

Tourism, Development and Growth: International Evidence and Lessons for Cyprus

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Abstract

We empirically investigate the relationship between tourism specialization, development and economic growth. Descriptive cross-country comparisons indicate a link between tourism specialization and level of development. Econometric analysis shows that tourism specialization is associated with higher rates of economic growth at relatively low levels of specialization but eventually diminishing returns set in and tourism's contribution becomes minimal. Cyprus was one of the success stories of international tourism in the 1980s and 1990s but has since struggled to position itself in the international tourism landscape. Its example illustrates well both the promise and the limitations of tourism-driven economic growth.

Keywords: tourism, tourism specialization, economic growth

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