Tourism Management Perspectives 18 (2016) 6–9

Contents lists available at ScienceDirect

Tourism Management Perspectives

journal homepage: www.elsevier.com/locate/tmp

A new dawn? The Iran nuclear deal and the future of the Iranian tourism industry

Masood Khodadadi

School of Business and Enterprise, University of the West of Scotland, Paisley PA1 2BE, United Kingdom

ARTICLE INFO

Article history:
Received 7 November 2015
Received in revised form 14 December 2015
Accepted 29 December 2015
Available online xxxx

Keywords:
Destination image
Iran tourism
Iran nuclear
Politics
Tourism demand
Tourism development

ABSTRACT

Iran's tourism industry has suffered significantly over the past three decades as a consequence of a number of issues, including negative imagery in the tourism generating markets, political tensions with the West as a result of Iran's nuclear programme and poor management. But perhaps one of the most important issues affecting tourism development in Iran has been the wide ranging and crippling international sanctions against Iran in relation to its nuclear programme. However, after more than a decade of negotiations, on 14 July 2015, Iran and the P5 + 1 finally reached a comprehensive agreement on Iran's nuclear programme, which has given many, both inside and outside of Iran, the hope of a brighter future for the country. This paper aims to explore the possible impact of this agreement on the future development of the Iranian tourism industry.

1. Introduction

On 14 July 2015, after more than a decade of tough and challenging nuclear negotiations, Iran, the P5 + 1 (the five permanent members of the United Nations Security Council – China, France, Russia, United Kingdom, United States – plus Germany) and the European Union reached a comprehensive agreement on the nuclear programme of Iran. Iran and six world powers agreed upon a draft resolution promising to lift economic sanctions in exchange for stricter monitoring of nuclear facilities by international inspectors. But what does this mean for the future development of the tourism industry in Iran? Iran's tourism industry has been suffering from a range of issues over the past three decades, including the over-reliance on oil revenues, negative imagery, international sanctions, political tensions, political instability and conflicts in the Middle East region, and poor management (Baum & O'Gorman, 2010; Butler, O'Gorman, & Prentice, 2012; Khodadadi & O'Donnell, 2015; Morakabati, 2011). The aim of this paper is to explore some of the possible impacts of the newly forged nuclear agreement on the future of the Iranian tourism industry.

2. Context of the Iranian tourism industry

> Iran was considered to be the Middle East's top tourist destination during the period 1967–1977, when Egypt, which has one of the world's Seven Wonders, was (only) ranked 14th in the region.
> [Morakabati (2011, p. 110)]

This is hardly surprising. With an area of 1648 million square kilometres or 636,296 miles^2 (Foreign & Commonwealth Office, 2012), Iran is a vast and varied country which offers an abundant mixture of culture, history, heritage and natural attractions that is unique in the region: It is, for example, the home to nineteen ski resorts and mountains reaching peaks above 5000 m, and it has a rich biodiversity.

Iran has, in total, 19 listed World Heritage sites, and an additional 49 properties have been submitted on the United Nations Education, Scientific and Cultural Organisation Tentative List (UNESCO, 2015). As a result – given, of course, not only an appropriately enabling international situation, but perhaps just as importantly, positive and encouraging forms of representation – Iran's ancient and modern cultural heritage is seen by many outsiders as continuing to provide 'the basis for cultural tourism visitation experiences that, potentially, can be set alongside "leading brand" destinations such as Egypt, Greece, India, Italy and Turkey in terms of both their historical importance and their visual splendour' (Baum & O'Gorman, 2010, p. 2).

Morakabati (2011) shows in detail how, following the political changes ushered in by the Islamic Revolution in 1979, there was a significant fall in the level of tourism activity, as tourists, particularly those from outside the Middle East region, sought alternative destinations such as Turkey: He points out, for example, that while Iran had attracted more than 70,000 American visitors in 1977, during the period of sustained American support for the Shah, this figure had, by 2010, fallen to as few as 400 (Euromonitor International, 2013). Other

E-mail address: Masood.Khodadadi@uws.ac.uk.

http://dx.doi.org/10.1016/j.tmp.2015.12.019
2211-9736/

tourism-related sectors in the country suffered a similar decline: For instance, in the 1970s, Iran Air was known to be the fastest growing airline in the world and one of the most profitable, being ranked second only to Qantas in 1976 as the world's safest airline (Baum & O'Gorman, 2010; Morakabati, 2011); however, in terms of its safety record, this airline cannot now secure a place in the top 30 in the world (Morakabati, 2011). This – like the situation of its tourism industry more generally – is largely due to a chronic lack of government investment, resulting in the fact that 'Iran's civil fleet is made up of planes in poor condition due to their old age and lack of maintenance. The country has been under international sanctions for years, preventing it from buying new aircraft or spare parts from the West' (BBC, 2011).

The effects on the economic health of Iran's tourism industry are glaring. According to a recent World Travel and Tourism Council report (WTTC, 2013), Iran was ranked 147th in the world in terms of travel and tourism's direct contribution to its Gross Domestic Product (GDP) in the year 2012. Its position is therefore now considerably lower than other countries in the region, such as the United Arab Emirates (ranked 17) and Turkey (ranked 12), which it had previously outperformed in this respect. According to WTTC (2013), the direct contribution of travel and tourism to Iran's GDP was $11.3 billion in 2013, which is substantially lower than Turkey ($34.8 billion) or the UAE ($25 billion).

One of the reasons for the extent to which the tourism industry has been ignored by the government in Iran is the fact that this country is one of the world's largest producers of oil and gas. For the 25 years of the Shah's reign – from the CIA-backed coup of 1954 until the revolution of 1979 – the United States enjoyed privileged access to these resources, being guaranteed 40% of the total, divided among its five major oil corporations. As Chomsky (2008, p. 43) argued in a piece first published in 1966, the 'bland assumption' that such an arrangement was entirely natural was 'most revealing of deep-seated [US] attitudes towards the conduct of foreign affairs' at the time. On-going concerns regarding access to oil since 1979, he suggests, have lain behind the USA's antagonistic attitude towards Iran ever since. Writing in 2006 – when the situation in neighbouring Iraq was markedly different from what we are witnessing now – he argued that these concerns were further exacerbated by developments in that country:

> The dilemma of combining a measure of [Iraqi] independence with firm control arose in a stark form not long after the invasion, as mass non-violent resistance compelled the invaders to accept more Iraqi initiative than they had anticipated. The outcome evoked the nightmarish prospect of a more or less sovereign and democratic Iraq taking its place in a loose Shiite alliance comprising Iran, Shiite Iraq, and possibly the nearby Shiite-dominated regions of Saudi Arabia, controlling most of the world's oil and independent of Washington.
>
> [Chomsky (2006, p. 252)]

Iran's economy continues to be heavily reliant on oil and gas exports, which constitute more than 80% of its total export revenue (Economist Intelligence Unit, 2013). According to the Organization of Petroleum Exporting Countries (OPEC, 2013), the country's total revenue from petroleum exports – even under heavy international sanctions – was more than $100 billion in 2012, roughly ten times greater than tourism's contribution to its GDP. Additional factors, such as the heavy US-led international sanctions (Economist Intelligence Unit, 2012; Morakabati, 2011; Nasr, 2013), combined with the Iranian government's low interest in tourism development, have resulted in extremely limited investment in tourism. A comparison between Iran and two of its neighbouring countries, the United Arab Emirates and Turkey (Table 1), demonstrates the gap in terms of capital investment in tourism, and therefore, tourism priority:

Iran's tourism administration is mainly governed by the 'Iran Cultural Heritage, Handcrafts and Tourism Organization'. ICHTO is an educational and research institution overseeing numerous associated museum complexes throughout Iran as well as the planning and development of tourism. It is administered and funded by the Government of Iran.

2.1. International tourism to Iran — the case of the UK

To the extent that international inbound tourism to Iran still exists, the balance has shifted away from Western sources, its primary form now being religious tourism from other Muslim countries. According to the Euromonitor International report:

> The balance is shifting from a European tourist base back in the early 1980s and before the revolution, to a majority of Arab and regional tourists. Religious tourism continued to dominate in 2012, attracting visitors from across the region, including Turkey, Lebanon, Bahrain, Syria, and many others. The leading inbound source country after Saudi Arabia in 2013 was India with 189,500 arrivals. Many of these were business tourists. Saudi Arabia was the leading source country for Iran in terms of visiting tourists in 2012.
>
> [Euromonitor International (2013, p. 14)]

While these figures show that international tourism is not only still possible, but is still happening, the situation regarding Europe and the West more generally is markedly different:

While the overall figures are low, the relative decline in some European countries (France and Spain) is, to some extent, offset by relative improvement in others (Germany and Italy). The UK to some extent lags behind the other Western countries listed.

The focus here is on the British tourism market, because despite the long-term decline indicated above, prior to the 1979 revolution, British tourists had been one of the main sources of international tourism for Iran. A study by Alavi and Yasin (2000) shows that, in 1977 (pre-Islamic revolution), 62,700 British tourists visited Iran. Considering the significant developments in areas such as transportation and information and communications technology, whereby travelling has become much easier and quicker, there has been a very significant decline (over 91%) in the number of British travellers to the country, a much greater decline than in any other European country (Table 2).

Whatever the broader picture, the level of such interest in the UK remain exiguous. As can be seen in Table 2, the number of tourists to Iran from the United Kingdom continued its long-term decrease between 2009 and 2014. Recent forecasts (Table 3) – which, like all forecasts, are somewhat speculative – may look more promising, but the increase in numbers remains extremely limited.

Only two hundred more arrivals per year from the UK are expected in 2017, 2018 and 2019, and even these numbers are challenging, because we need to take into account the proportion of this figure that would consist of returning expatriates. It would, in fact, be safe to assume that tourist arrival numbers would remain roughly the same as

Table 1
Capital investment in tourism Iran vs. UAE/Turkey.
Source: World Travel and Tourism Council (2014).

Capital investment US$ bn	2005	2006	2007	2008	2009	2010	2011	2012	2013
Iran	1.86	2.03	2.49	3.28	3.22	3.233	3.773	3.803	4.166
UAE	3.67	5.76	13.3	16.9	14.2	17.93	20.821	22.541	24.848
Turkey	9.39	9.41	8.32	11.3	1109	10.32	17.326	16.941	18.523

Table 2
Arrivals from Western Countries 2009–2014 (in 000s).
Source: Euromonitor International (2015, p. 7).

Trips (in 000s)	2009	2010	2011	2012	2013	2014
France	8.0	6.1	6.0	5.9	7.3	7.4
Germany	18.1	18.5	16.9	18.0	21.2	21.9
Italy	11.0	9.2	10.0	9.6	13.0	13.2
Spain	2.5	2.5	2.7	2.3	3.6	3.7
United Kingdom	6.7	7.8	6.6	3.8	5.4	5.6

in previous years (considering these forecasts). However, as will be discussed later in this paper, the future picture seems to be a brighter one. The recently forged nuclear agreement has given many the hope that the future of the Iranian tourism industry is already starting to change in a more promising manner.

3. Iran, nuclear issues and impacts on tourism

There is no doubt that Iran suffers from negative imagery in the West (Baum & O'Gorman, 2010; Butler et al., 2012; Ghaderi & Henderson, 2012; Jalilvand, Samiei, Dini, & Manzari, 2012; Khodadadi & O'Donnell, 2015; Morakabati, 2011) for a number of reasons. Ghaderi and Henderson (2012), for instance, argue that.

> Iran suffers from an unfavourable destination image at least amongst major generators, linked to the revolution and 1980–1989 war with Iraq. Negative associations are reinforced by sanctions imposed against Iran because of its nuclear programme, on-going tensions with western powers and regional instability (p. 48).

Some contemporary issues, such as Iran's nuclear programme, have undoubtedly been among the top media stories of the past decade — for instance, Behnam and Zenouz (2008) argue that 'the Iran nuclear program has definitely been one of the most mediatized phenomena of 1979 and onwards' (p. 199). Khodadadi and O'Donnell (2015) conducted a study of the role of the British media in the formulation/circulation of institutional/popular discourses about Iran and Persia in British society. Their study shows that Iran's nuclear developments are strongly associated, not with the production of electric power, as nuclear facilities would most likely be in any Western country (though not, we might note, in the case of North Korea), but with images/meanings of war, threat, weapons and so on.

In a similar study, Siegel and Barforoush (2013) looked at the US and UK media coverage of Iran's nuclear programme during 2009–2012. They argue that 'coverage of Iran's nuclear program reflected and reinforced the negative sentiments about Iran that are broadly shared by U.S., European, and Israeli publics' (Siegel & Barforoush, 2013, p. vi). This, among other factors mentioned above, has had a significant negative impact on international tourist arrivals to the country – hence the figures shown in Table 2 – and therefore, the overall development of tourism in Iran.

4. Future of the Iranian tourism industry

However, because of the nuclear agreement on 14 July 2015, it seems that a more promising scenario is on the horizon. Many believe that Iran's tourism industry is set to grow as a direct result of the nuclear deal (Davies, 2015; Dehghan, 2015; Guttman, 2015; Porter, 2015a; Williams, 2015). According to Porter (2015a), Iran aims 'to attract 20 million visitors a year by 2025, generating up to $30 billion in revenues. Foreign visitor numbers are currently estimated at around four million'.

Table 3
Forecast of Inbound Tourists from the UK 2014-2019 (in 000s).
Sources: Euromonitor International (2015, p. 9).

000s	2014	2015	2016	2017	2018	2019
UK	5.6	5.9	5.9	6.1	6.3	6.5

Following the lifting of economic sanctions, Iran's tourism industry looks set to grow rapidly, with more Westerners looking to visit and plans being made for the development of tour companies, hotels and tourist facilities (Porter, 2015a). An interesting example would be the case of the UK, where the pre-nuclear agreement travel advice by the Foreign & Commonwealth Office suggested 'an unacceptably high risk to those visiting the country':

> British travellers to Iran face greater risks than nationals of many other countries due to high levels of suspicion about the UK and the UK government's limited ability to assist in any difficulty. There's a risk that British nationals could be arbitrarily detained in Iran despite their complete innocence. British nationals were arbitrarily detained in 2010 and 2011, and there is a risk of this occurring again. [Foreign & Commonwealth Office (2014)]

Following the nuclear agreement, the Foreign & Commonwealth Office has relaxed its travel advice about Iran. Philip Hammond, the foreign secretary, said that 'in certain areas of Iran the risks had changed because of "decreasing hostility"' (Williams, 2015). This could have a considerable positive impact on tourist numbers from the UK as 'Foreign Office advice has always been a barrier for many people who wanted to travel to Iran' (Davies, 2015). For instance, according to Porter (2015b) of *International Business Times UK*:

> With economic sanctions to be lifted following Iran's landmark nuclear deal with the US, the Islamic Republic is surging in popularity as a holiday destination for adventurous Britons. The deal is the most important sign in decades of easing tensions between the West and the former pariah state, and Britons are now flocking to see the Islamic Republic's cultural riches. Jonny Bealby, founder and CEO of Wild Frontiers, which has been organising tours of the ancient sites of Iran for 10 years, told IB Times UK that the number of Britons booking trips to the country was already up 50 per cent from last year. He also said that in the last two years, there had been a 400 per cent increase in the number of people from the UK booking to visit the country.

Foreign investment in the Iranian tourism industry also looks promising. According to the Iranian network Press TV, 'Iran's tourism is already seeing a resurgence, with foreign hoteliers visiting the country to test the waters for the huge bonanza of an underdeveloped market' (Press TV, 2015). According to the same source, a number of hotel groups from Germany, Greece, South Korea and Singapore have recently travelled to Iran for talks. For instance, the Rotana hotel group, which is based in Abu Dhabi, recently confirmed that it is due to open four hotels in Iran (Porter, 2015a). The Accor Hotels group, which is one of the world's leading hotel groups, has also been linked to two four star hotels in the Iranian capital, Tehran (Porter, 2015a).

According to Dehghan (2015) of *The Guardian* newspaper:

> Iran's vice-president for tourism, Masoud Soltanifar, said that "bright days" lie ahead for the country's tourism industry following the nuclear agreement struck in Vienna. "No other industry in Iran will see a bigger boost than tourism as the result of this deal," he said. "The news about the nuclear agreement and lifting of economic sanctions has delighted our tourism industry".

According to the same source, Iran is due to increase the length of tourist visas from 15 days to one month, and from as early as next year it will issue visas electronically, which, in itself, could, in a sense, demonstrate the government's commitment to boosting the tourism industry. Hence, it is clear that many, both inside and outside of Iran, firmly believe that the recently forged nuclear agreement could significantly boost the Iranian tourism industry and end an era of stagnation and decline.

5. Conclusion

For now, it seems that the Iranian tourism industry is seeing a new dawn. Many predict growth in investment and international tourist numbers, particularly from Western countries. The lifting of the sanctions that are currently in place against the country will certainly make it much easier for foreign travellers to arrange and carry out trips. There are also signs of a new dedication by the government to boosting the tourism industry through new visa rules and the introduction of e-visas. However, we should keep in mind that Iran is located in a region that is constantly in turmoil, which is currently engulfed in political and military conflict (the surge of the so-called Islamic State in Syria and Iraq, Afghanistan, Palestine and Israel, Yemen, Bahrain, Libya, Egypt and so on). Hence, although the 14 July 2015 nuclear agreement has given many – inside and outside of Iran – the hope of a brighter future, we should also consider the unpredictability of the region and the wider geo-political factors that Iran faces. But, for the time being, Iran is enjoying a season of stability in which it can flourish. This stability can ultimately give Iran the time to revive and develop its tourism industry, which can build a bridge between Iran and other nations and create a better understanding of this misinterpreted nation.

References

Alavi, J., & Yasin, M. M. (2000). Iran's tourism potential and market realities: An empirical approach to closing the gap. *Journal of Travel & Tourism Marketing*, *9*(3), 1–22.

Baum, T. G., & O'Gorman, K. D. (2010). Iran or Persia: What's in a name, the decline and fall of a tourism industry? In W. Suntikul, & R. Butler (Eds.), *Tourism and political change* (pp. 175–185). Oxford: Goodfellow.

BBC (2011). Scores killed in Iran Air passenger plane crash. Retrieved from http://www.bbc.co.uk/news/world-middle-east-12147872; September 5.

Behnam, B., & Zenouz, R. M. (2008). A contrastive critical analysis of Iranian and British newspaper reports on the Iran nuclear power program. In N. Norgaard (Ed.), *Systemic functional linguistics in use. Odense working papers in language and communication* (pp. 199–218). University of Southern Denmark.

Butler, R., O'Gorman, K. D., & Prentice, R. (2012). Destination appraisal for European cultural tourism to Iran. *International Journal of Tourism Research*, *14*, 323–338.

Chomsky, N. (2006). *Failed states: The abuse of power and the assault on democracy.* New York: Metropolitan Books.

Chomsky, N. (2008). *The essential Chomsky.* New York: The New Press.

Davies, P. (2015). Boost to Iran tourism as Iran travel advice relaxed. Travel Weekly. Retrieved from http://www.travelweekly.co.uk/Articles/2015/07/27/56049/boost+to+iran+tourism+as+iran+travel+advice+relaxed.html; July 27.

Dehghan, S. K. (2015). Tourism to Iran set to rise sharply after nuclear deal. The Guardian. Retrieved from http://www.theguardian.com/travel/2015/jul/17/tourism-to-iran-rise-sharply-nuclear-deal-vienna; July 17.

Economist Intelligence Unit (2012). Oil sanctions on Iran: Cracking under pressure? A special report from the Economist Intelligence Unit. Retrieved from: http://www.eiu.com/public/topical_report.aspx?campaignid=IranOil2012.

Economist Intelligence Unit (2013). Iran analysis. Retrieved from http://country.eiu.com/Iran, December 15.

Euromonitor International (2013). Travel and tourism in Iran report. Retrieved from https://www.portal.euromonitor.com/, August 6.

Euromonitor International (2015). Travel and tourism in Iran report. Retrieved from https://www.portal.euromonitor.com/, December 8.

Foreign & Commonwealth Office (2012). Country profiles: The Islamic Republic of Iran. Retrieved from http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/iran/, September 5.

Foreign & Commonwealth Office (2014). Foreign travel advice: Iran. Retrieved from https://www.gov.uk/foreign-travel-advice/iran, May 16.

Ghaderi, Z., & Henderson, J. C. (2012). Sustainable rural tourism in Iran: A perspective from Hawraman village. *Tourism Management Perspectives*, *2*, 47–54.

Guttman, A. (2015). A tourist in the land of the ayatollahs. BBC. Retrieved from http://www.bbc.co.uk/news/magazine-33706015, July 30.

Jalilvand, M. R., Samiei, N., Dini, B., & Manzari, P. Y. (2012). Examining the structural relationships of electronic word of mouth, destination image, tourist attitude toward destination and travel intension: An integrated approach. *Journal of Destination Marketing & Management*, *1*, 134–143.

Khodadadi, M., & O'Donnell, H. (2015). UK press and tourist discourses of Iran: A study in multiple realities. *Leisure Studies*. http://dx.doi.org/10.1080/02614367.2015.1085591.

Morakabati, Y. (2011). Deterrents to tourism development in Iran. *International Journal of Tourism Research*, *13*, 103–123.

Nasr, V. (2013). *The dispensable nation: American foreign policy in retreat.* New York: First Anchor Books.

Organization of the Petroleum Exporting Countries (OPEC) (2013). Iran facts and figures. Retrieved from http://www.opec.org/opec_web/en/about_us/163.htm, December 17.

Porter, L. (2015a). Iran hopes to welcome 20 million tourists a year following nuclear deal. The Telegraph. Retrieved from http://www.telegraph.co.uk/travel/destinations/middleeast/iran/11741074/Iranians-more-than-eager-to-welcome-tourists.html, July 15.

Porter, T. (2015b). Iran: British tourists flocking to Islamic Republic as sanctions ease on back of nuclear deal. International Business Times. Retrieved from http://www.ibtimes.co.uk/british-tourists-expected-flock-iran-sanctions-ease-back-nuclear-deal-1512439, July 24.

Press TV (2015). Iranian tourism sees a new dawn. Retrieved from http://www.presstv.com/Detail/2015/07/14/420189/iran-tourism-soltanifar-investment, July 14.

Siegel, J., & Barforoush, S. (2013). *Media coverage of Iran's nuclear program: An analysis of U.S. and U.K. coverage, 2009–2012.* Center for International and Security Studies, Maryland, United States: Maryland University.

UNESCO (2015). World heritage: Iran. Retrieved from: http://whc.unesco.org/en/statesparties/ir, July 30.

Williams, M. (2015). Foreign Office eases warnings on travel to Iran. The Guardian. Retrieved from http://www.theguardian.com/world/2015/jul/25/foreign-office-eases-warnings-on-travel-to-iran, July 25.

World Travel and Tourism Council (2013). Economic data search. Retrieved from http://www.wttc.org/research/economic-data-search-tool/, December 24.

World Travel and Tourism Council (2014). Economic data search. Retrieved from http://www.wttc.org/research/economic-data-search-tool/, February 27.

Masood Khodadadi is a lecturer in Events and Tourism Management at University of the West of Scotland, School of Business and Enterprise. He specialises in cultural tourism, media analysis, destination image formation and destination marketing aspects of tourism studies. He has researched and published work on the role of media discourses in the formation of destination images as well as UK press and tourist discourses of Iran.