

Economic Impact Statement

Effects of a proposed Commercial Route through the Serengeti National Park on Tanzania's Tourist Industry

*The Serengeti National Park
is not only a priceless World Heritage,
it is also a vital part
of Tanzania's economic development.*

Executive Summary

- The worldwide recession and resulting decline in tourism has led many African nations to develop new and more aggressive marketing strategies. South Africa and its neighbors are benefiting from tremendous World Cup exposure.
- Tanzania is attempting to climb out of a tourism decline with an increasingly negative image among the media and traveling public due to publicity about a highway across the Serengeti.
- A Serengeti highway will damage the tourist industry in three stages: threat of the highway, construction, and aftermath. The first two do not depend on environmental impacts but only world opinion. The third stage will be ongoing and therefore the most damaging.
- The Full Cost of the highway = (construction costs)+ (future infrastructure for management of wildlife + traffic + human settlement) + (loss of tourism revenue + jobs in years to come).
- The true cost to the economy of Tanzania would be hundreds of millions of dollars and tens of thousands of jobs, increasing over time.
- There would also be intangible cultural costs due to the loss of a UNESCO World Heritage Site, damage to both the national heritage and image of the country.
- A petition from the international travel industry, signed by more than 3,600 individuals around the world warned,

The position of Tanzania in the world travel marketplace will drop, along with the future of your tourism industry. Billions of shillings in foreign exchange needed for development will be jeopardized as travelers look elsewhere. (See Appendix)

Tanzania's Tourism Challenge

Global tourism is recovering from one of the worst economic crises since the Great Depression. 2009 was a particularly bad year, but fortunately, the early months of 2010 suggest that recovery is underway and stronger than expected. International tourist arrivals grew by 7% in the first four months of 2010, with Africa increasing at that same average.

(Source: UNWTO World Tourism Barometer.)

The decline in tourism has led many African nations to develop new and more aggressive marketing strategies. One country, though, has received an extraordinary amount of exposure from another source – South Africa, host of the 2010 FIFA World Cup. The value of this event in terms of boosting interest in travel to South Africa and the surrounding region cannot be overestimated.

A gain in one area of Africa is likely to be accompanied by a decline in another. Historically, Kenya knows this lesson well. In a few decades, it went from the premier sub-Saharan African destination to having only a fraction of Africa's international visitors. Other regions, including Tanzania, took away market share. There were various causes, but among them was poor planning and management in the face of mounting competition.

It is in this setting that Tanzania begins the second decade of its 21st Century tourism...amid strong competition for a travel market during a fragile rebound from recession.

Unfortunately, Tanzania is attempting to climb out of recession with an increasingly negative image among the media and traveling public. Controversy over the construction of a commercial highway through its primary tourism asset, the Serengeti National Park, has caused an outcry among the press, the international travel industry, and a growing segment of travelers.

Stages of Decline

The specter of the Serengeti highway will cause damage to the tourist industry in three stages. *The first two do not depend on environmental impacts but only public perception and world opinion.*

Stage I. The threat of a highway:

This stage is already in progress, beginning with an announcement by the government that the project had been approved. World reaction was swift, with internet blogs and social media instantly taking up the cause. Comments on social media sites include disbelief, shock, anger, and defiance. A petition against the highway by international tourism companies and associations quickly brought more than 2,500 signers.

There is a long lead time for planning safaris. And as one tour company has already said.

“With over 22 years of designing safaris in East Africa behind us, we, at Safari Professionals, have advised the Tanzanian government that we are now re-evaluating our current practice of recommending Tanzania to our prospective safari travelers. Since most of our safaris are designed 1 to 2 years in advance, we have to... assume that the current plans will go forward and are likely to have a negative impact on the wildlife and our travelers' experience.”

Stage II. Construction of the highway:

If and when the highway construction begins, world reaction will certainly intensify, with an increase in articles, photographs, and films confirming that the threat has become a reality. Comments on social media sites indicate that the reaction will become increasingly hostile. As the Serengeti lose its UNESCO World Heritage Status, Tanzania will cease to be seen as a protector of its natural heritage in the eyes of many throughout the world.

Although the authors of this do not agree, there will certainly be a call by many around the world for a general boycott of tourism to Tanzania. In an online survey of travel companies, the questions was asked:

“Some travelers have said they will not visit Tanzania if the highway is constructed. Do you think there will be a more widespread call for such a boycott if the highway is built?”

72% said this would be likely.

Stage III. Damage to the Serengeti:

The highway will have an ongoing and increasing negative impact on the Serengeti and the migration. The damage to Tanzania's tourism industry will grow accordingly. As news of conflicts among wildlife and highway traffic, human settlement, and other factors mount, the negative press will increase. There is likely to be cross-border disagreements between Kenya and Tanzania, as the highway affects tourism to Kenya's Masai Mara Reserve. Negative press, the degradation of the Serengeti itself, and competition from other areas of Africa will increasingly accelerate a decline of Tanzania's tourist industry.

The Real Cost of the Highway

The projected budget of the highway is much too low. There are costs that far exceed the construction cost of surveying, preparing the road bed, and surfacing.

Tangible Costs:

The Serengeti Highway is budgeted at US\$ 470,000,000 nearly half a billion dollars. To this sum, however, must be added:

(a) Unanticipated infrastructure costs: The real cost of the highway in the near and long term should not be underestimated. There will be increasing traffic along highway, requiring fences and perhaps overpasses. This occurred in Banff National Park in Canada, when a road cut across the path of just 800 elk. After collisions with vehicles, the cost of constructing barriers became extremely high. Animals will also wander out of the park, and with no buffer zone, there will be conflicts with the growing human settlement. More fences and other expenses will be required.

(Source: Serengeti Biodiversity Centre)

(b) Loss of tourism revenue and jobs. The Tanzania tourism industry provides the following:

- **Gross Domestic Product (GDP):** 8% or US\$ 1.759 billion.
- **Exports:** 23% of total exports, or US\$ 1.15 billion.
- **Employment:** 6.3% of total employment, 624,000 jobs, or 1 in every 15.8 jobs in 2010,

It was previously estimated that real GDP growth for Travel & Tourism economy is expected to be -0.1% in 2010 and to average 5.9% per annum over the coming 10 years.

(Source: World Travel & Tourism Council)

If the Serengeti highway is constructed, however, the predicted growth will undoubtedly not happen. In fact, it is apparent that Tanzanian will experience a loss in tourism revenues and jobs.

In 2010-2011, there will be increased world reaction to the highway, as shown in Stages I & II above. It is possible that there will be a "see it before it's gone" effect, motivating some travelers. But even if it happens, it will be short lived.

In 2012, the construction of the highway will certainly cause alarm for travelers as the world press and public opinion grow increasingly vocal. Beyond 2012, there will a decline in visitors because of actual damage to the Serengeti and migration, as outlined in Stage III.

Amount of Tourism Decline

How much decline in tourism will be caused by the building of the highway and the world backlash against it? After the turmoil of the 2007 presidential election in Kenya and the civil unrest that followed, tourism revenues dropped 54 percent from 2007 in the first quarter of 2008. (Source: Reuters. May 2008)

An drop may not be of that magnitude, but it does show the volatility that African tourism can experience. This project would have a large impact because of the historic and iconic status of the world's greatest wildlife migration and National Park.

When asked in a survey of travel companies about the likely percentage drop in tourism they would experience should the highway be constructed,

- more than 54% of respondents said 50% or more.
- 10% said their travelers would drop by 40%.
- 19% said it would drop by 30%.

The chart below uses a much more conservative percentage drop in tourism, but even so the figures are dramatic.

Year	Loss of GDP	Loss of Jobs
2011	- 1% tourism drop = - \$15.6 million	- 6,240
2012	- 5% tourism drop = - \$87.9 million	- 31,200
2013 – 2018	- 5% yearly drop = - \$439.7 million	- 156,200

With the above drop in visitors, the total cost over just 8 years could be:

- **\$545 million in GDP**
- **193,000 jobs**

The impact of the highway, however, will extend indefinitely into the future, increasing as the damage to the ecosystem increases and the status and unique “brand” of the Serengeti are ultimately lost. Moreover, the income from the Serengeti National Park is used to subsidize other Tanzanian parks; these will suffer as well.

Job loss will be difficult to recover, especially as the quality that the tourist industry provides is

“labor intensive, provides a wide range of different employment opportunities – from work for the highly skilled to the unskilled; contributes to a geographical spread of employment – not only in the main centres but also in rural areas; employs more women and young people than most other industries; creates opportunities for many small entrepreneurs.”

(Source: Dr. Dawid de Villiers, UN Conference on Least Developed Countries, May 2001)

Opportunity Cost

The flawed decision process that led to the highway will make donor countries, NGO's and especially private investors leery of investment in Tanzania, especially since public opinion in donor countries would be sharply against future involvement.

As has been noted with Kenya's tourism industry decline:

Kenya's increasingly negative image affected not just tourists, but also investors, resulting in a further decline in both the quality of services and maintenance of tourism facilities.

"It is clear that the factors contributing to Kenya's tourism decline are various but inter-related. Poor governance and political tensions are related to the economic downturn that ultimately affected foreign investments, infrastructural expenditure and maintenance. The downturn therefore could be viewed as a combination of political, exogenous and policy failure effects that operated individually or concurrently over a period of time."

(Source: Samuel Kareithi, University of Luton, UK, Feb 2003)

Cost to National Heritage and Image

In accepting the trusteeship of our wildlife we solemnly declare that we will do everything in our power to make sure that our children's grand-children will be able to enjoy this rich and precious inheritance."

— Dr. Julius Kambarage Nyerere

Tanzania is well known in the world for its protection of priceless natural areas. This long legacy of protection has served Tanzania well. It is an intangible asset of the country that is difficult to measure. A commercial highway through the Serengeti affects both the world perception of Tanzania and also a set of values and a conservation ethic held by the people and government.

If the highway is constructed, it is safe to say that the world will never again look upon Tanzania in the same way. Though intangible, this has impacts for the country going forward.

Appendix: Travel Industry Petition

As of August 3, 2010, **3,601 travel companies and associations** around the world had signed the petition and more are signing each day.

Petitioners are from all over the world. 1,020 were from the United States. 1,238 were from other countries, including:

Australia	Switzerland
New Zealand	Canada
Germany	Scotland
England	Kenya
France	Uganda
Belgium	Indonesia
Abu Dhabi	Nepal
Tanzania	United States
Hong Kong	and many more

The country with one of the largest number of petitioners was South Africa. Among the organizations signing was the Adventure Travel Trade Association, with 550 members worldwide.

[Petition text]

Travel Industry Against the Serengeti Highway

Our company has joined others in the international travel industry to strongly protest a proposed highway across the Serengeti National Park.

There are many sound environmental arguments against this highway. It would surely destroy the integrity of a priceless world heritage that has been protected by the people of Tanzania since the birth of your country.

The economic costs will be high as well. If this project continues, we foresee great damage to the reputation and the economy of your country. Public opinion will be strong. The world will no longer look on Tanzania as a great protector of its natural heritage.

The position of Tanzania in the world travel marketplace will drop, along with the future of your tourism industry. Billions of shillings in foreign exchange needed for development will be jeopardized as travelers look elsewhere.

We urge you to listen to the advice of your friends in the travel industry around the world. Tanzania can be proud of its heritage as a world leader in conservation. We urge you to halt plans for this highway and follow the long legacy of protection that has served Tanzania well.