

FINANCIAL CRISIS IMPACTS ON THE TOURISM INDUSTRY



The world financial crisis occupies the first pages of newspapers all over the world for several months now. It is understandable that the tourism industry may not stay unaffected by the crisis. The industry is volatile and extremely fragile though some experts think otherwise.

The United Nations World Tourism Organization (UNWTO) admitted that the situation in the tourism sector is getting worse. There is a drop in demand from both business and leisure tourists. The slowdown has begun with the summer holidays in the northern hemisphere. The experts from the UNWTO World Tourism Barometer are no more that sure about favorable short term development in the sector. Even further drop in the sector may appear in late 2008 and the first half of 2009.

The organization has agreed to create a Resilience Committee which should support its members by providing accurate economic analysis and response mechanisms. The secretary-general of the United Nations World Tourism Organization, Francesco Frangialli, admits that the crisis will decrease travel and leisure spending but on the other hand he claims that the outbreak of SARS in 2003 was more harmful for tourism than the current situation.

There is also the belief that the tourism industry was not overly endangered by the credit crunch. What is more, the secretary-general believes the industry is actually a resilient sector. He has said that there was no reason to panic because the need to go on trips, to take holidays, was too strong in our post-industrial societies.

Because the financial crisis is global, the fears and impacts of it are global as well. According to the International Monetary Fund (IMF) the crisis will impact the Caribbean, where tourism industry is a vital part of many economies. Also Kenyan Tourism Minister Najib Balala expects troubles caused by high costs of food, fuel and other commodities. This could again damage the country's tourism which suffered after the post election violence.

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