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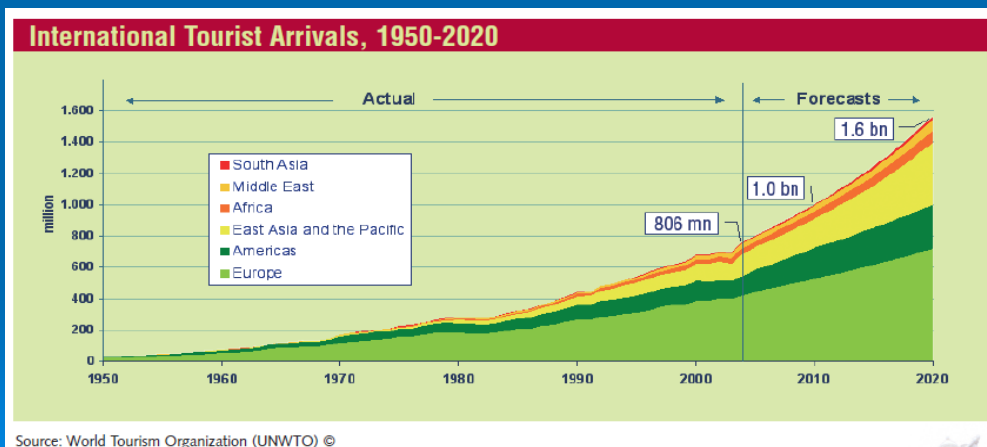
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# 1. Long-term Prospects by UNWTO and Forecast of GDP growth

## Annual Growth Rates from 2005 -2010: 4.1%



## Disturbing Factors



- Global Financial Crisis (2008-)
  - Negative Economic Growth in 2009
    - USA, Japan and other industrialized Countries
- Political Instability
  - Civil War, Anti-Government Activity
  - E.g. Hotel Occupancy ratio declined to 60% in Chiangmai Thailand last November.
  - Terror (Sri Lanka, Middle East and African Countries)
- Global Climate Change
  - Rainy weather in dry season. Flood, Drought
- Infectious Diseases
  - Avian influenza, SARS etc.

## Major Tourism Markets in 2006 (Tourism Demand)



	2006	International tourism, expenditures (current US\$) (mill)	% of World Total
①	United States	104,310	13.5%
②	Germany	84,205	10.9%
③	United Kingdom	78,325	10.1%
④	France	37,793	4.9%
⑤	Japan	37,659	4.9%
⑥	China	28,242	3.6%
⑦	Italy	27,437	3.5%
⑧	Canada	25,994	3.4%
⑨	Korea, Rep.	20,386	2.6%
⑩	Spain	20,348	2.6%
	Total		60.0%

➤ Among Top 10 countries, 9 are OECD countries.

➤ World Tourism market depends on these countries.

➤ Slow down of GDP growth will affect international tourism market.



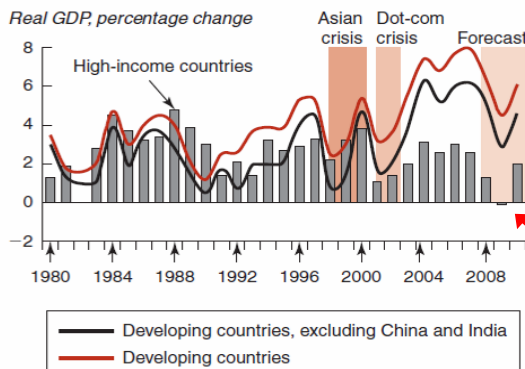
Source: World Development Indicators 2008, World bank

Economic Forecasts

# Economic Forecast, World Bank



**Figure 1.1 GDP growth**



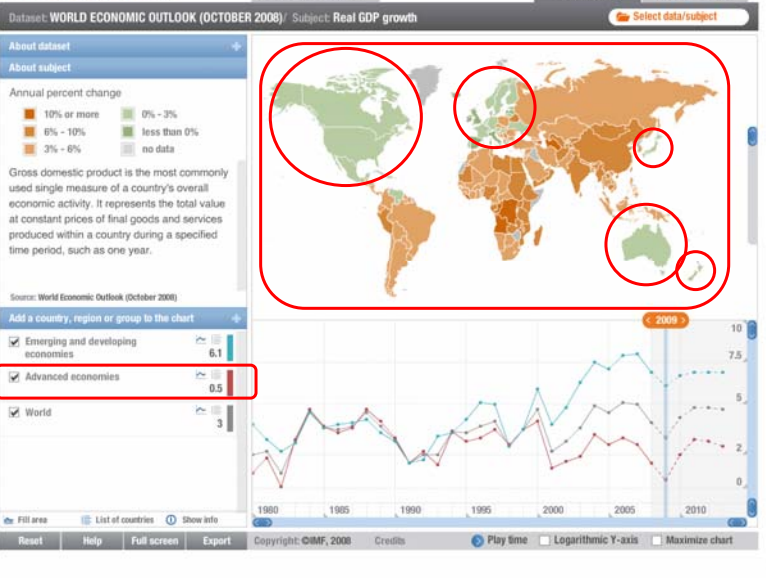
Source: World Bank.

Global financial crisis is more serious than other economic crises.

Negative economic growth in 2009 for High-income countries

Source: GEP2009, World Bank 7

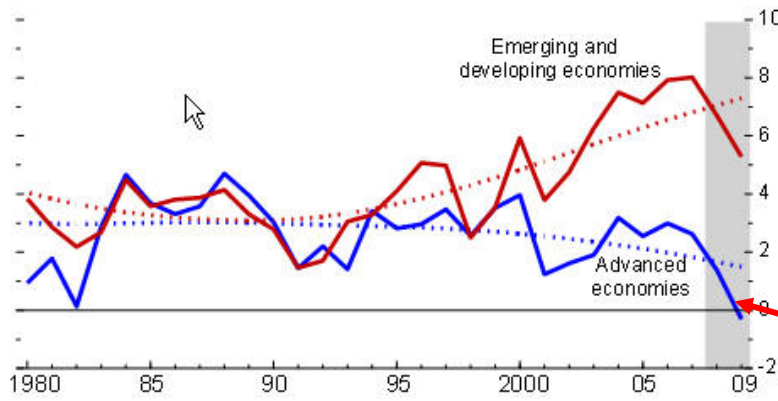
## IMF Data Mapper



Forecast by IMF (As of Oct. 2008)

GDP growth rate in most advanced countries will be less than 3%.

**Figure 1. Real GDP Growth and Trend**  
(Percent change)



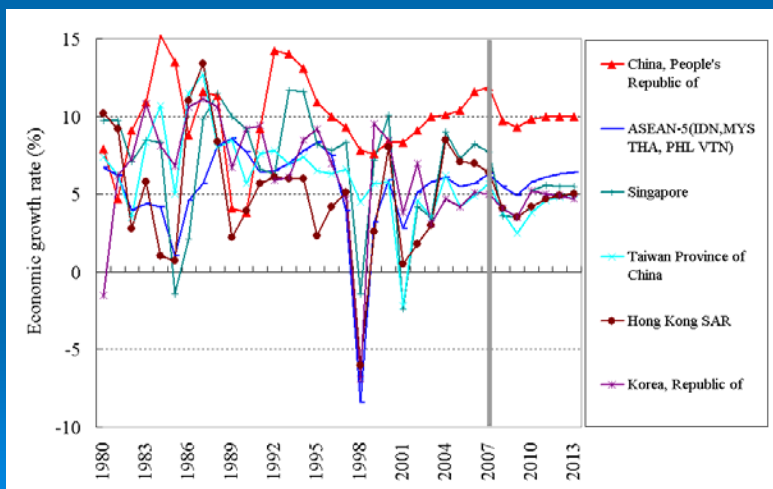
Source: IMF staff estimates.

Source: World Economic Outlook Update, As of Nov. 8, 2008

**Forecast by IMF**  
World Economic  
Outlook Update  
(As of Nov. 8, 2008)

GDP growth rate in advanced countries will be negative in 2009.

**Economic Forecast for Asian countries by IMF**

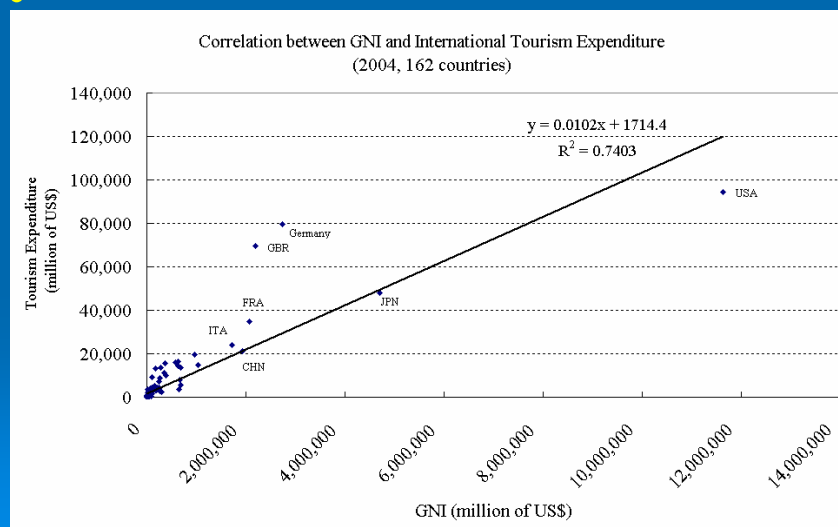


GDP growth rates will be positive in Asian countries.



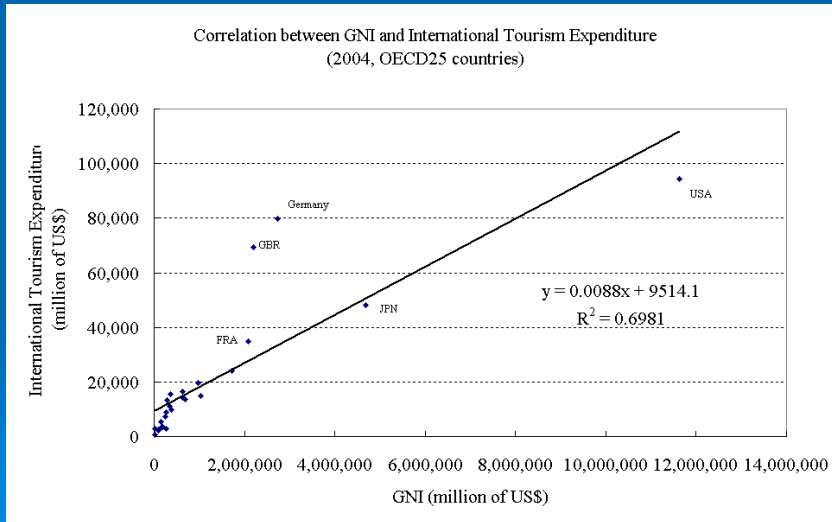
## 2. Correlations, Tourism Expenditure, GNI and Exchange Rates

## GNI and International Tourism Expenditure (2004, 162 countries)



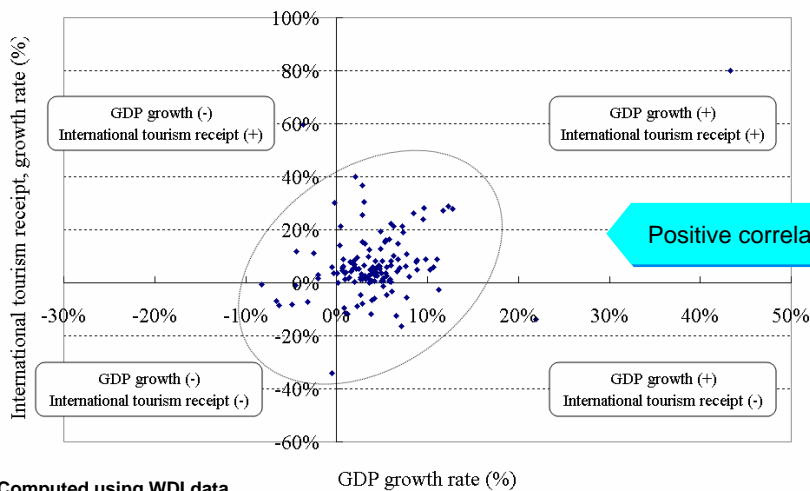
Correlation between GNI and Tourism Expenditure is positive.

# GNI and International Tourism Expenditure (2004, OECD 25 countries)



Correlation between GNI and Tourism Expenditure is positive.

# Correlation: GDP growth rates & Tourism receipts Average between 1995-2003 (170 countries)



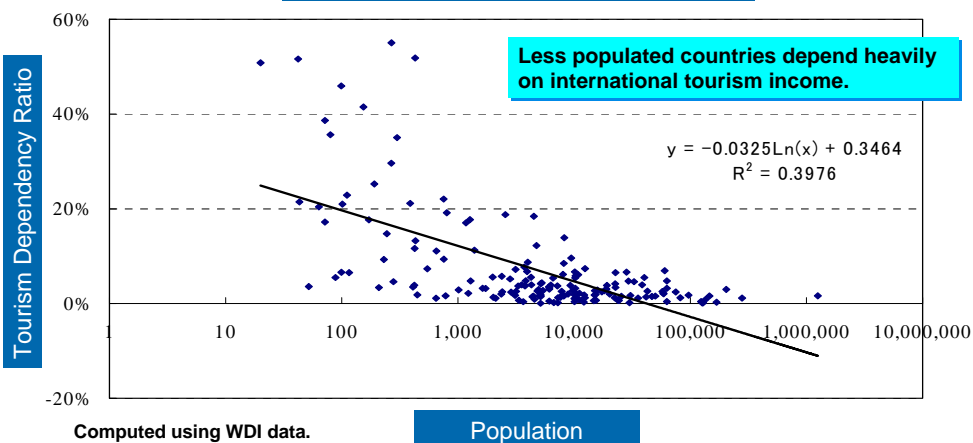
Computed using WDI data.

# Population & Tourism Dependency Ratio

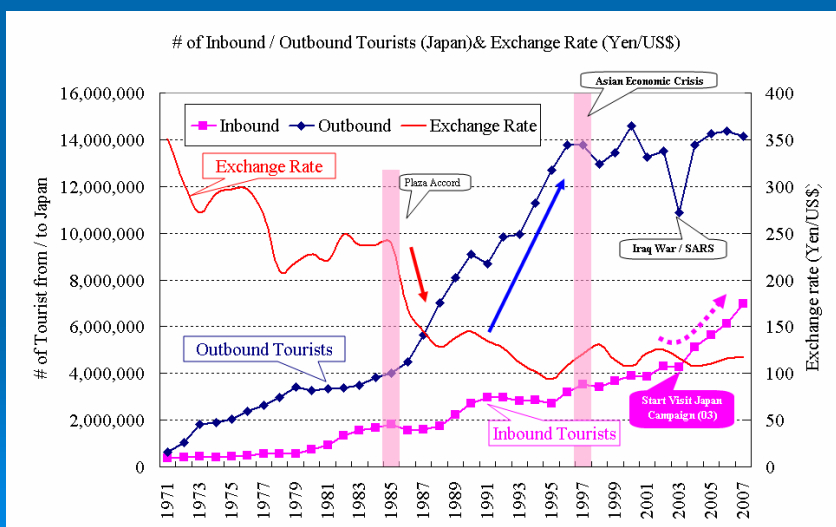


(170 countries)

Population and Tourism Dependency Ratio (average 1995-2003)



# International Tourists and Exchange Rates (The Case of Japan)





## Exchange rates, Inbound and Outbound Tourists



### ➤ # of Inbound Tourists

- Depreciation of local currency → Increase # of tourists
- Appreciation of local currency → Decrease # of tourists

### ➤ # of Outbound Tourists

- Depreciation of local currency → Decrease # of tourists
- Appreciation of local currency → Increase # of tourists

## 3. Is Tourism Development Sustainable for Economic Development?



## Is tourism sustainable for economic development?



- Tourism is easily affected by various external factors.
- But Tourism contributes to,
  - Job creation, External income, Wide economic effects.
- *Case of Okinawa, Japan (current situation)*
  - # of Korean tourists is decreasing because of appreciation of yen.
  - # of domestic tourists are also decreasing.
    - Downturn in Japanese economy
    - Travel diversion to overseas travel because of yen appreciation.
- Tourism can be an Engine of Economic Development.

## 4. Concluding Remarks

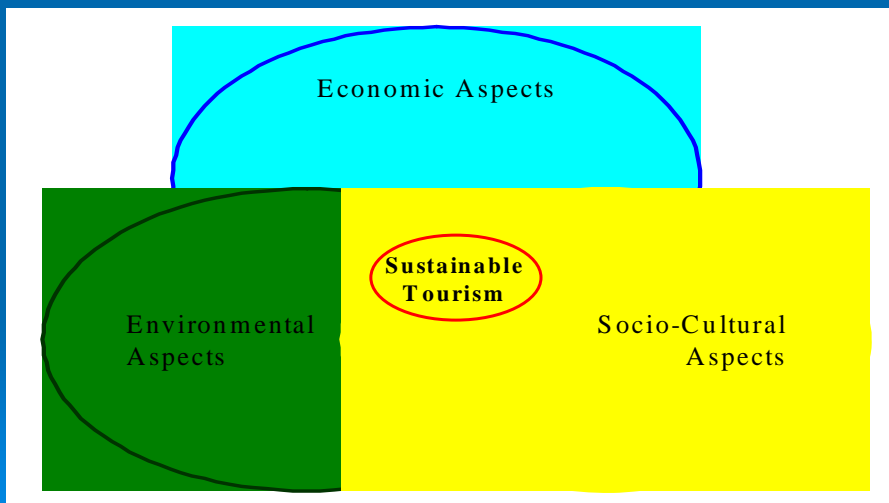


## Sustainable Development of Tourism Conceptual Definition (UNWTO, 2004)



- Sustainability principles refer to the environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability.

## Conceptual framework of Sustainable Tourism



## How can sustainable development be realized through sustainable tourism?



- Avoid too heavy a dependency on tourism (tourism industries) and try to diversify economic activities (agriculture, industry, other services) and external income sources.
- Promote “**Destination Initiative Tourism**”
  - usually called “Destination-based Tourism”
  - Bottom up Tourism : cooperate with travel agencies
  - Participation and initiatives from local people / local tour agencies
  - Case of Okinawa
    - Home stay for study tours (high school and junior high school students)
    - Green / Blue tourism
    - Experience tourism (lifestyle, traditional culture, etc.)

## Concept of “Destination Initiative Tourism”



Aspects	Destination Initiative Tourism (pull / receiving type)	Mass Tourism (push / sending type)	Remarks
Management / Operator	Local tour agencies and local people	Major tour agencies	
Tourism Services	Wide variety Experience, new tourism	Standardized tour	Needs of tourist are vary
Advantage for Local people	Contribute to rural development	Minimum (Only tourism related companies)	
Local People Participation	Applicable	Not applicable	
Economic Effect	Profitable for local people Not profitable for tourism industries	Profitable for tourism industries Not profitable for local people	Three factors should be balanced and Sustainable
Social Effect	Considered	Neglected	
Environmental Effect	Considered	Neglected	
Type of Approach / Key words	Bottom up approach Sustainable oriented tourism Local people initiative tourism Participatory tourism Means for community renovation	Top down approach Profit oriented tourism	



*Thank you !*

Shuri Castle, Okinawa JAPAN

