion dollars. In the third quarter of this year, it is seen that foreign tourists constitute 71.7% of the total tourism revenues when they are examined regarding domestic (expatriate) and foreign tourists coming from abroad. Terrorism activity across the country and security issues are some of the most fundamental reasons why foreign tourists, who are of great importance for the country's tourism, have decreased significantly in recent years. Thus, the tourism sector, which received 9.9 billion TL from foreign tourists in the third quarter of 2015, has declined by 40.5 percent and decreased to 5.8 billion TL in third quarter of 2016.

Admiral of Turkish tourism

When the factors affecting the total tourism income are evaluated, 'personal expenditures' comes to the forefront in total tourism income obtained in the third quarter of 2016. Accommodation, eating and drinking and international transport sub-items are among the other building blocks of Turkey's tourism income. Another significant revenue from tourism is the remaining number of tourists' package tour expenses in Turkey. When compared to

last year and the third quarter of this year, the biggest loss in tourism revenues is Turkey's share of package tour expenditures by 51 percent.

When the tourists coming to the country abroad are categorized according to their nationalities, the effects of the plane crisis experienced with Russia are clearly seen. Between January and June of the previous year, a total of 1.5 million Russian tourists contributed to the economy of the country. In the same period of 2016, only 183 thousand Russian tourists entered the country. Due to terrorism and other political events that have taken place in Turkey, as well as the crisis with Russia, the country continues to lose its favor by not being preferred to tourism. The number of tourists coming from Germany, which houses Turkey's major tourism trends, declined by 28.8 percent compared to the previous year and by 27.1 percent in the number of tourists from the UK.

Conclusion

Tourism is a significant revenue generating sector for the Turkish economy. Besides that, Turkish tourism sector is close to the EU average in terms of tourism revenues and a total number of tourists. When these statistics are taken into consideration, the adverse effects of the problems experienced in the sector harm the economy of the country in a great way. Efforts to mend the relations between Russia and Turkey to the previous level in the direction of positive steps taken after the crisis with Russia will affect the sector positively in the coming periods. However, it is not possible to make any comment on whether these developments will affect the sector in the future. Considering the terrorist attacks, the process after the coup attempt and the political turmoil in the country, the preference of the state for tourism has been affected negatively. In this process, some incentives have been applied to domestic tourists to cover the losses in the sector. For this reason, it would be appropriate to monitor policies that will attract different high-income foreign visitors, such as health, history, and nature sports, for the tourism sector as well as for the prosperity of the country's economy.

On the other hand, for a country which is still developing like Turkey; the dynamism of both the domestic tourism and the foreign tourism sectors is crucial. It is important that the tourism industry, which relies on human relations, understands the changing needs of the people and meet the necessary demands. In this context, it is important to note that agencies that are tourism wholesalers, businesses that come from tourism sector in Turkey and therefore tourism sector employees make service-oriented innovations by catching up with the developments and trends in their business areas quickly and in a way, that is important in terms of translating the difficulties that Turkey has recently experienced in terms of tourism.