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After 9/11?**

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**Terrorism and Tourism in the Asia Pacific Region:
Is Travel and Tourism in a New World After 9/11?**

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Terrorism and Tourism in the Asia Pacific Region: Is Travel and Tourism in a New World After 9/11?

Abstract

The paper reviews trends in travel and tourism in selected Asia Pacific countries before and after the terrorist attacks of September 11, 2001 (9/11) to consider the question of whether or not the global tourism has fundamentally changed since 9/11. Tourism is an important economic sector in several Asia Pacific countries and is a “fragile” industry in that it is highly susceptible to external shocks such as wars, outbreaks of deadly contagious diseases, incidents of terrorism, and so on. The first part of the paper presents a stylized picture of industry response following terrorist incidents and other major negative shocks to tourism, and reviews international tourist arrivals at selected Asia Pacific destinations. A richer body of data available Japan and the U.S. allows examination of the extent of substitution between domestic and international travel, and the impact of changed travel behavior on tourist spending. The paper finds that there has been significant substitution of domestic travel for overseas travel by nationals of both countries after 9/11, and that this has had a dramatic impact on the Hawaii tourism market. The paper explores some of the reasons for the differences observed in post-9/11 travel recoveries across Asia Pacific countries.

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I. Introduction

Tourism is an important economic sector in several Asia Pacific countries. It is also often described as a “fragile” industry in that it is highly susceptible to external shocks such as wars, outbreaks of deadly contagious diseases, incidents of terrorism, and so on. In this paper, we review trends in travel and tourism in selected Asia Pacific countries before and after the terrorist attacks of September 11, 2001 (9/11). The question that we wish to answer is whether or not the world has fundamentally changed for travel and tourism since 9/11.

While the focus of this paper is on the relationship between terrorism and tourism, we cannot entirely isolate the effects of terrorist activities from other major events that have occurred since 9/11. A number of these events have had significant negative impacts on travel and tourism in the Asia Pacific region during the past decade, among them, the Asian Financial Crisis (beginning in July, 1997), coalition invasion of Afghanistan (October, 2001), the Bali bombings (October, 2002), in the Spring of 2003 the “Perfect Storm” of the Severe Acute Respiratory Syndrome (SARS) outbreak and the war in Iraq, and most recently (December, 2004) the massive, destructive tsunami in the Indian Ocean. These various shocks exerted different impacts in the countries directly affected, in neighboring countries and regions, and in the global tourism market. For example, the SARS epidemic had a much more damaging impact on international tourist arrivals than 9/11 in a number of Southeast Asian countries, although 9/11 seems to have had a larger negative impact globally. Reviewing past trends suggests some countries appeared to recover more quickly than others from adverse shocks, and an examination of the reasons for this warrants researcher attention, especially if the answers provide useful policy prescriptions.

The paper is divided into three parts. Part I presents a stylized picture of industry response following terrorist incidents and other major negative shocks to tourism. We then review international tourist arrivals at selected Asia Pacific destinations to ascertain how each has been affected by and subsequently responded to these shocks. Part II focuses on Japan and the U.S. because we have data on outbound travel, tourist spending, and resident domestic travel for both countries as well as data on their international arrivals. The richer body of data allows us to examine the extent of substitution between domestic and international travel, and the impact of changed travel behavior on tourist spending. As we shall demonstrate, the substitution of domestic travel for overseas travel by Americans after 9/11 has had a dramatic impact on Hawaii, which has witnessed a sharp upturn in U.S. mainland-origin tourist arrivals in recent years. In Part III, we explore some of the reasons for the differences observed in travel industry responses in the various Asia Pacific countries, and we consider the effects of anti-terrorist and tourism promotion policies on tourism market recovery and growth.

II. International Tourism in Selected Asia Pacific Countries

The terrorist attacks on 9/11 reverberated around the world. Right after it, the World Tourism Organization (WTO) noted with a degree of satisfaction that the number

of international tourist arrivals fell by less than 1 percent from 696.7 million arrivals in 2000 to 692.7 million in 2001. This small annual decline, however, marked a sharp reversal of the growth trend in international arrivals registered in the decade preceding 9/11. During the preceding decade (1990 to 2000), international arrivals rose at an average rate of 4.5 percent per annum worldwide (WTO, 2003). The 2001 decline was only the second on record (the last one was recorded in 1982). Not all of the decline can be attributed to 9/11. Part of the decline in international tourist arrivals was a slow-down in global economic growth that coincided with the Asian Financial Crisis and widened with the large falls in equity markets worldwide in 2000. By 2002, international tourist arrivals around the world rebounded to 702.6 million, exceeding the 2000 peak (op. cit.). The WTO confidently predicted that the future growth of international tourism would not be significantly deterred by threat of terrorism. In a report published shortly after 9/11, the WTO boasted, "Liberty and the desire for travel will conquer the fear of terrorism." (WTO, November 2001, p. 7 cited in Mak, 2005, p. 195) More than a year later, the WTO issued another opinion noting "The economic situation in the world is a more powerful threat to international arrivals than fear of terrorism." (Mak, op. cit.).

Of course, individual countries can diverge sharply from global trends. As we shall see below, international travel to the U.S. has not recovered since 9/11, and the country's declining share of international arrivals has been offset by increased domestic travel on the part of its residents. By comparison, Singapore seems to have not only fully recovered from the tourism downturn associated with 9/11, regional wars, SARS, and other international shocks since 2001, but is on the path to even faster rate of tourism growth than before 9/11.

Economic View of Recovery

When travel industry officials speak of recovery from 9/11, the conventional practice is to refer to the year 2000 as the point of reference, and to regard recovery as having been achieved when tourist arrivals (or spending) returns to pre-attack levels. Economists, however, tend to view "recovery" differently. For full recovery to have occurred, it is not enough to get back to where you began, it is necessary that you get to where you otherwise might have been had the terrorist incident not occurred. Hence, recovery is only attained when the level of economic activity (in this instance, tourism arrivals or expenditures) reaches the level, say, by extrapolating the pre-9/11 trend.¹

By this definition of "recovery", the effects of an external shock and subsequent recovery begin with the historical growth trend in tourist arrivals that is suddenly interrupted by an external shock (e.g., a major terrorist attack or natural disaster). The downturn and recovery process can be explained graphically as in Figure 1. The shock produces a sharp downward spike in tourist arrivals. Following the shock, recovery begins almost immediately. To achieve full recovery, tourist arrivals (or expenditures) must grow at a rate that is faster than the historical growth trend—the "catch-up" period. At some point, with the higher growth rate, tourist arrivals reach the level that would have been attained had the terrorist attack not occurred, and recovery is complete.

¹ For example, see Engerman (1971) and Blunk et al. (2006).

Thereafter, growth is envisioned to proceed according to the historical trend. In this section, we employ this stylized framework to examine 9/11's impacts and recovery in international tourist arrivals at selected Asia Pacific countries.

Aggregate International Tourist Arrivals to APEC Countries

Figure 2 displays the pre- and post- monthly international tourist arrivals in APEC countries (except Russia) between 1999 and 2002. The years covered are few due to data limitations encountered in some APEC members, so the effects of some of the major international events before 1999 (e.g. Asian Financial Crisis) and after 2002 (e.g., Iraq War and SARS epidemic) cannot be observed. In Figure 2, tourist arrivals are plotted against the number of monthly *global* terrorist incidents. The terrorist incidents were not necessarily directed at tourists or tourist establishments. Due to the difficulty (and controversy) in defining a "terrorist incident", we employ two measures of terrorist incidents, one issued by the U.S. State Department (2005) and another from a variety of sources (Wikipedia, 2005). Of course, not every terrorist incident around the world can be expected to have a negative impact on international tourist arrivals in every APEC country. However, as a group, the APEC countries are large enough so that global international terrorism incidents outside the region might be expected to have an observable impact on their aggregate tourist arrivals.²

As reported in Figure 2, the simple correlation between the number of monthly terrorist incidents and the number of tourist arrivals is negative for both measures of terrorist incidents but rather weak ($r = -0.12$ to -0.13). But the sharp downturns in tourist arrivals following the 9/11 attacks (2001) and the Afghan war (2002) are quite visible in the Figure. Clearly, by the end of October 2002, tourist arrivals had not yet recovered to the historical trend line. Moreover, the post-9/11 trend is flatter than the historical (pre-9/11), indicating that tourism recovery a year after 9/11 was not in sight. One also readily notes the seasonal fluctuation in arrivals coinciding with peak months of travel over the year, and that major incidents generally interrupt regular trends in the immediate aftermath of the incident, while shifting the month-to-month arrival levels downward. Next, we consider pre- and post-9/11 tourism trends in selected individual countries.

Arrival Trends and Terrible Global Events in Korea, Malaysia, and Singapore

We select these three countries for discussion because of their status as APEC members, and because we have a longer time series of monthly international tourist arrivals statistics for them than for APEC as a whole. They are of particular interest because they display contrasts in the magnitude of their downturns in visitor arrivals following major terrorist and other global events and in the manner of their recovery.

² Because APEC covers such large share of the global economy, it is reasonable to expect that the number of terrorist events reported worldwide would influence tourism arrivals summed across APEC countries; however the connection between terrorist incidents worldwide and tourism arrivals in any single country should be weaker.

As shown in Figure 3, Korea experienced sharp declines in international tourist arrivals following 9/11, the Afghan war, and the 'Perfect Storm' (the Iraq War and SARS, which produced the largest negative impact on tourism inflows). The road to recovery in international visitor arrivals to Korea has been relatively quick after each shock only to be reversed by the arrival of the next major shock. The experience of Korea suggests that waves of external shocks may be more damaging to international travel than a single, catastrophic event. Such an effect would be consistent with recent research (Pizam and Fleischer, 2002) that shows the frequency of events has a greater negative effect on tourism demand than the magnitude of the event. Although the succession of adverse events since 9/11 caused a downward shift in the linear trend in international visitor arrival to the country, they do not appear to have altered the longer-term growth trend as the pre- and post-9/11 trends have nearly identical slopes.

Malaysia presents a more sobering picture of both the short-term and long-term impacts of major terrorist events on that country's tourism sector. In Figure 4, 9/11 and the war in Afghanistan and the Perfect Storm produced more pronounced, sharper, downward spikes in visitor arrivals. Despite impressive rates of recovery right after these major events (although its rates of recovery following 9/11 and the Iraq War/SARS epidemic appear slower than in Korea), it is noteworthy that the post 9/11 trend in arrivals is much flatter than the pre-9/11 trend. This suggests full recovery of Malaysia's tourism industry from these major shocks is still not in sight.

One hypothesis for why 9/11 and subsequent events have damaged Malaysia's international visitor arrivals is that as a Muslim country, Malaysia may be viewed as a riskier destination among some tourists from the West. However, more detailed analysis is required to examine this hypothesis. Malaysia remains a popular destination among Muslim visitors from Arab countries who feel unwelcome in the West, but tourists from North America and Europe represent the largest share of international travels. Overall, the global war on terrorism has been particularly hard on Malaysia's tourist industry. Reflecting the downturn in the country's tourism sector and the desire of policymakers to see the sector return to the strong growth it displayed before 9/11, Malaysian tourism officials have been visiting Canada and the U.S. (June, 2005) in an effort to promote international arrivals from North America.

In contrast, Malaysia's neighbor, Singapore, presents a radically different picture. The impact of the Asian Financial Crisis (1997) on international tourist arrivals in Singapore is clearly visible, as are the closely bunched twin events of 9/11 and the Afghan war (see Figure 5). The War in Iraq and SARS epidemic in Spring 2003 produced much deeper falls in international arrivals to Singapore than 9/11 itself, however, the country's recovery after 2003 has been much stronger (on a much steeper path) compared to that of Malaysia. In fact, its post-9/11 trend is much steeper than its own pre- 9/11 trend, and by early 2004 visitor arrivals had already exceeded the volumes predicted by the historical trend. This trend may indicate that Singapore is viewed by international travelers as a safer and more appealing destination in the post-9/11 world, and suggests the country is poised to enjoy a faster rate of tourism growth in the future than before 9/11.

III. More Detailed Look at Japan and U.S. Trends

There is generally more interest in Japanese outbound international travel than inbound travel because the volume of inbound travel to Japan is much smaller than the volume of outbound travel. In 2004, Japan hosted about 5 million international visits compared to almost 17 million Japanese overseas visits. Moreover, international visitor arrivals in Japan are more apt to be business travelers whose trips are likely to be less discretionary. Given the relatively small size of the inbound international tourism market and the business objective of much of this travel, it is not surprising that international tourist arrivals to Japan recovered relatively quickly following 9/11 (Figure 6).

More noteworthy is the more economically important outbound international tourism from Japan. Figure 7 shows Japanese overseas and domestic travel since 1990. After 9/11, overseas travel by the Japanese fell and the share of outbound travel declined relative to domestic travel. These trends suggest that unrest overseas induced many Japanese to substitute domestic travel for overseas travel. Travel spending fell even more sharply than the number of trips, especially spending on overseas trips (Figure 8). This is likely due to the substitution of cheaper trips closer to home (e.g. Korea, Southeast Asia) for more expensive trips to distant places (e.g. U.S. and Europe).

As in other countries, Figure 9 shows that 9/11 and other major international shocks produced sharp declines in international tourist arrivals in the U.S. The Figure indicates that the U.S. travel and tourism industry is far from recovery as the volume of international visitors to the U.S. continues to languish far below pre-9/11 peak levels; moreover the post-9/11 trend remains flatter than the historical trend. The U.S. share of total international arrivals has fallen to a low 5.9 percent (down significantly from its recent peak level of 9.4 percent recorded in 1992) before showing a modest rise (0.1 percent) in 2004.

One compensation to tourism related businesses in the U.S. has been the uninterrupted rise in the number of domestic person trips since 9/11 (Table 1) compared to the discouraging decline in the number of foreign tourists. On the other hand, total travel spending (after accounting for inflation) fell even among U.S. domestic travelers, and in 2004 remained below the level of domestic travel spending pre- 9/11 (Table 2). The decline in travel spending has fallen particularly hard on tourism employment as direct employment in tourism fell by nearly 5 percent between 2000 and 2004 (Table 3), while total employment in the U.S. declined only marginally (0.23 percent) over the same period.

The decline in U.S. domestic travel spending, despite the rising number of domestic trips, is likely explained by the change in the mix of travelers. Both the terrorist attacks of 9/11 and subsequent events and the U.S. economic recession that began in March 2001, have led to reduced business travel budgets and sharply curtailed high spending business travel (especially travel to conventions and other meetings). In 2003, business travel accounted for 18 percent of total domestic person trips in the U.S., but 31 percent of total travel spending (Travel Industry Association of America, 2005).

Advances in telecommunication technology explain part of the decline in business travel; today businesses (40 percent of business air travelers in 2004) are relying more heavily on improved teleconferencing and the Internet as an alternative to personal travel (Ibid.).

In response to 9/11 and subsequent major shocks, U.S. residents have also curtailed their overseas travel, and the number of overseas trips from the U.S. declined continuously from 60.9 million trips in 2000 to 54.2 million trips in 2003. However, this decline in outbound international travel from the U.S. was less than the fall in international visitors to the U.S., which contributed to the country's growing current account deficit with the rest of the world.

The combination of rising domestic travel *and* declining foreign travel suggests that Americans have substituted travel to domestic destinations in lieu of foreign travel. This is most clearly illustrated in travel to Hawaii. Figure 10 shows that while international visitor arrivals in Hawaii fell in the wake of 9/11, domestic arrivals from the U.S. mainland have risen more than enough to compensate for the fall in international visitors (Figure 11). The total number of visitor arrivals (domestic and foreign) has surpassed the pre-9/11 peak. Figure 12 shows why U.S. travel to Hawaii is booming: the pre-9/11 trend in the ratio of Hawaii to foreign travel was falling meaning that U.S. travelers were displaying increasing preference for foreign travel as opposed to travel to Hawaii before 9/11. The upward spike in the ratio after 9/11 suggests that 9/11 and subsequent unrest abroad have suddenly increased U.S. preference for travel to Hawaii, and this has had a strong positive effect on the state's tourism industry. The preference for Hawaii (and other domestic destination) travel may increase further in the near future as new U.S. travel regulations under the Western Hemisphere Travel Initiative (WHTI)--to require U.S. residents returning from trips to Mexico, Canada, and the Caribbean (except Puerto Rico and the U.S. Virgin Islands) to show U.S. passports-- further discourages American travel abroad. There is a *caveat* here. When U.S. travelers begin to favor foreign travel again, the current boom in Hawaii tourism could come to an end. For now, tourism in the U.S. and Hawaii have become more dependent on domestic leisure travel.

IV. Conclusion and Policy Considerations

People travel for pleasure in order to escape from the day-to-day routine of their lives. What they do not want is to be exposed to personal hazards, so safety is a paramount concern of most travelers. Not surprisingly, terrorist incidents and other threats to personal safety—whether they are natural disasters or disease epidemics—reduce people's propensity to travel. Economic downturns associated with business cycles and other economic fluctuations (e.g., large changes in exchange rates) also influence both the level of travel and the choice of destination. While this paper focuses on the relationship between terrorism and tourism in the Asia Pacific region, it is clear that terrorist incidents have not been alone in shaping recent trends and the longer run development of tourism in the region. Indeed, in the short run terrorism and the counter-terrorist measures adopted after 9/11 seem to have been less damaging to travel and tourism growth in the region than some other events—especially the SARS epidemic.

Global tourism has withstood the effects of recent years' terrible events pretty well as travelers adapt to threats by switching their choices of travel destinations. As a result, tourist arrivals in most countries have displayed great resilience in the face of this adverse travel environment. Nonetheless, the succession of negative external shocks in the region following 9/11 has clearly stymied the recovery of tourism in some countries.

The long-term effects of the recent upsurge in global terrorism and of the counter-terrorism policies may not yet have been fully felt in some countries, making it unclear whether the post-9/11 downturn will be lasting. Growing military and security expenditures, higher insurance costs, as well as the rising price of oil, are all associated with higher costs of doing business in the post-9/11 world. The fight against terrorism necessarily diverts economic resources from other productive uses and reduces the overall efficiency and growth of the world's (and the APEC region's) economy, which in the long run will retard the growth of income sensitive demand for tourism. Progress in the 'war on terror' as well as the policies pursued by affected countries will play large a part in determining how lasting the effect of 9/11 and subsequent tragedies will be on particular countries' tourism industries.

In the case of the U.S., two trends appear to be working together to contribute to the decline in its global market share of international tourism. One trend relates to the reality and perception regarding ease of travel to the U.S. and the hospitality of the country to foreign visitors. The second trend relates to increasing ease of international travel to many countries and the emergence of new destinations as major for international visitors. We will briefly discuss these two trends in turn.

Opinions about the U.S. have become increasingly negative in recent years (Pew Research Center, 2005) and this may carry over into an apparently increasing perception abroad that the U.S. is unfriendly to foreign tourists, but that has not been demonstrated to be a serious deterrent to foreign travel to the U.S. The perception that U.S. is 'fortress-like' when it comes to allowing foreign tourists into the country is longstanding. Until 1986, the U.S. had among the most restrictive visa entry requirements in the world. The U.S. implemented its first visa waiver agreement with U.K. (as an experiment) only in 1988. Today, the list of countries whose nationals are able to enter the U.S. without a prearranged visa is perhaps the shortest of any of the OECD countries.

U.S. insistence that foreign visitors hold passports that include biometric identifiers of the passport holder threatened to stifle the busy summer travel season, and was only dropped last May when it became clear that a majority of European countries would not be able to satisfy the requirement.

It seems obvious that the growing number of regulations and requirements needed to obtain a tourist visa to the U.S. make it more difficult for foreigners who want to visit the U.S. Requirements for personal interviews, and higher visa application fees and longer waits to obtain visas can deter would be international visitors. Added security measures at U.S. Embassies abroad mean that visa applicants must often wait in long-lines in order to apply for a visa.

While added scrutiny of would-be visitors and tighter security at U.S. facilities abroad are entirely understandable in today's dangerous world, greater efforts seem necessary to ensure that the time and inconvenience faced by those interested in visiting the U.S. be reduced as much as possible. An anecdote provided by Marsha Wienert, the State of Hawaii's Tourism Liaison, illustrates one such opportunity. At the 2005 APEC Economic Outlook Symposium, Ms. Wienert recounted how she had just returned from a trip to Korea along with other members of a Hawaii Trade Mission. She explained how the Trade Mission had observed Koreans waiting to get into the U.S. Embassy to apply for visas to travel to the U.S. The queue of applicants stretched around the Embassy and she speculated that it would have taken several hours just to get into the door of the U.S. Embassy, yet Embassy officials explained that once the applicant got inside the Embassy it took less than an hour to obtain a visa. The explanation for why the line to enter the Embassy was so long was that the facility had only one security set of metal detectors and x-ray machines to screen people going into the Embassy. With added personnel and security screening machines, the Embassy would be able to drastically reduce the time and inconvenience Koreans face in obtaining a visa without sacrificing the nation's security.

It is widely acknowledged that tourism has always been treated as a "second class citizen" among the world's major industries. Unless this mindset changes, it is obvious that the final recovery of international travel to the U.S. will not be in sight. The industry, however, is not totally impotent. The recent announcement by the 2,200-member Travel Industry Association of America (TIA) to forge a "strategic partnership" with the Travel Business Roundtable (TBR) could provide more political muscle for a coordinated political lobby campaign to reduce many of the pains associated with international travel. There is an obvious need for the U.S. to figure out ways to reduce the transactions costs foreign tourists face in their efforts to visit the U.S. Otherwise, international travel to the U.S. seems likely to continue to perform below its potential, and the country will be economically worse off as a result. Hopefully, 2004's stronger growth in the number of international visitors to the U.S. will mark a reversal in the negative trend seen between 2000 and 2003.

Another trend—i.e. measures taken by foreign countries to ease their inbound travel restrictions in order to promote international travel to their countries—also appears likely to contribute to the relative decline in U.S. international tourism. Following 9/11, many countries have lowered their regulatory barriers to international visitors and have become much easier for foreign visitors to visit. Perhaps it is not a coincidence that Singapore which has visa waiver agreements with well over 150 countries in the world saw its international travel recover quickly from waves of external shocks and then surpass its pre- 9/11 peak. The numbers of foreign travelers visiting China have been increasing and the country will likely pass the U.S. as the third most popular international destination worldwide if recent trends continue. In recent years, China has been negotiating "Approved Destination Status" (ADS) agreements that facilitate easier visa processes for Chinese wishing to travel abroad and for foreigners wishing to visit China. The 1990's saw a number of important multilateral agreements to ease travel between

countries. The European Union (EU) implemented the “Schengen Visa” that enables foreign visitors from non-EU countries to obtain a single visa that allows them to travel to all the EU countries. Several countries in the Association of South East Asian Nations (ASEAN) now allow visa free entry for each other’s nationals, and negotiations are underway to allow a “Schengen-type” visa for travel within the ASEAN region. The purpose of mentioning these developments is to note that moves toward easing travel restrictions continue around the world, even in an environment of heightened security concerns, and to note that in the highly competitive global market for tourism, these measures can be expected to influence travelers’ choices of destinations.

Finally, to return to the question initially raised in the paper: “Is Travel and Tourism in a New World After 9/11?” On balance we would say that available data argue against a fundamental shift in international travel patterns globally, however, the heterogeneous policies and experiences of individual countries post-9/11 suggests some countries may be experiencing fundamental changes in their tourism sectors. For the U.S., 9/11 and the continuing war on global terrorism has hurt international travel to the country and perhaps for a long time to come.

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Figure 1. Schematic representation of tourism downturn and recovery

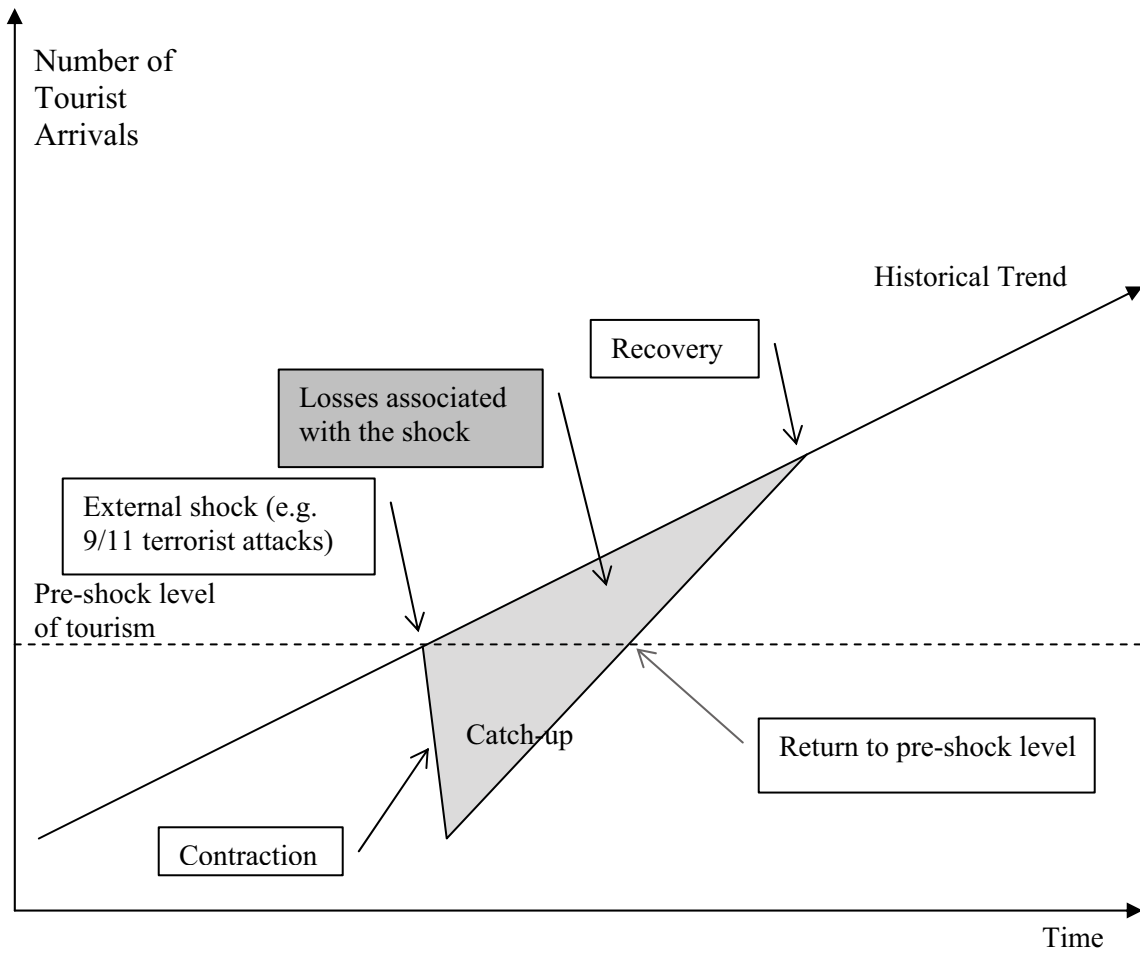
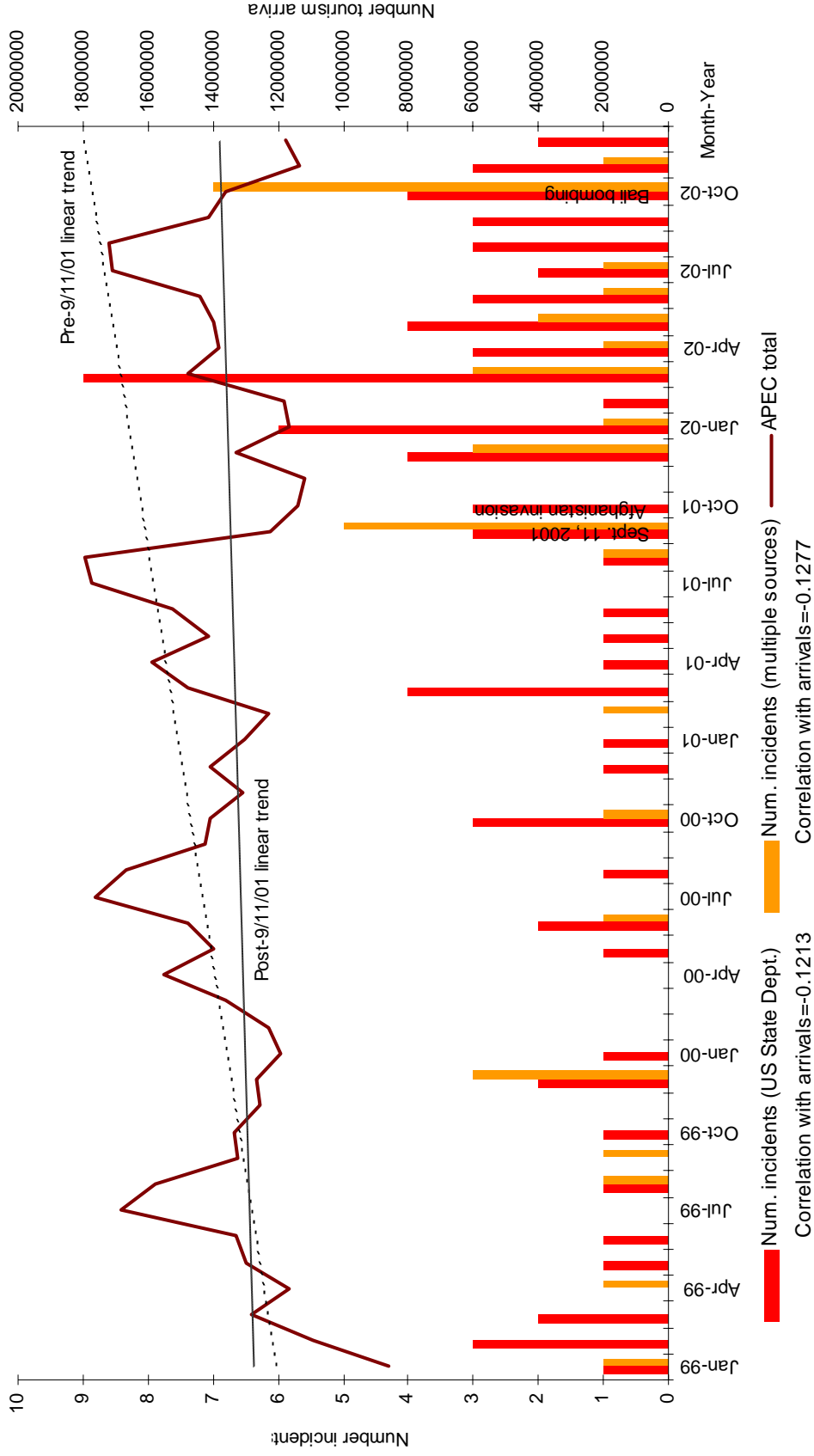
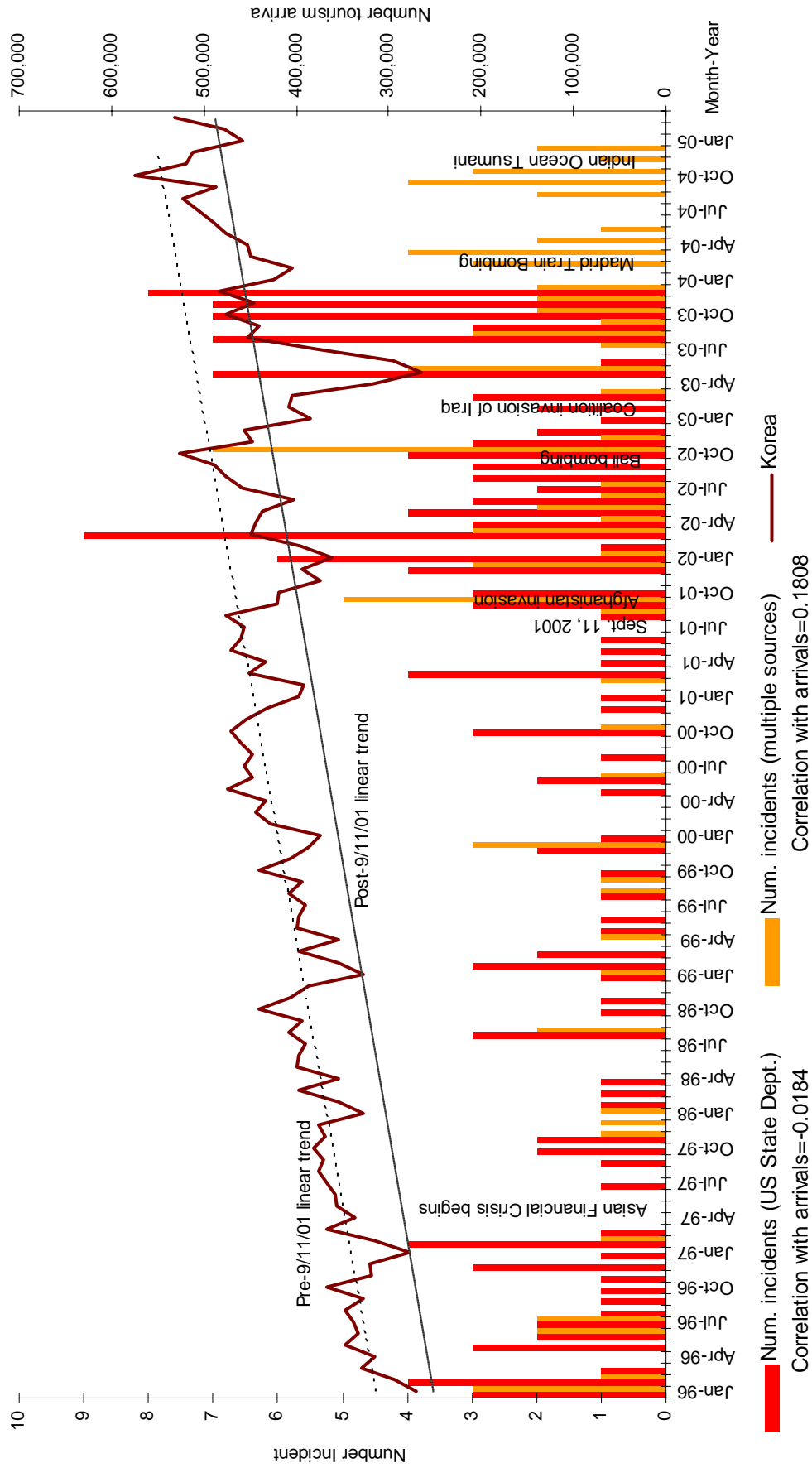


Figure 2. Terrorist incidents and tourist arrivals: Selected APEC countries



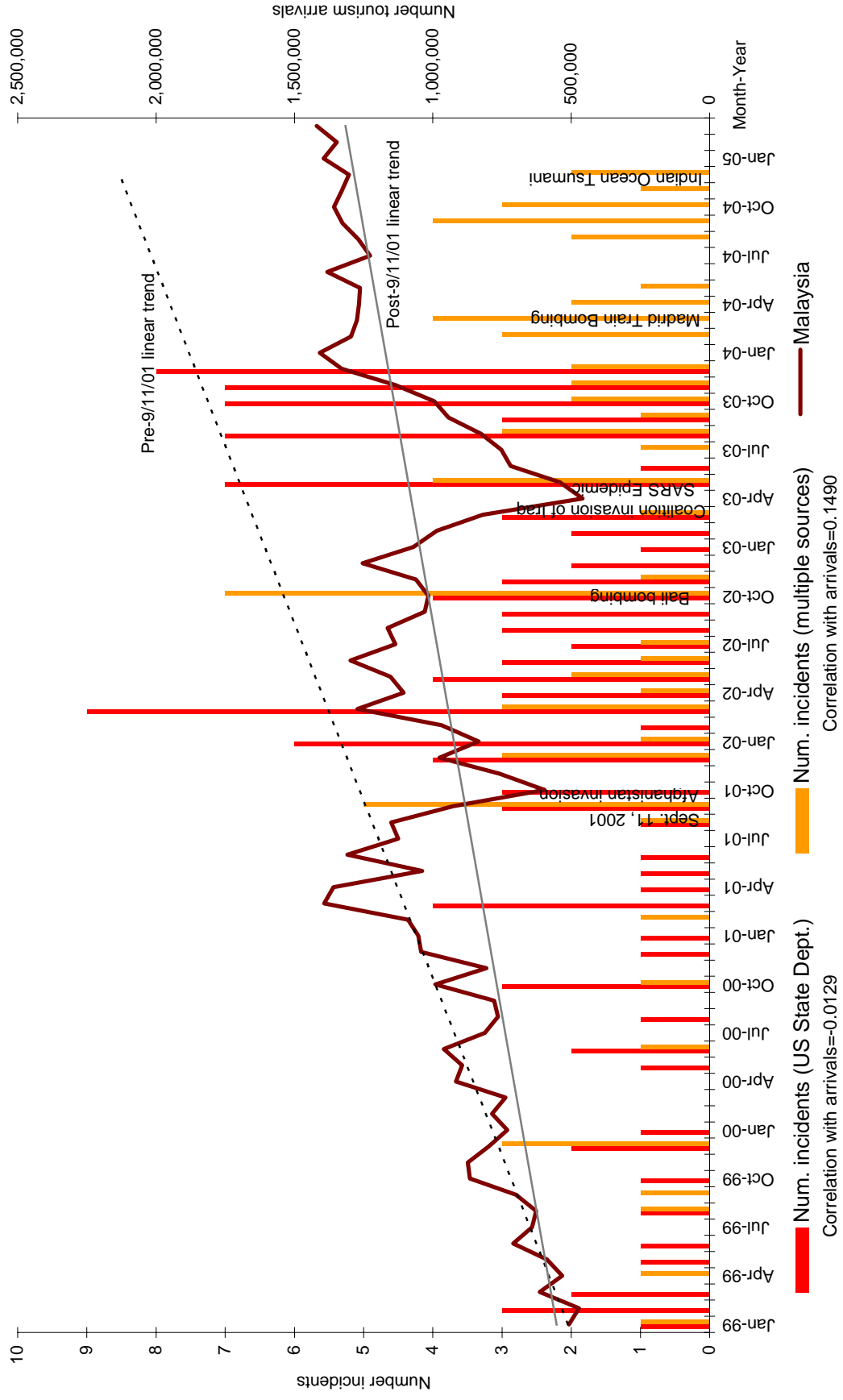
Sources: Information on APEC-wide arrivals comes from the World Tourism Organization's International Tourism Database as reported in APEC (2003) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 3. Terrorist incidents and tourist arrivals: Korea



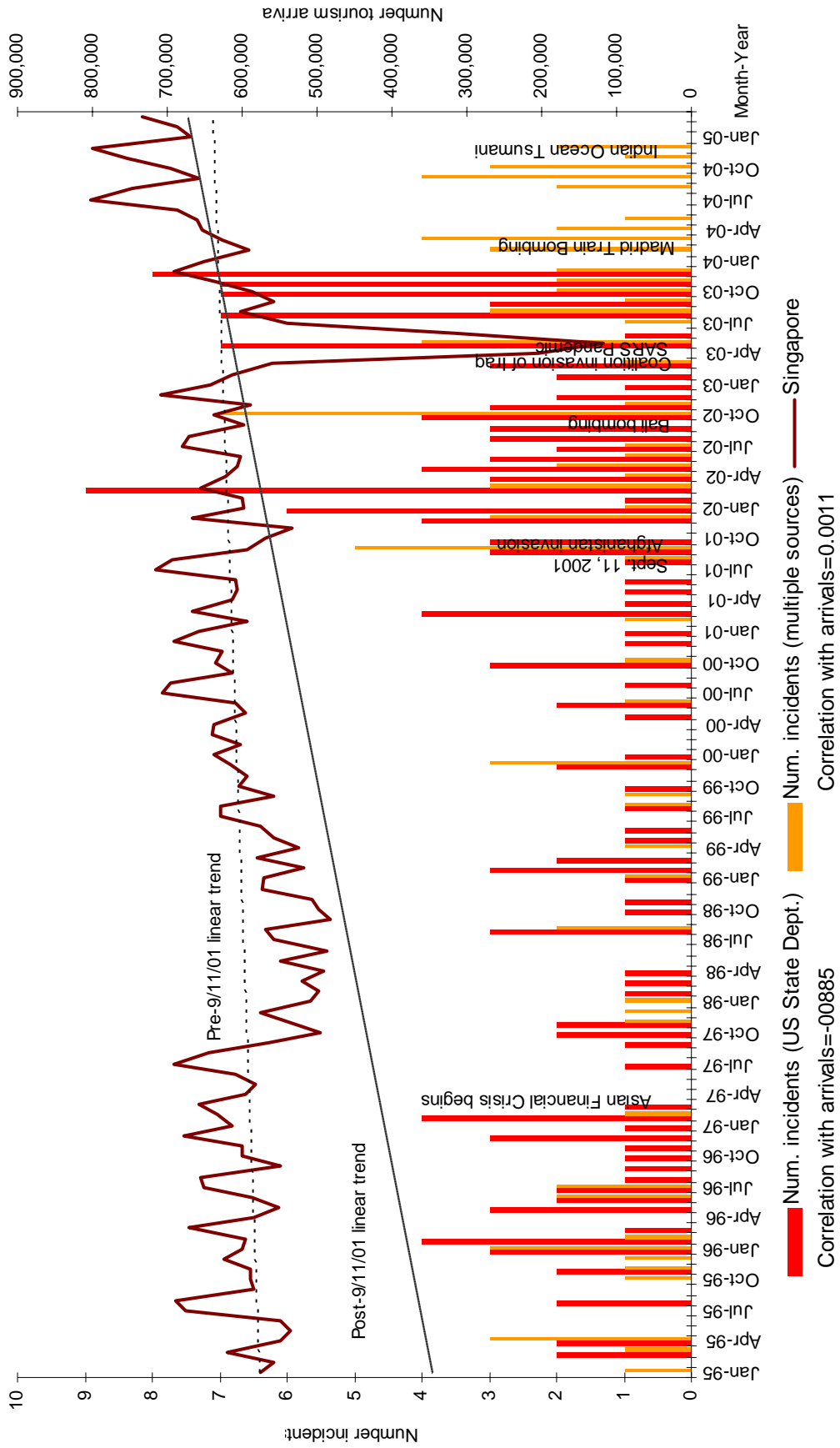
Sources: Information on visitor arrivals to S. Korea comes from the Korean National Tourism Organization (2005) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 4. Terrorist incidents and tourist arrivals: Malaysia



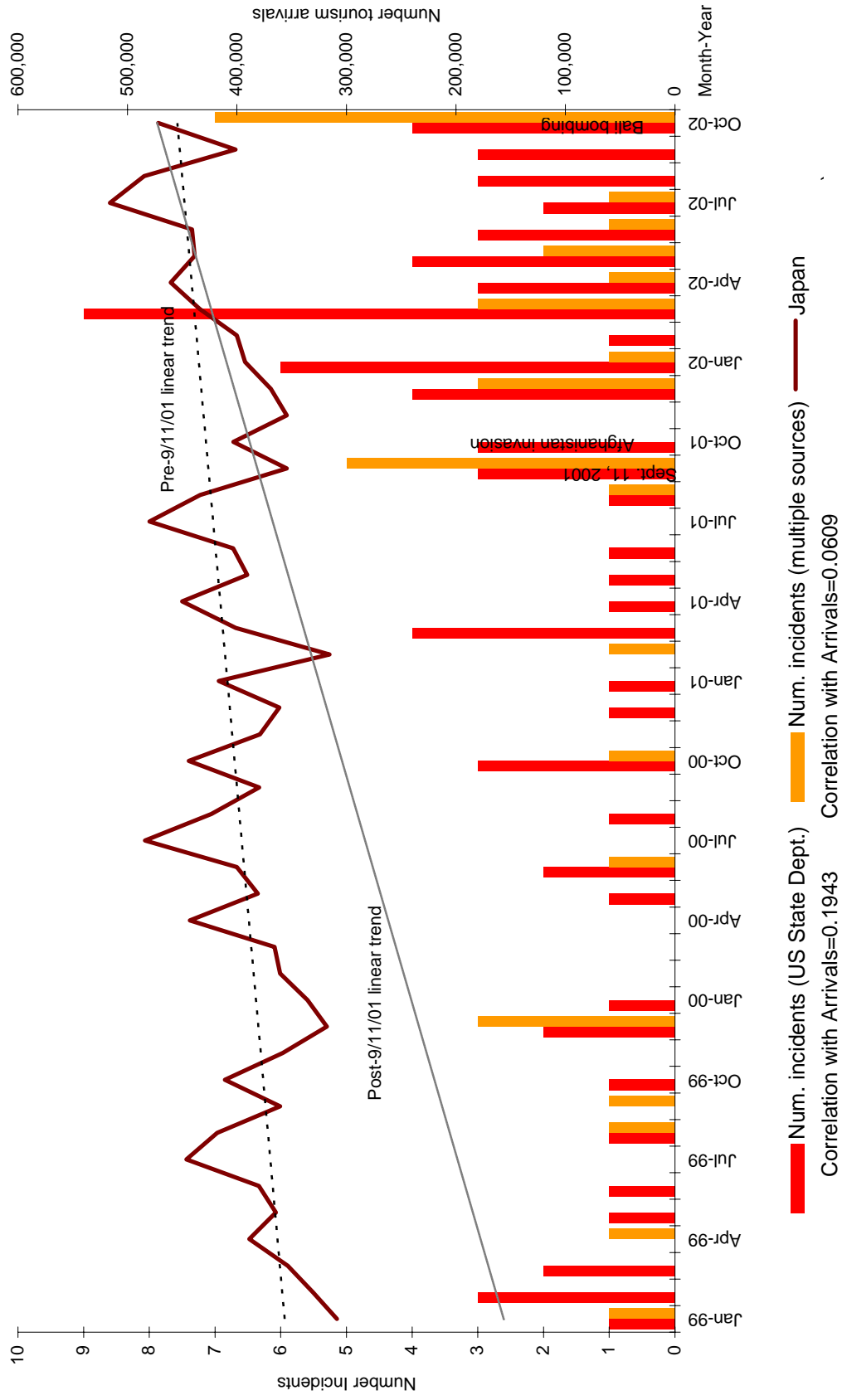
Sources: Information on visitor arrivals to Malaysia comes from the Malaysia Tourism Promotion Board (2005) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 5. Terrorist incidents and tourist arrivals: Singapore



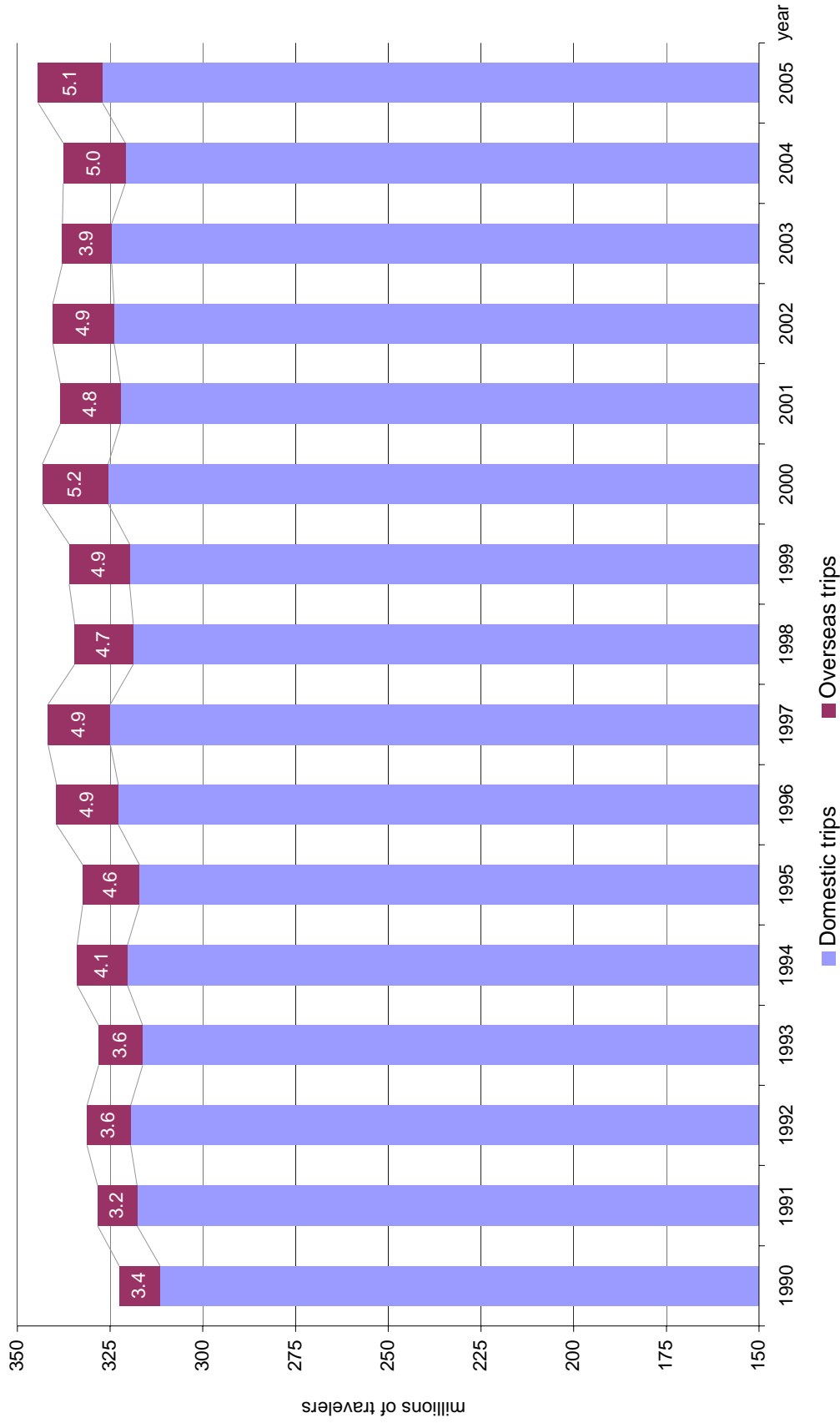
Sources: Information on visitor arrivals to Singapore comes from the Singapore Tourism Board (2005) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 6. Terrorist incidents and tourist arrivals: Japan



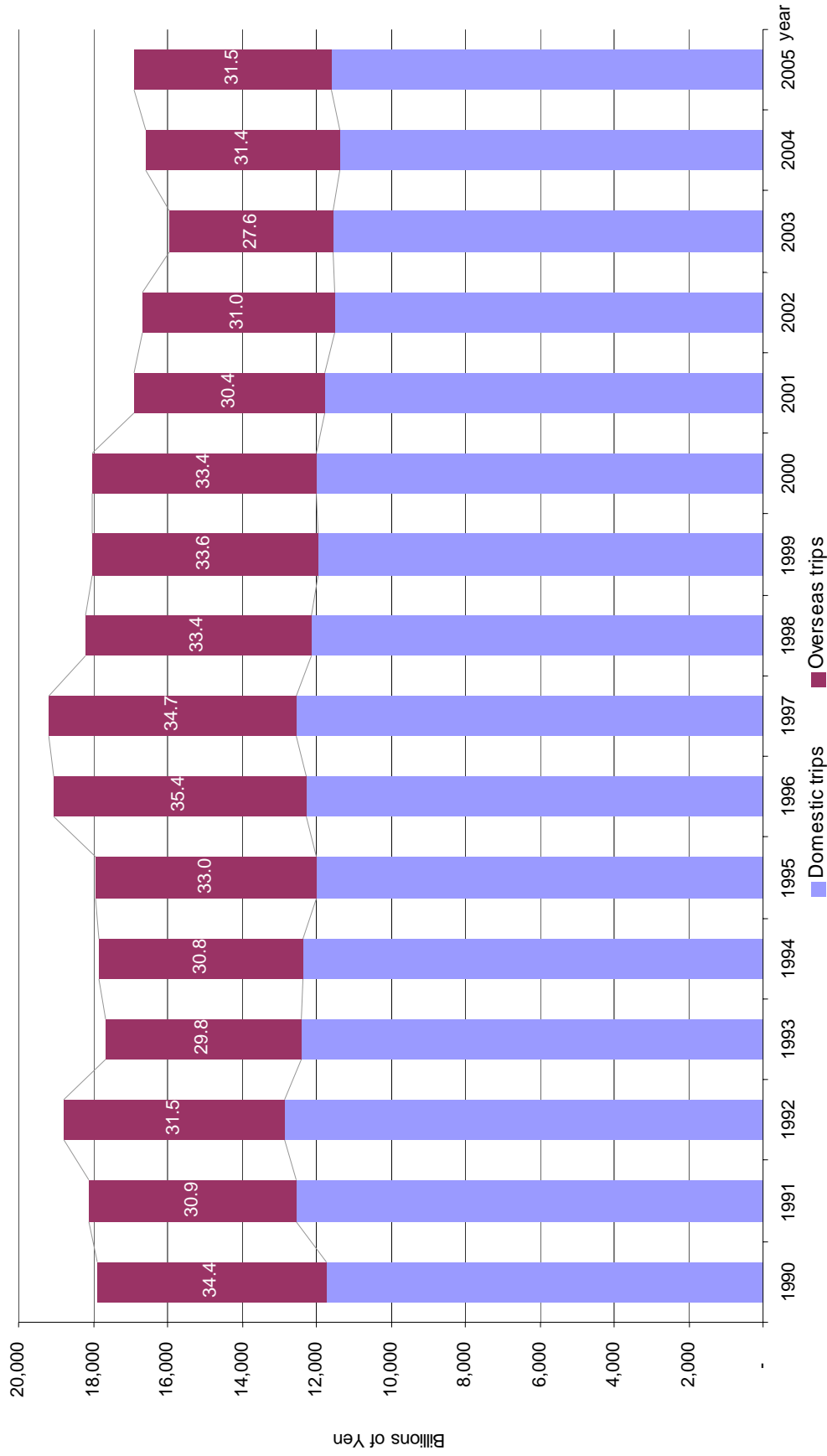
Sources: Information on international visitor arrivals to Japan comes from the World Tourism Organization's International Tourism Database as reported in APEC (2003) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 7. Domestic and overseas travel by Japanese



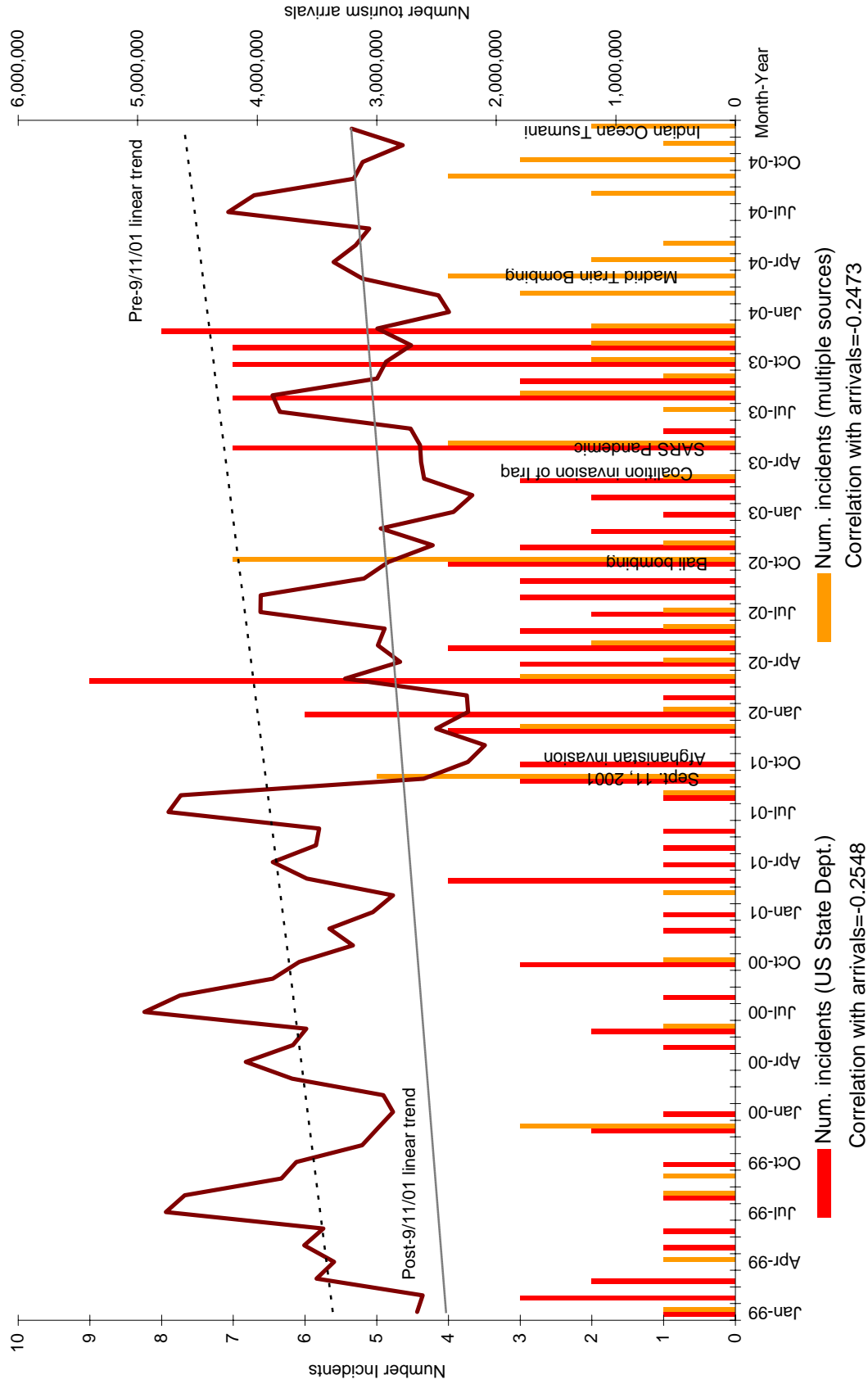
Note: Numbers on columns display the share of all trips by Japanese accounted for by overseas trips.
 Source: JTB Corp. (2005)

Figure 8. Expenditure on domestic and overseas travel by Japanese



Note: Numbers on columns display the shares of total travel expenditure applied to overseas trips by Japanese travelers.
Source: JTB Corp. (2005)

Figure 9. Terrorist incidents and tourist arrivals: USA



Sources: Information on visitor arrivals to U.S. comes from the Office of Travel and Tourism Industries (2005) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Table 1. Domestic and Foreign Travel in the U.S.: 2000-2004

<u>Year</u>	<u>Domestic Person Trips</u> <u>(millions)</u>	<u>Foreign Visitors</u> <u>(millions)</u>
2000	1,100.8	51.2
2001	1,123.1 (2.03)	46.9 (-8.40)
2002	1,127.0 (0.35)	43.5 (-7.25)
2003	1,140.0 (1.15)	41.2 (-5.29)
2004	1,163.9 (2.10)	46.1 (11.89)

Note: Numbers in parenthesis gives the year-on-year change (pct.)
Source: Travel Industry Association of America (TIA) (2005)

Table 2. Domestic and Foreign Travel Spending in the US: 2000-04

<u>Year</u>	<u>In Current US\$ (billions)</u>			<u>In Year 2000 \$ (billions)</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
2000	\$498.4	\$82.4	\$580.8	\$498.4	\$82.4	\$580.8
2001	479.0	71.9	550.9	473.8	71.1	544.9
2002	473.6	66.5	540.1	470.7	66.0	536.7
2003	491.6	65.1	556.7	475.9	63.0	538.9
2004	525.3	74.8	600.1	486.8	69.3	556.1
Percentage Change 2000 to 2004				-2.3%	-15.9%	-4.3%

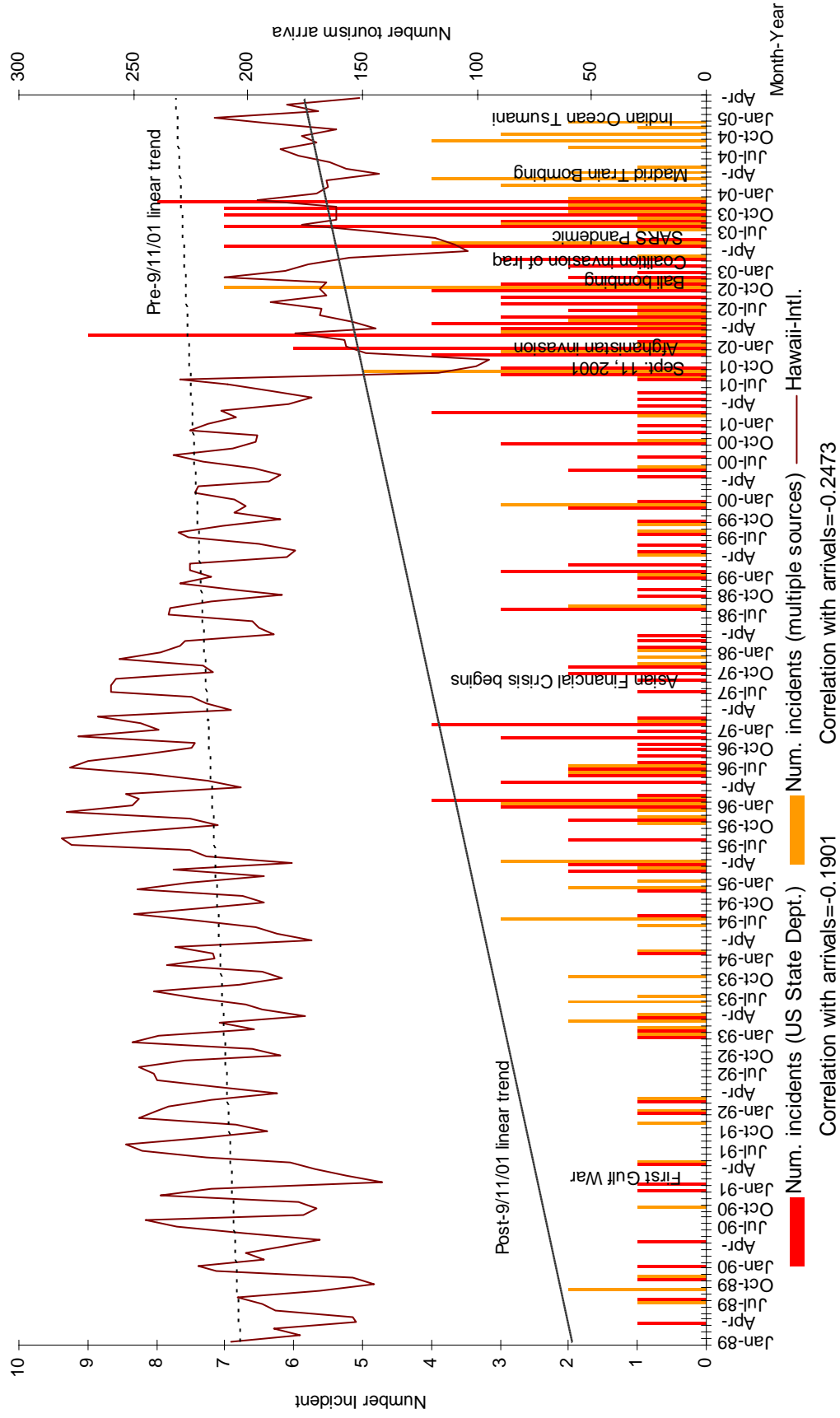
Note: Real expenditures were calculated using the travel price index developed by the Travel Industry Association of America (TIA)
Source: Spending data from the TIA (2005).

Table 3. Direct Tourism Related Sales and Tourism Employment in the US: 2000-04

<u>Year</u>	<u>Nominal Direct</u> <u>Tourism Sales</u> <u>(billions current \$)</u>	<u>Deflated Direct Tourism</u> <u>Sales (in billions Yr.2000\$)</u>		<u>Direct Employment</u> <u>(in 000s)</u>
		<u>TIA Deflator</u>	<u>CPI-U</u>	
2000	\$516.7	\$516.7	\$516.7	5,698.3
2001	492.1	486.7	478.2	5,624.3
2002	494.1	490.7	472.8	5,499.5
2003	512.2	495.8	479.1	5,402.1
2004	546.4	506.4	497.6	5,423.6
<i>Pct. Change</i>				
2000-Low Year	-4.8%	-5.8%	-8.5%	-5.2%
2000-2004	5.7%	-2.0%	-3.7%	-4.8%

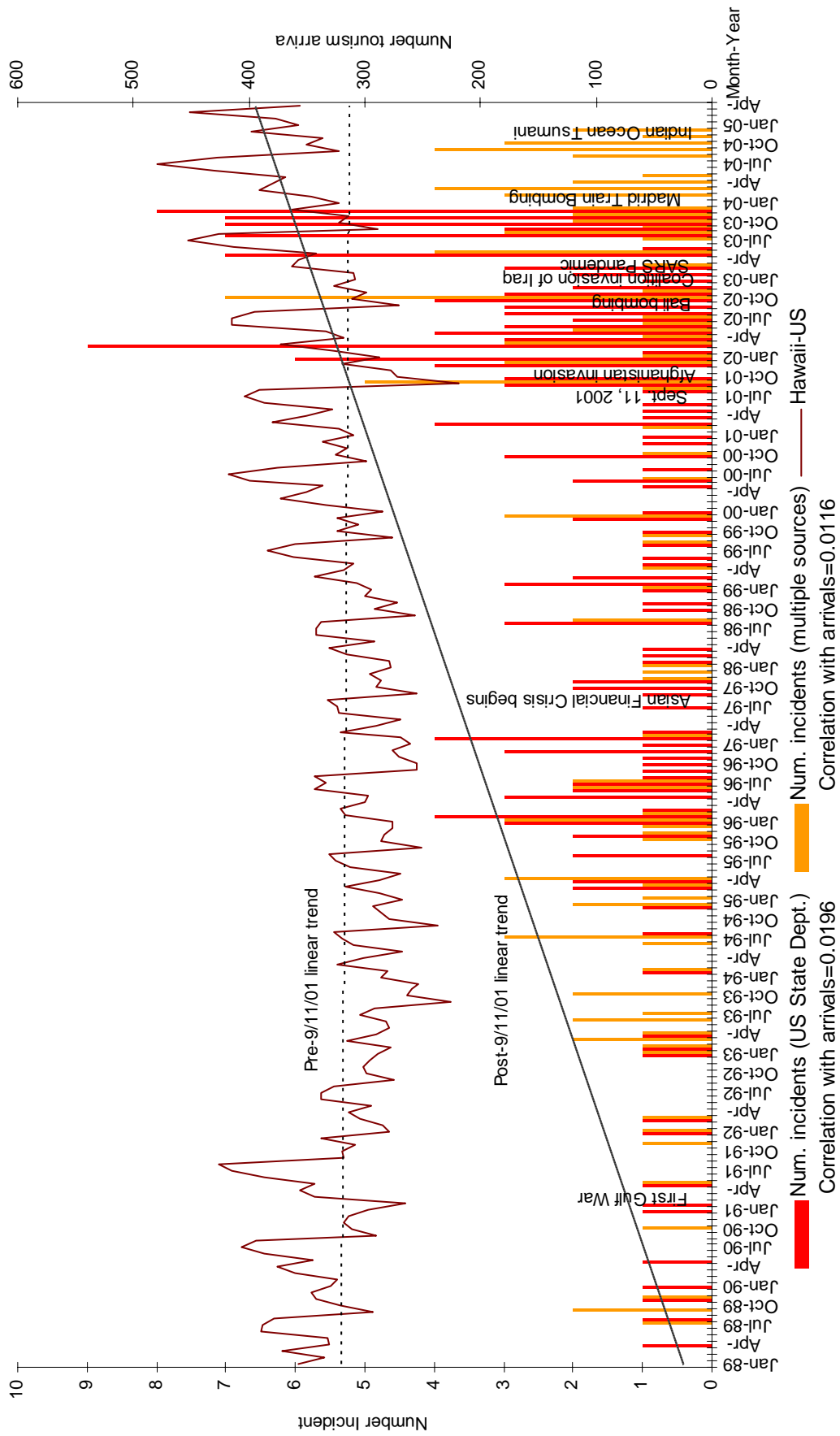
Sources: Direct sales and employment data from Bureau of Economic Analysis (2005); travel price index used to deflate direct sales obtained from the Travel Industry Association of America (TIA); CPI-U obtained from the Bureau of Labor Statistics (2005).

Figure 10. Terrorist incidents and tourist arrivals: Hawaii (international arrivals)



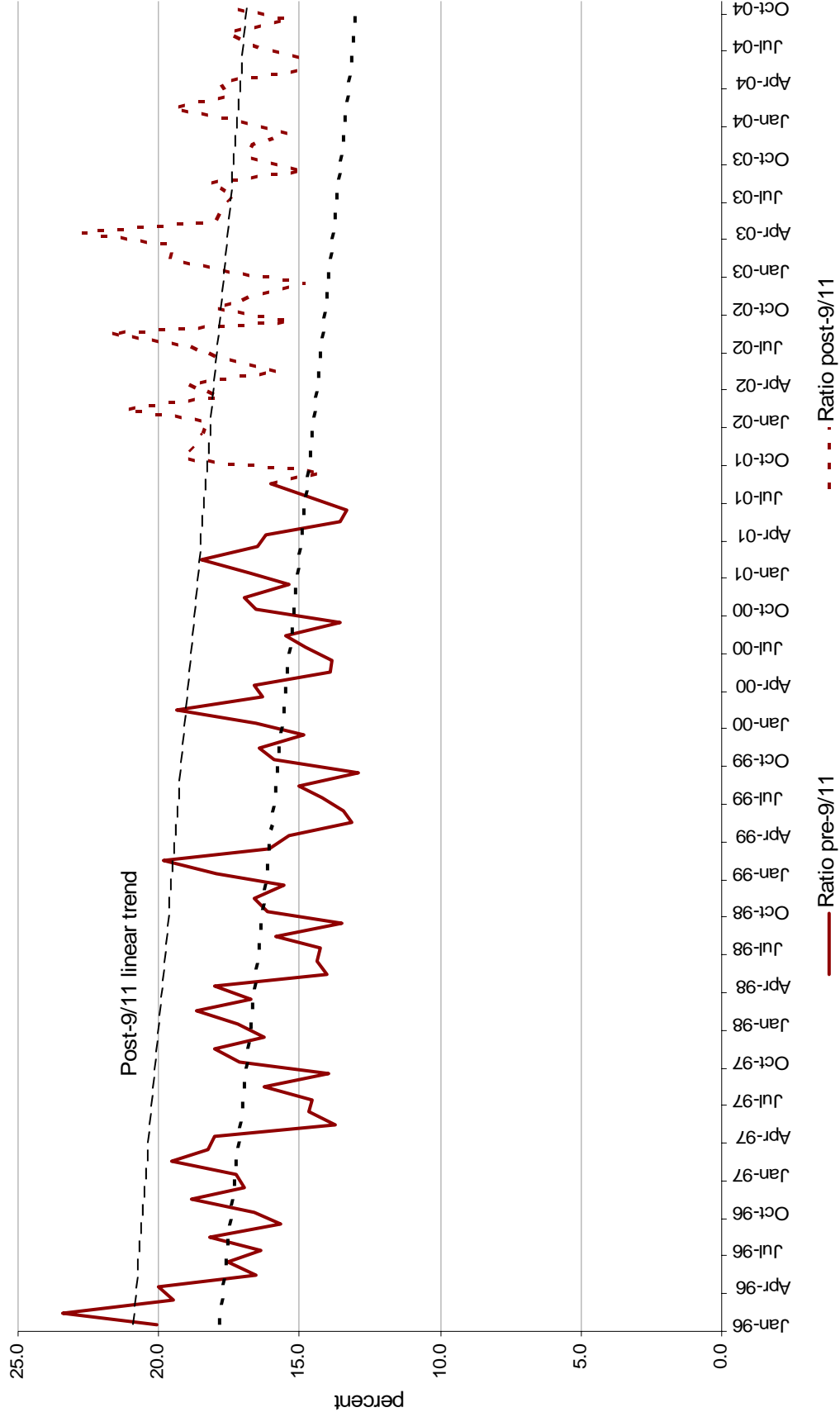
Sources: Information on visitor arrivals to Hawaii comes from the DBEDT (2005) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 11. Terrorist incidents and tourist arrivals: Hawaii (from USA)



Sources: Information on visitor arrivals to Hawaii comes from the DBEDT (2005) and number of terrorist incidents per month extracted from U.S. Department of State (2004) and Wikipedia (2005).

Figure 12. Ratio of U.S. Arrivals to Hawaii and Total U.S. Overseas Departures



Sources: Authors' calculation based on data from DBEDT (2005), and U.S. Department of Commerce, International Trade Administration (1998 through 2005).
 Note: Figures show ratio of Hawaii's U.S. visitor arrivals by air to all US overseas departures (international departures excluding Canada and Mexico).
 US overseas for April-to-December 1999 and December 2000 missing from IATA statistics, so estimated based on prior year's month-to-month change in arrivals times prior month's level of arrivals.