

Role of Tourism in Cambodian Socioeconomic Development

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According to WTO, the international tourism will have positive contribution to filling the increasing gap between developed countries and developing ones and securing fast growth in socio-economic progress of developing countries. The tourism development is accompanied by socio-economic development of nations and dependent on the human conditions to relax and travel in their leisure time. The practical role of tourism in national economy, international trade and balance of payments makes it one of the world's important industry.

1. Contribution to the global economy

Trends of economic restructuring: the process of economic development of developed countries in 2000 revealed the GDP share of service reached 70%, including the UK 70.2%, France 70.9%, Germany 67.6%...while the agriculture accounted for only 1% to 3% (2002 World Development Indicators).

In addition to services of finance-credit, legislation, post-telecommunications, advising – auditing, other services like tourism, insurance, and health care have developed robustly and taken a lion share in the service sector. This reflects increasing demand for services of human nature in the world.

Tourism share in GDP: The position and scale of one industry depend on its contribution to GDP. For tourism, first, tourists' costs are consumption; second, costs of building ho-

tels, restaurants, entertainment sites, power plants, infrastructures – telecommunications and equipment...are investments, partly from the Government, especially in infrastructure; third, once a visitor's spending on tourist services abroad including transport costs is considered as spending on service import; or conversely, services provided for foreign tourists as export services. From these concepts, GDP share of a nation is very significant as indicated in the following table:

To visualize the important scale and role of tourism in the economy, it is noteworthy that total in-

come of the G8 countries' primary sector accounts for only 2 to 3% while their international tourism earnings, not including transport proceeds, makes up 1.21% of GDP on average, not mentioning domestic tourism. Also according to WTO, the revenues from domestic tourism in most of developed countries is often lower than those from international tourism while in underdeveloped ones, it is higher. For economies of Caribbean region like Cayman Island, Barbados, Curacao, Saint Bart, Saint Martin, Bonaire, Aruba, Antigua and islets in the Pacific; tourism accounts for 50-60% of GDP. In Ja-

maica, Puerto Rico and Republic of Dominica, tourism also represents a large share in GDP. In the East Asia – Pacific region, the tourist income accounts for 8-10% of GDP in Indonesia and Philippines, 12% in Malaysia, 16% in Thailand, and 20% in Singapore and Hong Kong.

Globally, the tourism income accounts for 45.8% of total earnings of the whole service sector in the 1990-2002 period; especially in developing countries, the figure is higher, 60%. Tourism is regarded as a large and labor-intensive industry and also an important earner to the national budget. In 2002, tourism made up 8.8% of

Table 1: The tourism's GDP share in selected countries in 2001

	Country	Income from international tourism (US\$ mil.)	GDP (US\$ mil.)	% of GDP
1	Australia	7,625	357,430	2.13%
2	Austria	10,118	188,680	5.36%
3	Canada	10,774	699,990	1.54%
4	China	17,792	1,158,700	1.54%
5	France	29,979	1,307,060	2.29%
6	Germany	17,225	1,847,350	0.93%
7	Greece	9,219	116,900	7.89%
8	Italy	25,787	1,089,410	2.37%
9	Japan	3,301	4,148,650	0.08%
10	Malaysia	4,936	87,540	5.64%
11	Mexico	8,401	617,870	1.36%
12	Russia	7,510	309,950	2.42%
13	Singapore	6,018	88,230	6.82%
14	Spain	32,873	582,230	5.65%
15	Sweden	4,162	209,820	1.98%
16	Switzerland	7,618	246,950	3.08%
17	Thailand	6,731	114,770	5.86%
18	Netherlands	6,722	380,320	1.77%
19	United Kingdom	16,283	1,424,490	1.14%
20	United States	72,295	10,208,130	0.71%
	Total	305,369	25,184,470	1.21%

Source: IMF World Economic Outlook Databasse, April 2002; World Tourism Organization 2003

the world's GDP including domestic tourism making up 75% of the sector's earnings. The WTO forecasted the tourism GDP share would be 12.5% in 2010.

2. Tourism contribution to the Cambodian economy over the past year

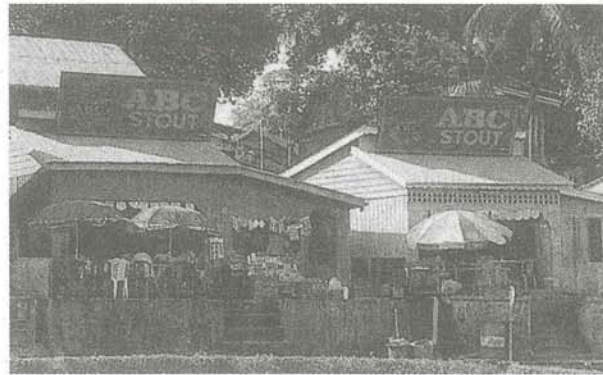
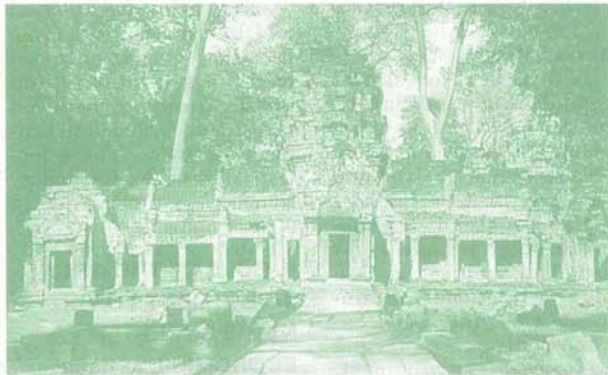
The research shows international visitors' spending has made significant impacts to the Cambodian economy, GDP and per capita income. Further-

reaching US\$526 million. As for contribution to the state budget, the sector paid US\$4,635,553 in 1999 but the payment declined in the following years because the Government reformed tax policy and reduced tax for tourist services with a view to promoting this industry. In 2002, for example, the national income from international tourism reached US\$576 million, highest for the past 10 years, but the sector paid only

centage in the national GDP, for example, 15% in 2002, helped to attract investment flows into the country, US\$2,181,317,531 in 2002. The sector's development has also speeded up urbanization across the country.

The Cambodian tourism should promote its role as a locomotive in economic development, indicated by its GDP share, payment to the state budget, attracting foreign and domestic investment,

poured in entertainment sites, for example, the Kirirum National Park has established the ecological tourist site providing entertainment and recreation services; there are more and more precious varieties of animal living the Phnom Tamao site for wild animal preservation or birds in the Tonle Sap preservation site. Furthermore, to purify the environment and attract more visitors, Phnom Penh City has reclaimed several ca-



more, earnings from the tourist industry have generated other kinds of income in direct, indirect and intermediate way.

Based on the report of UNDP in 1996, one dollar gained from tourist services created 1.52 dollars from other industries. In addition, the industry has offered a lot of jobs to workers, and helped revitalize traditional careers like fine art handicraft; tourism development will help boost growth of other industries including manufacturing, transport, post and telecommunications, etc. In fact, in the 1999-2002 period, Cambodia earned US\$289 -576 million from international tourism. However, this figure was down 8.71%,

US\$2,404,288 to the Treasury.

3. Some suggestions to strengthen and promote the role of tourism in cambodian socio-economic development

Over the past years, the Cambodian tourism has been a major earner of foreign currency, key contributor to the economic growth and job machine for Cambodian workers as well as ecology and environment protector.

a. Economic suggestions: tourism is a general industry having relationship with a lot of social activities. Tourists' spending has generated jobs, recovered traditional fine art and made up a large per-

centage in the national GDP, for example, 15% in 2002, helped to attract investment flows into the country, US\$2,181,317,531 in 2002. The sector's development has also speeded up urbanization across the country.

b. Social suggestions: Tourist services are very beneficial to human living. Its positive effects are to provide employment to workers (100,000 jobs in 2002), improve the people's educational attainment, promote living standard, restore and preserve traditional values and national identity, alleviating hunger and reducing poverty.

c. Environmental suggestions: along with tourism development, the national landscape and environment is increasingly improved and protected strictly. Investments are

nals, refurbished grassland and flower parks, and planted trees along streets. The Siem Reap government has also implemented the project to rehabilitate polluted streams and green city view. As a result, tourism development must be accompanied by ecological balance, restoration and preservation of biological resources.

In the time to come, the tourism sector is required to concentrate its efforts to sustainable development with the target: tourism must be accompanied by green, clean and beautiful environment, and tourist development comes along with the protection and preservation of natural environment. ■