



Tourism and Economic Growth Link-Focus on Asia Pacific Countries

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Economic growth and tourism development is interrelated. Hence an improvement in the overall economy will help tourism development to investigate the connections between the tourism and other elements such as macroeconomics and economic growth. This study empirically examines the link between tourism and economic growth using the Panel Data. The Unit Root Test, Cointegration Test and a Granger Causality Test were used to find out the direction of the relationship for each country in the Asia and Pacific Region. Using annual data from 2003 to 2020, this research examines 25 countries in the Asia and Pacific region. By conducting the Cointegration test it was proven that a long-term relationship exists between Per-Capita Gross Domestic Product and International Tourism Receipts. The Granger Causality test provides evidence of a bidirectional causal relationship between tourism and economic growth throughout the region. These results mainly indicate that an increase in International Tourism Receipts could increase economic growth in most of the countries in Asia and the Pacific region and vice versa. International tourist receipts were used to approximate the demand for tourism while Per-Capita Gross Domestic Product was used to quantify the economic growth. However, when causality was examined for the individual countries, only two of the twenty-five showed a bidirectional relationship, while four showed a unidirectional relationship. At the 1% significance level, a Granger causal link between Per-Capita Gross Domestic Product and International Tourism Receipts was discovered. This means that tourism leads to economic growth and vice versa in the in the Asia and the Pacific region as a whole.

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