

# СЕКЦІЯ 1 СВІТОВЕ ГОСПОДАРСТВО І МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ

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DOI: <https://doi.org/10.32840/2522-4263/2019-6-1>**Gurova Darya**

*Ph.D in Geography, Associate Professor  
Associate Professor at the Department of Tourism, Hotel and Restaurant Business  
National University "Zaporizhzhia Polytechnic"*

**Гурова Д.Д.**

*кандидат географічних наук, доцент,  
доцент кафедри туристичного, готельного та ресторанного бізнесу  
Національного університету «Запорізька політехніка»*

## THE MODERN ECONOMIC IMPACT OF TOURISM

## СУЧАСНИЙ ЕКОНОМІЧНИЙ ВПЛИВ ТУРИЗМУ

### ANNOTATION

The article deals with the economic impact of modern tourism on the development of the world economy as a whole. The GDP growth of the tourism industry is analyzed. While the tourism industry occupied the third position in the world economy at the beginning of the 21st century, it is now second only to the manufacturing industry. Every tenth worker is now employed in the tourism sector of the world economy. The article also examines the role of individual states and their contribution to the global GDP growth of Travel&Tourism; for today they are the countries such as the USA, China and India. The article also analyzes the tourist regions and their development in the past year and their development trends. UNWTO's forecasts for the next ten years are also shown in the article. Most developing countries are characterized by rapid growth. The article shows that Travel&Tourism continues to be one of the world's largest economic sectors.

**Key words:** Travel&Tourism, impact, GDP growth, competitive region, trends.

### АНОТАЦІЯ

Стаття присвячена висвітленню економічного впливу сучасного туризму на розвиток світової економіки в цілому. Проаналізовано зростання ВВП туристської галузі. Якщо на початку XXI століття туристська галузь займала третю позицію в економіці світу, то зараз вона поступається лише виробничій галузі. Кожен десятий працюючий зайнятий зараз у туристському секторі світової економіки. У статті також розглянуто роль окремих держав та їхній внесок в глобальне зростання ВВП туристської галузі; на сьогодні це такі країни, як США, Китай та Індія. Також в статті проаналізовані туристські регіони та їх розвиток у минулому році і тенденції розвитку. Європейський регіон залишається лідером з туристських прибуттів. У ньому є одні з найкращих культурних ресурсів у світі та провідна інфраструктура, особливо для наземної, портової та туристичної інфраструктури обслуговування. Азіатсько-Тихоокеанський регіон є другим найбільш конкурентоспроможним регіоном за розвитком туризму, в якому особливо виділяються субрегіони Південно-Східна та Південна Азія. Американський регіон займає третю позицію завдяки США, які генерують 25% ВВП туристського сектору. Близькосхідний регіон в цілому є дуже конкурентоспроможним за ціною, але має проблеми із безпекою та міжнародною відкритістю. Південно-Сахарська Африка випереджає світовий показник за рівнем зростання надходжень та прибутків туризму. Через історично нижчий рівень еконо-

мічного розвитку регіон продовжує стикатися з труднощами в галузі охорони здоров'я та гігієни, загальної інфраструктури та ефективного продажу культурних та ділових поїздок. Показані в статті також прогнози, які дає ЮНВТО на наступні десять років. Найшвидші темпи зростання у більшості країн, що розвиваються. Сильний ріст ВВП туризму зумовлений міжнародними витратами відвідувачів і виникає на тлі конкретних факторів, на які часто впливають рішення уряду, які визнають важливість сектору, наприклад, послаблення віз, поліпшення зв'язку та інфраструктура, зменшення загроз безпеці, трансформація та розвиток туристичної пропозиції тощо. В статті доведено, що туризм продовжує залишатися одним із найбільших світових економічних секторів.

**Ключові слова:** подорожі та туризм, вплив, зростання ВВП, конкурентний регіон, тенденції.

### АННОТАЦИЯ

Статья посвящена рассмотрению экономического влияния современного туризма на развитие мировой экономики в целом. Проанализированы рост ВВП туристской отрасли. Если в начале XXI века туристская отрасль занимала третью позицию в экономике мира, то сейчас она уступает лишь производственной отрасли. Каждый десятый работающий занят сейчас в туристском секторе мировой экономики. В статье также рассмотрены роль отдельных государств и их вклад в глобальный рост ВВП туристской отрасли; на сегодня это такие страны, как США, Китай и Индия. Также в статье проанализированы туристские регионы и их развитие в прошлом году и тенденции их развития. Показаны в статье также прогнозы, которые дает ЮНВТО на следующие десять лет. Быстрые темпы роста присутствуют большинству развивающихся стран. В статье доказано, что туризм продолжает оставаться одним из крупнейших мировых экономических секторов.

**Ключевые слова:** путешествия и туризм, влияние, увеличение ВВП, конкурентный регион, тенденции.

**Formulation of the problem.** The modern tourism industry is one of the fastest growing industries in the world economy and is considered both as an independent type of economic activity and as an interbranch complex. As one of the world's largest economic sectors, Travel&Tourism creates

jobs, drives exports, and generates prosperity across the world. The sector, comprised of a wide range of industries, aims to serve and support domestic, international, business and leisure visitors. The main driving force behind tourism development is the economic benefits it provides. That is why it is very important to conduct the analysis of the impact of tourism to world's GDP and to highlight the main tourism trends in the nearest future.

**Analysis of recent studies.** A lot of researchers all over the world are engaged in the solution of the problem of economic impact of tourism in modern life, such as Daniel J. Stynes [1], Fletcher, J.E. [2], Tyrrell, T.J. [3], Wagner, J.E. [4], etc. These researchers are paying attention mostly to economic impact concepts and methods, but it is important to show the contribution to global Travel&Tourism GDP growth at the previous years.

**Previously unresolved parts of a common problem.** The most effective policy and investment decisions are made with empirical evidence. WTTC provides the only global comparative evidence base for Travel&Tourism's economic performance every year. These data empower both public and private bodies to make sound economic decisions that can support sustainable and inclusive growth and provide the comparative evidence to analyze the impacts. With the new statistic of GDP growth governments across the world are better able to strategically plan and develop more effective policies, enhance their decision-making relating to investment, and further cooperate with the private sector to ensure the Travel&Tourism sector provides the greatest opportunities for societies to prosper.

**The aim of this article** is to show the modern economic impact of tourism and the main tourism trends in the next few years.

**The main material.** WTTC works to raise awareness of Travel & Tourism as one of the world's largest economic sectors, supporting one in 10 jobs (319 million) worldwide and generating 10,4% (US \$ 8,8 trillion) of world GDP. In 2018, the Travel & Tourism industry also experienced 3,9% growth, compared to the global economy (3,2%). One in five new jobs was created by the industry over the last five years. According to the

WTTC's president, the Travel & Tourism sector is forecasted to contribute 100 million new jobs globally over the next ten years, accounting for 421 million jobs by 2029 [5].

Last year, the Travel & Tourism sector grew faster than the Healthcare (+3,1%); the Information Technology (+1,7%) and the Financial Services (+1,7%) behind the Manufacturing only, which grew by 4% (table 1) [5].

Moreover, last year the sector increased its share of leisure spending to 78,5% (from 77,5% in 2017) meaning 21,5% (22,5% in 2017) of spending was on business.

Meanwhile, spending by international visitors represented only 28,8% of all tourism spending in 2018 with the remaining 71,2% of spending coming from domestic visitors. While countries tend to focus on international tourism given inbound revenue through exports, domestic tourism is an important tool for regional economic growth and development [6].

In terms of the countries' share of contribution to global Travel & Tourism growth last year, two countries dominated; one quarter (25%) came from China while the USA provided a further 12%. Other major contributors include India with a 6% share, while Turkey, France and Japan each contributed 4% to the sector's growth in 2018 (Picture 1).

Europe and Eurasia remains the most competitive region when it comes to Travel&Tourism. The region is home to six of the top 10 scoring economies. It has some of the best cultural resources in the world and leading infrastructure, especially for ground, port and tourist service infrastructure. The region also has the world's best enabling environment and Travel&Tourism prioritization. Despite its maturity, the region was also the most improved region since 2017, with the greatest average improvement resulting from price competitiveness, air transport infrastructure and ICT readiness. While Western, Southern and Northern Europe remains the competitive core of the region, the Balkans and Eastern Europe and Eurasia subregions showed the highest average TTCI score growth [7].

Asia-Pacific is the second-most competitive region in terms of Travel&Tourism. Japan (4th) leads the region in overall score, while Bangladesh (120th) had the greatest improvement. The region boasts of the best combination of natural and cultural resources, including the highest regional performance for the Cultural Resources and Business Travel subindex. Asia-Pacific boasts the world's most impressive air transport infrastructure and is clearly investing in its ground, port and tourist service infrastructures, in which it showed the greatest regional improvement. Eastern Asia-Pacific remains by far the most competitive subregion in AsiaPacific, while South Asia is the most improved since 2017.

The Americas are the third-highest scoring region on the TTCI, with the United States hold-

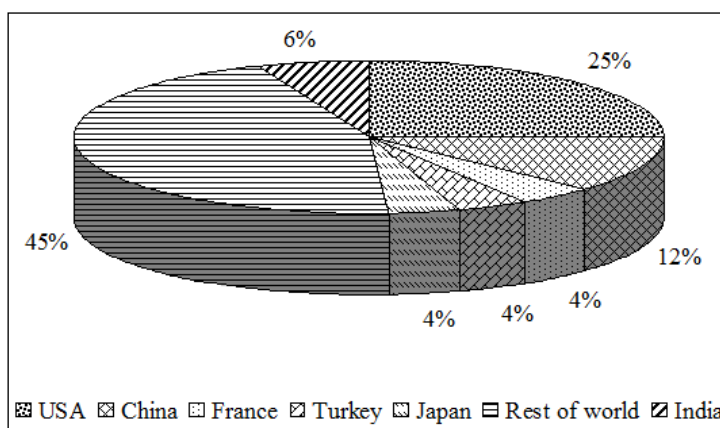
Table 1  
The GDP growth by world economic sectors in 2018

| Sector             | GDP growth |
|--------------------|------------|
| Manufacturing      | 4,0%       |
| Travel&Tourism     | 3,9%       |
| Construction       | 3,4%       |
| Retail&Wholesale   | 3,3%       |
| Healthcare         | 3,1%       |
| Agriculture        | 1,8%       |
| Communication      | 1,7%       |
| Financial Services | 1,7%       |

ing its position as the region’s top scoring economy and Bolivia (99th to 90th) showing the most improvement. Countries in the Americas often rely on their natural assets to generate tourism but are often challenged by lower scores for enabling environments. In particular, the region suffers from the lowest average scores for business environment and safety and security, with the latter mostly due to the crime rates. The Americas improved most on ICT readiness and price competitiveness, with South America leading in overall TTCI growth [7].

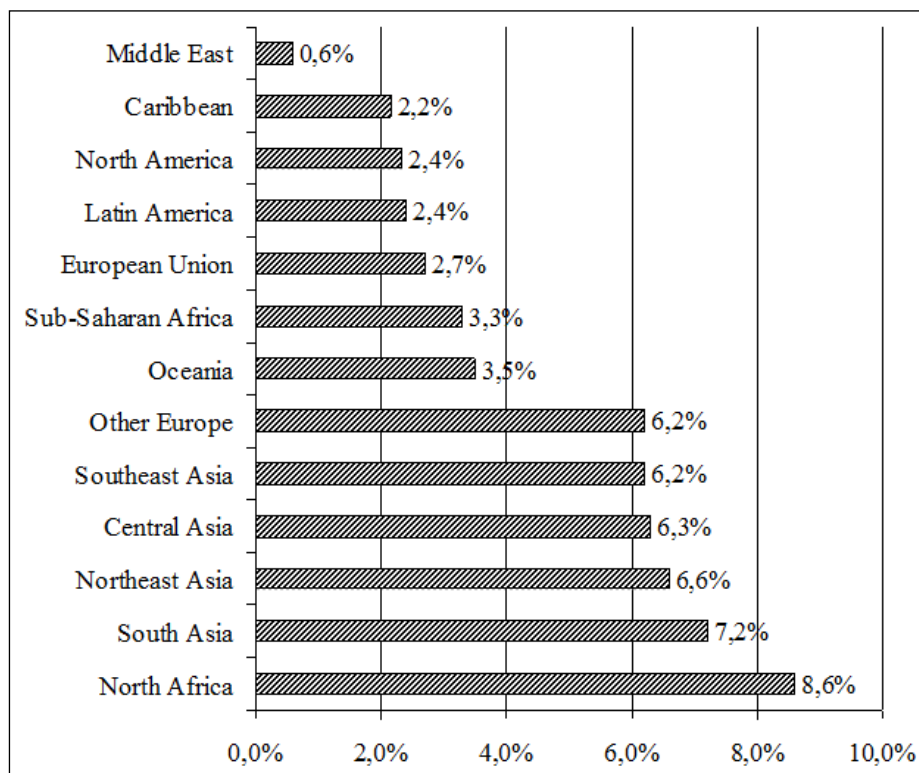
The Middle East and North Africa region has the third-best improvement in average TTCI scores since 2017. The United Arab Emirates (33rd) is the only regional economy to make it into the top 25%, while Egypt (65th) is the most improved since the last edition of the index. The more developed Arab Gulf States and Israel (57th) score well for enabling environment and infrastructure pillars, while North Africa does better on natural and cultural resources. Overall, the region is very price competitive, but has challenges with terrorism-related safety and security and international openness. These might be just some of the underlying reasons why the region scores lowest for the Natural and Cultural Resources subindex [7].

Sub-Saharan Africa outpaces the global average for growth in tourism receipts and arrivals, with the island nation of Mauritius (54th) outscoring last year’s top performer South Africa (61st) to rank as top scorer in the region. Due to



Picture 1. Contribution to global Travel&Tourism GDP growth, 2018 [5]

historically lower levels of economic development, the region continues to face difficulties in health and hygiene, overall infrastructure and the effective selling of cultural and business travel. In the face of this, however, Sub-Sharan Africa shows great untapped potential for natural tourism, which can be better utilized with more development and investment. Some of the region’s greatest improvements came from areas where it traditionally has trailed, including ICT readiness, international openness and price competitiveness. Lesotho (128th to 124th) had the greatest growth in score since 2017; however, it was the average growth in the economies of Western Africa that generated the most subregional improvement [8]. Travel&Tourism’s contribution to regional economies shows the GDP growth (picture 2).



Picture 2. Subregional Travel&Tourism GDP growth, 2018 [6]

WTTC looks at the economic impact of Travel & Tourism across 185 countries, in terms of the major indicators of GDP contribution, employment, visitor exports, and government expenditure investment. This allows for comparisons across countries, now and over the next ten years. The league tables below (tables 2, 3) highlight a selection of the interesting results from the latest data, showing the countries which are performing the best and expected to grow the fastest.

Table 2  
Travel&Tourism total contribution to GDP [6]

| №  | Country                      | 2018 US\$BN | №  | Country                      | 2029 US\$BN |
|----|------------------------------|-------------|----|------------------------------|-------------|
| 1  | The United States of America | 1595,1      | 1  | China                        | 3017,0      |
| 2  | China                        | 1509,4      | 2  | The United States of America | 2084,9      |
| 3  | Japan                        | 367,7       | 3  | India                        | 511,9       |
| 4  | Germany                      | 344,8       | 4  | Japan                        | 437,1       |
| 5  | The United Kingdom           | 310,9       | 5  | Germany                      | 400,4       |
| 6  | Italy                        | 274,9       | 6  | United Kingdom               | 380,6       |
| 7  | France                       | 265,8       | 7  | France                       | 322,3       |
| 8  | India                        | 247,3       | 8  | Italy                        | 322,1       |
| 9  | Spain                        | 211,0       | 9  | Mexico                       | 296,0       |
| 10 | Mexico                       | 209,4       | 10 | Spain                        | 270,8       |

So, we can see that the most contribution to GDP belongs to India, which can managed the third place in 2029.

Table 3  
Top 10 largest countries ranked in terms of Travel&Tourism total contribution to employment [7]

| №  | Country                      | Relative terms – T&T as % of all jobs | Net jobs created by T&T 2018-2029 (in 000's) |
|----|------------------------------|---------------------------------------|--|
| 1  | China                        | 10,3                                  | 41,515                                       |
| 2  | India                        | 8,1                                   | 10,327                                       |
| 3  | The United States of America | 9,2                                   | 2,658  |
| 4  | Indonesia                    | 10,3                                  | 5,530  |
| 5  | Mexico                       | 17,8                                  | 2,728  |
| 6  | The Philippines              | 20,2                                  | 2,550  |
| 7  | Brazil                       | 7,5                                   | 1,316  |
| 8  | Thailand                     | 15,9                                  | 2,240  |
| 9  | Germany                      | 12,0                                  | 127  |
| 10 | Japan                        | 6,9                                   | 408  |

The world's fastest growing countries in terms of Travel&Tourism GDP are dominated by emerging and developing economies. This showcases the sector's ability to spread its benefits widely across the world and the opportunities that tourism brings as a tool for development. In effect,

Ethiopia (+48,6%), Ecuador (+21,6%), Saint Kitts and Nevis (+16,8%), Egypt (+16,5%) and Turkey (+15,0%) led the world for Travel&Tourism GDP growth in 2018 [6].

In most of the fastest growing countries, strong Travel&Tourism GDP growth has been driven by international visitor spending and comes on the back of particular factors that are often influenced by government decisions that recognise the importance of the sector, such as visa relaxation, improved connectivity and infrastructure, rebound from security threats, transformation and development of the tourism offer etc. The table 4 shows in which countries the contribution of Travel&Tourism to GDP growth will fastest from 2019-2029.

Table 4  
Travel&Tourism GDP 10-years real growth [6]

| №  | Country    | Annualised, % |
|----|------------|---------------|
| 1  | Qatar      | 7,8           |
| 2  | Myanmar    | 6,9           |
| 3  | India      | 6,8           |
| 4  | China      | 6,6           |
| 5  | Azerbaijan | 6,4           |
| 6  | Anguilla   | 6,3           |
| 7  | Uzbekistan | 6,2           |
| 8  | Benin      | 6,1           |
| 9  | Bangladesh | 6,1           |
| 10 | Kyrgyzstan | 6,1           |

Travel&Tourism's growth in 2019 is expected to remain resilient despite a slowing global economy. The forecasts point to a 3,6% expansion for Travel&Tourism, faster than the expected global economy growth of 2,9% (table 5).

Future growth for the sector will be driven by continued visa relaxation and currency depreciations, both helping to attract higher numbers of international visitors. The continued rise of middle-class households will also make a significant contribution. With over 50% of the global population now categorized as "middle class" or "rich", more and more people can afford to travel [9].

Conclusions. Tourism can enhance economic growth and can also benefit from the growth. Travel&Tourism is continued to be one of the world's largest economic sectors. It outpaced overall economy growth for the eighth consecutive year. The sector has accounted for one in five of all net new jobs created across the world over the past five years. The forecasts show that there will be 100 million additional jobs created across the world over the next ten years in Travel&Tourism. This means that one in every four new jobs will be created by the sector over the next decade.

Asia-Pacific was the strongest-growing region in terms of Travel&Tourism GDP in 2018, followed by Africa. China alone contributed one quarter of global Travel&Tourism growth last year. This trend is being followed next few years.

The Travel&Tourism industry is certainly changing and developing in a wide variety

Table 5

## Estimates &amp; forecasts [7]

| World                             | 2018<br>US\$BN | 2018 %<br>of total | 2019<br>growth | US\$BN   | 2029 %<br>of total | Growth % |
|-----------------------------------|----------------|--------------------|----------------|----------|--------------------|----------|
| Direct contribution to GDP        | 2750,7         | 3,2                | 3,6            | 4065,0   | 3,5                | 3,6      |
| Total contribution to GDP         | 8811,0         | 10,4               | 3,6            | 13085,7  | 11,5               | 3,7      |
| Direct contribution to employment | 122,891        | 3,8                | 2,2            | 154060,0 | 4,3                | 2,1      |
| Total contribution to employment  | 318,811        | 10,0               | 2,9            | 420659,0 | 11,7               | 2,5      |
| Visitor exports                   | 1643,2         | 6,5                | 4,0            | 2483,9   | 7,2                | 3,8      |
| Domestic spending                 | 4060,1         | 4,8                | 3,5            | 6031,9   | 5,3                | 3,7      |
| Leisure spending                  | 4475,3         | 2,5                | 3,8            | 6780,7   | 2,8                | 3,9      |
| Business spending                 | 1228,0         | 0,7                | 3,0            | 1735,1   | 0,7                | 3,2      |
| Capital investment                | 940,9          | 4,4                | 4,4            | 1489,5   | 5,0                | 4,2      |

of ways. No one can predict the future, but the trends above have already started to make an impact, and we can expect them to continue growing in prominence in the years ahead.

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