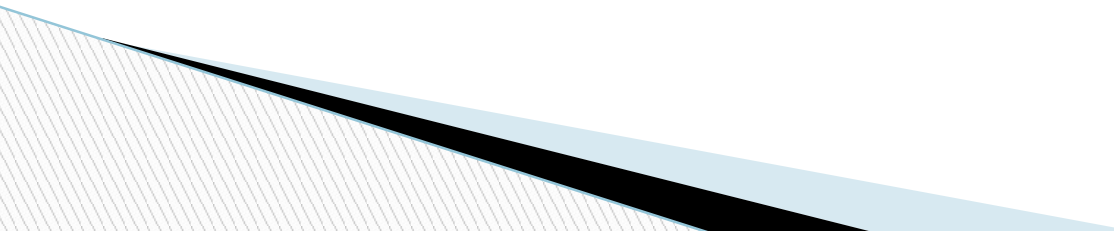


Lesson 3. Political Aspects of the International Travel, Tourism, and Lodging Industry

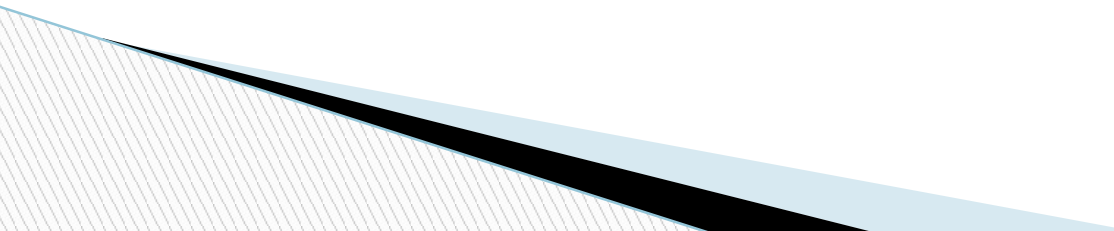
International Hospitality Operations Management



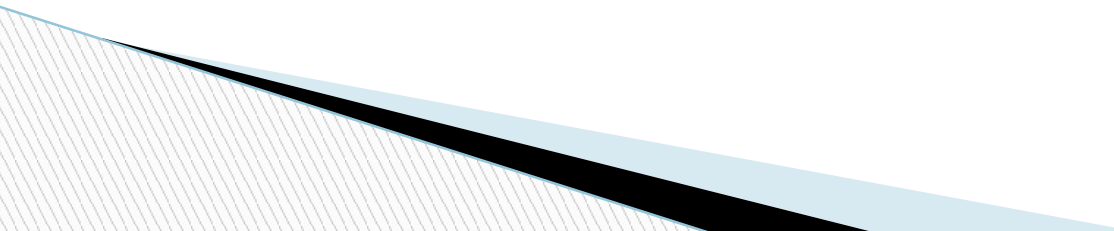
BARRIERS AFFECTING TRAVELERS

- Documentation;
 - Exchange Controls;
 - Currency restrictions or travel allowances;
 - Customs Regulations.
- 

LODGING INVESTMENT BARRIERS

- Equity Requirements;
 - Policies Favoring National Enterprises.
- 

LODGING OPERATIONAL BARRIERS

- Foreign Remittances;
 - Import Restrictions;
 - Domestic personnel requirements;
 - Access to Data.
- 

GOVERNMENT HOTEL REGULATIONS

- Price Control Measures;
- Labor Regulations;
- Room Taxes;
- The Competitiveness Index;

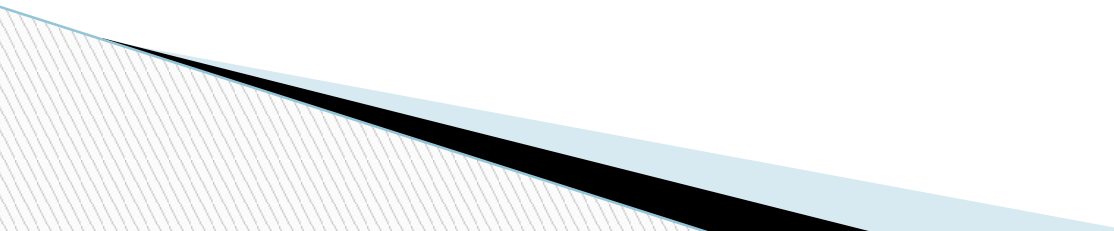
These categories are summarized into three sub-indexes of the Index:

- ❖ Regulatory framework;
- ❖ Business environment and infrastructure;
- ❖ Human, cultural, and natural resources.

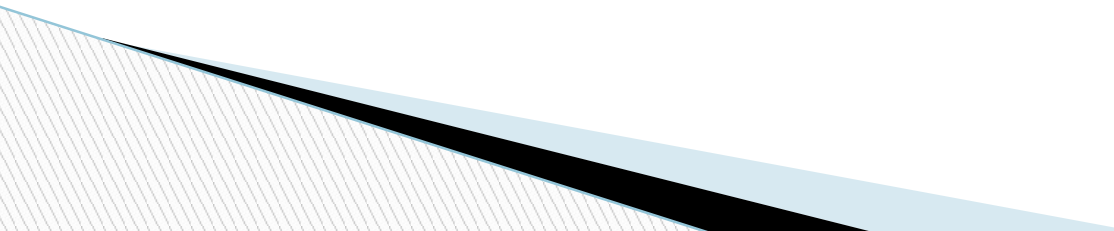
INTERNATIONAL ORGANIZATIONS DEALING WITH BARRIERS

- World Tourism Organization;
 - Organization for Economic Cooperation and Development;
 - General Agreement on Tariffs and Trade;
 - International Monetary Fund;
 - International Hotel & Restaurant Association;
 - World Travel & Tourism Council.
- 

EXAMPLES OF THE TYPES OF IH&RA ISSUES

- International hotel classification scheme;
 - Terrorism guidelines;
 - Food safety;
 - Disaster avoidance;
 - Diversity at the management level;
 - The environment and sustainable tourism.
- 

THE THREE MAIN GOALS OF WTTC'S

- Promote recognition of the travel and tourism industry's economic contribution;
 - Expand markets in harmony with the environment;
 - Reduce barriers to growth.
- 


THE NEED FOR GOVERNMENT SUPPORT

- First, tourism does not exist in isolation from the rest of the economy;
- Second, the local workforce must be educated and trained to provide quality tourism products and services;
- Third, to promote tourism interest abroad, government support is needed to establish national tourism promotion offices in other countries;
- Fourth, only governments can provide for the issuance of visas for visitors and others through overseas consulates and embassies;
- Fifth, international events important to tourism.

FOREIGN INVESTMENT INCENTIVES

- Making information and advice available to prospective investors;
- Helping prospective investors obtain necessary approvals;
- Providing government guarantees;
- Passing legislation favorable to foreign investment;
- Providing for fair arbitration to settle disputes and conflicts that may require third-party intervention;
- Providing adequate infrastructure;
- Making available training for hotel workers or training incentives and allowances;
- Sponsoring promotion of the visitor industry.

NATIONAL TOURISM ORGANIZATIONS

- Official tourism representation at the national and international levels;
 - Research, studies, surveys, and statistics;
 - Tourism promotion abroad;
 - Tourism planning and development;
 - International tourism promotion;
 - Regulation and supervision of tourist enterprises;
 - Facilitation;
 - Tourist reception and information;
 - Tourism vocational training;
 - Preservation, protection, and use of historical, cultural, and handicraft resources;
 - Ecology and the environment.
- 

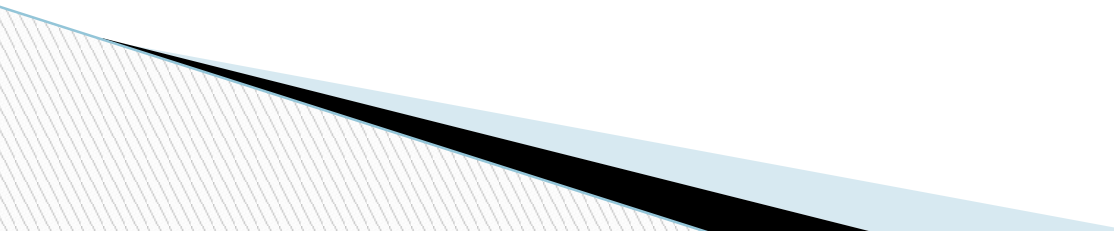
POLITICAL STABILITY

- First, political instability discourages hotel investment;
- Second, political crises significantly deter travel to affected areas.

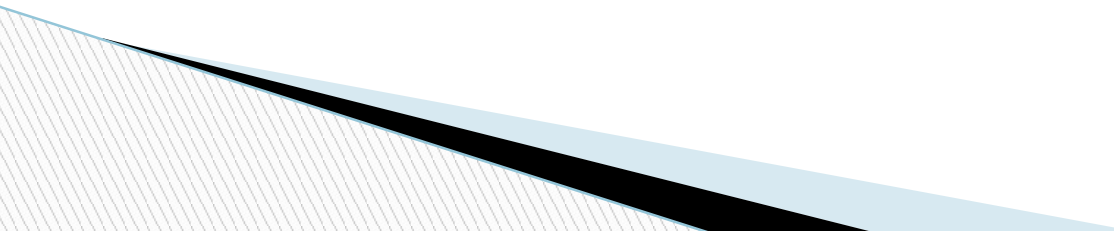
POLITICAL RISK

- Transfer risks;
 - Operational risks;
 - Asset risks;
 - Market risks;
 - Administrative/statutory risks;
 - Ownership risks.
- 

DIFFICULTY OF ASSESSING POLITICAL RISK

- Purely qualitative/unstructured methods;
 - Aggregation of expert opinions;
 - Scenario construction;
 - Decision-tree approaches;
 - Factor analysis.
- 

CRISIS MANAGEMENT

- Severe disruption of operations;
 - Increased government intervention or regulations;
 - Compromised public safety;
 - Loss of public goodwill;
 - Financial strain;
 - Unproductive use of management's time;
 - Loss of employee morale and support.
- 

QUESTIONS

- What sorts of barriers to travel, tourism investment, and business often exist in an international setting?
- How do government hotel regulations affect the lodging industry of various countries?
- How do international organizations affect international travel? How do the agendas of the various international organizations relate to one another?
- Why is government support of tourism and the lodging industry so critical? In what ways do governments support or undermine travel and tourism?
- What is the focus or purpose of national tourism organizations? How is this different from international organizations?
- What roles do international lodging chains play in developing countries? What sorts of conflicts are likely to arise between the chains and the host governments?
- Why is political stability an essential element of tourism? How does political instability affect travel and investment decisions?
- What are travel advisories? What factors might affect their objectivity?
- Why is political risk difficult to assess? How might businesses reduce their vulnerability to political risk?
- What is a crisis management plan? Why is it important?