

# QATAR' TOURISM AFFECTED BY POLITICAL CRISIS



The diplomatic crisis faced by Qatar since last year is increasingly affecting the tourism industry. The country, future host of the 2022 FIFA World Cup, has reported an 18% decrease in arrivals from neighboring countries in comparison to last year's figures, according to official figures presented by the Qatar's Tourism Authority.

Tourism is a key sector, since the country hopes to abandon its dependence on oil and gas, and increase the number of visitors to 7 million by 2030.

On June 5, 2017, Saudi Arabia, the United Arab Emirates, Bahrain and Egypt broke diplomatic relations with Doha. **After the rupture, the first measure of the four states was to close airspace and ports to Qatari planes and ships, which significantly affected the operations of Qatar Airways**, a reference shareholder of the IAG (International Airlines Group), since it had to adjust its routes and make longer trips to avoid the now prohibited airspace of the neighboring countries.

Qatar's hotel sector has also shown record weak performance following the diplomatic crisis, and its numbers have continued to decline in the last four months. The diplomatic crisis has not only affected travel schedules, but has also negatively impacted overnight stays of neighboring visitors coming from Arab states by almost 9%.

Apart from the effects on Qatar's tourism and hospitality sectors, the rupture of diplomatic relations has affected Qatar's trade and banking and, therefore, its financing costs have risen.

As a measure to save finances, the country recently merged its largest LNG companies (Liquefied Natural Gas) to reduce its operating costs, as demand from nearby Arab countries has been cut.

Qatar Tourism Authority said in its latest tourism report: "In May and June there was a decrease in arrivals, partly due to the typical slowdown of Ramadan, which happened this year between May 25 and June 24, and as a result of the regional diplomatic dispute, with significant decreases in arrivals from the GCC (Gulf Cooperation Council) and other Arab countries".

In the report, Hassan Al-Ibrahim, director of the Tourism Development Sector of the government body, adds that "without a doubt, the diplomatic dispute with three neighboring countries has had a negative impact on the arrival of visitors during the summer months, with a much weaker performance."

"This information is important, not because the hotel sector brings foreign money in, but because Qatar

hopes to achieve a greater number of tourists and residents to improve the image of the country ahead of the 2022 FIFA World Cup,” he adds. Qatar has opened three establishments adding up to 1,244 new accommodations. This additional capacity, developed by the firm STR Global in partnership with Qatar, increases the existing room offer by 6%.

Despite everything, the country is increasing its efforts to develop more hotels and finish the construction of seven football stadiums.

Additionally, Qatar is developing other parallel strategies, such as providing easier entry for citizens of other countries, **which has made it the eighth most open country in the world in terms of visas, and first in the Middle East**, according to the most recent update by the World Tourism Organization (UNWTO). Furthermore, the country took second place in ranking of states with the highest long-term growth of tourism investment for 2028, according to the WTTC report, which falls under its objectives to diversify economy and reduce dependence on oil and natural gas.

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