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# A note on the potential economic contribution of Al-Zubarah world heritage site

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## Introduction

Policy and decision-makers use the destinations' cultural, social and human capital to promote a unique identity and distinctive tourism products. Different stakeholders at the national and regional levels, from the public and the private sectors, engage in carving this identity. Given that tourism is a place-based activity, the purpose is to attract tourists and to increase the market-share of the destination-country by promoting an exceptional tourism experience. Furthermore, the interaction between foreign tourists and local residents contributes to cultural exchange.

As defined by the United Nations World Tourism Organization, a tourism product is “a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities”<sup>2</sup>.

Among the different types of tourism, we can cite “cultural tourism” in which the visitors' motivations revolve essentially around discovering the cultural attractions like the World Heritage Sites (WHS).

The coastal town of Al-Zubarah, that was once a trading center for pearls in the Arabian Gulf, became a UNESCO's WHS in 2013. Located on the Qatari territory, it belongs now to all “the peoples of the world because of its outstanding value to humanity” (UNESCO, 1972). Al-Zubarah tourist site will not solely attract foreign tourists, but domestic visitors are inclined to visit it in order to discover the history of their country of residence. Hence, Al-Zubarah contributes to the cultural enrichment of foreign and domestic tourists and provides a guaranteed access to human/world

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<sup>2</sup> <https://www.unwto.org/tourism-development-products#:~:text=As%20defined%20by%20UNWTO%2C%20a.and%20creates%20an%20overall%20visitor>

history. On one hand, foreign tourists are inbound arrivals that travel to a certain destination and stay for at least one night. On the other hand, domestic tourists are residents of a country that travel from one region to another region, for at least one night, and engage in tourism activities.

The inclusion of Al-Zubarah archeological site on the UNESCO's World Heritage list recognizes its global public good nature. In fact, Al-Zubarah has the characteristics of a public good: it is non-excludable (all would profit from the cultural service it provides) and non-rivalrous (visits by one tourist does not prevent simultaneous visits by others). Besides its historical and cultural value, what is the economic value of such a cultural and social heritage site?

This note is an attempt to propose an economic valuation model that can be used in order to measure the net economic benefits of Al-Zubarah WHS. We adopt a top down approach. First, we discuss the tourism supply chain and situate Al-Zubarah WHS in this framework. Second, we detail the economic contributions, costs and net benefits of Al-Zubarah WHS. The last section stands for a conclusion.

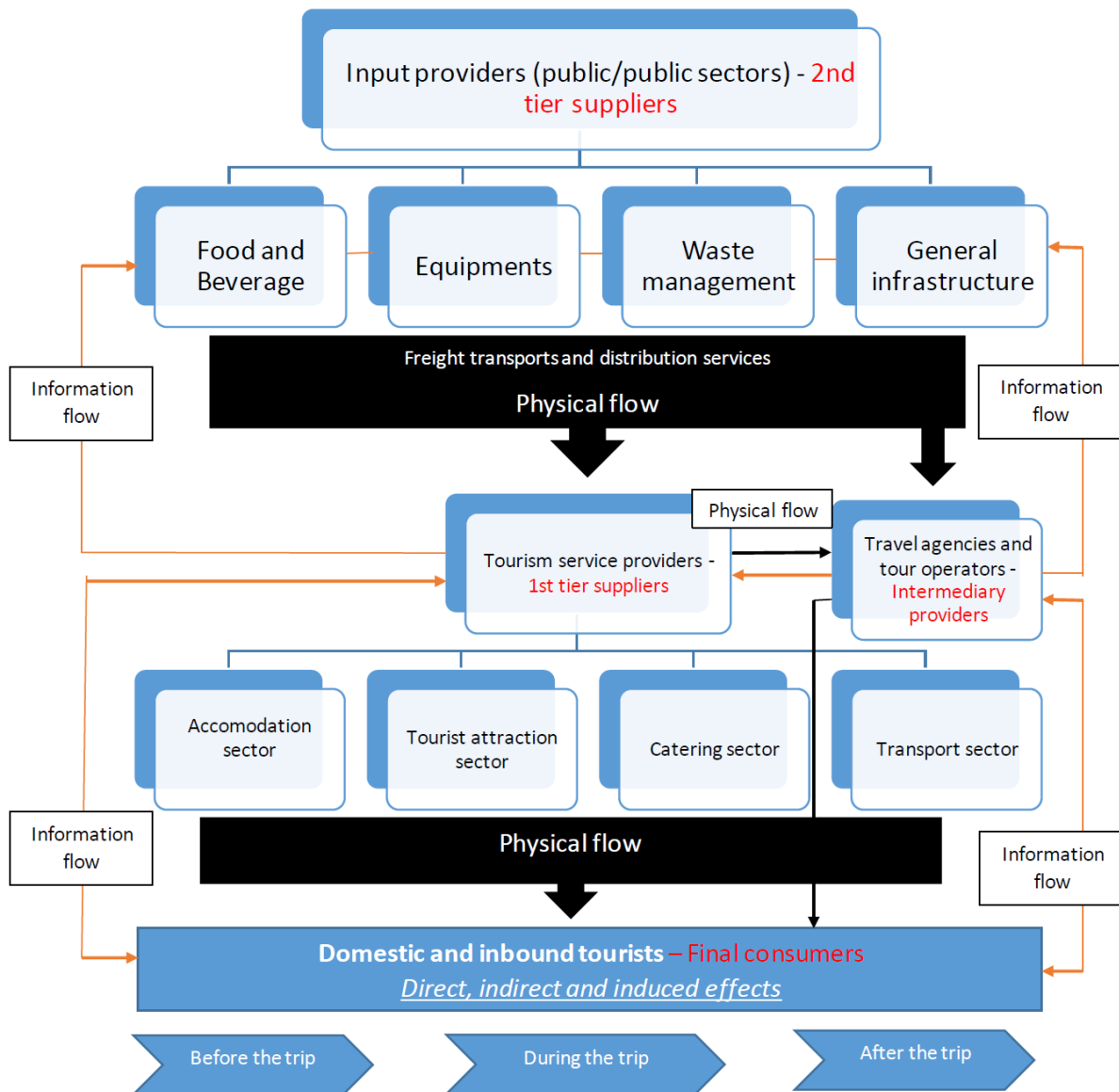
## **Tourism supply chain**

Figure 1 shows the main components of the tourism supply chain: travel agencies and tour operators (intermediary providers), tourism services providers (first tier providers), input providers (second tier providers), and tourists (domestic and foreign). Second tier suppliers provide inputs like food and beverage, equipment, waste management services, and general infrastructure to intermediary providers and first tier suppliers. The latter are businesses offering tourism services to tourists or travel agencies/tour operators. These businesses include, among others, transport companies, hospitality companies, catering companies, and tourist attractions like the Al-Zubarah WHS. Hence, the latter maintains backward and forward linkages with all the other sectors and contributes to supply and demand.

Figure 1 displays two types of flows. First, the direct and indirect flow of physical materials from first and second tiers providers to tourists and from tourism service providers to travel agencies and tour operators; until they reach tourists. Second, the flow of information between suppliers and consumers across a range of product supply channels (accommodation, tourist attractions, catering, and transportation sectors).

Information flows require coordination between suppliers and as shown in Figure 1 are bidirectional. As an example, tourists can make a hotel reservation or buy tickets to visit Al-Zubarah WHS directly via their respective websites or indirectly through tour operators. Moreover, tourism services providers and travel agencies relate information to their input providers.

**Figure 1: Tourism supply chain**



In order to analyze the economic value generated by the tourism industry throughout the entire supply chain, an analysis of the direct, indirect and induced contributions to output, income and employment is necessary. Direct impacts are associated to the business activities that directly deal with tourists such as those offered by first tier providers and intermediary providers. Indirect impacts result from various rounds of expenditures by the first tier suppliers in backward-linked industries.

Induced effects are the spending of employees directly employed in the tourism sector or in indirect contact with tourism service providers.

Given the general tourism supply chain framework exposed above, we can push the analysis a step further and raise the following questions: what are the potential economic net benefits that visits to Al-Zubarah WHS may generate? What are the economic, environmental and social costs?

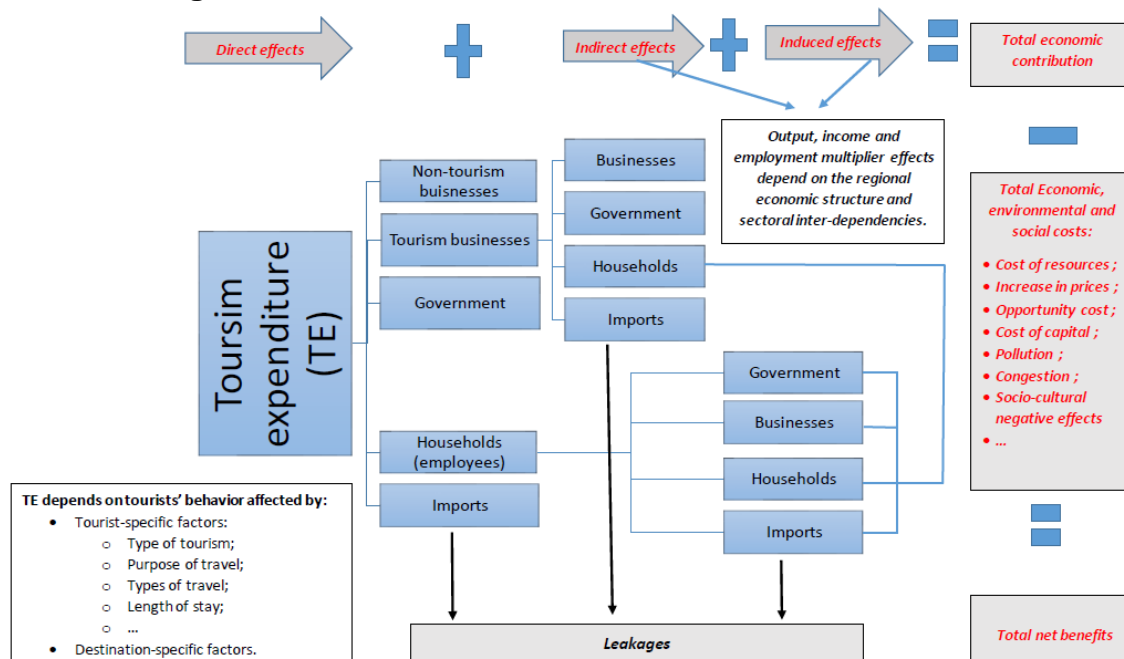
### **The economic net benefits generated by visitors of Al-Zubarah**

The input–output (IO) approach initially developed by Leontief (1936) can be used to estimate the economic contribution that results from a certain activity, like “*visits to Al-Zubarah WHS*”. The IO methodology has been widely used in the literature because it discloses inter-sectoral linkages (Cwi & Lyndall, 1977; Rose & Miernyk, 1989; Miller & Blair, 2009). For instance, it quantifies the direct, indirect and induced effects on output (production), employment (jobs) and income (compensation of employees) generated by a specific tourism attraction.

Brand et al. (2000) applied the IO methodology for the sector of museums and art galleries in the United Kingdom. Dunlop et al. (2004) used it to assess the economic impacts of the entire cultural sector in Scotland. Greffe (2004) used the IO methodology to demonstrate how the conservation, maintenance and renovation of cultural heritage sites can generate direct and indirect jobs and increase tourism-related jobs. Plaza (2006) used it for the case of Guggenheim Museum in Bilbao in Spain. Furthermore, Llop and Arauzo-Carod (2012) used an IO model to quantify the economic impacts of the Gaudí Center (a museum in Reus – Spain dedicated to the Spanish architect Antoni Gaudí) and its regional inter-sectoral effects on income and employment. Finally, Vu and Ngo (2019) assessed the economic impacts of the cultural industry in Vietnam using the IO methodology.

Using the IO methodology, one can estimate the direct, indirect and induced effects of yearly visitors’ spending on the national economy in terms of output, income and employment. The mechanism is illustrated in Figure 2. The latter also hints at the potential social, economic and environmental costs caused by these spending.

**Figure 2: Economic contribution, costs and net benefit**



To illustrate this, assume that Al-Zubarah WHS will attract 50 tourists (domestic and foreign) per day, each spending on average QR200 per visit. This will result in a total tourism expenditure of QR10,000 per site visit. Assume now that this trend is maintained over 100 days per year, then the total tourism expenditure would be one million QR per year. Some goods/services consumed by tourists may be imported from abroad. Hence, these constitute leakages. Assume 30% is the leakage rate, hence total tourism expenditure injected in the economy is QR700,000 (direct effect). Out the QR700,000, assume that QR400,000 is allocated to tourism products. Therefore, tourism service providers will be required to increase output by QR400,000 in order to meet the additional increase in tourism expenditure. Subsequently, tourism businesses spend most of the QR400,000 on goods and services they buy from other businesses (assume all these inputs are locally produced). These auxiliary rounds of spending create secondary effects respectively called indirect and induced effects. If for example, we assume an output multiplier equal to 2.0 for the “hotels, tourism, and catering” sector, then each one QR of spending by tourism businesses creates QR2 of output throughout the Qatari sectors. Hence, the QR400,000 direct increase in output in the tourism, hotel and catering sector generates an output of QR800,000 in the affected sectors (direct, indirect and induce effects).

## Conclusion

One can break down the above analysis, in order to *i)* estimate the disaggregated impact on the different economic sectors using sector-specific multipliers; *ii)* calculate the impact on income, output, employment, government revenues, exports ...; and *iii)* estimate the impact on the regional economy. To measure the economic impacts it is necessary to estimate: *i)* the number of visits, *ii)* the average tourist expenditure, *iii)* the share of imported goods/services that tourists buy, and *iiii)* the IO multipliers (national, regional, or sectoral). Between the 18<sup>th</sup> and the 19<sup>th</sup> centuries, Al-Zubarah was a flourishing port for the pearl trade that led to the economic and social change of the northwest coast of the Qatar Peninsula. According to our model suggested above, in modern Qatar, Al-Zubarah can be the pillar of a flourishing cultural tourism sector that would take the lead in the diversification of the Qatari economy.

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