

The Economic Impact of Coronavirus Disease (COVID-19): A study on Tourism Indicators in the Kingdom of Saudi Arabia

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Keywords— *Coronavirus (COVID-19),
Kingdom of Saudi Arabia, Economic Impact,
Tourism Movement Indicators.*

Abstract— *Tourism is a spatial phenomenon based primarily on demand for various tourism products and destinations which vary among themselves based on the diversity of the geographical environments in which they are located. Of course, just as the prosperity of this activity is linked to the availability of the basic equipment for its establishment; it is not excluded that this recovery in tourism activity will decline due to several emergency natural conditions that are usually strong than the available human capabilities to overcome them. From this point, this study aimed to highlight some aspects of the economic impact of the emergence of Coronavirus (COVID-19) on tourism activity in the Kingdom of Saudi Arabia. The descriptive inductive analysis approach was used for the values of the general economic indicators of the country, as well as for the values of the tourism movement indicators, which include two main variables of tourism trips, as well as the values of tourism spending during the period from 2019 AD till 2021 AD. The analysis ended with a conclusion; The values of each of the general economic and tourism movement indicators in the study area declined significantly between the two years.*

I. INTRODUCTION

Nature of the problem

Tourism is one of the economic activities that help individuals and society to have multiple chances to improve their standard of living. Any activity of course affected by some human or natural variable out of society's control, hurricanes, earth quack, volcanoes, wars, diseases, and epidemics are some of these variables. The coronavirus disease (COVID-19) was caused severe economic impacts on tourism activities globally. Some of the negative effects of this disease on tourism activity in Saudi Arabia and globe will be explored in this research.

Previous work

Tourism is essentially a geographical phenomenon based on everything related to the transport of people and services through time and space. In terms of economic importance, tourism was the third largest industry in the world [1]. Tourism is considered a global force for the economic growth of countries [2]. Therefore, this phenomenon is influenced by natural variables and various human factors. One of the forms of this impact is the exposure of human societies from natural crises or various human crises that result in disruption in many activities of daily life, including tourism. Diseases and epidemics that appear in a specific place and time, or those that spread globally, are one example of these serious crises that affect the continuation of tourism activity and the flow of its financial returns and social benefits. The (Merriam Webster Dictionary) [3], defined epidemics as the effect or

tendency to affect a disproportionately large number of individuals within a population, community, or region at the same time. Also, epidemics defined as marked increase in prevalence of a disease in a specific population or area, usually with an environmental cause, such as an infectious or toxic agent [4]. Travel is the greatest fun way to meet strangers and explore new places if it is free of disease, crime, and disasters in tourist destinations [5]. Geographically, the city of Wuhan, China was the place where a case of coronavirus disease (COVID-19) was announced for the first time in the world; this announcement was made on December 31, 2019 [6], [7]. Considering the coronavirus disease (COVID-19) as an ongoing pandemic, the World Health Organization (WHO) declared an outbreak of this disease (Parveen, *ibid*). These sudden global events were followed by positive reactions, as types of health precautions and security measures issued by the relevant local and international authorities appeared in the world to precaution against the spread of this virus, and to limit its geographical spread. Despite these efforts, cases of this epidemic have been on the rise, as have the number of critically ill cases, or even deaths. " As a result of the widespread and rapid spread of this epidemic, travel and movement have been suspended, whether for tourism or other purposes, "Travelers in the transmission of viruses and epidemics between local communities and between their destinations. Because this virus spreads between people when they are in a closed space, this serious matter has caused global social and economic disruption (Parveen, *op.cit*). The global spread of this pandemic has caused hundreds of thousands of deaths, shut down the economy, closed borders, and wreaked havoc [8]. The increase in infected cases, and the subsequent closure of the internal and external borders of countries, caused a contraction in the global economy by 3.3% in 2020, compared to the growth rate of this economy in the previous year, this is compared to the growth rate of this economy in the previous year, which amounted to 2.8% in 2019. The issue of contraction also applied to the values of international GDP, as these values in developed and high-income countries decreased by 4.7% compared to a growth rate of 1.9% in the last year 2019, at the end of which the negative consequences of the coronavirus disease 2019 began [9]. This pandemic has harmed the flow of tourism investments in several countries of the world, for example the strong investment in the tourism sector in Africa, as the data showed that foreign direct investment operations in the tourism sector decreased by 74%, and accordingly job creation in the same sector decreased by 72% in 2020 compared to 2019. The restriction of international flights explained the sharp drop in tourism financial revenues [10]. As a result of this emergency health and dangerous

circumstance, the world witnessed exceptional circumstances during the year 2020, during which the global economy was exposed to contraction, (Saudi Central Bank, *ibid*). Global aviation went through its most dangerous historical moments, and the year 2020 was considered the worst year for tourism, as the demand for air travel collapsed due to the decrease in the total number of passengers by 60%, so the process of recovery of the tourism sector was considered weak and volatile due to the continued possibility of this epidemic returning [11].

Purpose

The purpose of this study is to analyze the economic impact of the Covid-19 epidemic on tourism by standing on the statistical data of tourism movement indicators for the Kingdom of Saudi Arabia from 2019 to 2021.

The contribution of the paper.

The paper will explain how sudden variables can negatively affect gross national production through the added value of the tourism sector.

II. STUDY AREA

The Kingdom of Saudi Arabia has a geographical location characterized by the middle of the continents of the world, Asia, Africa, and Europe, as it is in the southwestern corner of the continent of Asia. This location of the study area was characterized by the view of its lands on the coast of the Arabian Gulf in the east and on the Red Sea in the west with a length of 3037 km (Figure 1). The territory of the Kingdom of Saudi Arabia covers a total area of 2.0 million km², with varying forms of topography. The Kingdom of Saudi Arabia benefits from diversity in natural and human manifestations to a large extent as this diversity is a key requirement to meet the demand that emanates from the different taste styles of tourists.

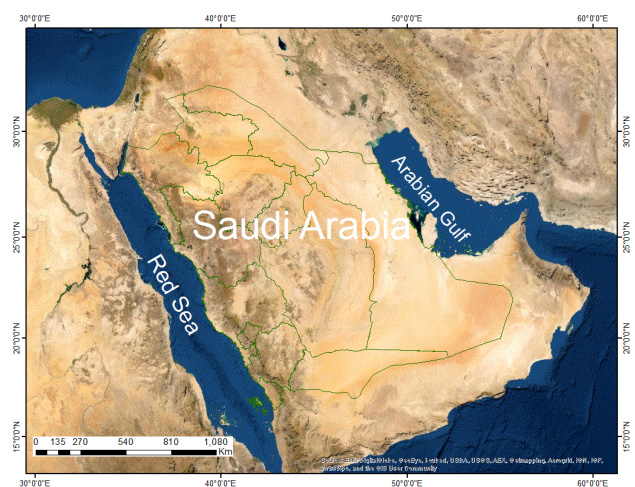


Fig.1. Map of Kingdom of Saudi Arabia

III. METHODOLOGY

In this study, a descriptive analytical method was used, which required statistical data on the general indicators of tourism movement, as well as data on the general economic indicators for the Kingdom of Saudi Arabia during the study period from 2019 to 2021. This data collected from the websites of several relevant local sources, the Saudi Central Bank, the General Authority for Statistics, and the Saudi Tourism Authority. For comparison between what happened in the globe with the same in Saudi Arabia, World Tourism Organization report's data used.

IV. ANALYSIS AND DISCUSSION

1-5-The general economic indicators

The negative effects of the Corona-19 pandemic on economic activities in Saudi Arabia have emerged as they have happened in the rest of the world. Saudi Arabia: The values of gross domestic production GDP, public fiscal revenues, and oil revenues, as well as the average value of one barrel of Arab light oil, declined significantly between 2019 and 2020 (Figure 2). This decline in the values of these general economic indicators in the study area reflects the contraction that occurred in the global economy by 3.3% in 2020, compared to its growth rate of 2.8% in 2019. As well as what happened at the international level, where the values of GDP in developed and high-income countries decreased by 4.7% compared to a growth rate of 1.9 % in the last year 2019, at the end of which the negative consequences of the Coronavirus disease 2019 began as what was reported in the 57th report of Saudi Central Bank.

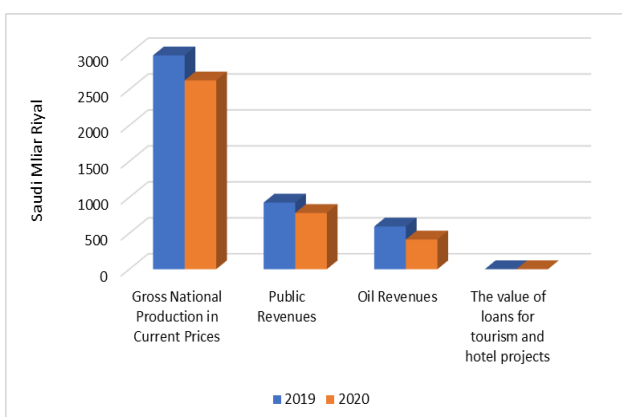


Fig.2: Economic Indicators of Saudi Arabia

2-5-Indicators of tourism movement

2-5-1-The tourism sector in the Kingdom of Saudi Arabia was naturally affected by the Corona pandemic 2019, especially the air transport and hotel sectors (Table

1). The restrictions on the movement of tourists to and from global tourist demand destinations due to the health precautions imposed by the ministries of health have played a clear role in the significant decrease in the number of tourists at the global level. Travelers play a dangerous role in the transmission of diseases and epidemics between geographical locations. Respiratory viruses spread in humans across wide geographical areas in short period [12]. What happened in Saudi Arabia is the same as in other countries through this period. International tourist arrivals have fallen by 74 percent from almost 1.5 billion arrivals 2020 to around 381 million in 2019, reaching the lowest levels on record. While all regions have been heavily affected, Asia and the Pacific has suffered the most during this period, with a decrease of 84 percent in international arrivals, followed by the Middle East and Africa, with a decline of 75 percent [13].

Table 1: tourism movement indicators

	2019	2020	2021	2022
Domestic flights	-	-	-	-
Inbound Flights	-	-	-	-
Number of tourist nights	248752006	-	-	-
Spending on domestic flights (SAR Billion)	61.2	43.3	-	-
Spend on inbound flights. (Billion Riyals)	103.4	20.1	-	-
Spend on outbound flights. (Billion Riyals)	68.1	22.0	-	-
Added value to the tourism sector. %of GDP	3.8	1.7	-	-

Source: Prepared by the researcher according to the fifty-seventh annual report of the Saudi Central Bank 1442 AH / 2021 AD. General Authority for Statistics.

2-5-2- Government Reaction

The government of Saudi Arabia has had roles that have been taken positively and quickly; it has been supported by several rapid actions of which the tourism sector has had a large share:

1. It provided a subsidy of SAR 9.0 billion for the salaries of Saudis working in the private sector, which inevitably benefited those working in the tourism sector.
- 2.

Launching the initiative for the return of citizens from abroad, under which more than 50,000 citizens were accommodated in more than 13,000 hotel rooms. 3. Dropping tourism and municipality fees. Finally, and, the Saudi Tourism Authority launched a special campaign under the slogan "Saudi Summer" [14], with the aim of encouraging and activating domestic tourism within the Kingdom of Saudi Arabia, (Table 2). Dropping tourism and municipality fees. Finally, and, the Saudi Tourism Authority launched a special campaign under the slogan "Saudi Summer", with the aim of encouraging and activating domestic tourism within the Kingdom of Saudi Arabia, (Table 2).

Table 2. Characteristics of Saudi Summer 2020

Tourist Destinations	Tourism Spending	Tourist occupancy
Tabuk, Umluj, Yunbua, King Abdullah Economic City, Taif.	\$2.5 billion	
-	-	+85% peak daily occupancy in Taif, Al-Baha, and Asir
-	-	48% in hotels through the 10 destinations and during only the first two months of the campaign

Source: Invest in Saudi Arabia. Investment Summary Report. Fall 2020

2-5-3- Tourism Performance Index 2022

The tourism is one of the economic sectors that the state relies on its financial wills to support the country's GDP. The website of the Saudi Tourism Authority [15] listed five main indicators that reflect the reality of the performance of the tourism sector in 2022, compared to what the state aims to achieve through this sub-economy to reach the vision of the Kingdom of Saudi Arabia 2030, God willing (Table 3).

Table 3: the reality of the actual and expected performance in the tourism sector

	Number of abroad visits (Million visits)	Number of insider visits (Million visits)	Total (Million visits)	Career Opportunities (Thousand)	Contribution to GDP %
2022	29.5	32.5	62.0	836.0	5.30
2030	55.0	45.0	100.0	1000000.0	+10.0

V. CONCLUSION

-The World Health Organization considered the Corona virus disease 2019 an epidemic due to its rapid spread among the population of the countries of the world since the first official announcement of infection with this virus in the city of Wuhan, China in December 2019. Considering the widespread spread of cases and deaths, it was decided to close borders between countries of the world and prevent travel. The travel ban, restrictions and preventive health precautions resulted in a contraction in the global economy in 2020 compared to 2019.

- There was a contraction in the global economy by 3.3% in 2020, compared to its growth rate of 2.8% in 2019, while at the international level, GDP values in developed and high-income countries decreased by 4.7% compared to a growth rate of 1.9% in the last year 2019, at the end of which the negative consequences of the Corona virus disease 2019 began.

- The value of economic indicators in Saudi Arabia has declined; the value of both public fiscal revenues and revenues from oil as well as from tourism decreased significantly in 2020 compared to 2019. Data from this study showed that the value of spending on domestic flights fell from 61.2 to 43.3 billion riyals but spending on incoming flights was sharper from 103.4 to 20.1 billion riyals for the same years.

- The role of the government was clear, as the state intervened positively to revive the value of financial revenues for the tourism sector and increase local tourism spending through the launch of the Saudi Summer Program, which aimed to stimulate local tourism and raise the value of its revenues, as this national campaign covered 10 geographical tourism destinations on the map of the Kingdom of Saudi Arabia, while at the time level, this happened from June 25, 2020 AD until September 30, 2020 AD.

- When comparing the reality of the actual performance of the tourism sector in 2020 and the expected performance in 2030, God willing, the figures clearly show the convergence between the current values and the expected achievement in 2030 in terms of the number of domestic and incoming visits and in the value of the percentage contribution of the financial revenues of the tourism sector to the country's GDP.

- Finally, it is important for the purpose of tracking the continuation of the negative effects of the Corona virus epidemic or not, the need to reapply this study in the future to the data of the years 2021 and the years that follow, or until the official announcement of the end of this epidemic.

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10/Safar 1444 AH - 06 September 2022 AD, Time: 01:37 PM, Riyadh.

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