

# Air Passengers and Tourism Flows: Evidence from Sicily and Sardinia

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## Abstract

Tourism plays an important role in the economies of many Mediterranean countries, since it is a crucial driver of economic growth, job creation, and income. For this reason many countries set up a wide variety of programs and policies to support the development of this economic sector. It is therefore very important, for scholars and policy makers, explaining and forecasting tourism demand. Using air passengers flows as proxy variables for tourist arrivals, we set up some VAR model specifications in order to investigate the monthly time series 2003-2008 of arrivals to the most important Italian islands, Sardinia and Sicily. Our results show a significant inter-temporal relationship among tourism flows. Furthermore, our findings reveal that both meteorological variables (atmospheric temperatures and raining days) and exchange rates (Dollar-to-Euro and Yen-to-Euro) can improve the explanatory and forecasting power of VAR models.

*JEL Classification:* L93, R58, C32.

*Key words:* Airports, Air transportation, VAR model.

## 1. Introduction

Tourism plays an increasingly important role in the economies of many Mediterranean countries, since it is a crucial driver of economic growth, job creation, and income. Tourism in Mediterranean countries is mostly based on coastal and island resorts. According to the European Statistics Institute (Eurostat), the number of total arrivals to the European-Mediterranean Countries (EMCs),

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