



World Tourism Organization

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# Tourism

Driving Trade, Fostering Development and Connecting People



## Why tourism matters

Tourism is one of the key socio-economic sectors of our times. From an activity reserved for the privileged few only some decades ago, tourism today moves more than one billion people across international borders each year. Globalization of goods and services, more leisure time, the technological and transport revolutions and rising middle classes, have positioned tourism as one of the world's leading growth engines.

**Tourism accounts for 9% of global GDP, generates more than US\$ 1.3 trillion in trade income or 30% of the world's services exports and provides one in eleven jobs worldwide.**

As a trade in services category, tourism ranks fifth after fuels, chemicals, food and automotive products. As a major source of foreign exchange and investment, tourism creates much needed employment and business opportunities. Tourism's unparalleled cross-cutting nature and multiple links to the other economic sectors, further positions it as an efficient multiplier in global development strategies.

**More and more developing countries embrace tourism to jumpstart their socio-economic development and for over half of the world's poorest countries tourism is a priority instrument for poverty reduction.** But in spite of its proven potential, the value of tourism still needs to be better harnessed when it comes to the development agenda.

This becomes evident when looking at the contrast between tourism's undisputed contribution to development – in particular in Least Developed Countries (LDCs), Small Island Developing States (SIDS) and Middle Income Countries (MICs) – and its modest share in the flows of Official Development Assistance (ODA) and Aid for Trade (AFT).

In spite of tourism's evident role in socioeconomic development, many challenges remain, none the least ensuring that the

world's poorest countries, benefit from the income and social opportunities provided by the sector.

**It is thus critical to place tourism higher in the development agenda and ensure that the level of assistance matches the potential of the sector in contributing to development objectives.**

## The development dimension

**Tourism equals a major share of trade in services,** representing the main source of foreign exchange for many developing countries, in particular LDCs. Tourism provides often one of the few competitive options for these countries to take part in the global economy.

**Tourism's benefits spill over into the whole of the economy and society.** Every tourist means more jobs and business opportunities in tourism but also in related sectors, higher income for families, increased investment and more opportunities for grass roots development. Above average tourism growth rates have become recurrent news in the global south, and tourism is the thread that connects external image, attracts foreign direct investment, and boosts exports.

**Tourism builds resilience.** Historically, tourism bounces back faster and stronger than most economic sectors and thus contributes to build resilience. This is of particular importance for the more vulnerable economies when exposed to external shocks.

**Tourism means community development:** Local tourism jobs and business opportunities help reduce rural-urban migration, while opening doors to the young and fostering gender equality through job opportunities. Against the backdrop of the sheer size and reach of the sector, small changes towards sustainable development can have significant

global impacts, while reaching the very foundations of society, tourism being deeply rooted in local communities and a powerful instrument to empower them.

**Tourism is built on partnerships:** The bulk of the sector is made up of Small and Medium Enterprises (SMEs) and the private sector has a key role in achieving development targets. Tourism offers immense opportunities to promote partnerships for development based on public-private cooperation models but also cross-cutting public coordination and action.

## Speeding up political support

Tourism's role is steadily becoming recognized at key political fora and among the world's decision makers with the sector gaining momentum in both the trade and the development agenda. Highlights include the **G20** backing of tourism to face up to global economic challenges; the inclusion of tourism in the **RIO+20 Outcome Document The Future We Want**, underscoring tourism's catalytic contribution to the three dimensions of sustainable development; or highlighting tourism as a change vector along the road to the **Green Economy** by the UN Environment Programme (UNEP), benefitting particularly developing countries. The key role of tourism in the aid for trade agenda is also recognized by the OECD and WTO<sup>1</sup> and by DEVCO in preparing a Guidebook for EU services on 'Sustainable tourism for development'<sup>2</sup>.

These milestones confirm that tourism is coming of age. **Yet, for tourism to fully deploy its potential it must be given proper recognition and support in trade, investment and business development policies.** This will help maximize tourism's contribution to the **UN Millennium Development Goals (MDGs)**, namely poverty eradication, gender equality, environmental sustainability and forging

partnerships for development, and to the future **Sustainable Development Goals (SDGs)**, the UN blueprint after 2015.

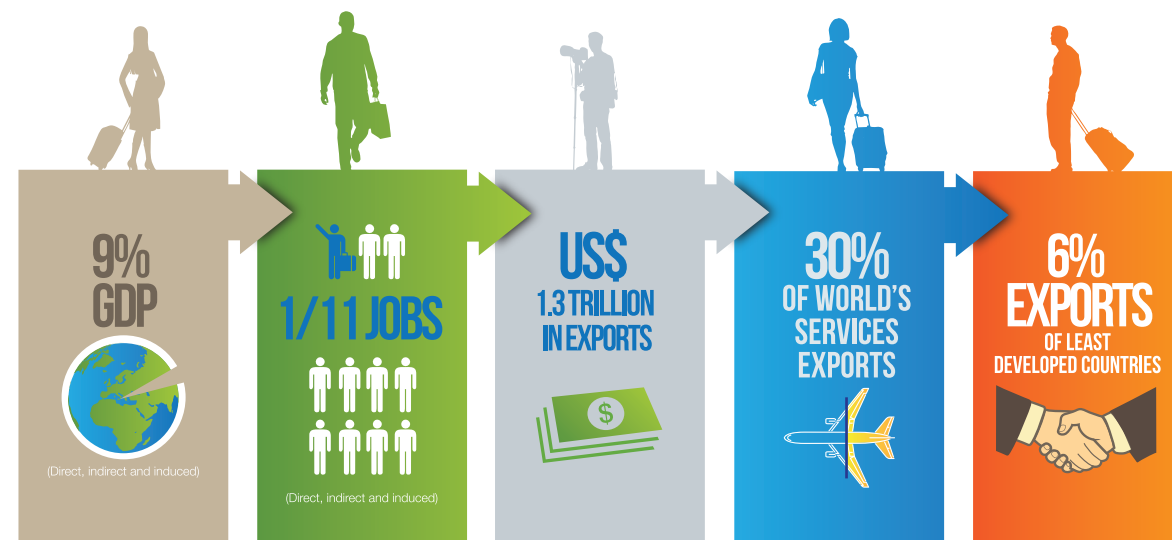
## Closing the aid gap

**Tourism is a high-impact economic activity in trade in services, a major job generator and a priority area for the vast majority of both LDCs and MICs. Yet, financing remains an important hurdle for tourism to really deploy its development potential. The sector is still clearly underrepresented in aid flows, representing in 2011 only 0.5% of total Aft disbursements and 0.13% of total ODA. These values are far from the 5% share of trade that tourism represents in emerging and developing economies.**

There is thus a particular opportunity to increase the support to the sector in terms of ODA and Aft, which will not only empower development policies but also help mobilize private sector investment in tourism and related infrastructure and services. Tourism is an important and growing services sector with significant spill-overs into the rest of the economy. The sector is employment intensive and its significant potential to contribute to growth and poverty reduction is widely recognized.

**More support through the allocation of ODA and Aft could have significant paybacks for beneficiary countries. This need for scaling up aid flows in tourism becomes even more pertinent considering that in the coming years the emerging economies will overtake advanced economies as preferred destinations for more than half of international tourists travelling the world. Not seizing this potential would mean to miss out in terms of global opportunities for sustainable development.**

1. Organization for Economic Co-operation and Development and World Trade Organisation [http://www.oecd.org/dac/aft/AidforTrade\\_SectorStudy\\_Tourism.pdf](http://www.oecd.org/dac/aft/AidforTrade_SectorStudy_Tourism.pdf)  
2. <http://icr.unwto.org/content/about-sustainable-tourism-development>



## WHY TOURISM MATTERS

