

An Economic Analysis of the Mekong Tourism Brand in the Economic Corridors of the Greater Mekong Subregion: A Case Study of Lao PDR

Topic: Input-output studies on tourism issues I

Author: Bhoj Raj Khanal

The Greater Mekong Subregion (GMS) Economic Corridors were established to encourage trade, investment and tourism and ease the cross-border movement of people and goods. The tourism infrastructure and institutional programs including border trade facilitation and harmonization are expected to enhance tourism and tourism related business in the GMS. The GMS Tourism Sector Strategy for 2006-2015 has given priority to develop the Mekong as a single destination to promote the "Mekong Brand Tourism" (ADB, 2005). Tourism is an important economic sector of Lao PDR and is rapidly becoming the major source of foreign exchange earnings and employment. A total of 1.6 million tourists generated US\$233.3 million in 2007 making tourism among the top two foreign revenue earner accounting more than 7 percent of the national GDP (NSC, 2007). The GMS economic corridors have direct impacts on visitors arrivals in Lao PDR but there are concerns that the economic corridors play the role of transport corridor for the part of Lao PDR since only minimum economic activities are taking place (Mekong Institute, 2008).

Tourism expansion in Lao PDR is judged on the basis of gross values of macro-economic factors such as number of tourist arrivals, total earnings and contribution to the country's balance of payment (LNTA, 2006). Additionally, tourism is not a separate entity in the sectoral classification of economic activities in Lao PDR. As a result, the tourism economic data should be disaggregated from many other related economic sectors. This study applies an input-output model to examine the economic impacts of tourism, interrelationship of other economic sectors using economic multipliers and backward forward linkages of tourism sector of Lao PDR. The input-output model in this research describes how the tourism sector is distributed throughout the economy of Lao PDR. The study also identifies the problems and obstacles of the tourism industry in Lao PDR. The research findings will provide the policy makers with a framework on tourism sector planning and investments and increase the tourism activities along the economic corridors of Lao PDR.