
World and Regional Situation of Tourism Industry

Introduction

Now, there is a growing realisation among the developing countries that tourism industry is a potential source of economic growth and employment generation. This, predominantly a service sector activity, has already done wonders in many countries like Spain, France, Mexico, Thailand and many more. Still, it might be argued that, tourism has now become highly inter-disciplinary business. It is being studied from anthropology to economic sciences to environment. Still, it is found that this activity is largely guided by human actions having great economic potentiality, as the world is moving towards higher level of economic growth and development. Tourism might be pursued for different reasons like leisure (recreation, holiday, health, study, religion and sport) or for business, family mission, meetings, etc. Broadly, these remain the same, but, new dimensions may keep on adding to the existing broad categories like reproduction tourism, sex tourism, sustainable tourism, biodiversity, etc¹. Tourism might be domestic or foreign. Here, we shall be dealing only with the international tourism. This has been catching the attention of the scholars since the beginning although inducement effect of the domestic tourism for economic growth is no less important. In fact, now tourism has taken a specific shape with focused policy and statistical measurements, unlike in the beginning of the twentieth century².

International tourism gets additional significance, because it leads to foreign exchange earnings which is more crucial for poor and developing countries and brings more indirect opportunities to the destinations. According to UN Secretary-General, Ban Ki-moon (2010), "When approached in a sustainable manner, travel for recreation can help drive economic growth and alleviate poverty. In fact, tourism has proved one of the leading ways for the least developed countries to increase their participation in the global economy. The UNWTO's own 'Sustainable Tourism – Eliminating Poverty' initiative illustrates the role of tourism in achieving the Millennium Development Goals"³ Economic significance of the international tourism for low and middle-income countries has been well highlighted by Ashley and Mitchell (2005) as they argued that 'International tourism receipts for low- and middle-income countries were US\$ 153 billion in 2003, significantly higher than the US\$ 68 billion of official aid spent in these countries'⁴.

It might also be used to infer about another dimension of tourism, i.e., the tourism can be used to globalise the national economy to get greater spill over benefits for the economy⁵. Binns and Nel (2002) have shown with the South African case study that how tourism might be effectively used for local development strategy in solving the problems like poverty, through economic uplift and community development. The issue is being taken further now to find out how

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tourism might be used for sustainable development in any country (Tao and Wall, 2008). However, different countries have different potentialities for earnings through tourism (Thrane, 2008). This might not necessarily require that all countries must have similar tourism strategies. Rather, these must be embedded in the national contexts (Ooi, 2002).

Tourism at the Global Level

The present-day tourism expansion is an outcome of the increasing globalisation around the world. It could be argued, at the outset, that tourism activities are mainly embedded in the services sector of an economy although other activities are also linked through inducement effects. Here, we shall be looking at the pattern of international tourism since the early 1990s when most of the countries around the world went for large-scale economic reforms encompassing globalisation as the main plank.

It could be seen from Table 1 that the world tourism growth is approaching nearly 4 percent during 1993-2010. It shows that, given the pace, the number of tourists would be nearly doubled in two decades. The growth rate of the world GDP

(Gross Domestic Product) has been 2.9 percent a year during 1990-2000 and 3.2 percent during 2000-08⁶. The international tourist arrivals' growth rate is 3.7 percent⁷ and the growth rate of the revenue receipts from the tourists at the world level has been much higher, at 6.3 percent a year. From these statistics, it might be inferred that the propensity to spend by the tourists is increasing. Alternatively, it could be deduced that the tourism sector has the potentiality to grow faster than the GDP, and even broad sectors like the manufacturing and the services, although the tourism is largely embedded in the latter sector. Average growth rate of the service sector at the global level was 3.1 percent during the 1990s while in the following period it grew at 3.2 percent. Thus, it could be a major source of economic growth. It seems to have high income elasticity as well. This is well understood by the fact that the tourism intensity has become almost 14 percent in 2008, i.e., number of international tourists was 913 millions while the world population was 6,697 million. This is also a strong indicator of global integration socially, politically as well as economically. Moreover, the World Tourism Organisation expects that by 2020 the number of international arrivals is expected to reach 1.6 billion.

Regional Pattern of Tourism

The regional pattern of international tourist arrivals offers a very significant inference for the developing economies, particularly in Asia and the Pacific region along with the Middle East. One thing that could be underlined at the outset is the fact that all the regions around the world are

Table 1: Tourist Arrivals in the World from 1993 to 2010

Year	Arrivals (Millions)	% Change	Revenue Receipts (US billion \$)	% Change
1993	515.7	3.0	321.9	2.1
1994	550.0	6.7	354.9	10.3
1995	550.0	0.0	405.9	14.2
1996	572.2	6.3	436.5	7.7
1997	596.0	4.1	442.8	0.7
1998	614.3	3.1	444.8	0.6
1999	637.4	3.8	458.2	3.3
2000	684.7	7.4	475.3	4.3
2001	684.4	0.0	463.8	-2.8
2002	704.7	3.0	481.9	2.3
2003	692.2	-1.8	529.3	8.5
2004	761.4	10.0	633.2	19.7
2005	803.0	5.5	679.6	7.3
2006	847.0	5.4	744.0	9.5
2007	904.0	6.7	857.0	15.2
2008	913.0	1.0	942.0	9.9
2009	877.0	-4.0	852.0	-9.6
2010	935.0	6.7		
Growth rate (% per year)	3.7		6.3	

Source: Calculations based on data from *India Tourism Statistics* (Various issues) and *UNWTO News* (Various issues)

experiencing positive growth rate during 1993-2010 in terms of tourists' inflow from other countries. Still, the gap between the developed and developing regions are now wide and getting favourable to the latter regions. Broadly, for tourism purposes, the World Tourism Organisation (WTO) has divided the world into five regions – Africa, America, Asia & the Pacific, Europe and the Middle East. Europe on the whole is considered to be developed region. While the America's main players are the USA and Canada which are obviously well developed, others in the region are developing countries with varying degrees. Asia & Pacific also has some developed nations. Still, it is significant here that the international tourism has been basically confined to Europe and the America. Now, the trend is changing rapidly. Table 2 shows that there is big gap in terms of tourist inflows among the different regions. American region has been the

slowest performer with just a growth of 2 percent annually during 1993-2010 followed by Europe with 2.5 percent annual growth rate. On the other hand, Africa has been doing well by showing a growth rate of 6.2 percent which is somewhat better than the Asia & the Pacific region (6.1 percent). Among all these, the Middle-East region has gone ahead of other with a spectacular growth rate of above 11 percent, being almost twice of Africa and the Asia & Pacific.

Further analysis of the growth pattern is undertaken through the estimation of growth of tourist arrivals in a quadratic regression model. It is encouraging to find that, despite two major crises during the last two decades (aftermath of 9/11 terrorist activity in the USA and global slowdown originating in late 2008), there has been some slowdown for a temporary period in tourist arrivals. However, the world economy finds some support from accelerated

Table 2: Regional Pattern of International Tourist Arrivals (in millions) from 1993 to 2010

Year	Africa		America		Asia & the Pacific		Europe		Middle East	
	Arrival	% Change	Arrival	% Change	Arrival	% Change	Arrival	% Change	Arrival	% Change
1993	18.5	2.8	102.1	-0.2	74.7	10.9	309.9	2.5	10.5	0.0
1994	18.9	2.2	105.0	2.6	80.7	8.0	335.0	8.0	11.1	5.7
1995	20.0	5.8	109.0	3.8	86.0	6.1	322.0	-3.7	14.0	22.5
1996	21.8	9.0	115.0	5.9	93.4	9.1	354.0	9.7	13.3	-2.2
1997	23.2	6.4	117.0	1.2	93.1	-0.3	371.0	4.9	14.3	7.5
1998	24.9	7.3	120.0	2.5	93.2	0.1	374.0	0.7	15.1	5.6
1999	26.2	5.2	122.0	2.3	103.0	10.1	381.0	1.8	20.5	35.8
2000	27.9	4.3	128.2	5.1	110.6	12.0	393.6	6.8	24.5	13.7
2001	28.8	3.2	122.2	-4.7	115.8	4.7	393.1	0.1	24.5	0.3
2002	29.8	3.5	116.8	-4.4	124.9	7.8	404.8	3.0	28.4	16.0
2003	31.4	5.3	113.3	-3.0	113.2	-9.4	404.9	0.0	29.5	3.7
2004	34.2	8.9	125.8	11.0	144.1	27.3	421.0	4.0	36.2	2.7
2005	37.3	9.1	133.2	5.9	155.3	7.8	438.7	4.3	38.0	4.9
2006	41.4	11.0	135.8	1.9	167.0	7.5	462.2	5.4	40.9	7.6
2007	44.4	7.2	142.5	4.9	184.3	10.4	484.4	4.8	47.6	16.4
2008	44.4	0.0	147.8	3.7	184.1	-0.1	480.8	-0.8	55.9	17.4
2009	45.8	3.2	140.5	-4.9	181.0	-1.7	459.6	-5.0	52.7	-5.7
2010	48.7	6.4	151.2	7.7	203.8	12.6	471.5	3.2	60.0	13.9
Growth rate(%)	6.2		2.0		6.1		2.5		11.4	
CV* (%)	51.11		192.36		113.07		137.87		109.50	
CV - Coefficient of variation										

growth rate in tourist arrivals. In fact, the acceleration tendency is found to be further stronger for the revenue receipts from the tourists. This acceleration is due to contribution by the three emerging regions of Africa, Asia & the Pacific, and the Middle East whereas the traditionally dominant regions of Europe and America are not showing any such tendency. Thus, the emerging regions might be looked upon as the potential sources of tourism expansion at the global level.

Impact of such changes in regional growth pattern of international tourist arrivals is shown in Table 3. Share of the Europe has declined sufficiently from 60.1 percent in 1993 to 50.4 percent in 2010 and so is the case with the America. However, all other regions have gained due to their higher

performance. There have been big increases in the shares of the other three regions. Now, share of the Asia & Pacific region (21.8 percent) has exceeded that of the America (16.2 percent). Middle East has gone ahead of Africa and the former's share during the period has become three fold. Thus, higher performance of the three emerging regions and slow performance of the traditional strongholds are responsible for change of structure in tourist inflow and size as well.

There are few countries in the world which are the traditionally most favoured destinations for the

international tourists. In the top 10 countries list (Table 4), countries are mainly from Europe followed by America. But now the countries of Asia^a are also gradually emerging as Malaysia has replaced one European nation although China has been already there. Besides, the emerging countries are showing faster growth of tourist inflow. This is what we can derive from earlier analysis as well. This is a positive sign of tourism expansion.

Such tourism expansion might be attributed to several reasons. More and more countries from different regions of the world have been

Table 3: Regional Structure of International Tourist Arrivals (percent) in 1993, 2000 and 2010

Year	Africa	Americas	Asia & Pacific	Europe	Middle East	World
1993	3.6	19.8	14.5	60.1	2.0	100.0
2000	4.1	18.7	16.2	57.5	3.6	100.0
2010	5.2	16.2	21.8	50.4	6.4	100.0

going for market reforms in their economies along with increased integration with the world economies. This is leading to greater interests and movements in the emerging economies. Now, many countries are gradually realising the significance of tourism in economic growth, and therefore, orienting the policy strategy accordingly. Increased global income is responsible for more expenditure on the tertiary and service sectors is one of the major beneficiaries of that. Increased tourism-related infrastructure and modes of travel and communication, besides the significant role of the internet-based information and interactions, now make the tourism and travel more convenient and trouble free.

Aramberri (2009) has categorised the countries into different groups based upon the share of Travel & Tourism (T&T) in their respective GDPs. They are:

i. Top producers (it includes the Maldives which has the highest T&T share in its GDP)

ii. Successful developers which are further sub-categorised as:

a. Developed countries

b. Rising stars (e.g., Thailand, Malaysia and Indonesia are included)

c. Flip-floppers (e.g., Sri Lanka and Nepal are included)

iii. Laggards which is further sub-divided into two groups:

a. Countries having T&T share in their GDP in the range of 8 – 6.6 percent (e.g., Philippines, Russian Federation, Vietnam and Mexico)

b. Countries having T&T shares in their GDPs less than 6.6 percent (in this category countries like South Africa, China, India, Pakistan and Bangladesh are included).

Conclusion

Tourism has been a growing business now in most part of the world, besides it is being used as new and potential source of economic growth and employment in many countries. The prospects of international tourism are increasing due to changed world economic order where globalisation is getting more and more prominence. There is increased growth trend in international tourist arrivals and revenues earned from them. Many regions, particularly the developing regions

like Africa, Asia & the Pacific and the Middle East are showing an accelerating trend in tourist arrivals unlike the established regions like the America and Europe. These emerging regions are found to be propelling the world tourism. The world tourism shows sign of acceleration in the last two decades. Thus, the pattern of world tourism is changing where newer destinations, particularly from developing regions, are gaining prominence. The developing nations strategise their policies and tourism products in such manner that increased wealth around the world through growing international tourism is shared by them for their economic development.

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Table 4: Top 10 Countries in Terms of International Tourist Arrivals in 2000, 2005 and 2009

Rank	2000		2005		2009		
	Countries	Arrivals (millions)	Countries	Arrivals (millions)	Countries	Arrivals (millions)	Share in World (%)
1	France	75.6	France	75.9	France	74.2	8.43
2	USA	50.9	Spain	55.9	USA	54.9	6.24
3	Spain	47.9	USA	49.2	Spain	52.2	5.93
4	Italy	41.1	China	46.8	China	50.9	5.78
5	China	31.2	Italy	36.5	Italy	43.2	4.91
6	UK	25.2	UK	28.0	UK	28.0	3.18
7	Russian Fed.	21.2	Mexico	21.9	Turkey	25.5	2.90
8	Mexico	20.6	Germany	21.3	Germany	24.2	2.75
9	Canada	19.7	Turkey	20.3	Malaysia	23.6	2.68
10	Germany	18.9	Austria	20.0	Mexico	21.5	2.44
	Total top 10 countries	352.3	Total top 10 countries	375.8	Total top 10 countries	398.2	45.25
	World	684.7	World	803.0	World	880.0	100.00

Source: Calculations based on data from *India Tourism Statistics* (Various issues) and *UNWTO News* (Various issues)

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- ¹ World Tourism Organisation (UNWTO) has been celebrating World Tourism Day (27th September every year) by focusing on different themes having contemporary and long run relevance like *Tourism and Biodiversity* in 2010; *Diversity* in 2009; *Tourism: Responding to the Challenge of Climate Change* in 2008; *Tourism Opens Doors for Women* in 2007; *Tourism Enriches* in 2006; *Travel and transport: from the imaginary of Jules Verne to the reality of the 21st century* in 2005; *Sport and tourism: two living forces for mutual understanding, culture and the development of societies* in 2004. Thus, there are growing realisations and efforts to make the tourism more relevant and responsive to the global requirements. For example, in 2002 at the UN World Summit on Sustainable Development world's Governments agreed to "achieve by 2010 a significant reduction of the current rate of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on Earth". Therefore, the theme of 2010 Tourism Day has been Tourism and Biodiversity.
- ² Regarding the tourism expansion in America, Brown (1935) argues that little study about the tourism 'crop' in America might be attributed to the fact that tourism had been only by a 'few relatively rich people until the coming up of the automobile. The habit of compiling statistics on tourism did not develop.' (p.468).
- ³ World Tourism Organisation, 2010: *Tourism and Biodiversity*; *UNWTO News*, Issue 3/2010; p. 12
- ⁴ Quoted in Sen and Agarwal (2007), p.3
- ⁵ Agarwal and Upadhyay (2006) have highlighted about the Nepalese economy that The opportunity can be ceased by promoting tourism further to globalise the Nepalese economy for its growth and modernisation'. (p. 318)
- ⁶ *World Development Indicators 2010*
- ⁷ According to the World Tourism Organization, the international tourism arrivals increased from 25 millions in 1950 to 806 millions in 2005. The income generated by these arrivals grew at an even stronger rate reaching 11.2% during the same period, outgrowing the world economy, reaching around US\$ 680 billion in 2005. While in 1950 the top 15 destinations absorbed 88% of international arrivals, in 1970 the proportion was 75% and decreased to 57% in 2005, reflecting the emergence of new destinations, many of them in developing countries. (www.unwto.org)
- ⁸ Winter (2007) argues that there has been insufficient attention about the growing Asian tourists and Asian tourist within Asia that need to be looked properly and more focused research is needed on such issue.