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ELWOOD A. PYE / TZONG-BIAU LIN (eds.): *Tourism in Asia: The Economic Impact*. Singapore: Singapore University Press, National University of Singapore, 1983. XIV, 351 pages,

The volume comprises four separate studies on the economic impact of the tourist sector in Hong Kong, the Philippines, South Korea, and Sri Lanka. The projects were funded by the International Development Research Centre and each country study was performed by locally based researchers. The study for Hong Kong was conducted by T. B. Lin and Y. W. Sung of the Chinese University of Hong Kong, for South Korea by B. N. Song of Seoul National University and C. Y. Ahn of Choong Ang University, for the Philippines by J. S. D. Santos, E. M. Ortiz, E. Huang, and F. Secretario of the Asian Institute of Tourism in Manila, and for Sri Lanka by A. Attanayake, H. M. S. Samaranayake, and N. Ratnapala of the Ministry of Tourism. Despite independent authorship the four studies can be easily compared because most of the technical analyses are done with a common methodology: input-output analysis. The Hong Kong study includes in addition an alternative econometric modelling approach. Each report gives a highly useful account of the historical development of the tourist industry and its salient economic characteristics. There is a wealth of information in these studies, and one will doubtless be struck by the diversity as well as similarity of findings in the different countries. The South Korean and Sri Lanka studies have substantial treatment of policy issues not all of which, however, appears to stem from their technical analysis.

During the 70's the four countries averaged a tourist growth rate of 17 per cent annually. In 1980 they received 5 million foreign visitors and earned approximately 2 billion US \$ in foreign exchange. The composition of the tourists has changed during the decade. American visitors have declined in importance, whereas Japanese and West Europeans have increased. The number from other Asian countries has also risen. The activities and expenditure patterns of tourists vary considerably in these four countries. Accommodation, food, beverages, and transportation accounted for over 70 per cent of all tourist expenditure in Sri Lanka, 65 per cent in the Philippines, and 50 per cent in South Korea. In Sri Lanka, less than one per cent of reported expenditure was spent on entertainment. Interestingly, 65 per cent of all tourist expenditure in Hong Kong was on shopping. Although these figures were painstakingly collected by the researchers, they should be taken as provisional rather than final, since one suspects that a significant amount of the expenditure may have been for illegal entertainment and was thus not reported.

The study on Hong Kong has two approaches. There is an input-output analysis based on the 1962 and the 1973 I-O tables. Using both I-O tables it is possible to trace changes in the tourist sector over time. There is also a macro-econometric forecasting model with an imbedded tourist sector that is used by the authors to forecast changes in the demand for tourism. The study demonstrates that tourism accounted for 5.5-6.6 per cent of the growth of GDP from 1962 to 1978/79. In addition, the tourist sector has lower leakage and higher

value-added content compared with manufacturing, high labour productivity, very low energy requirements and capital and skill requirements that are consistent with factor endowments. The low leakage attribute is important since foreign exchange earnings are retained, so it plays an essential role for the balance of payments.

The South Korean study relies essentially on input-output analysis. The tourist sector is found to have low leakage as well as low linkage. The effects on income and employment generation appear to be rather low, although not very different from other manufacturing export industries. The major benefits appear to be indirect, such as the generation of investments in hotels, infrastructure and transportation, and the promotion of balanced regional development.

The tourist industry in the Philippines grew rapidly and is actively supported by the government. According to input-output analysis, the tourist industry is comparable to other industrial sectors as measured by the income multiplier, and accounted for 0.94 per cent of total employment in the economy in 1978. It is also the top ranking foreign exchange earning industry in the economy. The value-added for the tourism sector is somewhat lower than the average and is attributable to its heavy service orientation, which may change over time.

The Sri Lankan tourist sector achieved a very high growth rate. Its share of GNP in 1979 was 1.13 per cent and accounted for 1.4 per cent of the workforce. 6.6 per cent of the foreign exchange earnings was attributable to tourism; however, leakage remains quite high. The income multiplier obtained from input-output analysis was much smaller than when using a simple Keynesian approach. Since the two approaches are quite different it is not clear which is preferred by the authors and which figures should be believed. As a whole the tourist sector appears to yield a higher rate of return to capital investment than most other sectors of the economy and labour productivity is somewhat higher than in the industrial sector.

Yue-chim Wong