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Tourism and development in the Least Developed Countries
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TOURISM AND DEVELOPMENT IN THE LEAST DEVELOPED COUNTRIES

Note by the UNCTAD secretariat

Summary

This background paper is aimed at facilitating the discussions that will be held by the participants in the high-level meeting on tourism and development in the Least Developed Countries, which is organized in the framework of the preparation of the Third United Nations Conference on the Least Developed Countries. It provides an overview of the importance of international tourism as a major or growing economic sector in more than half the LDCs and describes the catalytic impact of the sector on the economic development and efficiency of these countries. After reviewing the main advantages and disadvantages that affect the LDCs in their efforts to develop the tourism industry, the paper considers a range of desirable national policies and strategies and elements of a possible global plan of action, to develop beneficial and sustainable tourism activities in these countries. Subject to the achievement of durable socio-political stability and relevant investment in human capital and the physical infrastructure, tourism development appears to be one of the most valuable avenues for reducing the marginalization of the LDCs from the global economy.

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I. Introduction

1. Since 1971, the Least Developed Countries (LDCs) have been officially designated by the United Nations as a category of countries suffering from structural handicaps in their socio-economic development and regarded by the international community as deserving special treatment in support of their efforts to overcome these handicaps. The list of LDCs has been reviewed by the Economic and Social Council of the United Nations every three years. The list is determined on the basis of criteria that have been improved over the years as a result of the evolving rationale for having this specially recognized category. In the last triennial review (2000), the criteria used were as follows: (a) a low national income (measured through the gross domestic product per capita, with a $900 ceiling for newly admitted countries); (b) a low level of human capital development (measured through a composite index based on health, nutrition and education indicators); and (c) a high degree of economic vulnerability (measured through a composite index based on indicators of economic instability, insufficient diversification, and the handicap of smallness). After the admission of Senegal as a result of the 2000 review, the category presently includes 49 countries, 34 of which are in Africa, 9 in Asia, 5 in the Pacific, and one in the Caribbean.

2. This note by the UNCTAD secretariat aims at providing background information on tourism development in the LDCs, for the benefit of the participants in the high-level meeting on tourism, organized by UNCTAD in the framework of the preparation of the Third United Nations Conference on the Least Developed Countries (Brussels, 14-20 May 2001).

3. It is hoped that the note, in an action-oriented perspective, will contribute to cast light on the importance of international tourism as an avenue for improving the economic specialization and development prospects of the LDCs. At the same time, recognizing the great diversity of situations with regard to the potential role of tourism in the development of these countries. The paper is presented in four sections, with a view to facilitating discussions during the high-level meeting. **Section 1** highlights the evolution in the importance of international tourism for the economies of LDCs. **Section 2** discusses a range of advantages and disadvantages experienced by LDCs in their efforts to develop the tourism industry. **Section 3** envisages desirable policies and strategies for the development of tourism in the LDCs. **Section 4** suggests possible elements for a programme of action for the development of tourism in the LDCs, in anticipation of the adoption by the Third United Nations Conference on the Least Developed Countries of a global programme of action for the LDCs for the new decade.

4. The UNCTAD secretariat is grateful to the Spanish Agency for International Cooperation (AECI) and to the Council of Transport and Tourism of the Government of the Canary Islands for their financial contribution and support in hosting the high-level meeting on tourism development in the LDCs in Las Palmas, Gran Canaria.

1. Overview of Tourism Development Trends and Contributing Factors

1.1. The importance of international tourism for the economies of LDCs

5. Although only 0.5 percent of the world's exports of services originate from LDCs, international services are an important part of the economies of these countries. In 1998, services accounted for 20 percent of the total exports of goods and services of the LDCs. However, in 13 of the 49 LDCs, services export receipts exceeded merchandise export

receipts and in all but three of those, the share of tourism services exports in total foreign exchange earnings was more than twice greater than the share of merchandise exports.

6. The share of the LDCs in the world's exports of international tourism services was 0.6 percent in 1988 (with 2.4 million international tourist arrivals) and 0.8 percent in 1998 (5.1 million). Throughout the 1990s, tourist flows toward the LDCs increased more rapidly than tourist inflows to the rest of the world. This growth was particularly strong in seven countries (Cambodia, Mali, Lao People's Democratic Republic, Myanmar, Samoa, Uganda, United Republic of Tanzania), which hosted over 1.2 million visitors in 1998, in comparison with 0.4 million in 1992. During the 1990s, tourism growth was much slower in several LDCs, while a decrease was observed in a number of countries that suffered socio-political and economic instability.

7. The growth of international tourism receipts in LDCs was significant during the 1990s: total receipts more than doubled between 1992 and 1998 (from $1 billion to $2.2 billion). A great degree of concentration in the distribution of tourism receipts among five of the LDCs was observed: Cambodia, Maldives, Nepal, United Republic of Tanzania and Uganda accounted for 51 percent of the total tourism receipts of all the LDCs in 1998. Particularly strong, over the decade, was the growth in international tourists' expenditure in Cambodia, United Republic of Tanzania, Myanmar, Bangladesh, Samoa, Uganda and Haiti.

8. Tourism is the primary source of foreign exchange earnings in the 49 LDCs, outside of the petroleum industry, which is concentrated in only three LDCs (Angola, Yemen, Equatorial Guinea). The combined tourism export receipts of all LDCs in 1998 accounted for 16.2 percent of the total non-oil export receipts of the LDCs, thereby exceeding the second and third largest non-oil export sectors (cotton and textile products) by 39 percent and 82 percent, respectively.

1.2 Evolution of the role of tourism in the economic specialization of the LDCs

9. This part present an overview highlighting the diversity of situations in the tourism performance and potential of LDCs, as well as, the tourism development in the context of the evolution of the economic specialization over the 1985-1998 period. In 1998, tourism was among the five leading export sectors of goods or services in nearly two thirds of the LDCs (31 out of 49). In 24 of these 31 countries, tourism was the leading service export sector, with business services or transport as the second largest service export sector in a large majority of cases. Furthermore, tourism is presently the first source of foreign exchange earnings in seven of the 49 LDCs. The sector is among the three top export industries in 22 of all LDCs. In 1985, only 16 LDCs had brought their tourism sector among the top three largest foreign exchange earners (see Table 1).

	Tourist Arrivals (000)			Tourism Income (Millions of dollars)			Tourism income/ Goods Exports (percentage)	Tourism income/ Goods Imports (percentage)	Arrivals from same region (percentage)	
	1988	1992	1998	1988	1992	1998	1998	1998	1998	
United Republic of Tanzania	130	202	447	40	120	431	63.38	30.79	0.39	
Maldives	156	236	403	55	113	292	417.14	83.43	0.05	
Cambodia	20	88	220	-	50	143	20.43	14.30	0.60	
Uganda	40	92	238	8	38	142	-	-	0.80	*b/*
Nepal	266	334	435	94	110	124	26.38	9.54	0.36	
Haiti	133	90	150	19	38	96	54.86	12.00	0.90	
Zambia	108	159	382	5	51	90	-	-	0.72	
Eritrea	-	176	414	-	-	75	*150.00*	*15.31* C/	0.90	
Madagascar	35	54	133	20	39	74	*30.83*	*14.80* A/	0.15	
Yemen	60	72	81	21	47	69	4.60	3.14	0.17	
Lao People's Dem. Rep.	25	30	260	1	18	68	18.38	12.36	0.02	
Bangladesh	121	110	163	13	8	65	1.71	0.92	0.45	
Sierra Leone	75	89	50	15	17	57	814.29	57.00	0.47	*b/*
Vanuatu	16	43	51	18	56	52	*148.57*	*55.32* C/	0.94	
Samoa	49	38	71	18	17	43	286.67	43.00	0.83	
Ethiopia	76	83	121	19	23	40	7.14	4.00	0.27	
Burkina Faso	83	92	140	11	24	39	16.96	5.57	0.41	
Myanmar	26	27	194	8	16	35	3.18	1.30	0.06	
Benin	75	130	152	40	32	33	8.25	4.93	0.65	*a/*
Gambia	102	64	87	18	27	33	110.00	13.75	0.02	
Mali	36	38	85	38	11	28	-	-	0.24	
Comoros	8	19	27	3	8	26	-	-	0.54	*c/*
Lesotho	110	155	115	-	19	20	-	-	0.99	
Niger	33	13	18	11	17	18	-	-	0.42	
Cape Verde	18	19	52	3	7	17	188.89	6.80	-	
Rwanda	36	5	2	7	4	17	-	-	-	
Togo	104	49	96	36	39	15	2.86	2.21	0.57	
Mauritania	-	-	-	12	8	11	-	-	-	
Chad	21	17	8	7	21	10	-	-	0.36	
Angola	39	40	52	-	-	8	0.15	0.40	0.24	
Malawi	99	150	215	11	8	8	1.45	1.19	0.83	
Salomon Islands	11	12	16	5	6	7	5.83	-	0.85	
Bhutan	2	3	5	1	3	6	-	-	0.00	
Central African Republic	5	7	20	5	3	6	-	-	-	
Guinea	-	33	99		11	6	-	-	-	
Sudan	37	17	34	29	5	6	1.00	0.32	-	
Djibouti	29	28	19	5	6	4	13.33	2.50	-	
Burundi	82	86	15	4	4	2	3.08	1.33	0.47	
Dem. Rep. of the Congo	39	22	32	7	7	2	0.15	0.13	0.38	
Kiribati	3	4	5	1	1	2	-	-	0.64	
Sao Tome and Principe	1	3	2	1	2	2	-	-	0.23	
Afganistan	9	6	4	1	1	1	-	-	-	
Ghana	-	-	-	-	-	-	-	-	0.01	
Somalia	40	20	10	-	-	-	-	-	-	
Tuvalu	1	1	1	-	-	-	-	-	0.73	
Total	2359	2956	5124	610	1035	2223				

Source: World Tourism Oganization a/1995 b/ 1996 c/ 1997

Table 2

Classification of the Least Developed Countries according to the importance of the tourism sector in their economy

(*tourism in percentage of total exports of goods and services in 1998 or earlier as indicated)*

LDCs with a prominent tourism sector in 1998				**LDCs with a less prominent tourism sector in 1998**		**LDCs without significant tourism activities in 1998**	
Countries in which tourism has remained the first export sector since 1985	***Countries in which tourism has become the first export sector since 1985***	***Countries in which tourism has remained a prominent export sector since 1985, and was the second export receipts earner in 1998***	***Countries in which tourism has become a prominent export sector since 1985, and was the second or third export receipts earner in 1998***	***Countries with a less prominent tourism sector but demonstrating significant progress in their tourism performance***	***Countries hosting little tourism and not demonstrating significant progress in their tourism performance***	***Countries suffering from instability (crippling factor)***	***Countries lacking consistent tourism-related policies***
Gambia (58.8)[1] Maldives (71.0) Tuvalu (29.5) Vanuatu (33.9)	Comoros (51.7)[2] Samoa (47.4) United Republic of Tanzania (34.9)	Haiti[3] (23.6) Lesotho (9.9) Nepal (18.0) Senegal (12.7)[1]	Benin (10.3)[1] Cambodia (9.5) Cape Verde (17.1) Lao PDR (19.5) Madagascar (11.1) Sao Tome & Principe (34.2) Uganda (18.2)[1]	Bangladesh (0.9) Bhutan (..) Burkina Faso (4.8)[2] Ethiopia (3.7) Malawi (1.1)[2] Mali (4.1)[1] Mauritania (5.1) Myanmar (9.9) Yemen (3.7) Zambia (..)	Chad (3.8)[2] Kiribati (5.9)[2] Niger (2.0)[2] Solomon Is. (3.4) Togo (7.2)[2]	Afghanistan Angola Burundi Congo Eritrea Guinea Guinea-Bissau Liberia Rwanda Sierra Leone Somalia	Central Afr. Rep. Djibouti Equatorial Guinea Mozambique Sudan

Source: UNCTAD

[1] 1997

[2] 1995

[3] Haiti's tourism performance declined substantially from its 1985 level before regaining momentum in the last years of the 1990s decade.

10. Table 2 classifies the LDCs according to the importance of the tourism sector to their economy. It reveals that 18 of the 49 LDCs (e.g. over a third of the entire category) have a prominent tourism sector, with international tourism ranking among the top three sources of foreign exchange earnings. Another 15 LDCs have a less prominent tourism sector, although 10 of these 15 countries have demonstrated significant progress in their tourism performance during the 1990s. In fact some are expected (e.g. Bhutan, Myanmar, Yemen) to become major tourist destinations in the next few years.

11. In the Maldives, Gambia, Vanuatu and Tuvalu, tourism remained the primary export sector of the economy throughout the 1985-1998 period. In Maldives and Vanuatu, tourism services exports have contributed (since 1994 and 1996, respectively) in generating a surplus in the external balance of goods and services (as well as in the overall current account in Vanuatu in 1998). In three other countries (Comoros, Samoa, United Republic of Tanzania), international tourism has become the first source of foreign exchange earnings since 1985.

12. Among the LDCs that present a less prominent tourism sector but have demonstrated progress in their tourism performance, at least three countries (Bangladesh, Ethiopia, Myanmar) stand out as cases where the modest ranking of the tourism sector among export sources is a reflection of "smallness" in the tourism industry. Although each of these three countries has over 100,000 tourism arrivals per year, at least four or five sectors exceed tourism as a source of foreign exchange earnings. These three countries are among the four most populated LDCs and have demonstrated a fair amount of diversification and expansion in their dominant manufacturing, services, and primary industries.

13. Finally, 16 LDCs (or a third of the entire group) have remained marginalized from the international tourism economy, either because of their crippling socio-political instability (in 11 countries), or as a result of a lack of consistent tourism-related policies It is worth noting that international tourism activities, between the mid-1980s and the mid-1990s, had risen to a remarkable level of performance in Sierra Leone. Unfortunately, the advent of civil war and economic decline, all but crippled the tourism industry.

14. Despite the risks of instability constantly faced by tourism activities in several LDCs, economic re-specialization through steady tourism development can reduce a country’s exposure to adverse external factors and alleviate its economic vulnerability and external dependence. This will happen if tourism tends to replace, in the overall economic structure, activities that suffer from external shocks even more than tourism will.

1.3 Trends of air transport services (ATS) in LDCs

15. Air transport plays an essential role in the economic development of many LDCs which are geographically landlocked or insular countries whose international access relies heavily on air transport modes. The flow of international air travel toward LDCs has grown 31.1 percent between 1995 and 1999, rising from 10,538 million passenger kilometres (pk) in 1995 to 13,823 million pk in 1999. LDCs participation in world air transport, although low, has also increased from 0.53 percent to 0.59 percent of total world traffic over the same period.

16. Air transport to LDCs, however, is highly concentrated. Bangladesh alone represents 25 percent of total air travel to LDCs with 3,447 million pk for 1999. The following five

countries: Ethiopia, Nepal, Yemen, Madagascar and Sudan, together represent another 42 percent of total air transport to LDCs. Most countries with high growth rates of total air travel are, by correspondence, among the top countries with growing tourism. Such is the case of Myanmar, Lao People's Democratic Republic, Guinea, Cape Verde, Uganda and Madagascar. Some LDCs, such as Ethiopia or Bangladesh, are regional hubs whose growth reflects travel development to neighboring countries in the region.

17. It is interesting to note that although international air transport has grown more rapidly (31.1 percent) than domestic traffic (15 percent) for the period 1995-1999 in the region, there exist a certain number of countries (Uganda, Mozambique, Lao People's Democratic Republic, Salomon Islands, Sao Tome and Principe and the Comoros Islands) where the inverse is true. Domestic travel also increased proportionally along with international travel in Burundi, Maldives and Malawi. This could be the result of a dynamic form of tourism industry development which may be pushing the air transport market toward diversification with internal flights, given the fact that in 8 LDCs domestic travel represents a larger component of total travel than international flights. Among these are many of the larger tourism destinations including the United Republic of Tanzania, Uganda and the Solomon Islands. In addition a significant group in which fare and tourism expenditure are higher than income include Burundi, Democratic Republic of the Congo, Angola, Samoa, United Republic of Tanzania and Salomon Islands).

18. Finally, it must be noted that air travel is a continually growing industry in all LDC countries except those in which political instability compromised security. Air transport, therefore, is highly responsive to destination conditions and to demand. It is also a highly efficient industry in terms of resource allocation.

2. Factors affecting efforts of LDCs to develop the tourism industry

19. In their effort to develop tourism, LDCs generally try to exploit special comparative advantages. At the same time, they also suffer from special handicaps and limitations associated with their geographical and other structural disadvantages. A tourism development strategy, in any LDC, should be founded on the recognition of a mix of positive and negative factors, some beyond the control of policy makers and entrepreneurs, while others, responsive to policy measures.

2.1 Advantages and disadvantages with relation to geographical characteristics

20. *"Islandness and land-lockedness"*. Five of the seven LDCs in which the international tourism sector dominates the economy are small island States (Comoros, Maldives, Samoa, Tuvalu, Vanuatu), while three other island States (Haiti, Cape Verde, Sao Tome and Principe) also fall in the category of LDCs with a prominent tourism sector (see Table 2). However, as illustrated by the case of Kiribati, which is among LDCs with a less prominent tourism sector, marine beauty may not be sufficient to imply tourism-based prosperity: extreme smallness and remoteness pose strong disincentives to potential hotel investors, tourism operators and tourists, considering the distance factor in a vacation decision.

On the other hand, the tourism performance of Botswana (former LDC) and Lao Peoples Democratic Republic, Lesotho, Nepal and Uganda (current LDCs) attests that there may be valuable comparative advantages in a non-coastal environment, when for example, a tourism product is marketed and based on unique geographical, cultural, or fauna and flora spectacles. Several LDCs with a less prominent but growing tourism sector are land-locked countries and some, including Bhutan, Burkina Faso, Ethiopia, Malawi, Mali and Zambia, have demonstrated great potential for hosting growing tourism.

21. *Smallness and remoteness*. The size of a country does not necessarily influence the viability of a tourism industry, (half of the LDCs with a prominent tourism sector are smaller countries, with a population under five million). In some LDCs, particularly in small island regions, smallness can be a determining factor of the tourist demand due to the close association between micro-environments and the expectation of an exclusive product (e.g. atoll resorts in the Maldives). Likewise, the value of remoteness, despite the inconvenience of long travel distances, is also intertwined with the tourist's perception of product exclusiveness and tranquillity. Smallness and remoteness are handicaps, especially in mobilizing sufficient skilled human resources, or in constructing and maintaining a minimum infrastructure considering the narrow financial base of the country. Available domestic capital for tourism investment is likely to be scarce in a small LDC, except for small, family-based projects.

2.2 Tourism development and vulnerabilities to external shocks

22. *Vulnerability to external shocks*. Many LDCs with tourism activities or potential for tourism development are vulnerable to natural disasters and suffer from the impact of frequent external shocks on the tourism industry. Among island LDCs, the countries that were the most frequently affected during 1977-1996 were Haiti (14 floods, 8 hurricanes and storms), the Solomon Islands (14 earthquakes, 5 cyclones) and Vanuatu (14 earthquakes, 11 cyclones). The strong instability of agricultural production in Tuvalu during 1979-1997 has underscored the fragility of the link between local food supplies and the tourism industry and is among the factors explaining the very slow development of international tourism in that country. Less visible but of considerable importance in the long-term impact of global warming and the potential devastating ramifications including rising through the sea level rise and coral bleaching phenomena. Coral bleaching is reported to have started to affect the diving industry, an important form of tourism specialization in the Maldives.

23. *Vulnerability to external shocks of non-natural origin*: Several LDCs are also vulnerable to external shocks or indirect external factors of a political or economic nature that may severely harm the tourism industry. In 1991, the Gulf war slowed down the tourist demand in the Maldives and Yemen. The external economic shocks that may affect the tourism economy of an LDC are primarily fluctuations in the international tourist demand, especially when it originates from tourist markets where this demand demonstrates a high income-elasticity. Destinations with a propensity to host middle-market tourism (e.g. Senegal) will be one of the main sufferers in this context. Exchange rate instability, does not appear to have disadvantaged many tourist destinations among the LDCs, because few of these countries have experienced situations of currency overvaluation and in particular in Africa with the devaluation of the CFA francs. In the more common context of currency depreciation in an LDC, exports of tourism services will become more competitive, vis-à-vis strong-currency markets, if the price of relevant tourism products remains unchanged. But, considering the high import content of tourism products in most LDCs, currency devaluation

does not necessarily have an overall positive influence on the competitiveness of LDC tourism, for which currency stability is generally more desirable.

2.3. Structural handicaps hindering tourism development in the LDCs

24. The LDCs are not only influenced by geographical constraints and external shocks beyond their control, they also incur structural handicaps that are closely associated with their general situation of under-development. Most of these handicaps could be overcome or reduced through the implementation of appropriate policies. The main structural handicaps affecting tourism development in the LDCs relate to weaknesses in physical infrastructure (transport, accommodation); communications infrastructure; human resources; and in density and quality of inter-sectoral linkages.

25. *Transport and Accommodation*. Increasingly, tourists regard international and local travelling conditions as an integral part of the tourism product. Land transport networks are natural determinants of the geographical distribution of tourism flows within a host country and are vital for developing new specialized forms of tourism to bring spatially equitable benefits. The limited land transport infrastructure symptomatic of many LDCs perpetuates high concentrations of accommodation facilities in large cities and in the vicinity of airports. These concentrations tend to entail environmental problems and increase distances between tourists and local populations. The demand for appropriate accommodation quality is rising and is crucial to defining the type of tourism offered.

26. Many remote LDCs with tourism potential are handicapped in their efforts to develop this sector because they are marginalized from major international air routes as a result of their geographical location and/or traffic density limitations. Moreover, most LDCs suffer from deficiencies in the availability and/or quality of their air transport equipment and infrastructure (aircraft, airports, air traffic controls), as these assets require considerable inputs of capital, technology and skills. The financial constraints incurred by the LDCs generally involve limitations in public funds available for modernizing and upgrading air transport equipment and infrastructure in accordance with international standards. Moreover, the lack of consistency (if not total divorce) between air transport and tourism policies sometimes defeats the purpose of pursuing the development and promotion of competitive travel and accommodation products.

27. *Telecommunications infrastructure*: Telecommunications are essential for efficient linkages between the tourism industry and its market on the one hand and its suppliers on the other hand. An efficient telecommunications infrastructure is vital for acceding to global distribution systems and computer reservation systems and to allow air transport services to operate efficiently. In the global tourism economy, where the most disadvantaged countries are bound to be as competitive as many more developed destinations are, no LDC can disregard the importance of this area in its tourism development strategy. This implies not only the need for state-of-the-art equipment, but also appropriate policies for the management of telecommunications at the national level.

28. *Access to GDS/CRS*: For all tourist destinations, global distribution systems and computer reservation systems (GDS/CRS) have become crucial marketing tools for international tourism, as they allow for total interaction among tourism operators, which is a

major condition for the efficient management of tourism products. In many LDCs, access to GDS/CRS is hampered by handicaps related to the telecommunications infrastructure, associated costs limitations in using or maintaining a relevant technology and in the availability of computer skills. The most affected operators are the small tourism enterprises, which are not often endowed with the necessary financial means and skills to take advantage of global communications systems. Moreover, anti-competitive practices are relatively common among owners of global distribution systems and computer reservation systems, who may discriminate against small operators in the display of information and impose price differences in favour of the most frequent users.

29. *Human resources availability:* In most LDCs, the labour force is abundant, but facilities for training the work force for the tourism sector are non-existent or inadequate. Skill shortages, by exacerbating the need for expatriate skills, are a cause of tourism income leakages. They also limit the scope for product innovations and quality gains, when they do not hinder the mere pursuit of steady tourism operations. Human resource development at all skill levels is therefore a requirement for developing a competitive tourism product. The range of relevant skills must be determined in light of the country's tourism specialization and strategy. LDCs need wide-ranging technical assistance from relevant regional and international organizations in human resource development and capacity-building for tourism. This implies special support from international financial institutions and bilateral donors.

30. *Weaknesses in inter-sectoral linkages and the issue of "leakages":* In any tourist destination, the competitiveness and quality of a tourism product requires a continuous supply of the numerous goods and services required by the tourism industry and which together constitute the tourism economy. A pattern of effective linkages therefore is the necessary condition for the multiplier effect of the tourist's expenditure to take place and for the local benefits of tourism trade to be widely distributed. When linkages are weak or non-existent, tourist receipts "leak out". Although the magnitude of leakage is generally difficult to estimate in most LDCs, it is believed to be much higher than in other developing countries. This may be the case because of the lack of inter-sectoral integration in LDC economies, particularly in those LDCs where tourism development is still a new phenomenon. Substantial "leakages" therefore reduce the benefits that could be retained in the domestic economy.

31. Leakages primarily consist of import expenses incurred whenever the local economy is unable to supply relevant goods or services: remittances abroad of tourism income by expatriate labour and retention or repatriation of profit on the part of foreign-owned tourism enterprises. Increasing inter-sectoral linkages and reducing the magnitude of leakages is therefore a paramount objective of tourism development planners in the LDCs. This, even though it remains "understood" that leakages are a normal price to pay for the development of an industry in a country where the enabling economic density is not available. Reducing leakages by encouraging the involvement of local suppliers, local skills and domestic capital, is a vital dimension of tourism development strategies in the LDCs. (See Annex 3).

2.4. Weaknesses related to the policy environment

32. Coherent domestic policies are key determinants of an enabling environment for the tourism sector. Their absence or inadequacies severely affect the performance of tourism operators in most LDCs. Therefore, the internal policy environment is equally as important as

factor endowment. In most LDCs that have experienced little or no tourism development, the policy environment relevant to the tourism industry has been either inadequate or non-existent.

33. *Domestic policy environment*. In the domestic context, the greatest handicap of LDCs is the burden of the debt that reduces the resources available for developmental purposes (e.g. development and upgrading of tourism infrastructure). Equally important is the demonstrated handicaps of LDCs to implement controversial structural adjustment processes under the SAF/ESAF[1] programmes. The rigidities of these programmes have increased the handicaps LDCs are faced with. The margin of freedom of Government intervention has been reduced in several ways and in particular in the use of public funds to support the start-up or upgrading of capacities in the tourism sector. As a result, LDC Government have their scope limited, existing and potential tourism operators are penalized, the leakage effect increase, and overall perspectives in tourism are severely undermined.

34. Conversely, in the absence of a policy framework, a lack of vision and the erroneous belief that tourism will develop solely on the basis of comparative advantages, in particular, the natural environment is often observed. Accordingly, although the importance of tourism is often stated, the sectoral specialization and strategy is not conceptualised. Policy incoherence is common, such as in the case of air transport policies that would promote an airline monopoly, thereby defeating the aim of price competitiveness in total tourism packages. Policy sequencing has often been inadequate or reflected a misconception regarding the importance of securing the development of an appropriate physical infrastructure and of relevant human resources before the tourism product can be fully developed and promoted. Finally, weaknesses have been observed in the compliance with the vital principles of environmental sustainability in tourism development, and in the consideration of the social impact of tourism.

35. *The international policy environment*. The international policy environment of tourism development in the LDCs essentially relates to the concessions which the international community claims to be granting to these countries by virtue of their status. On the financial side, donors' consideration of debt issues is not always consistent with sectoral development objectives when the latter are superseded by stabilization and liberalization goals as theoretical prerequisites.

36. On the trade side, the LDCs chances of gaining a more favourable international policy environment depend on: (a) the effective implementation of special and differentiated treatment principles by virtue of multilateral trade agreements (in particular, Article IV of the GATS); (b) improved commitments, in the GATS 2000 negotiations, on the part of tourist-generating countries, especially the elimination of barriers to the commercial presence of LDCs in tourist market countries and in movements of persons; and (c) improved commitments by market countries to dismantle anti-competitive practices that undermine local tourism operators and result in full leakages.

37. In order to retain the benefits implied by their status, LDCs should be proactive on the multilateral front. This means increasing their institutional capacity to participate in the

[1] See LDCs 2000 Report, Chapt 4 .

GATS 2000 negotiations and monitor the impact of liberalization measures on tourism development, thereby protecting national interests in the light of tourism development objectives.

3. Strategies and policies to support tourism development in the LDCs

38. The competitive and steady growth of international tourism, in the LDCs, implies a special mix of strategies and policies to bring the comparative advantages of these countries to fruition, while responding to the wide range of handicaps they face. They encompass the application of specialized methods and approaches in the implementation of specific programmes and the undertaking of concerted actions, to develop supply capacity, diversification of tourism products and promotion in targeted markets. Furthermore, they usually provide the operational concepts and the framework for interaction to national tourism authorities, private operators (hotels, travel agencies, tour operators, transporters), investors, tourism associations, international organizations and other key players within a country and in foreign markets.

39. The existing financial constraints and weak institutional capacity of the private sector in LDCs, demands that national tourism authorities (responsible for the organization, development and operation of countries' tourism industries) assume a leading role in the design and implementation of a tourism strategy. Possible options and approaches of tourism strategies and policies by LDCs may include three segments: (1) diversification and specialization; (2) investment promotion; (3) promotion of tourism.

3.1 Diversification and specialization strategies and policies

40. This section examines a range of strategies and policies for tourism development in the LDCs with respect to the question of economic diversification and specialization and the issues relevant to investment and promotion.

41. In the context of globalization, the question of economic specialization is critical for all LDCs. Trade liberalization involves a wide range of economic opportunities, but also brings about competitive shocks for the most disadvantaged countries. Improving the present pattern of specialization and finding models of re-specialization, are paramount policy objectives for many LDCs, in particular, those that count on international tourism as a strategy to dispel the risk of marginalization. The brief diagnosis of the role of tourism in the economies of LDCs has shown that it is an economic activity that offer significant opportunities for improving the economic structure of a country and allowing it to become more integrated in the global economy.

42. A tourism specialization strategy primarily implies a proper identification of the comparative and competitive advantages that are relevant to the development of tourism activities, with special reference to regional comparisons and the desirability of achieving a minimum extent of intra-regional complementarities.

Going wide or narrow?

43. While tourism specialization may be pursued through investment in tourism products that are not LDC-specific, there is often a strong justification in attempting to develop activities based on LDC-specific assets that have a degree of uniqueness. An inventory of potential or actual tourism-relevant advantages, in the LDCs as in most other developing countries, will reveal the importance of natural and cultural assets. Other characteristics with considerable economic implications include the distances from large markets, the condition of the transport and communications infrastructure and the labour cost competitiveness. Moreover, another important characteristic is the extent to which a sufficient density of producer services exist to guarantee minimum economic efficiency and allow the existence of linkages. If at least some of these assets and characteristics exist in an LDC economy (in addition to the socio-political stability prerequisite), the production of "globally competitive" tourism services can be envisaged.

44. If pursued consistently, the global competition approach will contribute to the creation of an economic efficiency environment. This in turn will constitute the basis for the success of a "niche" approach. This approach does not involve standard products facing world-wide competition from similar foreign products. The "niche" approach relates to the global economy, in the sense that: (a) the foreign partners (mainly, investors) will often be active economic actors in the global sphere (e.g. with multinational investment links and access to finance and communication on a global scale); and (b) "niche" marketing, no matter how specialized the market is, will need to be competitive. The global competition approach, to be successful may require the use of global communication technology.

45. Examining the scope for new specialized forms of tourism the "niche" approach becomes possible if it involves capitalizing or "piggy-backing" on a sound tourism infrastructure. For example, the scope for successful ecotourism is considerable in LDCs offering a rich natural environment and biodiversity (e.g. Madagascar, Nepal). Tourism products based on special natural environments or related assets: deserts (Mauritania, Niger, Yemen); mountains (Bhutan, Nepal, United Republic of Tanzania); active volcanoes (Vanuatu); or flora and fauna (Uganda), can be exploited beneficially if they involve respect for sustainability principles. Tourism based on cultural and historical aspects is relevant to virtually all LDCs and offers a wide spectrum of economic activities, from hospitality services related to historical monuments or sites (Angkor in Cambodia, Gorée Island in Sénégal) to events relating to local music (Cape Verde, Haiti), the film industry (Burkina Faso), local art (Haiti, with its world-wide reputation), theraupeutic services such as thalassotherapy (a potential specialization identified in Senegal), or nature-based sports including windsurfing (Cape Verde), or sports fishing (Maldives).

Reducing transaction costs

46. A second vital area of action and an integral part of the strategy to give tourism specialization the greatest chance of success, through reducing the numerous "transaction costs" that may hamper the economic efficiency of actors in the tourism sector (investors, operators, suppliers, visitors). The range of obstacles to microeconomic efficiency touches on issues of transport, customs clearance, storage, and the availability of efficient business, maintenance and professional services. These services are not only essential to tourist

establishments, but also to numerous upstream suppliers in order to enable the tourist industry to deliver a steady, quality product. This area of action is far-reaching in the sense that it will also enable tourism operators to use modern information technology for promoting the widest possible range of tourism products.

Promoting linkages

47. Finally, promoting inter-sectoral linkages domestically should be regarded as an integral part of any tourism specialization strategy. In addition to limiting tourism receipt leakages, stable inter-sectoral linkages will involve the production of local inputs of relevant goods (especially food) and services and the development of a local managerial class, without which creating a durable specialized tourism economy would not be possible. Promoting a range of local skills and supplies to meet the needs of the tourism industry is the most advisable approach to long-term tourism development in the LDCs.

3.2 Investment strategies and policies

48. In order to gain the greatest chance of attracting investors in the tourism industry, an LDC should present a policy framework demonstrating the political will to create an enabling environment for all economic actors in the industry. This implies, as a prerequisite, political and macroeconomic stability to dispel any suspicion of discontinuity in the desire to attract economic partners. Investors, whether national or international, should look very carefully at the regulatory system under which they will be expected to operate.

49. A set of incentives for tourism investment usually contains tax and import duty exemptions, import facilitation measures, promotion assistance, as well as subsidies and guarantees in some cases. Investment incentives must be coherent and not allow privileges in one area to be eroded in another area. Provisions should always be stable in order to allow tourism projects to be completed before changes are considered. If introduced, regulatory changes should always be made in a transparent manner that will grant sufficient advance notice to relevant enterprises and allow original agreements to be retained for ongoing projects. Furthermore, investors should always be assured of the existence of a reputable system of dispute settlement.

50. Regulations relevant to tourism investment should be designed to accommodate small-scale tourism enterprises as much as they suit foreign investors. Small-scale tourism investment should also be facilitated in terms of access to finance. To that end, Governments should give consideration to the establishment of regional and perhaps sector-specific venture capital funds that could accommodate various forms of mixed participation in tourism projects, either between private entities, or between private enterprises and the public sector.

51. Other innovative forms of project financing could offer significant advantages through special interest rates or loan terms mechanisms. As an example, various countries have floated bonds related to tourism projects with the project or other export revenue as guarantee.

3.3 Strategies and policies relevant to air transport

52. Regional cooperation offers wide possibilities for LDCs to overcome their limitations in the supply of air transport services. Liberalization of air access in the framework of

"regional open skies"[2] policies could be used by LDCs to improve their air access. In this context, taking advantage of regional hubs is a way to address problems of low traffic and to secure adequate connections. In Africa, the liberalization of air transport services could be organized in the framework of the existing integration agreements.

53. Annex 4 offers a range of policy and strategy proposals regarding cooperation among airlines, regional hubs, domestic regulations of air transport, development of national carriers and promotion of investment in air transport, as well as international policies for promoting international charter flights, upgrading national carriers, rationalizing air policies and open-skies policies and participating in relevant negotiations under the General Agreement on Trade in Services.

3.4 Promotion strategies and policies

54. An international promotion strategy is essential for marketing a tourism destination through the dissemination of information about the country, tourism sites and the tourism products offered. Tourism promotion strategies have two main orientations. The first deals with incentive measures applied by countries to entice national and foreign investors through a national programme or a master plan of development of tourism. The second includes promotional mechanisms to support the marketing of a tourism destination (country image, tourism sites and products) and the specific modalities offered in targeted originating markets.

The National dimension of tourism promotion strategies

55. Inducement measures such as incentives and other supportive mechanisms to business operators, in particular to SMEs (the biggest segment of firms in tourism related activities), are fundamental to encourage tourism development. However, among other parameters of differentiation, the particularities and the diversity of LDCs in terms of factor endowment, vulnerabilities, handicaps, financial capacity, stage of tourism development and the level of performance underlined in chapter I and II, should be taken into consideration, when formulating a set of guidelines and options to manage the development path of tourism. The presentation and debate of national experiences among LDCs will be very constructive in this respect.

56. Other important aspects of internal promotion polices should include: (a) the matching of domestic supply as closely as possible to international demand; (b) diversification and specialization of tourism products in more specialized and more profitable niches as referred to above: (c) adaptation of air transport to development needs taking into account the particular conditions and geographical situation of each LDC; (d) optimum regulatory framework to encourage tourism facilitation e.g. issuing of visas, custom facilities, guaranteeing security of tourists, installation rights for operators, pro-competitive and preventive measures to combat anti-competitive practices, consumer protection and

[2] The open skies policy comprises basically the following elements: free access to all routes; no restriction on capacity and frequency in any route; no restriction in operation in any international markets; elimination of restriction on charters; liberalization of air cargo rules; absence of restriction in the conversion of revenues to hard currency and their repatriations agreement on code-sharing; carriers to be able to ensure their own ground services abroad; no regulations on carriers alliances; non discriminatory access to CRS/GDS.

environmental protection; and (d) schemes for basic and professional training, with special attention to training in new technologies to allow for on-line promotion and sale of tourism products and the management of other aspects of e-commerce. Tourism development strategies should pursue all the policies mentioned above in order to reduce vulnerabilities and to overcome the handicaps of LDCs. The emphasis and the predominance of each of the policies should diverge according to the particularities of each LDC.

The international dimension of tourism promotion strategies

57. *International promotion strategies are* decisive for marketing tourism destinations, through the dissemination of country information, the facilities offered, tourism sites and tourism products offered. The disseminated information must be accurate, appealing and customized to targeted segments of tourists, based and promoted by "niches". Targeting is crucial to minimize the costs of disseminating tourism information particularly in large markets such as the United States, the European Union and Japan. Thus, LDCs are compelled to pool their resources and to forge partnerships through strategic alliances and solidarity schemes with prominent actors to launch promotional campaigns and further explore possibilities for marketing their products. As this joint promotion may result in lessening ideality niches, it is important that promotion campaigns be based on regional and sub-regional cooperation highlight the individuality of each tourism destination.

58. Those responsible for organizing and planning the tourism sector of LDCs should be made aware of the enormous potential of "on-line" *marketing and promotion of tourism.* "On-line" promotion is one of the newest developments in tourism due to the widespread use and popularity of the Internet. A comprehensive study recently published by The World Tourism Organization[3] emphasizes the growing importance of new marketing and promotional techniques that are emerging as a result of advances in new technologies and the use of Internet. A consideration to bear in mind with relation to the Internet is that the vast numbers of people who are "connected" are all potential tourists, primarily located in the most important tourism originating markets. Taking advantage of this innovation and the facilities of electronic communication, many virtual distribution channels of tourism products are emerging, including specialized web sites and portals, as well as destination marketing organizations (DMOs) that have been created by countries and individual companies to sell their products world-wide[4]. To be integrated into these new business and promotional techniques, LDCs need to upgrade telecommunication infrastructures and allow universal access at affordable costs, to create the necessary skills to be integrated into the information society.

[3] *Marketing Tourism Destinations Online: Strategies for the Information Edge*, September 1999. World Tourism Business Council. This study underlines that by the end of the last decade on-line users numbered about 75 million people; more than 80 per cent were located in developed countries. With more and more people joining the on-line community the commercial possibilities for the Internet are becoming very apparent. According to the prediction by Activ Media, revenue generated by Internet transactions will exceed $1,200 billion by 2002.

[4] See UNCTAD Background Report to the Expert Meeting on Electronic Commerce and Tourism, *Electronic commerce and tourism new perspectives and challenges for developing countries*. TD/B/COM.3/EM/9/2, 27 July 2000.

4. Toward a programme of action to support tourism development in the LDCs

59. This section aims at providing tourism authorities in the LDCs and their partners in the international community with considerations in formulating a programme of action to support tourism development.

60. Despite considerable differences, among the LDCs, in terms of geographical situation, natural resources endowment, vulnerability and resilience to external shocks, and structural handicaps, tourism can be a driving force in their economic development. When the importance of tourism is recognized, all dimensions of the tourism economy should be regarded as an integral part of the development strategy. This has implications in terms of alleviating the structural handicaps that LDCs suffer from. Accordingly, it is important to stress the catalytic role of tourism development for the entire economy: wherever tourism development is successful, the economy will derive considerable benefit primarily due to the general increase in the density, efficiency and competitiveness of goods and services suppliers. This is a fundamental condition for a wide multiplication of economic linkages and socio-economic benefits. In short, wherever tourism succeeds, other linkage sectors will succeed e.g. air transport.

4.1 A vision for tourism development in the LDCs

61. Recognition by the international community of the importance of tourism as a potential driving force in the socio-economic development of the LDCs justifies the statement of a vision: tourism development can be, for the Least Developed Countries, an avenue toward a growing sphere of trading opportunities and accordingly, one of the most effective methods to avoid the risk of increased marginalization from the global economy (which is symptomatic for most LDCs). Through its catalytic role, tourism appears to be one of the very few economic sectors able to guide a large number of LDCs to higher levels of prosperity and for some, to leave behind their Least Developed Country status.

62. This vision involves the necessity of a range of efforts within the reach of most LDCs. It also implies substantial external support by the international community. It also justifies that consideration be given to a global programme of action for tourism development in the LDCs, particularly in the context of the Third United Nations Conference on the Least Developed Countries.

4.2 Elements for consideration in formulating a programme of action for tourism development in the LDCs

63. In light of the above analysis of the advantages and disadvantages experienced by the LDCs in their efforts to develop the tourism industry, a relevant programme of support by the international community could be formulated and organized on the basis of the following four main areas of action: (i) enhancing the scope for achieving the most desirable tourism specialization; (ii) encouraging investment in the tourism economy, including air transport; (iii) intensifying efforts to reduce transaction costs and increase microeconomic efficiency relevant to tourism operations; and (iv) increasing the capacity of LDCs to use to their advantage the elements of the multilateral trade framework that are relevant to tourism development.

Enhancing the scope for achieving the most desirable tourism specialization

64. This area of action involves direct support to the LDCs in analyzing the potential for developing or improving tourism specialization. For LDCs with an existing tourism sector, the effort would consist of examining the scope for expansion and/or diversification of the product. For LDCs with no tourism experience, but with a desire to explore all possibilities in that sector, the action would consist in carefully analyzing the potential for tourism development in light of vulnerabilities, handicaps, relevant endowments and the state of competitiveness at regional and international levels. Support could also be organized in the analysis of the environmental impact of tourism projects. Finally, an important component of this field of action would be that of human resource development in all areas relevant to tourism development, as well as sensitization of targeted populations (including young generations) to the importance and implications of tourism development as a national undertaking. Such efforts would be aimed at encouraging the development of a density of economic linkages between tourism operators and suppliers of relevant goods and services, including the crucial local food industry.

Encouraging investment in the tourism economy, including air transport

65. This field of action would consist in assisting interested LDCs in creating the most favourable policy environment for investment in the tourism industry and in the related air transport industry. Sectoral investment policy reviews could be undertaken, investment promotion mechanisms (including modalities for promotion action abroad) could be instituted and country-specific policy guidelines could be developed. National air transport development strategies could be formulated with a view to making national decision makers aware of all relevant opportunities at regional and sub-regional levels in the light of the potential for tourism development.

Intensifying efforts to reduce transaction costs and increase microeconomic efficiency relevant to tourism operations

66. A range of actions to increase the efficiency of tourism-related operations (including air transport) should involve modernizing the environment for all relevant transactions and communications through the wide use of modern information technology (modern global promotion techniques, global reservation systems, passenger movements, information systems, visa and immigration procedures and customs and storage procedures). Human resource development and training efforts should have to be organized in connection with the development of these techniques.

Increasing the capacity of LDCs to use to their advantage elements of the multilateral trade framework that are relevant to tourism development

67. This more specialized area of action would consist in strengthening the capacity of the LDCs to use the General Agreement on Trade in Services as a framework to formulate with utmost care their national strategy for tourism development and to demonstrate this strategy vis-à-vis their trading and development partners. With regard to tourism development, the GATS is a window as well as a stimulus for LDCs with tourism potential.

68. Overall, the envisaged programme of action would involve a wide range of advisory, training, and sensitization activities, as well as the provision of relevant equipment. As such, the programme of action for tourism development in the LDCs would complement and should be followed by relevant national programmes for infrastructure development.

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TOURISM AND DEVELOPMENT IN THE LEAST DEVELOPED COUNTRIES

Note by UNCTAD Secretariat
Annexes

Annex 1

Overview of the tourism performance of 30 LDCs, including 18 LDCs with a prominent tourism sector in 1998

1. LDCs with a prominent tourism sector

In four LDCs, tourism has remained the first export sector of the economy over the last decade and a half. These countries are the Maldives, the Gambia, Vanuatu and Tuvalu.

In the **Maldives**, the tourism sector was already by far the primary source of export earnings in the mid-1980s. During the 1985-1998 period, this dominate economic sector grow substantially. The gain in the annual number of international visitors, between 1985 and 1998, was estimated at 288,000. The combined performance of the tourism and air transport sectors has brought the domination of these related activities to a record level among LDCs: they accounted for nearly 75 percent of Maldives entire export economy in 1998.

The **Gambia** did not demonstrate strong growth in its tourism performance over the last decade, but managed to maintain tourism activities at the top of its economic scale. Since 1985, the sector has consistently accounted for more than half of the export economy (not including re-export activities), at a level seven times higher than that of the groundnuts industry.

In **Vanuatu**, the tourism and international business services industries now account for more than half of the entire exports economy. The number of international visitors increased substantially over the 1990s, after a period of instability in the tourism performance.

In **Tuvalu**, where international services now largely dominate the economy, tourism has remained the primary foreign-exchange earner, even though the performance of this sector has remained static over the last decade and a half, at an annual rate of 1,000 international visitors per year.

In three other LDCs (Comoros, Samoa, United Republic of Tanzania), international tourism has become the primary source of foreign exchange earnings since 1985.

In **Comoros**, tourism became the most important foreign-exchange earner during the 1990s, in spite of the inherent political instability. The number of tourist arrivals increased from 5,000 in 1985 to 27,000 in 1998. In 1998, the tourism sector alone accounted for more than half of all export receipts.

In **Samoa**, the tourism sector has overtaken the coconut products industry as the main source of income. In 1998, the tourism sector accounted for almost half of the total foreign-exchange earnings. As a result of the steady growth observed in tourism services and in international business services, the service export receipts of Samoa are now over three times greater than its merchandise export earnings.

Of all the LDCs, **the United Republic of Tanzania** demonstrated the most impressive tourism performance over the 1985-1998 period. There were 365,000 more visitor arrivals than in 1985. During this 13-year period, the tourism sector rose from fifth to first in the ranking of foreign-exchange earning sectors. Tourism receipts in 1998 (about $400 million) were estimated to be three times larger than the once dominant coffee export receipts. Tourism export earnings now exceed the combined value of coffee, cotton and cashew nuts exports, and despite the "leakage effect" entailed by the import expenditure of the tourism sector, the latter has the largest net positive impact on the balance of payments among all economic activities in the country. The United Republic of Tanzania is presently the first recipient of international tourism receipts among all LDCs.

In Haiti, Nepal, Senegal and Lesotho, four LDCs among those with a prominent tourism sector, tourism has remained one of the major sectors of the economy over the last decade and was accounted for the second largest source of foreign-exchange earnings in 1998.

Tourism was the primary source of export earnings in **Haiti** until 1985, a year in which the country recorded 150,000 international visitor arrivals. Consequently, after 1985, the tourism sector collapsed rapidly resulting from the serious political instability the country incurred. By 1998, tourist arrivals had regained momentum (150,000 arrivals), and the sector accounted for nearly a fourth of the total export earnings. Subject to further progress in the country's stabilization, the tourism sector has the potential to dominate the Haitian economy.

In **Nepal**, there were 254,000 more international visitors in 1998 than in 1985. As a result of the remarkable progress of the tourism economy in parallel to the rapid development of the manufacturing sector, these two sectors now account for more than half of Nepal's export economy.

With an average 280,000 international visitors per year in the second half of the 1990s, **Senegal** has become one of two (Ghana) of the most sought out tourist destination in West Africa. This sector, which ranked third of the country's export sectors in 1985, rose to second place in 1998. Only fish exports (20 percent of total exports) exceed tourism receipts, where international services account for nearly a third of total foreign-exchange earnings.

Although **Lesotho** did not demonstrate substantial growth in recent tourism performance, it continues to rely on international tourism as its second largest export sector. Only the clothing industry, after a rapid growth over the 1990s decade, largely exceeds tourism in terms of export earnings (43 percent of total exports, as opposed to 10 percent for tourism).

Finally, in Sao Tome and Principe, Lao People's Democratic Republic, Uganda, Cape Verde, Madagascar, Benin and Cambodia, tourism has become a prominent export sector (the second or third largest), and is regarded as one of the economic pillars of the future, or one of the very few sectors with a significant socio-economic impact.

In **Sao Tome and Principe**, remarkable progress in the tourism industry was observed at the end of the 1990s. Prior to this, the sector ranked third in export earnings, but was much less significant than the dominant cocoa sector. By 1998, tourism accounted for the second largest export earner, just below that of the cocoa sector (cocoa: 37 percent of total exports; tourism: 34 percent). Preliminary estimates of the country’s balance of payments for 1998 and 1999 indicate that the tourism sector became the primary source of foreign exchange earnings in Sao Tome and Principe.

Lao People's Democratic Republic experienced rapid progress in tourism activities. The number of international visitor arrivals had grown to 260,000 in 1998, from 30,000 in 1992, thereby making tourism the second largest sector of the export economy accounting for 20 percent of total exports in 1998.

Also remarkable has been the tourism performance of **Uganda**. The number of tourist arrivals exploded from 27,000 in 1985 to 238,000 in 1998 making the tourism sector the second largest foreign-exchange earner after the coffee industry.

Cape Verde, which has a limited agricultural economy, enjoys considerable potential for tourism development. It demonstrated steady growth in its tourism performance during the 1990s. Tourism now equals, in economic terms, the traditionally large fisheries sector. When combined, the related air transport and tourism sectors account for more than half of the entire export economy of the country.

Substantial progress in tourism activities was also recorded in **Madagascar**, where the number of international visitor arrivals grew from 23,000 in 1985 to 133,000 in 1998, thereby making tourism the second largest source of export receipts, almost reaching the receipts of the all important coffee industry.

In **Benin**, the number of visitors tripled from 47,000 in 1985 to 152,000 in 1998. The tourism sector was the country’s second most important foreign-exchange earner in 1998, after the cotton industry.

Cambodia enjoyed a phenomenal increase in its tourism activities during the waning years of the 1990s. The number of international visitor arrivals grew from 88,000 in 1992 to 220,000 in 1998. In 1998, only the wood-related industry (sawn timber and logs), accounting for 43 percent of the export economy, exceeded the tourism sector, which represented almost 10 percent of the total export economy.

2. LDCs with a less prominent tourism sector

Among the LDCs with a less prominent tourism sector (where tourism is not among the three largest sources of export earnings), 10 countries have recently demonstrated significant progress in tourism performance. These countries are Myanmar, Mauritania, Mali, Burkina Faso, Ethiopia, Yemen, Malawi, Bangladesh, Bhutan, and Zambia.

In **Myanmar**, a relatively diversified economy has been developing in spite (or as a result) of the political isolation of the country. In this context, tourism has remained the fourth largest export sector of the economy, still much smaller than the dominant primary and processing industries. However, phenomenal growth was observed in tourism performance during the 1990s. The number of tourist arrivals multiplied by seven, from 26,000 in 1988 to 194,000 in 1998. Like Cambodia and the Lao People's Democratic Republic (with comparable cultural assets as a basis for relevant specialization), Myanmar is rising to become one of the most valued tourist destinations in Asia. Moreover, it has the capacity to make the tourism industry a source of increased prosperity for the benefit of its people.

In **Mauritania**, tourism has grown and presently ranks third among the foreign exchange-earning sectors, although the dominant iron and fish industries represent over 90 percent of the entire export economy. Developing at a slow pace, the Mauritanian hospitality industry, through its dual sea-based and desert-based specialization, demonstrates potential for making tourism a third pillar of the economy.

Although the tourism industry is not among the leading economic sectors in **Mali** and **Burkina Faso,** they have experienced steady growth in tourism performance. As such they are encouraged to intensify their efforts through relevant sectoral policies.

In **Ethiopia**, where the number of overnight visitors doubled between 1985 and 1998, from 61,000 to 121,000, tourism accounts for less than 4 percent of the total export receipts of the country. In 1998, the air transport industry was the second largest sector of the economy in terms of export receipts. Coffee and air transport activities together represented more than half of the export economy. Though not commensurate with the advantageous importance of the existing air transport industry, Ethiopia's tourism has been experiencing steady growth over the last 15 years. Considering the potential for tourism specialization based on its history and culture, tourism could conceivably become the primary source of service export earnings.

In **Yemen**, tourism growth has been relatively slow in terms of visitor arrivals, but significant in terms of tourist expenditures, as a result of a policy that promoted the destination to the up-scale market. Outside of the petroleum industry, which represents over 80 percent of the export economy, Yemen's international tourism, in 1998, was close to becoming the second largest foreign exchange-earning sector of the economy.

Though accounting for a very small portion of the national economy (only 1 percent of total exports in 1995), the tourism sector, in **Malawi**, has demonstrated substantial growth since 1985. International tourist arrivals grew from 55,000 in 1985 to 215,000 in 1998. While remaining largely dominated by the tobacco industry, the economy of Malawi, like that of Lesotho, benefits from the South African tourist market. Eventually regional tourism may be responsible for one of Malawi's two or three largest sources of foreign-exchange earnings.

In **Bangladesh**, the number of international tourist arrivals grew during the 1990s, culminating at 163,000 in 1998. In Bangladesh, where manufacturing industries account for well over half of the economy, the tourism sector only represents 1 percent of the total export economy.

In **Bhutan**, where electrical energy accounts for a quarter of the export economy, the significant tourism potential has not yet brought the sector among one of the leading sources of foreign-exchange earnings. However, success has been demonstrated in the development of its hospitality industry. If this success is pursued and continued, a path of tourism development similar to that of Nepal is expected.

Though small in comparison with the dominant copper and cobalt industries, the tourism sector in **Zambia**, has demonstrated progress over the years, with an increase in the number of international tourist arrivals by 245,000 between 1985 and 1998.

The performance of these 10 least developed countries confirms the importance of tourism development in the southern African region as a result of the prominence of the South African market, and in spite of the remoteness from the European market.

Among the five LDCs that host little tourism and have not demonstrated significant progress in their tourism performance over the last decade, it is worth noting the two small island States of the Pacific, namely, Kiribati and the Solomon Islands.

In **Kiribati**, where the contribution of tourism to the export economy has always remained under 10 percent, 6 percent in 1998. The structural handicaps of extreme smallness and remoteness are the overriding factors explaining the stagnation of tourism performance (3,000 visitors in 1985; 4,000 in 1998) and the modest ranking of the sector among sources of foreign-exchange earnings. That copra exports were three times greater than tourism services exports in 1998 (nearly four times in 1985) is a clear indication that modern economic activities can find severe obstacles in overtaking the traditional economy when faced with insuperable structural disadvantages of “islandness”.

In the **Solomon Islands**, where political instability crippled the tourism sector in 2000, the performance of the sector demonstrated little growth (with a gain of only 4,000 visitors per year) between 1985 and 1998. The country, however, possesses cultural and environmental assets that are conducive to stimulating tourism development and could in theory achieve a tourism performance equal to that of Vanuatu. Solomon Islands tourism presently accounts for only 3 percent of total exports.

Among the LDCs that enjoy a less prominent tourism sector but have demonstrated progress in their tourism performance, Bangladesh, Ethiopia, Myanmar stand out as cases where the modest ranking of the tourism sector in proportion to total exports is not a reflection of the smallness of the tourism industry (each of these three countries plays host to over 100,000 visitors per year), but results from the overall diversification of the economy. In these LDCs, at least four or five economic sectors exceed tourism as sources of foreign-exchange earnings. These three countries are among the four most populated LDCs and have experienced substantial development in their manufacturing, services, and primary industries, respectively.

Finally, it is worth noting that, international tourism activities in Sierra Leone had experienced a remarkable level of performance between the mid-1980s and the mid-1990s prior to the civil war which resulted in economic decline and the collapse of the tourism industry.

This tourism development overview reveals that great diversity of situations exist in the tourism performance and potential of individual LDCs. Moreover, this diversity is closely linked to structural characteristics, in particular, physical and economic handicaps and vulnerability to external shocks.

Annex 2

Tourism performance and the question of graduation from, or admission in the Least Developed Countries category

Since the category of Least Developed Countries was instituted in 1971, only one country, Botswana, has graduated from LDC status. Other potential graduation cases, since 1994, have been Cape Verde, Maldives, Samoa and Vanuatu. Considering the methodology and criteria used by the United Nations in its periodic reviews of the list of LDCs and given that tourism is a common major economic activity among these five countries, there is strong evidence to indicate prominent role international tourism can have in lifting countries out of the Least Developed Country status. As indicated by the case of Senegal, tourism can also be an important sector in newly admitted LDCs.

The tourism performance of **Botswana**, where the annual number of international tourist arrivals increased by over 400,000 visitors between 1985 and 1995, was a major factor of the socio-economic evolution (income growth, social status improvement, economic diversification) that induced its graduation from the list of LDCs in 1994.

In the 1997 and 2000 reviews of the list of LDCs, **Cape Verde** was identified as a potential graduation case as its per capita income consistently exceeded the graduation threshold ($900 in 1997 and $1035 in 2000). This relative prosperity resulted from the positive impact of aid on the economy and the rapid development of the tourism sector. Over half of the country's export economy (based on air transport and the hospitality industry) is directly linked to international tourism. Although it met the graduation criteria, Cape Verde was not recommended for immediate graduation in 2000. The Committee for Development Policy and the Economic and Social Council of the United Nations did not recommend graduation for Cape Verde's economy on foreign aid and the real risk of disabling its socio-economic progress which would occur when the concessions associated with its LDC status were withdrawn.

Where the tourism and air transport sectors account for three quarters of the export economy, **Maldives** will be reconsidered for graduation in 2001 by the Economic and Social Council). This case is even more symptomatic of the prosperity impact that a rapidly growing sector can have on the overall socio-economic situation of a country and the inevitable implications on the status of that country as recipient of maximum concessions. In the 2000 review of the list of LDCs, the Committee for Development Policy observed that the Maldives met the graduation criteria relevant to the per capita income and the composite index of quality of life. The Committee also observed that the country had been suffering from low level of instability in its exports of goods and services, although the economic vulnerability of the country was recognized (through the Economic Vulnerability Index), principally as a result of the implications of the smallness of the archipelago. Tourism development has been, by far, the most significant factor explaining the relative prosperity of the Maldives and its sustained growth performance in the 1990s.

The economic progress of **Samoa** and its implications for eventual graduation from LDC status was first raised in 1997, when the United Nations observed that it met the graduation criteria through its per capita income and the composite index of quality of life.

International tourism had become, over the last decade, the first source of foreign exchange earnings and the economic sector with the most significant socio-economic impact. Although two other sources of value added (a highly specialized industrial activity and a growing offshore financial sector) also explained the progress in prosperity, tourism was largely responsible for earmarking Samoa, in 1997, for graduation three years later. Graduation was not confirmed in the 2000 review, but the country remains a “borderline” case as its tourism industry continues to prosper.

Equally interesting is the case of **Vanuatu,** which was “earmarked” in 1994 for graduation three years later. It was then pronounced eligible for immediate graduation in 1997, but was retained in the LDC category after a General Assembly decision, stipulating that the graduation should be re-examined in 2000 in consideration of the vulnerability of the country. In the 2000 review, the Committee for Development Policy observed that Vanuatu did not meet the graduation criteria of quality of life and economic vulnerability. The Committee therefore removed Vanuatu from the graduation list, by failing to meet the required 2 out of 3 graduation criteria. In this context, the United Nations recognized that only one of the three graduation criteria was met: the per capita income of Vanuatu is higher than the graduation threshold relevant to this criterion. An examination of the evolution of the economic structure of Vanuatu over the last decade reveals that the economic progress underscored by the national income aggregates is almost entirely explained by the development of international services in the domestic economy and in particular, by the substantial progress recorded in the international tourism sector.

The case of **Senegal** can also be interpreted in the light of the evolution of the tourism sector in that country: tourism activities, though a significant part of the Senegalese economy between the mid-1980s and the mid-1990s, did not demonstrate much progress during that period. Faster development was observed in Senegal’s tourism in the second half of the 1990s, with a gain of more than 100,000 visitors per year between the middle and the end of the decade. However, while tourism was demonstrating progress, the agricultural sector was incurring great instability. This context has not allowed tourism to stand out as an economically sustaining factor, and the economic instability experienced by the rural sector has entailed overall socio-economic regression and brought the country, in the 2000 review of the list of LDCs, to meet all criteria for inclusion.

Overall, it is important to note that all actual or potential graduation cases in the LDCs category (e.g. one African State and four small island States) have been significantly explained by the socio-economic progress induced by tourism development. A fundamental reason for this correlation, parallel to the direct income-multiplying effect of the tourist expenditure, is the wide-ranging impact that the tourism economy has on the overall economy of a developing country as a result of the efficiency effect of various international and domestic services that necessarily accompany the development of a prosperous tourism industry.

Annex 3

Air Transport Services

Trends and features of LDCs participation in Air Transport

The flow of international air travel toward LDCs has grown 31.1 percent between 1995 and 1999, rising from 10,538 million passenger kilometres in 1995 to 13,823 million passenger kilometres in 1999 (see Table 1 below). The participation of LDCs in world air transport, although low, has also increased from 0.53 percent to 0.59 percent of total world air traffic for the same period. Myanmar, Maldives, Yemen and Malawi saw their share of international passengers kilometres more than double. Other countries which showed strong rates of progression for this period were: Guinea, Uganda, Cape Verde, Madagascar, Lao People's Democratic Republic and Sao Tome and Principe. Some countries, however, saw negative growth rates mostly due to crisis situations. These were the Salomon Islands, Angola, Afghanistan and Lesotho.

Most countries with high growth rates in total air travel were, by correspondence, among the top countries growing in tourism. Such is the case of Myanmar, Lao People's Democratic Republic, Guinea, Cap Verde, Uganda and Madagascar. Some LDCs, such as Ethiopia and Bangladesh, are regional hubs whose growth reflects travel development to neighboring countries in the region. Others, in which air travel has registered among the highest increases in volume, but not growth, are established destinations, which present sustained success, such as the Maldives.

It is interesting to note that although international air transport has grown more rapidly (31.1 percent) than domestic traffic (15 percent) for the 1995-1999 period in the region, the inverse is true for a certain number of countries. Those countries in which high increases of passengers/kilometres, or volume of air transport, has increased based not on international travel but on the basis of domestic flights include Uganda, Mozambique, Lao People's Democratic Republic, Salomon Islands (domestic flights actually overtook a decrease in international volume), Sao Tome and Principe and Comoros.

Countries in which domestic travel increased greatly along with international travel include Burundi, the Maldives and Malawi. This could be the result of a dynamic form of tourism industry development which may be pushing the air transport market toward diversification with internal flights, given the fact that in 8 LDCs domestic travel represents a larger component of total travel than international flights. Among these are many of the larger tourism destinations such as the United Republic of Tanzania, Uganda, and the Solomon Islands (see Table 1).

Table 1
Countries in which the proportion of domestic travel
exceeds international travel

Country	Myanmar	Lao People's Democratic Republic	Sao Tome and Principe	Mozambique	Uganda	Solomon Islands	Angola	United Republic of Tanzania
Domestic/ Intl Travel	1.33	1.30	1.06	0.90	0.80	0.70	0.68	0.53

Source: ICAO, "The World of Civil Aviation, 1998-2001".

Air travel is a continually growing industry in all LDC countries except those in which political instability has compromised security such as in Angola, Afghanistan and Lesotho, and two others, Mauritania and the United Republic of Tanzania which registered small decreases during this period. Air transport is therefore highly responsive to destination conditions and to demand. It is also a highly efficient industry in resource allocation, as can be seen in the one to one correspondence in the regional distribution of world aircraft kilometres and passengers (see Table 2), although regional data may be covering particular country discrepancies.

Table 2
Regional distribution of aircraft kilometres and passengers - 1998

	Aircraft Kilometers (%)	World Passengers (%)	Passenger load factor
Europe	41.9	47.6	71
Africa	3.7	3.5	62
Middle East	4.2	4.8	66
Asia & Pacific	22.2	22.2	68
North America	20.3	15.8	72
Latin America and Caribbean	7.6	6.2	63

Source: ICAO, *The World of Civil Aviation, 1998-2001*.

LDCs are capturing a growing portion of world air transport as they develop themselves into attractive tourism destinations and as growing income levels promote tourism by local residents. Surprisingly, this is the case for a significant group in which fare expenditure and tourism expenditure are higher than income (see Table 3).

Table 3

LDC countries in which tourism expenditure (Tex) and Fare expenditure (Fex) are higher than Tourism income (Ti) or Fare income (Fi)

	Tex/Ti		Fex/Fi
Burundi	12.00	Angola	27.00
Angola	7.78	Samoa	8.00
Democratic Republic of the Congo	6.40	United Republic of Tanzania	5.60
Ethiopia	4.18	Solomon Islands	4.00
Bangladesh	3.88	Ghana	3.00
Soudan	3.75	Rep. Dem. Laos	3.00
Niger	1.39	Lesotho	3.00
Madagascar	1.31	Democratic Repulbic of the Congo	2.13
Cape Verde	1.20	Gambia	1.00
Uganda	1.01		
Yemen	0.99		

This phenomenon also explains why certain countries figured amongst the higher growing air transport countries, but without yet manifesting strong tourism growth. Having already developed a market for air transport that could be more profitably turned into an income revenue factor, these countries present strong tourism development opportunities.

Table 4

Countries with high proportion of domestic travel

Country	Increase in passenger /kilometers 1995-1999	% increase due to international flights	% increase due to domestic flights
Uganda	252.8	0.37	**0.63**
Mozambique	35.1	-0.02	**1.02**
Lao People's Dem. Rep.	30	0.48	**0.52**
Solomon Islands	10.7	-0.69	**1.69**
Sao Tome and Principe	4.3	0.49	**0.51**
Comoros	-3.3	0.24	**0.76**

The economic outlook and performance of tourism destinations depends greatly on the availability and conditions (such as prices, frequency, travelling time, etc.) of air transport services connecting tourism-generating countries and destination countries. With few exceptions, LDCs; national carriers are very weak because of the obsolescence of their fleet, inadequate infrastructure to support air navigation and low skills. Moreover, conflicting policies to protect national carriers and the lack of coherence between air transport and tourism policies are undermining the competitiveness and performance of tourism and its sustainability.

Main issues related with performance of ATS in LDCs

a) Geographical location and air traffic density

Distant LDCs are marginalized from air access in international routes due to long distances separating them from main tourist generating countries. In addition, low traffic density also puts them at disadvantage with those competing destinations in the same region that do have direct access and/or adequate connections. As a result, potential travellers to marginalized LDCs have to pay higher air transport fares, than their competitors who, with a higher density of traffic, have more competition among airlines and generally benefit from a multiplicity of differentiated cheap airfares in the same class. The combined effect of these factors tend to discourage tourists from visiting distant LDC tourist sites.

b) Domestic issues

Internally, LDCs mainly face the following problems affecting performance of their ATS: (a) Infrastructure, e.g. serious deficiencies in the quantity and quality of supply of ATS infrastructure (airports, air traffic control systems). The main reason for these deficiencies is that LDCs are bereft of the very high capital, technological and skill requirements for such infrastructure; (b) Financial constraints: the generalized and stringent limitations on public expenditure hamper the necessary investments not only in infrastructure, but also in national carriers (state-owned), which needs to be continuously modernized and upgraded to accommodate the changing international environment; (c) Consistency of air transport and tourism policies: on the regulatory front, governments frequently face a conflict between alternative air policy priorities including, protecting and fostering national carriers (frequently state-owned monopoly) and using air traffic rights as bargaining tools in international negotiations; (d) easing domestic traffic regulations, to increase competition and efficiency and to reduce prices. Even if the latter course is decided upon, LDCs lack the necessary financial resources to assess impacts of several policy options and to manage subsequent developments.

c) Possible options and cooperation schemes to foster the development of air transport services (ATS)

Regional cooperation among developing countries offers huge possibilities to LDCs, as a quick and viable option to overcome deficiencies in the supply of ATS. For instance, the liberalization of ATS and air access within the framework of "regional open skies[1]" polices among members of integration schemes, could be used by LDCs to overcome problems in improving their air access. ASEAN LDC members, have taken advantage of regional hubs such as Singapore, Malaysia, Indonesia and Thailand to overcome their problem of low density traffic and adequate connections. Similarly African LDCs could overcome similar problems by widening the liberalization schemes of ATS in the framework of all the integration agreements of which they are members. Some positive experiences have been realized by the liberalization of transport among SADC countries and with the implementation of the "Yamoussoukro Declaration" (April 1997) signed by six African countries namely Cape Verde, Ghana, Guinea Bissau, Sierra Leone, Nigeria and Gambia. This Declaration committed the parties to grant "open skies" among themselves. LDCs may also use other preferential arrangements such as APEC and the advantages granted by the European Union to ACP countries.

The experiences[2] from the implementation of ATS strategies by many developing countries offer some options that may be considered by LDCs. They may vary according to the specific context and markets of LDCs in different regions.

1. Airlines

Cooperation /association with foreign companies

There are several forms of association with foreign companies and may include: (a) Regional alliance in search of enhanced forms of cooperation and association with foreign companies. Achieved by pooling the resources of companies from neighbouring countries, thus increasing the volume and density of air traffic. (b) Entry into global alliances. This option is more feasible for carriers with large domestic markets or which have already

[1] The open skies policy comprises basically the following elements: free access to all routes; no restriction on capacity and frequency in any route; no restriction in operation in any international markets; elimination of restriction on charters; liberalization of air cargo rules; absence of restriction in the conversion of revenues to hard currency and their repatriation; agreement on code-sharing; carriers to be able to ensure their own ground services abroad; no regulations on carriers alliances; non discriminatory access to CRS/GDS.

[2] See, "Background notes by the UNCTAD secretariat for the Expert Meeting on Tourism (8-10 June 1998) TD/B/COM.1/EM.6/2, and the Expert Meeting on Air Transport Services (21-23 June 1999), TD/COM.1/EM.9/2.

established a significant regional or long-haul international network, since this makes them more attractive to the other members of the alliance and gives them more bargaining power when negotiating with larger partners. This modality seems very attractive for Asia Pacific and African LDCs to take advantage of market share of the most powerful partners, e.g. Singapore, Malaysia, Thailand and Malaysia in ASEAN, and South Africa and Mauritius in SADC. (c) Association with large international airlines. This option could be very interesting for LDCs with a very high development of tourism. Smaller airlines are interesting to large trunk-line operators because they feed their hubs, but which maybe too small to become full members of the larger alliances.

The hub Strategy

LDC airlines may take advantage of the existing hubs in Africa and Asia Pacific to improve air access in the framework of regional and sub-regional agreements such as ASEAN and SADC. In the case of multiple hubs such as in the ASEAN sub-region, LDCs members may find the possibility of a better network connection with long haul carriers and their national carriers. Economically, this option is easier to achieve than the previous one, as the distances to be covered are shorter and thus the capital, fleet and personnel requirements are lower. When the hubs are supported by open skies policies, the possibilities of success increase exponentially.

2. Domestic policies

The domestic policy dimension of ATS service strategies should include measures that LDC Governments may apply to create an enabling environment to ensure coherence and convergence of tourism policies and air transport policies. This includes a two-track approach. The first, could be oriented to make changes in domestic regulations including easing regulations to enlarging market access, lifting route restrictions and allowing competition in some or all of them and abolishing or easing price controls. The undertaking of the liberalization of domestic air traffic can be assumed by LDCs autonomously or as an element of international negotiations such as open skies agreements. The second is the enhancing of national carriers and the promotion of investment in air transport infrastructure. This may be incorporated in both the master plan of transport and tourism development. It may include viable formulas and clear guidelines to promote investments by using multilateral funding, national budget resources to be earmarked, fiscal revenues to be hypothecated (such as tourism and airport taxes) and privatization of specific services including airlines.

3. International policies

Changes in international air transport regulations may include a number of initiatives, to be explored by LDC Governments regarding international flights, particularly through bilateral and regional negotiations. They deal in particular with: (a) Promoting international charter flights, which could be a viable formula for more marginalized LDCs. Some LDCs such as the Maldives have used this to complement the coverage by regular flights; b) International agreements to upgrade national carriers. LDCs whose national companies do not have adequate human resources or an adequate fleet can enter into agreement with another country under which they receive help for upgrading their national carrier. The other country's airlines operate under the beneficiary country’s flag, but uses its own crew and aircraft. Ideally this should be a temporary measure, to allow the national airline to upgrade its fleet and take the responsibility for its own human resource development; (c) Rationalization of air policy. This option is open to all LDCs within the framework of all the integration schemes that they are members of; (d) Open skies policies. This is an excellent complement to all the above; and (e) active participation of LDCs in the GATS 2000 negotiations to make effective provisions of Articles IV and XIX of GATS to increase their participation in international tourism. To this end, LDCs should clearly define their national interests, development objectives and possible conflicts between trade interest and development concern in achieving economically social and environmentally sustainable tourism.

Air transport in LDCs (millions of passenger kilometres)

Country	Total Travel 1995	Total Travel 1999	Intl Travel 1995	Intl Travel 1999	Domestic Travel 1995	Domestic Travel 1999
Afghanistan	276.3	129.3	201.5	89.5	74.8	39.8
Angola	833	597.4	625	354.6	208	242.8
Bangladesh	3,057.9	3,515.3	2,968.9	3,447.8	89	67.5
Benin	2,22.8	235	222.8	235	0	0
Bhutan	39.7	41.3	39.7	41.3	0	0
Burkina Faso	256.3	269.2	247.8	263.9	8.5	5.3
Burundi	2	2	1.7		0.3	2
Cape Verde	181.6	333.9	152.3	287.4	29.3	46.5
Central African Republic	222.8	235	222.8	235	0	0
Chad	230.6	235	224.3	235	6.3	0
Comoros	3.3		0.8		2.5	0
Equatorial Guinea	7.4		7.4		0	0
Ethiopia	1,795.6	2,485	1,681.2	2,358.1	114.4	126.9
Guinea	52	94.4	48	94.4	4	0
Guinea Bissau	10		6		4	0
Kiribati	10.4		6.2		4.2	0
Lao People's Dem. Rep.	48.1	78.1	19.5	34	28.6	44.1
Lesotho	7.9	0.5	7.1	0.5	0.8	0
Madagascar	630.6	1,036.7	471.4	840.9	159.2	195.8
Malawi	110.4	223.8	75	150	35.4	73.8
Maldives	71.4	501.4	66.7	470.4	4.7	31
Mali	222.8	235	222.8	235	0	0
Mauritania	301.2	290.4	247	255.1	54.2	35.3
Mozambique	290.4	325.5	171.5	170.9	118.9	154.6
Myanmar	147.2	355	14.9	152.5	132.3	202.5
Nepal	855.6	1,023.1	805	1,004.2	50.6	18.9
Niger	222.8	235	222.8	235	0	0
Rwanda					0	0
Samoa		243.5		241.8	0	1.7
Sao Tome and Principe	8.5	12.8	4.1	6.2	4.4	6.6
Sierra Leone	22.5	30.4	22.5	30.4	0	0
Solomon Islands	69.5	80.2	54.7	47.3	14.8	32.9
Sudan	680.5	693	516.3	588.3	164.2	104.7
Togo	222.8	235	222.8	235	0	0
Uganda	103.3	356.1	103.3	197.9	0	158.2
United Rep. of Tanzania	189	176.4	106.7	115.2	82.3	61.2
Vanuatu	146.5	178.3	146.5	178.3	0	0
Yemen	485.8	1,031.3	381.1	959.7	104.7	71.6
Zambia		34		32.4	0	1.6
TOTAL	12,038.5	15,514.3	10,538.1	13,823	1,500.4	1,725.3
Simple growth rate 99/95		29%		31%		15%

Source: ICAO