Chapter 6

Tourism and Hospitality Industry in BRIC Nations: An Analysis

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ABSTRACT

Travel and tourism is the largest service industry globally in terms of gross revenue, foreign exchange earnings and leading employment generators. More than two dozen nation’s economic developments have been dependent on tourism and hospitality activities. Thus, most of the countries have realised that tourism and hospitality industry is the major engines of growth for developing their economies. The present study aims to analyse the contribution of BRIC (Brazil, Russia, India and China) nation in the area of travel and tourism. This study is based on WTTC reports on Travel and Tourism Economic Impact 2009 to 2015. The BRIC nations have been selected as these countries that have huge touristic potentials. These nations have breadth and global presence in travel and tourism at global level. The analysis presents the direct contribution of travel and tourism (T&T) on GDP – GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passage transport services, and the activities of restaurant and leisure industries that deal directly with tourists. The results of the study reveal that, China remains the most important emerging economy in the area of travel and tourism. India continues to have fastest growing economy in the world after China. Moreover, the continuous growth and development in tourism and travel activities will further nurture economies of these countries and will have a place in global tourism in coming future.

INTRODUCTION

Travel and Tourism is one of the fastest growing industry and leading job creators in the world (Figure 1). This industry provides jobs to approximately 98 million people directly, representing 3 percent of total 3 percent of all employment. If indirect and induced impacts are calculated, the industry contributes to around one in every eleven jobs worldwide. Interestingly, the share of world employment in Travel & Tourism is greater than that for the auto manufacturing and chemicals manufacturing industries combined, across every region of the world (World Travel &Tourism Council, 2015). Further, total global travel

DOI: 10.4018/978-1-5225-0708-6.ch006

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Tourism and hospitality GDP is now expected to grow by 3.5% in future, according to WTTC’s latest analysis. With the global economy forecast to grow by 2.5%, the Travel & Tourism sector will continue to outperform the wider economy, as it has done for four consecutive years. This year it is estimated that the sector’s total contribution will be US$7.8 trillion and it will support 284 million jobs across the globe, which underlines its enormous significance to the economy of the world (WTTC, 2015).

This present study analyses contribution of BRIC nation in the area of travel and tourism. This study is based on WTTC reports on Travel and Tourism economic impact 2009 to 2015. These countries chosen as comparators in this research were selected because they have breadth and global presence in travel and tourism.

BRIC (Brazil, Russia, India, and China) nations have tremendously been increasing their economic as well as political power and have proved to be emerging market with potential future in respect of economic growth. The concept of BRIC nations was rightly forecasted by analyst, Jim O’Neill, chief economist of Goldman Sachs, and his group fifteen years ago in year 2002. They predicted that four countries GDP would comprise more than 10% of global output by the end of the decade (Veer, 2010). These nations already surpassed the milestone, when the total GDP touched the 15% in 2008. And in future also these nations have long term prospects and highly emerging T & T market according to the predictions made by Oxford Economics.

An interview quoted in the report of XOLA given by Mr. O’ Neill in 2009 mentioned that BRIC is no more an “emerging” he believes that they are too large for that designation. According to him these four nations have strong fundamentals with governmental ownership of banks being a primary factor in the stability and rapid recovery of their economics.

**Figure 1. Direct and total contribution of travel and tourism to the global economy from 2006 to 2014 (in trillion U.S. dollars)**