

## Chapter 12

### Role of Tourism Sector in Mauritian Economy

#### 1. Background Information on the Economy

Mauritius is a small island economy situated in the Indian Ocean to the east of Madagascar in the Southern hemisphere. The country has several small islands spread around the main island. The main island which is about 61 km long and 47 km wide, has the land area of 1865 square kilometers with a population of 1.1 million. Compared to many such small island economies, Mauritius is very densely populated country. These islands are the result of volcanic eruptions. Several extinct and dormant craters are located on these islands. The soil on the main island is very fertile. Just over half the land is cultivable. It has 160 kms of coastline almost entirely surrounded by coral reefs. The landscape is a beautiful mixture of plains of central plateau and impressive mountains which not only add to the scenic beauty but also create ideal conditions for forests and agriculture. The central plateau is dotted with rivers, streams and waterfalls. The island, however, is not rich in terms of natural resources like minerals but has plenty of water, fertile soil and excellent climate throughout the year. Temperature during the year ranges between 13°C to 31°C. The country is subject to cyclones between late December and March. They sometimes cause severe damage. In terms of location, Mauritius has a disadvantageous position since it does not lie on the main sea routes. The distance of Mauritius from major markets is an adverse factor raising the transport cost not only of goods but also of passengers as compared to its competitors.

The population of Mauritius is made up of various ethnic groups. There is hardly any native population. About 68% of the population is of Indian origin. Only the traders and entrepreneurial class have links alive with their roots in India. The rest of the population of Indian origin have no formal or informal links with India. About 27% of the population has African and creole or mixed descent, while the remaining 5% of the population are Franco-Mauritians and Sino-Mauritians. There are all the major religions of the world here: Hinduism, Islam, Buddhism and Christianity. They all live in complete harmony. The official language is English but French is more commonly spoken with creole (a broken French) as the link language. Hindi is also very popular language here. All the cultures are encouraged to flourish. Such ethnic cultural diversity contributes to the country's lively and competitive environment. The government is organised in the system of parliamentary democracy and in early 1992, it is becoming a Republic on the lines of the Indian model. The country is enjoying sound democratic values and a stable government.

Mauritius has a per capita GNP of about U.S. \$2,600 in 1990. It is, thus, a middle income developing country. In terms of economic and social development it is far ahead of most of its neighbouring countries. In 1990, its adult literacy rate is well over 90%, life expectancy at birth is 65 years for males and 73 years for females, the infant mortality rate is as low as 19.9 per thousand births, crude birth rate is 21 and crude death rate is 6.6 per thousand, and the basic needs of the population are extensively covered. Education is not compulsory but free from primary to university levels. According to the recent epidemiological situation, there is no malaria risk in the country. The doctor-population ratio is about 1:1200. Medical care is free in government hospitals. The island of Mauritius has the best road network for this part of the world. It has a road density of about 1 km. per Square km. and 92% of these roads are paved. There is a rapid direct access from the airport to the major conurbations. 1790 kms of tarred roads criss-crossing the island and a motor-way linking the north (Pamplemousses) to the south (Nonville France) provide easy access to all the nooks and

corners of Mauritius. In terms of the private car ownership, Mauritius ranks high with one car per 13 persons. Communication facilities like telephone lines, post-office network, telex and fax are well developed on the island. There are 107 post-offices with one mobile post-office spread all over the island. Similarly, there is one telephone line per 15 persons.

There are about 17 small islands besides the main island in the country. All of them except Rodrigues are uninhabited. They are too small in area and are considered reserved land. Rodrigues is situated about 560 km east of Mauritius. It has a total area of 108 sq km, however because of the hilly nature of the land, the actual surface area is much greater. It has a population of 37,590, 95% of which is of Roman Catholic faith. It is well connected by air and other communication network with Mauritius main island.

## 2. Trends in the Mauritian Economy

Mauritius became an independent nation on March 12, 1968 without any bloodshed. The whole economy of Mauritius has been dominated by a single crop of sugar. It still occupies more than 85% of the cultivable area and accounts for about one third of the export earnings. There has been a significant expansion of other sectors particularly manufacturing and tourism since early 1970s. However, sugar continues to dominate and dictate the economic trends and fortunes of the country. In 1973-74, there was a sugar boom and as a consequence the economy was also booming. In 1976, however, there was a sharp decline in sugar prices which started a period of serious difficulty for Mauritius. Situation worsened in 1979 when the second oil-shock was experienced world over. This led to a considerable deterioration in the country's terms of trade and hence balance of payments. During 1976-79, the country's external debt more than tripled with significant adverse movements in the debt-service ratio. This was the critical period in the economic history of Mauritius.

In 1979, the government had to resort to the IMF loan and the World Bank assistance based on the standard structural adjustment programme package. During the period between the first two oil shocks, the country had suffered seriously in terms of the inflation rate (CPI) which rose from 3.6% p.a. during 1965-73 to 15.3% during 1973-80. Gross national savings were also adversely affected. They declined in absolute terms by 12.5% p.a. during 1973-80; and as proportion to GDP from 24.7% in 1973 to 10.6% in 1980. The first SAP was marked by unfavourable exogenous factors like adverse weather conditions in 1980 and 1983 and a worldwide recession during 1980-82 resulting in continued deterioration in the country's external terms of trade. As a result of all this, the inflation rate continued to be around 11% p.a. during 1980-84. Exports also registered an absolute decline in U.S. dollar terms from \$574 million in 1980 to \$505 million in 1984. However, imports also declined from \$690 million in 1980 to \$542 million in 1984. The external current account balance, therefore, marginally improved.

The second phase of SAP beginning from the early 1980s emphasised economic growth based on export oriented manufacturing and tourism with some selective import substitution in food, energy and a few manufactured products. Government's policies also became more liberalised and open. The economy witnessed the period of rapid expansion-cum-recovery during 1983-88. Real GDP increased by 6.8% p.a.; and since population grew only at 1% p.a., the real GDP per capita increased at the phenomenal rate of 5.7% p.a. during 1983-88. Such a rapid rate of growth was largely achieved by the export processing zone (EPZ) industries which grew at the rate of 28% p.a. in real terms during 1983-88. Similarly, the tourists arrivals also increased by 14% p.a. Even the sugar industry recovered and expanded with a bumper crop of sugar in 1986. Rate of inflation also fell to around 4% p.a. over the period. Gross fixed investments in the economy increased in real terms by 15% p.a. and the gross national savings as a proportion to the GDP again rose to 26% in 1988. The rate of unemployment also fell sharply from 11% in 1980 to 4% in 1988 thanks to the strategy of promoting labour intensive EPZ industries which absorbed not only the unemployed but also the new entrants in the labour market. This has led to significant structural changes in the Mauritian economy. The share of sugar

sector in GDP (at factor cost) sharply declined from 20% in 1979 to 13% in 1988; while the share of total manufacturing excluding sugar milling, has risen from 11% in 1979 to 22% in 1988.

During the period after 1988, the growth of output was more or less maintained but consequent continued decline in the unemployment rate which stands at less than 2% in 1991 has exerted tremendous pressure on the labour market. Coupled with spurt in the private consumption on account of wage revisions, the spell of high growth and employment accompanied by easy money and fiscal policies has driven the economy back to a double digit inflation. During 1990, the inflation was 13%, but it is expected to come down only to 7.5% during 1991. The saving rate has declined to 22% in 1990, but is expected to be 23.1% in 1991. Shortage of labour in general and skilled labour in particular has become a major constraint. The relative wage developments in the public and private sectors have emerged as the major destabilising and disequilibrating factors.

The future growth prospects of the Mauritian economy continue to hinge on exports of sugar and garments unless export base is diversified and expanded further. In this regard, the role of tourism sector in Mauritius is of crucial importance because of its foreign exchange earning capacity as well as its linkages with the domestic economy. If the Mauritian economy has to develop resilience to exogenous shocks like weather conditions, fluctuations in the world markets and prices, protectionistic tendencies of the industrial countries, etc., it must aim at accumulating a large stock of foreign exchange reserves besides servicing and, if required, prepaying some of the more expensive loans. In order to achieve this, strategy consisting of selective import substitution in energy, tourism development with environmental protection and diversification of industrial base has to be followed. Since tourism industry has important linkages to the domestic economy, its development in Mauritius is critical for the future course of the economy.

### 3. Features of Tourism Industry

Main parameters of the tourism industry are the tourist arrival, their pattern according to season and country of residence; length of their stay; the rooms and bed occupancy rates; employment generated in the industry; expenditures by tourists, etc.

*Tourist Arrivals:* A tourist is defined as a non-resident staying in the island for more than 24 hours but less than a year. Tourists constitute about 70% of the total arrivals in Mauritius. The remaining 30% of the arrivals are accounted for by the Mauritians settled abroad, Mauritian residents and passengers in transit. Table 1 provides information on number of total arrivals, tourists arrival by sea and air and tourists nights spent for the period 1981-90. It can be readily observed from the table that air is the most important mode of transport for tourists. Sea as a mode of transport for tourists is not at all significant. It can also be calculated from the table that tourists arrivals increased at the average compound rate of 10.2% p.a. against 10.6% p.a. growth of total arrivals. The proportion of tourists in total arrivals, therefore, declined marginally from 72% in 1981 to 70% in 1990. The increase in the non-tourists traffic on the island is worth-noting. It is largely on account of rapidly growing arrivals of Mauritians residents which may be consequent upon the high growth of the economy. On the other hand, the tourist nights spent on the island increased at the average compound rate of 11.1% p.a. implying an increase in the average length of stay of tourists over the period 1981-90.

*Length of Stay:* Table 2 provides information on the average length of stay of tourists in Mauritius by their country of residence over the period 1981-90. It can be seen from the table that average length of stay of all tourists has increased marginally over the period 1981-90. In terms of the country profile of the tourists, the average length of stay of tourists from all countries except U.K., Zambia and Singapore has either remained more or less the same or increased over the period 1981-90. Average length of stay of the tourists from the short houl like Seychelles, Kenya and Zimbabwe is increasing. Most of the long-houl tourists except from Japan and Singapore are staying for longer period on the island. The short-houl tourists from Malagasy Republic, Reunion, Republic of South Africa, Zambia, etc., are staying for shorter period.

*Tourists by Country:* Table 3 provides information on arrivals of tourists by their country of residence over the period 1981-90. It gives us the idea about the share of different countries and their behavior over the last decade. It can be readily seen that the Reunion Island, Republic of South Africa and France are the major sources contributing about 60% of the total tourists to Mauritius. Over the period 1981-90, the share of Republic of South Africa is steadily declining but that of Reunion is increasing. The shares of France, Germany, Italy and U.S.A. on the other hand hardly reveal any trend. However, the shares of U.K., Switzerland, Seychelles, Japan and Singapore show increasing trend. It is worth-noting that even in 1990, Mauritius depends heavily on the European (42%) and African (46%) markets for its tourists. In this context, declining share of Australia causes concern.

*Seasonality:* Table 4 provides information on the seasonal index of tourist arrivals in Mauritius by months over the decade 1981-90. From the table, it can be seen that seasonality is not a very serious problem in Mauritius. The seasonality index has not crossed 140 and not fallen below 62 for any month during the last decade. The months of high traffic have been December and August which coincide with the holidays in Europe and Africa; whereas it is June when the tourist traffic is at the minimum in Mauritius. Given the year round excellent climatic conditions on the island where one can swim and tan throughout the year since the temperature of the sea water remains around 25°C, it is natural that the extent of seasonality of tourist traffic is low. Even the occasionally occurring cyclones are not very dangerous and can be an enjoyable experience if advice given on precautions are seriously taken. It is worth-noting that whatever extent of seasonality exists in tourist arrival is also on decline during the recent years as revealed by the measure of range reported in the table.

*Hotels, Rooms and Beds:* Table 5 provides information on the total number of hotels, rooms and bed places available in Mauritius. They include only the hotels and not the boarding houses. There are about 22 boarding houses with about 350 rooms. The growth of number of rooms and bed places over the period 1981-90 is continuous but after 1985 has been considerably higher than before. However, the growth in hotel rooms and bed places did not keep pace with the growth in hotel rooms and bed places did not keep pace with the growth of tourist arrivals and tourist nights (see Table 1). The abnormal growth of hotel rooms and bed-places during 1990 is worth-noting. There are about 61 restaurants spread over the whole island serving European, Creole, Chinese and Indian dishes.

*Occupancy Rates:* Table 6 provides information on the room and bed occupancy rates in the large hotels and all hotels for the years 1988-90. A large hotel is defined as the one with 60 or more rooms. In Mauritius, large hotels account for 23% of total hotels, 53% of rooms and 52% of bed-places in hotels. It can be readily seen that large hotels cater almost exclusively to the tourists only while the smaller hotels also cater to non-tourists. Moreover, it is clearly brought out that large hotels are much more efficient in terms of their occupancy rates for both rooms and beds than the smaller hotels. The underutilization of the capacity created in the smaller hotels is thus a more serious problem than in the larger hotels. Another worth-noting fact is the declining occupancy rates for rooms as well as bed-places in large and smaller hotels over recent years.<sup>3</sup> With the rate of growth of tourists and tourist nights being much in excess of the rate of growth of hotel rooms and beds except in 1990, declining occupancy rates of rooms and beds in hotels imply that tourists have preferred private bungalows and boarding houses to hotels in 1988 and 1989. Table 7 supports this contention. It provides information on the type of accommodation the tourists used for selected years. It can be seen from the table that the proportion of tourists using commercial accommodation has been declining from 92.1% in 1984 to 88.7% in 1988. The decline is sharper in the proportion of tourists using hotels - from 81.6% in 1984 to 71.4% in 1988. On the other hand, proportions of tourists using private bungalows, boarding houses or non-commercial accommodation is increasing.

*Employment Generation:* Tourism as an industry generates direct as well as indirect employment in the economy. Table 8 provides some information on the number of people employed directly in large

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<sup>3</sup> This trend continues even during 1991 from the evidence available on the first three quarters of 1991.

establishments in restaurants, hotels and travel and tourism agencies. A large establishment is the one employing 10 or more persons. Thus, for instance, direct employment generated even in the private taxis is not included in these figures. The hotels account for about 60% of the direct employment whereas travel and tourism agencies account for about 26% to 28% of the direct employment generated in the tourism industry in Mauritius over the period 1986-90. Employment in tourism industry has been growing significantly at 15.7% p.a. compound rate of growth during 1986-91. Thus, tourism has been a very important sector in generating employment in Mauritius. It seems to have contributed substantially to the present full (or over!) employment situation in the country.

*Expenditure & Receipts:* Tourism is important for any small country because it contributes to the foreign exchange earnings. Table 9 provides information on the gross receipts from the tourists in Mauritius for the period 1981-91. These figures are collected from the Bank of Mauritius and hence are likely to capture only direct foreign exchange receipts from tourists. This may underestimate the expenditures since the method ignores indirect conversion of foreign currency into Mauritian Rupees by the tourists for certain types of their expenditures. The table, however, reveals interesting pattern. The total receipts from the tourists in Mauritius is growing at the phenomenal rate of 24.3% p.a. over 1981-91. Average receipt per tourist, however, is growing at a slower rate of 13.3% p.a. because the number of tourists is also growing rapidly over the same period. Average receipt per tourist per day has been growing in nominal terms at a rate of 12.6% p.a. over 1981-91 which is remarkable considering the overall inflation rate during the decade of 8.1% p.a. Thus, tourists' expenditure per day spent in Mauritius in real terms has also increased at the rate of 4.5% p.a.

Tourists expenditure by types of expenditure provides useful information on the possible linkages of tourism to the rest of the economy. Table 10 gives result of the surveys of outgoing tourists on their expenditures on different items for selected years. From the table, it is clear that accommodation is predominantly important item of tourists' expenditure followed by meals and beverages, shopping and travel in the order of importance. Although in absolute terms the tourists' expenditure on accommodation increased substantially, it declined sharply in relative terms over the period 1984 to 1988. Such a declining trend in the face of considerable expansion of hotel rooms and bed-places in recent years is bound to cause concern. The other items like shopping, travel and meals and beverages have experienced improvement in relative terms in the tourists budgets. All these items have close links with the domestic economy and hence such increasing trend may be considered good for the economy.

Table 11 presents expenditures of tourists by country of residence for the survey years. If we consider only the total expenditure by tourists, in 1984 the Republic of South Africa was contributing maximum followed by France and Reunion Island. After 1986, however, France has become the most important contributor followed by Republic of South Africa, Reunion Island and Germany. The table also presents figures of average expenditure per tourist and average expenditure per tourist night spent in Mauritius during the same period. It can be seen that tourists from countries at shorter distance like Malagasy Republic, Reunion Island and South Africa are spending lower amount than the tourists from countries at longer distance. The importance of the long haul market is thus obvious. It may, however, be noted that tourist expenditure per night spent in Mauritius which indicates the willingness and ability of tourists to spend is higher among tourists from South Africa as compared to the ones from France and U.K. What may be more surprising is that tourists from France spend less than average per night in Mauritius. However, when we consider the fact that Mauritius was a French colony for a long time; that French is still a major language - almost a second language for Mauritians; and that there are significant French interests in Mauritius, it is possible that several French tourists may be preferring private bungalows and private houses to hotels for their stay in Mauritius.

#### 4. Impact of Tourism on the Economy

The importance of tourism industry is derived not only from its foreign exchange earning capacity but also from its income and employment generating aspects. The latter depends more on the structure

and nature of the domestic economy. In Mauritius, the World Bank had sponsored a study under the United Nations Development Programme in November 1980 with an explicit objective of providing the government of Mauritius with a comprehensive assessment of the contribution tourism is making to the Mauritian economy in terms of income generated, net foreign exchange earnings, contributions to government revenue and employment. (See Archer & Wanhill, 1981.) We summarise here the principal findings of this survey-based year long study because it provided the basis for the government policy changes for the tourism industry during the Eighties. The most pertinent findings of the study were:

- i) The number of tourists increased at an annual rate of 15% between 1970 and 1980 with the principal tourism markets being Reunion, South Africa and France.
- ii) In 1980, tourism contributed 6.15% of GNP at factor cost, though its direct contribution was only 1.87%.
- iii) In 1980, tourism generated wages, salaries and income from self-employment to the extent of 3.8% of GDP at factor cost.
- iv) In 1980, Money accruing to the government from the direct and secondary effects of tourism was about 1.1% of GDP at factor cost.
- v) In 1980, tourism occasioned about 7% of total imports but over a third of these benefitted Mauritian households.
- vi) Tourism income multiplier<sup>4</sup> was 0.96.
- vii) The multiplier for imports was 0.91 and hence net effect of tourism on Balance Payments was only 0.09 of the total tourists expenditure in Mauritius in 1980.
- viii) In 1980, on average, every Rs.100,000 spent by tourists maintained about 5 jobs and every 100 tourists maintained a total of about 15 jobs.
- ix) For every direct job, tourists' spending maintained an additional 2.76 secondary jobs elsewhere in the economy.
- x) The 1980 survey results show that tourists on the package tour spend more per capita than other tourists on accommodation, gratuities, transport, casinos, sporting activities and local handicrafts than other tourists. In 1980, the proportion of the package tourist was about one-third. In terms of income multipliers of the package tourists and the other tourists, two types of tourists have the same effects statistically.
- xi) As Table 12 shows, the impact measured in terms of tourist income multiplier is higher in Mauritius than many other island economies.
- xii) Tourists' expenditure per capita can be increased by developing the European market still further.
- xiii) It is also clear that greatest impact on income, employment, etc. is made by tourists with highest spending. Thus, tourists from European countries make much more impact on Mauritian economy than tourists from Reunion Island and Malagasy Island.

Based on the methodology discussed in Annexure 1 below, we have estimated tourism multipliers for the Mauritian economy in the year 1988. Our major findings are:

- 1) In 1988, tourism contributed 11% of GNP at factor cost though its direct contribution was only 3%.
- 2) In 1988, the money accruing to the government on account of the tourism activity in the economy was about 2.2% of GDP at factor cost.
- 3) In 1988, tourism occasioned about 6% of total imports but about 38% of these benefitted the Mauritian households.
- 4) In 1988, the estimated tourism multipliers for Mauritian economy are summarised below:

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<sup>4</sup> Tourists' expenditure becomes revenue to hotels, restaurants, night clubs, casinos, tour companies, taxi operators, sports firms, shops and street vendors. This money is then respent and gets recirculated in various ways in successive rounds. It forms a declining series and hence has finite total. This process of income generation is aimed to be summarised by the measure of tourism multipliers.

| Aggregate   | Multiplier* |
|---|-------------|
| GDP at factor cost  | 1.05        |
| Import Duty & Sales Tax   | 0.130       |
| Net other Indirect Taxes  | 0.085       |
| Imports   | 0.503       |
| Net Balance of Payments(Current A/c)  | 0.497       |
| * Multipliers represent ratio of change in the aggregate due to tourism to the total tourist expenditure. |             |

When we compare our results with those of the study by Archer and Wanhill (1981), it becomes clear that over the period 1980-88, the import intensity of tourism (direct as well as total) has considerably declined and that the economy has been more integrated with stronger interindustry linkages. As a result, the net impact of tourism on the country's Balance Payment has become much more favourable than before.

It is important to recognise that tourism industry does not have only positive effects on the economy. It also has negative effects in terms of putting severe strain on the island's infrastructure. The existing road, telephone and electricity networks are sometimes being overutilised. As per a survey of the departing tourists in 1988, infrastructure was considered to be the biggest problem. Mauritian citizens have started linking tourists with the island's environmental degradation though no serious research has been undertaken to evaluate the environmental effects of tourism on the island. However, the following observations are made about the environmental effects of tourism expansion (See, Ministry of Tourism, 1988):

- a) Unregulated sewage and garbage disposal is a major cause of environmental degradation.
- b) Tourist related activities like yachting adversely affect the mangroves, reefs and seagrasses.
- c) Destruction of coral reef leads to beach erosion which is one of the greatest threats to beach hotel tourism.
- d) Extraction of sand from beaches for use in the construction of concrete buildings including hotels causes beach erosion.
- e) Uncontrolled development has spoilt many beautiful places.
- f) Coastlines, particularly beaches are among the least stable and most physically changeable of earth's landform systems and hence highly vulnerable environment.
- g) It takes a considerably long time to restore an ecosystem once it is damaged.
- h) Tourism may substantially contribute to damaging the environment if tourists are overcrowding the island.

In this context, the concept of 'tourist carrying capacity' of the island which relates to the quality of the tourism related resources, becomes relevant. 1982 World Tourism Conference had stated with consensus of all member states that "satisfaction of tourism requirements must not be prejudicial to the social and economic interests of the population in tourist areas, to the environment, or above all, to the natural resources, which are the fundamental attraction of tourism." Excess flow of tourists can damage seriously the environment which would prove less and less attractive to the tourists in future. Thus, the concept of 'tourists carrying capacity' is connected to the optimal tourists' flow in the temporal context.

## 5. Government Policies Related to Tourism

Development of the tourism industry was an important element of the structural adjustment programme started in 1979. Through tourism development, the government primarily aimed to increase foreign exchange earnings and generate additional employment. The government took several measures to strengthen the promotion of Mauritius as a destination for tourists, improve air access to the country from abroad, diversify tourists markets and encourage hotel development to expand existing room capacity. As a result of these measures, the tourism industry in Mauritius grew very rapidly. It became the third most important industry on the island. Over the decade 1979-88, tourists arrival increased at a rate of 14% p.a. Such a fast pace of development has necessitated that the country takes a pause for reassessment because its physical and social capacities are limited and also because tourism industry is highly volatile adding further to the instability and risk of the small island economy which is already overexposed to the factors beyond its control. The government, therefore, decided to bring out a White Paper on Tourism in 1988 which clearly sounds a note of caution in this regard. To quote from the White Paper the "government has decided to:

- maintain the present position of the tourism industry in the economy without it becoming the main one.
- aim at a carrying capacity of about 325,000 tourists by 1992.
- stop granting new sites for the construction of resort hotels immediately."

It is thought that a comprehensive policy for tourism and related services should guarantee a reduction of social disparity and greater advantages for all social strata. The policy should be devised keeping in view the temporariness of the tourists population so that greater consideration should be given to the comforts and advantages of the local population than of the tourists. The salient features of the current policy of the government in various sub-sectors can be summarised as follows:

A) **Tourists:** (i) Encourage selective tourism aiming at the upmarket; (ii) Mass-tourism is discouraged; (iii) Chartered flights are not allowed; (iv) In order to maintain ecological balance, the annual tourists; flow will not be allowed to exceed a third of the total population of the island. Currently this ceiling is not effective but in near future it is likely to be if the past trends continue.

B) **Tourism Product:** (i) Maintain Mauritius as essentially a resort destination; (ii) Take measures to encourage the 'culture industry' because the tourists of the 1990's are likely to be interested in the cultural and linguistic diversity of the island. Besides specific projects for this, Museums, parks, inland tours, etc. have to be encouraged; (iii) Cultural component has to be emphasised in the promotional activities; (iv) Develop outer islands like Rodrigues to attract and accommodate enthusiasts; (v) Provide caravanning and camping sites to cater for the local population.

C) **Air Access:** (i) Promote additional route network in the region on selective basis; (ii) Take necessary measures to maximise air transport capacities through the national carrier; (iii) Try to get landing rights in Japan; (iv) Establish a direct air link with Australia where there is a large colony of Mauritians who would like to return to Mauritius once in a year. Recently 32 flights in a year by Air Mauritius have been started; (v) Similar direct air link by the national carrier is sought to be established with Middle East and Malaysia.

D) **Marketing:** (i) Diversify the existing market sources and tap new markets; (ii) Make efforts to increase the share of long-haul tourists, raise their length of stay and increase their per capita expenditure; (iii) Publish a quarterly tourism newsletter for local and overseas distribution; (iv) Produce good promotional film and attractive promotional material on Mauritius; (v) Organise international events in Mauritius on a regular basis; (vi) Establish well-defined system whereby the public and the private sectors participate jointly in promotional campaigns; (vii) Organise annual workshops involving all professionals of the industry and the government's agents overseas; (viii) It is under consideration to earmark 5% of total tourism earnings for promotional activities.

E) **Infrastructure:** (i) Encourage the construction of golf courses of international standard; (ii) Provide enough budget to implement the infrastructure plans in the main tourists zones; (iii) Signpost all roads leading to tourists sites; (iv) Encourage construction of marinas and regulate yachting; (v) Set up additional duty-free shops throughout the island; (vi) Equip all taxis with taxi-meters; (vii) Provide basic infrastructure on Rodrigues and Agalega islands to encourage tourists flow.

F) **Hotel Industry:** (i) New Hotel Development certificates are not to be issued as far as possible for next 5 years; (ii) Take necessary steps to complete the already planned hotel projects; (iii) No further extension to promoters failing to respect time limit allowed to them for starting construction; (iv) Give priority to the Mauritian entrepreneurs over foreign nationals in reallocation of hotel sites; (v) Set up a Tourism Co-ordination, Evaluation and Monitoring Unit at the Ministry of Housing, Lands and Environment; (vi) Review and revise the standard list of equipments and materials qualifying for duty concession so as to encourage maximum use of locally available materials and items. Since September 1991, Ministry of Finance and Ministry of Tourism jointly approve such a list; (vii) On obtaining an HDC, the hotel enjoys benefits like concessions in sales tax, tax holiday or exemption from income tax for 10 years, import duty concessions on selected items, etc.; (viii) 10% Government tax surcharge on all hotel bills; (ix) Maximum size of the hotel is restricted to 200 rooms; (x) Hotels on the coast will not be high - rise i.e. groundfloor + one floor; (xi) Plot coverage ratio can be at the most 40%; (xii) Training of the hotel staff has to be strengthened so as to achieve high standards in hotel service. Vocational training centres to be encouraged for upgrading skills of existing labour in the industry. In this connection, Government Hotel and Catering Training School established in 1973 has been given special attention.

G) **Environment:** (i) Hotels with 60 or more rooms should have a water treatment plant (which is very costly) so that the water should be recycled but should not be driven at sea. Hotels with less than 60 rooms should have a septic tank depending on the recommendation of Ministries of Health, Sanitation and Environment; (ii) Review the refuse collection system nationwide; (iii) Restore and protect coastal stretches and create a marina; (iv) Quality control is imposed on all tourist resorts in the country; (v) Ban on removal of corals and shells from the sea; (vi) Encourage use of rocksand for construction purposes; (vii) Control the use of transistor radios on beaches; (viii) Restrict movement of speed boats and waterskiers along the shores; (ix) Take appropriate measures to preserve the social and cultural values of people and discourage the commercialization of religious rites and ceremonies; (x) Undertake a programme to eliminate stray dogs and cats throughout the island; (xi) All development projects must comply and attune to environmental and cultural protection in terms of their architectural design, landscaping, etc.; (xii) Take measures to protect the wild flora and fauna of the islands; (xiii) Environmental Protection Department has been set up to prevent, reduce and control pollution from any source.

H) **Handicraft:** (i) Take measures to raise substantially the local handicraft production; (ii) Restructure the National Handicraft Centre by giving it more autonomy; (iii) Provide adequate training to trainers and set up ten training centres accordingly; (iv) Undertake an intensive promotion of handicraft in local and international markets through participation in exhibitions and advertising campaigns.

## 6. Issues in Tourism Development

In spite of the government's declared intentions of targeting and promoting only select clientele in the up-scale tourist market, the growth of all categories of tourists in Mauritius in recent years has been phenomenal. The government does not want the tourism to become the most dominant industry in Mauritius because of its very volatile nature. Moreover, it would only increase the economy's dependence on exogenous factors like recession in the source countries. The main issues emerging in the development of tourism industry in Mauritius may, therefore, be considered as follows.

Targetting only the upper-end of the tourist market has the benefits of less crowding, more earnings of foreign exchange, greater favourable impacts on the economy's income, lower degree of interference

with local population and all related benefits on ecological and environmental fronts. It, however, has several problems, too. It requires significantly higher quantity and quality of the promotional activity with much larger budget allocation. Serious campaign of diversification of tourists market has to be launched. In terms of the long-haul market, the island's biggest contributor, viz. France, has majority of the tourists spending less than the average. Other markets like Japan, Far-East and Middle-East have to be seriously explored and developed. In this connection, it is interesting to note that, as per 1985 survey, only 15% of the tourists are persuaded by travel agents, tour operators or media advertisements to come to Mauritius. About 50% of the tourists come here on the recommendation of friends. Given this finding, the level and quality of service provided to tourists in Mauritius assumes added significance. In this connection, it may be noted that, in 1988, only two-fifths of the existing hotels, accounting for two-thirds of the rooms, are of acceptable quality. [World Bank, 1989]. Upgradation of the existing hotels is, therefore, urgently required which would again demand considerable resources.

In order to attract upper-end tourist market, the country must offer a wide range of tourist products and easy and convenient access to them. Hotels in Mauritius are dispersed in isolated locations by intentional policy of having pockets of development throughout the island rather than concentrated development approach. The transport network including road, car-rentals and taxis play a very important role. Not all taxis on the island have meters even today. Car-rentals are limited and expensive. Roads have been improved of late. Other tourist related infrastructure like golf courses, yacht chartering, deep-sea fishing, sea-diving, recreational park, cinemas, museums, shopping centres have to be developed with certain minimum quality level assured. This would further require investment of resources. Since most of such facilities are largely used by tourists of certain categories, their regular flow has to be of a magnitude which would make provision of these facilities viable on sustained basis. Whether such a magnitude of the flow of tourists is consistent with the overall annual ceiling of 1/3rd of population prescribed by the government on tourist flow has to be carefully investigated.

Selective clientele strategy can prove to be viable only if expenditure per tourist increases substantially. Given the shopping facilities on the island, the average expenditure of tourists on purchase of souvenirs and local handicrafts remains very low. The idea of providing specialised duty-free shops in hotels may not work because the long-haul tourists invariably come via airports with very attractive duty-free shopping on their way to and fro the island. In any case, it involves increased import intensity and it may or may not be considered desirable for the domestic economy. If the duty-free shopping has to cater to only short-haul tourists who are known to be spending considerably lower amount than average, it is not likely to be a viable proposition.

In order to meet standard of services in hotels to cater to the up-scale tourists, the Mauritius Government Hotel and Catering Training School has to train 800 persons per year. However, the school was not able to perform its task even to the extent of 25% of its target. This was on account of a high turnover of its teachers due to low salaries in the school, and lack of necessary equipment. The government has recently revised the teachers salaries substantially and has renovated its facilities with provision of additional equipments. Private sector institutions have also come up to bridge the gap. Even the University of Mauritius has started a two-year diploma course in hotel management since 1987. In the light of the current state of employment in the country where the unemployment rate has fallen below 2%, all such training efforts imply serious problem of labour shortage. In such an environment, the hotel industry would flourish only at the expense of some other industries. The government here like many other places does not encourage import of labour. All this puts tremendous pressure on the labour market. Wages are, therefore, rising and so the prices. High inflation would cause loss of overall competitiveness of the economy which would be very dangerous for stability of the country in the long run when preferential access to export markets particularly of sugar and garments stops or declines. Thus, the policy of tourism based on selective clientele may lead to high cost economy reducing the competitiveness of its products and thereby contradicting its basic objective. Such trends, moreover, may also lead to distortions in the resource allocation because

of the government's intervention of market forces by direct or indirect subsidisation of sectors like tourism industry. There is hardly any serious effort to appraise such a policy of subsidisation from the long run point of view.

## Methodology for Estimating Tourism Multipliers

We have followed the same methodology as is followed in Archer and Wanhill (1981). We, however, reproduce it below because there are some variations dictated by the non-availability of disaggregated data in our case. Basically, it represents an application of Input-Output Tables. National Accounts Statistics of Mauritius, 1990 presents an I-O Transaction Table for the year 1987. It is a 15 x 15 sector classification with the primary factors consisting of imports, import duty, employee compensation, operating surplus and net indirect taxes. The final demand included household consumption, government consumption, domestic fixed capital formation, change in stock and exports of goods and services. The system can be represented in the matrix form as:

$$X = AX + F \quad \text{And } P = BX \quad (1)$$

Where

$X = n \times 1$  vector of gross output

$F = n \times 1$  vector of total final demand

$P = K \times 1$  vector of primary factors

$A = n \times n$  matrix of input coefficients

$B = K \times n$  matrix of factor input coefficients.

$$\Delta X = (I - A)^{-1} \Delta F \quad (2)$$

$$\text{and } \Delta P = B \Delta X \quad (3)$$

Tourists expenditures by sectors are recorded in  $\Delta F$ . From (2), we obtain corresponding changes in  $X$ . The resultant  $\Delta X$  vector is then diagonalized to form an  $n \times n$  matrix, say  $\Delta X$ . Then,

$$\Delta P = B \cdot \Delta X \quad (4)$$

Where  $\Delta P$  is a  $K \times n$  matrix in which each row contains the effects of the tourist expenditure on the given primary factor in each of the sectors. The multipliers are then obtained by dividing these elements and their total by the total tourist expenditure. Such multipliers estimate only the direct and indirect effects of the expenditures. They ignore the induced effects on account of increased consumption expenditures by households out of the increased income they receive on account of the direct and indirect effects of the tourists expenditures. In order to estimate the (total) income multipliers of the tourists expenditures, matrix  $A$  is augmented with an additional column and a row. The column is the final consumption expenditures by households and the row consists of gross value added at factor costs. Let augmented matrix be  $A^*$ . Following the same formula as in (2), we obtain,

$$\Delta X^* = (I - A^*)^{-1} \cdot \Delta F^* \quad (5)$$

After diagonalizing  $\Delta X^*$  we obtain  $A^* \Delta X^*$  whose  $(n+1)^{\text{th}}$  row contains the total effect of tourists expenditures on the personal income generated in each sector of the economy. Similarly, the impact on imports and government revenue (i.e. taxes) are obtained by the matrix  $B^* \Delta X^*$ . Multipliers are obtained by dividing the elements in the respective rows and their totals by the total tourists expenditures.

Apart from the assumptions of the standard Input-Output model, the estimation of the (total) tourists multipliers are based on the assumption of constant Average Propensity to Consume for household sector with unit income elasticity of demand for every commodity. It also assumes autonomous exports, investment and government expenditures. However, it assumes constant Marginal Propensity to Import with unit income elasticity of demand for all imported commodities for final consumption and constant import coefficients for imports of all goods and services used as intermediate products. Finally, it is assumed that all tourists expenditure in 1988 in Mauritius is on final goods and services produced in the year 1988.

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**Table 1**  
**Tourist arrivals by mode of transport, total arrivals and tourist nights spent during period 1981-1990**

| Year | Total Arrivals | Tourists arriving during period |         |          | Tourist nights spent during period | % change during period |                |
|------|----------------|---------------------------------|---------|----------|------------------------------------|------------------------|----------------|
|      |                | Sea                             | Air     | Total    |                                    | Tourist Arrivals       | Tourist nights |
| 1981 | 168,973        | 590                             | 121,030 | 121,620  | 1,361,200                          | + 5.7                  | + 4.6          |
| 1982 | 155,669        | 680                             | 117,680 | 118,360  | 1,392,510                          | - 2.7                  | + 2.3          |
| 1983 | 177,665        | 960                             | 122,860 | 123,820  | 1,405,870                          | + 4.6                  | + 1.0          |
| 1984 | 195,461        | 1,230                           | 138,440 | 139,670  | 1,541,590                          | + 12.8                 | + 9.7          |
| 1985 | 212,860        | 920                             | 147,940 | 148,860  | 1,735,960                          | + 6.6                  | + 12.6         |
| 1986 | 235,640        | 950                             | 164,360 | 165,310  | 1,878,370                          | + 11.1                 | + 8.2          |
| 1987 | 293,160        | 1,530                           | 206,040 | 207,570  | 2,371,970                          | + 25.6                 | + 26.3         |
| 1988 | 343,940        | 1,770                           | 237,530 | 239,300  | 3,002,820                          | + 15.3                 | + 26.6         |
| 1989 | 379,080        | 840                             | 261,950 | 262,790  | 3,196,780                          | + 9.8                  | + 6.5          |
| 1990 | 418,200        | 1,200                           | 290,350 | 291,550  | 3,500,000                          | + 10.9                 | + 9.5          |
| 1991 | --             | --                              | --      | 305,000* | 3,660,000*                         |                        |                |

\* Forecast based on first nine months of 1991.

Source: Central Statistical Office.

**Table 2**  
**Average length of stay of tourist by country of residence, 1981-1990**

| Country of residence | 1981        | 1982        | 1983        | 1984        | 1985        | 1986        | 1987        | 1988        | 1989        | 1990*       |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Belgium              | 20.4        | 12.7        | 13.5        | 12.4        | 14.3        | 14.7        | 17.0        | 15.4        | 16.7        | 16.0        |
| France               | 11.9        | 12.9        | 12.6        | 12.6        | 12.7        | 11.7        | 12.0        | 13.4        | 13.4        | 13.0        |
| Germany Fed.Republic | 16.3        | 16.7        | 16.1        | 14.8        | 16.4        | 15.8        | 15.2        | 15.5        | 15.2        | 15.0        |
| Italy                | 10.3        | 11.3        | 11.8        | 11.8        | 11.2        | 11.0        | 10.9        | 11.5        | 11.8        | 12.0        |
| Switzerland          | 13.5        | 20.5        | 14.3        | 13.6        | 14.7        | 16.1        | 15.0        | 14.9        | 15.7        | 16.0        |
| United Kingdom       | 21.7        | 20.8        | 21.8        | 21.3        | 17.4        | 16.9        | 17.3        | 17.2        | 18.9        | 19.0        |
| Malagasy Rep.        | 6.1         | 7.7         | 6.6         | 7.4         | 7.8         | 8.6         | 8.1         | 10.0        | 7.9         | 8.0         |
| Reunion              | 8.4         | 9.7         | 8.1         | 8.2         | 9.5         | 8.4         | 8.2         | 9.4         | 8.7         | 9.0         |
| Seychelles           | 7.3         | 8.2         | 14.9        | 25.4        | 14.6        | 12.4        | 16.7        | 13.4        | 12.0        | 12.0        |
| Kenya                | 7.4         | 13.0        | 12.7        | 10.1        | 10.1        | 11.9        | 8.9         | 10.2        | 15.9        | 16.0        |
| South Africa Rep.of  | 9.3         | 9.3         | 9.1         | 9.1         | 9.4         | 10.0        | 10.2        | 11.2        | 10.1        | 10.0        |
| Zambia               | 8.7         | 14.5        | 23.5        | 13.3        | 20.1        | 11.3        | 14.9        | 8.0         | 10.8        | 11.0        |
| Zimbabwe             | 9.6         | 12.6        | 11.5        | 11.7        | 15.0        | 15.3        | 14.7        | 12.1        | 12.6        | 12.0        |
| Australia            | 13.1        | 10.5        | 18.8        | 13.3        | 11.2        | 12.4        | 12.7        | 14.5        | 16.5        | 16.0        |
| India                | 15.4        | 14.6        | 22.0        | 13.1        | 17.2        | 20.2        | 15.4        | 20.0        | 18.1        | 18.0        |
| Japan                | 8.0         | 3.8         | 16.8        | 4.9         | 7.8         | 6.1         | 5.7         | 7.1         | 5.4         | 6.0         |
| Singapore            | 7.1         | 10.3        | 46.0        | 3.9         | 8.6         | 7.8         | 9.8         | 12.6        | 6.6         | 7.0         |
| U.S.A.               | 12.7        | 18.6        | 11.4        | 13.6        | 14.8        | 8.1         | 13.0        | 15.7        | 14.6        | 15.0        |
| Other countries      | 15.7        | 14.1        | 14.6        | 14.8        | 12.7        | 14.1        | 12.7        | 17.3        | 15.3        | 10.6        |
| <b>All countries</b> | <b>11.2</b> | <b>11.8</b> | <b>11.4</b> | <b>11.0</b> | <b>11.7</b> | <b>11.4</b> | <b>11.4</b> | <b>12.5</b> | <b>12.2</b> | <b>12.0</b> |

\*Provisional

| Country of residence    | 1981         | 1982         | 1983         | 1984         | 1985         | 1986         | 1987         | 1988         | 1989         | 1990*        |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Belgium                 | 0.6          | 0.5          | 0.5          | 0.6          | 0.6          | 0.7          | 0.7          | 0.7          | 0.6          | 0.7          |
| France                  | 17.9         | 19.0         | 17.8         | 18.2         | 18.5         | 19.6         | 21.3         | 21.0         | 20.4         | 18.2         |
| Germany<br>Fed.Republic | 6.2          | 5.9          | 5.6          | 5.7          | 6.0          | 5.5          | 6.6          | 6.3          | 6.9          | 6.8          |
| Italy                   | 4.9          | 4.8          | 4.5          | 4.4          | 4.6          | 5.5          | 5.9          | 6.2          | 5.5          | 4.9          |
| Switzerland             | 1.2          | 1.3          | 2.1          | 3.9          | 4.3          | 4.5          | 4.0          | 3.8          | 4.1          | 3.7          |
| United Kingdom          | 5.2          | 4.9          | 4.7          | 4.1          | 4.8          | 5.1          | 5.7          | 5.8          | 6.3          | 7.5          |
| Malagasy Rep.           | 5.7          | 6.0          | 6.5          | 5.6          | 4.5          | 3.7          | 3.5          | 2.8          | 2.5          | 2.2          |
| Reunion                 | 22.7         | 25.5         | 24.4         | 23.2         | 23.9         | 24.7         | 23.1         | 23.8         | 24.9         | 25.1         |
| Seychelles              | 0.5          | 0.5          | 0.4          | 0.2          | 0.5          | 0.5          | 0.5          | 0.8          | 1.3          | 1.2          |
| Kenya                   | 0.8          | 0.6          | 0.6          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.4          | 0.5          |
| South Africa<br>Rep.of  | 20.5         | 19.1         | 21.9         | 22.6         | 18.4         | 16.1         | 14.9         | 15.0         | 14.0         | 14.4         |
| Zambia                  | 1.1          | 0.9          | 0.6          | 0.5          | 0.3          | 0.2          | 0.4          | 1.1          | 0.7          | 0.5          |
| Zimbabwe                | 1.0          | 0.8          | 1.4          | 1.3          | 1.3          | 1.7          | 1.2          | 1.2          | 1.1          | 1.3          |
| Australia               | 3.0          | 2.3          | 1.3          | 1.1          | 1.7          | 1.5          | 1.5          | 1.0          | 1.0          | 1.0          |
| India                   | 1.9          | 1.5          | 1.4          | 1.8          | 2.0          | 1.4          | 1.4          | 1.8          | 1.8          | 2.8          |
| Japan                   | 0.2          | 0.2          | 0.1          | 0.2          | 0.4          | 1.1          | 0.9          | 0.9          | 1.1          | 1.1          |
| Singapore               | 0.1          | 0.1          | 0.0          | 0.1          | 0.7          | 0.8          | 0.5          | 0.6          | 0.8          | 0.7          |
| U.S.A.                  | 0.9          | 0.8          | 0.8          | 0.8          | 1.0          | 1.1          | 0.9          | 0.6          | 0.7          | 0.8          |
| Other countries         | 5.6          | 5.3          | 5.4          | 5.2          | 6.0          | 5.8          | 6.5          | 6.1          | 5.9          | 6.6          |
| <b>All countries</b>    | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

Source: Same as Table 1.

| Table 4<br>Tourist arrivals, seasonal index 1981-1990 |      |      |      |      |      |      |      |      |      |      |
|---|------|------|------|------|------|------|------|------|------|------|
| Month of arrival                                      | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
| January   | 110  | 121  | 127  | 122  | 115  | 119  | 109  | 116  | 120  | 115  |
| February  | 92   | 86   | 89   | 93   | 86   | 84   | 81   | 82   | 77   | 80   |
| March   | 91   | 87   | 95   | 96   | 95   | 101  | 78   | 90   | 89   | 81   |
| April   | 103  | 102  | 83   | 95   | 93   | 86   | 105  | 87   | 89   | 105  |
| May   | 89   | 97   | 93   | 95   | 92   | 95   | 86   | 99   | 92   | 96   |
| June  | 62   | 59   | 62   | 65   | 68   | 63   | 83   | 67   | 67   | 74   |
| July  | 87   | 93   | 95   | 90   | 79   | 91   | 91   | 96   | 96   | 91   |
| August  | 128  | 129  | 126  | 117  | 140  | 131  | 121  | 125  | 125  | 129  |
| September   | 106  | 104  | 98   | 94   | 93   | 88   | 106  | 92   | 95   | 95   |
| October   | 97   | 99   | 97   | 97   | 95   | 92   | 109  | 117  | 116  | 111  |
| November  | 105  | 99   | 101  | 107  | 112  | 119  | 106  | 105  | 103  | 100  |
| December  | 132  | 123  | 135  | 128  | 133  | 132  | 125  | 12   | 132  | 122  |
| Range   | 70   | 64   | 73   | 63   | 72   | 69   | 47   | 58   | 65   | 55   |

Monthly Tourist Arrival  
 Note: Seasonal Index = ----- x 100  
 Monthly Average for the year  
 Source: Basic Data from Central Statistical Office, Mauritius.

| Table 5<br>Hotels, rooms and Bed places, 1981-1990 |                |              |          |                   |          |
|--|----------------|--------------|----------|-------------------|----------|
| Year   | No. of Hotels* | No. of Rooms | % Change | No. of bed Places | % Change |
| 1981   | 51             | 2,201        | --       | 4,484             | --       |
| 1982   | 51             | 2,204        | 0.1      | 4,530             | 1.0      |
| 1983   | 55             | 2,300        | 4.4      | 4,900             | 8.2      |
| 1984   | 54             | 2,488        | 8.2      | 5,102             | 4.1      |
| 1985   | 55             | 2,630        | 5.7      | 5,387             | 5.6      |
| 1986   | 56             | 2,888        | 9.8      | 5,955             | 10.5     |
| 1987   | 60             | 3,108        | 7.6      | 6,418             | 7.8      |
| 1988   | 64             | 3,399        | 9.4      | 7,005             | 9.1      |
| 1989   | 67             | 3,605        | 6.1      | 7,374             | 5.3      |
| 1990   | 75             | 4,603        | 27.7     | 9,572             | 29.8     |
| 1991<br>(Sept.)                                    | 80             | 4,777        | --       | 9,925             | --       |

Note: \*Exclude hotels converted into boarding houses but include newly constructed hotels.  
 Source: Ministry of Youth, Sports and Tourism.

| <b>Table 6</b><br><b>Occupancy Rates in Hotels in Mauritius(in %)</b> |              |      |      |            |      |      |
|---|--------------|------|------|------------|------|------|
|   | Large Hotels |      |      | All Hotels |      |      |
|   | 1988         | 1989 | 1990 | 1988       | 1989 | 1990 |
| <b>I. Room Occupancy Rates</b>  |              |      |      |            |      |      |
| (a) Total   | 82.9         | 77.8 | 76.7 | 66.1       | 62.8 | 61.8 |
| (b) Tourists  | 82.8         | 77.6 | 76.4 | 65.3       | 61.9 | 61.2 |
| <b>II. Bed Occupancy Rates</b>  |              |      |      |            |      |      |
| (a) Total   | 74.1         | 69.6 | 68.4 | 58.2       | 55.3 | 54.3 |
| (b) Tourists  | 74.0         | 69.4 | 68.1 | 57.4       | 54.6 | 53.6 |
| Source: Ministry of Youth, Sports and Tourism.                        |              |      |      |            |      |      |

| <b>Table 7</b><br><b>Percentage distribution of tourists interviewed by type of accommodation used, 1984-1988</b> |              |              |              |
|---|--------------|--------------|--------------|
| Type of Accommodation   | 1984         | 1986         | 1988         |
| <b>Commercial</b>   | <b>92.1</b>  | <b>90.6</b>  | <b>88.7</b>  |
| 1. Hotel  | 81.6         | 76.4         | 71.4         |
| 2. Private Bungalow   | 6.2          | 6.9          | 10.8         |
| 3. Boarding House/ Guest House  | 3.3          | 5.2          | 5.1          |
| 4. Private House  | 0.6          | 1.6          | 1.3          |
| 5. Other Commercial residence   | 0.4          | 0.5          | 0.1          |
| <b>Non-commercial</b>   | <b>7.9</b>   | <b>9.4</b>   | <b>11.3</b>  |
| 6. With friends/Relatives   | 7.3          | 8.7          | 9.9          |
| 7. Other Non Commercial Residence and Not stated  | 0.6          | 0.7          | 1.4          |
| <b>TOTAL</b>  | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |
| Source: Survey of Outgoing Tourists, conducted by Mauritius Government Tourist Office.                            |              |              |              |

| Table 8<br>Employment* in the tourist industry, 1986-1990** |       |       |       |       |       |        |
|---|-------|-------|-------|-------|-------|--------|
| Industrial Group  | 1986  | 1987  | 1988  | 1989  | 1990  | 1991   |
| Restaurant  | 672   | 725   | 867   | 1,010 | 900   | 900    |
| Hotel   | 3,079 | 3,670 | 4,116 | 4,600 | 5,995 | 6,850  |
| Travel & Tourism  | 1,329 | 1,732 | 1,991 | 2,065 | 2,775 | 2,800  |
| Total   | 5,080 | 6,127 | 6,974 | 7,684 | 9,670 | 10,550 |

\* Large establishments only (i.e. employing 10 or more persons)  
 \*\* During September of each year.  
 Source: Central Statistical Office, Mauritius.

| Table 9<br>Gross Receipts from tourism, 1981-1990 |                        |                    |               |
|---|------------------------|--------------------|---------------|
| Year  | Total<br>(Rs. Million) | Average in Rs. per |               |
|   |                        | Tourist            | Tourist Night |
| 1981  | 433.0                  | 3,560              | 318.10        |
| 1982  | 450.3                  | 3,804              | 323.37        |
| 1983  | 503.0                  | 4,062              | 357.79        |
| 1984  | 632.9                  | 4,531              | 410.55        |
| 1985  | 844.5                  | 5,673              | 486.47        |
| 1986  | 1,190.1                | 7,199              | 633.58        |
| 1987  | 1,786.0                | 8,604              | 752.92        |
| 1988  | 2,373.6                | 9,919              | 790.46        |
| 1989  | 2,795.7                | 10,639             | 874.54        |
| 1990  | 3,500.0*               | 12,005             | 1,000.00      |
| 1991  | 3,800.0*               | 12,459             | 1,038.25      |

\* Provisional  
 Source: Bank of Mauritius.

| Table 10<br>Expenditure of tourists by type of expenditure, 1984-1988 |                        |              |                  |              |                  |              |
|---|------------------------|--------------|------------------|--------------|------------------|--------------|
| Type of Expenditure   | Expenditure (000' Rs.) |              |                  |              |                  |              |
|   | 1984                   | %            | 1986             | %            | 1988             | %            |
| Accommodation   | 383,032                | (59)         | 631,980          | (52)         | 1,078,765        | (45)         |
| Meals and beverages   | 94,382                 | (15)         | 216,060          | (18)         | 464,243          | (19)         |
| Gratuities  | 4,245                  | (1)          | 16,531           | (1)          | 30,871           | (1)          |
| Transport   | 48,906                 | (8)          | 94,227           | (8)          | 263,231          | (11)         |
| Casinos   | 14,862                 | (2)          | 37,029           | (3)          | 50,971           | (2)          |
| Sporting activities   | 7,343                  | (1)          | 18,680           | (2)          | 50,253           | (2)          |
| Shopping (including local, handicraft and souvenir)                   | 75,945                 | (12)         | 178,700          | (15)         | 377,378          | (16)         |
| Other   | 16,577                 | (3)          | 25,293           | (2)          | 72,365           | (3)          |
| <b>Total</b>  | <b>645,292</b>         | <b>(100)</b> | <b>1,218,500</b> | <b>(100)</b> | <b>2,388,077</b> | <b>(100)</b> |

\* The figures in this table are different from those in Table 9. These are obtained from the Survey of Outgoing Tourists conducted by MGTO, while the former are the results from compilation of the Balance of Payments by the Bank of Mauritius.

| Table 11<br>Expenditure of tourists by country of residence, 1984-1988 |                   |                 |                       |                   |                 |                       |                   |                 |                       |
|--|-------------------|-----------------|-----------------------|-------------------|-----------------|-----------------------|-------------------|-----------------|-----------------------|
| Country of Residence   | 1984              |                 |                       | 1986              |                 |                       | 1988              |                 |                       |
|  | Total (in Rs'000) | Average per     |                       | Total (in Rs'000) | Average per     |                       | Total (in Rs'000) | Average per     |                       |
|  |                   | Tourist (in Rs) | Tourist night (in Rs) |                   | Tourist (in Rs) | Tourist night (in Rs) |                   | Tourist (in Rs) | Tourist night (in Rs) |
| France   | 109,202           | 4,289           | 353                   | 240,509           | 7,430           | 636                   | 526,863           | 10,487          | 783                   |
| Germany, Federal Republic  | 53,470            | 6,777           | 459                   | 118,989           | 13,047          | 828                   | 260,143           | 17,194          | 1,109                 |
| Italy  | 51,117            | 8,285           | 699                   | 99,363            | 10,907          | 992                   | 216,934           | 14,501          | 1,266                 |
| Switzerland  | 45,975            | 8,451           | 620                   | 96,041            | 12,996          | 807                   | 158,716           | 17,480          | 1,170                 |
| United Kingdom   | 53,396            | 9,270           | 436                   | 88,468            | 10,408          | 616                   | 218,274           | 15,840          | 919                   |
| Malagasy Republic  | 9,474             | 1,217           | 164                   | 15,191            | 2,458           | 287                   | 19,945            | 2,946           | 295                   |
| Reunion Island   | 74,857            | 2,318           | 283                   | 168,138           | 4,120           | 490                   | 277,021           | 4,866           | 518                   |
| South Africa, Rep.of   | 157,258           | 4,983           | 547                   | 177,155           | 6,640           | 666                   | 345,473           | 9,634           | 859                   |
| Singapore  | N.A.              | N.A.            | N.A.                  | 10,274            | 7,554           | 970                   | 12,159            | 9,074           | 720                   |

Source: Same as Table 10.

| Table 12<br>Tourist Income Multipliers in Small Island Economies |                           |
|--|---------------------------|
| Country  | Tourism Income multiplier |
| 1. Dominica  | 1.20                      |
| 2. Mauritius (a) in 1988<br>(b) in 1980                          | 1.05<br>0.96              |
| 3. Bermuda   | 1.03                      |
| 4. Hong Kong   | 1.02                      |
| 5. Hawaii  | 0.90 - 1.30               |
| 6. Antigua   | 0.88                      |
| 7. Bahamas   | 0.78                      |
| 8. Fiji  | 0.69                      |
| 9. Cayman Islands  | 0.65                      |
| 10. British Virgin Islands                                       | 0.58                      |
|  |                           |

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