TOURISM, FRIEND OR FOE TO THE ECONOMIC SUSTAINABILITY OF DEVELOPING COUNTRIES?

Sorina Costache*

Abstract

In 1995, less than 500 million people traveled abroad. In 2011, 980 million people traveled to a foreign country. Tourism is one of the fastest growing sectors of the world economy and it is estimated that it grew at a rate of 4.4% in 2011.

This paper examines the postulate that tourism is the answer for developing countries, in the form of eco-tourism. I will analyze the possible link between tourism and economic growth, in terms of trade. The United Nations Development Program’s Human Development Indicator Report for 2010 clearly shows that developing countries that have tourism-oriented economies still rank low according to their HDI.

The academics voice concern over the fact that not only do their debt remains unpaid, but new loans are necessary in order to invest in tourism infrastructure. Furthermore, it has been demonstrated that the programs adopted cause more damage than positive effects. If tourism is to continue in this direction, developing countries will not only remain in the same poverty traps as until now, but their condition might worsen as their international debt will soar while their resources, their environment, as well as their population, will suffer tremendously.

Keywords: eco-tourism, GATS, human development indicator, poverty traps, Fair Trade.

JEL Classification: F18, L83, O44, O57, Q01

1. Introduction

In 1995, less than 500 million people traveled abroad. In 2011, 890 million people spent their holidays or traveled for business to a foreign country.

Tourism is one of the fastest growing sectors of the world economy, surpassing by far the growth of sectors such as industry, the miracle motor of the last few decades. It has been growing at a rate of 4.4% in 2011. The World Travel and Tourism Council stated in a press release on the 8th of March 2007 that:

“This forecast points to a mature but steady phase of growth for World Travel & Tourism in the short and medium term, averaging 4.3 per cent per annum, between 2008 and 2017. In summary, this year's forecasts show all-round consolidated growth. In contrast to the steep end of the

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The WTTC in fact considers tourism as the world’s biggest industry and the key to “the 21st century’s economic and employment growth”. More and more countries have come to depend on tourism as their main revenues generator (Malta, Burma, etc.).

As Pluss pointed out:

“For several decades now tourism has been a major source of revenue for countries, especially in the Third World. Its growth has been nothing short of phenomenal. In the 1950s, 25 million people traveled to a foreign destination. In the 1960s, this grew to 70 million. By 1997, 617 million tourists had been reported by the Madrid-based World Tourism Organization to have traveled to foreign countries”. (Pluss)

And the previsions are interesting regarding the future trends of the growing number of international tourists. The United Nations World Tourism Organization estimates that by 2020 their number could surpass 1.6 billion people.

And if the number of tourists is constantly growing, so do the revenues. It is easy to assume that these revenues reach millions of dollars yearly. In fact, the actual sums are quite shocking. World travel and tourism is expected to generate in excess of more than 9 trillion US dollars in 2011, rising to over 13 trillion US dollars over the coming decade according to the World Travel and Tourism Council's (WTTC) Tourism Satellite Account (TSA) research, sponsored by Accenture and prepared by Oxford Economics.
It is thus understandable why developing countries have given serious thought to developing a tourism infrastructure themselves. The only problem was finding a niche on the ever-growing market. Since the beginning of tourism development, countries have been specializing themselves in one type or another of tourism services. In their chase for tourists, developing countries have paid particular attention to eco-tourism and such-like tourism products.

One important aspect that must be brought into discussion here is the fact that, just like Anita Pleumarom indicated, international tourism promotion is driven by supply and demand within the capitalist market economy, and both tourist-generating and receiving societies are subject to the dictates of this international system. As Watson and Kopachevski observed,

“… people now live in a world in which tourism and tourist experience are major components. Such a world is one in which image, advertising and consumerism – as framed by style, taste, travel, “designerism” and leisure – take primacy over production per se, and in which commoditization is shaped and honed by specific, influential groups in society utilizing a mixture of social, cultural and political resources.” (Kpachevski, 1996, 284)

Nevertheless, tourism growth is more than ever considered vital for the very survival of the developing countries, as it is considered to be the one of the most productive, if not the sole industry that will generate revenues for these nations.

Furthermore, international bodies such as the International Monetary Fund or the World Trade Organization have clearly indicated that tourism is the best solution for these developing countries to salvage their economies, as well as pay their ever-growing debts.

On the other hand, academics as well as the civil society plead for a slowdown in tourism liberalization since these practices, in the form of the General Agreement on Trade in Services, are allegedly causing more harm to the developing nations’ economies.

This paper examines the postulate that tourism is the answer for developing countries. We will try to analyze the possible link between tourism and economic growth, in terms of trade. A very important question that must be raised refers to the destination of tourism yields and their supposed benefic effects on the developing nations’ economic indicators, such as the GDP, as well as the GDP per capita and human indicators, such as the Human Development Index. The United Nations Development Program’s Human Development Report for 2010 clearly shows that developing countries that have tourism-oriented economies still rank low according to their HDI. Where does the money go then? To pay their debts? Do developing countries manage to amass enough revenues from the tourism industry in order to pay back their debts? According to the academics, not only their debt remains unpaid, but new loans are necessary in order to invest in tourism infrastructure. Furthermore, it is of vital importance to assess the real pros and cons of eco-tourism-types of industries for the developing countries, as it has been demonstrated that
such programs cause more damage than positive effects. Indeed, the main point of this article is to stress out that if tourism is to continue in this direction, developing countries will not only remain in the same poverty traps as until now, but their condition might worsen as their international debt will soar while their resources, their environment as well as their population will suffer tremendously.

The paper is structured as follows. The next section presents a concise presentation of the leading economies throughout the world and their tourism industries, in terms of top tourist destinations, revenues, global share of the market as well as their trade related ranking. In section 3 we will concentrate upon the involvement of the international bodies in the redirection of developing countries towards tourism-oriented economies as well as on the new types of tourism adopted by the developing countries, their revenues, and effectiveness. Section 4 has the task of detailing the tourism revenues problem. The last section concludes the paper.

2. Which is to blame for their rich country status, important trade activities or high tourism yields?

The world’s over 200 countries are divided into two large groups by an unseeing but all too real barrier: wealth, or rather, possession of wealth. The developed countries and most of their population enjoy a good long life, decent wages, access to health and education, as well as security and democratic political systems. The developing countries know a totally different side of life, where the most basics things, like access to potable water and the daily indicated amount of calories are out of reach for millions of people.

Over time, there have been countless researches and debates upon the causes of this difference in country status between rich and poor countries. A very interesting such study is that of Kiminori Matsuyama, entitled “Why are there rich and poor countries? Symmetry-breaking in the world economy”. As Matsuyama sees it:

“To explain cross-country differences in economic performance, the economics of coordination failures typically portrays each country in a closed economy model with multiple equilibria and then argues that the poor countries are in an equilibrium inferior to those achieved by the rich. This approach cannot tell us anything about the degree of inequality in the world economy. A more satisfactory approach would be to build a world economy model and show why it has to be separated into the rich and the poor regions, i.e., to demonstrate the co-existence of the rich and poor as an inevitable aspect of the world trading system. In the present model, the symmetry-breaking of the world economy into the rich and the poor occurs because international trade causes agglomeration of different economic activities in different regions of the world. International trade thus creates a kind of “pecking order” among nations, and as in a game of “musical chairs,” some countries must be excluded from being rich.” (Matsuyama, 1996, p.1)

Thus, it seems that trade has a much more important impact on the very development of a country than it was credited for. And since the latest developments triggered an increase in tradable services, I have decided to see if trade in tourism is
likely to favor developing countries as well as the developed ones, and more importantly, if the tourism generated yields contribute to the development of the developing countries.

In order to answer these questions, we will first take a look at the top ten tourism destinations. Then, we will search to see which countries are amongst the top ten earners from tourism activities. This data will help us draw a conclusion regarding the place of developing countries in tourism today.

Table 1. Top 10 Destinations 2001–2006

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<thead>
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</thead>
<tbody>
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<td>France</td>
<td>1 76,5</td>
<td>1 77</td>
<td>1 75</td>
<td>1 75,1</td>
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<td>2 50,9</td>
<td>2 52,4</td>
<td>2 55,5</td>
</tr>
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<td>USA</td>
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<td>3 43,5</td>
<td>3 41,2</td>
<td>3 46,1</td>
<td>3 49,2</td>
</tr>
<tr>
<td>4</td>
<td>Italy</td>
<td>4 39,5</td>
<td>4 39,7</td>
<td>4 39,6</td>
<td>5 37,1</td>
<td>5 36,5</td>
</tr>
<tr>
<td>5</td>
<td>China</td>
<td>5 33,2</td>
<td>5 36,8</td>
<td>5 33</td>
<td>4 41,8</td>
<td>4 46,8</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>6 20,9</td>
<td>6 22,3</td>
<td>6 24,7</td>
<td>6 27,8</td>
<td>6 27,9</td>
</tr>
<tr>
<td>7</td>
<td>Russia</td>
<td>7 20,4</td>
<td>7 21,2</td>
<td>7 20,4</td>
<td>8 19,9</td>
<td>9 19,90</td>
</tr>
<tr>
<td>8</td>
<td>Mexico</td>
<td>8 19,8</td>
<td>9 19,6</td>
<td>9 18,7</td>
<td>7 20,6</td>
<td>7 21,9</td>
</tr>
<tr>
<td>9</td>
<td>Canada</td>
<td>9 19,7</td>
<td>8 20</td>
<td>10 17,5</td>
<td>10 19</td>
<td>10 18,7</td>
</tr>
<tr>
<td>10</td>
<td>Austria</td>
<td>10 18,2</td>
<td>10 18,6</td>
<td>8 19</td>
<td>9 19,3</td>
<td>8 19,95</td>
</tr>
</tbody>
</table>

Source: 2011 World Travel & Tourism Council, Tourism Satellite Accounting Tool (SAAT)

Table 2. Top 10 Destinations 2007–2010

<table>
<thead>
<tr>
<th>Rank</th>
<th>2007 Arrivals</th>
<th>2008 Arrivals</th>
<th>2009 Arrivals</th>
<th>2010 Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>France</td>
<td>1 80,9</td>
<td>1 79,2</td>
<td>1 76,82</td>
</tr>
<tr>
<td>2</td>
<td>Spain</td>
<td>2 58,7</td>
<td>3 57,2</td>
<td>3 52,18</td>
</tr>
<tr>
<td>3</td>
<td>USA</td>
<td>3 56,0</td>
<td>2 57,9</td>
<td>2 54,96</td>
</tr>
<tr>
<td>4</td>
<td>Italy</td>
<td>5 43,7</td>
<td>5 42,7</td>
<td>5 43,24</td>
</tr>
<tr>
<td>5</td>
<td>China</td>
<td>4 54,7</td>
<td>4 53,0</td>
<td>4 50,88</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>6 30,9</td>
<td>6 30,1</td>
<td>6 28,2</td>
</tr>
<tr>
<td>7</td>
<td>Turkey</td>
<td>8 22,2</td>
<td>7 25,0</td>
<td>7 25,51</td>
</tr>
<tr>
<td>8</td>
<td>Mexico</td>
<td>9 21,4</td>
<td>9 22,6</td>
<td>10 21,45</td>
</tr>
<tr>
<td>9</td>
<td>Germany</td>
<td>7 24,4</td>
<td>8 24,9</td>
<td>8 24,22</td>
</tr>
<tr>
<td>10</td>
<td>Austria</td>
<td>10 21,0</td>
<td>10 22,1</td>
<td>9 23,6</td>
</tr>
</tbody>
</table>

Source: 2011 World Travel & Tourism Council, Tourism Satellite Accounting Tool (SAAT)

The first conclusions that we can reach, based on the data from Table 1, is the obvious fact that out of the first ten tourism destinations, only two, China and respectively Mexico, are developing countries. The other 8 countries are top developed countries, some of the biggest economies in the world. Table 2 shows the same country distribution, two developing countries and eight developed ones.
On the other hand, the world reputed journal the Lonely Planet had drawn up a list of its own regarding the top destinations for 2012. According to them, Uganda is the hottest spot to visit this year. Myanmar came in second, Ukraine in third, Jordan was on the fourth place, Denmark on the fifth. The list features Bhutan in sixth place, Cuba in seventh, New Caledonia was the eighth nominee, with Taiwan coming in on the ninth place and Switzerland on the last place.

The interesting thing about this ranking is the fact that out of the ten destinations, two are developed countries. In short, the preliminary conclusion will lead us to think that developed countries, as well as developing ones have their fair share of the market. In order to verify this, we will now take a closer look at the top ten destinations in terms of earnings.

Table 3. Top 10 Earners 1990 – 2010, in billions of US dollars*

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>43.0</td>
<td>63.4</td>
<td>82.4</td>
<td>64.3</td>
<td>74.5</td>
<td>81.6</td>
<td>85.8</td>
<td>96.9</td>
<td>110.0</td>
<td>93.9</td>
<td>103.5</td>
</tr>
<tr>
<td>Spain</td>
<td>18.5</td>
<td>25.3</td>
<td>29.9</td>
<td>39.6</td>
<td>45.2</td>
<td>47.8</td>
<td>51.1</td>
<td>57.6</td>
<td>61.6</td>
<td>53.2</td>
<td>52.5</td>
</tr>
<tr>
<td>France</td>
<td>20.2</td>
<td>27.6</td>
<td>30.7</td>
<td>36.6</td>
<td>40.8</td>
<td>42.2</td>
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<td>54.3</td>
<td>56.6</td>
<td>49.4</td>
<td>46.3</td>
</tr>
<tr>
<td>Italy</td>
<td>16.5</td>
<td>28.7</td>
<td>27.5</td>
<td>31.2</td>
<td>35.6</td>
<td>35.4</td>
<td>38.1</td>
<td>42.7</td>
<td>45.7</td>
<td>40.2</td>
<td>38.8</td>
</tr>
<tr>
<td>UK</td>
<td>15.3</td>
<td>20.5</td>
<td>21.8</td>
<td>22.6</td>
<td>28.2</td>
<td>30.7</td>
<td>30.7</td>
<td>36.6</td>
<td>36.0</td>
<td>30.1</td>
<td>30.4</td>
</tr>
<tr>
<td>China</td>
<td>2.2</td>
<td>8.7</td>
<td>16.2</td>
<td>17.4</td>
<td>25.7</td>
<td>29.3</td>
<td>33.9</td>
<td>37.2</td>
<td>40.8</td>
<td>39.7</td>
<td>45.8</td>
</tr>
<tr>
<td>Germany</td>
<td>14.2</td>
<td>18.0</td>
<td>18.7</td>
<td>23.1</td>
<td>27.6</td>
<td>29.2</td>
<td>32.8</td>
<td>36.0</td>
<td>40.0</td>
<td>34.7</td>
<td>34.7</td>
</tr>
<tr>
<td>Turkey</td>
<td>3.2</td>
<td>4.9</td>
<td>7.6</td>
<td>13.2</td>
<td>15.8</td>
<td>18.1</td>
<td>16.9</td>
<td>18.5</td>
<td>22.0</td>
<td>21.3</td>
<td>20.8</td>
</tr>
<tr>
<td>Austria</td>
<td>13.4</td>
<td>12.9</td>
<td>9.9</td>
<td>13.9</td>
<td>15.3</td>
<td>15.4</td>
<td>16.6</td>
<td>18.7</td>
<td>21.6</td>
<td>19.4</td>
<td>-</td>
</tr>
<tr>
<td>Australia</td>
<td>4.2</td>
<td>8.1</td>
<td>9.2</td>
<td>12.3</td>
<td>15.2</td>
<td>16.8</td>
<td>17.8</td>
<td>22.3</td>
<td>24.8</td>
<td>25.6</td>
<td>30.1</td>
</tr>
</tbody>
</table>

*www.unwto.org data.

Table 4. Top 10 Earners: Exports, Imports (in billions of US dollars), HDI and HDI rank in 2010

<table>
<thead>
<tr>
<th></th>
<th>Exports 2010</th>
<th>Imports 2010</th>
<th>HDI 2011**</th>
<th>HDI World Rank***</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1278</td>
<td>1969</td>
<td>0.910</td>
<td>4</td>
</tr>
<tr>
<td>Spain</td>
<td>246</td>
<td>314</td>
<td>0.878</td>
<td>23</td>
</tr>
<tr>
<td>France</td>
<td>521</td>
<td>606</td>
<td>0.884</td>
<td>20</td>
</tr>
<tr>
<td>Italy</td>
<td>448</td>
<td>484</td>
<td>0.874</td>
<td>24</td>
</tr>
<tr>
<td>UK</td>
<td>406</td>
<td>560</td>
<td>0.863</td>
<td>28</td>
</tr>
<tr>
<td>China</td>
<td>1578</td>
<td>1395</td>
<td>0.882</td>
<td>22</td>
</tr>
<tr>
<td>Germany</td>
<td>1269</td>
<td>1067</td>
<td>0.905</td>
<td>9</td>
</tr>
<tr>
<td>Turkey</td>
<td>114</td>
<td>186</td>
<td>0.699</td>
<td>92</td>
</tr>
<tr>
<td>Austria</td>
<td>152</td>
<td>159</td>
<td>0.885</td>
<td>19</td>
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<tr>
<td>Australia</td>
<td>213</td>
<td>202</td>
<td>0.929</td>
<td>2</td>
</tr>
</tbody>
</table>

**Using 2011 data.
Source: UNTWO.
The incontestable winner in terms of tourism yields are the United States of America, which starting with 1990 have maintained their dominant position up to 2010. It must be observed that in terms of tourism revenues we have roughly the same group of countries, apart from Canada and Russia which have been replaced by Germany and Australia, all developed countries.

The first remark must be made on the composition of this list, where out of ten countries, only two are developing ones (Turkey and China). Again, we have a monopolization of the top ten list by countries from the developed world.

Concerning the international trade data, one would logically draw the conclusion that high tourism yields must mirror important trade figures. Yet, if we are to look closely at the international trade data, we can easily see that these tourism yields seem not to be reflected in them. Countries like Spain, with important tourism yields, have quite a modest international trade activity, whereas Germany, which has average tourism revenues, is third place in terms of trade. This is indeed a most peculiar relation.

Maybe the most striking evidence given by this table is the fact that even if China and Turkey, as developing countries, have managed to climb the ladder and secure for themselves a position amongst the highest recipients of tourism yields, this evolutions does not show in their Human Development Index. Even though they belong to the top countries worldwide in terms of tourism revenues, they rank middle of the class in what concerns their HDI.

An interesting question will be to ask where does all the money go? Where is the problem, for there surely is one, and what does it concern? Do these developing countries do something wrong? Where are they losing their share of development?

Next we will try and see which regions attract the most international tourists.

**Table 5. Tourism by world region in 2010 (million tourists)**

![Graph showing tourism by world region](source: World Tourism Organization (WTO).
Table 6. Tourism by world region in 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia and Pacific</td>
<td>156</td>
</tr>
<tr>
<td>Europe</td>
<td>50</td>
</tr>
<tr>
<td>Americas</td>
<td>55</td>
</tr>
<tr>
<td>Africa</td>
<td>216</td>
</tr>
<tr>
<td>Middle East</td>
<td>503</td>
</tr>
</tbody>
</table>


The data presented above lead us to the following conclusions. Developed countries rank top of tourism destinations and tourism earners. Nevertheless, there is no explicit link between high tourism yields and the level of wealth, in terms of trade, for these countries. Are we to think that tourism has no active role in the development of these countries? That they are not rich because of tourism, instead they attract the vast majority of tourists because they are rich? And that developing countries, even tough they are becoming more and more interesting for international tourists, tend to be left out of the spoils? Maybe the choice of tourism services provided by each group of countries, notably the developed and the developing countries, can provide us with an adequate answer.

3. Tourism, a last resort to developing countries?

If we are to look at the historical perspective of world tourism we will first notice that the emerging tourism destinations are the developing countries and secondly, their growth is more dynamic than that of the traditional destinations, namely Europe and the United States.

These evolutions are presented in Figure 2, below.
As the World Tourism Organization observed,

“The substantial growth of the tourism activity clearly marks tourism as one of the most remarkable economic and social phenomena of the past century. The number of international arrivals shows an evolution from a mere 25 million international arrivals in 1950 to an estimated 980 million in 2011, corresponding to an average annual growth rate of 6.5%. During this period, development was particularly strong in Asia and the Pacific (13% on average a year) and in the Middle East (10%) while the Americas (5%) and Europe (6%), grew at a slower pace and slightly below the world’s average growth. New destinations are steadily increasing their market share while more mature regions such as Europe and the Americas tend to have less dynamic growth. Europe’s world share declined by over 10 percentage points since 1950 whereas the Americas lost 13 percentage points. Though the Americas' performance has been most affected by the declines suffered in the past years, the fact is that its annual average growth rate for the period 1950-2000 was 5.8%, also bellow the average for the world (6.8%). Europe and the Americas were the main tourist-receiving regions between 1950 and 2000. Both regions represented a joint market share of over 95 per cent in 1950, 82% forty years later and 76% in 2000.” (WTO)

This is partly the cause of the involvement of international bodies, such as the World Trade Organization (WTO), the World Travel and Tourism Council (WTTC) and the International Monetary Fund (IMF), which spelled out that tourism can “bail out” the developing countries from their difficult economic situations.

In fact, when the Asian countries were struggling with the financial crisis at the end of the ‘90s, the WTTC recommended in February 1998 that governments continue to view tourism as a priority in order to assist their countries’ economic recovery.
As Anita Pleumarom explained,

“Tourism is now viewed as an export strategy. It is no wonder therefore that cash-starved Third World countries view tourism as a shortcut to rapid development. Its potential to earn billions of dollars easily has resulted in it being viewed as a panacea for debt-ridden countries. But more than this, tourism has become part and parcel of multilateral financial institutions’ package for financial bail-outs for countries in distress. Tourism is now being pursued as a serious development strategy for the Third World.” (Pleumarom)

Furthermore, the International Monetary Fund has included tourism as part of its Structural Adjustment Programmes (SAPs). These SAPs, which are the preconditions for the approval of financial assistance, require the indebted country to:

- be integrated into the global economy;
- deregulate and liberalize its economy;
- shift from an agriculture-based to a manufacturing and services industry-based economy;
- liberalize its financial sector.

In short, these preconditions are meant to link the developing countries to the world economy. The SAP, by making these countries liberalize their economy, will ensure that the local economy will open up to foreign investments and transnational companies (TNCs), through the elimination of subsidies and protection to local industries.

Anita Pleumarom further shows that:

“Under the IMF-World Bank prescriptions, tourism is classified as an export strategy. With its capacity to earn billions of dollars, tourism is being promoted by the IMF-WB as a means for Third World countries to repay their debts to them. Third World governments have therefore tried to fulfill their commitments to these SAPs by large-scale investments in tourism related-ventures. In conjunction with financial multilateral institutions and travel and tourism transnational companies, they have launched infrastructure projects such as roads, hotels and tourist-promotion programs.” (Pleumarom)

But these IMF-WB preconditions have been inadequate and they have not triggered a sufficient economic liberalization of the developing countries. Thus, the World Trade Organization has taken an important step to fully liberalize the world economy, by elaborating the most important international agreement with direct bearing on tourism. This agreement, the General Agreement of Trade in Services (GATS) has as main objective the gradual elimination of barriers to international trade in services.
As an effect of these measures, most developing countries have chosen to pursue a tourism-oriented economic development, from Vietnam, the last country to become a member of the World Trade Organization, on the 7th of November, 2006, whose number of visitors for tourism and vacation has increased steadily over the past 10 years (about 3.56 million international guests visited Vietnam in 2006 which showed an increase of 3.7% from 2005), to Myanmar (Burma), the government of which is a military junta.

For the most part, these developing countries have identified several relatively new forms of tourism, such as eco-tourism, rural tourism, biodiversity friendly tourism, health tourism and unfortunately the deplorable sex-tourism, as lucrative niche markets.

The first categories are part of the sustainable tourism section, with eco-tourism, a form of tourism which aims to be ecologically and socially conscious, as its leading emissary. For many countries, eco-tourism is not so much seen as a marginal activity intended to finance protection of the environment than as a major sector of national economy and as a means of attracting tourists. For example, in countries such as Costa Rica, Ecuador, Nepal, Kenya, Madagascar and Antarctica, eco-tourism represents a significant portion of the gross domestic product (or in Antarctica's case, economic activity).

Thus, great abuse is made in the name eco-tourism. Usually, the label of eco-tourism is used as a marketing tool by travel and tourism local agencies or TNCs. Worse, if eco-tourism does not have the benefic effects that it was designed for, such as the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits, the problem does not stop here. Eco-tourism, in fact, most of the types of tourism adopted by developing countries have disastrous effects upon the environment, the economy and the population.

As Anita Pleumarom underlined,

Observation over recent years has confirmed that opening up new biodiversity-rich areas for so-called eco-tourism-cum-conservation projects only add to the multi-dimensional impacts of mass tourism. Countries embarking on strategies to transform their last “unspoiled” territories into tourism attractions risk that their remaining patches of natural forests will be sacrificed for commercial purposes; marine, coastal and watershed areas get exposed and polluted; and already depleting biological resources further threatened.” (Pleumarom)

In Asia, for example, ASEAN members are interested in attracting high-spending tourists from Europe, the US and Australia, by developing a cruise tourism project, that by 2020 is expected to bring some 1.2 million tourist. According to the US State Environmental Resource Center (SERC), cruise ships can carry up to 5,000 people and create shocking amounts of waste. During a one-week trip, a typical cruise ship produces 50 tons of garbage, one million gallons of graywater, 210,000 gallons of sewage and 35,000 gallons of oil contaminated water.
Another important issue that she pointed out was:

“Another major question that needs to be addressed in this context: Where will all the money come from for sustainable development and tourism projects? In Thailand, for example, the World Bank and the Japanese OECF have agreed to provide loans to improve and expand tourism as part of a social investment program (SIP) aimed at tackling the problems of unemployment and loss of income arising from the economic crisis. It has been stressed that tourism development is crucial for the country’s economic recovery and “community participation” and “sustainability” are mentioned as major components in projects. But critics have warned that firstly, tourism is not a quick commodity that can pull the country out of its economic pains. And secondly, much of the borrowed money will be used for new developments in national parks and biodiversity-rich areas in the drive to promote eco-tourism.” (Pleumarom)

The economic impact of these types of tourism industries is quite shocking. Not only do the developing countries earn very little from eco-tourism and such-like, taking into account the fact that they had to request more loans from the international financing bodies in order to invest in their tourism industry, but because of this specialization of low-end types of tourism, their national well-off consumers spend their money on developed countries tourism services, such as luxury tourism or shopping tourism. In the end, developing countries find themselves in the same vicious circle, namely the poverty trap.

In South Korea, for example, concerns have also grown that people spend far more on vacation overseas than the country receives from foreign visitors, which resulted in billions of dollars loss in its tourism balance and contributed to its worsening current account deficit.

More so, because of the growing market share of TNCs, Imtiaz Muqbil, a renowned tourism analyst fears that:

“The independence of thousands of small and medium size enterprises, including hotels and tour operators are at risk. This is because most local companies will hardly be able to compete with foreign companies. The radical restructuring of travel and tourism… could strike at the heart of national economies.” (Muqbil)

Most importantly, eco-tourism negatively affects those areas that it was designed to protect in the very first place. According to Raymond Chavez, tourism, especially globalized tourism, is a threat to indigenous peoples.

“In Africa, tourism’s effects on indigenous peoples have been profound: wide scale eviction from their lands, economic dislocation, breakdown of traditional values… . Although eco-tourism is a relatively new phenomenon internationally, it has long been existing in Africa.” (Chavez)

Indeed, various indigenous peoples have come to suffer the negative effects of eco-tourism. The Masai tribesmen in Tanzania and Kenya, for instance, who have
been forced out of their traditional grounds by white safari developers, the Philippines’ Kankanaey peoples whose traditions and practices have been disrupted by tourists and the western influences (marijuana, alcohol, prostitution), and many more have been subjected to abuse from the tourism industry.

Tourism critics have often stressed out the fact that tourism in developing countries has taken the form of “sale” of whole countries involving entire societies, their culture, their environment and their identity. Thus eco-tourism can be actually viewed as an ecological and economic trap for the developing countries. The question that naturally arises is if all these negative effects have in the end a positive outcome.

4. Drawing the line: is it all worth it in the end?

At a World Trade Organization conference in Male on the Maldives Islands in February 1997, the director of the Korea Tourism Research Institute explained that the government was viewing tourism as a mere industry and that one striking relation was of particular interest: 14 foreign tourists coming to Korea added up to selling one car (The Nation, 28 February, 1997).

Even worse is the case of Cambodia and the Angkor temples. Even though the flow of tourists is overwhelming, reaching two million in 2007 and expected to surpass three million by 2012, nobody knows where the money goes. Certainly not into preservation or the development of the rural province surrounding the Angkor, which remains the third-poorest in Cambodia. Somewhere, there is a leakage.

A study by Larry Dwyer addresses the difficult question of tourism yields and their limitations. As he remarks,

“In recent years tourist destinations have shifted their marketing focus, away from simply increasing the number of tourists to enhancing the “quality” associated with tourism growth. The way to increase quality is often articulated as moving away from mass tourism, with low expenditure and profit margins per visitor, and moving towards “high yield” tourism with high per capita spending.” (Dwyer)

Larry Dwyer defines yields as “the expenditure injections of tourists (sales revenues) or the profitability of catering to different visitor markets”. However, yields can also be defined as having a contribution on the GDP, to gross value added, or the employment consequently generated. Furthermore, one must consider the notion of “sustainable” yield that concerns environmental and social value, not just economic value.

Dwyer continues by underlining the fact that there are several limitations to measuring expenditure, limitations that have not been generally mentioned. Such limitations concern:

- first, the fact that expenditure data does not in itself provide information on what goods and services tourists purchase and so gives no indication of the sectors of tourism or the wider economy that receive the sales revenues.
• second, tourist expenditure is not an indicator of profitability to firms.
• third, gross tourist expenditure is only a partial indicator of the benefits to the economy from the injected tourism expenditure because it includes the import content of the goods and services purchased by tourists.
• fourth, the expenditure measure of yield ignores the economic impact of tourist expenditure. These impacts include contribution to the gross domestic or regional product, gross value added and employment. Tourist expenditure is by no means directly proportional to its economic impacts. “Indeed, if the expenditure composition of a particular niche market is inclined to higher value adding products, the niche market will generate a larger economic contribution to other markets, even if they spend the same dollar amount in aggregate” (Salma and Heaney 2004, 74).
• fifth, the focus on sales revenues neglect the aggregate costs of providing services to each segment.
• sixth, the expenditure measures do not provide information on each segment’s relative spread of impacts and economic and social benefit to the wider destination. “Thus, it may be useful to know where the visitors in each market segment spend their money. It may well be the case that the economic and social effects (on employment, for example) will differ according to the location of the tourist expenditure” (Dwyer and Forsyth 1994).
In short, expenditure injections per se will tell us nothing about the social or environmental costs and benefits associated with different visitor market segments. There is widespread recognition of the need to develop the notion of sustainable yield to a destination in acknowledgement of the fact that visitors who spend similar amounts of money in a destination may leave very different social and environmental “footprints” (Dwyer et al 2005, Lundie and Dwyer 2007).
Therefore, if the developing countries seem not to fully benefit from tourism yields, it is of utmost importance to search for the hidden beneficiaries.
First, we must take a closer look at the recent developments in tourism liberalization. The GATS brought about a tremendous amount of liberalization in tourism. Other international agreements which focus on the integration of tourism industry into the global economy include the Agreement on Trade-Related Investment measures (TRIMs) and the Multilateral Agreement on Investment (MAI). Their most notable combined measures imply that:
• important tourist and travel TNCs find it easier to invest in the local tourism industries of the developing countries;
• they remove restrictions on foreign corporations’ abilities to transfer staff from one country to another;
• enables TNCs to use trademarks, create and operate branch offices abroad;
• TNCs are permitted to repatriate their earnings to their mother companies abroad;
• protection to the local tourism industry is considered unfair practice and is thus eliminated;
• TNCs enjoy the same benefits as local travel and tourism agencies;
• the requirement that TNCs use local input is removed;
• TNCs are permitted to invest in all sectors of the host country’s economy and obtain for them the same treatment as local investors.

Travel and tourism, one of the world’s most centralized and competitive industries, has become of foremost interest for TNCs.

Vietnam, for example, has become of major interest now that it has recently joined the World Trade Organization. Indeed, global tourism chains are avid to take over the business, just as they did in other developing countries.

“Upon the news of Vietnam’s entry into the World Trade Organization, hotel investors have flocked to the country with plans for large-scale beachside resorts, hoping to turn the golden sands of the burgeoning holiday destination into a gold mine. Amid the wave of interest, industry experts caution that Vietnam will have to choose between mass tourism and a more sustainable approach that looks beyond profits and preserves the country’s cultural and ecological heritage”. (New Frontier, 2007)

The corporate tourism system, in the pursuit of maximum profits, wants to own and commodify everything for tourist consumption. The corporate take-over of tourism industry in developing countries is the chief culprit revenues leakages. As Pleumarom warned,

“It is already a well-established fact that in some developing countries, more than two-thirds of the revenue from international tourism never reaches the local economy because of the high foreign exchange leakages. Now, with the implementation of new free trade and investment policies, their balance sheets may even worsen because the profits and other income repatriated by foreign companies is likely to grow larger than the inflow of capital. That means, the claims that globalization and liberalization of tourism will bring wealth, progress, social achievements and improved environmental standards to developing countries need to be seriously questioned.” (Pleumarom)

5. Conclusions

This paper has tried to make several points. First of all, the fact that developed countries cannot claim that their rich country status has been a consequence of tourism and high tourism yields. Rather, they are still the most important tourism destinations because they are rich and they are the top tourism earners because they offer high-end tourism services, such as luxury tourism products (shopping tourism).

The World Tourism Organization’s 2020 vision makes a special place for developing countries as important tourism destinations. As it has been shown in this article, being a top destination or even receiving high revenues does not consequently imply an improvement of the economic situation of the country, or of that of it’s Human Development Index.
If developing countries want to make the best of the tourism industry, then they must make a series of major changes in the policies for in the present situation, it seems that they are losing by a fair amount more than they are gaining through this tourism-oriented economy.

The possible solutions include pro-poor tourism, the fair trade in tourism, the involvement of the civil society in the decision-making, a moderation of tourism liberalization and corporate take-overs developments.

Pro-Poor Tourism (PPT) is tourism that results in increased net benefits for poor people. PPT is not a specific product or niche sector but an approach to tourism development and management. It enhances the linkages between tourism businesses and poor people, so that tourism's contribution to poverty reduction is increased and poor people are able to participate more effectively in product development.

The fair trade in tourism, on the other hand, is about ensuring that the people whose land, natural resources, labor, knowledge and culture are used for tourism activities, actually benefit from tourism. Thus, fair trade in tourism prioritizes groups and sections of a community in host destinations by:

- Fair trade partnerships between tourism and hospitality investors and local communities.
- Fair share of benefits for local stakeholders.
- Fair trade between tourists and local people.
- Fair and sustainable use of natural resources.
- Fair wages and working conditions.

Only when such changes, and many others will be operated, developing countries will be given the chance to enjoy their tourism revenues and know economic development, which will take them out of poverty and underdevelopment.

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