

# TOURIST ARRIVALS AND ECONOMIC GROWTH IN SARAWAK

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## Abstract

This study empirically investigates the comovements and the causality relationship between tourist arrivals and economic growth in Sarawak during the period of 1972 to 2004. The empirical evidence clearly shows that the long run causality running from tourist arrivals to economic growth in the estimation period. As one of the income generator for Sarawak, the findings are consistent with economic theory and proffer important policy conclusions.

**Keywords:** Tourist arrivals; Economic growth; Sarawak; causality.

## 1. INTRODUCTION

Tourism is one of the fastest growing sectors in an economy and the major source of income for most of the developing countries. According to the [World Tourism Organization \(2007\)](#) (<http://www.unwto.org>)<sup>1</sup> the tourists expenditure on goods and services represented about 8 percent of total world export receipts and 5 percent of the world GDP. Numerous studies have been conducted dealing with the impact of tourism toward the economic growth in developing countries. Many of these studies have focused on testing whether tourism sector leads to improvement in economic growth performance of a particular country (see for

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<sup>1</sup> WTO is the central body that plays a vital role in promoting the development of responsible, sustainable and universal accessible tourism and pays particular attention to the interest of developing countries. This organization encourages the implementation of Global Codes of Ethics for tourism with the view that member states maximize positive economic, social and cultural affects of tourism and fully reap its benefits and minimize the negative social and environmental impacts. As of 2007, WTO's membership includes 150 countries, seven territories and 350 affiliate members, which represent the private sectors, educational institutions, tourism associations and local tourism authorities in the world.