

Sheet No. 6: Economic data on international tourism's contribution to developing countries' economies¹

PPT Info Sheets No 4 and 5 illustrate the increases in international arrivals that have been experienced by developing countries in the last ten years. Although most travel still takes place in the developed world, the significance of tourism to the economy of a country is far more pronounced in the developing world, in particular in the Least Developed Countries (LDCs). The total amount of tourism revenue earned by any country is closely related to arrival figures, and thus countries with high arrivals numbers such as those discussed in Info-Sheet No 5 receive high levels of receipts (Table 1). However, countries where tourism makes the biggest *contribution to the national economy* are not necessarily those with high levels of receipts (Table 2). The vast majority of the countries where tourism is a major contributor to the country's GDP are small island states - particularly in the Caribbean - with a very well developed tourism industry and relatively few other economic alternatives.

Table 1: Developing countries with most significant tourism receipts

Position	Country	Tourism receipts 1999 (US\$ Million)
1	China	14098
2	Mexico	7223
3	Thailand	6695
4	Turkey	5203
5	Indonesia	4710
6	Brazil	3994
7	Egypt	3903
8	Malaysia	3540
9	India	3036
10	Argentina	2812
11	Philippines	2534
12	South Africa	2526
13	Dominican Rep.	2524
14	Croatia	2493
15	Morocco	1880
16	Cuba	1714
17	Tunisia	1560
18	Syrian Arab Republic	1360
19	Jamaica	1279
20	Costa Rica	1002

Source: WTO 2001

Table 2: Developing countries with most significant GDP contribution from the travel and tourism economy¹

Position	Country	Contribution to GDP 1999
1	Maldives	88%
2	Anguilla	71%
3	Saint Lucia	59%
4	Seychelles	49%
5	Vanuatu	41%
6	Barbados	41%
7	St Vincent and the Grenadines	33%
8	Jamaica	32%
9	Saint Kitts and Nevis	31%
10	Other Oceania	29%
11	Fiji	28%
12	Grenada	26%
13	Belize	26%
14	Mauritius	24%
15	Dominica	24%
16	Dominican Republic	24%
17	Jordan	23%
18	Kiribati	21%
19	Bahrain	17%
20	Tunisia	16%

Source: WTTC 2003¹ (note: figures have been rounded)

Export earnings from tourism are particularly high in countries with well-developed tourism industries – such as the Caribbean islands – and also in countries with limited alternatives such as Myanmar and Cape Verde (Table 3). Overall, for developing countries in general and LDCs in particular, tourism was the third most important export earner in 2000 (Table 4) – accounting in both cases for about 9% of exports (WTO 2002). For both groupings tourism exports are well ahead of both ores/metals and agricultural export earnings. Agricultural

¹ For a more detailed analysis of tourism statistics see Dilys Roe, Caroline Ashley, Sheila Page and Dorothea Meyer 'Tourism and the Poor: Analysing and interpreting tourism statistics from a poverty perspective', PPT Working Paper No.16, ODI, 2004

export earnings are only about one third of that of tourism export earnings for both country groupings. According to the WTO, if petroleum industry exports are discounted, tourism is the primary source of foreign exchange earnings in the 49 LDCs. Tourism is a principal export earner for 83% of developing countries and it is the principal export for one-third of them. The growth rate of tourism as export earner in developing countries in general is only outstripped by manufacturing (WTO 2002).

Table 3: Developing countries with most significant export earnings from tourism

Position	Country	Tourism exports as % of total exports 1999
1	Myanmar	94%
2	Maldives	74%
3	Antigua and Barbuda	67%
4	Saint Lucia	66%
5	Tanzania	55%
6	Anguilla	51%
7	Chad	51%
8	Barbados	50%
9	Saint Kitts and Nevis	50%
10	Vanuatu	48%
11	Other Oceania	47%
12	Cuba	47%
13	St Vincent and the Grenadines	45%
14	Jamaica	44%
15	Cape Verde	43%
16	Seychelles	41%
17	Grenada	41%
18	Dominica	37%
19	Tonga	37%
20	Fiji	35%

Source: WTTC 2003 (note: figures have been rounded)

Table 4: The top 4 export sectors in Developing Countries and Least Developed Countries in 2000, their values and growth rates between 1990 and 2000.

	Developing Countries Value in US\$ million	Growth between 1990 and 2000	Rank in 2000	Least Developed Countries Value in US\$ million	Growth between 1990 and 2000	Rank in 2000
Manufactures	900,649	208%	1	720	217%	2
Food	120,262	58%	2	334	-71%	4
Tourism	113,902	154%	3	335	47%	3
Fuels	73,624	16%	4	2,316	1,444%	1

Source: WTO 2002

Compared to the developed countries of the OECD and EU, it is clear that tourism is a particularly significant export for developing countries – and particularly the LDCs (Table 5). Given that only 0.7% of international travel takes place in LDCs the economic impacts of these ‘insignificant’ flows are very considerable. Furthermore, as with international arrivals, the economic significance of tourism in developing countries is growing rapidly (Table 6).

Table 5: Tourism as part of exports of goods and services in 2000 by country group

Country grouping	Travel as percentage of total exports in services	Travel as percentage of total exports in goods and services
OECD	28.1%	5.9%
EU	28.6%	6.3%
Developing countries	43.3%	6.5%
Least Developed Countries	70.6%	15.3%

Table 6: Developing countries with the strongest growing tourism contribution to GDP and export earnings

Rank	Country	GDP growth rate (in %) 1990 to 1999 ²
1	Botswana	454%
2	Tanzania	315%
3	Comoros	312%
4	Laos	305%
5	Suriname	258%
6	Namibia	235%
7	Cuba	205%
8	Bahrain	170%
9	Central African Republic	129%
10	Cape Verde	128%
11	Uganda	124%
12	Papua New Guinea	123%
13	Nicaragua	110%
14	Honduras	99%
15	Chad	73%
16	Burkina Faso	72%
17	Panama	71%
18	Zambia	70%
19	Sudan	59%
20	Sao Tome and Principe	56%

Rank	Country	Export earning growth rate (in %) 1990 to 1999 ⁴
1	Suriname	746%
2	Laos	589%
3	Uganda	579%
4	Nicaragua	476%
5	Cuba	450%
6	Tanzania	293%
7	Burkina Faso	291%
8	Central African Rep	245%
9	Syria	232%
10	Comoros	207%
11	Chad	204%
12	Bahrain	183%
13	Burma	160%
14	Cape Verde	157%
15	Botswana	156%
16	Zambia	141%
17	Rwanda	139%
18	Iran	139%
19	Yemen	132%
20	Dem Rep of the Congo	128%

Source: WTTC 2003

In addition to financial earnings, tourism also provides considerable economic benefits at the national level in the form of employment. Table 7 illustrates the large proportions of a country's population that can be employed in tourism and the rate at which this has changed over the last decade. Twelve of the top 20 countries have over 20% of the population working in tourism, and in two cases - the Maldives and Anguilla - the figure is over 50% . As a comparison with mainstream destinations in the EU the figures are 12% in France, 10% in Germany and 9% in the UK (WTTC 2003).

² Ranked by growth rate

Table 7: Developing countries with the highest levels of employment in tourism³

Position	Country	% of Population employed in travel and tourism 1990	% of Population employed in travel and tourism 2000 (%)	Change 1990-2000 (%)
1	Maldives	43%	52%	21%
2	Anguilla	35%	50%	42%
3	Saint Lucia	34%	42%	24%
4	Antigua and Barbuda	52%	40%	-23%
5	Saint Kitts and Nevis	45%	34%	-23%
6	Vanuatu	29%	33%	14%
7	Barbados	29%	29%	2%
8	Saint Vincent and the Grenadines	27%	28%	5%
9	Belize	17%	24%	36%
10	Jamaica	23%	23%	1%
11	Fiji	21%	22%	4%
12	Other Oceania	27%	22%	-20%
13	Cuba	12%	20%	63%
14	Mauritius	18%	19%	7%
15	Jordan	21%	19%	-10%
16	Cape Verde	7%	18%	147%
17	Grenada	17%	18%	9%
18	Guyana	18%	18%	-3%
19	Suriname	16%	17%	9%
20	Sao Tome and Principe	13%	15%	16%

Source: WTTC 2003 (figures rounded)

Summary: The economic importance of tourism for developing countries – some key figures⁴

- Tourism is a principal export earner for 83% of developing countries and it is *the* principal export for one-third of them.
- In 2000 tourism ranked third among the major merchandise export sectors for both developing countries and LDCs. If petroleum industry exports are discounted, tourism is the primary source of foreign exchange earnings in the 49 LDCs. Tourism is a much larger part of their economies (accounting for over 15% of all goods and services exported) than in other DCs, or the EU and OECD
- In countries that are most dependant on tourism (particularly small islands) tourism can account for 30-90% of GDP, 50-90% of exports, and can employ 20-50% of the population

³ Direct Employment refers to people directly employed in the Travel & Tourism industry. This generally includes those jobs with face-to-face contact with visitors, such as workers in airlines, hotels, car rental, restaurants, retail, entertainments. Indirect employment generally refers to people working for industry suppliers such as airline caterers, laundry services, food suppliers, wholesalers, accounting firms, government agencies, manufacturing and construction of capital goods and exported goods used in Travel & Tourism and supplied commodities, including steel producers, lumber, oil production, etc. Source : World Travel & Tourism Council (2002), *The Impact of Travel & Tourism on Jobs and the Economy*.

⁴ Source WTO 2002:10

NOTE: The World Tourism Organization and the World Travel and Tourism Council (WTTC) have developed a *Tourism Satellite Accounting (TSA)* system to estimate the value of the industry to the national economy. Satellite accounts are used to produce two different aggregates: those for the travel and tourism *industry* and those for the travel and tourism *economy*. The former captures direct impact of visitor activity (transportation, accommodation, food and beverage, recreation, entertainment and travel services). The latter captures the broader *economy-wide* impacts (i.e. direct and indirect impact of visitor activities, capital investment, exports and government services). The data used in this info sheet refers to the *tourism-economy* as this promises to provide a more comprehensive account. It should be noted however that the TSA system provides modelled figures rather than actual statistics, the accuracy of which relies on the comprehensiveness of the source data. This is better for some countries than others. It also does not take account of domestic tourism flows. However, despite the limitations WTO and WTTC data is the most comprehensive data available that allows inter-country comparisons.

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