

PERSPECTIVES FOR STRENGTHENING THE DIFFERENT AVENUES OF TOURISM IN BRICS COUNTRIES

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Introduction

The acronym BRIC stands for Brazil, Russia, India, and China. The term was coined by the Chief Economist of Goldman Sachs, in 2001, in a paper titled 'Building Better Global Economic BRICs', which looked at the growth prospects of the four largest emerging economies that are culturally and geographically disparate. The main finding was that the BRICs would play an increasingly important role in the global economy. The projections were revised in later publications, as the BRIC economies fared better than expected. This study expands the original terms of reference to include South Africa because of its growing significance in the global economy. The new acronym is, therefore, BRICS and it symbolizes the collective economic power of Brazil, Russia, India, China, and South Africa. Together the BRICS account for more than 40 per cent of the global population, nearly 30 per cent of the land mass, and a share in world GDP (in PPP terms) that increased from 16 per cent in 2000 to nearly 25 per cent in 2010 and is expected to rise significantly in the near future.

Basic Information on BRICS Countries

In the past few decades, some large economies such as Brazil, Russia, India, China, and South Africa (BRICS) have acquired a vital role in the world economy as producers of goods and services, receivers of capital, and as potential consumer markets. The BRICS economies have been identified as some of the fastest growing countries and the engines of the global recovery process, which underscores the changed role of these economies. At present, these five countries encompass over 40 per cent of the world's population and account for nearly 25 per cent of total global GDP and their contribution is expected to rise in the coming years. The BRICS comprise a huge land share of the world and, as a result, own vast natural resources. China, which has a land area of about 9.6 million sq. km, is the third-largest country in land size, after only Russia and Canada. Russia accounts for around 20 per cent

of the world's oil and gas reserves, while China has about 12 per cent of the world's mineral resources. In terms of agricultural land, Russia has 121.5 million hectares of arable land. Brazil covers 47 per cent of South America and is the fifth-largest country in the world (8.5 million sq km), surpassed only by Russia, Canada, China, and the United States of America. Each of the BRICS countries has multiple and different attributes and thus each has a huge potential to develop. Brazil is extremely rich in resources such as coffee, soybeans, sugar cane, iron ore, and crude oil. Russia is noted for its massive deposits of oil, natural gas, and minerals. India is a strong service provider with a rising manufacturing base, while China is seen as the manufacturing workshop of the world with a highly skilled workforce and relatively low wage costs. South Africa is the 26th largest economy in the world, with a GDP of US\$ 357 billion. It is the world's largest producer of platinum and chromium and holds the world's largest known reserves of manganese, platinum group metals, chromium, vanadium, and alumina-silicates. It is widely perceived that over the next few decades the growth generated by the largest developing countries, particularly the BRICS, could become a much more significant force in the world economy. Among the BRICS, India and Brazil are relatively more domestic demand-driven economies. According to an estimate by Goldman Sachs, the four original BRIC countries are expected to represent 47 per cent of global GDP by 2050, which would dramatically change the list of the world's 10 largest economies.

Methodology

The entire study is based on the secondary data Rationale of BRICS

- Original BRIC is expected to represent 47 % of global GDP by 2050.
- Fastest growing economics of the decade.
- Increasing the percentage of young population (0 - 14 age group, B - 27.9 %, R - 15.3%, I - 32.1%, C - 21.4%).

- Prosperous middle class will provide a base for growth and development

Table 1 Overview of BRICS by numbers:

Graph 1 Share of BRICS in Global Economy:

Table 2 Growth Rate of GDP:

Travel and Tourism among BRICS

- The BRICS countries (Brazil, Russia, India and China) will dominate the next 10 to 20 years of global tourism, growing twice as fast as the average country, according to Anna Stupnytska, economist at Goldman Sachs

Tourism Potential in BRICS:

- BRAZIL
 - Rank 45th overall in the travel and tourism competitive index
 - Brazil leads in outbound tourism in South America with 106.4% by 2022
 - 8 million people will visit abroad by 2020 means 4.5% p.a
- RUSSIA
 - Only about 15% of Russia's 142 million populations have ever travelled abroad - there is huge untapped demand for foreign travel.
 - Russians are high - spenders: Russians spend on average \$1000 per head on their holidays
 - The massive rise in middle incomes will create not only growth but also diversification of Russian outbound tourism creating demand for new destinations and types of holidays.
 - Increasingly adventurous as they look further a field for new destinations.
- INDIA
 - India is emerging as one of the best tourism destination in the world and rank 3rd among the countries with the fastest growing tourism industries over the next decade.
 - India has a large medical tourism sector which is expected to grow at an estimated of 30% annually, and reach about Rs 95 billion by 2015.
- CHINA
 - China has been the leading source of outbound tourist in Asia since 2003.

- Chinese outbound tourism market has the greatest potential to grow in the coming years.
- The year 2010 saw the outbound tourists expand to 57.39 million, keeping the highest annual increasing rate.
- Chinese outbound travellers spent nearly \$3000 per person - trip.
- South Africa
 - South Africa is emerging as a most attractive tourism destination.
 - The share of tourism in country's GDP is increasing.
 - South African Government is now more serious in promoting tourism.

Different avenues for strengthening tourism

- Remarkable diversity in culture, language, history, economy, and institutions among the BRICS that can be extended to cultural exchange and tourism.
- BRICS as a bloc for tourism.
- Joint initiatives in tourism promotion by making visa procedures and formalities easier and other facilitation.
- Initiatives for information and educational exchanges

Expected actions by BRICS

- Harmonize and coordinate the policies with the view to sustaining their growth momentum.
- Evolving strategic agenda for forging closer links

| Categories | Brazil | Russia | India |
|--------------|-----------------|-----------------|-----------------|
| Away Forward | 5 th | 1 st | 7 th |
| Population | 9 th | 8 th | 2 nd |
| Labour force | 5 th | 6 th | 2 nd |
| GDP (PPP) | 8 th | 6 th | 4 th |
| FX Reserve | 6 th | 4 th | 9 th |

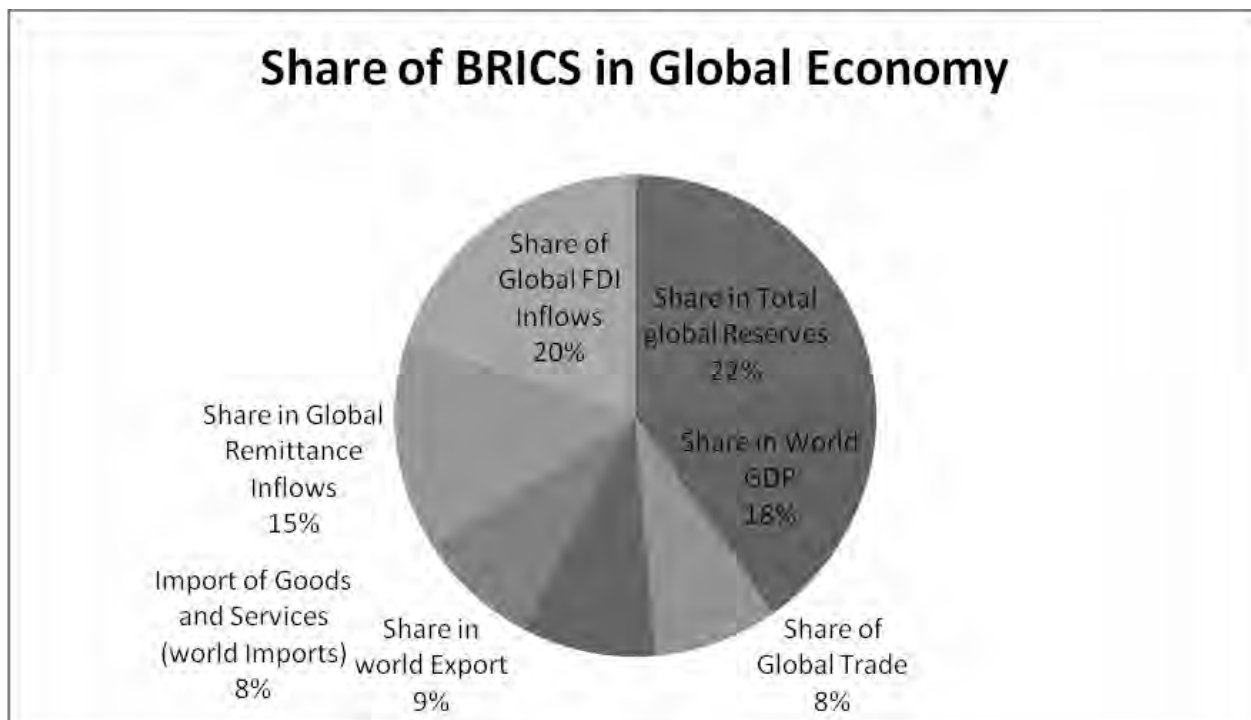
promotion tourism in Asia.

References :

- The BRICS Report" Ministry of Finance, Government of India 2012
- BRICS Statistical Publications 2013

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Graph 1 Share of BRICS in Global Economy:



Source: World Economic Outlook, IMF (2012)

Table 2 Growth Rate of GDP:

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------|------|------|------|------|------|------|
| Brazil | 6.1 | 5.2 | -0.6 | 7.5 | 2.7 | 0.9 |
| Russia | 8.5 | 5.2 | -7.8 | 4.0 | 4.3 | 3.4 |
| India | 9.4 | 7.3 | 5.7 | 10.4 | 6.3 | 3.2 |
| China | 13.0 | 9.6 | 8.5 | 10.3 | 9.3 | 7.9 |
| South Africa | 5.8 | 3.7 | -1.7 | 23.1 | 3.5 | 2.5 |
| Advanced Economics | 2.8 | 0.5 | -3.2 | 3.0 | 1.6 | 1.3 |
| World Growth | 5.2 | 3.0 | -0.6 | 5.0 | 3.8 | 3.4 |

Source : The World Bank and IMF World Economic Outlook (2013)