

Evaluation of the impact of tourism activity on economic growth in Egypt

Zeinab Tawfik El Sayed Ahmed Elewa

Abstract

The study aims to evaluate the impact of tourism on economic growth in Egypt, during the period from 1983 to 2009. After reviewing some of the literature and applied studies on this topic, the study evaluated the impact of tourism revenues on economic growth by examining the impact of these revenues on GDP as an indicator of economic growth, along with their impact on some other economic variables such as employment, and the balance of trade. The study showed a positive correlation between the growth of the tourism sector and increase in employment opportunities, not only in the hotel sector, but in many areas related to tourism activities, due to Backward and Forward linkages between this activity and other economic activities, as well as the existence of a significant positive relationship between tourism revenues and the gross domestic product (GDP). On the other hand the study showed that there is an inverse relationship between the GDP and the degree of openness to the outside world measured by the trade balance. The study further showed an insignificant direct correlation between economic and political stability and security and GDP, therefore, any increase in tourism revenues will lead to the improvement of the GDP. The study estimated that future revenues from tourism will show an increase within the next five years from the end of the study period (2010-2014), leading to an increase in GDP under the condition of economic, political stability and security.

Arab Economic Journal 2014, January