



Potential Effects of Disruptive Political Trends in International Tourism Market

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Abstract

The purpose of this paper is to discuss the prospective effects of the latest political incidences on the international tourism market. In this context, the arguments are based on the implications of the USA elections and the Brexit. The methodology of this paper comprises the discussion of the debates related to the recent political experiences. International tourism activities cannot be isolated from the political environment. It is clear that the new political incidences will require novel insights and strategies in conducting international tourism business globally. This paper provides a viewpoint of the today's political scenarios that will certainly affect the international tourism market. It can be used to comprehend insights that can be used to plan the tourism futures.

Keywords: Politics; tourism policy; international tourism; Brexit; USA elections; immigrants; protectionism

Introduction

Globalization as a process has two sides of one coin that are positive and negative. At the beginning, only positive effects have been noticed by governments and people. Nevertheless, later, some negative outcomes have been appeared. Therefore, some countries realized that in order to protect themselves and citizens from foreign intervention, they need to be liberal and open the borders to protectionism. However, it has to be mentioned that all these changes have occurred in the developed countries. Thus, it can be concluded that developed countries are still having benefits from liberal politics and globalization. On the other hand, the emerging problems worldwide like the increasing amount of terrorism affect people's views towards foreigners. People have changed from open minded to more defensive attitudes against foreigners because of the problems foreigners have caused in their countries.

Countries can decrease the smoothness of mobility caused by tourism through entering various unnecessary or not favourable policies. The kind of policies in the UK, US or Iceland are viewed as symbol of 'nationalism' or 'protectionism' that are against 'free trade' and international business. Politicians from these countries prefer the votes for domestic businesses and local jobs for their nations. These policies can be counted as disruptive, otherwise for some people, they are perceived as favourable offers to their country.

This paper argues potential implications of the political results on international tourism markets. The recent viewpoints are accumulated and discussed to get light about the tourism futures.

Latest Political Incidences

Nowadays a lot of changes, which seemed to be impossible even five to ten years ago, are taking place in the world. There are three the brightest examples of disruptive politics, namely the Brexit in the UK, the rise of the Pirate Party on Iceland and the election of Trump as a president in the USA. With Brexit and the ‘victory of Trump’ in the United States, the year 2016 has been marked by political upheavals (Witte, 2016). These latest political events can have a great influence on the international tourism markets. These recent incidences are expected to decrease the numbers of tourist in the USA and UK which are major tourist attractions, because of the increasing bias against foreigners coming from different cultures that is clearly reflected Trump’s views towards Muslims and Latin Americans.

In 23 June 2016, UK citizens voted to exit from the EU. The results of the Brexit can lead to the higher prices for vocations, higher airfares for tickets in the UK due to the weaken of the UK pound (Trend, 2016). Moreover, despite of the fact, that even before this event, special visa was required for going to the UK, after the Brexit in the UK these visa requirements are going to be stricter and complicated. Therefore, the number of international tourists from other European counties to the UK can decrease dramatically.

Donald Trump is elected as the President of the United States in 2016. He is a person that is known in the hotel business with his controversial reputation and ambitious projects. The hotel development has been one of the key areas of interest of Donald Trump. As his first experience in hotel development attempt, Trump has gained experience with the reconstruction project of the hotel for a well-known Hyatt. Later, his business has grown to the management and construction of not only hotels, but also commercial centers. Referring to the family of the Trumps, it is worth remembering his grandfather Frederick Trump, who took advantage of the arrival of a large number of people during the ‘gold rush’. An emigrant from Germany began to manage a network of taverns and public houses that many of which enjoyed a scandalous reputation.

The primary tasks that Donald Trump focuses on are illegal migration (deportation of migrant criminals and the construction of a wall on the border with Mexico) and violations of the visa regime that have negative impacts in the labor market. Trump promised to build ‘the great wall’ on the Mexico border and the construction may cost, in his words, in eight billion dollars. Its height will be 35-40 feet (10-12 meters) and a length of about 1,000 miles (1,600 kilometers) (Berry, 2016). He promised that the wall would be a ‘big beautiful door’ through which people will enter the USA.

American travel service Travelzoo predicted that 2017 will be difficult for the travel industry of the United States because of the victory of Donald Trump in the presidential elections. Every year the United States visited by an average of 3.8 million visitors from the United Kingdom. Based on the results of a survey, the Travelzoo predicts, in connection with the victory of the Tramp, that more than a million Britons may refuse to travel to the States (Calder, 2016; Murison, 2016). One in nine respondents of the survey said they might abstain from visiting the United States during the presidency of this policy. The national airline of Jordan is Royal Jordanian residents urged Arab countries to have time to visit the USA before Trump becomes President who was defined as republican known for his harsh statements against Muslims and even offered to deny them entry to the States (Mcguire, 2016).

The election campaign of Mr. Trump appealed to “nativism, isolationism and protectionism. Trump castigated allies in Europe and Asia, according to decades of a foreign policy doctrine, suggesting

that Japan and South Korea could become a nuclear power to counter security threats from China” (FT View, 2016). Ken Peng, who is an investment strategist at Citi Private Bank in Hong Kong said that “China will bear the burden of risks in case of victory Trump...He will pursue trade policies aimed against China, a policy to weaken the economy” (Kuntz, 2016a). Protectionist US policies also negatively affect many of the countries that rely excessively on exports. Exporters from South Korea and Taiwan are among those who will suffer the greatest losses. In addition, the losses experienced by the company in Indonesia, Singapore, Thailand, the Philippines, Malaysia and Vietnam. Citigroup calls Latin America ‘the most vulnerable’ (Kuntz, 2016b) in the face of U.S. protectionism. Trump is less welcomed the idea of using foreign labor force, its victory can hurt the economy in the Philippines, most of the income of which depends on overseas remittances from Filipinos working in the United States. Capital Economics called this country, and then Taiwan and South Korea, Asian countries, which can ‘suffer loss’ in case of victory Trump. Furthermore, he promised to break off trade agreements such as NAFTA and the TRANS-Pacific partnership to protect and recover American manufacturing jobs (FT View, 2016).

In relation to the Russian Federation, the behavior and future policy of Trump is not yet clear. For the first time, Donald Trump visited Moscow in 1987 with the aim of promoting its hotel business that shows his interest in the hospitality industry (as a continuation of the family business). The second trip took place in 1996. Then, he planned to build in Moscow elite residential complex. His last visit to Russia took place in 2013. Trump in Moscow organized the beauty contest ‘Miss Universe’.

Moreover, it is worth noting that the Trump’s hotel business is not as good as before. Since September of the year 2015, the number of bookings at the hotels had fallen by 60% (Muther, 2016). In addition, many famous chefs began to refuse to work for ‘Trump’, as they were not satisfied with some of the statements tycoon. That speaks of unpredictability in the behavior of the current President of the United States, allowing you to call it a “pig in a poke” now. The man who three times came to a crisis point of bankruptcy again, rose up capable of any deed (can be in a joke to say that his instability looks quite stable).

If Mr. Trump is going to implement all the policies for the ‘retrenchment of globalism’ which he has mentioned during electioneering, the international tourism can be deteriorated. Mr. Trump has mentioned the likelihood of “reversing course with Cuba, barring Muslims from entering the United States, and building a wall along the border with Mexico” (Rosenbloom, 2016). All of these activities are going to affect international tourism. Nevertheless, he promised to come to an understanding with Russia, thus it can lead to renewal of the Russian- American relationships, simplification of visa issues between two countries, and increase the tourists flow from Russia to the USA.

The arrogance of the president can either attract or repel tourists. Trump proposes, as can be considered, disruptive policies that will affect international tourism overall in terms of the number of arrivals, income from tourists, collaboration and/or foreign investments. Basically, moving from the first place in receipts with US\$ 205 billion and second in arrivals with 78 million (in 2015) after France (UNWTO, 2016), the USA tourism sector can decrease to the lower levels. According to opposite views, it will not affect international tourism overall in terms of the number of tourist arrivals since, so called ‘limitations’ are for the ones who come to live and work in the USA.

Discussion

Tourism plays a significant role in the majority of countries’ economies, thus, while implementing any protectionism actions, governments have to take into consideration this fact, because the decrease of the tourists can uncertainly but seriously damage economy of these countries. These changes in the world cannot be called as indicators of returning to protectionism yet, nevertheless, the

trend towards total protectionism is set and the future of the open, liberal and globalized markets depends only from the careful analysis of the necessity of political changes carried out by governments.

Probably, after the results of the USA elections and the Brexit, it could be inferred that the views of the majority of people have shifted from liberalism and openness towards foreign cultures and markets to take a more closed minded turn. Moving from liberalism to protectionism means that freedom will be replaced with more rules and restrictions. It has both advantages and disadvantages in general; regarding tourism industry disadvantages are more than advantages. The country which takes the position of protectionism is closing itself for globalization; it is not contributing to it. While tourism is the main part of globalization, the result is that the country will not take active part in tourism. First of all, as domestic businesses are on the first place to be supported by government, international businesses will not be able to open franchises/branches in the country, because of the high tariffs. As a result, if the country will concentrate on manufacturing products, it can increase its export income. This will create job opportunities for the citizens. This will let citizens to travel more out from their countries as they can afford and spend money outside of the country-the result will be cash outflow.

Protectionism also includes promotion of domestic airlines, which means that they will be developed and will travel to the main hubs, and may even become hubs itself. Investments in the domestic airlines can also promote them on the international level. This is a positive side of tourism in the country as money will stay in the country if locals are travelling; it is also good if people are coming into the country as leisure tourists or as a business. In the case of protectionism, the open market system will not flourish anymore. Even though local businesses will be supported more, they will still need international suppliers. For example, sushi restaurant will need chef and ingredients for sushi from Japan. However, because of the high tariffs, restaurant will not be open at all or it will be very expensive. Consequently, this will negatively affect the tourists flow.

By looking the declarations of Mr. Trump, it seems that he will do everything to fight with terrorism that will tighten the requirements for obtaining visas and the controls will become tougher at the borders and the airports. The visa limitations show states' unwavering ability to screen, manage and control access to their domain in a globalized world (Neumayer, 2005). Furthermore, a lot of cameras, metal detectors, and other means of improving security and anti-terrorism activities will negatively impact the perceptions and discourage potential tourists. The borders between the nations together with security concerns, economic and social contrasts retain potential tourists to visit the other country (Timothy and Tosun, 2003). Thus, presumably, the number of visitors to the US, as well as to the Middle East, will be reduced because of the conflicts within the countries and also because of the foreign policies of Mr. Trump. Furthermore, the strict regulations about migration from Mexico and building the wall between Mexico and the USA can lead to the significant changes in the hotel employees' structure, as the majority of housekeeping departments in the USA hotels employ Mexican employees as a low-cost labor. Moreover, the room rates will rise, because Americans, most probably won't agree to do a housekeeping job for the present salaries.

Concluding Remarks

Administrating protectionism is not a completely negative or disruptive move regarding tourism industry if it is well balanced. However, it may be disruptive regarding to other political issues such as immigrants, refugees, or religious issues. Tourism needs careful planning and a lot of promotion of the region or the country to attract more tourists. It requires the easiest and the least painful processes for visitors. During our leisure time we want to worry as less as possible.

Governments in the countries, whose economies highly depend on the international tourists' flows, have to take into consideration the value of international tourism. Otherwise, other countries, following the existing trend, are going to refuse the globalization and close themselves from foreign intervention, and the situation in the world will go back like it was before the globalization. In order to avoid such regress, governments have to analyze all the opportunities and threats of the implemented actions. Furthermore, it's never too late to correct the mistakes and make some corrective actions.

Protectionism position in governmental structure can be considered as a good strategy, only if it planned well, and advantages and disadvantages are considered. This strategy can be both disruptive for the country, at the same time it can flourish it. A county can develop its economy through tourism in the short run as well as in the long run; however, it requires an open market system. Moreover, they should facilitate the access to national attractions. The prices of air tickets, accommodations, and other tourism sector products should be reduced and their attractiveness should be enhanced. One of the significant factors in attracting tourists is an easy visa process. With these conditions, protectionism may not bring harm, but benefit to the country with the help of tourism. In general, interest towards a country will increase by promoting its culture that can be the reason for the visit. The right approach to protectionism system can be beneficial with the aid of the tourism sector in the generating countries and the destination countries.

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