

**Tourism and Development: The Evidence from Mauritius, South Africa and
Zimbabwe**

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1. Introduction

Tourism is one of the largest industries, within countries and in trade. It has been growing rapidly, is 'exportable' by all countries, and uses large quantities of labour, and a range of skills. It is a major foreign exchange earner for many low-income countries, and was a principal early contributor to foreign exchange in many of the present NICs (including Mexico in the 1960s and Thailand in the 1970s). It has a high income elasticity in markets in the industrial and the middle-income countries. It can be used as part of a diversified export and industrial strategy because of its scope for linkages to suppliers (potentially including SMEs) and the range of skill levels which it employs. At an analytical level, it is an industry which appears to have relatively few market distortions (either as barriers to entry or trade policy rents). It is particularly sensitive to marketing skills, and also to public sector action (or inaction). All of these reasons suggest that it should be a promising focus of attention in developing countries. But much of the discussion of it deals with its problems: its instability, its potential cost to the environment, and its presumed negative effects on 'culture'. It is accused of having a high import content, and therefore large leakages, and of being dominated by large firms. But other sectors (whether mining, manufacture, or services) also have potential negative effects and some of the same structural disadvantages. They are nevertheless discussed in tandem with their potential benefits. That an activity changes 'culture' cannot be assumed to be damaging: all activities, and especially all development, change countries. The question is whether the changes are, on balance, more likely to reduce or increase real income and choice. Tourism is not given special attention in government plans or international aid programmes. While it is true that the sector is largely private, this is at least equally true of most manufactures. Tourism (like all services) is vulnerable to a variety of government regulations, including border controls and credit, health and safety, and measures within countries.

The paper will analyse how tourism as a sector affects development: not only income and growth, but diversification, human resource development, and infrastructure. It may have lessons for government strategies for a largely private sector industry. It can also indicate how developing countries can integrate their activities into world markets. It shows patterns ranging from direct

foreign ownership and JVs through management contracts, joint marketing organisations, and completely national operation. It is responding to technological changes as it depends on communication and transport. An important question for any activity is whether it has particular effects on poverty, through its price, employment, or income effects. An important question is whether, and in what ways, tourism is different from other potential exports for developing countries, that is differences not in the scale or composition of effects, but basic differences in the nature of its effects which should affect how countries appraise it.

The paper will use the data and the experiences of three countries, South Africa, Mauritius, and Zimbabwe. Mauritius was chosen as an example of the type of country (small island) often considered to be both most likely to be dependent on tourism and most vulnerable to its potential harmful effects. But Mauritius is not exclusively dependent on it, and therefore continues to have at least the possibility of making policy choices. While tourism is important to Mauritius, Mauritius is a small destination in world terms. South Africa, because of its change in regime, is in the position of receiving a large new inflow of tourism, which gives it the opportunity to make choices. It also already has a large domestic sector, a phenomenon which is becoming a potential competitor or co-existor with international tourism in other developing countries. It is becoming one of the major world destinations: 25th in 1998. It is first in Africa and, among developing countries, fifth, after only China, Hong Kong, Thailand, and Malaysia (WToO Highlights 1999). The third country chosen is Zimbabwe, where both the country and the tourism sector are less developed than in the other two, and where tourism is not treated as a major sector of the economy or a major target for development. This makes it more vulnerable to policies taken for other sectors.

The question of what is 'quantifiable' will be discussed in the next section, but tourism is a particularly flexible concept: as with any partial, single sector, analysis defining the limit of what is considered to be 'tourism' can determine the size of the effects, and the limits of tourism can be very wide, if all supplier and associated industries are included. Supplier industries include food (directly and through restaurants), furniture, textiles, handicrafts, construction, marketing. Associated sectors, with complementary demand, include transportation, communication... Even a brief listing indicates how difficult it is to distinguish tourism's use of any of these complementary activities from other

types of demand. The final number can be as big or as small as a researcher or lobbyist may want.

One important aspect of any industry is its vulnerability to fluctuations, including seasonal outside events (war or weather), or changes in the composition of demand. Tourism is seen as particularly sensitive.

As with any sector, there are a variety of methods of looking at its contribution to an economy or to development. There are the direct effects (on investment, employment, income...); the multiplier effects of spending in this sector on the economy as a whole; the sectoral external effects, through supplying, or creating demand for the output of other sectors. It uses and influences the supply of training, credit, and other factors of production. There may be effects from the evolution of the industry, as it may move into new areas, 'upgrade', or respond to new needs, thus creating new effects of each of these types. Sections 3 and 4 will look at how economic theory or other analysis can suggest what effects to look for, in particular whether there are essential differences between tourism and other goods or services. It is important to be aware of what alternative is being explicitly or implicitly assumed for tourism.

Tourism's growth is a major reason for looking at it as a promising industry for developing countries trying to find competitive industries. Section 5 will therefore look at trends, and consider what might influence the future growth and composition of demand for tourism.

'Tourism' as defined by the World Tourism Organization (WTO, to distinguish it from WTO, the World Trade Organization) is a stay of at least one night, but less than a year, away from one's 'normal environment', and thus includes business, conference, and other types of non-leisure travel, but not all forms of leisure or discretionary travel, for example not day trips or retirement to another country. This paper must use the WTO definition in looking at the data, but will look also at the evidence on actual and potential related services. While business travel will respond to some factors which are different from those driving leisure travel, it is not entirely independent of them, in particular in its dependence on the same infrastructure. Within the conventional understanding of tourism, as leisure trips of days or weeks, there are a range of possible activities, with potentially different

impacts on the country by creating different demands on it: these can be classified as beach, sport, wildlife, ecotourism, 'cultural tourism', special interest, shopping... and countries normally can supply (immediately or with investment) a range of these. Other distinctions possible are between 'high quality' (in the sense of high spending tourists) and low or between 'high impact' (in either the sense of integrated into the non-tourism activities of the country or in the specifically environmental sense) and low. Some countries take an interest in trying to promote particular types. But it is important to note that much of the basic infrastructure of all these (accommodation, food, and travel) and therefore a high proportion of the effects, is constant. These different types of tourism will be discussed in section 6.

Section 7 will look in more detail at how tourism has affected the economies, income, employment, and particular sectors in the three countries, and section 8 will look at how the participants in the sector are organised. Sections 9 and 10 examine how national and international policies affect it, or are being used to influence it. The choices facing public and private decision-makers raise policy questions of short or long term strategies and the relative importance of tourism and other international objectives. There are incentives and barriers from the policies of trading-partner countries, although these may be less important than for goods. Increasingly there is multilateral regulation, while regional strategies are also emerging.

2. Quantifying tourism

All the definitions and all the data are subject to serious difficulties. This is partly because many more small purchasers are involved than in most goods trade. But there are also conceptual problems: services, including tourism, are not yet well established in the international regulatory system and vocabulary, and therefore the conventions and rules of thumb that govern many goods have not yet evolved. Are we interested in the activities of particular types of producer? The most limited definition of tourist services is that of the World Trade Organization (WTO), which included only hotels and restaurants, travel agencies and guides (WTO, 1998, Tourism). This definition, based on producing sectors, is designed to cover services provided internationally which may be regulated (and therefore which need to come under the General Agreement on Services) and which are not included in other categories. While these are a major component of tourism, and for some purposes the question of what is regulated internationally will be important, it clearly excludes a great many activities which are commonly purchased or used by 'tourists' and includes some (restaurant meals or hotel conference facilities for non-visitors, for example) which are not. An alternative approach is to measure the activities of particular types of people. This is the basis of the WTO definition, of spending by people away from their homes. It corresponds to the normal balance of payments definition, of spending by tourists, and to what is measured by most national surveys of tourists. This suggests that a study of tourism is more an analysis of a particular type of demand and the various possible supply responses than a 'sectoral' study in the normal sense.

The advantage of looking at the output of specific industries is that normal industrial surveys, tax returns, or other national data can supply the values. For spending by tourists, the only sources available are exit surveys of visitors, and even these are not available for domestic tourists. These are affected by poor recall, deliberate understatement in any situation of exchange control or black markets, and the absence of any strong interest by the tourist or surveyor in ensuring accuracy.¹ (Import data are usually more reliable than exports where there are tariffs: these offer an incentive to

¹ In Zimbabwe, it is supplemented by estimates from amounts of money changed, but this will fail to pick up credit card spending and bank withdrawals. (It also produces the result, when used to estimate spending by nationality, of a very high apparent spending by US tourists because of the amount of dollars changed.)

customs officers to be accurate.) This makes any measurements of value highly speculative.

If we are studying 'spending or activity by tourists', not just 'production in the hotel and other tourism sectors', we need to know absolute numbers of tourists, not just estimates of spending, partly because for many supplier industries information on numbers will be the only firm information on which to base estimates of tourism's impact, but also because concern about the environmental and other non-economic impact is often based on the quantity of tourists, not the value of services. We also need to know from which countries they come, because surveys show that different nationalities behave differently in the case study countries and because demand may grow at different rates. It seems less useful, however, to distinguish by types of travel (business, holiday, visiting friends and relations, etc.). All stress the importance of multiple purpose visits, and data on purpose come entirely from the replies of visitors filling in immigration forms (none of these countries requires visas from its major sources of tourism). The data thus rely on self-classification, not classification by a customs officer as in the case of goods. A major growth area, incentive travel, falls between business and leisure in terms of degree of choice, while the category 'visiting friends and relatives' is likely to coexist with one of the others. According to the official data, most stays in all three countries are holiday. Only South Africa collects data on domestic tourism, and that only covers leisure tourism.

The world industry

The World Travel and Tourism Council has estimated that 'tourism and general travel' are 11% of world GDP (WTO 1998, Tourism), and this is the number most frequently quoted. Table 2.1, however, suggests that the value of exports of tourism services is about 6-7% of total exports of goods and services. It has risen from about 4% in 1980, to 5% in 1990 and 6% in 1995. This confirms that it is one of the major world exports, but the higher figure, of 11% of world GDP, depends on the inclusion of indirect and associated effects. Other commodities which are treated as important in world trade or output are much more differentiated, so that comparing such a broad classification as tourism to others is necessarily arbitrary. The highest shares for goods at the 3 digit SITC level are about 4%: cars and petroleum; if we take all motor vehicles and petroleum plus

refined petroleum, these rise to 7% and 6%. An analogy with the broader definitions of tourism might be then to add the two together, as transport services. Alternatively, all machinery and transport (SITC 7) would be about 30%.

Tourism's growth rates have been similar, in size and changes over time, to those of manufactured trade. It grew very rapidly in the 1950s and 1960s, but slowed in the 1970s to 6%, and the 1980s to 5% and the 1990s to 4%. These numbers are greater than the growth of world output, so that the share is rising, but no longer spectacularly so. Given its composition, as partly business, partly leisure, it is not surprising that it should keep pace with other types of spending, with an implied elasticity of greater than 1, but probably now less than 2. Unlike manufactures, however, the period of greatest growth preceded the periods of greatest liberalisation, at least of foreign exchange controls. It is perhaps surprising that the main liberalisation by the European countries in the 1970s and 1980s was not accompanied by an increase in the rate of growth of world tourism.

Tourism is, however, particularly important for developing countries which are estimated to have a surplus on current account from tourism of US \$ 23.5 billion (in 1995, up from \$6.2 billion in 1985) (WTO 1998 Tourism). It is also important because, unlike other major commodities, or even major sectors, it is a principal export (in the top 5) for 83% of countries, and the principal export for a third of developing countries (WTO 1998 Tourism). Like manufactures, it is in principle exportable by any country; it is not dependent on particular natural endowments, like mining or agriculture. As with any commodity, it is dominant only in the economies of small countries: all the 25 countries with the highest share of tourism in GNP are small islands (not including Mauritius) (WTO Tourism 1998).

For Africa, the very rapid growth started later than for the total, with averages of 12% in the 1960s and 1970s. These do correspond to the periods of European exchange liberalisation, and Europe is the main source of tourists for Africa. There has, however, also been a slowing since, to 7% in the 1980s and 6.5% in the 1990s. These rates of growth are, however, more important for Africa in the context of its slow growth in other exports and output than for other areas which have seen rapid growth in manufactured exports. In 1980, tourism was only 2% of African exports of goods and services (less than half the world average). By 1995, it had almost caught up (5.6 % compared to

6.5% for the world), and in 1998 for the first time the importance for Africa was slightly greater than that for the world on average (both were about 7%). Africa's share in the total volume remains low, but it doubled from 1.5% in 1970s to 3% in the late 1980s, and is now 4%. In value, however, the share has hardly changed, remaining around 2%. This striking difference suggests a much lower value per tourist, but it could also reflect a greater impact from the incentives to underdeclare mentioned above (African countries still have exchange controls). The question is whether it can continue to increase its share of output and trade or whether its growth will also slow to the plateau of about 4% found in the rest of the world.

Mauritius, South Africa and Zimbabwe

In all three countries examined here, tourism has been growing faster than the world or African averages, although for Mauritius the rapid growth was in the 1980s, in line with the African trend, while for South Africa and Zimbabwe the most rapid rises were in the 1990s. For South Africa, the change in regime in 1994 makes it unlikely that a trend has been established. Tourism was held back by sanctions before that. Not only did some travellers choose not to go, but promotion by South Africa was severely restricted by the closing of tourist offices abroad (Cassim, 1993). Domestic tourism was also held back by the laws restricting the movement and use of services by the majority of the population. Since then it has been stimulated by both previously held-back demand and curiosity about the new regime; it can only now be approaching some 'normal' pattern. After growing at about the world average in the 1970s, tourism grew only 4% in the 1980s, before growing at 25% a year in the 1990s, with the highest rates at the beginning of the period (when political liberalisation began). The result of the South African recovery was that South Africa's share in total tourists to Africa rose from 6-7% in the late 1980s to about a quarter by the mid-1990s.

Mauritius followed the general African pattern of rapid growth in the 1980s, then slowed to a rate of about 8% in the 1990s. The rates were well above the average in both periods. Zimbabwe like South Africa had an increase to very rapid growth in the 1990s, of about 14% after 9.6% in the 1980s. The rate was, however, slowing in 1997 and probably 1998, so that the government target of more than doubling to 3.6 million in 2000 now looks very optimistic. Total tourism in South Africa

is about 6 million arrivals, Zimbabwe about 1.5, and Mauritius about 0.5 million.

Tourism's share in South African goods and services was similar to the African average in 1980s, but this fell back until the early 1990s, to recover sharply from 1990 to 1997, to 7%. For Zimbabwe, there was a similar pattern; although it was higher than South Africa in 1995, it may have fallen back since then. For Mauritius, tourism has been at least 10% of export revenue since 1980, rising to 18% by 1995.

Satellite accounts

To measure the total impact of tourism, the WToO supports the use of tourism satellite national accounts (TSA). These add to total tourism spending (domestic and foreign tourists, leisure and business travellers) spending by the government which can be held to support tourism (on park or museum services and also on customs and immigration) and the investment necessary to support this. This gives what it calls the travel and tourism *industry*. It then uses input-output tables to identify the inputs of other sectors, and this indirect impact plus the direct impact gives what it calls the travel and tourism *economy*. For each of these, employment effects can be estimated. It is the tourism economy figure which is 11% of world GDP; the figure for the tourism industry component is 4.4 % (table 2.2). The comment of the Secretary General of the WToO that 'the most important use of the TSA is as a lobbying tool for the public and private sectors to improve the image and stature of the industry and expand the influence that tourism has with government policymakers' (WToO, News, 8/3/99) and the fact that satellite accounts are frequently supported as means of increasing awareness of the importance of the industry suggests that the values found should be treated with caution. The weak basic data source (the spending surveys) and the number of assumptions necessary to estimate even the direct effects (the share of government spending or capital expenditure which is attributable to tourism, for example), as well as the unreliability of the input-output and employment estimates required to reach the final stages are also reasons why we will not rely on these figures.²

² They are presented only as roughly calculated estimates. The South African publication giving the WTTC

For Africa, the figure for the direct effects is similar to the world, at 4%, but the total effect is estimated to be lower at 9%, because of higher imports, although this does not seem to hold for sub-Saharan Africa.³ It is notable that in spite of the presumption in much of the discussion of tourism that it is a labour intensive industry, for the world and for Africa, for both direct and indirect effects, the share in employment is lower than the share in output. (This is discussed further in Section 3.)

For South Africa, the figures are similar to those for Africa, suggesting that it is less dependent than the world average on tourism. For Zimbabwe, they are slightly higher, while for Mauritius, it is a major sector and employer; Mauritius is more like the Caribbean than the rest of Africa.

Capacity

Given the nebulous definition of what tourism is, the concept of ‘capacity’ is necessarily vague. An obvious constraint is accommodation, so one measure is hotel rooms, but in all three countries there are difficulties because of exclusions (all make distinctions among hotels, lodges, and bed-and-breakfasts, which are probably much less understood or relevant to visitors than to the planners, and there are unofficial and unrecorded establishments), and because of seasonality: occupancy rates vary during the year.

Mauritius has had a series of government policies (not always implemented) to restrict total or specific types of capacity. The first was after the initial rapid growth, in 1987, when it decided to restrict capacity. As table 2.3 shows, there was a stop in the growth of capacity then, and when growth resumed in 1990, it was a slower pace. South Africa and Zimbabwe show little change, but there was surge in hotel building in South Africa from 1997 when the rise in visitors appeared. For

results (WTTC, South Africa, 1998) is inconsistent between text and tables, and with the general WTTC publication.

³ Earlier estimates by the WTOO gave higher figures for Africa, with tourism at about 11% of output (for all years from 1988 to 1995), and 11-12% of employment.

all three (see section 6) there is increasing use of smaller hotels, with different official designations, which means that the number of 'hotel' beds or rooms is becoming a decreasingly reliable indicator of actual capacity.

Length of stay

An interesting difference among the countries is the average length of stay. All are 'long-haul' destinations for their major markets, where short (weekend break or short conference) visits would be expected to be unusual, but while South Africa and Mauritius have exceptionally long average stays: 16 days in South Africa and 10 in Mauritius, for Zimbabwe, the length is now about 5 days. All the countries have seen falls since the 1980s, in line with world trends. South Africa has suffered a very large fall from averages between 25 and 28 in the late 1980s and early 1990s (when business and visiting friends and relatives were more important than casual tourism), clearly indicating the change in the nature of tourism there since the change in regime (table 2.3). Zimbabwe also saw a sharp fall, but from 11 in 1980 to 6 in the early 1990s, i.e. from a normal stay of 2 weeks to 1 week. This is also attributed by Zimbabwe officials to a falling share of visiting friends (EIU Zimbabwe 1997 p. 86) but it could be a change within 'normal' holiday periods (unlike the fall from the very long South African periods). If so, this suggests that Zimbabwe is now seen as a second country, to be included in a longer visit to other countries in the region. For South Africa, and if relevant for Zimbabwe, the explanation that the share of discretionary visits in the total is rising is a promising sign for the future. The data for Mauritius suggest that after a long period of stability around 11-12 days, there is now some fall. This is affecting both European and African tourists.

As these data include all types of visitor, including short stay business and (for the land countries) visits from near neighbours, the South African and Mauritian data, at least, suggest a large number of very long stays (3 weeks and more). As this exceeds the average holiday in North America, it may be in part because of the reliance on European visitors. It goes against the world trend, which is of more and shorter visits, for both holidays and business, as travel becomes easier, faster and cheaper and incomes rise. The Mauritian stays in the early 1990s were longer than for its perceived competitor, the Caribbean: Barbados 10.6, Jamaica: 10.9; St Lucia 10.7 (Cleverdon Steer, 1992).

The long stays make the apparent low average spending calculated by the WTOO for African countries seem surprising.

Sources of visitors

For the world as a whole, the principal sources of tourist spending are Europe (mainly Germany and the UK) followed by North America (table 2.4). For Africa, the order is the same, but the principal source of arrivals (by numbers) is other African countries. For both South Africa and Zimbabwe, these dominate the numbers. For Mauritius the figure for Africa is lower and falling.

Mauritius has received a substantial proportion of its visitors from Europe since the 1980s. The share has increased rapidly since the early 1990s, passing 50% in 1993 and reaching 60% in 1997. This is mainly because of a large increase from (metropolitan) France, which replaced Réunion as the principal source in 1994. France plus Réunion, which is legally part of France, has remained over 40%, a very high dependence on one partner. The South African share has fallen sharply since the late 1980s. Nevertheless, Mauritius' dependence on the EU is less for tourism than for goods (table 2.5): three quarters of its goods go there, compared to 60% as a source of tourists. If we look at goods, this also reduces its dependence on France, because most goods go to the UK. For goods and tourism, Asia is more important than North America, but both are very small.

Until the early 1990s, South African tourism was also the dominant source for Zimbabwe. There, European tourism has also been increasing, although still only to about a sixth of the total, about half from the UK. Europe takes about a third of Zimbabwe's exports, again with the UK as the major market, while Africa is much less important. It is probable that a comparison of spending rather than numbers would make the tourism shares more like those of exports. While North America is small for goods as well, Asia is an important market.

South African data are distorted by the inclusion, then exclusion, of the former 'independent' African parts of South Africa. It has about the same pattern as Zimbabwe, although it is less dependent on the UK. The increase in the 1990s has been mainly in non-African tourists, and more in the non-

European than the European, but has not greatly affected the distribution among European countries. The similarity to Zimbabwe extends to its export markets for goods, with the EU again taking about a third, mainly to the UK, and Asia much more important than it is for tourists. Tourism may thus diversify all three countries' exports relative to the base for goods.

While diversification has the usual advantages of protecting countries from vulnerability to fluctuations and of increasing the potential market, there are costs for a small exporter in supplying a large number of nationalities, partly because of the language requirements, but other tastes (food, type of activity, type of hotel) are also different. Mauritius has deliberately required the construction of the type of hotel it thinks European visitors prefer; the other countries have responded to existing markets and local tastes. There are, therefore, costs of diversification, which are particularly high for small markets. In addition, all the destinations are dependent on air transport. This has two difficulties. Because of the regulation of routes and the monopolies of airlines, each additional service must be negotiated. Prohibitions on carrying passengers between foreign countries mean that a service must meet costs from a restricted market (passengers between the specific two countries), in an industry where the costs of small flows are prohibitive but those of mass transport are low.⁴ For European countries, new tourist sources are brought in by linking flights to existing sources. While this makes the destination less accessible to the new countries, these are normally small countries for which other long-haul destinations pose similar difficulties, so this does not reduce the African countries' competitiveness with other destinations. It is more difficult to encourage completely new sources, such as North America or Asia. Not only are there fewer possible links, but these countries have easier-to-reach destinations available.

While all the countries in principle support looking for new markets, in practice this tends to be hesitant, with promotion activities concentrated in existing major sources. The changes which have occurred have either been among existing sources (as in the change from Réunion to metropolitan France by Mauritius) or for external reasons (the change in political regime in South Africa, although

⁴ A one or two flight a week destination can be substantially more expensive per passenger than a more regular one: Singapore airlines has two flights a week to Mauritius, which meets the capacity requirements, but this imposes high crew stopover costs.

even that mainly produced a change among existing sources).

South Africa has important advantages. Its market is not only large, in absolute terms, but very important relative to its neighbours. This and its long-established air (and sea) routes give it a position as hub for the region, so it can attract visitors with a motive for visiting any of the countries in Southern Africa. It also has the geographic advantage of being on the route from far Eastern and Australasian to Latin American destinations, so it benefits from increases in travel to Asia. Nevertheless, its explicit strategy (SATOUR Strategy 1997, p. 6) is to focus first on markets with 'a strong existing demand', then on 'emerging demand', and only last on new markets. North American and Asian visitors have been slower to respond to the change in South Africa than European, and their shares are still lower than they were in the 1980s.

Zimbabwe has fewer connections (and the number diminished with the change in regime in South Africa, as airlines returned to serving South Africa). As well as its connections to other African countries, it is served by Austrian Airways, British Airways, KLM, Lufthansa, Swissair, and Qantas. It has refused to give foreign airlines the right to take passengers to third countries, and this has stopped some from making it an extra stop to or from Johannesburg. But as it is often a second destination with South Africa, effectively it has access to all areas through South Africa.

Mauritius in contrast to both South Africa and Zimbabwe has a very small total number of tourist places to offer and its type of holiday (predominantly beach based) is in direct competition with types available nearer to either North America (the Caribbean) or the Asian markets (South East Asia). Like Zimbabwe it is served by six non-African airlines: British Airways, Air France, Air Europe (Italian), Air India, Malaysian Air, and Singapore Air. The share of arrivals from India and the Far East remains low, although there was a temporary rise from Asia in 1990-1. There was a period of heavy promotion in Asia between 1990 and 1995, but this followed (and responded to) the increase; it was not an exogenous initiative. Although the tour companies deal with all nationalities in Mauritius, the hotels tend to specialise by nationality.

Risks

A risk of being highly dependent on one commodity export is vulnerability to fluctuations not under the control of an individual exporter. These can be changes in supply or demand in the rest of the world or, for commodities dependent on natural conditions (agriculture, for example), changes within the country. There are also the difficulties for some crops of a pronounced annual cycle in income, imposing demands for working capital, etc. How does tourism compare with other commodities?

The total volume of tourism (table 2.1) has not fluctuated as much as even total world trade, and much less than the more unstable commodities. The major recent falls were in 1991 (attributed to uncertainty and the Gulf War, which may have particularly affected North American tourism demand) and in 1997-8, when a recession affected Asian demand in particular. It is notable that the growth in Africa has been much more erratic than in the world total, and that the major fluctuations have not corresponded closely to those for the world. Africa was not as seriously affected by the 1991 fall and showed no effect in 1997-8. Both of these examples of stability may reflect its greater dependence on Europe.

Except for South Africa's difficulties caused by sanctions in the late 1980s and Zimbabwe's fall in 1997, there have been no falls in tourist arrivals in these countries. Zimbabwe's fall was blamed by the Zimbabwe private sector on the political unrest, but demand remained sluggish in 1998. Zimbabwe and Mauritius saw declines in monthly arrival figures following the South African devaluation of 1998, suggesting that there will be at least temporary effects from that. Sinclair (1998) has found 'little evidence on the scale or effects of instability in tourism earnings' (p. 33). For some countries there were significant correlations with merchandise earnings (which was risky), but for others there were not.

The South African and Zimbabwean dependence on Africa appears large, but much of this is business or shopping tourism or regular visits which are less likely to be affected by international events. In both cases, dependence on Africa is spread among more than one country. Mauritius' dependence on Europe is more striking, and (unlike the others' patterns) is on the same area where its goods exports are concentrated. The pattern is, however, itself the result of a deliberate change

from reliance on the local market (South Africa and Réunion), and there is now a deliberate effort to diversify away from France, within Europe.

All three countries have a seasonal cycle in their tourism, but with two peaks, around Christmas and in the northern hemisphere summer. This makes them less vulnerable to strains than would a one peak agricultural cycle. For Mauritius, European arrivals appear to be less seasonal than other sources (Mauritius Handbook 1996).

Summary

Tourism is an important and growing sector, although perhaps less so than the most enthusiastic estimates. It is relatively stable in volume, and more diversified than the markets for goods for these countries. It therefore appears to be a relatively desirable sector for them to encourage.

3. The special benefits of tourism

The particular economic advantages cited for the tourism industry are that it has a high income elasticity, and therefore offers a relatively rapidly growing market; it is highly labour intensive, and much of that labour may be unskilled or needing only short, in-house training; it has linkages to a variety of other industries, and therefore potentially both a high multiplier effect on income and a diversifying effect on the economy; it can take different forms, using different inputs, and is therefore available to a wide range of countries (and regions within a country), and it can be used to move to more organisationally or technologically advanced forms of production; it faces relatively few government barriers (national or international).

Elasticity

Leisure tourism is clearly a discretionary consumption item which would be expected to have high income elasticity. Business visits are likely to be correlated with growth in other sectors, some of which will be high elasticity, and are perhaps more likely in new or changing sectors. The relatively rapid growth rate observed for total tourism (and for tourism in the countries examined) supports the high elasticity argument, although overall the growth rate is not much greater than that for all trade in manufactures. Tourism may be expected to be 'better' than traditional commodities, but not necessarily better than new manufactures.

Labour

The personal service and government service components of tourism can be expected to be relatively labour intensive, at least compared to most manufacturing, but the inclusion of a variety of other components makes the outcome less certain. A comparison of the tourism satellite accounts with those done for other industries supports the general rule that it is more labour intensive, but with qualifications. Table 3.1 compares labour intensity in tourism to other sectors of the economy for a range of developing countries. It is always higher than in manufacturing or than the average for all non-agricultural production, but it is less than for agriculture. Its relation to the economy as a whole

therefore depends on the relative weights of agriculture and manufacturing: this suggests that it is more likely to be among the most labour intensive sectors of the economy in more developed countries, and that any comparison must make it clear what the alternative sector available to a country is.

Where there is a supply of low cost labour and the conditions for 'natural-resource' tourism, it can be expected that a country will move more into tourism than (other things being equal) manufactures or other services (Hoekman, Karsenty 1990, p. 4). But the large variety of services and of types of tourism means that developing countries will not necessarily have an advantage (Hoekman, Karsenty 1990, p. 14). All three countries have low levels of education compared to developed countries, but high by African standards and low levels of arable land, suggesting that they have more of an advantage in manufactures or other non-agricultural exports than the average (Wood, Meyer, 1998), and this may indicate that they have a comparative advantage in tourism.

Data on the hotel sector show that it is more labour intensive in lower labour cost countries, and that it is particularly labour intensive in Africa (3.3 employees per room, compared to 0.5 for Europe, 1.7 for Asia). South Asia is the same as Africa (WTOO).

Linkages

The way in which the scope of the tourism sector is defined will affect analysis of whether it has major linkages. Some of the conventionally specified linkages, for example to local activities, including entertainment and production of goods for shopping, or local production of inputs to hotels or restaurants; and the government, transportation, communication, and other services needed for tourism, with the capital inputs to all of these, can be included in a broad definition of the tourism sector, such as that used for the satellite accounts. There is a risk of exaggerating or double counting if we use the broad estimates of tourism activity with the conventional analysis of the extent of linkages. Qualitatively, it is of interest to examine the types of activity which grow in association with tourism, whether one calls this indirect tourism or linked sectors. The corollary of the difficulties of defining the scope of tourism is that the potential number of activities that can be associated is

extremely large, offering countries with different resources a wide range of possible ways in which to evolve.

Creatable and upgradable

The large number of countries for which tourism receipts are important is evidence that it is a much less demanding sector in terms of initial conditions than many other commodities available to developing countries. In particular it is more widespread than most agricultural goods, which are its superior in labour intensity. It appears to be more like manufactures, where comparative advantage can be created through a combination of identifying a possible product and creating a specialised demand. Potentially, this can be done either in response to existing resource availability (to use underused natural resources and labour) or as part of a strategy to stimulate the demand for, and therefore the supply of, desired resources (better trained labour, more diversified enterprises). Industries can upgrade by improving efficiency, and perhaps improving education or training to offer better services (or lower cost); by diversifying markets, to reduce risk; by finding new products, either to move into more value added production or to take advantage of more rapidly growing demand; or by moving into new countries to exploit their acquired skills. These paths have different requirements in the type of new skills required, but all require increased managerial skills. Tourism's presence in countries at all development levels and offering a wide range of products suggest that it is a sector with the potential to evolve to meet or create new conditions, and thus potentially follow any of these paths. Companies in developing countries can upgrade in these ways either in response to demands by their markets in developed countries or on their own initiative, to preserve or expand their market power. It is necessary to examine the structure of the industry to determine which is happening, but where companies move into new countries (as both Mauritian and South African tourism companies have done), this is likely to be an independent decision, not a response.

Unrestricted

Because tourism does not face tariffs or quotas, it appears uncontrolled to those accustomed to analysing trade in goods. Tourism services are now rarely controlled through foreign exchange

controls in the developed countries, although the African tourists who are a major part of the market for South Africa and Zimbabwe still face controls. Such controls normally affect the volume, not the composition of services supplied. This makes them not directly comparable to a quota (which is specific to a good) but possibly to a uniform import tariff, if all tourism is considered a single product. Using this analogy, countries face open markets in developed countries, but tariffs in developing.

There are controls on many of the components of tourism, including restrictions on construction or on the type of hotels or restaurants provided; restrictions on flights and other transport; health and safety rules. It is therefore not clear that relative freedom from constraints is really an attribute of tourism, especially in developing countries where these may be large elements of the total tourism spending and where other goods may be less regulated than in developed. There are low barriers to entry at the more informal end, including direct sales and services to services and even small accommodation or food providers, but it is necessary to consider how large these are in the total before concluding that ease of entry characterises the sector as a whole.

It is immediately evident in any analysis of tourism, even by private consultants or actors, that it is taken for granted that the government has and should have a plan for tourism, for its growth, distribution in activities or geographically, and for its 'quality'. Although it may be merged with other sectors, there is a ministry of tourism in all these countries. The fact that it involves cross border movement by natural (and legal) persons means that it falls in an area which is always regulated by governments.

4. The special costs of tourism

Tourism is considered particularly likely to have high costs or limited benefits for developing countries because of the high involvement of large, multinational companies; damaging effects on the environment; effects on the local population through the presence of tourists; competition with local use of tourist resources; and more generally through the uncertainty and difficult-to-control nature of a service compared to a good.

Multinationals and large companies

If a sector is organised in large companies, this may produce an unequal distribution of the income (profits or rents may be high relative to returns to labour), and if the companies are foreign, they may take the income abroad, reducing the multiplier in the country. There are certainly large companies involved in the travel industry, including airlines, hotels, and travel agencies, but except for the first, these are normally less large and foreign than they appear. Most hotels operating in more than one country do so through franchise or other shared ownership or management arrangements, so that both the employment and the national income effects need to be examined against the particular circumstances. International tour companies normally work with local travel agencies, which are nationally owned in Mauritius, South Africa and Zimbabwe, so that again the actual distribution of both decisions and income needs to be examined.

Environment and culture

Any economic activity will have an impact on the environment, and both the construction and increased concentration of people which are normally associated with tourism are potentially damaging. On the other hand, some types of tourism (unlike other activities) are specifically intended to use the existing environment as an attraction (whether beaches or wild animals). This can be an inbuilt restraint, although the actual form of the attraction which is wanted by visitors may not be the natural form (beaches may be cleared of natural obstructions or plants, like seaweed or rocks; wild animals may be concentrated in the most accessible rather than the most natural place). Tourism

may, however, encourage control or counteraction of environmental damage from other activities (the impact of sewage on water quality or coral reefs, for example).⁵ If its growth is also vulnerable to environmental damage, this can be a strong influence on planning.

Tourism should not (particularly in a rapidly developing country) be compared with doing nothing, but normally with a different economic activity or a tourism activity of a different type in a different place. If there is damage, it must be measured against the alternative, either through market mechanisms or through public assessment and regulation. Market mechanisms raise questions of full information and income distribution. The use of public controls will conflict with the perceived advantage of tourism as unregulated, but it is consistent with the normal treatment of services (see below). More relevant to a developing country is the question of whether a desired regulatory regime will be administratively achievable. If it is not, then the question becomes whether unregulated tourism or unregulated pursuit of the alternative activity is more likely to be damaging, and this cannot be given a general answer. Box 4.1 summarises some of the possible elements.

⁵The Mauritius White Paper on Tourism (1988, p. 5) cited 'positive aspects which are not always highlighted: ..protection...of ancient towns and cultural or historical monuments. (Abu Simbel, Delphi...);...reforestation of large areas of land...; creativity (architecture, planning, music, film-making etc.); various forms of entertainments, in fostering contacts with others; ...created green spaces and parks; it re-introduces nature into towns...; it has protected the flora (Ile aux cerfs, Ilot Mangénie) and fauna of uninhabited islets; it enhances the value of free time...; it helps to maintain social contacts, health and physical culture activities and is concerned for ecological conservation; in short it helps to create *the civilized man*.'

Box 4.1 Summary of environmental impacts of tourism in developing countries

Positive impacts

Ecological impacts

Ecosystem protection from encroachment by other economic activities
Finance for conservation and research
Public education and understanding of ecological issues, eg biodiversity, energy conservation

Social and cultural impacts

Increased international understanding and tolerance of different customs
Breakdown of language barriers
Tourism-related tax receipts finance improvements in health and education services
Infrastructural investment benefits both host population and tourists (water and sewage, roads and public transport)
Liberalisation of local customs, jobs and socio-economic empowerment of women and marginalised communities
Emergence of new entrepreneurial class
Opportunities to acquire tourism-related skills: hotel service and catering, game tracking, guiding, construction and maintenance
Identification and development of sites and activities with tourist appeal, cooperation in planning multiple destination or multiple activity programmes, eg La Ruta Maya, Mekong River regional tourism project
Encouragement of local arts and crafts
Appreciation of the value of the cultural heritage leading to concern for protection and maintenance and cause for national pride
Adaptation/revival of local building and architectural traditions
Spatial planning regulations to ensure equitable distribution of land

Political impacts

Tourism can play an important stick and carrot role, encouraging the liberalisation of restrictive and oppressive regimes
Political empowerment of host communities, including minorities
Political and financial support from industrialised countries, multilateral aid organisations and NGOs for tourism development
Positive international media coverage

Negative impacts

Marine and terrestrial habitat degradation
Pollution (water, land and air)
Disturbance of biotic communities
Damage to terrestrial and marine flora and fauna
Contribution to worldwide environmental problems, eg climate change particularly from aircraft engine emissions and other forms of transport

Commercialisation of traditional welcome and hospitality customs
Damage to family structures and subsistence food production
Increase in prostitution and crime (including child prostitution and drug-related)
Land speculation in tourism development areas enriches some, impoverishes others
Growing resentment between groups 'included' in the tourism process and those excluded from it
Open antagonism and crime specifically directed at tourists
Loss of cultural authenticity: airport art, vulgarisation of traditional crafts, staged events, Disneyfication
Overcrowding and damage to archeological and historical sites and monuments
Inappropriate buildings and construction methods
Abuse of planning procedures by powerful political and financial national elites and foreign investors; corruption of local authorities
Globalisation of health risks, eg AIDS, malaria, hepatitis and influenza
Displacement of local people to make way for nature reserves, or to 'clear' historical sites
Incentives for emigration and urbanisation, children offered to tourists for adoption and what is perceived to be a better life in the industrialised world

Tourism present and future used as a bargaining counter in labour disputes and political confrontations, eg hotel workers' strikes, guerrilla attacks and kidnappings
New forms of colonialism based on externally imposed conservation programmes and foreign-financed investment priorities
Media and NGO criticisms of tourism-related corruption and abuses of power

Source: 'Environmental impacts of tourism in developing countries', *Travel & Tourism Analyst* No. 2 1996

Tourism is criticised for altering the 'culture' of the country where it takes place. Where this means that it increases employment or changes its composition, it is comparable to the effect of any other industry, and, as is usual, it can be assumed that those who choose to be employed prefer it either to unemployment or to their previous employment. Where it refers to the presence of foreign people, bringing different activities and a higher concentration of people, then it is a national, rather than an individual choice: as visa rules are still not subject to international controls (except within the EU), it must be assumed either that the changes are welcome (all cultures do change, and the increase in choice from an increase in information is part of development) or that the costs are considered less than the benefits. Unlike environmental effects, such changes are not irreversible; both absence of tourists and culture are renewable resources. OECD (Services 1989, p. 65) argues that balanced tourism requires 'preserving that culture's integrity', and a Mauritius plan (Tourism Plan 1992) wanted to 'avoid conflicts with the norms and values of the local population', but culture is not a static or closed phenomenon, to be 'preserved' from change or outside contacts.

In African developing countries, there is the additional aspect that tourists are (mainly) white and non-tourists black. Where there are domestic conflicts for resources or *de facto* or *de jure* preferences for non-blacks, the presence of tourists may strain relations in the country.

Carrying capacity

The two potential problems, environment and culture, have given rise to the concept of the 'carrying capacity' of a country for tourism, based on an analogy with the capacity of a given grazing area to support a quantity of animals. It assumes, and attempts to identify, an absolute limit beyond which tourism damages non-replaceable resources, environmental or in the population, rather than a gradient of choice between costs and benefits (Travel and Tourism Intelligence, 1996, p. 78). It is interpreted as requiring precise calculations of acceptable numbers of tourists. But sufficiently high income benefits from tourism may offset reversible environmental or cultural costs; familiarity with tourism may alter attitudes; and action can be taken to mitigate environmental effects (Dogsé, 1999). The problem is to reconcile the goals of a maximum impact on income and people's opportunities and a minimum impact on existing environment and desired habits. A more flexible definition

(UNEP, Tourism Focus 1997) is that carrying capacity is 'a threshold beyond which you should not go without further planning'. This implies the use of rough estimates of the effect of current practices and volumes on the environment, then identifying an acceptable limit, after which either the volume or the activities will be adjusted.

The difficulty with any definition is that there may be various limits: different environmental factors, different populations, or different perceptions of effects. This is one difference from animal/land ratios. A similarity, however, which makes the concept difficult for either animals or tourism (van Reit, 1998) is that both animals and tourists 'are gregarious by nature, and irrespective of the space available, tend to congregate in certain places....People, like animals follow recognisable patterns of movement..., although the factors determining human movement are more complex'. Either a static or an adjustable definition must assume that the government has the power and the competence to make and implement such decisions.

Competition for access

Although much discussion of tourism in developing countries assumes that it is entirely foreign, in South Africa most is domestic and in Mauritius, while domestic 'tourism' in the sense of nights away from home is rare, because of the small size, the use of the same facilities as tourists, both hotels or beaches, is becoming increasingly important. There is therefore the possibility that tourists will reduce the availability or increase the price of services to the national consumers. This is not, however, a special feature of tourism. Particularly for a specialised product (like tourism in a particular place), it is normal for an opening to international trade to increase demand, and therefore raise the domestic price, benefiting the producers relative to other sectors or to consumers.

Services

Services are different from goods in that markets may be less efficient because there are problems of information (knowing or testing a service before using it is less possible than for a good), the impossibility of storage (the relationship between demand and supply at a particular time can vary

much more), and the greater difficulty of relying on impersonal, arms-length markets. Personal services require direct contacts. In any service the element of trust is more necessary than in goods, that a service will be provided, at the agreed quality, perhaps on a continuing basis. The nature and reputation of the provider are therefore more important than for a good. It is for these reasons that services are more likely to be regulated by all national governments than most goods. For some, such as health or financial services, there are additional motives of public interest in good provision, but the long-standing regulation (or public provision) of transport and communications services in all developed countries shows that the special nature of services has been recognised. Tourism is less regulated than many other services, in particular than transport to which it is closely related. While the uncertainties are as great, the consequences of poor performance are perhaps considered less serious than where there are financial or health or safety consequences, or simply risks of disruption to transport. (An interesting exception is growing regulation of tourism services within the European Union, whether because the share of tourism and travel expenditure there has increased sufficiently for the risks of disruption to have major financial consequences or because the activity is given greater priority.)

Benefits and costs of tourism

Tourism shares many of its attributes with traded goods, and the analysis developed for these should offer an adequate approach. Where there appear to be differences, their size must be examined empirically; the characteristics of tourism are not likely to be different in kind from the effects found from some types of production of good. There are some basic differences in the conditions of production of services, and these may need special treatment.

5. The prospects for tourism

The future demand for tourism in any particular country will depend not only on its own actions and natural conditions, but on the total growth in demand for leisure activities, the role of tourism and existing or prospective substitutes within this, and the relative growth in demand from different countries.

Growth in demand

The World Travel and Tourism Council forecast for medium term growth (to 2010) is 4.1% a year (Ashley, p. 35), only just above optimistic forecasts for world output, and below those for world trade. The current World Bank forecasts for 2000-2007 are 3.2% for output and 6.2% for trade (World Bank 1999). It is, however, in line with the 1990s growth rate in tourism of 4%. The second half of the 1990s saw slower growth than the 5.5% they had anticipated (Travel and Tourism 1996), but their forecast for the 2000-10 period remains the same. The World Tourism Organization has a slightly higher forecast of 4.3% to 2020, with domestic tourism keeping pace with international (EC, *Courier*, May-June 1999), although it notes that growth slowed in the second half of the 1990s in all areas except South Asia, where it grew and the Middle East, which was steady (WTOO, Highlights 1999). Within this, it expects the share of long-haul tourism to rise from 18% to 24%, an implied growth of 5.8%. This could be consistent with Africa's recent growth, but with other long-haul areas slowing it would probably imply an increase for Africa (although the Secretary General of the WToO claimed also to be including space travel, which may affect both the share of terrestrial destinations and the credibility of the forecasts). The countries where growth was expected to be particularly strong were China as the 'number one' destination, and Russia, Hong Kong, Thailand, Singapore, Indonesia and South Africa. The surprising thing about these destinations is that they are all currently growing rapidly; it would be unusual not to have new destinations. To achieve these numbers, the share of the total population crossing borders would rise from 3.5% to 7%, thus implying a very rapid growth, but also that there is still room for further growth.

The WToO and WTTC do not explain how they obtain their projections. A examination of

estimated income elasticities (Sinclair 1998) found a wide variation, normally greater than 1, and ranging up to 5-6 for North American demand (Sinclair 1998, p. 5). Prices and exchange rates are also significant in most of these equations (these appear to be assumed constant in the WTOO projections, in spite of the recent large devaluations in East Asia, Brazil, and South Africa). Even estimations which include prices are criticised, however, because they are single sector equations, ignoring the allocation of expenditure between tourism and other goods and services and of time on tourism to other uses (Sinclair 1998 p. 8-9). A model that allows for substitution among destinations and long run effects found elasticities of around 2, but varying by source and destination. This looked only at established tourism sources, but could suggest that the currently accepted projections are low, and perhaps give too much weight to recent slow growth.

If we could divide tourism into the possible types found in some of the data: business, visiting friends and relations (VFR), holiday, shopping, etc., this might give more reliable projections, and ones which could be applied with more confidence to individual countries, but the industry bodies do not disaggregate. In principle, business travel should rise in line with either world trade or world investment (either would give about 6%); holiday and shopping both at a rate determined by but faster than, personal income, so at a rate greater than 3%, and possibly 6%; VFR, although much discussed in studies of African tourism and distinguished in the tourism data, seems to have the same characteristics as holiday travel.⁶ Alternatively, it could be considered like a staple commodity, with an elasticity of 1 or lower.

Another possible division is by age: in general the share of the old in most populations is likely to rise, and, at least in developed countries, these have become one of the most important sources of leisure tourists and revenue (long leisure periods and high incomes), while business travel also tends to increase with age. The trend does, however, have risks for the wedding and honeymoon market (which has been important to islands, including Mauritius), although some travel agents report that at least for Europeans on which Mauritius depends, second marriages are more likely to be exported

⁶ Except for a slightly more pronounced seasonal movement in South Africa and Mauritius, responding to Christmas and New Year.

than first. A Mauritius report (*Mauritius 2020*, 1998) also emphasised the growing incomes and education of women, increasing the young market. This trend might continue. There is also, however, particularly in the European and North American market, a trend toward more but shorter travel, militating against the long-haul market.

The assumption (for example, African Development Bank, 1993; Mauritius Tourism Plan 1992) is that long-haul tourism is a high-income, therefore luxury product, and Mauritius in particular also sees this as a desirable aim, and wants to preserve it (see section 6). While this is clearly not true for tourism to other long-haul destinations (India, South East Asia, and Australia, for example), it may be more true for Southern Africa because of the importance of expensive activities (sports, game viewing). The 1993 African Development Bank Report found slightly more expensive flights and hotels for Zimbabwe and Mauritius than for the average of other long-haul destinations, but much more expensive additional 'tours', at twice the level of Kenya, seven times the level in the Far East and ten times the level of the Caribbean. As these offer examples of countries at a similar distance and with comparable beach and game activities, the differentials are remarkable. This raises the question of whether this type of tourism will grow more or less than the average. It is probable that, as with other goods, the elasticity of demand is highest at a level below the highest income, an asymptotic curve.⁷ Unless there is an expectation that there will be changes in the distribution of income in the developed countries, if tourism to Africa is to increase at a rate faster than the growth of incomes, it will have to move to relatively lower income groups, even if their absolute level of income is as high or higher. This could mean a change in the type of activities promoted or the way in which they are organised.

Differences in growth

One change identifiable in the regional Asian and Latin American markets has been the growth in demand from the upper income developing countries, with the major East Asian countries already

⁷ The South African Tourism White Paper (1996) assumed that there are no diminishing returns from travel (p. 17): 'a holiday taken today does not reduce the demand for the holiday next year, next month or next weekend'. This seems a very optimistic assumption: that there is an infinite demand for holidays at the current price.

accounting for 9% of tourism spending (table 2.4), a level sufficiently important for their recession to have produced an effect on the total tourism figures in 1997-8. This increases the advantages of diversification. The WToO has forecast that while Asian demand will grow at about the average, North American would be below, and European slightly below average (*Mauritius* 2020, 1998). Africa is likely to grow above average. This puts all three countries at a slight disadvantage.

Within the African market (regional tourism is important in all areas, so it is likely to remain so for the African countries), South Africa's neighbours may have lost some share of South African tourism as the change in regime allowed South Africans to travel more widely, but this is expected to be counterbalanced by the increasing numbers of non-white South Africans travelling. They, however, may choose not to go to the traditional destinations.

Tourism and its substitutes

The good attribute of tourism, that it is an adaptable and creatable sector, makes it also vulnerable to new creations. As with the discussion of linkages, some substitutes for tourism can alternatively be considered distant parts of the sector. Most current close substitutes to the assumed traditional form, going to another country and doing nothing, also involve travel, often to the same place, but with different activities there: special interest holidays or sports, for example; others promote different places, with advantages in new activities. 'Created' attractions can mean creating a demand for an existing attraction (publicising a natural endowment), creating a demand for a new activity for which an existing, but underused, location is particularly appropriate (both summer sun and winter snow holidays are examples), and actually creating an attraction. This is, of course, a continuum, not three distinct mechanisms: an old attraction will need some modification; creating the activity of visiting local villages (now being encouraged by South Africa and Zimbabwe) has both required and stimulated alterations in the habits of the villagers.

But two of the newest forms of tourism need not involve travel to a specific country: special interest developments, like Disneylands or Sun City in South Africa, and 'all-inclusive' holidays, most highly developed in the Caribbean, but now also in West Africa, create a complete environment. In both of

these, the location is effectively detached from the surrounding country, with both the presence and the spending of tourists concentrated in a single establishment. While many are located in traditional tourist destinations (weather, transport infrastructure and low labour costs are important components of both traditional and manufactured tourism), there is no necessary reason for that location. As with specialised manufacturing, as the roles of natural inputs and mass labour costs diminish, it may be more efficient to locate production near the country of consumption rather than in a country with comparative advantage in production (computer chips and publishing offer examples of moving stages of production out and then back in). An alternative result, or an intermediate stage, could be that labour costs would become a much more important advantage (as they were in manufacturing in the 1970s and early 1980s), leading to speculation about a replica Venice in Bangladesh (Hughes, 1998). A more extreme version of 'packaged' travel would be simulations, not just of a flight, but of all the other components of a travel and tourism product. A greater importance for labour costs would help most developing countries, including South Africa and Zimbabwe, but more flexibility in location would be a threat to all existing suppliers, and particularly to long-haul providers.

Tourism is not necessarily immune to changes in taste. It has not always been part of consumption for all people, and the levelling of its recent growth may indicate that it has reached a plateau. It would be consistent with product cycle theory, although discouraging for developing countries, if they are becoming the mass producers of tourism just as the product reaches maturity and at best steady growth in demand. The fact that the higher income developing countries are developing a demand for tourism may place a level plateau as opposed to a growth plateau, at a distant point, but because tourism is a widely dispersed industry, any ceiling will limit the growth available to any one country.

Summary

The international forecasts for tourism appear to be simple projections based on past performance, and can be questioned as too high or too low by taking different forms of naïve projecting. The generally stable nature of tourism demand, however, suggests that the variations in different projections might not be as large or as sensitive to assumptions as in projections for other commodities; the probable growth rates are between 3% and 6%. The most worrying trends could

be in the long term if tourism ceases to be a 'luxury' good, with a high income elasticity, and becomes either a commodity good, with a unit elasticity, or an inferior out of fashion ex-consumption item, or if new forms of tourism move the activity back to developed (even home) countries.

6. Different forms of tourism

Countries or private decision-makers can have preferences among different types of production within a sector because they expect different aggregate results, and therefore levels of income; because the structures of production in different sectors are expected to lead to different distributions of income, whether by income group, area, or population group, and there are obstacles to redistribution, or because they expect different indirect effects on the economy. The first can normally be left to market forces (unless there are inefficiencies). The others may imply policy intervention. Indirect effects would include effects on suppliers or complementary sectors, and in the case of tourism the potential non-economic effects, for example on the environment, can also be important, and there may be expected long-term effects as well as immediate consequences. This section will look at the different types of tourism, and at the evidence on the direct effects and the non-economic effects. The next section will look at the evidence on the indirect effects. The assumption behind concern and analysis about which of different types of tourism is 'better', whether in terms of its effects on income or for other objectives, is that there is not an unlimited supply of tourism services in a country, whether for conventional reasons of constraints of labour or capital or because of the issues raised by the concept of 'carrying capacity'. There is also a view (because it is a service activity involving personal contacts) that some types cannot coexist so that there is a need to specialise.

Tourism can be classified according to a variety of criteria: by the principal activity; by the duration and relation to other countries (short stays as part of a multi-country trip or a single long stay); by its organisation, whether it is a fixed package managed by the originating country or independent; by whether it is 'up-market' or 'down-market' (closely associated with the last); and by the source: local, regional, or long-haul. There are complementary forms of travel. Two important components of travel which do not count as 'tourism' because they are too short or too long, but which share many of the same inputs and activities, and therefore effects on the exporting economy, are day trips and retirement to another country.

By activity

This has the clearest parallel with looking at different products within an industrial sector, or different models of a product. All tourism (by the WToO definition) must involve provision of travel services, accommodation and food; it is the additional activities which can differ. These can include business, conferences and incentive travel, private organised activities such as weddings or other family obligations, beach tourism, eco-tourism (looking at static natural features), wild life, historical or art/archaeological tourism, cultural tourism (in the sense of looking at the local way of living), formal entertainment (often called cultural tourism in developed countries), sports, and shopping. The 1 day to 1 year travel definition could also include most student and training travel, but this is omitted from all international and national data and policy discussion. Any of these can be combined with one or more of the others. Within this classification, while there may obviously be local competition for resources between different activities, there appears to be no reason to assume that incompatibility problems would prevent any combination of these activities within the same country, so there is no need to specialise. There may be a need to choose if there are limited resources and increasing costs.

Business travel (in developing countries, aid-related travel may be an important component of this) will respond to a country for reasons tied to a different sector, with the obvious exception of tourism business, so that demand for this is in part exogenous to the sector. But even if it is primarily determined by the advantages and needs of another sector, there may be a choice among countries with a potential advantage in that sector and the tourism services can be considered a component of the country's competitiveness in all other types of production.⁸ There is also the possibility as with any product that familiarity with the business travel side may increase familiarity with and therefore demand for other models, in this case non-business travel. Business travel is likely to occur in established population and production centres and to use goods and services that are also consumed by counterpart local users (local travel, communications, etc.); and thus not create either demands for new inputs (linkages) or new environmental or other side effects, although it can increase these.

⁸This illustrates the risk of double counting in the use of tourism satellite accounts: an analysis of the production of a manufactured good might include the tourism services used by a foreign investor or purchaser as intermediate products to it, and therefore part of that sector's contribution to the economy.

To the extent that it is using existing local services and products, it may have a relatively high local content. It will be less price sensitive to specifically tourism prices, but not to general inflation in the country.

In South Africa, for regional visitors, business is given as the primary purpose for about half, while it accounts for only about 30% of overseas visitors, with the majority on holiday or 'visiting friends and relations' (SATOUR Survey 1998, p. 7). The shares for Zimbabwe and Mauritius are probably lower, but (as discussed) recorded figures depend on immigration rules.

Conference and incentive travel are not necessarily determined by the location of the sector in which a company operates, and are more likely to require either their own specialised services or services specialised for visitors. The former, specialised conference services, may be also used by local users, but may be in part a new activity, while the visitor services used are likely to be those in which the country is assumed to specialise. The local content will depend on the activities, but some imported share is perhaps more likely than for normal business travel because conference services are a specialised sector which will not be present in every country and because the organisation of the event is likely to be at least partly in the originating country. Like business travel, it is relatively high margin; in Mauritius revenue per visitor day is up to 3 times as high as the average (providing 20% of one travel agent's revenue, although it is only about half the share of people), although the average stays are slightly shorter. In Zimbabwe, incentive travel is less well developed, providing about 10% of revenue. Both South Africa and Mauritius are trying to develop large scale conference facilities. In South Africa, this has been mainly restricted to the Johannesburg area (so overlapping with business travel). Zimbabwe has facilities in both the capital and the main tourist area. Mauritius plans to use inland areas, including the University, i.e. not the tourist areas.

Private organised activities (weddings have become important to Mauritius and are being encouraged by Zimbabwe) are like conference travel in that they use, but may require changes in, existing national services, but they may be more price sensitive and involve longer stays. Their local content will depend on the activities with which they are associated, which are normally the local special interest (Zimbabwe: wild life or Victoria Falls; Mauritius: beaches), with therefore high local

content. 11% of visitors surveyed in Mauritius were on honeymoon (Mauritius, Survey 1997). It is principally a UK market; in contrast to other wedding destinations, Mauritius has not attracted the Japanese market.

Beach tourism's local content is determined almost entirely by the content for accommodation and food services, because other inputs are limited to labour for sports. It remains effectively the only tourism activity in Mauritius, but, unlike some other activities, it has a traditional standing as the only activity of a visit; it can exist on its own. It is particularly likely to encourage repeat visits, with 34% of Mauritian visitors repeats in 1996 (rising from 32% in 1994) (Mauritius Survey 1997). This is expected to continue (Mauritius Plan 1992, p. 152) 'maintaining the island as a predominantly selective beach resort destination. The creation of inland tourism activities, including attractions oriented on nature conservation and the many festivities characteristic of the multi-ethnic Mauritian society is essential to guarantee continued growth in the tourism sector', but there has been no significant effort to fulfill this part of the plan. The 1998 plan for 2020 still puts 'general vacation' first, followed by honeymoon and wedding. The other possibilities mentioned were sports, conference, birdwatching, and mountain climbing. Although world demand for this type of holiday may be growing less than for other types, the fact that Mauritius is a small exporter (its arrivals are a third those to Zimbabwe and a tenth those to South Africa) means that, as in some of its manufactures, it is feasible for it to find and exploit a small, even static, niche.

The type of tourism is not available to Zimbabwe (and the nature of its water resources makes the development of equivalents unlikely), while for South Africa it is important for domestic tourism (and some regional, notably from Zimbabwe), but not long-haul: the extent and the nature of the beaches do not give beach tourism there a particular advantage, relative either to other South African attractions or to other destinations.

Eco-tourism, wild life, historical, art and cultural tourism all involve 'looking at' existing attractions within the country. This may require not only identifying and marketing them, but making them more distinctive (from other countries' versions or from the surrounding area), so it cannot be assumed that observing them will have no effect on what is observed. The last, cultural, differs from

the first four in that it involves looking at people, not animals or inanimate objects. This can raise moral questions, and suggests that the assumption that observation will not affect it is even less valid for this sector. In Zimbabwe, research and press reports confirm that the activities of the villages are changing in response to the expectations of the visitors and the interests of the villagers.

Eco-tourism (under that name) is a recent development, dating effectively from Central American initiatives in the late 1980s and early 1990s, but going to see natural phenomena is not new. When this is called eco-tourism, however, it has the implication (unfortunate from a growth point of view) of hitherto-unrecognised attractions: not Victoria Falls, for example, but new parts of Zimbabwe. This implies treating it deliberately as a position good (it is attractive because others do not know about or appreciate it), which necessarily limits the volume of tourism to any attraction. It therefore requires constant identification of new, even more unknown, attractions, and therefore (like niche marketing in any sector) requires a very entrepreneurial approach to production. There is a potential conflict among three goals: preserving the initial natural attraction, allowing access to a deliberately limited number of (high-paying) visitors; and maximising income and employment from high levels of tourism, although the income from tourism also provides an incentive to preserve the eco-attraction, (This is analogous to the dual impact of high prices on forestry: encouraging both immediate consumption and long-term preservation.) Natural resource pricing theory argues that it is the relationship between future and present prices and the discount rate which will determine the optimum rate of depletion. In tourism, long-term demand for any particular product is uncertain, and therefore the future price difficult to estimate, and in developing countries the discount rate may be high.

Any of these local attraction tourisms are likely, initially, to have high local content, but this may be modified as the attraction becomes more managed, and perhaps starts to meet international expectations of what is 'normal' for such an activity (international standardisation of handicrafts, cultural activities, or game parks, for example).

South Africa has a variety of activities, but most are based on natural resources. It has developed the resources for eco- and wild-life-based tourisms. Visitor surveys, however, give wildlife and 'scenic beauty' as the principal attractions, depending on the area visited (40% before visiting, 60% after for

the Western Cape), closely followed by wild life (40%) (SATOUR Western Cape, 1998; Gauteng 1998). Culture and 'to see SATOUR after the political change' follow at about 25% in all areas (Western Cape is a tourist area; Gauteng the business area, and there business attractions are also important.) For South Africa, as a whole, the single most common activity (at over 60%) is visiting a game reserve, followed by historical sites and museums (around 40%), cultural village (25%), and casino 20%. The South African policy (SATOUR *Strategy* 1997, p. 1), however, is to change the distribution of types of activity: 'The cultural campaign will be the highlight of this planning period..this campaign will continue over the entire planing period'. This is in line with the new government's interests. Private operators suggest that moving people to new destinations is difficult, although they cite the development of golf courses as one new development (participation in sports, however, remains under 5% for visitors). Game reserves, casinos, and golf are also important in domestic tourism, although the most expensive reserves are (in contrast to most hotels and tourism activities) predominantly foreign. The second government objective is to promote 'special interest, incentive and conference visitors' (p. 13), all now relatively low interest forms. As part of the promotion of both of these, it is also trying to change the source of tourists towards North America, and to change the regional distribution of tourists within South Africa towards the north-west.

Mauritius has only very limited activities of this type, and only limited plans to develop them: in consumption terms: half a day, and fewer than a half of tourists visit them: of those who do take excursions, the average is about two, in two weeks The gardens and volcanic sites which are visited are not 'developed' with restaurants, shops, etc. The private sector has pressed for development of existing and new sites, but the government has not done so, in spite of the Plan's mention of diversification from beaches. Some historical sites are neglected or have been demolished, and the government does not maintain or publicise the museums. The fact that there is very little direct publicity to individual tourists also means that effectively only sites which are already on the agents' agendas are made known. This was criticised in 1991 by the World Bank and again by consultants in 1992 (Cleverdon, Steer 1992, p. 3.18), but remains true. The fact that the private sector has not developed the sites or visits to them suggests that they believe demand for these is low, at least among the current, traditional, tourists.

Zimbabwe relies almost entirely on these forms of tourism, in particular natural sights and wild life. (About 26% of the area of the country is natural parks.) About a third of total arrivals visit Victoria Falls. National parks do see conflicts between the objectives of conservation and maximising the openness to tourists; their position as government operations, without market or tourism objectives, means that the emphasis is on the former. In addition to the traditional forms of national parks and private game parks (mainly for viewing), Zimbabwe has developed the CAMPFIRE project, on communal land, to encourage local interest in conserving wild life for shooting. This is producing more revenue than other potential uses of such land, such as forestry. These areas are administered by the community and the income goes to it. There is limited encouragement of 'cultural' tourism and an effort to apply the CAMPFIRE model to this; villages are charging for admission (priced in US \$). Like South Africa, Zimbabwe has the long-term objective of encouraging tourism to new areas, and there have been some increases in local tourism to these destinations, but not yet foreign. The new areas and cultural tourism are not seen as potentially profitable activities by some of the traditional white tour companies, and therefore they are not offered. This may be less important than it would be in Mauritius because there are several tour companies (with different traditions) and a larger independent market. This may make it easier for new activities to emerge.

Formal entertainment, sports, and shopping can all range from marginal additional consumption by foreign consumers of local facilities to specially established activities largely dedicated to visitors. The new forms of tourism (discussed in section 5), of entertainment centres or complete, all inclusive environments are extreme forms of entertainment activities designed for visitors. Where tourists are using local facilities, this is likely to have higher local content, while special enterprises will have some local content (whatever natural advantage, perhaps of landscape or labour costs gives the country the opportunity to establish the activity), but will also have substantial international content to meet the standard of an internationally competitive activity, e.g. a music festival or golf course.

Mauritius has very low provision of entertainment or sports services, but has developed two forms of shopping: specialised products purely for visitors and selling the output of the clothing export industries in special shops for visitors. (The latter was part of the 1992 Plan, after the 1988 White Paper had found that more than 90% of spending on handicrafts and souvenirs was on foreign

products, and required amendment of the rules for export processing zones to permit them to sell 15-20% of their production locally.) Although its beach hotel holidays are not in general 'all-inclusive' in the sense of paid-in-advance Caribbean holidays, they are effectively self-contained, with restaurants almost entirely within the hotels, and water sports and any excursions organised by the hotels.⁹ Proposals for future development even of other interests tend also to be hotel-based (additional ethnic restaurants within the hotels, for example).

South Africa had some experience of the special entertainment form (casinos in particular), but has not developed this, and it is not one of the current priorities. It was characteristic of the apartheid homelands, and therefore is likely to be regarded with suspicion now.

Zimbabwe has specialised facilities for sports, particularly golf, but promotion so far has been limited. Two applications to establish casinos have been approved, but none yet exists.

All three countries are thus still relying mainly on natural-resource based tourism, even if it can be considered a processed form (the management of wildlife or cultural tourism, for example), rather than manufactured tourism. This may be consistent with their current endowment of resources and limited skilled labour.

By single or multi-centre

The choice of the number of places visited (within a country or among countries) is related to of the type of activity. It is normally assumed to have implications for the degree of specialisation, and different activities seem to be associated with different choices of number of centres. People can choose between selecting one area, which offers a variety of activities, or a series of areas, each with an advantage in one or a few activities, and these can be the same or different. The activity in which an area is most specialised is likely to have the highest local content, so that normally a multi-centre

⁹The isolation is increased by the problem, mentioned even by the Mauritian residents surveyed, that there are no good road maps and very poor signposting.

visit could be assumed to have more local content (although in a variety of localities), unless the country offers a very specialised single centre activity (as Mauritius does with beaches).

There are administrative difficulties of compatibility between single centre and multi-centre tourism: the direction of transport links, the duration of accommodation contracts, and the possibility that development of additional activities (to attract single-centre visitors) could reduce the attraction of the principal activity (which attracts the multi-centre). In southern Africa, there is more growth of multi-centre holidays around one activity (for example, game parks in more than one location, possibly in more than one country, perhaps with the Victoria Falls) than of different activity trips (beach and animals) of the type found in East Africa or other continents. This is said by the private sector to be because people have only one type of interest, but this is not consistent with the fact that multi-activity packages are found in other areas, and may represent lack of familiarity with demand.

Several of South Africa's neighbours expected 'South Africa and one other' to replace tourism to an individual 'other' country after the change in regime there, and this has happened to some extent to Zimbabwe, but there are also combinations with (and between) Botswana, Namibia, and Zambia (and rare combinations with Mauritius). About half of visitors to South Africa visit at least one other African country: 30% to Zimbabwe, followed by Botswana 15% and Namibia 11% (SATOUR Survey 1998). This indicates the very close relationship between the Zimbabwean and South African tourist industries. The Zimbabwe providers assume that effectively all visits to Zimbabwe will be part of two-centre holidays (as indicated by the average one week length of stay).

The question of whether multi-*centre* are single or multi-*interest* holidays is therefore especially important for the type of attraction which Zimbabwe should now offer. In terms of concentration and quantity, wild life is considered 'better' in South Africa. Thus the question is whether the attraction of Zimbabwe as a joint destination is more likely to be enhanced by offering more game (single interest) or alternative sights (Victoria Falls or historical/archaeological attractions). Up to now, response to the market has meant mainly developing Victoria Falls.

Within South Africa, in contrast, multi-centre often implies several locations with a common interest,

rather than mixed interests.

Mauritius, as suggested by the long average stay, does not depend heavily on multi-centre tourism, and rejects the idea of single interest, multi-centre holidays (for example with other Indian Ocean islands) on the grounds that they are competing for the same people. It may be that for beach holidays multi-centre, single-interest options are not attractive. As long as there is sufficient demand for single-centre beach holidays, it is clearly less costly (in transport, administration, and marketing) for Mauritius to specialise in this. But as with any single commodity specialisation, it is vulnerable both to changes in demand and to natural disasters (an oil spillage is mentioned as a potential disaster).

By package or independent and low or high income

Particularly for long-haul tourism, the distinction between these is much less clear than it is for travel within the North American or European regions. Most trips are likely to involve a travel agent for flights (a South African survey, SATOUR, Western Cape, 1998, found that about 55% of bookings used a travel agent or tour operator), and often for the accommodation or for organising the activities, and therefore there is a continuum from a traditional fixed package (even that will have some 'extra' components) through the increasingly common form of a package of component packages booked through the foreign agent, through packages booked with the local agent, to purchase of individual components. The normal arguments of economies of standardisation suggest that this is also a difference between low costs at the more packaged end and high at the more individual, and therefore between low and high income tourists, but none of these steps is clear. South Africa and Zimbabwe make an interesting contrast to Mauritius in this. Mauritius has a deliberate policy of promoting 'up-market', non-package, tourism, and prohibits charter flights, but the nature of its tourism (a single activity, in a single location, at the end of a long-haul flight) makes it a classic overseas-organised 'package', and most tourists (including some business visitors) use this. Finding local providers of more than marginal services is therefore difficult; marketing is to tour companies, not individuals; and the infrastructure needed for individual choice of components is not established. It is, however, deliberately a high cost package, and therefore up-market in that sense;

survey evidence (Mauritius Survey 1997) finds that package tourists spend more in Mauritius than non-package. In contrast, South Africa and Zimbabwe market themselves, both officially and by the private sector, to individual travellers; they use the new individual-orientated methods such as websites and direct advertising, and they have the local infrastructure, of transport and activities, needed for individual travellers. Some of this is in response to the greater importance of local and regional tourists in both places. Mauritius has no local tourism, in the official sense, only local day trips, and a much lower share of African tourism.

Packages organised in the source country are likely to have a lower share transmitted to the exporting country because the commissions and fees to travel agents will be split between the two countries (the composition is discussed in more detail in section 7).

The question of different effects from high or low income tourists is more complex. It will of course depend on the nature of the activities and whether it is a package. Abstracting from that, if there is a higher labour input or an emphasis on non-standardised inputs for high end tourism, this will increase local content. If, however, there are particular standard goods which are required by high income tourism, then these are likely to be imported (because the local demand for them is likely to be low), but in a low income developing country even low end tourism may be 'high' relative to income in that country, so that this may also depend on imported inputs. Clearly the more advanced the country, the larger and more diversified its economy, and the larger its own high income (in international terms) population, the more likely it is that there will be local goods suitable for tourism consumption (South Africa, Zimbabwe, Mauritius is probably the ranking for these countries). It is, however, important to remember that it is the total local revenue from tourism that is important, so a country must calculate whether a lower share of a higher total spending makes higher income tourism more attractive than low, if a country has to choose.

A hotel company estimated that 80% of overseas visitors to Zimbabwe were in packages; this would give a figure of about 30% of the total, similar to that found for South Africa. A report on its prospects (van Reit 1998 p. 33) assumed that a move to higher income tourism would increase employment by increasing the size of the formal sector, and there is a policy of encouraging higher

income and high spending tourism. This is not, however, seen to be an alternative to low income, but rather an addition, with the possible exception of the Victoria Falls area, which is regarded as reaching capacity. The large volume of activities at high (and US \$ priced) costs in the Victoria Falls area (International Tourism Reports, Zimbabwe 1997), however, suggests that low spending on accommodation does not necessarily imply low spending on other activities. The local hotel groups are developing both upper and lower end hotels, and there is substantial growth of small lodges.

Only 16% (SATOUR Western Cape 1998) of overseas tourists to the principal tourist destination of South Africa used a general tour operator, with further 8% in special interest groups. 70% were not with any type of group. It is not clear whether these shares are changing. A private hotel group identified an increase in the share of individual travellers in 1999 (Holiday, 1999), but the official survey observed an increase in the use of organised tours between 1993 and 1997, from 9% to 29% (SATOUR *Survey* 1998), the period in which holiday, rather than business and VFR travel was increasing. South Africa is encouraging the growth of new airlines (including charters, SATOUR *Strategy* 1997); both local and foreign budget hotel chains have increased strongly in the last 10 years.

Most travellers to Mauritius are in package tours: 59% in 1996 (Mauritius Survey 1997), and 65% of European tourists. Packages are more common among first time visitors: 69%, compared to 35% for those on third or later visits.

Neither South Africa nor Zimbabwe assumes that there is a need to choose between high and low income tourists, so any differences are relevant only to marginal decisions, for example on marketing. Mauritius, with some consultants, however, assumes that there is a conflict between low and high income tourism because the former will deter the latter, so that it must choose between them.¹⁰ In developed countries, there are examples of localities (individual resorts) moving from high to low (or low to high), but also many of coexistence within the same region, and country. The question is

¹⁰ It is possible that the consultants (normally foreign, in the long-haul business and leisure travel class) who prepare these reports assume that all tourists, at least all desirable tourists, are in their own image.

whether Mauritius is too small to offer parallel products. The 1992 plan (Mauritius 1992, p. 151) is typical in stating that the 'Marketing strategy will be guided by the policy to attract an upmarket clientèle by targeting the high-spending segments of affluent markets.' This was confirmed in 1998 (Mauritius Impact 1998 p. 24), which continued to recommend 'attracting tourists from upscale destinations'. It perceives Mauritius as a position good, gaining its attraction from its scarcity, and this requires a high price low volume strategy. To promote this, it discourages new airlines and forbids charters. It first tried to stop informal accommodation, then to regulate it, and sets minimum sizes and qualities for hotels. But the survey evidence indicates that it is mainly repeat visitors who use the lower quality hotels and rented houses, not hotels, suggesting that the two sectors are complementary, not in conflict.

Combined with the assumption that all tourism will beach-hotel based, the restriction of development to large luxury hotels does impose a quantitative limit on the number of tourists if current beach/person ratio is assumed to be the minimum acceptable. If alternative forms of tourism could be envisaged, this would remove the constraint.

Local, regional or long-haul

The differences expected here are partly related to all the other classifications. In duration and specialisation in activity, a local or regional traveller is more likely to choose a short specialised activity. The lower travel costs and presumed greater familiarity can make local and regional travellers more likely to make independent arrangements, and they can occupy the low cost end of the scale. There are also the differences noted in section 5 in propensity to consume tourism, and therefore in the likely growth of the markets.

For South Africa, domestic tourism is still dominant: it was two thirds of total revenue in 1994 and 85 % of bednights. There are separate promotion organisations for domestic and international, but in general the accommodation and restaurant facilities and most of the activities are shared. The division in the population between whites and others is becoming less important at least in numbers. Between 1994 and 1996, the proportion of whites taking holidays rose from 64% to 82%, but the

other three groups identified in the survey all went from a minority travelling to a majority: blacks from 27% to 60%; Indians, 37% to 60%, and Coloureds 20% to 52% (SATOUR, Domestic 1997, p. 6). Domestic tourists did go to different areas, with lower proportions to Western Cape or the wild life areas and more to Natal (SATOUR Domestic 1997; Survey 1998), but among the higher income South Africans the pattern is more like that of tourists, so this may be an income-related difference.

Zimbabwe is the only one of the three to carry the concept that foreign and local are different and separable markets to the logical conclusion: there is separate pricing in hotels, by tour companies, and at government facilities (national parks, museums, etc.) for local and foreign visitors with tourist charges up to 2-3 times for hotels, and at least 10 for government parks. The foreign price is set in US \$ and the local in Zimbabwe currency, so that devaluations increase the differential. This suggests that the US \$ prices are being set in line with what are believed to be internationally acceptable levels, rather than to give a particular differential from the local price. This differential pricing helps to prevent facilities from becoming completely divided between foreign and local consumers. Restaurants are not differentially priced, but do pay a special tourist tax. (Fast food outlets were exempted from this in 1998 after protests that they were mainly used by local consumers, confirming the substantial overlap between tourist and domestic spending.)

Accommodation is almost exclusively for visitors in Mauritius, and the absence of non-beach activities limits the possible joint consumption. Official and private sector tourism leaders cite possible conflicts between visitors and Mauritians for beaches, but the 1992 survey of local opinion of tourists (Cleverdon Steer, 1992, p. 2.108) did not find evidence of actual conflicts (although there was support for preserving the current access to beaches). There is conflicting survey and other evidence on whether there is discrimination against local visitors by hotels and restaurants.

There does not seem to be any conflict (beyond the normal competition between local and export markets for any product) that would prevent the coexistence of these, but there may be administrative difficulties in providing the infrastructure for both. Mauritius (for beaches) and South Africa (for wild life parks) have found domestic dissatisfaction with the number of tourists preventing

traditional access. Zimbabwe fears, but does not appear to have suffered from tourist dissatisfaction with differential pricing, although the high prices may discourage long stays.

Day trips and retirement

The obvious difference between these 'activities' and officially defined tourism is that they do not (normally) use hotels, but they can use all the other components of tourism services, depend on the same complementary services (transport and communications in particular) and many of the same inputs. Because they involve similar people in a similar situation (foreigners outside their normal environment), they may respond to similar incentives and have similar non-economic effects. Their relative local content will depend on whether the activities are higher or lower in local content than the hotel component.

If there are the types of personal preference constraints which would cause a conflict between low and high income tourism, that people do not want to see a different type of product even if their own preferred product is available to them, then this would also affect the coexistence of day trips or retirement with normal tourism. Retirement colonies in particular may also require different services which may (in a developing country) be different from what is available to the local population, and if there are conflicts between income groups, this may increase the tensions.

Zimbabwe has a day trip market, from neighbouring countries, for both natural attractions and shopping. None of the countries has officially promoted retirement colonies yet, but the private sectors in both Zimbabwe and Mauritius have considered the potential. Mauritius has started one settlement, still based on the beach, while Zimbabwe has located one away from main population or tourist areas, as well as having centres for local users in the cities. Retirement provision is not, however, supported by the public sector in Mauritius, perhaps because it does not fit the model of high spending, hotel based (and largely isolated) tourism. The attitudes to these forms thus are the same as those to different types of tourism; Mauritius opposes anything different from the basic product, while Zimbabwe responds to demand, without trying to influence it.

Summary

Mauritius has specialised in beach holidays, and the variations (incentive travel and weddings) also rely on this as the basis. There are almost no other activities, beyond associated water sports. This has a high local content, but not as high a labour content as sport, entertainment, or cultural activities might have. It relies on package tours, and therefore some of the revenue to travel agents goes abroad, but the high average value of tourism spending means that the actual amount received may still be high. Most tourists use hotels (in the restrictive Mauritian sense), 74%, with a further 8% in 'boarding houses' (Mauritius Survey 1997). The combination of the emphasis on beaches and the organisation by tour groups effectively isolates tourists from the local population, except on the beaches. This meets the government's objective of minimising potential conflict and potential 'cultural impact'. The high share of tourism revenue in the economy probably means that the potential result, of limiting the proportion of the population seeing indirect benefits from tourism, is less important than it would be in other countries. The emphasis on beach holidays means that this provides the operative capacity constraint for the sector. (The fact that the average length of stay remains long eases the potential for pressure on the air sector, but any reduction in this could put pressure on current transport capacity.) The intense discussion by policy-makers and consultants of the 'carrying capacity' of the environment and the population (see section 9) is therefore not directly relevant to current policy choices. The high share of the honeymoon and wedding market gives Mauritius an unusually high share of young tourists (40% under 30: Mauritius 2020, 1998), so (in contrast to the general optimism) the increase in the share of the old in the population could be a potential threat to its share.

In South Africa tourists mostly use hotels (74%) and all use restaurants (94%), but most also use other activities, both travel related: banking, car rentals, and bus tours, and less directly related: shopping. Most of the foreign tourist activities are the same as domestic tourist and non-tourist activities. Tourism is mainly natural resource based, but on more than one resource, in more than one part of the country, so South Africa is not as vulnerable as Mauritius to disasters or changes in demand. The government has declared an intention to promote new types and new regions, but it is too early to know how effectively this will be implemented, or whether it can influence the pattern.

There is a sharper income divide between tourists and the local population in Zimbabwe, so there are fewer local tourists using the same facilities, and the main tourist sites are not in the main centres of population. The use of dual pricing, however, encourages some integration of the domestic and foreign markets. Zimbabwe is seeing increasing dependence on tourism to South Africa, with visitors treating it as a small addition: this may mean that the attractions in which it competes with South Africa (wild life and some sport) are likely to suffer relative to its special attraction: Victoria Falls.

7. The effects of tourism on the economies of Mauritius, Southern Africa and Zimbabwe

Effects on output

As was indicated in the second section, tourism is important for all three countries, accounting for 6-7% of export revenue for Zimbabwe and South Africa, and 18% for Mauritius, and for 4-5% and 12 % of output, respectively. Both Zimbabwe and South Africa have suffered slow growth in total, so that a rapidly expanding sector is unusual and desirable, Mauritius, however, continues to grow at about 5% a year. Tourism, growing at 8% on average, and only 4% in 1998, less than manufactures, is at best a normal growth sector, and not as essential. It was, however, expected to recover in 1999, and be a leading sector with a growth of 6% as other growth slowed to 3% (because of a fall in sugar production).

Effects on employment

For South Africa and Zimbabwe, there are major problems of unemployment so that the ability of a sector to supply high employment is important; in contrast, Mauritius has had periods of labour shortage (leading to investment abroad first by the clothing industry, later by other sectors). The satellite accounts (table 2.2) suggested that the effect of tourism on employment is less than proportional to the effect on output; this appears to be because although tourism is labour intensive relative to manufacturing, it is less labour intensive than agriculture.

The normal relatively high employment of women in tourism is not always seen in South Africa and Zimbabwe, presumably because of the high male unemployment rates, and in Mauritius the high employment of women in the clothing industry means that the major change was the result of that industry's development.

The use of imported labour is restricted in all the countries, although only in Zimbabwe is it effectively impossible to employ even specialised foreign labour. Effectively all tourism employment in all the countries is local.

Employment in tourism in Mauritius has risen rapidly: at about the same rate as tourist arrivals (almost 14% p.a.) in the 1970s, then more slowly, 7.5% instead of 10% in the 1980s, and again at the same rate, about 8% in the 1990s (Table 2.1 and 7.1), giving a stable employment per tourist ratio. Employment per room, at about 2, has varied over the period: it is less than the average for Africa (3.3: WTO, tourism, 1998), but higher than the average for all other areas except the Middle East. The average for Asia is 1.7. About one third of what the government includes in tourism employment is in activities other than hotels. If employment in more of the associated industries than the government data include is added, the level might be about 30% higher, increasing the share in total employment from 3.5 to 5% (comparing tables 7.1 and 7.2). The government data also omit all employment in establishments with fewer than 10 employees (Cleverdon and Steer, 1992, p. 2.55). Including these could also increase the total by up to 30%. Making both adjustments would be consistent with the 6% who said they worked in the tourism industry in 1992 (Cleverdon, Steer 1992, p. 2.127). This is therefore probably a maximum estimate of the perceived impact on employment.

In Mauritius, earnings in the sector, wholesale and retail trade plus hotels and restaurants (Mauritius Survey of employment 1999), have fallen behind average earnings in the five years to 1998 (and data to 1997 suggest that this fall was in the hotel sector, Mauritius, Wage Rate, 1997, which had previously been among the higher paid). Companies encourage long-term employment, and this is normal.

Employment in South African tourism was about 2.4% of total employment in 1998, having risen sharply from the mid 1990s when it was still under 2%. About half the employment in 1995 was black and a third white ; about half are women (most of the hotel and restaurant sectors, a very small proportion of transport and communication (Futter, Wood, 1997). South African studies used in its satellite accounts suggested that some tourism related sectors were more labour intensive than the core sectors (hotels and transport).

Employment in Zimbabwe grew at the same rate as tourist arrivals in the 1990s, at about 15%, and

as total employment remained static in that period, this doubled its share in the total (on a probably high estimate, to 6.7%; an alternative set of estimates for the period to 1990, EIU Zimbabwe 1992, is about 40% of this level; this would still imply a share in employment in 1997 of about 2.5%).

Linkages to other sectors and leakages to the import sector

Tourism's associated and supplier industries include all types of transport, international regional, and local; communications, national and international; banking and insurance; marketing and advertising; food and other current supplies; capital inputs like construction and furnishing, and the professional services associated with these; but also the other activities discussed in section 6: wild life parks and other attractions; crafts and other forms of shopping, entertainment, and sport. And in general terms it is competing with all other sectors for the resources of the country, including labour, energy, water, and other inputs of goods and services. Criticisms of tourism suggest that it is an import-based sector, with little effect on other sectors in the exporting country and high import content. The first question (raised in the last section) is how much of the initial spending is local: for a long-haul destination, this depends first whether the travel is by the local carrier. Where it is, the percentage can be high (EIU 1992 quotes 90% for cheap UK holidays using the local carrier, p. 54), but nearer 30-50% if it is not. This estimate of 40% for the air fare component seems to be well supported. Sinclair 1998 has a similar estimate for Spain (p.29), while CBI, 1993 also puts the travel component for the average developing country at about 40% and the source country travel agent share at 10%. A South African survey (SATOUR International Tourism 1998) found that the air fare was about 41% of total spending, in line with the 40% estimate. For the reasons given in section 3, we would expect linkages to be highest in South Africa, with a developed, diversified, and large economy, and least in Mauritius because the opportunities for large numbers of industries are much more limited.

All three countries have a local airline, and until recently all protected it from competition so that under sharing agreements it received about half the revenue on its routes. South Africa has now started to encourage new airlines, South African and foreign, including charters, while Mauritius and Zimbabwe still restrict total capacity to guarantee sales to their local airlines. In these countries, therefore, the contribution of tourism to local revenue will include a high share of payments to the

local airline, but the capacity constraint on air services might reduce the total revenue, either directly or through the higher than market prices charged on routes to the sources of tourists. In contrast, for South Africa, the share of the revenue per tourist may be lower, but the total income higher. Both Air Mauritius and Air Zimbabwe have local reputations for poor service or inefficiency; their monopoly positions (and imperfect information) may prevent this from deterring tourists, but it may discourage repeat use.

An estimate in 1992 (Cleverdon, Steer) found that almost half of total spending within Mauritius by tourists was on accommodation, and a further 18% on meals and beverages. While the food figure is in line with international estimates (for example WTO Tourism 1998, gave 18-20% for the average), the accommodation figure is higher, for example, than Thailand in 1989 (27% accommodation, 16 % food and drink) or Australia in 1988, 41% for the two together (EIU Financial services 1992, p.56).¹¹ This supports the evidence in the last section that Mauritius has a much lower offer of 'extra' activities than other destinations. The only other major spending was on souvenirs and handicrafts (17%) and transport (9%). Although there may be some unofficial sellers, the fact that the survey is based on spending estimates by tourists not income estimates by handicraft shops suggests that the figure is as accurate as it is for any country. The official tourist survey (Mauritius Survey 1997) assumes that 34% of a package goes to hotels. If 40% of the total goes to transport and 10% to the foreign travel agent, this implies that 68% of local spending goes on accommodation and food (packages are normally full or half-board), the same as the 1992 estimate. Estimates based on the visitor surveys show accommodation at 45% in 1988, rising to 52% in 1994, with food falling from 19% to 15%. This was the period in which shopping was deliberately developed as an activity, but its share fell slightly from 16% to 15% (Mauritius Handbook 1996).

In South Africa, the visitor survey (SATOUR , International Tourism 1998) cannot be compared directly because it distinguishes prepaid expenses from those paid in South Africa. These were about 40% of the total, excluding the air fare. Of expenses paid locally 20% were on accommodation and

¹¹A 1973 estimate, for developing countries (de Kadt quoted in Cassim 1993, p.4) found that hotels and restaurants were about two thirds of the total.

10% on food. While most of the prepaid may be on accommodation and food, some was also on local transportation, so it is not possible to compare the shares directly with those in Mauritius.

Most foreign packages in Zimbabwe use local agents, but the exception is some direct South African tours to Victoria Falls. The growing importance of this market could reduce the share of income going to Zimbabwe. One Zimbabwean company estimated that about 35% of total spending on non air fare costs went to the local and foreign travel agent, and normally about two thirds of this could go to the foreign company, but it could be up to 85%. If air fares are 40% of the total package the first gives 12% of the total package, only slightly above international estimates of 10%, but the second would give 18%, suggesting a higher than average leakage at this stage. There are no official estimates of leakage; the ministry and the tourism authority are trying to establish the level.

A full calculation of how much of the spending in a country remains in the country requires full information on the import content of all inputs for all types of activity. The Cleverdon, Steer (1992) survey of Mauritius estimated that the foreign exchange components of food and beverages were about 60% (consistent with other high estimates for this component), but the import share of other current spending, 50%. (see table 7.3) For office and maintenance expenses the average foreign component was about 50%. Nevertheless, total foreign exchange leakage of hotel revenue was only 24%, principally because profits were about 40% of revenues and labour costs about 15%, both with no foreign component, assuming it was a Mauritian owned hotel. For the tourism sector as a whole, they estimated leakages as 33%, a reduction from an estimate of 43% in 1980 (Cleverdon and Steer 1992, p. 2.53). A more recent estimate (Mauritius 2020, 1998, p. 7.5) was that leakage was 35-40%.

For capital costs, leakage may normally be lower. Construction costs will be local. Furniture is the next important part of the capital cost of a hotel. It is sometimes argued that it is likely to be imported in order to ensure either high quality or standardisation. A single global supplier, however, is not the only way in which international firms ensure quality and standardisation. Managing production to the same standard in different countries is an essential component of an international service, so that it is perhaps particularly likely that a service sector will try this approach. Schneider (1997) found that

95% of furniture in Kenyan hotels was local (p.3), and a study of Jamaica in the 1980s (Page, 1994) found a high local use there. Two explanations found in Jamaica are likely to hold in all destinations: the high weight and size of furniture make it a good difficult to trade and furniture is used to enhance the local appearance of a hotel for tourists. Its trade is increasing, and within this developing countries are becoming more important (Schneider 1997, p. 14) so that it is an industry in which they may have some advantages. Clearly it is natural resource intensive, and does not demand high skills. Hotel furniture is largely made to order, so it requires a close relationship between the hotel (or the designer or administrator responsible for ordering) and the producer. Schneider found that the few imports were by upmarket chains (with no difference between local and foreign ownership), but even these only imported 5%.

Zimbabwean hotel chains estimated that most current spending by hotels was local (about 75%), with exceptions for foods without local substitutes (seafood, whisky, etc.), and that all furniture and textiles were local. All furniture and similar inputs are locally produced for most hotels. They argued, however, that some furnishings for upper end hotels were imported (carpets, for example) to ensure high quality. There are no data on this. Zimbabwean hotel and travel firms normally use local financial and other commercial services, although these may be local affiliates of international banks. The tourism sector is not allowed to use the allowances for duty-free imports which are available to other export industries because it is impossible to differentiate between local and foreign consumption. That companies did not find foreign exchange restrictions a problem tends to support the view that most of their expenses are in local currency. The high (differentiated) prices for foreign visitors also suggest that a high share of the income is profits (assuming that local prices are set to cover direct costs); as hotels are locally owned, these go to Zimbabwean companies.

South African accommodation providers also said that most materials are local, and local production can be an attraction for visitors in up-market hotels, but a few high-quality inputs need to be imported. It is possible that in South Africa, where the domestic market is so much more important than in other countries, or than the international, that the 'touristic' attraction of identifiably local production is less important, and therefore less of a constraint on imports, but this may be offset by the much more advanced production of good standard inputs.

Mauritius is the exception: most furniture is imported and there is little local industry, although the local textile industry is able to sell export-processing-zone-produced textiles to the hotels. The fact that the industry is treated as an export industry also makes it able to use concessions for duty-free imports. Even where it uses local final products, these have frequently received only their final processing in the country (Cleverdon, Steer 1992, p. 2.46), and most construction materials are imported. But these low linkages may not be peculiar to the tourist industry in Mauritius: any industry in a small island will have fewer opportunities for linkages. In 1987 (Mauritius, White Paper, 1988) more than 90% of spending on handicrafts and souvenirs was on imports; the policy of increasing Mauritian shopping opportunities will have reduced this since the reforms of 1992.

There is the possibility of other types of linkage, for example through demand for tourism adding sufficiently to another sector's demand for the combination to provide a basis for introducing local provision of a good or service, local here in the sense of either 'in the developing country' or 'in a particular region of the country'. This is behind the view of some tourism sector representatives that tourism should be considered as a cluster of industries, supporting each other. The question which needs to be asked is whether there are particular advantages of tourism not shared by any new sector. Rapid growth is clearly one. Location in an area where other new industries are not common is another. This is normally true for natural-resource based tourism, and does hold for South Africa and Zimbabwe, but in Mauritius the small size of the country means that there are not separate regional markets.

In South Africa, most inputs are available within the country, but (in the context of the government efforts to change the balance of the economy to blacks and to the poor in non-urban regions) there are also deliberate efforts by some private firms to develop specifically local suppliers. The concept of game parks is particularly suitable for this, as it develops a new source of income in a new area, and creates new demands: for initial construction and transport, and then direct provision of inputs to tourism.

Creating an initial demand for a good or service which can then itself be a growth sector is another

type of example. In furniture, both the Jamaica and the Kenya studies suggested that the furniture firms whose first and major market was hotels have developed to provide other consumers. The transport services required by tourism are useful for other local needs, and also for goods transport (horticulture and flowers require the same regular flights as visitors to developed centres of population). Tourism may therefore be important in a particular case in influencing which sectors will develop. Alternatively, this can be interpreted as reducing the cost to the economy of increasing tourism services by providing additional users to bear some of the costs. A disadvantage of tourism would come if there are particular inputs which are too specialised to tourism to be useful for other sectors, and where investment is therefore effectively less productive than in other sectors. For Mauritius, the hotel sector might appear to fall in this category, but in fact they are used as entertainment and entertaining locations by the local population so that they are only in part specialised in tourism. Increased demand from tourism can, however, also cause new costs to an economy if the additional use of local infrastructure creates new investment demands, and the costs are not borne by the tourism sector. Tourism increases the pressure on government services to the local population in areas like transport infrastructure and sewage. There are no effective ways of requiring enterprises to incur the cost of this (regulations to require treatment of primary waste are coming in, but not well enforced). The small size of the Mauritian industry at world scale, or even relative to potential suppliers in Mauritius, limits the potential for tourism to have these effects.

A problem for South Africa is the high level of crime, including crime against tourists. The official survey (South Africa International 1998) found that 6% of tourists had been victims of crime (22% of those staying over a month), and that this was rising. This could increase the pressure for reducing crime, either because of the perceived importance of the tourism industry or because of the international bad publicity, which would have local benefits as well.¹²

¹² The fact that South Africa has had an exceptionally rapid growth in tourism in spite of these data, however, and in particular in independent tourism, suggests that it may not be as much of a deterrent to visitors (although it may be a constraint on certain types of activity) as it is perceived to be. Holiday visitors mentioned the threat of crime as a 'disappointment' less often than business or 'VFR' (18% compared to 24% and 29%), also suggesting that it is not as much of a problem for those whose visits are most discretionary.

Effects on development through training and other upgrading

The attitude to training for tourism in the countries appears to be in line with that for other industries in each case. Most tourism training is in-house in all three countries. Some of those trained at the middle levels have gone into providing specialised services to tourism (the traditional path from large firms to small). This was particularly commented on from large travel agents and the airlines, perhaps because these (particularly the airlines) have the most formal training programmes, and therefore see the loss of labour as a cost.

In Zimbabwe, most training in the tourism sector is informal, on the job, for both conventional hotel and restaurant workers and posts like guides in the national parks and game parks. The hotels with international management contracts have manuals from the international company, but because of restraints on expatriates have difficulty in bringing in expatriates to train. There are formal hotel schools, but they are for middle level workers and the government restrictions on expatriates are a constraint here as well. The vocational programmes are still tied to UK standards and qualifications. There is no tradition of academic study of the sector.

In Mauritius, there is hotel training in-house, on the job, in separate institutions, and by trainers in association with employers. The emphasis is on technical training, not tourism studies in the broader sense. (Where there have been general studies of the industry, these have been done by outside consultants.) The hotel school was reformed in 1997 to make it more directly aimed at supplying technical staff. It offers technical training, with certificates, and enterprise-specific training. There are, however, links with the university, and training goes to diploma level, with the university offering a BSc in tourism, and plans to include management training. The government allows expatriates for management and training, but in general managers are Mauritian. The tour companies do their own training, and they train some of the employees from their subsidiaries in neighbouring countries (see next section) in Mauritius, so that the external effects go beyond Mauritius.

Only Mauritius and South Africa include some tourism service training as well as hotel and restaurant. In South Africa, there is some direct training, although the recent expansion has outpaced

what is available so that most training has been on the job. There is also a tradition of more academic study of tourism. It is also using transfer of experience from established firms to new firms as a deliberate government-sponsored policy to develop new, black, firms. There are initiatives by private projects in new areas to extend education and health services to the population there.¹³

Tourism and the local population

Another way to measure the potential impact of tourism on the population is the ratio of tourists to the host population, or the increase in this. In 1994, this was 0.36 for Mauritius, 0.10 for Zimbabwe, and 0.09% for South Africa. By 1998, these figures had risen to about 0.44 for Mauritius, and 0.15 for Zimbabwe and South Africa. These numbers could be adjusted for the average length of stay: in South Africa this is about 50% longer than in Mauritius, and in Zimbabwe about half as long, so that the effect of tourists on South Africa is potentially greater than Zimbabwe in spite of having the same arrival/population ratio. The figures also need to be considered in the context of how tourism actually operates within each economy (discussed in section 6) because different types of tourism have different degrees of contact with the local population. This could reduce the number for Mauritius relative to South Africa and Zimbabwe.

Summary

Although the evidence is scrappy, it suggests that with the partial exception of Mauritius, a high share of tourist spending remains in the exporting country, perhaps more because of a high share of profits than because of high direct inputs. (A full analysis would therefore need to consider the different propensities to consume imports out of profits and other incomes.) Employment has increased in line with arrivals, suggesting that productivity increases are not displacing labour (and the input per tourist night may even be increasing as the total stays have fallen). In the countries with substantial domestic industries, most inputs are local, but the cases where tourism has actually created the sector or been

¹³The long-term acceptability and effect of this approach need to be treated with some caution, given the South African tradition of major sectors, such as mining, providing all services for their workers. While it may produce temporary benefits to workers, it may not develop the foundation for a national system.

substantially responsible for it are probably limited in quantity. They may be important in local terms because in both South Africa and Zimbabwe tourism is in areas where there are not substantial other producers.

8. The organisation of the tourism industry

Tourism, as indicated in the introduction, has been criticised as dominated by large, foreign firms, contributing to high leakages from the exporting country and hindering the development of local suppliers. This section will look first at the size of the firms and their ownership, and then in more detail at how tourism in Mauritius, South Africa and Zimbabwe is related to the 'importing' countries. As in most traded goods or services, intermediaries are important in the travel trade.

Size of firms

Relative to the size of the economies and the tourism market, the principal tour and hotel firms in all three countries are large, but relative to the world industry, they are small. There is a large number of smaller providers, particularly in South Africa and Zimbabwe where non-accommodation activities are important. In all the countries, the principal groups cater for all levels of hotel accommodation, and all parts of the country.

Zimbabwe has three hotel groups, plus the national parks group of lodges, but also has a growing number of individually owned hotels or lodges. These are often by current or ex-farmers, seeking a new use for houses and land, rather than new initiatives to develop tourism, so the entrepreneurs come from a non-industry background. There is some scepticism by both government and industry observers about their competence and durability.

The non-accommodation additional services are provided by small firms, or, in the case of CAMPFIRE and similar exercises in cultural tourism, by communities. There are also large tour groups, both to intermediate between foreign companies and local hotels and to provide direct tour services. One also has a hotel division

In Mauritius, the hotel firms developed from the owners of capital from the sugar industry, which provided political power as well as investment capital. They and the tour groups are part of large scale trading service companies, supplying both business and retail services, which have dominant

positions within the economy. Mauritius has also seen the development of individually owned guest houses and bungalows. Like those in Zimbabwe, they were initially established without any relationship to the chains or encouragement by the government, and in most cases by owners from a non-hotel background but one of the hotel groups now owns some, and there are reports that they are now developing links, with hotels subcontracting some visitors to them when they lack capacity.

South Africa also has large hotel groups and individual lodges, but between these it also has small chains of hotels. There was a substantial development of small hotels when tourism grew rapidly after 1994; large hotels only started to respond by 1998.

Tourism within the countries is typically an industry of small companies. There are low barriers to entry, because most of the activities have relatively low capital costs, depend on labour, and have few economies of scale. (The differences in labour use tend to vary more with the type of enterprise than with the size: the high share of direct services makes ratios relatively fixed for similar operations of different sizes). In both Zimbabwe and Mauritius, the trade organisation for hotels has recently extended to include tour companies, travel agents, etc., indicating that the sector is increasingly seen as an integrated one. In South Africa, the Tourism Business Council is mainly for the larger groups.

Ownership of firms

Most of the hotel chains in all three countries are locally owned, although some have management contracts with foreign chains which implies some cost in foreign exchange.

In Mauritius the major hotel chain is entirely Mauritian owned, the second 82% Mauritian. There is some foreign ownership of individual hotels, with French, German and Malaysian involvement. There is a restriction of 100% foreign ownership to hotels of at least 100 rooms, but the minimum permitted size is 60 rooms. The hotel groups are part of two of the major trading companies.

In Zimbabwe, there are three major hotel chains, two entirely Zimbabwean, of which one was formerly in government ownership; one was originally South African but is now majority

Zimbabwean owned. There are contracts with some foreign chains, but they now keep all ownership in Zimbabwean hands. The growing number of small hotels are entirely Zimbabwean, and there are also national-park owned lodges. The principal tour company is Zimbabwean owned, as is a more integrated company providing tour, hotel, and some financial services and shops aimed at tourists..

All have national airlines, and Zimbabwe and Mauritius protect the national airline's share of revenue. 62% of arrivals use Air Mauritius (KPMG 1998). Zimbabwe has had two starts by small private airlines, but these are excluded from the main tourist routes. South Africa does have other airlines.

It is important to note that one of the partially locally owned South African airlines emphasises its British Airways link, and it is also common for hotels which operate with franchise and management relationships to foreign companies to use and market on the basis of the foreign name. This gives the impression of much foreign presence in the industry, but ownership and employment remain local.

How national firms are linked to foreign firms

Sectors with a large number of small suppliers tend to give an important role to intermediaries. Where there are small providers and individual consumers at either end of the chain without direct access to or experience of international transactions and payments, intermediaries are also needed for administrative reasons. They provide a means of transmitting information in the market, with an important part of this information being confidence about the quality and financial security of the product. This last role is particularly important for services where their nature makes the strength of the company providing a future or ongoing service more important than for a static good.¹⁴

In the tourism industry the links are travel agents and tour companies in the importing country and agents, tour companies, and in a few cases hotels in the exporting country. There are few integrated

¹⁴ The Dutch advisory agency, CBI, stated flatly 'Tourist services to long-haul destinations are invariably sold through the travel trade as these services usually are: complicated; assembled; expensive; requiring information and explanation. (CBI, 1993).

companies even within the importers or exporters, and none operating across both. The role of intermediaries in the tourism industry is thus the normal one of integrating the products of one country into the market in the importing country (acting as distributors) and also of informing the exporting companies of the demands of the final consumers (acting as marketing agents). In all three countries, there are companies in the exporting countries with a similar role, acting as agents between the foreign agent and the local hotels, but also offering some services themselves directly to tourists.

The relationships are in some ways comparable to those in an industry like clothing where there are no international companies, but there are regular subcontracts from the purchaser to suppliers, but the small scale and therefore large number of contracts makes the situation in practice very different.

The nature of tourism, with natural resources and therefore individual national characteristics an inherent part of the product also changes the balance of the allocation of decisions on the design of the product between the exporter and importer.

While there is considerable concentration within developed country markets, this does not extend (except in a few cases) across borders, and the concentration is probably less for long-haul than for short-haul. Sinclair (1998, p.18) estimates that five companies accounted for 62.5% of the UK market in the 1990s, and four each in France and Germany accounted for 55%. But these figures give 13 companies for the three countries taken together, no longer a concentrated demand in a market where sources even for Mauritius are more diversified than for goods. Sinclair also noted a high level of entry and exit even among these relatively large companies, which confirms the view that it has low barriers to entry.

The Zimbabwean hotel companies market through Zimbabwean tour companies to foreign agents, who then market directly or through local agents according to the degree of centralisation in the importing country (this has been increasing in Europe). One hotel group does do some direct publicity in European markets, but sells mainly through agents. Except for sending information on other hotels, they regard this as purely responsive: the foreign companies choose the area and hotel. The Zimbabwean tour companies act both as direct suppliers of services to individuals and as agents for assembling tour services (their own and others') and hotel services for foreign agents. This

includes advising Zimbabwean firms on what prices are acceptable to the international purchasers. (Air Zimbabwe has flight and hotel packages, but does not consider these a significant part of either its efforts or the tourism market; the tour companies can offer fuller deals.)

The role of South Africa in the Zimbabwean market is increasing in total because of its importance in the Victoria Falls market: 60% of arrivals to Victoria Falls come through South Africa (and both international fares to the capital and fares from the capital to Victoria Falls are lower for South Africa than for Zimbabwe). This development was made possible because the government redesignated the airport as regional (open to African airlines), rather than merely local (requiring tourists to go through Harare), but not international (so that non-regional airlines cannot fly there). Therefore while most of the Zimbabwe industry is locally controlled, some has been effectively relocated to South Africa.

The Mauritian tour companies also have the dual role of managing the relationship between the foreign companies and the local hotels and offering direct services (with the difference that the hotels are part of the same networks of companies). Like the Zimbabwean companies, each operates with a number of foreign companies in most of the major markets (and would not want to be tied to just one).

For package tours, the South African system is similar, with the hotels marketing through tour companies, and those to the international buyers, but this forms a smaller proportion of the sector because of the importance of non-organised travel (70% of the total).

The countries are not trying to encourage local firms to displace the foreign agents, and sell directly to consumers, in part because of a fatalistic assumption that this is the way tourism works, and the private companies show no inclination to take an initiative either in direct marketing to existing sources or to finding new sources.

How the companies are evolving

For the South African and Zimbabwean hotel and other companies, domestic purchasers as well as foreign tourists are an important market. The Zimbabwean industry sees the hotels in new areas (one of the large groups is moving into new parts of the country) as likely to attract local tourists first, then, when they are more developed, foreign, a traditional development plan for a country with a tradition of a large, protected domestic market. Local tourists also provide some stability in the face of an unexpected fall in the growth of foreign tourists, although the current economic situation in Zimbabwe may make this equally uncertain. The new hotels and new capacity by the existing companies, in the face of the static figures for tourism, probably mean that there is now substantial excess capacity in Zimbabwe. The move towards more integration in the industry is possibly a reaction to this. The integrated company is starting, on a small scale, organising tours to Botswana and Zambia and some of the lodges being established by Zimbabweans are across the borders (for example in Zambia). Zimbabwe is seeing small tour companies as offshoots of the big ones, as former employees become self-employed agents. Air Zimbabwe employees are also moving into this area, and some of the new hotels are by ex-hotel-employees, although many are by people with no previous experience in the hotel industry. By contrast, the South African development of cultural and new region tourism seems to be aimed first at foreign tourists, the more rapidly growing segment of that market. The South African hotel groups (entirely South African owned) have a tradition of investing in the neighbouring companies (including Zimbabwe and Mauritius), but these investments were sold or removed during the period of sanctions; sanctions also meant that there was no foreign investment in the South African industry. Now some of the companies (including smaller ones) are moving into neighbouring countries, including Tanzania and Botswana.

A problem facing both South African and Zimbabwean companies is that tourism is seen as a largely 'white' industry, in terms of both consumers and suppliers. This puts pressure on it (particularly in South Africa) either to reform or to find compensating factors. There are the normal efforts of all South African industries to increase employment and training, but ownership and management are largely unchanged, and the market remains the same (except for some efforts in North America). The move into new regions (where at least there will be a positive effect on a poor or unemployed population) is one response which provides evidence of good intentions without substantially altering the nature of the sector.

The Mauritian tour companies are following the example of the sugar and clothing companies (they are of course branches or associates of the same company groups) in establishing overseas subsidiaries, applying their experience in producing and managing tourism services to the less developed tourist industries of the region. If the perception that Mauritius has reached some capacity constraint on tourism is correct (or at least that it is facing slower growth, whether for capacity or demand reasons), this is a logical response. (The alternative would be to move into new sectors in Mauritius, as happened from sugar to clothing to tourism, but employment constraints now make this difficult). Foreign investment will increase the national income, and within this the share of profits: the companies use only limited numbers of expatriates in the subsidiary companies¹⁵. One company has been involved in tourism services in Zimbabwe (in association with one of the major Zimbabwe companies) since 1994, and in Tanzania since 1996, while it has been in the other Indian Ocean markets, the Comoros and the Seychelles, for much longer: 10 years and 25 years. The hotel companies are also moving into the Seychelles. This is mainly to provide the same services for long-haul tourists that they provide in Mauritius, but all the companies are also trying to develop regional tourism among the countries in which they operate. The countries were chosen as ones which did not already have well-developed tourism sectors (they chose not to go into South Africa and Kenya, for example; they would consider Botswana or Namibia). This again is the same pattern of going to develop a new industry, rather than taking over an existing one, found in Mauritian foreign investment in clothing and sugar, and the countries are the same as those considered appropriate investment locations by the South African hotel groups.

New technology

Both South African and Zimbabwean final suppliers (tour companies, hotel companies and individual hotels) are increasingly using the internet for direct information and in some cases direct selling to the

¹⁵They do have expatriate general and financial managers, the normal posts given to expatriates in a UK-owned firm, suggesting that that is the model, so the extent of foreign ownership and management of tourism in the smaller, less advanced countries of the region is different from that in South Africa, Mauritius and Zimbabwe. Even a country like Kenya with a highly developed tourism sector is cited as one where most major hotels have some foreign investment.

final consumer. This will test how far the role of intermediaries remains necessary as a source of information or of security and guarantee. Their central position as suppliers of international transactions services has already been eroded by the growth of payments mechanisms such as credit card and other low cost bank transfers.

Summary

Tourism is dominated by nationally large firms in all three countries, but these are largely locally owned. Like other industries of small firms, it has relied on a chain of intermediaries but this is beginning to face competition from new technology. The structures of the industries within the countries are very different, with Mauritius dominated by packages, and within that by large integrated hotel and tour providing companies. They now find their best opportunities outside the country, rather than in the small (and cartelised) market. The other countries have companies with much less market power in the total market, and which are less integrated. Zimbabwe is responding to sluggish demand by promoting the domestic industry. South Africa is expanding all forms of provision in response to rapidly growing demand. The industries in all three countries are responding to changed demand by moving into new forms of organisation or new locations, not only with new products or new markets.

9. The role of government

Some government interventions which shape the environment for tourism as an international industry cannot be avoided: the policies on visas, customs and access for airlines; transport and communications infrastructure within the countries; taxation and customs duty rules. Internally, governments have policies on investment, on the promotion of small and medium industries, on favouring particular regions or groups in the population, which will affect all sectors. Other rules are specific to this industry: health and safety rules, rules about location, and regulations to conserve national parks and other natural resources. But two elements are striking in tourism. The first is the assumption that there should be a substantial role for the government in planning the industry. Even in countries or periods when sectoral intervention is not generally accepted, there are tourism ministries, white papers, and plans. The second, partially inconsistent, one is that tourism often fails to benefit from normal support by governments.

Conventional interventions at the border

Visas, like tariffs, damage principally the country imposing them by restricting visitors and therefore both their potential spending and their potential contribution of new ideas, but, again like tariffs, they are most often perceived as damaging when imposed by the importing countries. Therefore, countries normally try to reduce them reciprocally (or impose them in retaliation). This is a problem for tourism in countries facing restrictive visas or entry conditions for their nationals travelling abroad (in particular, countries with black populations). The problem is made more serious because it is precisely the senior private or public officials who will have faced obstacles themselves who make the decisions on conditions of entry to their own country.

While none of the countries forbids the entry of visitors from any country, all still have visas for some visitors, although not for their major sources of tourism outside Africa. Within southern Africa, the SADC Tourism Protocol (adopted at the 1998 summit) provides for negotiating a visa-free zone (which would cover all the major African sources of these countries' visitors) and the countries have reached arrangements with some partners. Zimbabwe and South Africa have potentially restrictive

controls on foreign exchange, but the tourism industries in both countries consider these are not serious obstacles which could affect spending from neighbouring countries.

Foreign exchange restrictions on tourism spending have ceased to be important in any of the major actual or potential source countries of tourism, except for other African countries. This is met in the case of Zimbabwe by occasional three-tier pricing (dividing foreign into African or regional and overseas). South Africa offers a range of price levels to attract different levels of spending. Only Mauritius explicitly prefers high spending sources, and restricts the growth of facilities for low spending.

Customs regulations in source countries can be important restrictions on countries for which shopping is a significant form of tourism (Peat Marwick 1986, p.123): here particularly Mauritius. The introduction of this as a specifically targeted activity in the late 1980s came after harmonising EU restrictions had increased the limits of the most restrictive countries, but the limits remain binding for the most expensive forms of Mauritian specialty shopping.

Only Mauritius has specific regulation of foreign participation in investment in the sector: foreign companies cannot run travel companies, and can only wholly own hotels of more than 100 rooms (Mauritius, Investment in hotels, 1998). Zimbabwe designates it as a priority investment and therefore does not control foreign participation, thus favouring it relative to other industries (although *de facto* opposition by the existing Zimbabwean large tour companies and hotel groups appears to have effectively created barriers to entry). South Africa has no special rules on foreign participation. Zimbabwe's very restrictive attitude to all expatriate workers hinders special forms of tourism (foreign-type restaurants or hotels, most obviously). Such restrictions were not cited as a problem for Mauritius or South Africa.

Conventional interventions in national regulation

Tourism is much less restricted by standards or similar regulations than in most developed countries. Health and safety regulations are relatively weak. One type of regulation which none of the countries

has now is hotel or other service grading. In Mauritius, this is explained by the heavy dependence on packages: the companies know the standards of the hotels, and government information is therefore not necessary. There is more discussion of the possibility in the other two countries, but the system in Zimbabwe has fallen out of use. South Africa also had an official system, but is now considering moving to a private system. Mauritius had a mechanism for controlling development in particular areas, but this was allowed to lapse in favour of permitting more second houses and hotels (Cleverdon, Steer, 1992, p. 2.159). There is no general regulation of the sector, as a service in need of special attention because of the importance of trust and financial credit, and there are no special concessions to it in taxation or credit policy.

Nationalised sectors: air and other infrastructure

In all the countries, the tourism sector has complained about the inadequate principal airport. Johannesburg airport has had two major redevelopments since 1993 and is now considered of a satisfactory standard. Harare is now building a new terminal, but the industry says this was not planned in consultation with them, but rather to satisfy Air Zimbabwe, the construction industry, and, possibly, well-placed friends of these.

In Mauritius, where tourism is a more major user of transport infrastructure, there has been discussion of the need for infrastructure development to meet tourism needs (or to raise standards), including the road system, airport, and sewage, but the fact that these discussions have appeared in all the plans since at least 1988 suggests that they have not been given high priority. In South Africa and Zimbabwe, tourism has not been a major consideration in infrastructure plans.

In both Zimbabwe and Mauritius, the national airline is criticised for restricting capacity and the government, for protecting it. In both (and in South Africa until the mid-1990s), the government appears to put the interests of the air sector ahead of those of the tourism sector. The reason is not clear, and it does not correspond to the contribution to revenue, income, or employment. In Mauritius, the established hotels and companies effectively support the policy of restricting access to maintain high prices, and accept that protecting air access is one way of doing this.

Land tenure

In Mauritius, tourism (and other industries, including clothing and sugar) has been able to secure relaxation (or non-enforcement) of the limited rules on land use, and there is no formal programme of land reform. In South Africa, tourism and conservation have continued to have priority over possible reforms in areas like the national parks. In Zimbabwe, land reform has occurred, and continues to be proposed, and tourism (at least in the form of hunting, game viewing and village visits) has been seen as one of the potential uses for communal land (the CAMPFIRE programme).

The direction of national policy

Some of the strongest assertions that governments should have a policy for tourism come now not from the view that it is a major development sector, but from the environmental point of view, that it is a sector with a major (potential) impact on non-renewable resources, and therefore is a suitable area for government policy, or because of its effects on the population. In the South Africa White Paper (1996 p. 20), however, the justification for government intervention is ‘the responsibility of the government and private sector to involve the previously neglected in the tourism industry’ , and the emphasis is on its employment-generating potential, with ‘economic growth and foreign exchange’ (p. 25) as the first objective, and employment as (effectively) the second.¹⁶

The South African plans (SATOUR Plan 1997-9) were, however, an afterthought. A separate Tourism GEAR was issued after tourism had been omitted entirely from GEAR, the principal macroeconomic programme of the new government. Tourism was not included in the pre-ANC-takeover industrial studies. A Plan (for 1997-9) was then prepared without including input from the hotel or tour company sectors. The GEAR supplement states that ‘Tourism should be Government-led’ but ‘private sector driven’ (South Africa, Tourism in Gear 1996). Its priorities reflect the general concerns of the new regime: to promote the culture of the majority and new regions, and it

¹⁶The nominal second is ‘to establish tourism as a national priority’.

did not take account of what can be done through tourism or what were the specific needs then of the sector.

The strategy had a target of increasing tourist entries from the last known figure (1995) of 4.5 million to 5.1 million in 1997 and 6.4 million by 1999 (SATOUR plan p.3). In fact, the 1996 figure was already 5.2 million and by 1998 the number was 6 million (table 2.1). This was to be done by promotion in the current markets, roughly in proportion to their current importance. The average stay, targeted to stay at the 1995 level of 19 nights, however fell to 18 by 1996 and 17 by 1997. As was discussed in section 6, it deliberately tried to increase the numbers interested in 'culture'. The White Paper also supported the development of new financing on the grounds that this had been a major obstacle to the industry (White Paper 1996 p.32). This is the only mention of that as a problem in any of the countries, and it may be tied to the wish to involve new participants. It said that the question of sectoral incentives needed further study.

The Industrial Development Corporation (IDC) offers two special facilities for tourism: for eco-tourism, in either national or private game reserves, mainly for additional accommodation (not game), and a General Tourism Scheme, for renovation of existing accommodation (IDC, 1997, measures, pp. 38-39).

The promotion and policy-making is separate from other industrial and other export policy, but shares with them the concern for not only employment but encouraging participation of the 'previously disadvantaged'. The question of balancing the different objectives, the social and employment with the income and balance of payments, is not discussed, but as no direct action has been taken for any of them, this has not yet been necessary. There is no discussion of conflict between tourism and the environment or culture. The South African government is trying to find a way of using a more nuanced version of carrying capacity: not just environmental carrying capacity, but technical, economic, institutional, social, and financial, and with consideration of the effects of different types of tourism. There is a national policy of trying to encourage particular poor groups of the population, rather than a formal regional policy, but some of the promotion of both 'cultural' tourism and tourism in the north west of the country as a new area would move tourism into new

areas.

Mauritius has had a series of White Papers, strategies, and outside consultants' reports, but these have recommended general policies and targets, rather than specific interventions. It is in these that the concept of carrying capacity and the need to control the development of capacity of tourism has been developed. Mauritius has used the simple, fixed limit, concept formally in its government planning. The number considered the maximum has, however, tended to rise, keeping slightly ahead of actual numbers: the 1988 plan (Mauritius White Paper 1988) specified a carrying capacity of 325,000 by 1992, a figure that was already exceeded in that year. The 1998 report on Carrying Capacity (KPMG, 1998) raised the calculated limit to 600,000 (compared to a predicted figure for 1998 of 605,000), thus again supporting no change, not a fall; the actual figure for 1998 537,000. The 600,000 was based on the airport capacity; it calculated a culture impact limit of 750,000, and an environmental limit of about the same level. The current limit is expressed in terms of hotel rooms: 9000 (Mauritius 2020, 1998), based on the capacity of the coast to absorb hotels, i.e. the capacity for a specific form of tourism (see section 6 for further discussion of this).

A survey of local opinion (Cleverdon and Steer, 1992, pp. 2.106-2.129), however, did not find opposition to increases in numbers. 70% wanted more tourists, and 54% even wanted them in the place where they lived. For those who did not, competition for beaches explained only 8% of the total, with disease (32%) and competition for food (24%) the major disadvantages cited, neither of which is mentioned by the government and consultant discussions of carrying capacity. In contrast to official fears of a bad influence 60% found tourist life styles a good example. These results suggest that the use of 'carrying capacity' has not been in practice based on real environmental or cultural objectives. The other policies have not in general been implemented, in particular those to improve the sewage, air, and road infrastructure and those to develop new activities . Mauritius gives all hotels the conventional incentives given to its export industries, including low corporation tax, tax holidays for 10 years, and duty exemption on imports, with specific listing for most types of hotel equipment, including not only kitchen and room furnishing, but sports and conference requirements (unless there is local production). Tour companies, however, get duty exemption for only certain inputs (buses not cars for example) that are clearly for tourist use. Within the sector, there are

priorities. The government development bank will finance only 5 star hotels or upgrading of lower grade hotels, and all hotels must have at least 60 rooms.

The sector thus is treated as an important industry, with in principle the same degree of planning and specific assistance as other important employers or export industries. The difference from the others is the concern for the environment and 'culture'. These have pervaded the government statements on it, but it is not clear how far they have actually influenced action. Capacity has been constrained, but this has also contributed to the objective of protecting the government airline (and existing tourism enterprises), and the effect has been to slow, not to stop or alter development of the industry. There is little evidence outside the tourism statements of a strong concern for the environment, with criticism of the government is failure to conserve historical sites and failures to regulate waste disposal, protect coral, or provide adequate sewage for the local or the tourist populations.

The industry has been allowed and encouraged to develop in one of the directions taken by clothing and sugar, to go towards investment abroad, but not in the other, to develop new, more value-added products. The industry remains purely simple beach exploitation.

In Zimbabwe, the tourism enterprises are entitled to the same investment incentives as other investments, but these are designed to favour the regions where manufacturing is increasing, not those most suitable for tourism. The sector wants to be treated like the export processing zones: the criterion is 80% exports, which parts of it could meet, but it is not separated from the rest of the country geographically. (Mauritius has solved this by removing the requirement for isolation from all EPZs, and effectively making the whole island eligible.) Roads have not been developed in the direction needed to link tourism sites (encouraging the fly-in for a few days, fly-out model). The government's need to increase taxes has led to two interventions in the industry, both of which were then reversed: imposition of tax on fast foods (opposed on the grounds that these were used by local consumers) and a tax on international air tickets (opposed as contrary to international custom). These episodes (the decision to make Victoria Falls a regional airport, admitting South Africa, but not an international one, so excluding other airlines is also mentioned) suggest that there is not a clear

awareness of tourism interests within the government. On the other hand, the fact that two of the decisions were swiftly reversed suggests that the sector is sufficiently powerful to get unfavourable decisions changed. There has been discussion of a tourism strategy, but none has been evolved. The Tourism Act of 1996 (quoted in van Reit 1998, pp. 19-20) gives the priority as foreign exchange earnings, employment, and national income. There is also mention of preserving the environment. There have been statements in support of the same policy as Mauritius: low volume and high value, but the industry is not orientated to this; it is less enforceable with surface transport available as a substitute for air; and there have in fact been no measures taken to promote this.

There is not yet a tourism plan, although there have been persistent promises of one, and preparing one is treated as the responsibility of the donors. This is not peculiar to tourism, but the sectors regarded as the most important (some manufacturing, air services) have been promoted and assisted even against the advice of donors, so that it positions tourism among at best the second-rank priorities. (This is consistent with its failure to receive special exemptions or criteria in the investment and trade incentives.) It is criticised as 'white' and divisive, but there is no assistance or programme to change this. The development of tourism in the national parks has been hindered by policies adopted to preserve the environment and animals there, but these policies are donor policies, not Zimbabwean, and the hindrance of tourism appears to be more the result of lack of effort to find ways of reconciling the two, than deliberate choice, suggesting neglect rather than policy. Like South Africa, Zimbabwe has had distributional targets in favour of particular groups of the population rather than geographical regions. Some of these have been encouraged also through tourism policy (the attempt by some communal areas to attract tourists to see villages or the CAMPFIRE project). The fact that tourism in Zimbabwe is in some of the areas least likely to attract other development is cited as one of its advantages, but this is not by intention. There are no formal regional objectives, however.

South Africa and Zimbabwe have formal support for small and medium sized enterprises, but because tourism is perceived as a large company industry (in spite of the evidence) there are no specific tourism programmes within this, and the small enterprises which have developed (whether small guesthouses or tour services) have been outside general government programmes. In

Mauritius, there is less formal support for SMEs, and in tourism there has been active discouragement of small hotels (as not consistent with the luxury image of Mauritius); the minimum size of 60 rooms, with a minimum investment of M Rs 2 million (in 1998, about US \$90,000, or a total of US \$5 million) implies a large enterprise. Alternatively, small guesthouses can develop with fewer than 5 rooms or 10 employees, below the level needed for government approval.

The multiplicity of activities within tourism means that a wide range of ministries is potentially involved, and the existence of independent agencies or parts of ministries increases this number. There is little evidence in any of the countries that there is effective coordination of the incidental effects from other ministries on tourism or of tourism's needs with policies for other sectors.

All the countries have tourism promotion agencies, separate from normal export promotion, but in South Africa foreign and domestic promotion are separated: SATOUR is responsible for the former, but individual provinces are responsible for their own promotion to local visitors. (This transfer appears to have been more to strengthen provincial governments than to promote tourism.) In Zimbabwe, the Zimbabwe Tourist Authority is recently established (1997), and depends on other departments for data and spending. There have been long periods without representatives in major markets, and the ZTA is financed by a levy on tourism enterprises, not as a part of government spending. In Mauritius, the organisation, created in 1991, and renamed in 1996 (from Government Tourist Office to Tourist Promotion Authority) is more a local lobbying agency, with promotion principally by the private sector. In 1990, Mauritius spent substantially less (per tourist or per unit of tourism income) than the countries which it regards as its principal comparators, the Caribbean islands: US\$ 7.70 per arrival or 0.6% of total tourism earnings, compared to \$10 to \$25 and 1.5 to 3% (Cleverdon, Steer, 1992, p. 2.28). This continues. In 1995 Mauritius spent £0.08 million in the UK in 1995; Jamaica: £1.6 million; Barbados: £0.7; Bermuda £0.3; Bahamas £0.1. A report in 1998 (Mauritius Impact 1998) severely criticised the lack of professionalism of its promotion activities: recruitment of agents was casual, and the high costs and low spending directly on promotion.

In South Africa and Zimbabwe, the neglect is in part because of its 'whiteness', but the defensive

emphasis of the WTO and WTTC on satellite accounts to show how many other sectors are affected by tourism shows that it is an international problem. It is not only that it is private sector or a service: financial sectors or commercial sectors do not share the neglect. There probably remains an element of prejudice that services cannot be as 'serious' or important to an economy as goods, particularly a service a large share of which is based on leisure, not work.¹⁷ The South African White Paper (South Africa 1996, p. 5) explicitly states that the problem that 'the tourism industry is still seen as a thing of the past - a plaything for the previously privileged class. The true wealth-creating potential of the sector has not been fully grasped by policy-makers.' In both countries, there are also language barriers for much of the population as it requires English and possibly other languages. In Mauritius, the neglect is less, but still significant compared to the very well-targeted interventions in other export industries. It can be attributed to the success of the industry and the lack of need to intervene (in contrast to clothing and sugar where constant alertness to international obstacles is necessary). It was difficult to argue that there was a need to help an industry growing at the rates seen in the 1980s. And language is not an obstacle.

African regional policies

South Africa and Zimbabwe at least consider themselves part of a multi-centre, and therefore regional market, and therefore have an interest in consistent policies and potentially in regional promotion. Mauritius has a less direct interest, given its current form of tourism, but it is the country designated as responsible for the tourism sector under SADC. The SADC promotion agency, RETOSA, however, is located in South Africa. Although it is important to many of the members, tourism has not been given priority in SADC (under the SADC system of allocating different sectors to each member, it was originally allocated to Lesotho, but given to Mauritius when it joined SADC). A major study by the Development Bank of Southern Africa, *Towards strengthening multisectoral linkages in SADC*, 1997, did not include tourism, and previous work by the DBSA in this area concentrated on the environment rather than on increasing income.

¹⁷It is unfortunate that the generic name for travel was chosen to be tourism, rather than a more neutral term that would make it clear that it included business travel as well.

The SADC Tourism Protocol (SADC Tourism, 1998), signed in September 1998 (Mauritius, Highlights on Regional Co-Operation, 1999), has intra-SADC travel as its first undertaking, to make both outward travel and inward travel by SADC residents easier: visas are to be abolished or made available at point of entry. Other visitors' visa requirements are also to be eased. Its other priorities are improved and harmonised training, common promotion, improved data, and common standards and grading. It encourages national investment incentives, but has no provision for regional assistance. All these are hortatory. The only formal jointly financed activity is RETOSA.

Mauritius also participates in joint marketing with the other Indian Ocean countries through the Indian Ocean Commission. Tourism should be a much stronger interest for the IOC than for SADC because it is a major export for all the members. As with the SADC Tourism Protocol, there is support for marketing the region as a region, but the plans of the IOC make relatively little mention of the sector, stressing other sectors such as fishing. (The only form of tourism emphasised in IOC literature is eco-tourism, which is less important than beach tourism in all the countries.)

Summary

The sector has been neglected and subject to policies and priorities designed for other sectors. In South Africa and Zimbabwe, this may not be much worse than the treatment of other sectors, although not being treated as favourably as other export industries has been a disadvantage. In Mauritius, some policies designed for industrial sectors have been used to help it, but it has not been subject to the thorough analysis and planning or the strong international promotion characteristic of Mauritian industrial and international economic policy in other areas. The White Papers and consultants' reports have not developed a coherent programme for the sector, their concerns have not been closely related to the actual needs or effects of the sector and their specific proposals have not been implemented. This is very different from the active private and public study, planning and development of the other two principal industries and exports, sugar and clothing. In Zimbabwe, the neglect relative to other industries has increased its costs. It is, however, fully integrated into all types of activity (including the communal land programmes). In South Africa, it is too early to say if the

implementation of the new policies will lead to more specific help for the sector.

It is clearly not a priority in Zimbabwe or Mauritius thinking, but a sector for donors to study and the private sector to develop, without government participation in either. For South Africa, it was not one of the priority industries for the new regime and it is to be used for the government's non-economic targets, not necessarily its economic.

In none of the countries is the industry signalled out as strategically important, either because of its potential effects as a pole of development for other industries, because of its effects on employment or for non-economic, strategic or cultural reasons. Therefore, when it comes into potential conflict with the interests of industries which are regarded as national priorities (in particular the national airlines in Zimbabwe and Mauritius) it is tourism whose interests come second.

But this 'neglect' is in the context of a much greater acceptance that government has a direct interest in the outcome, and perhaps a policy, than would be true for most other predominantly private industries. All the countries have a tourism ministry, even if it is 'tourism and...', not just tourism; even clothing in Mauritius does not have that. All publish statistical series specifically on tourism, even if they have weaknesses, and Mauritius and South Africa have very extensive regular surveys of tourists, to acquire data on the value and form of tourist spending and tourism activities and a measure of 'satisfaction'. This puts tourism in an odd, intermediate position; the government has an interest, but no clear perception of what that interest should be.

10. International policies

International regulatory institutions

The WToO and WTTC are sectoral pressure groups, supporting tourism, collecting data, and exchanging information. The WToO was established in 1974, with UN agency status, and financed by the UNDP (EIU, *International Tourism organisations*, 1994, pp. 72-3). Its scope was explained by its former name, the International Union of Official Travel Organisations. The WTTC is an association of private companies in the industry, established in 1990. The individual industry components of tourism, transport and hotels, have international organisations, ranging from the powerful industrial cartel, IATA for airlines, to groups of hotels and travel agents.

Countries' restrictions on services only came under international regulation in the 1990s, fifty years after goods came under the GATT. Some services were so restricted by individual countries, both within countries and in trade, that agreed limits on restrictions were difficult to achieve (financial services, most notably), while others were considered of their nature so local that restrictions were regarded as unnecessary (except through restrictions on foreign investment). Tourism includes examples of both: transport services, both sea and air, have traditionally been among the most regulated and protected; specific services to tourists in a country are inherently local.

The first attempt at international regulation directly of countries' policies on tourism, as opposed to components such as air and maritime transport, was the inclusion of services in the WTO from 1994. The GATS, General Agreement on Trade in Services, like GATT, binds all countries to the regulations which they notify to it. This does not guarantee common or relaxed regulations, only that the package offered, of GATS, tariffs, and all other elements must be acceptable to the other members.

The purpose of setting up GATT for tariffs was to ensure that all regulations were transparent and predictable: trade controls and tariffs had to follow agreed forms, and could not be increased without notification and further negotiations. This was to make trade more efficient and more predictable.

For services, there were initially the same objectives, but, partly to ensure that all countries participated in what was a controversial addition to the GATT rules, countries were not required to notify all their regulations on all services, but only to 'offer' at least one service, and within that, notify at least one type of regulation. Services and parts of services not notified remain not only unbound (any restrictions on foreign participation can be altered or increased without international control), but unrecorded at international level. The implementation of the services agreement was hindered by inexperience; in contrast to goods where there was a long tradition of recording tariffs and restrictions even before the establishment of GATT in 1947 (because of the needs of customs officers and because there were bilateral agreements on tariffs), there was no agreed system for classifying either services or the restrictions on them. The method adopted by the WTO, of choosing 'services' which corresponded more to industrial classifications than to conventional understanding and then classifying them by 'mode of supply', effectively how they are distributed, was experimental. In the case of tourism, the very limited coverage of the definition adopted was strongly criticised by the WTO (WTO, Tourism 1998).

While most developed countries included most services and gave substantial information on the regulations in their formal offers under the GATS, and Latin American and East and South East Asian typically included 6-8, most African countries offered fewer than half the 11 categories into which services were divided, and particularly among the least developed, some offered only one. Where only one was offered, it was most often tourism, and within tourism, investment in services at the luxury end. All members of the WTO included the first sub-classification of tourism (hotels and restaurants). The reason for choosing tourism may be that regulations on many of the others (transportation and financial services for example) were significant, and seen as strategically important by the governments. Regulation of tourism is more usually indirect (or through non-trade measures) and these may not have been seen as GATS-regulated by negotiators. The reason for the choice of luxury tourism services is not clear: the evidence here on both Mauritius and Zimbabwe suggests that these offer the highest returns per tourist and they are the area where environmental and cultural protectionists' preconceptions suggest that the greatest effect is found. They may be where foreign participation on investment is expected to be most important because it is seen as a global product.

In future WTO negotiations (starting with the next Round, to begin following the ministerial meeting of November-December 1999), the lack of completely notified schedules and the difficult to use systems of classifications may make negotiations difficult. Not only is there still lack of clear information about countries' rules, but even for those services and types which are notified, there is no agreed method of quantifying and thus comparing the strictness of restrictions and therefore the benefits to be gained by trading partners from changes. (While countries may have information about their own restrictions, the lack of quantification also, of course, means that there is no way for countries to measure the costs or benefits to themselves of changing their own restrictions.) The only method used in measuring the outcome of the WTO negotiations was counting: the number of services included; the numbers of subdivisions of services or of modes of supply.¹⁸

The developed countries' objective for the next round is to increase liberalisation of services, and specifically to require all countries to include more than one service. This may mean that there is relatively little pressure to liberalise restrictions on tourism. There may, however, be particular pressure on passenger air transport, which was entirely excluded in the last Round.

The three countries considered here all included tourism in their 1994 offers. For Mauritius, it was one of two, with telecommunications; since then it has added some financial services, as well as improving its telecommunications offer. Zimbabwe included communications and finance as well as tourism, while South Africa (which participates in the WTO as a developed country) offered 7 sectors (GATS, 1994, *Mauritius; South Africa; Zimbabwe*).

Both Zimbabwe and South Africa made almost unreserved offers in the three categories of Hotels and Restaurants, Travel Agencies and Tour Operators, and Tourist Guide Services. In contrast, Mauritius reserved several sectors to Mauritians. As mentioned in the last section, majority foreign

¹⁸There have been attempts to develop price differential or price wedge models to measure barriers to services, as has been done in research on goods (e.g. Bosworth et al, 1997), but in goods negotiations, such measures were only used in agriculture (the aggregate measure of support), and even here the final commitments were in terms of the percentage tariffs, subsidies, or quotas.

ownership is restricted to large hotels. In restaurants, there is a minimum financial size for any foreign participation to be permitted, even minority. Mauritian employment in both must be 'predominant' (not defined). The major restriction is on travel agencies where only agencies established in Mauritius are permitted and on tour operators and guides who must be Mauritian (with exceptions for 'scarce' languages). It added a fourth subdivision. The other sectors included, all restricted to Mauritian nationals, were car rentals, yacht chartering and duty-free shops. When Mauritian trade policy was reviewed by the WTO in 1995, Mauritius said that 'no changes...were currently envisaged' (WTO, Mauritius, 1995). Its restrictions mean that it might face pressure to liberalise further.

The UN Environment Programme has started to take an interest, attempting to draft a Code of Conduct for tourism's impact on the environment (EIU, International Travel organisations, 1994). This was overtaken by the WTTC's introduction of 'Green Globe' awards for environmental standards in hotels. Certification is to be done by SGS, a Swiss company specialising in setting and assessing trade standards.

There is no move to restrict or even require notification of 'countries' regulations on the movement of individuals or visa rules, whether tourists or those seeking employment in the industry, so both the demand and the supply sides of the sector remain effectively more regulated than most trade in goods.

Donors

UNCTAD introduced in 1998 a project to help developing countries respond to international regulation of services, including tourism, called CAPAS, and UNCTAD has had a tradition of looking at services, pre-dating their inclusion in the WTO.

Tourism is included in the industries in which the IFC (a branch of the World Bank providing co-financing with the private sector) will participate, and it has invested in Mauritius in hotels and fishing, and in Zimbabwe in hotels and tour companies. It has been part of most donors' bilateral

programmes, including the EU's Lomé arrangements since Lomé III (1985) (EC, Courier, May-June 1999). But the EU's report on its cooperation arrangements with Mauritius did not mention tourism (EU, Mauritius 1998). It has not been a donor priority in any of the three countries.

Summary

Restrictions on tourism remain relatively unregulated at the international level, compared to goods in spite of its inclusion in the GATS. While certain direct interventions were notified and bound, discrimination by nationality on investment and employment remains important in Mauritius. Although it is not normally discriminated against in aid programmes, multilateral or bilateral, it tends to receive less attention in negotiations.

11. Conclusions

Tourism is not as exceptional either in its size or in its 'neglect' as tourism organisations claim. It is an important sector, by any measure, but is no longer particularly rapidly growing and is only 'the largest world industry' if related activities are brought together. But it has a higher income elasticity than other traditional African exports, it is more labour using than other sectors which can be established as new industries, and it can develop, at least initially, on the basis of unskilled or in-company trained labour. This gives a wide range of countries the opportunity to participate in rapid export growth. It is extensively regulated at the border, through economic controls (on spending and investment), but also through non-economic controls of movement of people, which are less likely to be questioned or reduced by international or industry pressure and it depends on transportation and communication sectors where regulation and public ownership are common. This makes it vulnerable to government regulation, so that unless there is a clear policy for tourism, it can be damaged by inattention.

Tourism's advantages and disadvantages are different from those often attributed to it, and this lack of understanding is not only an intellectual problem because it can lead to wrong (or absent) policies. It shares the problems of all services industries, that it cannot be 'serious' because it is not material, and has the additional disadvantage of being not work.¹⁹ It is important to examine it as investors or policy makers would any other sector or set of enterprises, to accept that its participants will exaggerate its importance, but also to note that it is labour-intensive, widely producible, across countries and across regions within countries, has low entry barriers, and is not import-intensive. It is, therefore, potentially a useful contributor to the economy in any country, but particularly in developing countries seeking new export activities without high investment or other initial requirements.

¹⁹It may share the problem of education: that because all officials and consultants have personal experience, and therefore prejudices, they are less likely to seek or use hard evidence about the actual nature or impact of the sector. One important prejudice is to conserve those activities and characteristics which they themselves enjoy.

It is not as exceptional in damaging ways as its critics would claim. It is not dominated by large firms or existing industrial structures. The growth (and lack of growth at some periods) of the industry in the three countries examined here, and their changes in share shows that it is an industry where entry and exit are possible, for countries and activities within countries as well as for enterprises. It is very much a locally owned, controlled, and directed industry in all three countries. This applies to all the activities, and to the way in which tourism and tourism enterprises have developed in the countries. The differences in these development paths are evidence against a global domination or direction of the industry. It is normally based strongly on local inputs. This is less true in small islands, but other industries in small islands also rely more on foreign inputs. (Mauritius is the country that boasted of having the largest exports of knitted goods without a single sheep.) A potential distribution problem is that the local income may go preferentially to profits rather than to wages: profits appear to be high (because of the existence of 'world pricing'), while wage rates are not. And one of the most commonly used ways in which enterprises evolve, foreign investment, also tends to favour profits.

Although concern about tourism's effects on environment and culture is expressed in Mauritius, it is not clear that there is an unpreventable and serious impact in any of the countries, or that the concern in Mauritius is real. There are certainly individual examples of damage to the existing environment, for example in Mauritius to the sea from sewage and to coral from over-exploitation, but as these risks were recognised at least a decade ago (Mauritius White Paper 1988), and Mauritius does have the administrative and legal structure to remedy them (and a very small geographical area in which to control harmful activities), the reasons for the continuing damage are either unwillingness to regulate an industry owned by major private sector interests or lack of interest in the damage. (It is notable that until the 2020 reports the major reports on tourism were written by and for donors, not by the Mauritian government.) The population, unlike the consultants, welcomes the 'cultural impact'. The other countries do not express such concerns.

In Mauritius, tourism is now a slowly growing sector, and it is being devolved to neighbouring countries rather than diversified and developed within Mauritius itself. This further limits the already relatively low linkages. As the Mauritian industry remains a very small part of the world market, there may be more freedom for Mauritius to choose to specialise in a very small segment of the

sector (the beach holiday without side activities) than would be the case of a larger country, but it is less clear that it is in Mauritius' interests to take this path. It limits the industry to a relatively specialised but low labour skill, and therefore low wage, sector of the labour force, and discourages the development of the type of small dependent suppliers which are normally considered desirable results of a major international industry. This pattern of development, however, follows the Mauritian precedent and suggests that tourism is expected in turn to be replaced by another sector whose only relationship to the existing sectors will be that it is financed and developed by the same large company groupings, a strategy of successive niches rather than linked development. Mauritius is very vulnerable to possible events external to its tourism industry: reliance on a single product means it may need to adapt its strategy if demand for it declines or if it is damaged. It could face international pressure to reduce the high protection given to the industry. It could also face less favourable conditions in one of the other two sectors on which it depends, and therefore need to find a way of returning to rapid growth in tourism.

In Zimbabwe and South Africa, tourism is rapidly growing and much more integrated into the rest of the economy, through supply in both countries and through demand, the large domestic tourism sector, in South Africa. South Africa is becoming a major world supplier and Zimbabwe is closely linked to it as a joint product, the multi-centre model. This combined supplier is therefore less likely than Mauritius to be able to follow a very specialised product path. Both countries have the resources for at least three of the natural-resource based tourisms (sights, wild life, and history) and South Africa is deliberately developing new forms of tourism. The question which neither has yet resolved is whether it is possible (or desirable) to develop either more integrated forms of tourism (removing or reducing the role of the developed country intermediaries) or more value added forms (other than by increasing profit rates). Either of these could increase not only national income, but the skill content of the sector. The strategies (explicit in South Africa, implicit in Zimbabwe) have been diversification into existing resources (different environments, culture, history, etc.) rather than into the labour intensive forms (entertainment) or more labour-skill intensive versions of existing types of tourism. As long as increasing low skill employment is the objective, this is rational, and it has additional advantages. Partly because of the location of tourist attractions and partly by deliberate policy in South Africa, it helps to redistribute economic activity and income to areas of the

countries which do not receive industrial development. The greater integration in South Africa and Zimbabwe makes it possible for small private entrepreneurs to develop as suppliers of new services (or different qualities or types of existing services). The pattern of development appears, however, to result more from a response to demand than from a deliberate strategy. This may make it difficult to make the transition to a more strategic approach when this becomes desirable, in contrast to Mauritius where there is already a strategic approach. Both countries have made small moves into foreign investment, but although the approach and the intention are similar to Mauritius, to exploit management and production skills gained in relatively advanced tourism economies in less advanced neighbours, and the potential effect, of increasing national income and the share of profits would be the same, the scale is much less, especially relative to the much larger tourism sectors of both South Africa and Zimbabwe and the attempts are the results of individual company decisions rather than a national strategy.

South Africa and Zimbabwe both therefore have potentially successful medium term paths for tourism, which will have effects on income distribution, regional inequalities, and employment strategies as well as direct income impacts. They are not as vulnerable to outside changes in policy or events as Mauritius, but they are also less prepared to respond to changed conditions than Mauritius. Tourism has made a significant contribution to growth and also to other aspects of development in all three countries. None, however, has exploited its advantages effectively.

Table 2.1 The Size of the Tourism Sector

| | 1970 | 1980 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|----------|----------|--------|
| Numbers of arrivals, 000 | | | | | | | | | | | | | | | | |
| Mauritius | 36(a) | 115 | 149 | 165 | 208 | 239 | 263 | 292 | 301 | 335 | 375 | 401 | 422 | 486 | 518 | 537 |
| South Africa | 404 | 702 | 728 | 645 | 703 | 805 | 930 | 1029 | 1710 | 2703 | 3093 | 3669 | 4488 | 5186 | | 5.981 |
| Zimbabwe | | 243 | 331 | 357 | 372 | 449 | 474 | 606 | 664 | 738 | 951 | 1105 | 1539 | 1773 | 1549 | |
| Africa | 2400 | 7300 | 9700 | 9300 | 9800 | 12490 | 13800 | 15100 | 16200 | 18000 | 18500 | 19100 | 20400 | 21800 | 23157 | 24903 |
| Developing | | | | | | 98000 | | 116000 | | 121000 | 126000 | | | 183000 | 186000 | |
| World | 160000 | 285000 | 326000 | 333000 | 359000 | 390000 | 426000 | 458000 | 464000 | 503000 | 519000 | 550000 | 565000 | 567000 | 611000 | 625000 |
| % change | | | | | | | | | | | | | | | | |
| Mauritius | | | | 10.7 | 26.1 | 14.9 | 10.0 | 11.0 | 3.1 | 11.3 | 11.9 | 6.9 | 5.2 | 15.2 | 6.6 | 3.7 |
| South Africa | | | | -11.4 | 9.0 | 14.5 | 15.5 | 10.6 | 66.2 | 58.1 | 14.4 | 18.6 | 22.3 | 15.6 | | 10.0 |
| Zimbabwe | | | | | | 20.7 | 5.6 | 27.8 | 9.6 | 11.1 | 28.9 | 16.2 | 39.3 | 15.2 | -12.6 | |
| Africa | 14.51 | 21.72 | 10.19 | 3.8 | 5.27 | 27.2 | 10.5 | 9 | 7.6 | 11.3 | 2.8 | 3 | 6.6 | 7.2 | 6.1 | 7.5 |
| Developing | | | | | | | 8.02 | 7.45 | 1.25 | 8.49 | 3.12 | 6.05 | 2.73 | 5.49 | 2.39 | 2.37 |
| World | | | | | | | | | | | | | | | | |
| Africa/total (%) | 1.5 | 2.6 | 3.0 | 2.8 | 2.7 | 3.2 | 3.2 | 3.3 | 3.5 | 3.6 | 3.6 | 3.5 | 3.6 | 3.8 | 3.8 | 4.0 |
| SpendingUS\$billion | | | | | | | | | | | | | | | | |
| Mauritius | | | 0.055 | | 0.138 | 0.1772 | 0.1833 | 0.2442 | 0.2517 | 0.2991 | 0.3038 | 0.3572 | 0.4298 | | | |
| South Africa | | | 0.425 | | 0.589 | 0.673 | 0.709 | 1.029 | 1.131 | 1.226 | 1.327 | 1.424 | 1.595 | 2.103802 | 2.442732 | |
| Zimbabwe | | | 0.026 | | 0.043 | 0.0536 | 0.0549 | 0.0642 | 0.055 | 0.096 | 0.096 | 0.01325 | 0.154 | | | |
| Africa | 0.482 | 2.711 | 2.589 | 3 | 3.8 | 4.6 | 4.5 | 5.3 | 5 | 6.2 | 6.3 | 6.8 | 7.4 | 8.7 | 9.0018 | 9.551 |
| Developing | | 28.994 | 33.751 | | | | | | | | | | | 129.757 | 132.251 | |
| World | 18 | 105.32 | 108 | 130 | 159 | 195 | 221 | 263 | 278 | 315 | 324 | 354 | 405 | 436 | 436 | 445 |
| Developing/total (%) | | 27.5 | 28.6 | | | | | | | | | | | 29.9 | 30.3 | |
| Africa/total (%) | 2.7 | 2.6 | 2.4 | 2.3 | 2.4 | 2.4 | 2.0 | 2.0 | 1.8 | 2.0 | 1.9 | 1.9 | 1.8 | 2.0 | 2.1 | 2.1 |
| Tourism/as share of total exports of goods and services (%) | | | | | | | | | | | | | | | | |
| Mauritius | 5.9b | 0.00 | 9.95 | | | | | 14.64 | | | | | 18.58 | 0.00 | 0.00 | 0.00 |
| South Africa | | 0.00 | 2.33 | | | | | 3.81 | | | | | 4.97 | 6.24 | 6.80 | 0.00 |
| Zimbabwe | | 0.00 | 1.88 | | | | | 3.24 | | | | | 7.26 | 0.00 | 0.00 | 0.00 |
| Africa | | 2.04 | 2.81 | | | | | 4.38 | | | | | 5.65 | 5.76 | 5.85 | 7.18 |
| world | | 4.39 | 4.63 | | | | | 6.23 | | | | | 6.46 | 6.59 | 6.37 | 6.63 |

Sources: WTOO Tourism Highlights 1998.
WTOO Yearbook of Tourism Statistics 1997
GATT 1989 Trade in Tourism services
Mauritius Gov Web site
EIU Mauritius 1991
WTO website

a 1971
b 1975
c 1990-97

| | 1950-60 | 1960-70 | 1970-80 | 1980-90 | 1990-96 | period averages % | | | |
|--------------------------|---------|---------|---------|---------|---------|-------------------|---------|----------|---------|
| | | | | | | 1989-93 | 1994-98 | 1989-98 | 1990-98 |
| Numbers of arrivals, 000 | | | 13.8 | 9.8 | | | | | 7.9 |
| Mauritius | | | 5.6 | 3.9 | | | | | 24.6 |
| South Africa | | | | 9.6 | | | | 14.3 (c) | |
| Zimbabwe | 3.7 | 12.4 | 11.8 | 7.5 | 5.3 | 7.6 | 6.9 | 6.8 | 6.5 |
| Africa | | | | | | | | | |
| Developing | 10.6 | 8.7 | 5.6 | 4.8 | | 5 | 3.2 | 4.3 | 4 |
| World | | | | | | | | | |
| % change | | | 13.8 | 9.8 | | | | | 7.9 |
| Mauritius | | | 5.6 | 3.9 | | | | | 24.6 |
| South Africa | | | | 9.6 | | | | | 14.3 |
| Zimbabwe | 3.7 | 12.4 | 11.8 | | | 7.6 | 6.9 | 6.8 | 6.5 |
| Africa | | | | | | | | | |
| Developing | 10.6 | 8.7 | 5.6 | | | 5 | 3.2 | 4.3 | 4 |
| World | | | | | | | | | |
| SpendingUS\$billion | | | | | | | | | |
| Mauritius | | | | | | | | | |
| South Africa | | | | | | | | | |
| Zimbabwe | | | | | | 8.8 | 8.7 | 8.7 | |
| Africa | | | | | | | | | |
| Developing | | | | | | 10 | 5.9 | 8.1 | |
| World | | | | | | | | | |

**Table 2.2 Satellite Accounts for Tourism
(% share of tourism in national total)**

| | World | Africa | SSA | Caribbean | Mauritius | South Africa | Zimbabwe |
|---------------------|-------|--------|------|-----------|-----------|--------------|----------|
| Industry output | 4.4 | 4.2 | 4.3 | 6.5 | 12.2 | 3.6 | 5.1 |
| 'Economy' output | 11.7 | 8.8 | 11.2 | 20.6 | 27.9 | 8.2 | 12.4 |
| Industry employment | 3.1 | 3.1 | 2.8 | 5.0 | 9.0 | 3.2 | 3.5 |
| Economy employment | 8.2 | 7.4 | 7.4 | 15.8 | 20.6 | 7.3 | 8.5 |

WTTC, 1999 estimates, WTTC website

Table 2.4 Sources of tourists (% of country total)

| | 1980 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Mauritius | | | | | | | | | | | | | | | |
| Europe | 36.7 | 38.1 | 40.2 | 46.0 | 45.8 | 45.9 | 44.2 | 44.7 | 49.1 | 51.7 | 57.6 | 57.8 | 57.9 | 60.9 | |
| UK | 6.7 | 4.8 | 5.1 | 5.7 | 5.8 | 6.3 | 7.5 | 6.9 | 7.3 | 8.0 | 8.3 | 7.4 | 7.2 | 8.6 | 9.4 |
| France | 17.0 | 18.5 | 19.6 | 21.3 | 21.0 | 19.1 | 18.2 | 19.4 | 22.2 | 22.7 | 26.5 | 27.6 | 26.8 | 27.1 | 29.2 |
| Germany | 7.8 | 6.0 | 5.5 | 6.6 | 6.3 | 6.9 | 6.8 | 8.0 | 8.9 | 10.3 | 10.4 | 9.9 | 9.3 | 8.2 | 7.8 |
| Italy | 3.7 | 4.6 | 5.5 | 5.9 | 6.3 | 5.5 | 4.9 | 4.4 | 4.5 | 4.1 | 4.5 | 4.1 | 4.5 | 6.6 | 6.6 |
| Africa | | | | 45.7 | 46.8 | 46.1 | 46.4 | 46.4 | 42.3 | 40.0 | 34.6 | 34.0 | | | |
| South Africa | 18.4 | 18.4 | 16.2 | 14.9 | 15.0 | 14.0 | 14.4 | 14.3 | 11.9 | 11.3 | 9.9 | 10.1 | 10.4 | 9.6 | 8.9 |
| Reunion | 23.1 | 23.9 | 24.7 | 23.1 | 23.8 | 25.0 | 25.1 | 25.9 | 24.2 | 22.7 | 19.2 | 18.6 | 16.9 | 15.4 | 15.1 |
| India | | | | 1.4 | 1.8 | 1.8 | 2.8 | 2.8 | 2.4 | 2.9 | 2.6 | 2.7 | 2.7 | 2.5 | |
| Other Asia | | | | 3.8 | 3.6 | 4.0 | 4.2 | 4.1 | 3.7 | 3.2 | 3.3 | 3.1 | 3.2 | 3.1 | |
| North America | | | | 1.2 | 0.8 | 1.0 | 1.1 | 0.9 | 0.7 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | |
| South Africa | | | | | | | | | | | | | | | |
| Europe | | | | | 34.2 | 35.7 | 34.0 | 22.4 | 14.8 | 13.7 | 13.9 | 15.8 | 15.4 | 17.1 | |
| UK | | | | | 13.8 | 14.0 | 13.1 | 8.4 | 5.2 | 4.6 | 4.3 | 5.4 | 4.9 | 5.8 | |
| France | | | | | 1.7 | 1.8 | 2.0 | 1.2 | 0.8 | 0.8 | 0.8 | 1.2 | 1.3 | 1.3 | |
| Germany | | | | | 8.0 | 8.5 | 8.1 | 5.0 | 3.1 | 3.2 | 2.8 | 3.7 | 3.9 | 4.0 | |
| Italy | | | | | | | | | | 0.5 | | | 0.6 | 0.6 | |
| Africa | 42.5 | 44.2 | 53.8 | 51.8 | 51.3 | 51.9 | 49.6 | 69.8 | 79.5 | 79.8 | 79.7 | 73.5 | 72.9 | 72.6 | |
| SADC | | | | | | | | | | 68.6 | | | | 67.5 | |
| Asia | | | | | 4.6 | 5.4 | 5.2 | 3.5 | 2.4 | 2.6 | 2.9 | 3.4 | 2.7 | 2.6 | |
| North America | | | | | 6.8 | 6.9 | 6.5 | 3.9 | 2.6 | 2.7 | 2.4 | 2.8 | 2.8 | 3.2 | |
| Zimbabwe | | | | | | | | | | | | | | | |
| Europe | | | | | | | | 10.0 | 9.2 | 10.9 | 9.4 | 10.1 | 14.5 | 17.2 | |
| UK | | | | | | | | | | | 4.1 | 4.4 | 5.3 | 8.2 | |
| Fr | | | | | | | | | | | | | 3.4 | 3.4 | |
| Ger | | | | | | | | | | | 1.9 | 2.1 | 3.4 | 3.4 | |
| Africa | | | | | | | | | | | | | | | |
| SA | | | | | | | | 84.8 | 86.7 | 83.8 | 85.7 | 83.7 | 78.8 | 73.7 | |
| Asia | | | | | | | | 32.7 | 49.1 | 47.5 | 44.2 | 37.3 | 35.8 | 30.4 | |
| North America | | | | | | | | | | | 0.6 | 0.8 | 1.3 | 1.0 | |
| | | | | | | | | | | | 1.8 | 2.4 | 2.4 | 4.3 | |
| Africa | | | | | | | | | | | | | | | |
| Europe | | | | | | | | 16.9 | 17.7 | 18.2 | 18.7 | 18.1 | | | |
| Africa | | | | | | | | 29.3 | 26.1 | 24.3 | 23.3 | 21.9 | | | |
| Top world tourism spenders (% total 1997) | | | | | | | | | | | | | | | |
| North America | | | | | | | | | | | | | | | 16.6 |
| Europe | | | | | | | | | | | | | | | 44.9 |
| UK | | | | | | | | | | | | | | | 7.3 |
| France | | | | | | | | | | | | | | | 4.4 |
| Germany | | | | | | | | | | | | | | | 12.2 |
| Italy | | | | | | | | | | | | | | | 4.4 |
| other | | | | | | | | | | | | | | | 16.6 |
| E. Asian | | | | | | | | | | | | | | | 9.3 |
| South Africa | | | | | | | | | | | | | | | 0.5 |

Sources: WToO
South African, Mauritius, and Zimbabwe tourism statistics

Table 2.5 Market shares for exports of goods (1997, %)

| | Mauritius | South Africa | Zimbabwe |
|---------------|-----------|--------------|----------|
| EU | 73 | 29 | 33 |
| UK | 34 | 12 | 8 |
| France | 19 | 1 | 1 |
| Germany | 6 | 4 | 6 |
| Italy | 4 | 2 | 6 |
| North America | 15 | 6 | 6 |
| Africa | 7 | 14 | 37 |
| South Africa | 0 | 0 | 12 |
| Asia | 2 | 17 | 16 |
| Total | | | |

Source: IMF Direction of Trade

Table 3.1 Comparison of the labour intensity of tourism to other sectors using employment : output ratios (EOR) (1996)

| | Chile | Indonesia | Philippines | PNG | RSA | Thailand | NZ |
|------------------------------|-------|-----------|-------------|------|------|----------|------|
| Employment : output ratio | | | | | | | |
| Tourism | 0.93 | 0.74 | 0.97 | 0.93 | 0.84 | 0.93 | 1.15 |
| Manufacturing | - | 0.51 | 0.43 | - | 0.58 | 0.57 | 0.71 |
| All non-agricultural | - | 0.67 | 0.72 | - | 0.54 | 0.67 | 0.97 |
| Agriculture | - | 2.75 | 2.07 | - | 9.70 | 3.67 | 1.35 |
| Average: whole economy | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Notes: Employment : output ratios = sector's % contribution to employment / sector's % contribution to GDP.

Interpretation: the whole economy contributes the same to GDP (100%) as to employment (100%). A labour intensive sector would contribute more to employment than to GDP (above average jobs per unit of output), so have an EOR of above 1. The table shows that the EOR for tourism is just below 1 in most countries (ie close to average), but noticeably higher than the EOR for non-agricultural sectors in general (the average is distorted by the very high EOR of agriculture).

Source: Ashley, 1999

Table 7.1 Employment in Tourism

| | 1971 | 1980 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | growth rates | | | 2000target |
|---|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|--------|--------|-------|--------------|-------|-------|------------|
| | | | | | | | | | | | | | | | | 71-80 | 80-90 | 90-96 | |
| Mauritius | | | | | | | | | | | | | | | | | | | |
| Employment | | | | | | | | | | | | | | | | | | | |
| hotels | | | | | | | | | | 7592 | 8271 | 9082 | 9340 | 9666 | 10575 | | | | |
| restaurants | | | | | | | | | | 772 | 850 | 1157 | 1000 | 1154 | 1118 | | | | |
| travel and tourism | | | | | | | | | | 2887 | 3310 | 3419 | 3515 | 3596 | 3732 | | | | |
| total of these | 1500 | 4700 | 4727 | | | | 7200 | 9670 | 10550 | 11251 | 12431 | 13700 | 14275 | 15175 | 15425 | 13.5 | 7.5 | 7.8 | |
| Employment/tourist | | | | | | | | | | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | | | | | |
| Tourism employment/total employment (%) | | | 2.2 | 2.1 | 2.4 | 2.6 | 2.8 | 3.5 | | | | | 3 | 3.1 | | | | | |
| Employ/room | | 2.4 | 1.8 | | | | 2.0 | 2.1 | | | | 2.28 | 2.38 | 2.26 | | | | | |
| South Africa | | | | | | | | | | | | | | | | | | | |
| Employment | | | | | | | | | | | | | 180000 | 220000 | | | | | 248141 |
| Tourism employment/total employment | | | | | | | | | | | | | 1.8 | 2.2 | | | | | 2.4 |
| Zimbabwe | | | | | | | | | | | | | | | | | | | |
| Employment | | | | | | | | 40500 | | | | | | 83400 | | | | | 200000 |
| Tourism employment/total employment | | | | | | | | | 1.3 | | | | | 6.7 | | | | | 0.16 |

Sources: EIU 1991; EIU 1997 Zimbabwe
Mauritius web site
Zimbabwe, Zimprest 1996-2000.
WTTC South Africa 1998
Mauritius Handbook 1996
Mauritius statistics 1997
Zimbabwe Facts 1997
Note: data from different sources may not add because of revisions.

Table 7.2 Estimated direct employment in the tourism sector, Mauritius 1991

| Sub-sector | Persons employed |
|--|------------------|
| Registered hotels employing 10 or more persons | 6,850 |
| Registered hotels employing less than 10 persons | 360 |
| Non-registered commercial accommodation | 800-1,000 |
| Restaurants | 1,900 |
| Ministry of Tourism/MGTO | 67 |
| Government Hotel and Catering Training School | 19 |
| Customs and Immigration Officials ^a | 16 |
| Casinos | 310 |
| Taxis at tourist locations | 240 |
| Sporting activities | 68 |
| Duty-free shops | 75-100 |
| Air Mauritius | 1,437 |
| Other airlines | 154 |
| Licensed beach hawkers | 500 |
| Unlicensed beach hawkers | 300-500 |
| Others ^b | 300-500 |
| Total of above | 13,396-14,021 |
| Less expatriate workers | 261 |
| Total | 13,135-13,760 |

Note: (a) includes part-time workers
(b) Car hire and local tour companies, incoming agents, tourist boutiques

Source: Cleverdon, Steer, 1992

Table 7.3 Estimated operating statement and foreign exchange components for a 100 room hotel in Mauritius, 1992

| | Total Rs '000 | Foreign exchange component (%) | Foreign exchange component (Rs '000) |
|---|------------------|-----------------------------------|---|
| Revenues | | | |
| Rooms | 82,677 | 100 | 82,677 |
| Food | 24,497 | 90 | 22,047 |
| Beverage | 8,834 | 90 | 7,951 |
| Minor Op. Depts | 8,606 | 95 | 8,176 |
| Rental & others | 1,654 | 95 | 1,571 |
| Total | 126,268 | | 122,422 |
| Cost of sales | | | |
| Food | 9,799 | 80 | 7,839 |
| Beverage | 2,209 | 40 | 884 |
| Minor Op. Depts | 4,303 | 50 | 2,512 |
| Total | 16,311 | | 11,235 |
| Direct payroll | 20,695 | | |
| Other Expenses | | | |
| Rooms | 8,268 | 30 | 2,480 |
| Food & beverage | 3,333 | 60 | 2,000 |
| Minor Op. Depts | 1,291 | 50 | 646 |
| Total | 12,892 | | 5,126 |
| Undistributed operating expenses | | | |
| Payroll | 4,496 | (a) | 1,200 |
| Admin & general | 6,313 | 25 | 1,578 |
| Marketing | 4,419 | 75 | 3,314 |
| Energy | 6,945 | 75 | 5,209 |
| Property Maintenance | 3,788 | 60 | 2,273 |
| Total | 25,961 | | 13,574 |
| Total costs | 75,859 | | 29,935 |
| Retained foreign exchange (Rs '000) | | | 92,487 |
| Retained foreign exchange (%) | | | 76 |

Note: (a) assumes 2 expatriate employees at Rs 600,000 pa
Source: Cleverdon, Steer, 1992

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