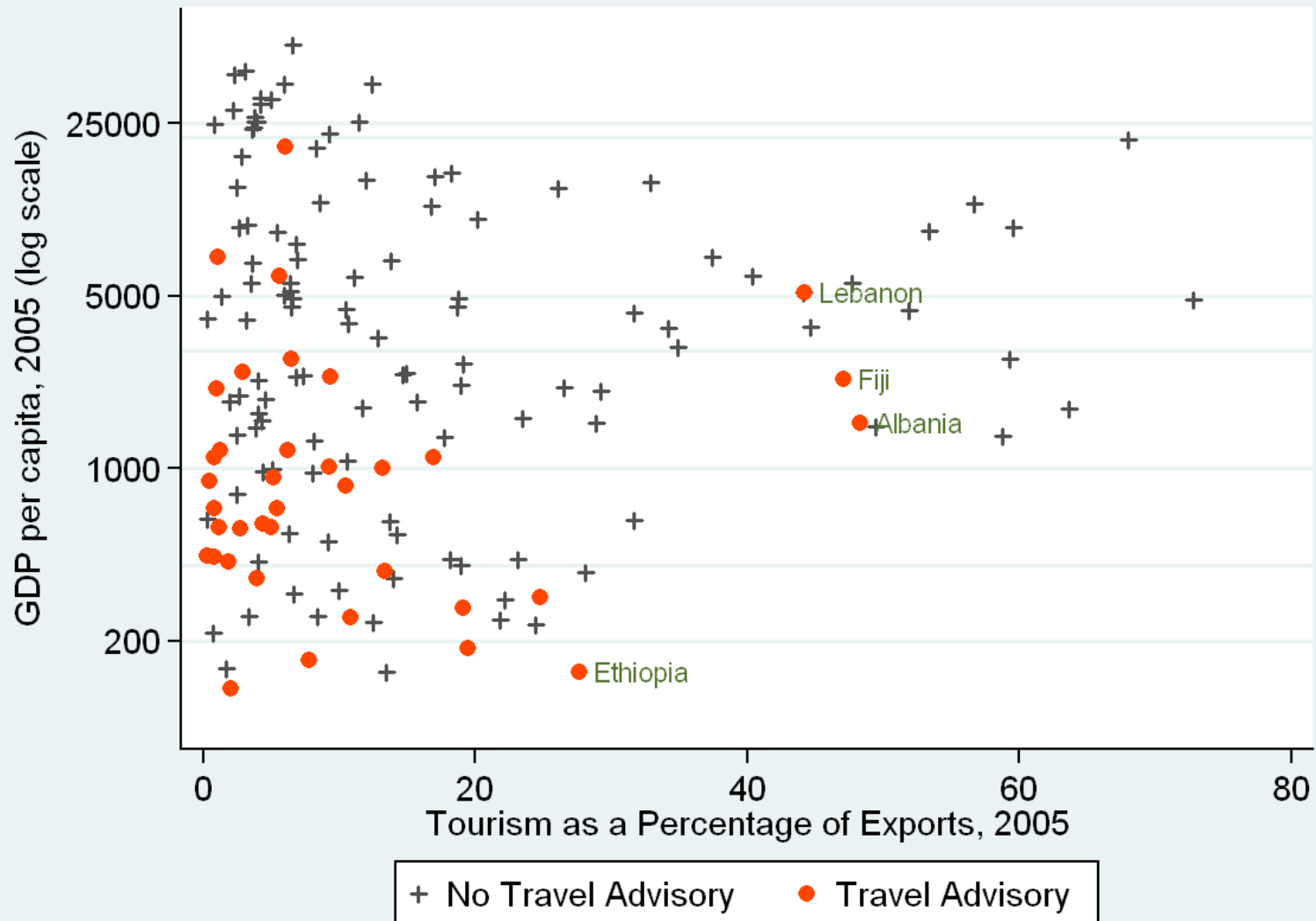


Safety or Self-Interest?

The Political Economy of State Travel Advisories

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Travel Advisories Hit Poor, Tourism-Dependent Countries



GDP per capita and tourism as a percentage of exports. Countries marked in orange were under a travel advisory from the United Kingdom in 2007.

Consequences for: Tourism Sector

Linkages throughout economy

Investment Flows?

- British travel advisory cost Kenya an estimated \$167 million
 - About 1% of Kenyan GDP
 - Falling visitor numbers
 - Cut-flower industry – cancelled orders and higher freight costs
 - Institutional (firm, university) restrictions on traveling to countries under advisory

TAs are a Non-Tariff Barrier

- Barrier to trade in services
 - Tourism sector = 5.6 to 7.3 percent of world trade from 2000 to 2010
- Non-tariff barrier
- Unilateral implementation
 - No IO oversight
 - Limited domestic political process

Advisories are Disputed by Target Countries

- EU Travel Alert regarding US swine flu outbreak
 - US Officials called it:
 - “Hysterical”
 - “Unwarranted”
 - “An overreaction”
- (Afrasiabi 2009)

Safety Considerations Cannot Explain Variation

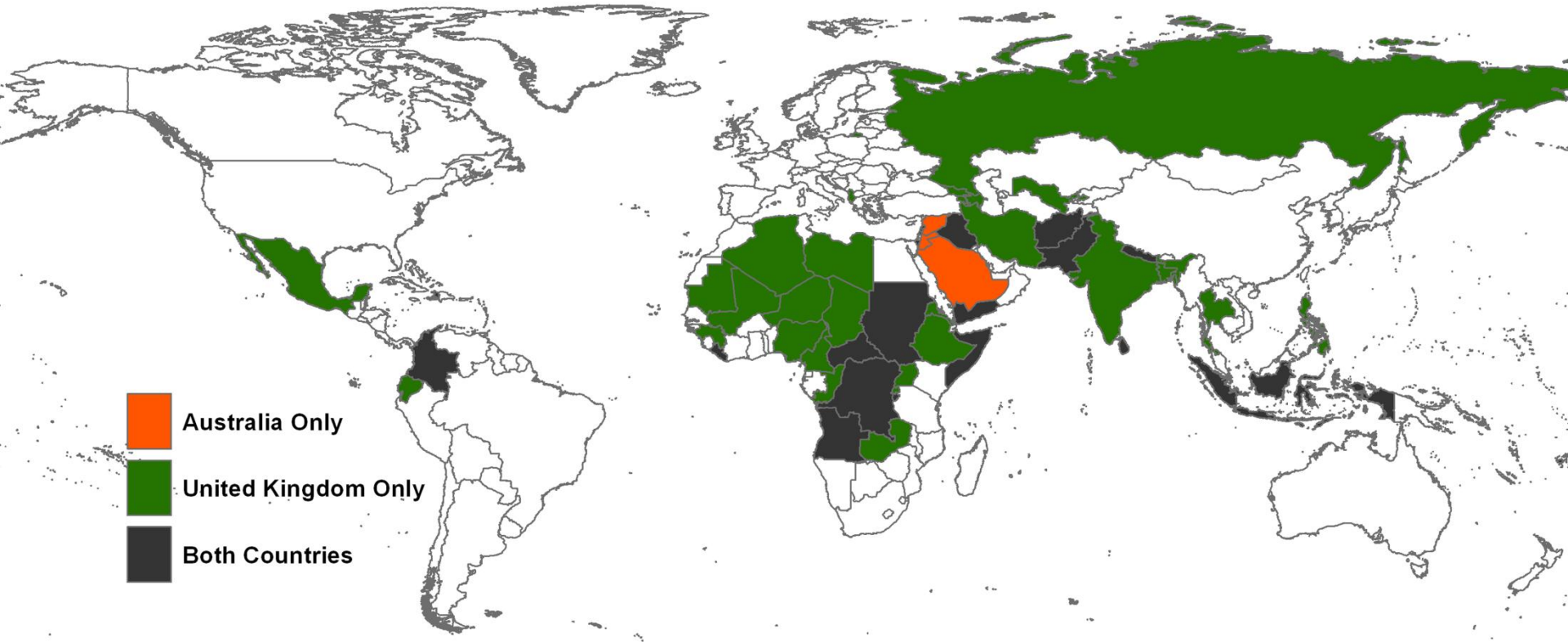


Figure 2: Significant variation in the application of travel advisories exists across sending countries. If safety were the sole consideration, we would expect very similar advisories across sending countries.

Travel Advisories are Politically Motivated

- A Theory of Economic Linkages
 - Exports from sending country to target country reduces the odds of an advisory
 - Two mechanisms
 - Consumers in target countries will be hurt financially by travel advisory; income effects dampen demand for the sending countries' exports
 - Travel advisory is a perceived affront; consumers in target countries might retaliate explicitly against the sending countries' exports

An Empirical Model of Travel Advisory Implementation

- Travel Advisory: Dichotomous variable
 - Three “sending” countries
 - Australia, UK, US
 - 2005-2007
 - 140+ potential “target” countries
 - Source: Archive.org copies of agency websites
- Unit of Analysis: Dyad-year
- LPM with target country-year fixed effects
 - Probit requires more data for full FE model
 - Controls for the *cause* of the TA (civil conflict, unrest)
 - Control for similarity in UN voting record

Exports Reduce Likelihood of Advisories

	(LPM)	(LPM)	(LPM)	(Probit)
			2004 Values	
Outward FDI Stock	0.0004 (0.001)	0.0006 (0.001)	0.0007 (0.001)	0.1000 (0.089)
Exports	-0.0018* (0.001)	-0.0036** (0.002)	-0.0039* (0.002)	-0.2099* (0.113)
Imports		0.0010 (0.001)	0.0013 (0.001)	0.0427 (0.031)
UN Vote Affinity	-0.0006 (0.018)	0.0018 (0.018)	0.0308 (0.020)	0.0689 (0.230)
Fixed Effects	Target-Year	Target-Year	Target-Year	Target
<i>N</i>	1186	1186	1194	275

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 1: Outward FDI stock, exports and imports in thousands of US dollars

Conclusions:

Variety of NTBs demand further attention

- Travel advisories are political
- Highlight a non-tariff barrier to trade in services
 - Unilateral in nature
- Extend to probit, count models, with many more sending countries and years
- True consequences of travel advisories?
 - Working on disentangling the effect of advisories from the effect of the conflict/unrest that caused the advisory
 - Daily bond and equity fund flows data

The End

Thank you!

Countries Targeted by US, 2005-2007

2005

Afghanistan
Algeria
Bolivia
Bosnia and Herz
Burundi
Central African Republic
Colombia
Congo
Cuba
DRC
Guyana
Haiti
Indonesia
Iran
Iraq
Israel
Ivory Coast
Jamaica
Kenya
Kyrgyzstan
Lebanon
Liberia
Libya
Nepal
Nigeria
Pakistan
Philippines
Saudi Arabia
Somalia
Sudan
Togo
Uzbekistan
Yemen
Zimbabwe

2006

Afghanistan
Algeria
Bosnia and Herz
Burundi
Central African Republic
Chad
Colombia
Cuba
DRC
East Timor
Eritrea
Haiti
Indonesia
Iran
Iraq
Israel
Ivory Coast
Kenya
Lebanon
Liberia
Nepal
Nigeria
Pakistan
Philippines
Saudi Arabia
Somalia
Sri Lanka
Sudan
Syria
Uzbekistan
Yemen
Zimbabwe

2007

Afghanistan
Algeria
Bosnia and Herz
Burundi
Central African Republic
Chad
Colombia
DRC
East Timor
Eritrea
Guinea
Haiti
Indonesia
Iran
Iraq
Israel
Ivory Coast
Kenya
Lebanon
Liberia
Nepal
Nigeria
Pakistan
Philippines
Saudi Arabia
Somalia
Sri Lanka
Sudan
Syria
Uzbekistan
Yemen

Countries Targeted by UK, 2005-2007

2005

Afghanistan
Albania
Algeria
Angola
Armenia
Azerbaijan
Bangladesh
Bolivia
Burundi
Cameroon
Central African Republic
Chad
Colombia
Congo
DRC
Ecuador
Eritrea
Ethiopia
Georgia
Guinea
Guinea-Bissau
Guyana
Haiti
India
Indonesia
Iran
Iraq
Israel
Ivory Coast
Kyrgyzstan
Lebanon
Liberia
Libya
Mali
Nicaragua
Niger
Nigeria
Pakistan
Philippines
Russia
Rwanda
Sierra Leone
Somalia
Sri Lanka
Sudan
Tajikistan
Thailand
Togo
Uganda
Uzbekistan
Vanuatu
Yemen
Zambia

2006

Afghanistan
Albania
Algeria
Angola
Armenia
Azerbaijan
Bangladesh
Burundi
Cameroon
Central African Republic
Chad
Colombia
Congo
DRC
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Ecuador
Eritrea
Ethiopia
Fiji
Georgia
Guinea
Haiti
India
Indonesia
Iran
Iraq
Israel
Ivory Coast
Lebanon
Liberia
Libya
Mali
Mauritania
Mexico
Nepal
Niger
Nigeria
Pakistan
Philippines
Russia
Rwanda
Solomon Islands
Somalia
Sri Lanka
Sudan
Thailand
Uganda
Uzbekistan
Vanuatu
Yemen
Zambia

2007

Afghanistan
Albania
Algeria
Angola
Armenia
Azerbaijan
Bangladesh
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Cameroon
Central African Republic
Chad
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Mauritania
Mexico
Myanmar
Nicaragua
Niger
Nigeria
Pakistan
Philippines
Russia
Rwanda
Somalia
Sri Lanka
Sudan
Thailand
Uganda
Uzbekistan
Yemen
Zambia

Countries Targeted by AUS, 2005-2007

2005

Afghanistan
Algeria
Angola
Burundi
Central African Republic
Colombia
DRC
Ethiopia
Haiti
Indonesia
Iraq
Israel
Ivory Coast
Kyrgyzstan
Liberia
Nepal
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2006

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Sudan
Syria
Yemen
Zimbabwe

Politicians Speak Out Regarding Travel Advisories

- Rep. Gregory Meeks (D-NY)
 - TA against Kenya is “discriminative”
- EU travel alert regarding US swine flu outbreak
 - ““Hysterical”, “unwarranted”, “overreaction” and “ineffective”, were the top choices of words used by US officials’ (Afrasiabi 2009)

Summary Statistics, Key Variables

	mean	sd	min	max
TA Dummy	.1676206	.3736818	0	1
TA Count	50.8937	122.172	0	365
Imports	5.577265	25.91714	0	348.5826
Exports	3.385393	14.74751	0	226.411
Outward FDI Stock	6.600405	26.97052	-.790352	412.122
2004 Exports	2.825778	12.4442	0	176.258
2004 Imports	4.615363	20.88563	0	259.807
<i>N</i>	1223			

Table 1: Summary statistics for key variables. All trade and FDI statistics are denominated in thousands of US dollars.