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The tourism sector and its role in achieving economic development: The Arab Republic of Egypt as a model

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Abstract---This study aims to clarify the role of the tourism sector due to its impact on economic development. The Arab Republic of Egypt has paid great attention to tourism, as it is considered one of the most important primary sources of state revenue and contributes approximately 10% of the gross domestic product (GDP). Hence, Egypt has heavily invested in the tourism industry both locally and through partnerships with foreign countries. This study defines tourism

activity and its role in economic development, supported by statistics that highlight the tourism sector in Egypt and its contribution to economic growth.

Keywords---Tourism, Economic Development.

Introduction

The tourism sector plays a fundamental role in economic development, significantly contributing to increased economic growth rates in many countries, particularly toward the end of the 20th century. It is one of the most vital service industries globally due to its role in boosting foreign exchange, increasing employment, and reducing unemployment. As a result, several developing countries, including Egypt, have started to promote tourism as a foundational pillar of their economy.

This research has been divided into three main sections, all of which relate to the concept of tourism and its connection to economic development. The paper also examines relevant models within the Arab world, especially Egypt.

Previous Studies:

Several studies have previously explored the topic. The most significant and recent include:

Naama Hassan Al-Sayed Omar (2023): Towards Applying the Principles of Ecotourism in Egypt – A Case Study of Desert and Coastal Ecotourism, which focuses on the impact of ecotourism on functional performance and long-term economic returns, especially in beach, cultural, and local tourism, which account for 90% of Egypt's tourism activities.

(Reference: Naama, 2023, pp. 312–338)

Nermin Wasfi and Paula Hanna (2024): Shaimaa Abdel Qawi: Tourism Industry in Egypt Amid Available Changes (Opportunities and Challenges) explores climate change challenges and opportunities in Egypt's tourism using descriptive, analytical, and quantitative methods.

(Reference: Nermin & Hanna, 2024, pp. 420–443)

Nour El-Hoda Safwat Awad Khalifa (2015): The Contribution of Tourism to Egypt's Economic Activity highlights tourism's importance in economic development, foreign currency inflow, and job creation.

(Reference: Nour El-Hoda, 2015, pp. 460–480)

Research Problem:

The central research question is:

-To what extent can the tourism sector contribute to economic development in the Arab Republic of Egypt?

Sub-questions:

-What is meant by the tourism sector?

- What is economic development?
- How does tourism contribute to economic development in Egypt?

Study Objectives:

- Define the tourism sector in Egypt.
- Clarify concepts related to economic development.
- Highlight tourism's importance in achieving economic development.
- Analyze the contribution of tourism to economic development in Egypt

General Concepts of Tourism:

The tourism sector plays a major role in boosting trade relations, and this has been the case since ancient times — especially in countries with ancient civilizations and archaeological landmarks. These serve as a driving force for economic development, acting as an alternative source of revenue outside other sectors. We will address some key concepts related to tourism and its most important components.

Definition of Tourism:

Tourism refers to:

“A set of phenomena and activities resulting from the travel and stay of people in a country other than their own for a limited period, without engaging in commercial or gainful activity or permanent residence.”

As per researcher **Marcel Hunziker**:

“Tourism is the set of relationships and phenomena arising from the travel and temporary stay of a person outside their usual place of residence, as long as the stay is temporary and not related to gainful employment.” (Akram, 2018, p. 131)

Types of Tourism:

- **Recreational Tourism:** Enjoyment of natural sceneries like beaches, forests, and mountains.
- **Medical Tourism:** Focused on treatment and healthcare.
- **Cultural Tourism:** Discovering and exchanging cultures.
- **Social Tourism:** Visiting relatives.
- **Religious Tourism:** Visiting places of worship.
- **Sports Tourism:** Attending international sports events. (Akram, 2018, p. 131)

Importance of the Tourism Sector:

The tourism sector holds great importance, including the following:

Increasing social welfare by providing additional financial revenues.

Reducing rural migration and improving rural areas.

Narrowing the gap between rural and urban regions.

Focusing on rural areas and recognizing their value as an additional economic force.

Increasing the Gross Domestic Product (GDP).

Encouraging both local and foreign investment. (Moussi, 2016, p. 261)

Indirect Economic Effects of Tourism:

The tourism sector has indirect economic effects, including:

- **Marketing certain goods:**
This includes tourists' purchases of souvenirs or artifacts, as well as the use of certain historical sites. This type of spending is considered a form of export of national products without the need for foreign marketing.
- **Improving the quality of facilities and infrastructure:**
In order to attract the largest possible number of tourists, countries must develop roads, facilities, and spaces that serve as attractions for visitors.
- **Increasing national and foreign investment:**
Investment is reflected in the quality of hotels, restaurants, sports centers, and tourist villages, which in turn stimulates other sectors such as agriculture and services through increased demand for their products.
- **Improving the balance of payments:**
This occurs through the flow of capital into tourism-related projects, which contributes to increasing the national income directly or indirectly. (Akram, 2018, pp. 131–133)

Social Impacts of Tourism:

We observe that the more attention is given to the tourism sector, the more the wheel of economic development turns, leading to improvements in the social aspect through increased capital, higher employment rates, and an improved standard of living. Among the most important social impacts of tourism are:

- Increasing employment rates and solving the problem of unemployment.
- Achieving social welfare. (Akram, 2018, p. 133)

Concept of Economic Development:

We see that the tourism sector plays a major role in the economies of countries. It has become an important part of economic policies due to its role in driving and boosting the pace of economic development, and in making the economy characterized by a degree of diversification. It has become an industrial sector because of its impact on the economy through tourism spending, as tourists stay for a certain period in a country, which allows the inflow of foreign currency and reduces unemployment.

Economic development is "considered the process through which an increase in the average real income per capita is achieved."

It is also "the process directed towards creating transformations in the economic and social structure; it is capable of revitalizing productive capacities, supported by efforts aimed at achieving an organized increase in the average real income per capita in the foreseeable future. It seeks to provide the essential needs of the individual and ensure their right to participate in deepening the requirements of security and stability in the long term" (Belqaz and others, 2019, p. 184).

Objectives of Economic Development:

Economic development aims to raise and improve the living standards of individuals continuously. Its importance appears as follows:

- Increasing the Gross Domestic Product (GDP) and thereby raising the national income.
- Increasing employment opportunities.
- Providing products and services to meet individuals' needs.
- Raising the health and educational levels of the society.
- Reducing social disparities within the community.

Achieving food security. (Belqad and others, 2019, p. 184)

Role of Tourism in Economic Development:

The tourism sector is considered the most important economic activity on which countries rely through economic diversification, which is currently an economic phenomenon and has gained a strategic position through the promotion of this sector with the help of international conferences on sustainable development, through: (Akram, 2018, p. 132)

- Contributing to the Gross Domestic Product (GDP).
- Increasing foreign currency earnings as a result of selling tourism services.
- Revitalizing some areas that have natural tourist attractions but are deprived of development.
- Contributing to improving the trade balance.
- Raising the standard of living and increasing the social welfare of the population.
- Increasing economic activity related to tourism in the incomes of households and individuals.
- Enhancing opportunities for national and foreign investment and stimulating tourism.
- Achieving economic prosperity, meaning that the funds entering the tourism sector circulate within the national economy through an increase in foreign currency, which reflects positively on the economic cycle.

Tourism's Impact on Egypt's GDP:

The effects of tourism on the Egyptian national output appear through: (Noor Al-Huda, 2015, p. 471)

Tourism contributes to the shift from some traditional activities in the economic structure of society, such as the shift from industry, fishing, agriculture, and mining activities to tourism as a transformative industry, thus increasing the national output.

The shift to rural tourism changes the pattern of resource and land use by improving transportation networks, electricity, water, and establishing rural resorts and hotels.

Tourism consumption is considered a new economic force as it contributes to the increase in overall consumption in other sectors, thereby increasing national income.

Tourism demand is considered an added value and leads to real growth in national income through an interactive dynamic.

Opportunities for Tourism in Egypt:

The Arab Republic of Egypt has many tourism opportunities that make it a global tourist hub due to its rich cultural heritage. We highlight the following:

Cultural Tourism:

Egypt represents a rich cultural heritage through its historical legacy of monuments, temples, pyramids, and museums dating back to ancient times, which continue to attract tourists and scholars, making it a fertile land for exploration.

Natural Tourism:

Egypt features a vast geographical mix including the sea, the Sinai Desert, the Suez Canal, expansive deserts, beautiful beaches, and resorts to enjoy nature.

Religious Tourism:

Egypt is a religious destination for students of knowledge worldwide, as it is a blend of religions (Islam, Christianity, Judaism), which helps attract tourists. Notable religious sites include mosques like Al-Azhar Mosque and churches significant to Christians.

Health and Therapeutic Tourism:

Due to its geographic location and mild climate in some regions, Egypt can utilize thermal waters for natural treatments by offering relaxation services and benefiting from traditional therapies such as mud treatments and baths.

Marine, Sports, and Adventure Tourism:

Egypt exploits activities like diving, surfing, mountain climbing, mountain biking, as well as marine trips and surfing sports.

Nile Tourism:

The Nile River, which extends for 6,700 km, is used for boat rides to enjoy the stunning scenery and enchanting Nile cruises.

Despite Egypt's abundance of diverse tourism resources that make it one of the leading countries in tourism, it still suffers from instability in its entrances due to the lack of political stability.

Table 1: Tourism Revenue Contribution to GDP (2001–2013)

The year	Gross domestic product	Tourism revenues	Tourism revenues are a percentage %
2001	97	4.119	-
2002	87	4.133	4.22%
2003	82	4.704	4.7%
2004	78	6.328	5.67%
2005	79	7.206	8.02%
2006	107	8.133	8.03%
2007	130	10.327	7.56%
2008	162	12.104	8.9%
2009	188	11.757	7.43%
2010	218	13.633	6.22%

The year	Gross domestic product	Tourism revenues	Tourism revenues are a percentage %
2011	236	9.333	3.95%
2012	262	10.823	4.11%
2013	271	9.500	3.49%

Source: (Nour El Huda, 2015, p. 465)

We observe from Table No. (01) that there was an increase in the contribution of tourism sector revenues to the Gross Domestic Product (GDP), as the revenue percentage rose from 4.22% to 8.9% between the years 2002 and 2007. However, this percentage declined in the years 2008 and 2009 due to the impact of the global economic crisis that hit the world in 2008. The percentage also decreased in 2010 as a result of the effects of the revolution during January 2011, which negatively impacted the GDP.

Table 2: Number of Tourists & Overnight Stays (2000–2015)

Years	Number of tourists One million tourists	Million tourist nights
2001/2001	5.5	32.8
2001/2002	4.3	28.8
2002/2003	5.2	33.00
2003/2004	7.5	73.00
2004/2005	8.6	85.1
2005/2006	8.7	85.1
2006/2007	9.1	96.3
2007/2008	11.1	111.5
2008/2009	12.8	129.2
2009/2010	12.5	126.5
2010/2011	14.7	147.4
2011/2012	9.8	114.2
2012/2013	11.5	137.8
2013/2014	9.5	94.4
2014/2015	9.9	100.00

Source: (Meni, 2017, p. 258)

Through Table No. (02), which illustrates the number of tourists and the nights they spent in the Arab Republic of Egypt from the period 2000 to 2015, we observe that the number of tourists was on a steady rise from the year 2000 to 2011. In 2000, the number of tourists was estimated at 4.3 million, increasing to 14.7 million by 2010. The number of nights booked during the same period also rose from 32.8 million to 147.4 million nights. This reflects the flourishing of the tourism sector during that period, which experienced both tourism and social stability, positively impacting the tourism industry.

However, from 2011 onwards, the tourism sector saw a decline due to political instability during the January 2011 revolution, which led to a decrease in the number of tourists.

Table 3: Tourism Revenue (2001–2013)

Years	Tourism revenues in billion dollars
2001	4.119
2002	4.133
2003	4.704
2004	6.328
2005	7.206
2006	8.133
2007	10.327
2008	12.104
2009	11.757
2010	13.233
2011	9.333
2012	10.823
2013	9.500

Source: (Nour Al-Huda, 2015, p. 370)

From Table No. (03), we observe a rise in tourism revenue from 2001 to 2010, increasing from \$4.119 billion to \$13.233 billion. This is a result of political stability in the Arab Republic of Egypt, which positively affected the tourism sector. In 2011, however, there is a noticeable decline — from \$9.33 billion in 2011 to \$9.500 billion in 2013. This drop is attributed to the political and social instability in the Arab Republic of Egypt.

Conclusion

Tourism significantly supports economic development in Egypt. Despite various challenges—mainly political instability—the government continues to invest heavily in this vital sector, encouraging both local and foreign investment.

Key Findings:

- Egypt actively works to grow tourism to boost economic benefits.
- Tourism increases national income and employment.
- It helps reduce rural isolation.
- There's an urgent need for political stability to sustain sector growth.
- Tourism provides essential foreign currency.
- The state aims to attract more foreign investment through incentives.

Recommendations:

To benefit from Egypt's experience, other countries like Algeria should:

- Promote large-scale tourism investments.
- Cultivate a tourism-friendly culture.
- Launch awareness campaigns.
- Encourage business sector involvement.
- Host conferences to exchange experiences.

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