



Chapter 6

“Infernum”: Economic Impacts of the COVID–19 Pandemic on the Health Tourism Industry – A Snapshot

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ABSTRACT

The tourism sector is directly and enormously influenced by COVID-19. The main aim of this study is to investigate the effect of COVID-19 on health tourism income and tourism income. The tourism income and health tourism income of Turkey are used for the 2002Q1-2020Q4 period for time series analysis. For both variables, the structural break is detected for the 2020Q1 period. The main conclusion of this study is that actual tourism income is 60% less than the forecast value while health tourism income is 39% less. One way causality from health tourism income to tourism income is found which indicates forward linkages of health tourism.

INTRODUCTION

The recent pandemic is one of the significant shocks in the known history of human kind. It is expected a fall in global GDP by 4.5% due to COVID-19 in 2020 leading a monetary GDP loss of 76.69 billion USD in the best case COVID-19 scenario.¹ The humanity, of course, experienced similar pandemic in the history yet analyzing the economic impacts of the last one is much more complicated because of the complex socio-economic relations. The impacts of crisis in one industry may be felt more now than the past mainly because of the interwoven connections of the industry. Therefore, the inter-and intra-industry

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repercussions of the pandemic is felt like the pandemic itself although it might be at varying degrees for different industries. The impact of pandemic on tourism industry is critical for many countries including developed and developing ones yet the negative impacts is detrimental for most of the developing countries especially in those where tourism income has a large share in GDP. This study aims to outline the impact of pandemic on tourism industry in Turkey in general, and on health tourism in particular after a more than one year of the outbreak of the pandemic. The first hypothesis is to compare the loss from tourism due to COVID-19 for Turkey and France for 2020. The second hypothesis is to analyze the loss difference from tourism and health tourism income for Turkey. To test the hypothesis, time series methodology is used. The loss from tourism and health tourism is calculated by the ARIMA forecasting methodology. The tourism industry is vulnerable to shocks more than any other industry. The importance of health tourism for Turkey and for several other examples is unquestionable.²

In this chapter, primarily in the background section, literature review is summarized and the importance of health tourism for Turkey is explained. The main focus of this chapter is to test the two hypothesis. First of all, methodology is clarified and then findings are elucidated. Findings section compiled of two analysis; the comparison of tourism loss of Turkey and France, and the loss of tourism and health tourism receipts of Turkey. Finding section is followed by the conclusion part. Finally, the chapter ends with solutions and recommendations, and future research directions.

BACKGROUND

Literature Review

Various studies can be found on the economic impacts of pandemic and diseases in the history of humanity throughout the economic history texts (Hays, 2005; Peckham, 2013; Saunders-Hastings and Krewski, 2016; Qui et al., 2017; Arthi and Parman, 2021). Starting from the epidemic in Athens at 430-427 B.C. to contemporary times, Hays (2005) analyzes the significance of major epidemics in history. The most important measure of significance of epidemics seems to be mortality among the others. The direct consequence of mortality in economic terms is the loss of human capital. Hays (2005: 474) claims that the existence of a well-equipped international political cooperation to fight against epidemics is important, although it is still possible to observe various obstacles. Moreover, the scientific advances in the history make the human being more resistant to epidemics in modern times. As compared to ancient times, the impacts of epidemics on economic relations become more complicated with the development of complex network of relations in the global economy. Peckham (2013) investigates the relations between global financial crisis of 2007-8 and the outbreak of influenza A (H1N1). The study provide evidence that the co-occurrence of financial and biological ‘contagions’ create repercussions on the complex net of relations in the global economy in which the perceptions of risk is highly important (Peckham, 2013). Qui et al. (2017: 7) discusses the economic impacts of pandemics under three headings, namely direct costs, long-term burden and indirect costs. The direct costs are hospitals, staff, medication and other medical costs. These costs initially bring about serious problems especially for the developing countries where these countries are not able to meet them, in turn, causing pandemic to last prolonged periods. The long-term burdens, one of which is the burden from the loss of earnings may be severe. Finally, the indirect costs cover all the items that cause a fall in GDP. Historically, the pandemics created serious problems through these channels all over the world yet at an increasing trend because of the interconnectedness

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