

INTERNATIONAL TOURISM IN THE OIC COUNTRIES: PROSPECTS AND CHALLENGES 2020



ORGANISATION OF ISLAMIC COOPERATION

STATISTICAL, ECONOMIC AND SOCIAL RESEARCH
AND TRAINING CENTRE FOR ISLAMIC COUNTRIES



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ISBN: 978-625-7162-06-7

Cover and inner design by Savas Pehlivan, Publication Department, SESRIC.

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Acronyms

CAGR	Compound Annual Growth Rate
COMCEC	Standing Committee for Economic and Commercial Cooperation
DHA	Dubai Health Authority
DXH	Dubai Health Experience
EU	European Union
GDP	Gross Domestic Product
GMTI	Global Muslim Travel Index
GWI	Global Wellness Institute
HTS	Halal Tourism Services
ICDT	Islamic Centre for Development of Trade
ICTM	Islamic Conference of Tourism Ministers
IMTI	Indonesia Muslim Travel Index
MTA	Medical Tourism Association
MTI	Medical Tourism Index
NSO	National Statistical Office
OIC	Organisation of Islamic Cooperation
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SMEs	Small and Medium-sized Enterprises
SMIIC	Standards and Metrology Institute for Islamic Countries
SWOT	Strengths, Weaknesses, Opportunities and Threats
TSA	Tourism Satellite Accounts
TTCI	Travel and Tourism Competitiveness Index
UNWTO	World Tourism Organization
USD	United States Dollar
WEF	World Economic Forum
WTTC	World Travel and Tourism Council



Foreword

It is with immense pleasure that I present to you SESRIC's report on *International Tourism in the OIC Countries: Prospects and Challenges 2020*. This report provides a comprehensive assessment of the tourism performance of the OIC countries by looking into the latest available data on major tourism indicators along with the existing policy and regulatory frameworks. The report also discusses the niche markets of Islamic and health tourism which are very promising sub-sectors for the development of sustainable tourism industry in the OIC countries.

The major findings of this report underline the dynamic nature of the tourism sector in the OIC countries. During the period 2013-2018, the OIC countries have increased their tourism earnings from USD 157.1 billion in 2013 to USD 181.9 billion in 2018; however, their share in the global tourism receipts has decreased slightly from 12.7% in 2013 to 12.4% in 2018. Similarly, the share of the OIC countries in the global tourist arrivals has also been showing a downward trend – decreasing from 17.8% in 2013 to 10.7% in 2018. On the positive side, the report reveals some improvement in intra-OIC tourism activity as the share of intra-OIC tourist arrivals in total OIC tourist arrivals went up from 34.4% in 2013 to 37.6% in 2018.

As the report states, Islamic tourism is a natural fit for the OIC countries due to the existing Halal ecosystems and Muslim friendly facilities and services. The current size of the global Islamic tourism market is estimated at around USD 175 billion in 2018 and the top-10 Islamic tourist destinations in the world are members of the OIC except for Singapore. Nevertheless, the OIC countries still need more proactive policies and measures in order to capitalise on their existing comparative advantage and, among others, develop unified international halal standards and certification system for the Islamic tourism industry.

In the same vein, the OIC countries also need to make comprehensive policy and regulatory reforms to tap into the USD 100 billion worth of global health tourism market. Thanks to their competitive prices, well-developed healthcare facilities and skilled workforce, a number of OIC countries are already on the global health tourism map. Nevertheless, data on health tourism related products and services, infrastructure and regulatory frameworks is unavailable for the majority of OIC countries which hampers an objective analysis and evaluation of the potential of health tourism in the OIC group.



As the report highlights, in spite of having very rich natural, historical and cultural resources, the OIC countries, as a group, continued to underperform mainly due to the limited tourism and travel competitiveness, insufficient investments in tourism related infrastructure and the lack of diversification in tourism products and services. This state of affairs necessitates that the OIC countries effectively utilise the platform of Islamic Conference of Tourism Ministers (ICTM), which held ten sessions between 2000 and 2018, to enhance policy dialogue and further intra-OIC cooperation in the domain of tourism. Furthermore, some programmes and initiatives like COMCEC Working Group on Tourism, SESRIC's OIC Tourism Capacity Building Programme (Tr-CaB) and the OIC Strategic Roadmap for Development of Islamic Tourism also provide a great opportunity for the enhancement of South-South cooperation and learning among the OIC member countries.

Undoubtedly, rapid evolution of the global tourism economy combined with changing demand, climate change, globalisation, digitalisation, disease outbreaks and conflicts, presents new opportunities and challenges for the global tourism market. I strongly believe and hope that the findings of this report will promote effective national policy reforms and consolidate intra-OIC efforts for the development of a robust tourism sector in the OIC countries.

Nebil DABUR
Director General
SESRIC



Acknowledgements

A core research team at SESRIC led by Dr. Cem Tintin and comprising Cihat Battaloğlu prepared the report. The research was conducted under the general supervision of Mazhar Hussain, Director of Research Department, and leadership of H.E. Mr. Nebil Dabur, Director General of SESRIC.

Chapter 2 on International Tourism Worldwide: Overview and Chapter 3 on International Tourism in the OIC Countries are prepared by Cihat Battaloğlu. Chapter 1 on Introduction, Chapter 4 Promoting Health Tourism in the OIC Countries, and Chapter 5 on Concluding Remarks and Policy Implications are prepared by Cem Tintin.



Executive Summary

International tourism has turned into one of the main economic activities and an important source of foreign exchange earnings, economic growth and employment in many countries that around 10% of the world's GDP is being generated in this sector. In this regard, tourism development has been given much attention in the national development strategies of many countries including the OIC countries. Given the importance of this sector, the report provides an overview of the state of international tourism in the OIC countries from a comparative perspective.

International Tourism Worldwide: Overview

The number of international tourist arrivals worldwide increased from 1,087 million in 2013 to 1,407 million in 2018, corresponding to the compound annual growth rate of 4.4%. In this period, international tourism receipts, in current US dollar prices, increased from USD 1,240 billion to USD 1,462 billion, corresponding to the compound annual growth rate of 2.8%. Europe and the Asia & Pacific were the top tourist-receiving regions over the period 2013-2018. At the regional level, the Middle East recorded the highest Compound Annual Growth Rate (CAGR) in terms of tourism receipts (7.7%) over the period 2013-2018. Africa continues to stay under its potential both in terms of arrivals and receipts due to such as limited access to finance for investors, taxes on the tourism sector, limited number of tourism professionals, security and safety issues, visa requirements, and bureaucracy.

International Tourism in the OIC Countries

International tourist arrivals in the OIC countries regressed from 193.1 million in 2013 to 149.9 million in 2018. International tourism receipts in the OIC countries recorded an upward trend that increased from USD 157.1 billion in 2013 to USD 181.9 billion by the end of 2018. The OIC countries represented a share of 10.7% in the worldwide international tourist arrivals and 12.4% in the global tourism receipts in 2018. The OIC average tourism receipts per arrival in 2018 amounted to around USD 900 that is lower than the world average of USD 1,039.

Intra-OIC tourism figures indicate the existence of a limited progress over time in the OIC group as such the share of intra-OIC tourist arrivals in total OIC arrivals increased from 34.4% in 2013 to 37.6% in 2018. A similar picture is also seen in terms of the intra-OIC tourism receipts. Nevertheless, some OIC countries hosted international visitors vastly from other OIC countries such as intra-OIC tourist arrivals in Bahrain accounted for 97% in 2018.

The worldwide Islamic tourism market size increased from USD 177 billion in 2017 to USD 189 billion in 2018. It is expected to reach USD 274 billion by 2024 with a compound



annualized growth rate of 6.4%. In this regard, if properly planned and managed, the OIC countries could get a significant share in this niche market in the near future.

The problems on the development of a sustainable international tourism sector in the OIC countries are diverse as each country has its own tourism-related characteristics, level of development and national development priorities and policies.

Promoting Health Tourism in the OIC Countries

There is a growing interest and demand for healthy life styles both in the OIC countries and elsewhere. The reduced transport costs, improved connectivity, and healthcare services customized for international tourists paved the way for the growth of the health tourism sector. The global market size of the sector is estimated in the range of USD 45.5 billion to USD 100 billion in 2017. A number of OIC countries started to gain an increasing share from this niche tourism market thanks to their competitive prices, well-developed healthcare facilities and skilled workforce. A review of the experiences of Azerbaijan, Indonesia, Iran, Jordan, Malaysia, Morocco, Turkey and the United Arab Emirates revealed that many of those OIC countries started to develop national level initiatives and policies to further develop health tourism sector in their respective countries.

Concluding Remarks and Policy Implications

Given the OIC countries represent about one-fourth of the world's population, there is a wide room for the development of international tourism activities. Nevertheless, the OIC countries still need to address a number of challenges to enhance the development of a sustainable tourism sector. In this regard, at the national level, the OIC countries are recommended to diversify tourism products and services, invest more into infrastructure, improve safety and health services for tourists, improve tourism openness and competitiveness, and raise awareness under the light of a tourism development strategy. At the OIC cooperation level, initiatives and policies such as from organization of joint promotion campaigns to development of regional transport networks would help to boost tourist arrivals in the OIC countries as well as enhance intra-OIC tourism cooperation.





CHAPTER ONE

Introduction



As defined by the World Tourism Organisation (UNWTO), international tourism comprises the activities of individuals travelling to and staying at places outside their usual permanent places of residence for a period not exceeding 12 months for leisure, business and other purposes. Based on this broad definition, the tourism industry includes all socio-economic activities that are directly and/or indirectly related to the provision of goods and services to tourists. In this regard, the UNWTO identifies 185 supply-side activities that have significant connections to the tourism sector. These activities include the services of various sectors, such as transportation and communication, hotels and lodging, food and beverages, cultural and entertainment services, banking and finance, and promotion and publicity services. Defined by this impressive network of socio-economic activities and the infrastructure needed to support it, tourism is one of the largest sectors in the world as well as an important category of international trade.

Over the past few decades, international tourism activity has shown substantial and sustained growth in terms of both tourism revenues and number of tourists, and has left broad economic, social, cultural and environmental footprints reaching almost every part of the globe. International tourism activity generates significant economic benefits to tourists' host and home countries alike.

International tourism activity is also characterized by a continued increase in geographical spread and diversification of tourist destinations and products. Although the bulk of international tourism activity is still concentrated in the developed regions of Europe and the Americas, a substantial proliferation of new tourist-receiving markets is also observed in the developing regions.

With their rich and diverse set of natural, geographic, historical and cultural attractions, the OIC countries, as a group, possess a significant potential for the development of a sustainable international tourism sector. Yet, given the modest share of the OIC region in the world tourism market and the concentration of tourism activity in only a few OIC countries, apparently, a significant part of this potential remains unutilised.

As a group, the OIC countries have a number of distinct advantages in some niche markets of the tourism industry such as Islamic tourism. An increasing number of people living in the OIC countries prefer using tourism facilities and services designed in line with the Islamic principles. The positive trend seen in Islamic tourism not only could boost the overall tourism sector in the OIC countries but also helps to increase intra-OIC tourism activities since the majority of the Islamic tourism facilities and services are being provided in the OIC countries.



All in all, tourism is a very important sector that could, if properly planned and managed, play a significant role in the socio-economic development of many OIC countries. This is true not only due to their existing and potential rich tourism resources but also because their citizens travel in large numbers around the world for business, leisure and other purposes. In this vein, tourism has been defined as one of the ten priority areas of cooperation in the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among the Member Countries which was adopted in 1994.

Tourism has also been listed amongst the six priority areas for cooperation in the adopted COMCEC Strategy with the strategic objective of developing a sustainable and competitive tourism sector in the OIC region. In this context, it is also worth noting that tourism cooperation activities have over the last decade assumed greater importance on the agenda of the OIC where ten Islamic Conference of Tourism Ministers (ICTM) and a number of expert group meetings and seminars on tourism development were held during the period that elapsed since the First Islamic Conference of Tourism Ministers (ICTM), which was held in Isfahan, Islamic Republic of Iran, in October 2000. A wide range of actions has been adopted in these conferences and meetings aiming at developing the tourism sector in the OIC countries and enhancing their cooperation in this vital and multidimensional field of economic, social and cultural activity. More recently, the 'OIC 2025: Programme of Action', which was adopted in Istanbul in 2016, identified five specific goals related to the tourism development in the OIC countries. Yet, the desirable levels of tourism development in many OIC countries, and in the OIC region as a whole, have not yet been achieved.

In this context, this report attempts to assess the performance and economic role of the international tourism sector in the OIC countries in recent years for which the data are available. It analyses the two traditionally used indicators in measuring international tourism, i.e. international tourist arrivals and international tourism receipts. The analysis is made at both the individual country and the OIC regional levels. The report dedicates Section 4 to the health tourism topic, which constitutes a great potential for the development of the tourism sector in OIC countries. Section 5 of the report provides concluding remarks and proposes some policy implications to serve as broad policy guidelines to which the attention of these countries needs to be drawn.





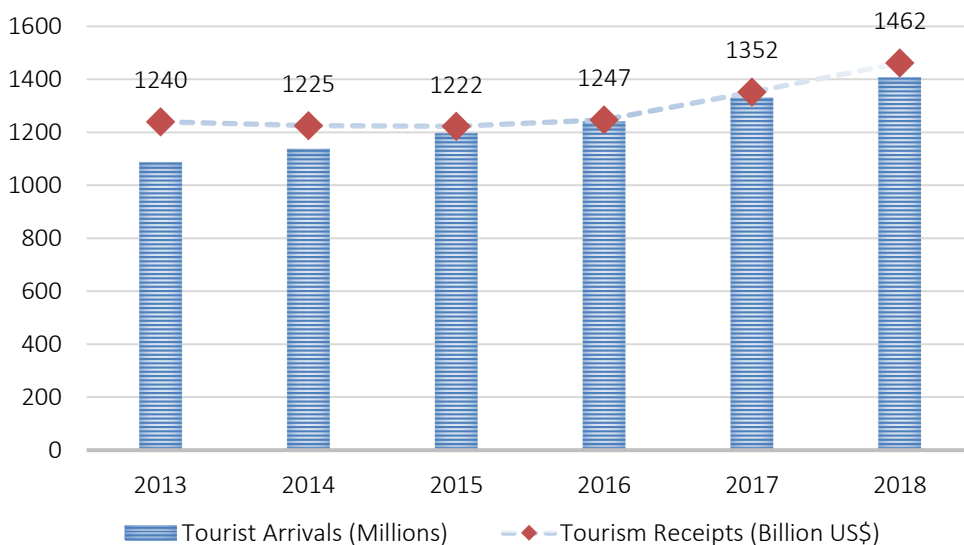
CHAPTER TWO

International Tourism Worldwide: Overview



The international tourism market has been expanding over the recent years both in terms of tourist arrivals and tourism receipts. The number of international tourist arrivals worldwide increased from 1,087 million in 2013 to 1,407 million in 2018, corresponding to the compound annual growth rate of 4.4%. In the same period, international tourism receipts, in current US dollar prices, increased from USD 1,240 billion to USD 1,462 billion, corresponding to the compound annual growth rate of 2.8% (Figure 2.1). Over the period 2013-2018, the highest growth in tourist arrivals occurred between 2016 and 2018 in which the annual growth rate accounted for over 8%. In the same period, growth in international tourism receipts stayed well above 5%. While 2018 and initial data for 2019 signal the continuation of growth, uncertainty surrounding Brexit, geopolitical risks and trade wars, the global economic slowdown and recent Coronavirus outbreak are expected to affect the tourism sector negatively.

Figure 2.1: Worldwide International Tourism



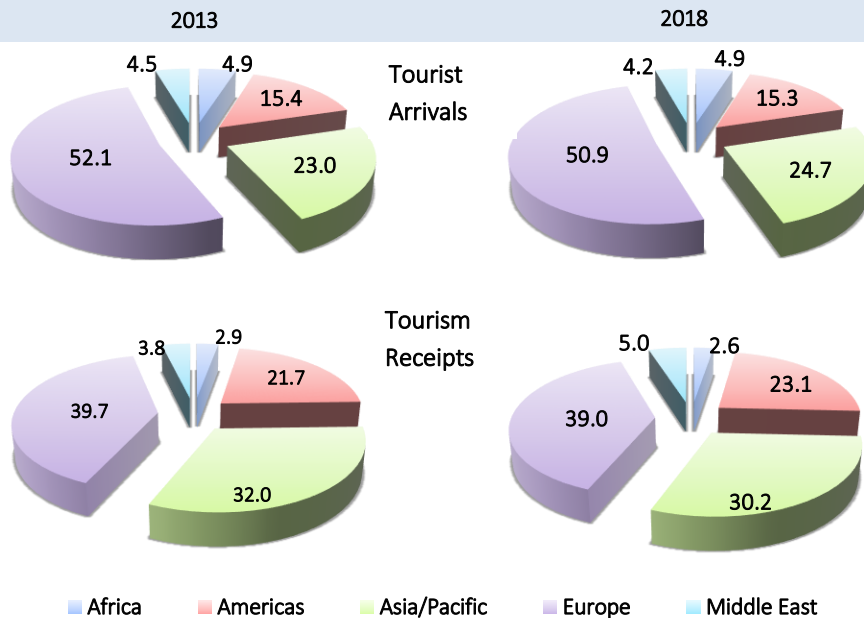
Source: World Tourism Organization (UNWTO)

In terms of worldwide regional distribution, Europe and the Asia & Pacific were the top tourist-receiving regions both in 2013 and 2018. These two regions together represented around three quarters of the tourist arrivals and tourism receipts in the global tourism market (Figure 2.2). Though Europe and the Asia & Pacific are the main tourism magnets with the largest share, the recent outbreak of Coronavirus and the economic slowdown due to trade wars may break the dominance of the Asia & Pacific in upcoming years.



The collapse of Thomas Cook and of several other low-cost airlines in Europe along with post-Brexit uncertainty might also influence Europe's strongholds behind the Asia & Pacific.

Figure 2.2: International Tourism by Region (% of World Total)



Source: World Tourism Organization (UNWTO)

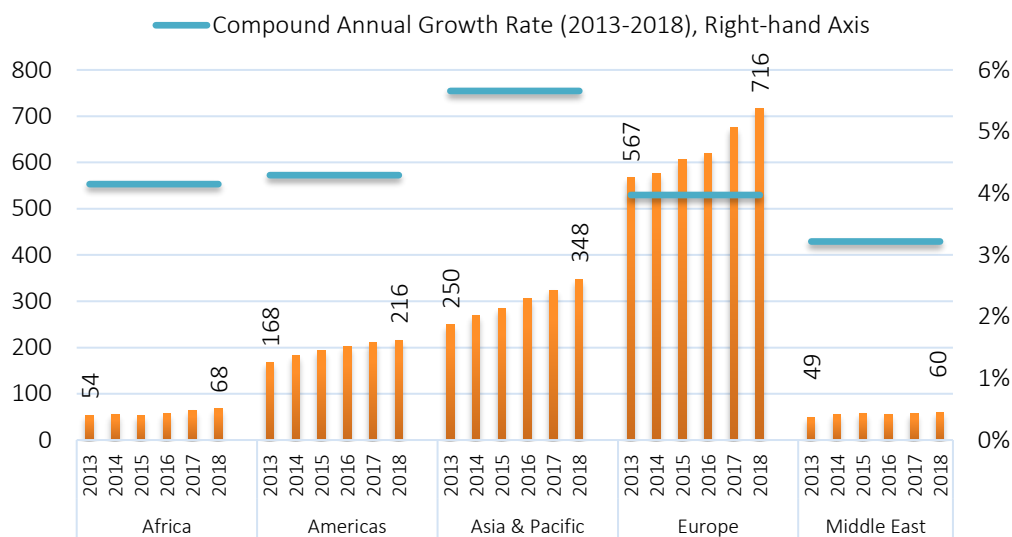
During the period 2013-2018, Asia & Pacific was the only region that achieved to increase its share in the world tourism market in terms of the number of tourist arrivals. The share of the Asia & Pacific region went up from 23.0% in 2013 to 24.7% in 2018 (Figure 2.2). While the other four regions witnessed downward trends in their share of the global tourism market, the total number of international tourist arrivals increased in all regions.

Between 2013 and 2018, the international tourist arrivals in all regions followed a positive and stable annual growth pattern (Figure 2.3). In the same period, Compound Annual Growth Rate (CAGR) in all regions stayed well above 4% except the Middle East, which witnessed notable conflicts, post-Arab Spring turmoil and the civil wars in Yemen and Syria.

Similar to the Middle East region, Africa region hosts a relatively lower number of international tourists compared with the other regions. Although CAGR in Africa in terms of tourist arrivals accounted for 4.1% over the period 2013-2018 and the number of tourist arrivals reached 68 million in 2018, the share of Africa region is still under 5% in the global tourist arrivals. Thus, African countries need to focus on increasing international tourist arrivals.

They should try to find ways to boost receipts from tourism by diversifying their tourism activities (e.g. Islamic tourism, health and wellness tourism) and developing alternative tourism types (e.g. balloon safari tours, mountain hiking) as well as implementing market-targeting strategies (trying to attract more tourists from countries with a higher spending tendency).

Figure 2.3: International Tourist Arrivals by Region (Millions)



Source: World Tourism Organization (UNWTO)

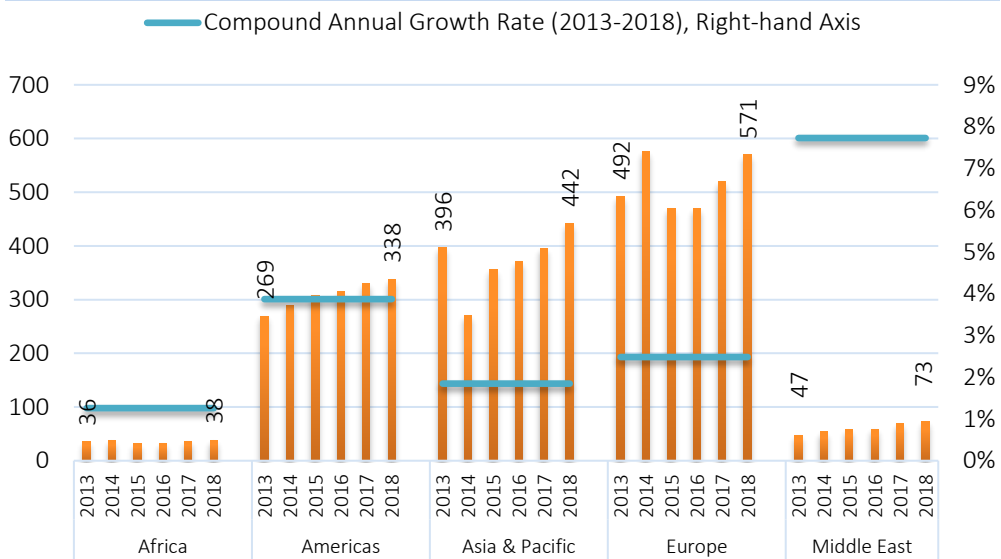
As countries approximate their normal economic growth rates following the global economic recovery, the number of tourist arrivals started to follow a more stable pattern since 2010. Given the exchange rate fluctuations, mostly seen in developing economies, the worldwide tourism receipts showed some booms and busts. The fluctuation of exchange rates bears an important uncertainty for many developing countries, which are generating a substantial amount of foreign currency income and fuelling economic growth through tourism. Since 2013, international tourism receipts have fluctuated but followed a growth pattern. After 2015, economic recovery has been stronger especially in emerging economies. Consequently, the global tourism receipts increased by 18% from USD 1,240 billion in 2013 to USD 1,462 billion in 2018.

In terms of worldwide regional distribution, over the period 2013-2018, the Middle East recorded the highest Compound Annual Growth Rate (CAGR) in terms of tourism receipts (7.7%). Its total tourism receipts reached a total of USD 73 billion in 2018 (Figure 2.4). Europe, Asia & Pacific and the Americas, respectively, continue to get the lion's share of the tourism receipts. In 2018, Europe recorded the highest number of tourism receipts



with USD 571 billion, corresponding to 39% of the global tourism receipts (Figure 2.4). Nonetheless, the lowest amount of total tourism receipts was recorded in Africa that stayed below USD 39 billion. The lowest CAGR in terms of tourism receipts were also recorded in Africa, which was only 1.3% over the period 2013-2018. The situation in Africa might stem from a number of factors such as limited access to finance for investors, taxes on the tourism sector, limited number of tourism professionals, security and safety issues, visa requirements, and bureaucracy.

Figure 2.4: International Tourism Receipts by Region (Billion USD)



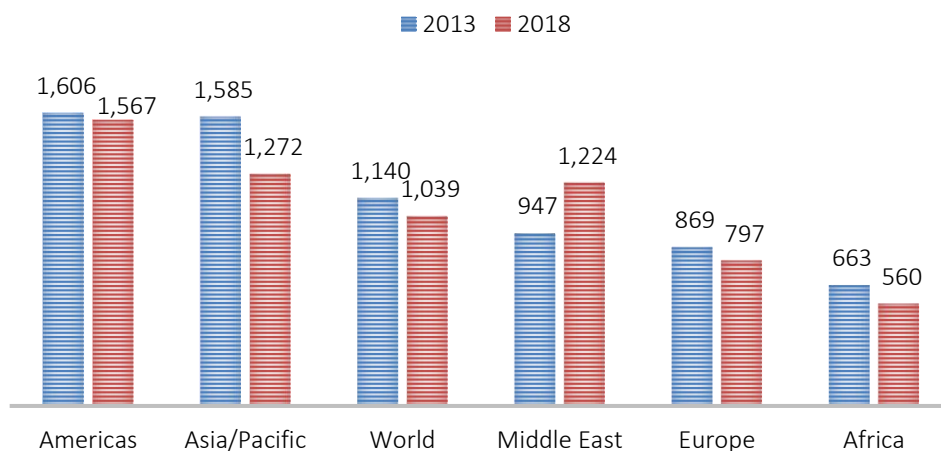
Source: World Tourism Organization (UNWTO)

While tourist arrivals and receipts followed a positive trend between 2013 and 2018, the world tourism receipts per arrival decreased from USD 1,140 in 2013 to USD 1,039 in 2018. At the regional level, on average countries in the Middle East successfully generated more revenue per international tourist over the period 2013-2018. Thus, tourism receipts per arrival only increased in the Middle East and reached USD 1,224 in 2018. Nevertheless, in the same period, international tourism receipts per arrival went down and remained below the world average in Europe and Africa (Figure 2.5).

A number of factors affect the tourism receipts per arrival such as the USD exchange rate, the length of stay, and the geographical location of the country. Amongst others, the spectrum of the value-added tourism products and services is an important determinant of the spending patterns of tourists. In this regard, all across the globe, countries should not only focus on increasing the number of tourist arrivals but also need to devise

effective policies to offer more value-added tourism products and services for international visitors.

Figure 2.5: International Tourism Receipts per Arrival 2013 vs. 2018 (USD)



Source: World Tourism Organization (UNWTO)





CHAPTER THREE

International Tourism in the OIC Countries

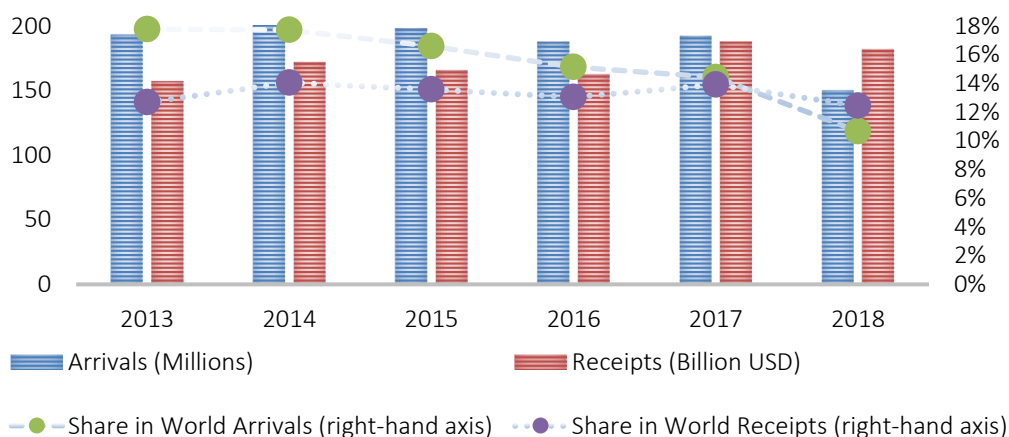


This section of the Report assesses the tourism performance of the OIC countries over the recent years, based on available data, in four main dimensions. First, it looks at the developments in the number of tourist arrivals and tourism receipts. Second, it overviews the economic role of international tourism in the OIC countries. Third, it presents an analysis of the intra-OIC tourism activities. Finally, the section provides a discussion on the state of Islamic tourism in the OIC countries.

3.1 Tourist Arrivals and Tourism Receipts

International tourist arrivals in the OIC countries were recorded as 193.1 million in 2013, corresponding to a 17.8% share in the global international tourist arrivals (Figure 3.1). The international tourists generated USD 157.1 billion in tourism receipts in the OIC countries, corresponding to a 12.7% share in the world’s total tourism receipts in the same year. International tourist arrivals in the OIC countries reached over 200 million in 2014. Since then, the number of international tourist arrivals in the OIC region remained below 200 million. In 2018, it accounted for 149.9 million, corresponding to a 10.7% share in the total international tourist arrivals worldwide. Over the period 2017-2018, international tourism receipts in the OIC countries recorded an upward trend and reached USD 181.9 billion by the end of 2018 that represented a share of 12.4% in the world.

Figure 3.1: International Tourism in OIC Countries



Source: World Tourism Organization (UNWTO)



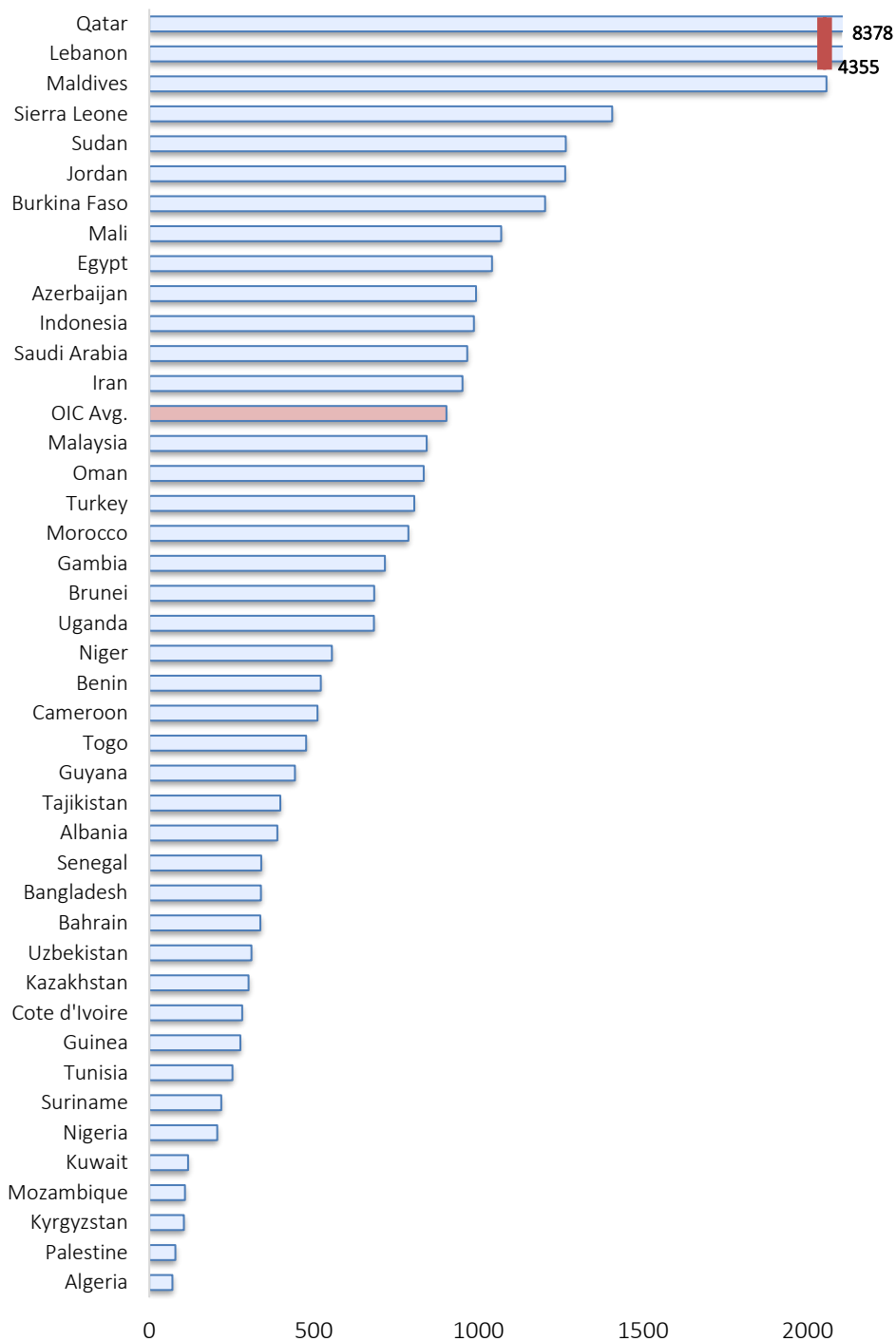
The growth in international tourist arrivals for the OIC group lost its positive trend in 2015 when the continued regional political crises across different geographical areas in the globe negatively affected the tourism industry. Many OIC countries were not immune to these changes; consequently, the total number of tourist arrivals, tourism receipts and the share of the OIC group in the world tourism industry regressed. However, the OIC countries were affected by different scales and intensities.

The disparities among the OIC countries are more visible in terms of tourism receipts per arrival. Such differences stem from a number of factors such as the length of tourist's stay, the purpose of their visit, geographical distance and consumption tendencies that influence the total spending of each traveller. Moreover, the exchange rate fluctuation is another factor that could affect the average tourism receipts per arrivals that is measured in USD terms.

The OIC average tourism receipts per arrival in 2018 amounted for around USD 900 that is lower than the world average of USD 1,039. In the same year, the highest receipts per tourist arrival were recorded in Qatar (USD 8,378) followed by Lebanon (USD 4,355) and Maldives (USD 2,058) (Figure 3.2). There is no a regional concentration of top performer five OIC countries in terms of tourism receipts per arrival that they are located in the Middle East (Qatar, Lebanon), Asia (Maldives) and Africa (Sierra Leone and Sudan). In 2018, the lowest tourism receipts per arrival figures were recorded in Algeria (USD 70), Palestine (USD 79) and Kyrgyzstan (105) among the OIC countries with available data.



Figure 3.2: Tourism Receipts per Arrival in OIC Countries (USD in 2018*)

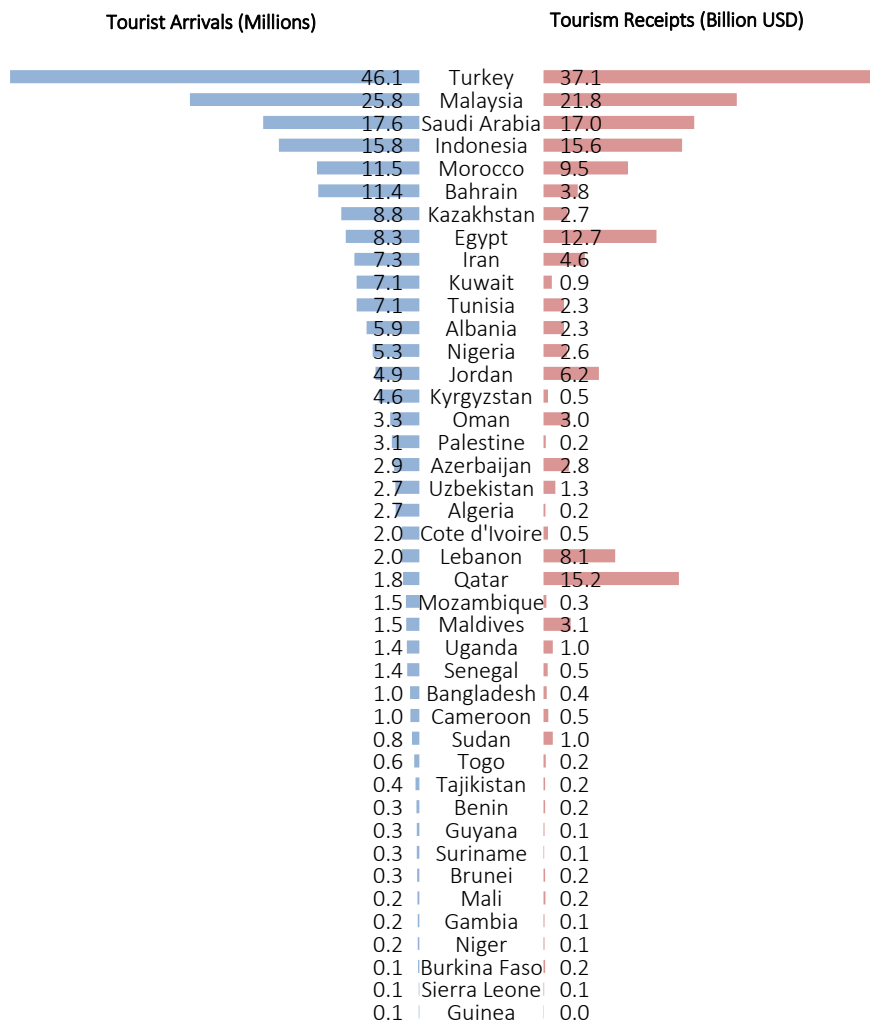


Source: World Tourism Organization (UNWTO) and OICStat
 *Most Recent Year Available since 2016



At the individual country level, international tourism activity, in terms of both tourist arrivals and tourism receipts, is still concentrated in a few OIC countries. In 2018, Turkey, Malaysia and Saudi Arabia were the three top-performing OIC countries in terms of international tourist arrivals. In the same year, top-three performing OIC countries together hosted 89.5 million international tourists, corresponding to a share of 41% of the total OIC tourist arrivals. The tourism receipts of these countries amounted USD 75.9 billion, corresponding to a share of 42% of the total OIC tourism receipts in 2018 (Figure 3.3).

Figure 3.3: OIC Tourist Destinations and Tourism Earners (2018*)



Source: World Tourism Organization (UNWTO) and OICStat

*Most Recent Year Available since 2016

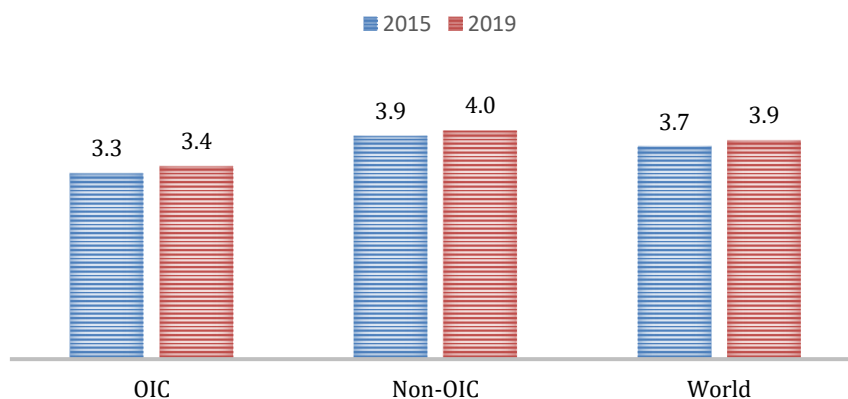


Several reasons lead to the concentration of international tourism activity in a few OIC countries such as the limited connectivity and safety concerns. The travel and tourism competitiveness is also amongst important reasons that reflects the capacity to have enabling environments and improved infrastructure for the development of tourism.

In this vein, The Travel & Tourism Competitiveness Index (TTCI) 2019, prepared by the World Economic Forum (WEF), measures the factors and policies that make a country a viable place to invest and travel within the tourism sector. The TTCI 2019 results show that out of the 38 OIC countries (covered both in the 2015 and 2019 editions), 34 of them achieved to improve their scores, where a higher score implies increased competitiveness. Jordan, Cameroon, Yemen and Mali recorded slight decreases in their average scores between 2015 and 2019.

In 2019, Malaysia (4.51), UAE (4.43), Indonesia (4.27), Turkey (4.22), Qatar (4.13), Oman (3.98), and Bahrain (3.91) obtained higher scores than the world average score of 3.9. The average of non-OIC countries (4.0) slightly exceeded the world average in 2019. On average, while the TTCI of the OIC countries, as a group, increased from 3.3 in 2015 to 3.4 in 2019, it is still below the world average of 3.9 (Figure 3.4).

Figure 3.4: The Travel & Tourism Competitiveness Index



Source: World Economic Forum (WEF)

The relatively limited travel and tourism competitiveness of the OIC countries can be attributed to a number of factors such as improper use and marketing of resources for tourism, safety concerns, and limited international openness. Although the OIC countries are endowed with rich historical heritage sites and natural resources that offer significant opportunities for various tourism activities, many OIC countries are not able to become strongly competitive in the global tourism sector due to such as weak tourism planning and marketing policies. Some OIC countries also have not paid enough attention to the protection of heritage sites and attractive touristic sites that could also harm their competitiveness in the near future.

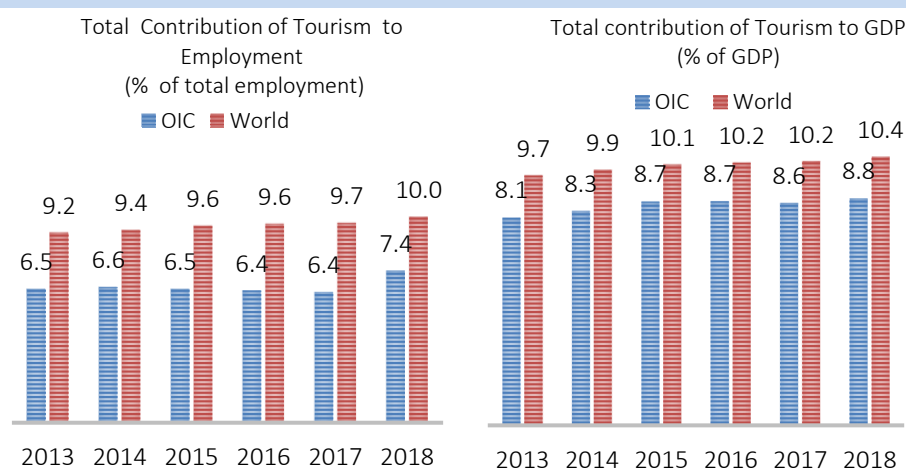


3.2 The Economic Role of International Tourism in the OIC Countries

In this sub-section, an attempt is made to assess the economic role of the international tourism sector in the economies of the OIC countries. In this regard, the figures on the contribution of tourism to employment, GDP, and exports are analysed. Moreover, the balance of international tourism data is calculated and reported by deducting the international tourism expenditures from the international tourism receipts, for each individual OIC country for which the relevant data are available. The net contribution of the international tourism sector to the economies of the OIC countries is then examined by relating the balance of international tourism as a percentage of the GDP for each country. Finally, the tourism sector is evaluated as a source of foreign exchange earnings by relating the international tourism receipts in each country, as a percentage, to its total exports in the same period.

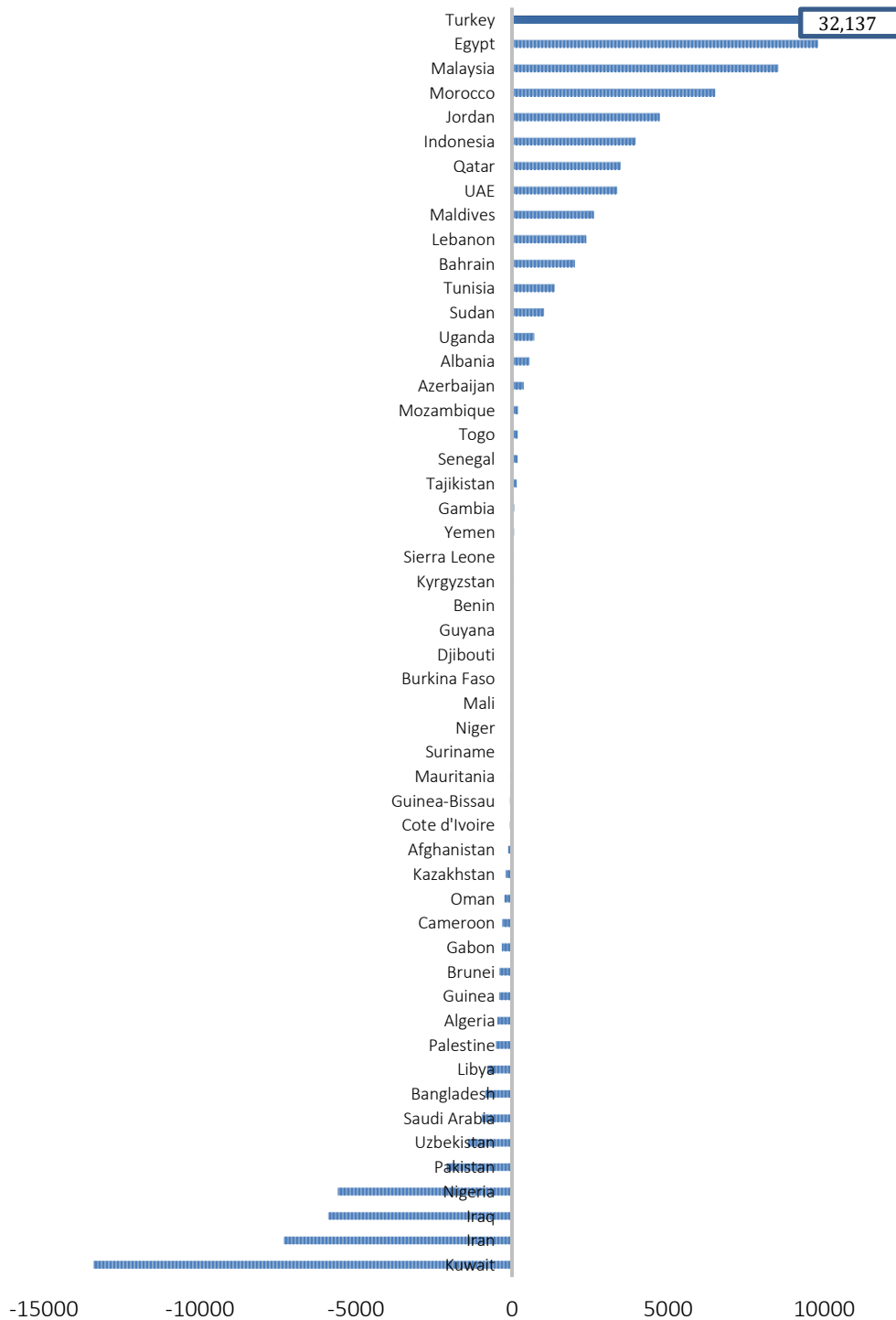
Figure 3.5 demonstrates the contribution of international tourism in the economies of the OIC countries in comparison with the world average. The total contribution of international tourism to employment in the OIC countries, on average, increased from 6.5% in 2013 to 7.4% in 2018. Globally, it also went up from 9.2% in 2013 to 10.0% in 2018. In other words, the contribution of the tourism sector to employment is still under its potential in the OIC group compared with the world average. The total contribution of tourism to GDP (including both its direct and indirect contributions) recorded an increase in the OIC group as well as in the world over the period 2013-2018. The total contribution of tourism to GDP in the OIC countries, on average, climbed up from 8.1% in 2013 to 8.8% in 2018, where the world average also saw an increase from 9.7% to 10.4% in the same period.

Figure 3.5: Contribution of International Tourism in the Economy



Source: World Travel and Tourism Council (WTTC)

Figure 3.6: Balance of Tourism in OIC Countries (Millions USD in 2018*)



Source: World Tourism Organization (UNWTO) and OICStat
 *Most Recent Year Available since 2016

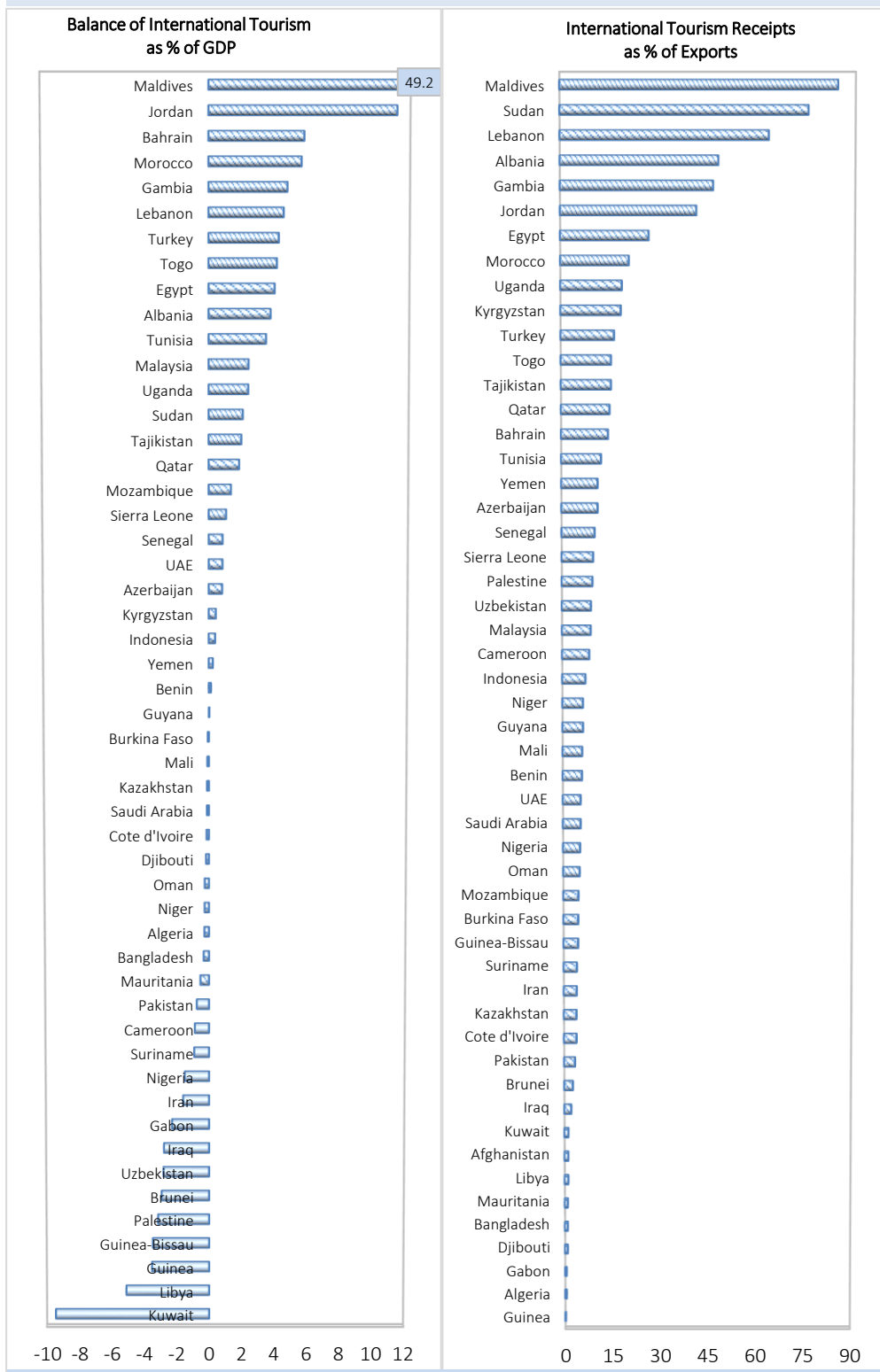


Figure 3.6 displays the balance of international tourism in the OIC countries in 2018. In 26 OIC countries, tourism receipts exceeded tourism expenditures that the net earnings were recorded positive. Turkey, Egypt and Malaysia were the three OIC countries with the highest amount of surplus. The tourism surplus of Turkey was recorded more than USD 32 billion in 2018. On the other side of the spectrum, Kuwait, Iran and Iraq were the three countries with the highest amounts of the deficit. It seems that a considerable number of OIC countries need to develop effective tourism policies to generate a surplus from international tourism activities rather than a deficit.

When examining the economic role of the international tourism sector in the economies of the OIC countries regarding its net contribution to the GDP of each country, the picture reflects a widely diverse situation (Figure 3.7, left). The economic role of the international tourism sector in the economies of the OIC countries is neither a function of the size nor the level of the affluence of the economy. With 49.2% of GDP, international tourism is the major economic activity in Maldives that has the highest share observed among OIC countries in 2018. Figure 3.7 also shows that the international tourism activity plays a relatively important role compared to the size of the economy in 11 OIC countries for which the balance of international tourism accounts for more than 3% of their GDP. This group includes some of the OIC's main tourism destinations and earner countries such as Jordan, Bahrain and Morocco. On the other side of spectrum, international tourism activity is found to have a net negative contribution in the economies of 25 OIC countries in 2018.

When the international tourism sector is evaluated as a source of foreign exchange earnings by relating the international tourism receipts in each country as a share to its total exports, it becomes evident that international tourism activity plays a more significant role in the economies of the OIC countries as a source of foreign exchange earnings (Figure 3.7, right). The highest share of international tourism receipts as a percentage of exports was recorded in Maldives (84.5 %) and followed by Sudan (75.6 %) and Lebanon (63.5 %) in 2018. Yet, in 19 OIC countries, international tourism receipts still accounted for less than 5% of their total exports in 2018. Again, the data reveals that there are wide disparities across the OIC countries regarding the relative economic importance of the tourism sector whether it is measured in terms of its contribution to the GDP or exports.

Figure 3.7: Role of International Tourism in the Economy (2018*)



Source: World Tourism Organization (UNWTO) and OICStat. *Most Recent Year Available since 2016

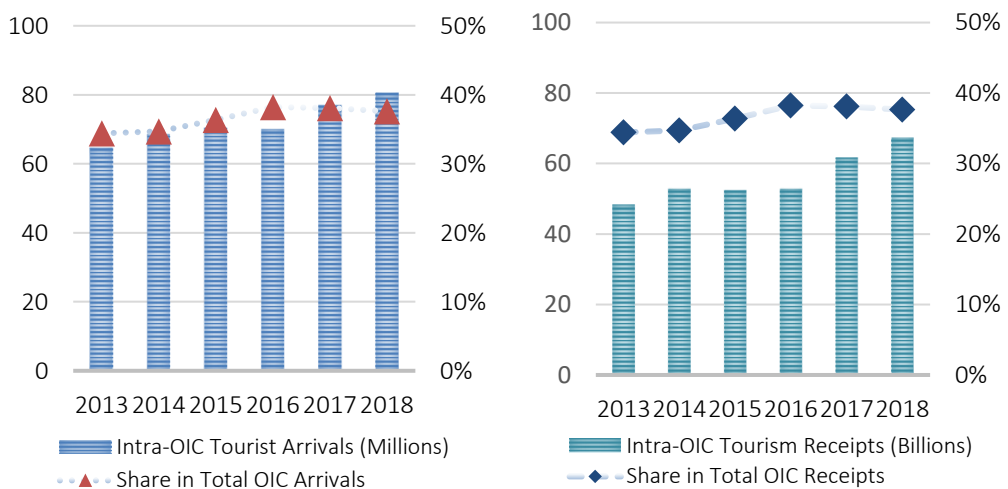


3.3 Intra-OIC Tourism

As in other dimensions of economic integration (e.g. trade and investment), intra-OIC tourism trends are useful to assess the level of economic integration among the OIC countries. Higher levels of intra-OIC tourism in terms of both intra-OIC tourist arrivals and receipts indicate an improvement in intra-OIC economic cooperation.

Figure 3.8 presents the trends on the intra-OIC tourist arrivals and tourism receipts between 2013 and 2018. Thanks to the economic recovery in the global market in 2013 and strong growth in the tourism industry, intra-OIC tourist arrivals measured at 64.7 million, corresponding to 34.4% of the total international tourist arrivals in the OIC countries. In 2018, intra-OIC tourist arrivals reached 80.6 million, corresponding to 37.6% of the OIC's international tourist arrivals. A similar positive trend was also observed in the case of the intra-OIC tourism receipts during the period under consideration. A strong growth took place over the period 2013-2018. Intra-OIC tourism receipts climbed from USD 48.4 billion in 2013 to USD 67.3 billion in 2018. In the same period, the share of intra-OIC tourism receipts in total receipts of the OIC group also recorded a meaningful increase, which went up from 34.4% to 37.6%.

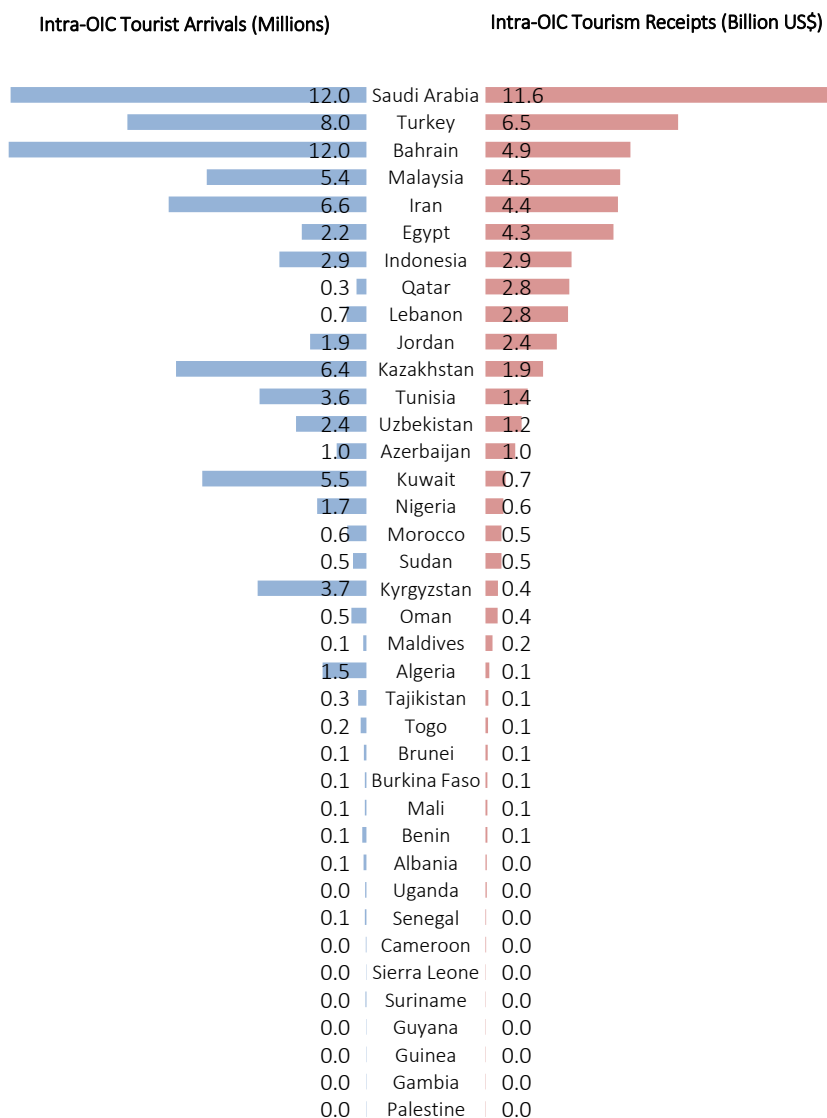
Figure 3.8: Intra-OIC Tourism



Source: World Tourism Organization (UNWTO) and OICStat

At the individual country level, the intra-OIC tourist arrivals are concentrated in a few countries. Saudi Arabia, Turkey and Bahrain were the top-three intra-OIC tourism destinations and tourism earners in 2018 (Figure 3.9). Together, they hosted 32 million tourists from the OIC countries that generated around USD 23 billion tourism receipts.

Figure 3.9: Intra-OIC Tourist Destinations and Tourism Earners (2018)

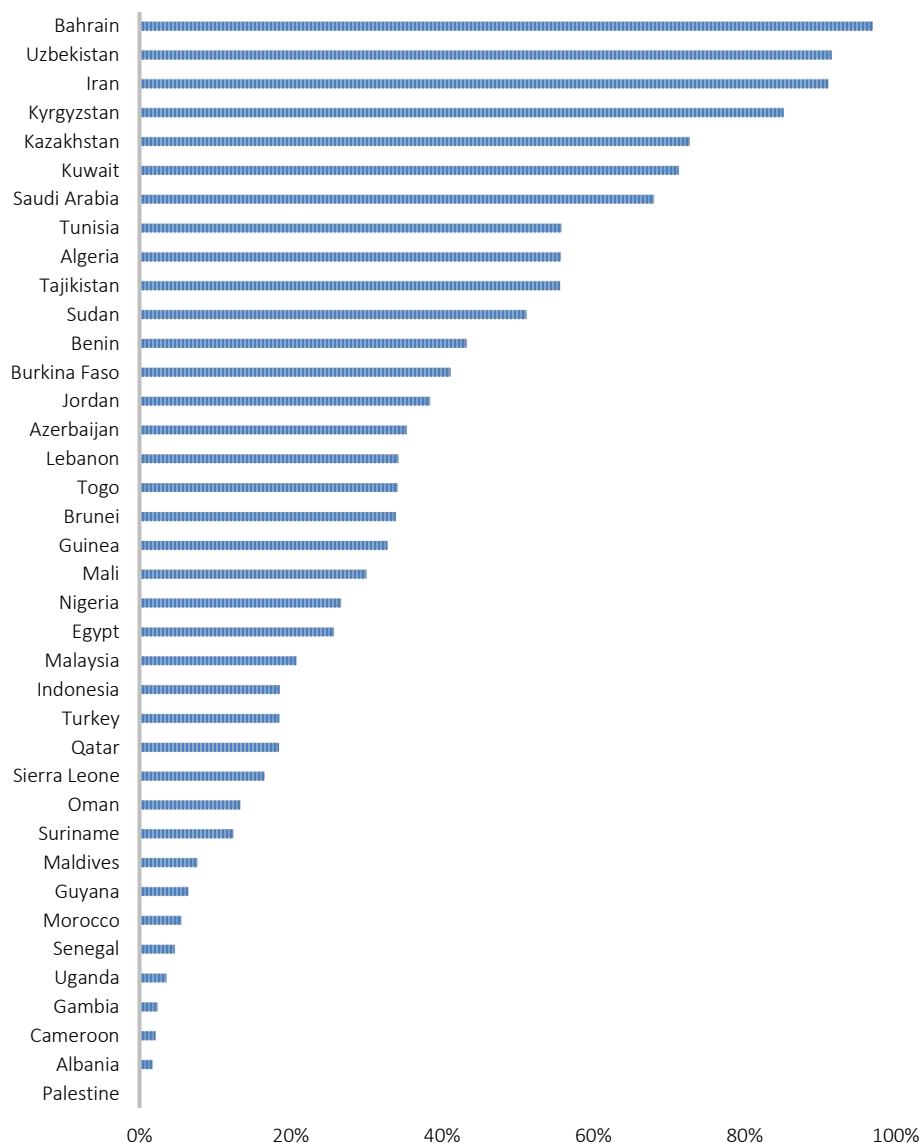


Source: World Tourism Organization (UNWTO) and OICStat

It is also observed that intra-OIC tourist arrivals accounted for the bulk of the total international tourist arrivals in some OIC countries in 2018, such as Bahrain (97%), Uzbekistan (92%) and Iran (91%) (Figure 3.10). However, this ratio is still below the level of 20% in 15 OIC countries, for which with available data.



Figure 3.10: The Share of Intra-OIC Tourist Arrivals in Total Tourist Arrivals (2018*)



Source: World Tourism Organization (UNWTO) and OICStat

*Most Recent Year Available since 2016

The figures related to intra-OIC tourism indicate that a significant amount of people travel across neighbouring OIC countries in their respective regions for touristic reasons. It becomes evident that in the OIC countries particularly located in the Middle East and Central Asia regions, intra-OIC tourist arrivals represent a relatively higher share in total tourist arrivals. Nevertheless, possession of an extremely high share of intra-OIC tourism arrivals (in total tourism arrivals) may imply that a country is highly dependent on tourist

arrivals originating from a few countries mostly located in the same region. Therefore, in case of any turbulence (social, political, or economic) in one country or between two OIC countries in the same region can have a strong negative impact on the tourism sector. In this context, in order to reduce such a risk, it is important for those OIC countries that are highly dependent on a few countries in the tourism sector to follow some tourism diversification strategies to host more tourists from different OIC geographical regions.

3.4 State of Islamic Tourism in the OIC Countries

Over the last two decades, Islamic life style market has been growing rapidly as sharia'h compliant products and services (e.g. halal food, Islamic tourism and Islamic finance) have become important components of the global economy. With increasing awareness and expanding numbers of Muslim tourists, many tourism stakeholders have started to offer special products and services, developed and designed in accordance with the Islamic principles, to cater to the needs and demands of these tourists. Against this backdrop, this sub-section aims to provide an overview of the state of Islamic tourism in the OIC countries by using the most recent available data.

The Muslim tourism market witnessed a rapid expansion over the years and emerged as one of the fastest growing segments of the global tourism market. The number of tourists in the market increased from 98 million in 2010 to 140 million in 2018, corresponding to an increase of 43% (Mastercard and Crescent Rating, 2019). The size of the global Islamic tourism market is estimated at around USD 175 billion in 2018. According to Dinar Standard (2019), the worldwide Islamic tourism market size increased from USD 177 billion in 2017 to USD 189 billion in 2018. It is expected to reach USD 274 billion by 2024 with a compound annualized growth rate of 6.4%.

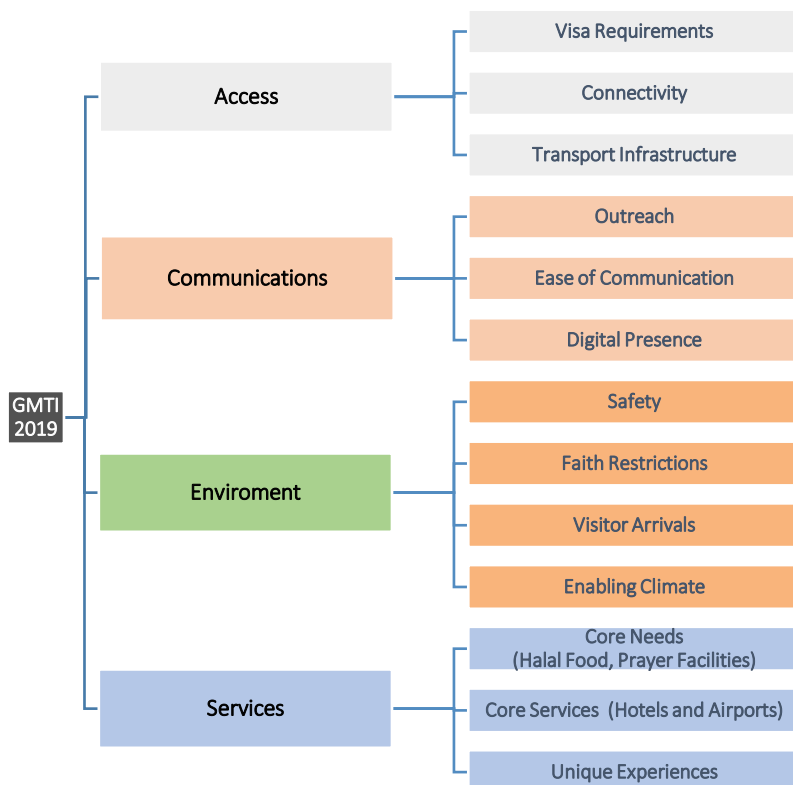
The estimations from a recent study of Mastercard and Crescent Rating (2019) also indicate the ambitious growth trajectory of this niche sector. The study foresees that more than 230 million Muslim tourists are expected to travel both locally and abroad by 2026 and these tourism activities are expected to inject USD 300 billion into the global economy. The wide use of online platforms and social media, a surge in the number of Muslim women travellers, and the growing demand for customized Islamic tourism products and services will be among the key drivers of the growth in the Islamic tourism market. In this regard, the OIC countries should not underestimate the economic importance of the Islamic tourism sector as a potential enabler for economic growth.

Over the years, several institutions have embarked on initiatives to develop special criteria to evaluate the performance of tourism destinations with respect to the compliance with the requirements of Islamic tourism and rank them accordingly. One of the most well-known initiatives is the Global Muslim Travel Index (GMTI) developed by the Mastercard and Crescent Rating. The GMTI is made of several factors that reflect the overall Islamic



tourism experience at a destination. As shown in Figure 3.11, this index looks at 13 criteria in four areas (access, communications, environment and services) for a destination. Overall, 130 countries ranked in the GMTI 2019 including 50 OIC countries.

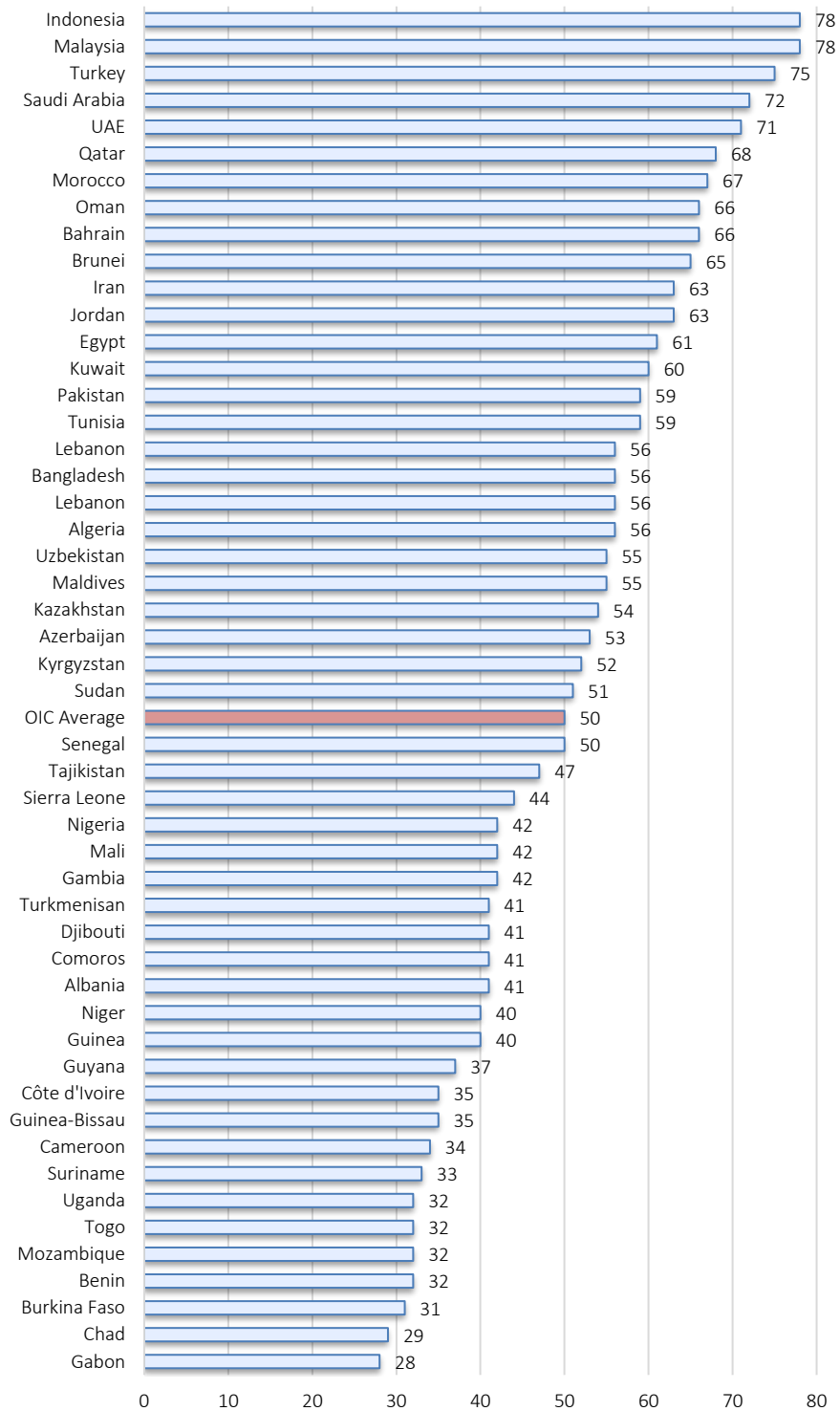
Figure 3.11: Global Muslim Travel Index (GMTI) 2019



Source: MasterCard and Crescent Rating, 2019

According to the GMTI 2019 results, the average score of the OIC countries was 50 where a higher score implies a better Islamic tourism ecosystem and experience (Figure 3.12). Malaysia and Indonesia topped the index ranking with a cumulative score of 78. They were followed by Turkey (75), Saudi Arabia (72), United Arab Emirates (71) and Qatar (68). 26 OIC countries obtained a score higher than the average of the OIC (50) in the GMTI 2019. The OIC countries in the Middle East and South Asia mostly had higher scores. The scores of 24 OIC countries stayed below the average of the OIC (50). The GMTI scores of those OIC countries ranged between 28 (Gabon) and 50 (Senegal) in 2019. In the GMTI 2019, the OIC countries with the lowest scores were located in the Latin America and Sub-Saharan Africa regions. Those OIC countries need to exert more efforts to align their tourism ecosystem to the needs of travellers who seek Islamic or Muslim friendly tourism services.

Figure 3.12: Scores of the OIC Countries in the GMTI 2019



Source: MasterCard and Crescent Rating, 2019



In fact, the global top-ten Islamic tourist destinations are members of the OIC except Singapore. Given the fact that the OIC countries have a comparative advantage mainly due to the existing Halal ecosystem including Muslim friendly facilities and services, it is not a surprising result. In the GMTI 2019, the top-three non-OIC destinations were Singapore (ranked 10th in the world with a score of 65), Thailand (ranked 18th in the world with a score of 57), and the UK (ranked 53rd in the world with a score of 53). According to these results, such leading non-OIC countries in the GMTI provide an overall better Islamic tourism experience than those available in a number of OIC countries. The majority of good performer non-OIC destinations in the GMTI are characterised by strong tourism infrastructure and competitive products. They sometimes only need to make some minimal changes in their strategies to cater to the needs of Muslim tourists (Master Card and Crescent Rating, 2015).

Overall, there is a strong need for proactive policies and measures in the OIC countries to capitalise on the existing pro-Islamic tourism environment and converting their comparative advantage into a competitive advantage. In fact, many OIC countries are still lacking basic requirements and coherent strategies to fully maximise their attractiveness to Muslim tourists (Master Card and Crescent Rating, 2017). For instance, in a global survey conducted by Dinar Standard (2015), halal food, overall price and Muslim-friendly experience were ranked among the top-three main factors that affect the decision of Muslim tourists when travelling for leisure. In such important dimensions of the Islamic tourism industry, many OIC countries need to improve their capacities and competitiveness.

In this context, a number of OIC countries like Saudi Arabia, Indonesia, Malaysia, and Turkey already developed a set of initiatives and policies to become more competitive in the global Islamic tourism market (Dinar Standard, 2019). For instance, the Ministry of Tourism and Creative Economy of Indonesia established a committee, to develop and promote Islamic/Halal tourism in Indonesia. The committee is called 'Team for Accelerated Development of Halal Tourism'. Indonesia also launched the Indonesia Muslim Travel Index (IMTI) in late 2018 that ranks its provinces on their Muslim friendliness. The IMTI aims to create healthy competition among provinces in catering to Muslim travellers and provide better information to the prospective visitors (Dinar Standard, 2019).

There are also a number of initiatives at the OIC level to provide guidance to the OIC countries on their efforts to develop their Islamic tourism industry. In this context, the 'Strategic Roadmap for Development of Islamic Tourism in OIC Member Countries' was adopted at the 10th Islamic Conference of Tourism Ministers (ICTM) in 2018 in Dhaka, Bangladesh. It sets a stage for cooperation among the OIC countries, OIC institutions and relevant international organizations in the field of Islamic tourism in five key specific



thematic areas of cooperation namely data and monitoring, policy and regulation development, marketing and promotion, destination and industry development, and capacity development. The effective use of this strategic document would help the OIC countries to improve their Islamic tourism industry.

Many tourism stakeholders in the OIC countries argued that there are no unified international halal standards and certification arrangements for the Islamic tourism industry. The lack of such standards makes it hard to cater to the needs of Muslim travellers in a standardized way. A number of OIC countries are also lacking an official body available at the national level to certify hotels and destinations according to the Islamic tourism requirements. In this regard, the Standards and Metrology Institute for Islamic Countries (SMIIC) developed the Halal Tourism Services (HTS) Standards that were adopted in December 2019. The document has become available for the use of interested stakeholders in the Islamic tourism sector. The document aims to ensure that products and services provided for Muslim travellers are standardized according to the Islamic rules (see Box 3.1).

In recent years, several OIC countries like the Gambia and Suriname and a number of OIC institutions like the SESRIC and ICDT benefited from the COMCEC Project Funding Mechanism to strengthen the capacities of the national institutions and stakeholders of the OIC countries in the domain of Islamic tourism industry. In this regard, dozens of public officials and industry stakeholders benefited from a series of comprehensive training programmes funded by the COMCEC to upgrade their skills and learn more about the Islamic tourism industry.

In this picture, it is fair to claim there are several mechanisms and tools that are available for the use of the OIC countries. Nevertheless, the OIC countries are recommended to exert more efforts to benefit from such mechanisms and tools to a higher extent for the development of their Islamic tourism industry. These efforts would also help to enhance intra-OIC cooperation tourism activities such as through providing avenues for future cooperation and collaboration among tourism stakeholders of the OIC countries.



Box 3.1: Halal Tourism Services (HTS) Standards of SMIIC

The Standards and Metrology Institute for Islamic Countries (SMIIC) have put tremendous efforts on Tourism and Related Issues (TC 5) to prepare the standard "OIC/SMIIC 9:2019, Halal Tourism Services – General Requirements" that aims to ensure that products and services provided for Muslim travellers are in accordance with the Islamic rules. OIC/SMIIC 9 is expected to be widely used by the actors of the tourism industry who offers Halal Tourism Services (HTS) across the globe.

HTS is defined as "all products or services in the travel and tourism industry guided by Islamic rules that cater to or provide facilities suitable for Muslim travellers". The objectives of OIC/SMIIC 9 are listed as follows:

- ✓ to enhance the ability of an organization/individual to produce and/or manage halal,
- ✓ tourism products and services that meet Islamic rules;
- ✓ to preserve and protect the integrity of halal tourism products and services, through effective application of the standard; and
- ✓ to enhance customer satisfaction by meeting customer requirements.

OIC/SMIIC 9 provides guidelines and requirements for managing halal tourism facilities, products and services for travellers in, accommodation premises, tour packages, tourist guides and, other services and facilities such as catering, restaurants..etc.). In the standard, HTS are classified according to the services provided by the organizations and the accommodation premises are divided into 3 categories as:

- ✓ Category A: Accommodation Premises with Halal Tourism Advanced Scale Services
- ✓ Category B: Accommodation Premises with Halal Tourism Medium Scale Services
- ✓ Category C: Accommodation Premises with Halal Tourism Basic Scale Services

This classification makes the OIC/SMIIC 9 Standard applicable for a wide range of accommodation premises that are located in OIC or non-OIC region. Therefore, the standard basically defines the requirements regarding Halal issues, food, accommodation and other facilities such as prayer rooms, and recreational areas. The rules for tour operators and guides are also parts of the standard. The OIC/SMIIC 9 Standard also provides guidance to the organizations regarding the management responsibility and the requirements of the personnel involved in HTS. In brief, all requirements defined in the standard are generic and intended to be applicable to all organizations and individuals managing HTS.

Source: www.smiic.org

3.5 Impacts of COVID-19 on International Tourism in the OIC Countries

International tourism is one of the main economic activities and an important source of foreign exchange earnings, economic growth and employment in many countries. Around 10% of the world's GDP is generated in this sector. Tourism sector creates 1 in every 4 new jobs across the globe. In 2019, international tourism accounted for 8% of total GDP of OIC countries and provided jobs for more than 45 million people (WTTC, 2020).

Since tourism sector has direct and indirect linkages with 185-supply side activities in the economy, a shock such as a pandemic could have the potential to affect a chain of economic activities from transportation to hoteliers (OECD, 2020). According to UNWTO (2020a), globally around 80% of all tourism businesses are small-and-medium-sized enterprises (SMEs) that have limited sources to survive in case of an economic shock like the current one due to the COVID-19 outbreak. The tourism sector not only creates millions of jobs but also provides opportunities for some vulnerable groups like women, youth and rural communities in many developing and developed countries (UNWTO, 2020b). In this regard, a recession or a crisis in the sector could translate into a loss of millions of jobs due to COVID-19. Consequently, a disruption in the activities of the sector could hit all wide-range tourism stakeholders and, thus, triggering the jobless and poverty rates.

The declaration of the pandemic of COVID-19 on 11 March 2020 by the World Health Organization triggered a wave of travel restrictions in different forms and intensities that put the sector into a difficult position. According to UNWTO (2020c), as of 28 April 2020, of 217 destinations worldwide:

- 45% have totally or partially closed their borders for tourists - "Passengers are not allowed to enter";
- 30% have suspended totally or partially international flights - "all flights are suspended";
- 18% are banning the entry for passengers from specific countries of origin or passengers who have transited through specific destinations; and
- 7% are applying different measures, such as quarantine or self-isolation for 14 days and visa measures.

As a result of above-mentioned restrictions on travel and tourism, OECD (2020) estimates a 45%-70% decline in international tourism in 2020. UNWTO (2020a) has made more moderate estimations on the impact of the pandemic in the early stages of the pandemic. It forecasted that international tourist arrivals to be decreased by 20% to 30% in 2020 compared to 2019. This expected fall in international tourist arrivals could translate into a decline in international tourism receipts (exports) by 300 to 450 USD billion. UNWTO



(2020a) reported that, due to COVID-19 pandemic, the global tourism sector will lose between five- and seven-years' worth of growth. Those estimations of the UNWTO unveil the severity and depth of the crisis that would certainly have serious implications on the tourism and transportation sectors of OIC countries.

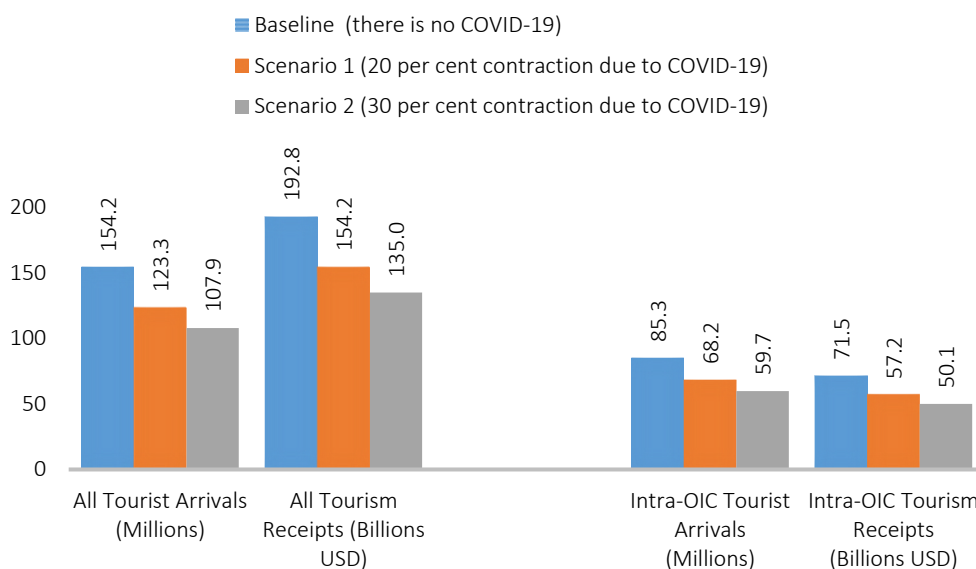
In this context, Figure 3.13 presents projections made for OIC countries on international tourist arrivals and tourism receipts based on the UNWTO scenarios. Figure 3.13 also shows projections on intra-OIC tourism activities for the year 2020. The baseline scenario reflects the usual growth trajectory of the tourism sector in OIC countries based on their performance during the period 2013-2019 with the assumption that there is no COVID-19 outbreak in 2020. In line with the UNWTO projections, scenario 1 assumes that the COVID-19 outbreak will lead to a 20% contraction in the tourism sector compared to the baseline scenario. Accordingly, OIC countries are projected to host 123.3 million international tourists instead of a baseline projection of 154.2 million in 2020. This translates into a potential USD 38.6 billion loss in tourism receipts. The headline assumption of scenario 2 is a 30% contraction in tourism in comparison with the baseline scenario for the year 2020. The figures in scenario 2 are more shocking where OIC countries are projected to attract only 107.9 million international tourists, which means 46.3 million tourists lower than the baseline scenario. Those tourists are projected to generate USD 135 billion foreign exchange for OIC countries compared to USD 192.8 billion of the baseline projection in 2020.

The COVID-19 outbreak is expected to weaken intra-OIC tourism activities as well in 2020. Intra-OIC tourist arrivals are projected to be recorded at 68.2 million in scenario 1 and 59.7 million in scenario 2. Those figures are significantly lower compared to the baseline projection of 85.3 million intra-OIC tourist arrivals in 2020 (Figure 3.13). Compared to the baseline scenario for 2020, intra-OIC tourism receipts are also projected to record losses worth of USD 14.3 billion and USD 21.4 billion due to COVID-19 in scenario 1 and 2, respectively.

In fact, the estimations made by the International Civil Aviation Organization (ICAO, 2020) are also in line with the projections made by UNWTO on the severity of the crisis in the global tourism and transportation sectors stemming from COVID-19 pandemic with significant implications on OIC countries. As the pandemic still goes on, international tourism activities have not restarted yet as expected in the last quarter of 2020. The outlook in the tourism sector is highly uncertain and volatile as new cases of COVID-19 continue to be reported worldwide. Therefore, the impacts of the pandemic on international tourism in OIC countries can be calculated accurately only after few years following the end of the pandemic by taking both indirect and direct effects on various sectors into account.



Figure 3.13: The Potential Impacts of COVID-19 on International Tourism in OIC Countries in 2020



Source: SESRIC Staff Calculations from UNWTO Database

Due to the travel restrictions, lockdown measures and curfew, in many OIC countries airline companies started to cancel their international flights in March 2020. The number of those cancellations went up remarkably in March and April as the COVID-19 outbreak deepened rapidly across the globe. For instance, in February 2020 while the United Arab Emirates recorded only a 2% reduction in the international passenger seat capacity compared to originally planned, the magnitude of the drop is measured at 84% in April 2020 (Table 3.1). In a similar vein, Turkey, Malaysia, Saudi Arabia, Indonesia, Qatar, and Morocco, which are all major tourism destinations in the OIC group and host important international travel hubs, witnessed significant contractions in their international passenger seat capacities from February to April 2020. During April 2020, the magnitude of reduction in those OIC countries' seat capacities ranged between 64% (Saudi Arabia) and 89% (Turkey). After April 2020, the contraction in the air passenger traffic also went on amid the ongoing pandemic. Consequently, international air demand in the world declined 70% in January-August 2020 according to the data from International Air Transport Association (IATA) (UNWTO, 2020d).

Similarly, air cargo traffic is expected to record a sizeable double-digit decline in 2020 due to the slowdown in international trade and tourism activities (IATA, 2020). A reduction in international seat or cargo capacity does not simply mean the cancellation of a number



of flights. It has serious and significant financial implications. The air transport sector of OIC countries including some major airlines such as Turkish, Emirates, and Saudi as well as international airports such as Dubai, Istanbul, Kuala Lumpur and other service provider companies are expected to record significant financial losses. Meanwhile, governments will face significant tax revenue losses (ICAO, 2020). Workers in the transportation sector will either lose their jobs or earn a reduced income.

Like air transportation, marine transportation companies also have difficult times due to COVID-19 pandemic. The reduction in international trade and output volume reduced the global demand for oil and raw materials. Many tankers, cruise and cargo ships have stayed idle in 2020. They wait for new passengers and shipment as well as removal of restrictions (Bloomberg, 2020). The pandemic also affected the rail transportation sector in OIC countries mainly due to a decline in international trade volume. Many OIC countries also temporarily stopped providing rail transportation services for passengers due to containment measures such as curfews and lockdowns.

Table 3.1: International Passenger Seat Capacity Change from Originally Planned (%)

	February 2020	March 2020	April 2020
UAE	-2	-43	-84
Turkey	-21	-34	-89
Malaysia	-8	-41	-75
Saudi Arabia	-21	-31	-64
Indonesia	-10	-32	-78
Qatar	-2	-22	-74
Morocco	na	na	-82

Source: SESRIC Staff Analysis from ICAO (2020) dataset. 'na' stands for not available

Overall, the COVID-19 outbreak has been affecting international tourism in OIC countries severely in 2020. Nevertheless, the impacts vary across OIC countries such as depending on the overall level of development of the tourism sector and the degree as well as duration of containment measures. The limited diversification of exports and heavy reliance on tourism activities also limit the manoeuvre area of some OIC countries such as the Gambia and Maldives. Such OIC countries could be affected to a higher extent

stemming from a significant reduction in their foreign exchange earnings (Oguz et al., 2020).

Some OIC countries with relatively more developed tourism sectors like the United Arab Emirates, Turkey and Morocco will be affected by international travel and transportation restrictions as well. Yet, these countries have a greater ability to generate foreign exchange earnings through alternative channels such as trade and investment thanks to their diversified economic structures. Moreover, the existence of strong tourism and transportation infrastructure as well as the availability of a wider spectrum of tourism activities could help them to compensate for their losses rapidly once the containment measures are fully lifted.

In the end, it is a combination of various factors such as the availability of efficient public mechanisms, financial resources and crisis-response preparedness that determine how and to which extent each OIC member country can successfully respond and recover from the unprecedented crisis in the tourism and transportation sectors. Restoring confidence and trust in the sector remains crucial and convincing people to start travelling internationally will take some time. In this context, an increasing number of destinations are putting in place different measures including safety and hygiene protocols, the promotion of domestic tourism and the creation of travel corridors or bubbles to ensure a safe restart of tourism. In this context, OIC countries are recommended to follow up international developments like the “Safe Travels Stamp” initiative of the World Travel & Tourism Council (WTTC) and “Restart Tourism” campaign of the UNWTO.

The quality of infrastructure, human resources, and the existence of strong political willingness will all play a role in responding to the needs of the tourism sector in OIC countries. In particular, the early approvals of some vaccines to overcome the pandemic are encouraging. If such approved vaccines against COVID-19 can be administered to a large group of populations in OIC countries by implementing effective immunization strategies, international tourism activities are likely to restart and slowly recover in 2021. Enhancing intra-OIC tourism activities such as by easing bilateral visa policies, providing incentives (e.g. temporary tax cuts, subsidies) for airlines and travel agencies would also help to minimize the potential financial losses and save many jobs in OIC countries that are affected by COVID-19 pandemic.





CHAPTER FOUR

Promoting Health Tourism in the OIC Countries



Over the last few decades, there is an increase in the global demand for healthy life styles. Given the increased connectivity among countries and reduced transport costs, a growing number of people travel abroad for health reasons such as medical operations, aesthetic surgery, dental care, hair transplant, spa and retreat activities. Such medical and wellness services offered for international travellers in the domain of tourism have become an important component of the global economy.

With increasing awareness and expanding numbers of tourists in this area, many tourism industry players in cooperation with hospitals, clinics and hotels have started to offer special services to cater the needs and demands of these tourists in a number of OIC countries. Nevertheless, health tourism is a relatively new concept for many OIC countries. Some estimations regarding the size of the health tourism market indicate that the market will register high growth rates in upcoming years both in developing and developed countries. It is, therefore, health tourism could help many OIC countries to develop more diversified tourism services, host more international visitors and record increased tourism receipts, if properly planned.

Against this backdrop, this section aims to provide a candid discussion on the importance of health tourism. First, it presents the key concepts of health tourism by sifting through the tourism literature. Second, it reviews the state of the health tourism industry in the world in general and in the OIC countries in particular by looking at the latest available information and statistics. Lastly, the section provides a SWOT analysis for the development of health tourism in the OIC countries.

4.1 Key Concepts of Health Tourism

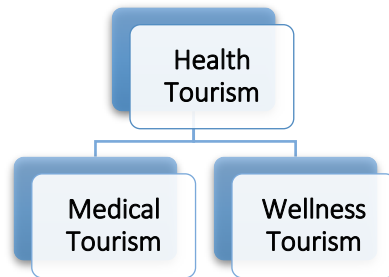
There are various definitions of health tourism in the literature (Persic and Vlastic, 2018). Nevertheless, the World Tourism Organisation (UNWTO) comes up with a comprehensive definition that helps to address inconsistencies among various definitions. Health tourism covers those types of tourism which have as a primary motivation, the contribution to physical, mental and/or spiritual health through medical and wellness-based activities which increase the capacity of individuals to satisfy their own needs and function better as individuals in their environment and society (UNWTO and European Travel Commission, 2018).

According to the UNWTO and European Travel Commission (2018), health tourism is an umbrella term. It consists of medical and wellness tourism (Figure 4.1). Medical tourism is a type of tourism activity which involves the use of evidence-based medical healing resources and services. This may include diagnosis, treatment, cure, prevention and rehabilitation. Wellness tourism is a type of tourism activity which aims to improve and



balance all of the main domains of human life including physical, mental, emotional, occupational, intellectual and spiritual. The primary motivation for a wellness tourist is to engage in preventive, proactive, lifestyle enhancing activities such as fitness, healthy eating, relaxation, pampering and healing treatments.

Figure 4.1: Types of Health Tourism



Source: UNWTO and European Travel Commission, 2018

In simple terms, medical tourists travel because they want to treat/cure medical conditions, while wellness tourists travel because they want to maintain or improve their health (Voigt et al., 2010). In this regard, the needs and expectations of health tourists may differ according to their motivation factors. This would definitely affect their spending patterns, length of stay and tourism activities during their travel.

4.1.1 Demand and Supply

Decisions of tourists for health purposes are affected by a number of factors such as advanced technologies, relatively low medical costs, and better quality treatment in destination countries. According to Persic and Vlastic (2018), 88% of tourists would consider going out of their community or local areas to get care/treatment for a condition if the outcomes were better and the costs were not higher. Longer waiting period and lack of proper treatment facilities and technologies at home country are also amongst major factors that motivate tourists to visit another country for health reasons. At the global level, ageing population and the growing demand for wellness are among reasons that increase the demand for health tourism services (Garcia-Altes, 2005).

Cultural traditions, natural assets and heritage play a role in defining demand and motivations of international health tourists. They seek healthy services and prefer lifestyle-based treatments. Domestic health tourism is in practice in several countries. It is more common in countries where the government subsidises national or domestic health tourism (e.g. thermal medical bath treatments) (UNWTO and European Travel Commission, 2018).

On the supply side of health tourism, there are multiple stakeholders from a number of sectors such as hotels with spas facilities, wellness hotels, thermal baths, specialized hospitals and clinics, insurance companies, brokers and tour operators. Since a globally accepted typology of service providers is not available, the size of the actual supply is not easy to estimate accurately. Nevertheless, the hospitality industry has already recognized the growing demand and interest in health or wellbeing. Consequently, an increasing number of operators either have reshaped their services or launched new brands adapted to the new demand trend (e.g. in the form of healthy options).

4.1.2 Market Size

The lack of a unified definition of health tourism makes it difficult to include it in the official national tourism statistics. Even the tourism statistics like the Tourism Satellite Accounts (TSA) do not define or distinguish health tourism. This makes it difficult to assess the importance, growth, and impacts of health tourism properly (Eurostat, 2011). Nevertheless, there are a set of estimations made by various institutions that could give an idea about the market size.

UNWTO and the European Travel Commission (2018) reported that the size of the global health tourism market is estimated in the range of USD 45.5 billion to USD 100 billion in 2017. According to the Grand View Research (2019), the global medical tourism market size increased from USD 24.3 billion in 2016 to USD 36.9 billion in 2018. WTTC (2019) estimated that international spending on medical tourism products and services grew by 358% in nominal terms between 2000 and 2017 that increased from USD 2.4 billion to USD 11 billion. In this period, the average annual growth rate was estimated at around 9%.

Many studies show that health tourism is expected to grow further worldwide over years such as due to improved availability of health technology, decreasing costs for travel and advertising by companies wishing to attract patients (Ruggeri et al., 2015). In line with this argument, Grand View Research (2019) estimates that the global medical tourism market size is expected to increase from USD 36.9 billion in 2018 to USD 179.6 billion in 2026. Some studies also provide a regional perspective on the market size of the health tourism industry. For instance, in the European Union (EU) 28 countries, the number of arrivals for health tourism was estimated 61.1 million and health tourism revenues totalled Euros 46.9 billion, which represents 4.6% of all tourism revenues and 0.3% of the EU 28 GDP in 2014 (Mainil et al., 2017).

Although there are wide discrepancies in estimations, the results reveal that the market size has been expanding rapidly at the global level. The availability of demand for better healthcare, new technologies, innovative medicines, modern devices, better hospitality,



and increased focus on personalized care and wellness are some of the main factors that are further expected to drive the growth in the market.

4.1.3 Benefits

As an international tourism activity, health tourism generates direct foreign exchange income and contributes to the overall development of any economy such as by generating employment and business opportunities for residents. Moreover, it fosters the growth of associated businesses such as pharmaceuticals, medical devices, brokers and tour operators. According to GWI (2018), an international wellness tourist spent 53% more than the average international tourist in 2017 during a single trip.

Health tourism has led to a rise in state-of-the-art medical facilities in many developing countries to attract foreign nationals, resulting in the fast growth of healthcare infrastructure in such countries (Grand View Research, 2019). The economic potentials of health tourism paved the way for healthcare providers to develop and offer comprehensive health tourism packages that include services ranging from ticket booking to hotel stay and medical insurance. In this context, health tourism has the potential to trigger the growth of other sectors such as transportation and insurance through its backward and forward linkages.

In addition to direct economic benefits, health tourism may have positive effects on the labour market such as by encouraging vocational education and training among the local workforce as health tourism providers need staff with upgraded skills such as on communication technologies and language.

Health tourism would help local patients such as by improving the quality of care and services in local clinics and hospitals as most of them serve both the local population and international visitors. In India, for example, a two-tiered approach employed in some hospitals resulted in improved services for local patients and tailored services for medical travellers. Panama and Thailand have also developed services that were initially intended to attract foreign patients but also resulted in new facilities available for locals (Ruggeri et al., 2015).

Health tourists are less affected by weather or seasons unlike sea or winter tourism and, therefore it may help reduce tourism seasonality. This would contribute to the sustainability of tourism activities throughout the year regardless of the season and contribute to the steady inflow of foreign exchange. This dynamism would encourage more investments to be made in the tourism sector.



4.1.4 Risk factors

There are several risk factors that could influence the decision of travellers for health tourism. Ensuring a high quality of treatment and services is critical for the development of health tourism. But these factors are also important for the health and wellbeing of the traveller for health purposes. Failing to provide such services at global standards may be life threatening. In particular, it is extremely difficult for travellers to experience additional health problems such as due to maltreatment or hospital infection in unfamiliar locations or cultures (Ruggeri et al., 2015). Moreover, complications or adverse outcomes as a result of malpractices or poor quality of health services may dissatisfy health tourists. Depending on the host country, health tourists may not always have access to an adequate complaint mechanism/body in order to report about their dissatisfaction. For a health tourist, the follow up of the treatment may also not be easy due to the physical distance between the service provider and the home country of the tourist.

The language barriers and cultural differences may also be included among risk factors that could affect the experience of a health tourist. Additional unforeseen expenses during treatment or medical operation is always a matter of concern for health tourists whether their expenses are covered by themselves or their insurance company.

Health tourism has historically been from lower to higher income countries, with better medical facilities and more highly trained and qualified professionals. However, this trend changes over recent decades that an increasing number of countries participate in health tourism as importers, exporters or both. In this regard, the growth in health tourism has implications for health service provision in destination countries whether it is developed or developing country. In particular, access to health care for local residents might be adversely affected if local health professionals devote their time to treatment of foreigners rather than local communities (Ruggeri et al., 2015). Due to the limited availability of health professionals and physical capacities in some developing countries, the market rate of medical treatments or wellness cures in the privately owned clinics or spas may go up for local residents when the number of international health tourists increases.

4.2 State of Health Tourism in the OIC Countries

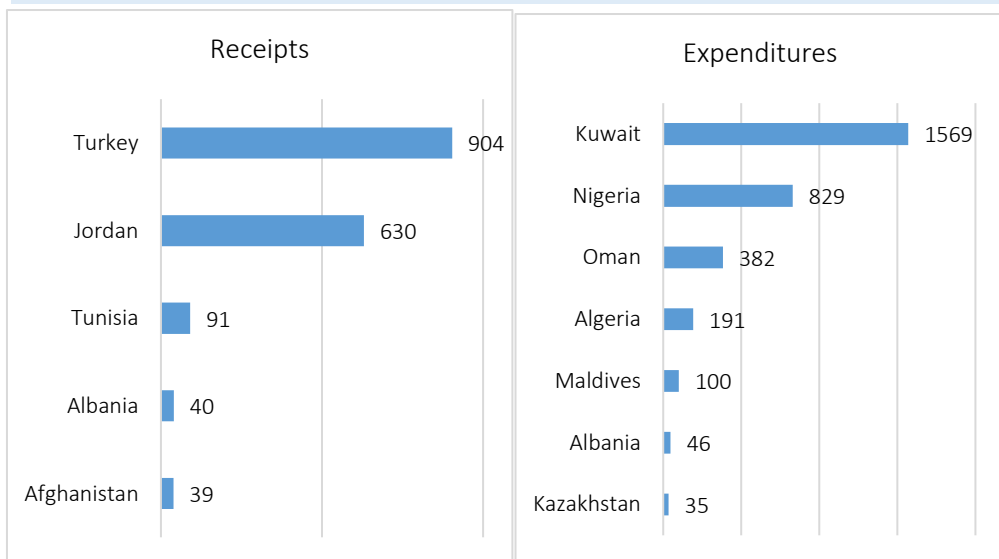
Many OIC countries are both exporters and importers in health tourism given the availability of a wide spectrum of health tourism related services. Nevertheless, it is almost impossible to come up with a comparable full picture on the performance of the OIC countries due to the lack of comparable and reliable datasets in the domain of health tourism. It is mainly because most of the available data on health tourism is of poor quality. Sources are often not fully accessible or do not explain how estimated figures were calculated (UNWTO and European Travel Commission, 2018).



Despite having these limitations, there are a few cross country studies that provide some estimations about the size of the health tourism related receipts and expenditures. Figure 4.2 displays the available data for the OIC countries for the year 2015 that were reported in the UNWTO and European Travel Commission (2018). Turkey was the leading OIC country in terms of tourism receipts with an estimated value of USD 904 million and followed by Jordan (USD 630 million). Tunisia, Albania and Afghanistan were the other three OIC countries that received millions of USD from health tourism related activities in 2015. On the health tourism expenditures side, Kuwait (USD 1,569 million), Nigeria (USD 829 million) and Oman (USD 382 million) were the three leading OIC countries based on the available data in 2015.

These figures reveal that several OIC countries generate millions of additional income through health tourism related activities on the one hand. On the other hand, millions of USD were spent by residents of the OIC countries abroad to benefit from the health tourism related services. In this regard, health tourism could be amongst the potential areas of cooperation to enhance intra-OIC cooperation. In particular, the existence of an overall Islamic tourism ecosystem in the OIC countries makes many destinations in the OIC region with advanced health tourism services more attractive in the eyes of Muslim travellers. Therefore, it is very likely that intra-OIC tourism activities could be enhanced if the OIC countries could prepare focused marketing and branding strategies in the area of health tourism towards OIC destinations.

**Figure 4.2: Health Tourism Performance of Selected OIC Countries, 2015
(Million USD)**



Source: UNWTO and European Travel Commission, 2018

4.2.1 The Medical Tourism Index

In the global health tourism industry, one of the well-known tools used in cross-country studies is called the Medical Tourism Index (MTI) that measures and compares the consumer perception in medical tourism by using 34 indicators. The data were gathered by conducting a global survey with 4,000 prospective medical tourism patients, and 394 members from the Medical Tourism Association (MTA). The MTI ranks 41 destinations across the globe including several OIC countries.

The index has three main sub-indices: destination environment, medical tourism industry, and facility and services. The Destination Environment sub-index assesses the overall economy of the destination, the safety and image of the destination, favourability of the exchange rate as well as cultural aspects such as cultural or language similarities. The Medical Tourism Industry sub-index evaluates the attractiveness of a destination as a tourism destination in terms of popularity of tourism destination, weather conditions or cultural and natural attractions/sites as well as costs associated with medical tourism such as cost of treatment, costs of accommodation or costs of travel. The Quality of Facility and Services sub-index looks at the quality of care such as doctor’s expertise, healthcare standards, or medical equipment. It also considers the reputation of doctors/hospital, internationalization of staff, accreditation of facility and the overall patient experience.

According to the MTI 2016-2017, among the OIC countries with available data, the United Arab Emirates was the leading destination with two cities namely Dubai (ranked 16th in the world) and Abu Dhabi (ranked 25th in the world) (Figure 4.3). The United Arab Emirates was followed by Egypt (28th), Qatar (30th) and Morocco (31st), Turkey (32nd), Jordan (33rd), Oman (35th), Tunisia (36th), and Kuwait (37th). The MTI reveals that there are several globally competitive destinations in different parts of the OIC region from Africa to Asia that health tourism could play a critical role in the development of the OIC countries such as through generating income, creating jobs and improving international tourism brand value.

Figure 4.3: Ranking of the OIC Countries in the Medical Travel Index (MTI), 2016-2017



Source: Medical Tourism Index Report 2016-2017



4.2.2 Experiences of the Selected OIC Countries

This sub-section presents the experiences of the selected OIC countries (Azerbaijan, Indonesia, Iran, Jordan, Malaysia, Morocco, Turkey and the United Arab Emirates) in the domain of health tourism such as in terms of available institutional frameworks, state of health tourism, and national level strategies and initiatives. The brief overview of the experiences of the selected OIC countries reveals the existence of a set of successful initiatives and policies that could constitute a basis for enhanced intra-OIC cooperation in the area of health tourism.

Azerbaijan

Azerbaijan is rich with natural and wellness resources and sees health tourism as a niche market to develop the sphere of medical tourism. Health tourism in Azerbaijan has been gradually improving following the adoption of the state programme on development of resorts over the period 2009-2018. The Ministry of Culture and Tourism developed a draft 'Action Plan for the Development of Health Tourism'. In Azerbaijan, new investments were made in Naftalan, Galaalti, Gabala, Nakhchivan and Lankaran. In particular, the therapy with Naftalan oil and mud volcanoes are amongst unique offerings in Azerbaijan in the domain of health tourism (AITF, 2018).

Indonesia

Indonesia is not yet a major player in the area of health tourism but has ambitions to develop a competitive health tourism sector. Indonesia offers globally recognized medical and surgical treatments at international standards. Indonesia has several internationally accredited hospitals that offer services for health tourists. Indonesia offers several 'traditional medical practices' that could attract visitors, particularly from the Asia. Wellness tourism is a relatively new concept in Indonesia, and developments are mainly focusing on promoting their large spa/resort sector to international tourists (primarily in Bali). Nevertheless, according to GWI (2018) Report, wellness travellers in Indonesia made 8.3 million trips that generated USD 6.9 billion in 2017.

The Ministry of the Tourism and Creative Economy and the Ministry of Health have been working on the health tourism concept since 2017 in Indonesia to promote the country as a health tourism destination. In this context, Indonesia recently launched a health tourism catalogue and a fitness travel book in November 2019 as part of a new effort to target the health tourism market (Jakarta Globe, 2019).

Iran

Iran is an important destination for health tourists that several hospitals and clinics provide services for international travellers at internationally competitive prices. According to the IMTJ (2017a), a medical tourist spends on average USD 5,600 (per visit) in Iran. In 2016, Iran hosted more than 100 thousand medical tourists that generated more than USD 590 million.

To organize and ensure coordination in Iran's medical tourism, a strategic council was formed with the representatives of the Ministries of Health and Foreign Affairs, the Medical Council of Iran, and Iran's Cultural Heritage, Handicrafts and Tourism Organization (ICHHTO). Around 100 hospitals and clinics, and 14 travel companies had health tourism permits across the country that could serve international healthcare travellers in 2017 (IMTJ, 2017b).

Jordan

Jordan has offerings both in medical and wellness tourism given its geostrategic location in the Middle East, well-established hospitals and clinics. Jordan has a relatively long history of high-quality facilities, services, and treatments in its region. Its competitive health tourism industry has relatively low cost offerings and highly-qualified doctors (many of whom are trained in developed countries and certified). In particular, the workforce has good skills in English and other languages.

Wellness tourism has been developing in Jordan. The Dead Sea region has become the major development region in Jordan for wellness tourism and is sometimes described as the 'world's largest natural spa'. Since the Dead Sea has some healing properties, even spas in this region can promote medical treatments (e.g. for skin conditions).

The Ministry of Tourism and Antiquities of Jordan launched two National Tourism Strategies (2004-2010 and 2011-2015) and both focused on developing a number of niche markets. One of these niche markets is 'Health and Wellness Tourism'. The recognition of health tourism in the national strategy is an important for the development of the sector such as to encourage investors and address major challenges.

Malaysia

Malaysia is committed to becoming a leading health tourism destination in Asia that the number of health travellers to Malaysia went up from 643 thousand in 2011 to 1.2 million in 2018. The bulk of the travellers that visit Malaysia seeking health treatments are from Indonesia, India, China, Japan, the United Kingdom, Australia and Middle Eastern countries. Overall, the industry is growing at an average rate of 12% to 14% every year, generated Malaysian Ringgit (MYR) 1.5 billion revenue in 2018. Besides the direct revenues from health travellers, travel spending creates sizeable multiplier effects from



non-medical expenditures such as hospitality services, tourism activities, and logistics (Malaysia Healthcare Travel Council, 2018). Malaysia has over 70 private healthcare institutions dedicated to providing quality health tourism experience.

In the domain of wellness tourism, according to GWI (2018) Report, in Malaysia wellness travellers made 8.3 million trips that generated USD 5 billion in 2017. With this performance, Malaysia was listed among the top 20 destinations in the world.

One of the key success factors of Malaysia in the health tourism industry is the establishment of the Malaysia Healthcare Travel Council (MHTC) in 2005 by the Ministry of Health of Malaysia to promote health tourism. It became a standalone entity in 2011 that allowed it greater flexibility to operate as a coordination agency for the health tourism in Malaysia.

The establishment of a dedicated web portal (mhtc.org.my) allows potential health tourists to obtain proper information on health facilities and treatments in Malaysia. According to Mainil et al. (2017), the health tourism experience of Malaysia has various successful elements that the EU countries could learn a lot.

Morocco

Health tourism is a growing sector in Morocco and primarily involves cosmetic/plastic surgery. Morocco has well-regarded and highly trained doctors (many of whom were trained in Europe or the U.S.), and medical facilities are modern and of a high standard. Morocco has been promoting its wellness offerings to tourists for several decades, and the focus is mainly on water-based offerings, including spas, hammams, balneotherapy, thalassotherapy, and sand baths. Moroccan spas are important elements of wellness tourism and as one of the country's most popular and important offerings. Moroccan authorities implement some promotional strategies include participation in international spa and tourism exhibitions, events, and conferences, especially in Europe and the United States. Special attention is given to marketing Morocco as an 'authentic spa destination' by offering spa services in order to take advantage of available thermal and sea waters, local products, medicinal and aromatic plants, and other traditions.

In order to promote health tourism in Morocco, the Ministry of Tourism of Morocco launched a 'National Plan for Health, Wellness, and Medical Tourism Development' in partnership with public and private organizations. The plan aimed to create new integrated health tourism products corresponding to the needs of different domestic and international market segments and position Morocco as a destination for international healthcare visitors. Health tourism is also listed as an area of priority in the 'Vision 2020' strategy document of the Ministry of Tourism of Morocco.

Turkey

Turkey has become one of the leading health tourism destinations in the world thanks to qualified human resources, competitive prices, and advanced technologies used. In 2018, 550 thousand patients received health services within the scope of health tourism in Turkey. Azerbaijan and Iraq were the top two countries in terms of the origin of visitors that also helped to enhance intra-OIC tourism cooperation. In 2018, tourism revenues from foreign visitors for health reasons generated an estimated income of USD 1.1 billion (USHAS, 2020).

In the domain of wellness tourism, Turkey is one of the world's top seven countries for thermal springs, with about 1,500 natural hot spring water resources. GWI (2018) reports that wellness travellers made 9.1 million trips that generated USD 4.4 billion in 2017 in Turkey.

Nevertheless, the legal and institutional frameworks that regulate and oversee the health tourism market in Turkey are relatively new. In Turkey, the Health Tourism Unit was established under the Ministry of Health in 2010 and the Health Tourism Coordination Council (SATURK) was formed in 2015 to improve coordination among different stakeholders in the domain of health tourism. In 2019, within the Ministry of Health, another entity was established (namely USHAS) to promote the services offered in the field of international health services and to support and coordinate the activities of public and private sectors towards health tourism. Turkey promotes its health tourism services and market through a public web portal (healthtourism.gov.tr).

United Arab Emirates

In the United Arab Emirates, health tourism is placed among priority tourism areas for the diversification of tourism services. In particular, Dubai and Abu Dhabi emerge as two leading destinations for healthcare travellers regionally and globally.

In 2014, the Health Tourism Council was formed to position Dubai as a globally recognized destination for elective health and wellness treatments. The Dubai Health Experience (DXH) is the brand for health tourism in Dubai overseen by the Health Tourism Council at the Dubai Health Authority (DHA). The target of the DHA is to attract more than 500 thousand international health tourists by 2021. In particular, the DHA aims to ensure that patients and their families could access to healthcare providers for high-quality care, and they have good experience in Dubai. In this regard, a dedicated web portal was launched (dxh.ae) so that prospective visitors could access the right information. Moreover, the 'Dubai Health Tourism Guide' was published in 2019 that provides a comprehensive overview of health clinics, hospitals and wellness centres in Dubai.

Similar to Dubai, there are many state-of-the-art health facilities and they cater to the needs of international healthcare visitors in Abu Dhabi. Abu Dhabi ranks 25th out of 41

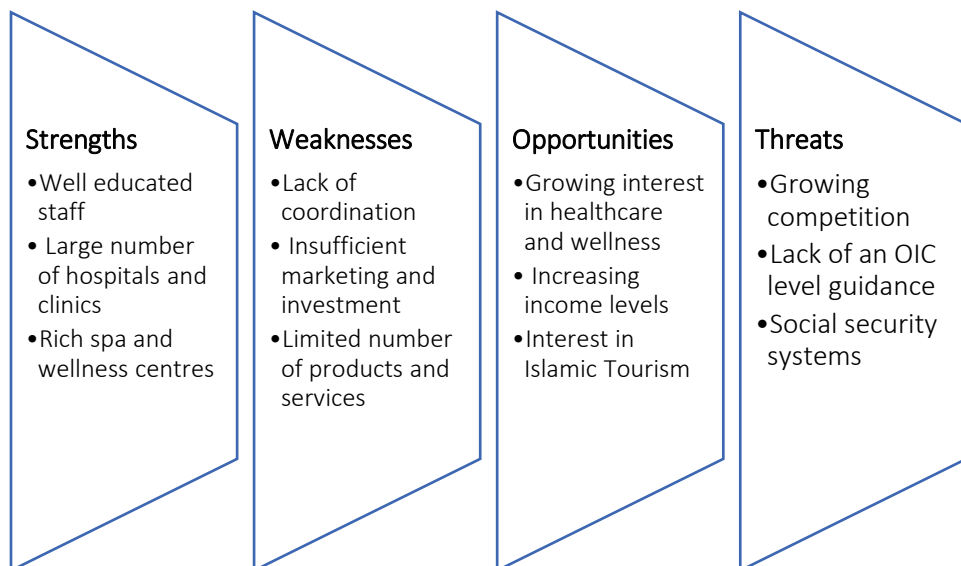


destinations surveyed in the Medical Tourism Index 2016-2017. As in the case of Dubai, Abu Dhabi has a centralized web portal on health tourism (health.abudhabi.ae). As a result of such successful initiatives, each year, on average, 16 thousand medical tourists travel to Abu Dhabi in pursuit of its health services.

4.3 SWOT Analysis of Health Tourism Development

Health tourism is a niche tourism market that increasingly gains more importance at the global level. Several OIC countries have basic infrastructure and offer an ecosystem for catering to the needs of healthcare travellers. In such OIC countries health tourism related activities have started to boost tourism receipts, generate employment and trigger economic growth. Yet, it is difficult to claim that many of these countries reached their full potentials. A SWOT analysis would help to understand the reasons behind the picture. Figure 4.4 summarizes some major Strengths, Weaknesses, Opportunities and Threats.

Figure 4.4: SWOT Analysis on Health Tourism



Source: SESRIC Staff Analysis

Strengths

Many OIC countries are rich in terms of the number of well-educated staff and quality health facilities. Moreover, they have many natural resources that fit for the spa and wellness tourism. Nevertheless, these resources need to be managed under an effective coordination that many OIC countries have not developed yet. With more investment into the sector and diversification of services, the OIC countries could gain a higher share from the global health tourism market. An increased contribution of health tourism to the

economies of the OIC countries, the prosperity in these countries would likely to increase thanks to the backward and forward linkages of the health tourism with various economic sectors.

Opportunities

The average per capita income in the OIC countries is on the rise (SESRIC, 2019a). This a window of opportunity for the growth of the health tourism sector in the OIC countries as people pay more attention to their health and consider benefiting from health tourism services available in other countries as they enjoy increased income levels. Moreover, the average life expectancy at birth in the OIC countries has been climbing up (SESRIC, 2019b). In this context, the OIC countries are expected to witness a growing demand for medical and wellness tourism services. In fact, most of such services could be provided within the OIC region. The effective use of available sources such as health care institutions and well-educated staff for the growth of the health tourism sector could be important in order to host more international healthcare travellers in the OIC countries. Therefore, it is likely that health tourism could enhance intra-OIC tourism activities, if properly planned and managed.

While travelling for medical or wellness tourism abroad, many Muslim tourists are interested in whether basic services for them are provided in line with their needs and sensitivities including the availability of halal certified food (Dinar Standard, 2012 and 2015). In this regard, the OIC countries have a unique advantage that many of them offer a well-developed Islamic tourism experience thanks to the already existing Muslim friendly tourism ecosystem. This ecosystem would help the OIC countries to host more healthcare travellers with Islamic tourism sensitivity from the OIC countries and beyond.

Weaknesses

The review on the experience of the OIC countries has revealed that several OIC countries started to develop institutional mechanisms and national level strategies to enhance the development of the health tourism sector. Yet, many OIC Countries still do not have such mechanisms.

As a new emerging segment of the global tourism industry, health tourism has not received enough investments in some OIC countries. Therefore, these countries could not cater to the needs of international healthcare travellers at globally recognized standards. Nevertheless, investors could give due attention to this niche segment by considering its potential and growing market size. The increasing number of success stories in the OIC countries and incentives could encourage investors to pay more attention to this important sector.

Despite all the developments and studies made, the health tourism market is an emerging niche market. There are a number of factors that the OIC countries need to address that hinder the development of the market. There are no universal definitions on the health,



medical and wellness tourism. Each country uses these terms in their own understanding such as in the data collection or marketing of health tourism services. According to Johnston et al. (2011), based on 12 in-depth country case studies including three OIC Countries (Indonesia, Jordan and Morocco) reveal that inconsistent definitions in the sector cause confusion for consumers.

There are major challenges to obtaining quality and comparable data and statistics on the health tourism sector. Some of the data are kept by insurance firms and not available at all. Without official harmonized international datasets, it is less likely to undertake research effectively. Moreover, poor quality datasets can misguide policy makers (UNWTO and European Travel Commission, 2018).

The organizational structures in some of the OIC countries are not planned properly that requires effective coordination at the national level. The lack of a national level coordination body for medical tourism and wellness tourism sectors discourage tourism stakeholders including prospective investors in some OIC countries. The underlying legal and regulatory measures for the health tourism sector are also not fully available in some of the OIC countries. In such a picture, an international healthcare traveller may not obtain full information about his/her rights or do not know whom to complain if there is any malpractice.

Human capital shortages in some OIC countries are also among the challenges that limit the growth of the sector. The staff with improved knowledge and training could harm the image of the healthcare provider institution and country. The staff in the health tourism industry often needs additional training in languages, culture, and communication skills to provide effective services for international travellers. This requires effective coordination among national stakeholders such as the Ministry of Tourism, the Ministry of Education and Travel Associations.

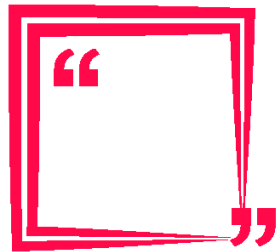
Threats

There is a growing competition in the domain of health tourism across the globe. This competition would force many OIC countries to serve better quality services at competitive prices in order to gain a higher market share. The OIC countries need to develop their own national strategies to promote health tourism as there is no an OIC-level guidance document or strategy that could serve as a reference. As the healthcare expenditures in the OIC countries such as due to increased life expectancy, the pressure on social security systems grows. In this regard, social security services of some countries stopped (or put an upper limit) while providing coverage on the costs of some medical operations or health services received abroad. Moreover, some private insurance companies tend to reduce the number of fully covered inclusive services for international healthcare travellers. As a result, an increasing number of international healthcare travellers need to make out-of-pocket expenditures or pay increased insurance premiums.



CHAPTER FIVE

Concluding Remarks and Policy Implications



The OIC countries, as a group, have a high potential for the development of a sustainable international tourism sector. This is true given their rich and diverse natural, geographical, historical, and cultural heritage assets. International tourism is a very important sector that could, if properly planned and managed, play a significant role in the development of the OIC Countries such as by triggering economic growth and creating jobs. However, considering their modest share in the world tourism market and the concentration of tourism activity in a few of them, it seems that the desired levels of tourism development and cooperation in many OIC countries, and in the OIC region as a whole, have not yet been achieved. The development level of the tourism sector in the OIC countries, on average, continues to stay under its potential compared to the world averages whether it is measured in terms of the contribution of the tourism sector into employment or GDP. The competitiveness of the tourism and travel industry in the OIC countries, on average, also lags behind the average of the world.

In fact, the challenges facing tourism and the development of a sustainable international tourism sector in the OIC countries are diverse as each country has its own tourism features, level of development, and national development priorities and policies. In the case of many OIC countries, these challenges still include the lack of technical know-how and weak promotional activity. Despite the fundamental awareness and basic cognisance of the economic importance of tourism as an industry and its positive impact as a potential source of foreign exchange earnings and employment, in many cases, there are shortages on professional knowledge on tourism and human capital. This is often accompanied by the absence or weak targeted marketing and promotion strategies. The ineffective use of social media platforms and technology are also among the reasons why the OIC countries, as a group, could not reach their full potential. An increasing number of countries across the globe use (social) media influencers to reach their target groups. Yet, only a limited number of OIC countries benefit from such new methods of marketing.

A number of OIC countries also lack the effective infrastructure necessary for the development of sustainable tourism industry. Primary amongst these are hotels and lodging services, transportation and communication, and tourism information services. This makes it difficult to provide tourists with the international standards of tourism facilities and services. Moreover, malpractices or bad experiences stemming from infrastructure related problem could harm the tourism image of the country and requires additional efforts (e.g. new marketing and promotion campaigns, incentives for tour operators) to restore it in a highly globalized world.



The level of tourism related investments is an important factor that plays a critical role in the development of the tourism industry in any country. While investment in services is a well-established economic activity in the developed countries, it is still lagging behind in many developing countries. Investment in service-oriented projects, particularly in tourism, is often regarded in most developing countries as a risky or less profitable investment. Accordingly, it is still very difficult for some OIC countries to gain access to reasonable financing for their tourism projects even when they manage to tackle the problems of project identification and planning.

Another common problem that is seen in a number of OIC countries in the area of tourism is planning and strategy development in the domain of tourism. Some OIC countries do not have well-studied and evidence-based tourism strategies and policies. Some of them achieved to develop well-established strategies but experience difficulties in the phase of implementation such as due to policy conflicts between public departments and the tourism private agencies. This issue is sometimes coupled with the lack of effective administration, regulation and institutional frameworks in which responsibilities of various national stakeholders are not identified properly.

Although international travellers including those from the OIC countries increasingly seek new and innovative tourism services, the limited diversification of tourism services is common in many OIC countries. This makes it difficult for many OIC countries, including those with a relatively developed tourism sector, to keep pace with the rapidly changing and complex requirements of international tourists. In a highly competitive international tourism market, and considering the emergence of new tourism destinations, improving the conditions that foster modern tourism development is not an easy process.

Last, but not least, there are concerns about the tourism health and safety in some OIC countries. In this context, it is worth mentioning that the safety and health of tourists is a primary factor for any successful tourism destination and should, therefore, be one of the basic objectives of tourism planning and management. Safety or health related tourism problems, whether real or perceived, exert a negative impact on the reputation of the host countries. In this regard, negative perceptions on hygiene, public health or political instability appear to play a detrimental role in the prospects of tourism in many OIC countries. For instance, in 2020 the outbreak of Coronavirus in China is expected to affect tourist arrivals negatively in a number of OIC countries especially located in Asia. Therefore, OIC countries should have strategies and plans on how to respond such unexpected situations in the tourism industry and ensure safety and health of international tourists in case of crises with a view to minimizing the potential negative effects.

However, despite all these challenges and the modest share of the OIC countries in the world tourism market, there is still a wide scope for the development of sustainable



international tourism industry in those countries. Among the niche tourism sub-sectors, Islamic tourism has a great potential for the development of the tourism sector in the OIC countries. There is an increasing level of awareness about the social, economic and cultural potentials of the Islamic tourism at the top policy makers' level. Development of Islamic tourism has also gained greater importance in the agenda of the OIC such as the 'Strategic Roadmap for Development of Islamic Tourism in OIC Member Countries' was adopted in 2018 in Dhaka, Bangladesh. Another alternative avenue for growth in the tourism domain for the OIC countries is health tourism that could help the diversification of tourism products and services such as in medical tourism, wellness or spa tourism.

As the OIC countries as a group represent about a one-fourth of the world's population, there is a wide room for the development of intra-OIC tourism. As intra-OIC tourism figures presented in section 3 indicate, there is positive yet slow progress in the level of cooperation among the OIC countries in this domain. However, there is still unleashed potential that can be activated through policy actions and interventions. In particular, such policy actions and interventions would allow the OIC countries to reap several socio-economic opportunities entrenched in intra-OIC tourism activities.

Overall, the development of a sustainable international tourism industry necessitates the adoption of long-term strategies as well as medium to short-term coherent plans and programmes at the national level that would be accompanied by a process of creating a supportive OIC cooperation environment at the regional level. In this context, the following set of policy implications can be proposed at both the national and the OIC cooperation level to serve as policy guidelines to which the attention of the member countries needs to be drawn.

At the National Level

Diversify tourism products and services: Given the increasing competition among destinations, new and diverse tourism products and services should be developed and marketed by taking local values into account and involving local communities. For instance, efforts should be made to improve niche tourism sectors such as Islamic and health tourism that possess great potentials for economic development. According to GWI (2018), only in eight OIC countries out of 19, the National Tourism Strategy addresses wellness tourism. In this regard, more attention needs to be paid such as on medical, wellness and spa tourism that could generate more value added tourism services.

Develop sustainable tourism development projects: The preparation and promotion of sustainable tourism development should be an integral part of the national development plans and strategies. The objectives and programmes of action for tourism development should be focused on the promotion of the economic, social, cultural, and environmental incentives of tourism. Sustainable tourism development strategies should be outlined

specifically and formulated in consultation with the private sector and other relevant stakeholders in the tourism sector. Tourism development projects and strategies should consider and include issues of environmental sustainability and poverty alleviation. Such tourism projects would help the OIC countries not only to develop their tourism industry but also help to reach several Sustainable Development Goals and objectives outlined in the OIC 2025-Programme of Action.

Invest in basic tourism-related infrastructure: The quality and efficiency of the basic tourism-related infrastructure and services such as hotels, roads, public amenities, transportation and communication, tourism information, and visa regulations should be improved based on international standards to provide world-class services to visitors and tourists. Investing in such services would not only help to host more tourists but also increase their satisfaction with the quality of services that would promote the tourism image of the country.

Improve safety and health services in the tourism sector: Efforts should be made to create an environment that ensures safe and healthy travel of tourists by providing such as well-established border security measures and hospitals equipped with units for international patients. Tourism police and units of health emergency services can be utilised to improve the safety and ensure the health of visitors in tourist attraction sites in the OIC countries.

Review border and customs rules and regulations: International tourists would like to have a pleasant and smooth experience during their visits especially at border and customs check-points. In this context, the OIC countries are recommended to review their existing rules and regulations to eliminate unnecessary steps and simplify procedures being implemented at border and customs check-points for international tourists without compromising the national security. Some OIC countries have already started the implementation of e-visa schemes, visa on arrivals, and automated passport control gates to improve the experience of international visitors.

Strengthen public-private sector cooperation: Tourism is a business and primarily an area for the private sector activity. Thus, efforts should be made to encourage and promote the involvement of the private sector in tourism development through strengthening the public-private sector cooperation with a view to establishing policies, strategies, and regulations relative to sustainable tourism development. Moreover, various private sector representatives need to be included in such efforts. For instance, in the domain of health tourism strengthening the cooperation between healthcare and wellness, accommodations and recreational service providers could play a significant role in understanding the needs and expectations of various stakeholders.

Raise awareness: In order to help change people's perceptions regarding tourism and raise their awareness of the opportunities and challenges involved therein, tourism-oriented



education should be promoted and developed. This should be accompanied by making efficient use of mass and social media. The use of other promotional facilities such as contents produced by well-known social media influencers or prominent sportspeople could also be effective with a view to publicising and promoting existing attractions and available tourism resources.

Invest in human capital: Many OIC countries need to increase the quantity and quality of personnel working in the area of tourism. Training programmes on different aspects of tourism should be provided by national tourism authorities, particularly to people and personnel directly engaged in tourism activities. These programmes should cover a broad range of subjects such as foreign languages, responsible tourism, e-tourism techniques, and the environmental and socio-cultural impacts of tourism. To facilitate those programmes, actions must be taken to provide local communities with financial and technical support and develop entrepreneurial capacities and managerial skills, especially in small and medium-sized enterprises (SMEs) in the tourism sector. These efforts would help to improve the quality and competitiveness of tourism products and services.

Develop national strategies and steering mechanisms: Development of tourism requires effective coordination among various public authorities such as the Ministry of Tourism, Transport and Civil Aviation under a comprehensive national level strategy. In particular, for niche tourism sectors such as Islamic tourism and health tourism a greater involvement of various stakeholders is a necessity. For instance, the Ministry of Religious Affairs and National Standards and Accreditation Institution need to be part of a national level steering committee for the development of Islamic tourism. In a similar vein, it is essential to include representatives from the Ministry of Health and National Standards and Accreditation Institution into the national steering committee for the development of health tourism. In particular, UNWTO and European Travel Commission (2018) presents a toolkit on how to develop a national strategy that involves the following steps: setting up a development team; undertaking an inventory analysis; making an international benchmark and competitor analysis; looking at consumer data and segmentation; planning, development and incubation; positioning and branding; and implementation and monitoring. In this context, the OIC countries could benefit from the proposed comprehensive toolkit of the UNWTO while developing their niche tourism sectors.

At the OIC Cooperation Level

Organize joint promotion programmes and campaigns: Joint programmes and promotional materials on tourism in the OIC countries, such as TV programmes, brochures, posters, and guidebooks should be developed and made available to the member countries as well as to other countries around the world in order to promote the cultural heritage, diversity, and niche tourism markets of the OIC destinations. In this context, scientific methods of



joint tourism marketing and advertisement should be developed and supported by tools that have a major impact on consumers such as the online guidelines or catalogues.

Improve data availability and quality on tourism: The availability and quality of tourism data and statistics is an area where many OIC countries need to exert more efforts. There are a number of OIC countries still experience difficulties to collect and report their tourism statistics at the standards adopted by the UNWTO. Even worse, when it comes to the specific tourism sectors like Islamic or health tourism, many OIC countries provide different quality data that prevent making cross-country comparative analysis. In this regard, the OIC countries need to develop the capacities of their National Statistical Offices (NSO) such as in the domain of Tourism Satellite Accounts (TSA). In this context, SESRIC, a subsidiary organ of the OIC, provides targeted training and capacity building programmes for the NSO of the OIC countries. The OIC countries are recommended to benefit from such programmes provided by SESRIC that could help them to collect and report better quality tourism data at international standards.

Include health tourism into the tourism development agenda of the OIC: As discussed in details in section 4, the health tourism industry has the potential to make a significant contribution to the development of the OIC countries and enhance intra-OIC cooperation. In this regard, at the OIC cooperation level, specific attention needs to be paid to this important segment of the tourism industry in order to come up with a roadmap document. Such a roadmap document could provide guidance to the OIC countries on how to develop their health tourism industry by benefiting from the experiences of the OIC countries. In fact, some initial level steps were taken by the COMCEC towards this direction. The 7th Meeting of the OIC/COMCEC Private Sector Tourism Forum was held on 6th March 2018 in Istanbul, Turkey with the theme of “Prospects for the Development of Health Tourism in the OIC Member States”. Moreover, the 15th Meeting of the COMCEC Tourism Working Group will be held in Ankara, Turkey on 9th April 2020 on the theme of “Health Tourism: Developing Medical Tourism in the OIC Member Countries”. In this context, it is expected that outcomes of such important meetings at the OIC level will provide some important evidence and concrete policy recommendations for the development of health tourism in the OIC countries.

Organize capacity building and training programmes at the OIC level: Joint capacity building and training programmes on various aspects of the tourism sector including niche sectors with high potentials such as health and Islamic tourism should be developed and organised by the relevant training institutions in the OIC countries. This also requires the establishment of linkages or networks among tourism training institutions in the member countries to facilitate the exchange of experts and research on tourism development.

Form alliances among stakeholders in the tourism sector: The establishment of alliances among tourism stakeholders in the OIC countries would play a key role in the



development of the tourism sector. In particular, official tourism promotion bodies of the OIC countries should be encouraged to cooperate with a view to strengthening tourism marketing and promotion at the OIC level. Also, it is possible to form such alliances on specific tourism segments such as the OIC Tourism Alliance on Islamic Tourism or the OIC Tourism Alliance on Health Tourism.

Ease visa policies and develop regional solutions: Existing visa policies and regimes in the OIC countries need to be reviewed with a view to easing the movement of people. Visa facilitation may not only lead to an increased number of international tourists but also make countries/regions more attractive on the eyes of potential investors. Also, the development of common visa schemes for a group of OIC countries located in the same region may enhance the development of intraregional tourism as well as deepen integration. In this connection, efforts should be made to establish a legal framework towards concluding an agreement on visa arrangements among the OIC countries, including the possibility of issuing an electronic or joint visa.

Invest in regional transport networks: Existing transport networks among the OIC countries are not often strong and competitive enough to meet the growing demand. Even at the OIC sub-regional level, there is critical shortage of roads, airports and railways. People living in a certain OIC country sometimes need to first go to another third country in order to visit its neighbouring country due to lack of a direct connecting route/link. In this context, policies aiming at improving transport networks are vital for the development of intra-OIC tourism.

Organize tourism fairs, festivals and exhibitions: Majority of people living in the OIC countries are not fully aware of beauties and touristic attraction places/products that are available in their regions as well as in neighbouring countries. For instance, in the domain of health tourism, many prospective health tourists are not aware of products and services offered by the OIC countries which are mostly at international standards and competitive prices. In this regard, activities such as sectoral fairs, festivals and exhibitions are important to raise awareness among potential tourists and investors as well as instrumental for branding and marketing. In the domain of tourism fairs and exhibitions, the Islamic Centre for Development of Trade (ICDT), a subsidiary organ of the OIC, is active and regularly organizes tourism fairs and exhibitions in various regions of the OIC. In this context, the OIC countries need to be encouraged to actively participate in the fairs and exhibitions organized by the ICDT. It is also important to have such activities in all geographical regions of the OIC group in order to enable all regions benefiting from such arrangements. There is also a need for dedicated events (fairs, festivals, exhibitions, and forums) to introduce and advertise the products and services in niche tourism segments such as health or Islamic tourism.

Identify key stakeholders and cooperate with regional and international organisations: In order to improve tourism activities and deepen cooperation, the OIC countries should identify key stakeholders and review experiences of existing regional economic blocks, regional and international organisations. This would allow the OIC countries to prevent repeating the same mistakes on developing regional or sectoral tourism policies and reduce required time and cost in designing such policies that are instrumental for enhancing intra-OIC tourism cooperation.

Ensure political willingness and commitment: Several initiatives of various regional blocks or communities all across the globe could not reach their goals due to a weak political willingness and long-term commitment. Therefore, the OIC countries need to pay utmost attention to ensure the highest level of political commitment for the success of tourism development policies and initiatives made at the OIC level.



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