

## Leonila Tkachuk

Taras Shevchenko National University of Kyiv, Kyiv, Ukraine

ORCID: <https://orcid.org/0000-0002-1996-7663>

email: inohodez@ukr.net

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# Geopolitical Risks in International Tourism: Methods of Analysis

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**Abstract:** The issues pertaining to the impact of geopolitical situation on the development of international tourism, especially in the context of global uncertainty and international tension, are frequently discussed in scientific research. The paper seeks to test the author's method of estimating the significance of geopolitical factor in relation to international tourism development through the use of Geopolitical Risk Index (GPR Index). The study shows that geopolitical risks adversely affect the development of international tourism, but do not inhibit the progress of the tourism sector as a whole. The results of the correlation analysis indicate a significant connection between the dynamics of global GPR Index and the changes in international tourist arrivals per annum. In order to assess the scale and nature of the impact of political events on international tourism, it is necessary to analyse not only the indicators of global GPR Index, but also GPR Index calculated for a particular country. Bearing that in mind, geopolitical situation proved to be a key factor in the Israel inbound tourism evolution in the 21<sup>st</sup> century.

**Keywords:** geopolitical risk, international tourism, index of Geopolitical Risk, international tourist arrivals.

## 1. Introduction

Normalization of the political situation is the key to strengthening position of the state on the international arena and its integration into the world economy. Economy branches which directly relate to international relations – and international tourism in particular – are extremely sensitive to the political factors. Thus, the volume and geography of international tourist flow is largely conditioned by the traveler's view on the safety of a given destination. The assessment by tourism business entities pertaining to the probability of financial losses due to unfavorable political factors in the host country (caused by the activities of state bodies and uncontrolled subjects in the country or by external forces) plays an important role in the development of tourist destinations. The political opportunities in countries that generate tourist flow and the international situation as a whole can also affect the functioning of the international tourism system. In this regard, it is reasonable to consider the concept of geo-

political risks in the development of international tourism.

The term *geopolitical risk* is now widely used and very extensively interpreted, even in scientific publications. Political scientists began to use it in the mid-20<sup>th</sup> century, mostly with regard to the threat of harmful foreign policy and economic consequences of the Cuban Missile Crisis in 1962 and the Iranian revolution of 1979. The issues concerning geopolitical factors in risks related to economic processes were discussed, among others, by Kennedy (1987), de la Torre and Nekar (1988), Podkolzina (1996), Glushchenko (2007), Jezhiev (2009). Research on geopolitical risk intensified in the period of rapid growth of transnational business, when special units began to make appearance in the structure of TNCs to assess the risks faced by companies in the countries of their assets. In this period the term *political risk* – in its narrow interpretation – gained popularity. Political risk is defined as: the probability of financial losses

for a firm as a result of unfavorable political factors in the country where investments were made (De la Torre and Neckar, 1988); actions of the state government that interfere with business, change the terms of contracts or lead to the confiscation of property belonging to foreign companies (Kennedy, 1987). However, in the context of growing interdependence in the global economic system, as well as instability and unpredictability of world politics, it is necessary to take into account not only the domestic, but also international situation. Political risk studies are performed both on national and global scale (Podkolzina, 1996; Pastor and Veronesi, 2013). Nowadays, hundreds of research institutes, specialized analytical centers and departments of influential international organizations conduct studies on political risks, for example: Research Center for International Change at Columbia University, Center for Strategic and International Studies at Georgetown University, International Institute for Strategic Studies in London, Eurasia Group, The PRS Group etc. Risk is caused by both domestic and international events. A change in domestic and foreign policy may lead to the occurrence of adverse conditions or additional business opportunities. Considering this, the term *geopolitical risk* has become more common. Jezhiev (2009) offers the following definition: geopolitical risk represents the probability of a change in the geopolitical situation at the regional and global levels, expressed in unfavorable conditions or additional opportunities. Glushchenko (2007) argues that geopolitical risk is the risk of deterioration of the geopolitical position of the state and nation, reduction of the vital energy of an ethnos through each of the possible causes. Thus, the use of the term *geopolitical* in relation to risk allows us to expand our understanding of the range of its potential sources, and to take into account the subject-objective nature of international relations. In modern conditions of complete interdependence, geopolitical risks become strategic and global in the scale of damage, yet they can be managed through the operation of supranational structures, such as the UN Security Council, WTO, IMF and other international, global and regional organizations.

However, in general, the interpretation of the concept of geopolitical risk and its use by

experts in various fields of knowledge and the media remains diffused. Typically it concentrates only on identifying a conflict (external, domestic political, national, religious) or inconsistency in the positions of geopolitical players, but does not involve assessing the occurrence of adverse consequences or additional opportunities arising from these events with regard to political or economic relations, their nature and scale.

When analyzing sources on geopolitical risks in tourism, one should note that the research focuses predominantly on the impact of detached social and political occurrences (such as political instability, terrorism, bilateral conflicts) on the development of tourism in a particular country or region. Most authors emphasize that political stability is a prerequisite for the effective development of international business, but the uncertainty of the internal situation has very negative effect on the tourist industry in destination countries (Hall, 2002; Neumayer, 2004; Perles-Ribes et al., 2019). The harmful impact of terrorism on the international tourism business has been described in sufficient detail (Mansfeld, 1996; Sonmez, 1998; Baker and David, 2014; Liu and Pratt, 2017; Corbet et al., 2019). The term *risk* is rarely used in the context of adverse effects that political processes may have on tourism. Poirier (1997) discussed the political risk of international tourism business in the context of economic and political dependence of the least developed countries in the global North-South confrontation. The author focuses on the difference between the concept of *political instability* and *political risk*. He argues that political risk requires broader interpretation to take into account the factors of international politics. Steiner (2007), who studied the political circumstances of international investment in tourism, insists that political instability due to legitimate forms of power struggle cannot be considered a political risk to investors or tourists. However, more often political risk is used to denote situations that may conceal a threat to the lives and property of tourists (Hall, 2002). Floyd and Pennington-Gray (2004) noted that the tourist's perception of risk depends on many factors, of which political ones are considered on a par with the social, economic and natural.

Therefore, the article aims to discuss the geopolitical risk category and to offer the author's

model for analyzing geopolitical risk with reference to international tourism.

## 2. Material and research methods

Until recently the role of geopolitical risks in the proceeding of world macroeconomic and financial cycles or the development of national economy sectors was not the subject of systematic empirical analysis. This can partly be explained by the lack of a geopolitical risk indicator that would allow for an accurate assessment both in real time and in historical retrospective. In the 21<sup>st</sup> century, under conditions of global instability, geopolitical risks have been studied more actively. Each year leading international financial organizations, banks, investment funds, consulting companies and experts determine the range of political phenomena that are likely to influence the economy of a particular region, country or the world as a whole. The traditional practice of qualitative assessment of the political climate in a state or region involves the use of the *old acquaintance* method (based on the opinion of specialists possessing knowledge of the country and maintaining contact with influential and well informed people) and the *big tours* method (based on the impressions of an expert group gathered for a visit to a given state/region). Research is frequently conducted in the interest of a particular company or state, foreign assets or economic security that may be at risk, hence experts' judgments could include quantitative analysis, but the methodology is in most cases not available for public use. Econometric modeling, on the other hand, is based on the method of multiple regression and appears to have increasing number of advocates. In this respect the key factors of political risk include: domestic political instability, lack of economic freedom and democracy, as well as terrorist threats. Such models allow us to quantitatively calculate the probability of an event occurring as a result of a multitude of factors (Scotti, 2016). Geopolitical risk level is assessed with the use of the following indicators: Fragile States Index, Democracy Index, Global Terrorism Index, freedom indexes (Index of Economic Freedom, Press Freedom Index, Human Freedom Index). These indicators not only can be used to compare and assess the dynamics of

the threat levels, but they also reflect their spatial distribution.

The next step in the evolution of quantitative risk analysis method involved establishing a consolidated index that would take into account a wider range of political processes and phenomena leading to the emergence of geopolitical risk situations. Caldara and Iacoviello (2018), expanding on the earlier studies by Baker et al. (2016), developed a unique methodology for calculating Geopolitical Risk Index (GPR Index) based on the study of publications in print and electronic media.

The widespread use of discourse analysis methods in the study of geographical differentiation of political processes is a characteristic feature of critical geopolitics. It is a discursive practice, by which intellectuals of statecraft spatialize international politics to represent it as a world characterized by particular types of places, people and events (O'Tuathail, 1996). Therefore, the analysis of content generated by the world's leading media is not only a reliable source of information about the geopolitical situation, but also a method for predicting its development (Heywood, 2011).

Geopolitical Risk index reflects automated text-search results of the electronic archives belonging to 11 national and international newspapers: The Boston Globe, Chicago Tribune, The Daily Telegraph, Financial Times, The Globe and Mail, The Guardian, Los Angeles Times, The New York Times, The Times, The Wall Street Journal, and The Washington Post. It should be noted that the most reliable results are provided in relation to world politics in general and the American and European regions in particular.

The index is calculated by counting the number of articles highlighting geopolitical risks: the share of such publications in total is determined for each edition in a given month. The obtained indicators are unified using a coefficient that reflects the likelihood of destabilizing geopolitical situation events. Search queries identify articles that contain links to six groups

of words. Group I includes words associated with references to the term *geopolitical risk*, as well as words describing military-political tensions in large regions of the world (participation of the United States in particular). Group II includes words that directly indicate the threat of using nuclear weapons. Groups III and IV comprise terms describing the occurrence of conditions that may lead to, respectively, war and terrorist acts. Finally, groups V and VI contain formulations that characterize real (as opposed to possible) events, which, as might be expected, may lead to increased geopolitical uncertainty, such as terrorist acts or armed confrontations, use of prohibited weapons, violation of international law or state territorial integrity, etc. (Caldara and Iacoviello, 2018).

In their research, Caldara and Iacoviello (2018) focused on determining the economic effect arising from geopolitical risk, in particular changes in macroeconomic indicators against the background of a decrease or increase in the geopolitical risk index. Events that cause geopolitical risk tend to suppress economic activity, cause fall in stock prices or hinder world trade, adversely affect employment, deter investment and, in some cases, lead to capital outflow (mainly from develop-

ing countries). Only enterprises and business structures of the military-industrial sector can become the beneficiaries of this kind of situation, while the industries oriented towards consumer (individual) demand are suffering large losses. The obtained results justify the use of geopolitical risk index to evaluate the influence of international political instability on international tourism. The country-specific geopolitical risk index is a frequency measure of articles in leading newspapers discussing rising geopolitical tensions in a specific country. The term searches include the name of a country in combinations with words, such as: tensions, risk, fear, chaos, uncertainty, unrest, violence, military, war, geopolitical, coup, guerrilla, warfare, army, terrorism. Therefore, this indicator should be used when assessing the influence of the geopolitical factor on the dynamics of tourist flow into a particular country. The hypothesis concerning the existence of a link between the geopolitical situation escalation and the changes in tourist flow can be confirmed using a correlation analysis. The measure of dependence between two quantities is the correlation coefficient; it is obtained by dividing the covariance of the two variables by the product of their standard deviations.

### 3. Results and Discussion

Indicators of the geopolitical risk index are calculated for the period from 1985 to the present. During this time the following three largest peak values clearly stand out: in 1991, during the escalation of the Gulf War; terrorist attack

of September 11th, 2001; the invasion of the armed forces of the international coalition in Iraq to overthrow the regime of Saddam Hussein in 2003 (Fig. 1).

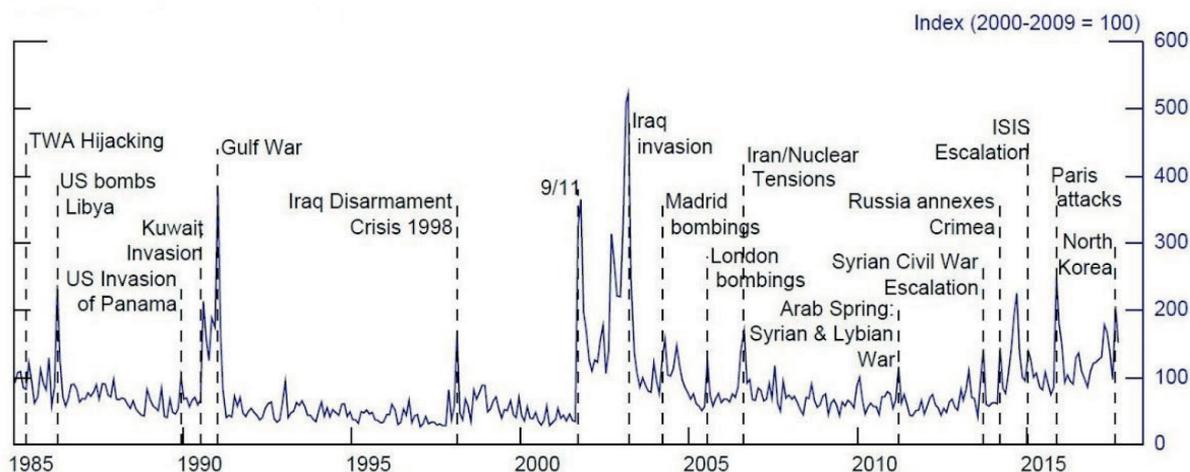


Figure 1. Global Geopolitical Risk index timeline, 1985–2017 (Source: Caldara and Iacoviello, 2018)

When analyzing the indicators of international tourist arrivals in this period, it should be noted that the lowest rates of annual growth were recorded in the same years. For comparison the monthly indicators of GPR Index were converted to values per annum (Table 1). Thus, in 1991 international tourist arrivals in the world increased by merely 0.7%, whereas in the preceding 4 consecutive years the growth rate exceeded 6% (Tourism Market Trends, 2006, 2008). This could be explained by the Gulf War escalation. This is particularly apparent when considering the decrease affected only two regions: 7.1% in the Middle East and 0.7% in Europe (due to a drop in arrivals to Israel and Turkey). According to the results of 2001, the increase in international tourist arrivals was only at 0.15%, and this may be attributed to a significant decline recorded in the American tourist region (-4.7%), which persisted for the next two years (-4.4% in 2002, -3.1% in 2003). In 2003 global decrease in international arrivals amounted to -1.3%, and almost all major generating markets – due to global counter-terror campaign of 2001–2003

– experienced negative trends compared to the historical maximum of annual indicators for the geopolitical risk index (Tourism Market Trends 2006, 2008). However, it should be noted that although there is a negative correlation between the indicators of geopolitical risk index dynamics and international tourist arrivals (correlation coefficient of -0.42 for the period 1985–2017), fluctuations in the level of tourist demand cannot be entirely explained by the impact of the geopolitical factor. For example, the reasons for the decline in the number of travellers in 2003 compared to 2002 did not only involve the unpredictability of the international political situation (commencement of the Iraqi conflict), but also the outbreak of atypical pneumonia, which hit Asia-Pacific in the first half of 2003 (decrease in arrivals to APAC was at 9.3%) and the 2001–2002 world economy slowdown. This coincided with 4.3% drop in tourist arrivals around the world in 2009 caused by the global financial crisis and the resulting economic recession, all of which occurred against the background of a decrease in GPR Index indicators.

**Table 1.** Global Geopolitical Risk index (GPR) and International tourist arrivals (ITA) in the years 1985–2017 (GPR calculated by the author based on monthly GPR Index after Caldara D, Iacoviello M., 2018, <https://www2.bc.edu/matteo-iacoviello/gpr.htm>; ITA based on UNWTO data obtained from: Tourism Market Trends 2006, 2008 and UNWTO World Tourism Barometer and Statistical Annex. Advance Release January 2018)

Years	Geopolitical Risk Index	Change compared to the previous year [%]	International tourist arrivals [mln]	Change compared to the previous year [%]
1985	955.68	-	320	-
1986	991.72	3.63	330	3.13
1987	906.18	-9.44	360	9.09
1988	707.79	-28.03	385	6.94
1989	630.55	-12.25	410	6.49
1990	1161.53	45.71	439	7.07
1991	948.50	-22.46	442	0.68
1992	496.51	-91.03	480	8.60
1993	561.98	11.65	496	3.33
1994	527.29	-6.58	520	4.84
1995	427.20	-23.43	545	4.81
1996	486.06	12.11	559	2.57
1997	397.40	-22.31	588	5.19
1998	807.75	50.80	602	2.38
1999	606.98	-33.08	625	3.82
2000	452.05	-34.27	677	8.32
2001	1352.34	66.57	678	0.15

2002	2084.35	35.12	698	2.95
2003	2440.83	14.60	689	-1.29
2004	1277.46	-91.07	761	10.45
2005	811.71	-57.38	809	6.31
2006	1075.77	24.55	857	5.93
2007	971.01	-10.79	920	7.35
2008	805.06	-20.61	936	1.74
2009	729.42	-10.37	896	-4.27
2010	761.38	4.20	956	6.70
2011	732.38	-3.96	997	4.29
2012	703.85	-4.05	1054	5.72
2013	925.20	23.92	1105	4.84
2014	1432.20	35.40	1157	4.71
2015	1358.99	-5.39	1204	4.06
2016	1245.52	-9.11	1245	3.41
2017	1652.85	24.64	1 322	6.18

The recent peaks of the geopolitical risk index are associated with the Russian aggression in Ukraine (2014) and the terrorist attack in Paris (in December 2015). These events did not have a significant impact on the global tourist arrival indicators, however, at the regional level they caused substantial decline in arrivals to Eastern Europe (-5% in 2014/13) and stagnation as far as inbound trips in Western Europe are concerned (0% in 2016/15) (UNWTO World Tourism Barometer and Statistical Annex, Advance Release, January, 2018).

It should be noted that growth of indicators pertaining to the geopolitical risk index corresponds to a decrease in international tourist arrivals. However, there is a number of conditions affecting the correlation indicator. First of all, it needs to be stressed that events or political decisions that cause international or intra-state instability occur at a particular historical moment and place, yet exert indirect influence over time and distance. The scale and nature of their impact may change with time. Modern information technologies make it possible to observe events all over the world on-line, however, there is a delay between the occurrence of a risk-causing event and the reaction of the market actors and consumers. Thus, negative effects caused by immediate risks arising from abrupt, volatile situations tend to be much more severe, because they induce uncertainty in market actors and reluctance of tourists. Meanwhile, defusing conflicts or unpredict-

able acts of violence results in shorter term of recession and is followed by rapid recovery of economic activity and tourist flow. Countries with a well-developed tourism sector are more peaceful, and the tourism sector itself is stable enough (i.e. able to recover quickly) to withstand the effects of political instability, conflict and terrorism. On the other hand, countries affected by unsettled, long-persisting conflicts need to implement consistent state policy measures in order to restore the tourist flow. Also, there is often a cumulative effect when the impact of political instability factors is aggravated by the presence of economic, environmental and social problems, which – in some cases – are more critical to tourism. A conflict or terrorist act in one country can lead to a reduction in the number of travelers in the neighboring ones or even in the entire region. At the same time, the volume of tourist flow tends to be offset by a reorientation towards destinations featuring similar set of services, therefore, changes in indicators characterizing the global volume of travelers are insignificant. Considering the above-mentioned aspects, in order to determine the weight and nature of the geopolitical factor influence on the development of inbound tourism, it is necessary to account for the geopolitical risk indicator calculated for a particular country.

The Middle East and North Africa region have met with perhaps the most scepticism from travellers in recent years. Of all the tourist

regions, the two are most exposed to geopolitical risks. UNWTO experts argue that political stability is crucial for tourism, but they also believe that strong pent-up demand for tourism from both intra- and inter-regional generating markets will continue to grow as uncertainty fades away and consumers regain their confidence (UNWTO World Tourism Barometer, and Statistical Annex, Advance Release, January 2018). In the second half of the 20<sup>th</sup> century and at beginning of the 21<sup>st</sup> the region was subject to political turmoil, and tourism failed to capitalize on the potential that the region holds. This fully applies to Israel, whose seventy-year history is marked by numerous internal and international political conflicts, military operations and terrorist attacks. Particularly significant fluctuations in tourist arrivals were noted even in the current century, which gives the author a reason to use Israel as a model example for identifying and assessing geopolitical risk in the context of international tourism.

Israel is a state, the formation and development of which has been accompanied by constant international political tension. Nevertheless, travel and tourism industry supports 250 thousand jobs (6.2%) and generates 21 billion dollars of profit, i.e. 6% GDP. This gives Israel 44<sup>th</sup> position in the world ranking in terms of total contribution of travel and tourism in GDP. In 2017 the country was visited by

3.613 million tourists, generating USD 6.821 billion revenue (Inbound Tourism Survey, 2018). The increase in the number of tourists in recent years occurred against the backdrop of a decrease in the GPR index indicators. Although at the beginning of the 21<sup>st</sup> century the political situation was extremely tense. In September 27<sup>th</sup>, 2000 the Second Intifada began – an armed uprising of the Palestinian Arabs against the Israeli authorities on the territory of the West Bank of the Jordan River and the Gaza Strip. The active phase of the conflict lasted almost three years. The warfare extended over the Palestinian territories and the Israeli border areas. The civilian population, including tourists, fell victim to numerous terrorist attacks conducted on the Israel territory. For example, on June 1<sup>st</sup>, 2001, 23 people – mostly children from the former Soviet Union aged 14 to 17 – were killed in a terrorist attack at the “Dolphi” disco in Tel Aviv; 30 people were killed in explosion at the Park Hotel “Netanya” on March 7<sup>th</sup>, 2002. As a result, tourist arrivals decreased from 2.417 million in 2000 to 862 thousand in 2002, i.e. 2.8 times (Table 2). Between 2003 and 2005 the intensity of the conflict greatly diminished after the arrest and death of the Palestinian leader, Yasser Arafat. This marked an increase in international tourist arrivals, which began in 2003 (1.063 mln) and lasted until 2005 (1.903 mln).

**Table 2.** Israel's Geopolitical Risk Index (GPR) and International tourist arrivals (ITA) to Israel in the years 2000–2017 (calculated by the author based on monthly data of Israel GPR Index obtained from <https://www2.bc.edu/matteo-iacoviello/gpr.htm>, ITA based on data obtained from Inbound Tourism Survey Annual Report 2017, 2018)

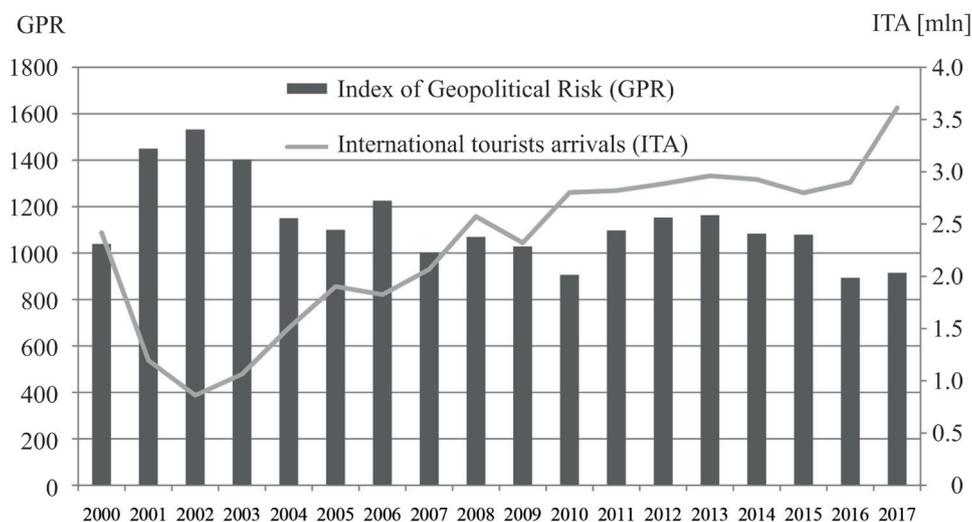
Years	Geopolitical Risk Index	Change compared to the previous year [%]	International tourist arrivals [mln]	Change compared to the previous year [%]
2000	1039.147	24.98	2.417	4.54
2001	1449.925	39.53	1.196	-50.52
2002	1531.772	5.64	0.862	-27.93
2003	1402.883	-8.41	1.063	23.33
2004	1149.924	-18.03	1.506	41.64
2005	1100.121	-4.33	1.903	26.39
2006	1225.376	11.39	1.825	-4.10
2007	1003.033	-18.14	2.067	13.26
2008	1069.531	6.63	2.572	24.43
2009	1028.288	-3.86	2.321	-9.76
2010	906.085	-11.88	2.803	20.77
2011	1097.350	21.11	2.820	0.61

2012	1152.788	5.05	2.886	2.34
2013	1163.139	0.90	2.962	2.63
2014	1083.654	-6.83	2.927	-1.18
2015	1078.950	-0.43	2.799	-4.37
2016	893.261	-17.21	2.900	3.61
2017	914.838	2.42	3.613	24.59

However, the Second Lebanon War, in particular the fighting against the Shiite group Hezbollah from July 12<sup>th</sup> to August 14<sup>th</sup> 2006, suspended the restoration of the inbound tourist flow. The decline was 4.6% in 2006, but in subsequent years the tourists flow to Israel grew. In January 2009 the Israeli army conducted a military operation in the Gaza Strip. Its goal was to destroy the military infrastructure of the ruling Gaza Islamic radical movement Hamas, which was recognized by several countries as terrorist, and to prevent rocket attacks on the Israeli territory. This paired with the effects of global economic recession led to a 9.7% reduction in the number of foreign arrivals in 2009. In 2010, with the advent of Prime Minister Benjamin Netanyahu, the international and domestic political situation returned to normal, which contributed to the development of tourism, and the growth rate of incoming tourist flow reached 20.7%.

However, the confrontation between Israel and Hamas continued, and the next peak in geopolitical risk indicators reflected the last and largest in scale Israeli military operation in the Gaza Strip, “Indestructible Rock”. It

was held at the height of the summer tourist season from July 7<sup>th</sup> to August 26<sup>th</sup>, 2014, and was a response to the resumption of rocket attacks that covered a large part of the country, including Tel Aviv and Jerusalem. In 2015 the atmosphere around the Arab-Israeli conflict remained very intense, since both sides of the conflict suffered significant losses and post-war settlement measures proved ineffective. The Gaza Strip remained under the control of Hamas, which was regarded by a significant part of the population of Israel as an unsatisfactory result. In response, the Palestinian launched a powerful propaganda campaign against Israel, accusing the Israel’s military forces of cruelty and deliberate acts of violence against the civilian population. In this situation the decline in tourist flow to Israel by 1.2% in 2014 and 4.4% in 2015 was understandable, and so was the recovery of indicators in 2016 and 2017, which occurred as the conflict gradually subsided and was followed by targeted actions aimed at improving international image of Israel and active promotion of its tourism brand. In this respect the data from the correla-



**Figure 2.** Comparative timeline of country Geopolitical Risk Index and inbound tourist flow, Israel, 2000–2017 (Source: author’s own design)

tion analysis appear to correspond to the findings of the retrospective comparative analysis. The correlation coefficient between the indicators of the dynamics of geopolitical risk index and changes pertaining to international tour-

ist arrivals in Israel, calculated for the period 2000–2017, is -0.63. This proves the existence of a relationship between these indicators and confirms the impact of geopolitical tensions on inbound tourism in Israel (Fig. 2).

## 4. Conclusions

The dynamics, unpredictability, uncertainty, complexity and ambiguity of political life represent the current context of economic development and, in particular, international tourism. With the acceleration of globalization, world has become an extremely complex, dynamic and contradictory system of interconnections and relationships. In the face of power redistribution from the national to transnational level it is difficult to distinguish between internal and foreign political sources of political risk. The use of the term *geopolitical risk* in relation to both domestic and international events that can create restrictions and/or additional business opportunities fits into the contemporary reality of social development.

Research directions in the framework of postmodern critical geopolitics popularize the practice of using the methods of discourse analysis in the studies on geographical differentiation of political phenomena. World mass media delivering content manipulated by opposing centers of power become tools for disseminating and exacerbating geopolitical risk. With the surge of the role of world mass media, it is advisable to analyze publications to identify the dynamics and spatial distribution of high-risk events. Following this principle, Dario Caldaro and Mateo Iacovello developed the geopolitical risk index, which is updated monthly and is publicly available.

The methodology proposed by the authors involves using the geopolitical risk index to identify events that not only caused significant changes in global or national policy, but also entail a significant economic effect, particularly in the field of international tourism. Correlation analysis provides means to confirm the existence of a connection between political events, resonance intensity of which is reflected in the indicators of geopolitical index, and the dynamics of international tourist arrivals. To assess the scale and nature of the impact of

political events on international tourism, it is necessary to analyze not only the indicators of global geopolitical risk index, but also indicators calculated for a particular country.

The dynamics of the global geopolitical risk index and the growth rate of international tourist arrivals show a negative correlation. This means that geopolitical risks adversely affect the development of international tourism, but do not inhibit the progress of the tourism sector as a whole. Geopolitical high-risk events may result in reorienting tourist flow from unsafe conflict destinations to ones with a similar set of tourist goods and services. The uncertainty of market actors and tourists is more often conditioned by risks in their pure form, i.e. severe situation of tension, than the *détente* of conflicts or unexpected acts of violence. The latter, as statistics suggest, do not cause a long recession and are followed by a rapid recovery of tourist activity.

The country-specific geopolitical risk index proves to be more reliable than the global one in the case of analyzing changes in tourist flow due to the influence of the geopolitical factor. Israel is an example of a tourist destination developing in the 21<sup>st</sup> century in conditions of constant geopolitical tensions caused by political instability, armed bilateral and multilateral conflicts, terrorism, shelling and occupation of part of the state territory, ethnic and religious contradictions, active participation in the regional and global geopolitical game. Indicators of inbound tourist flow to Israel have undergone significant fluctuations in this time, but now they are gradually increasing. The recent growth occurs against the background of mitigation of geopolitical risk level and is additionally stimulated by the active promotion of the country's tourist brand abroad, effective measures to ensure the safety of visitors, high standards as well as quality of service.

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