

MASS BEACH TOURISM AND ECONOMIC GROWTH: LESSONS FROM TUNISIA

Abstract: This paper attempts to examine the relationship between tourism exports, imports of capital goods and economic growth with special reference to Tunisia over the period 1975-2007. The dynamic interaction between these variables is examined within a vector-error correction model using the Johansen technique of co-integration with structural changes and the multivariate Granger causality test. We consider that tourism may affect economic growth through two different channels, the TLG and the TKIG mechanisms. Our findings reveal a complex picture of the relationship between these variables. They show that tourism exports have contributed significantly towards financing the country's imports of capital goods but they have not been the principal engine of export-led growth strategy. The results also provide evidence of the TKIG mechanism as a short-run phenomenon. Finally, they show evidence of a strong unidirectional causality from economic growth to imports of capital goods.

Keywords: TLG hypothesis; TKIG hypothesis; Capital Goods Imports; Inbound Tourism; Economic Growth; Tunisia.