

Chapter 7

The Global Implications of Ecotourism in Emerging Economies

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ABSTRACT

The main purpose of this chapter is to highlight the global implications of ecotourism in emerging economies. In the recent past, the tourism industry has become a growing segment of the economy with an impressive expansion potential. Nevertheless, ecotourism in emerging economies establishes a great interdisciplinary research interest. Ecotourism has become extremely popular and highly beneficial on development of emerging economies. The definition of ecotourism is very complex and cannot be compressed in pure theory. Its practical implications are extremely heterogeneous. Ecotourism fundamentally contributes to nature conservation and improvement of livelihoods particularly in rural areas. The original approach provides a complex empirical analysis based on certain emerging economies, i.e. Poland, Brazil, India, China, Russia, Hungary, Slovenia, Slovakia, Romania and Bulgaria in the turbulent context of the global financial crisis.

1. INTRODUCTION

Emerging economies are characterized by certain features, such as: high volatility (Aguiar and Gita, 2007), systemic instabilities, underdeveloped trading mechanisms, financial regulation issues, illiquidity, insufficient transparency, difficult access to all available information, exiguous volume trading, diversification opportunities, various risk categories and high uncertainty. These particular characteristics generate an environment for

triggering extreme financial events, even just as propagation effects. The recent global financial crisis that erupted in mid-2007 in U.S.A. triggered severe consequences on various emerging economies all over across the world.

The empirical analysis provides a statistical perspective based on certain emerging economies, ie Poland, Brazil, India, China, Russia, Hungary, Slovenia, Slovakia, Romania and Bulgaria in the turbulent context of the global financial crisis. The econometric analysis provides an exhaustive

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perspective, because selected emerging economies behavior has changed completely due to the influence of the global financial crisis.

In recent decades, tourism activity was characterized by an increasingly significant growth potential in emerging economies. Tourism has become a very attractive and profitable industry considering its major expansion even in rather challenging economic times. Moreover, the complex activity of travel and tourism represents one of the world's largest industry. Nevertheless, the seemingly symbiotic relationship between tourism and environment generates major implications in emerging economies. These two very important structures can not be considered because the existence of independent and dissociated global consciousness and international causal linkages.

2. THE GLOBAL FINANCIAL CRISIS AND ITS IMPLICATIONS FOR EMERGING COUNTRIES

The transmission patterns of financial foreign shocks from advanced to emerging economies and long-run causal linkages between international markets highlight the importance of a functional and stable financial environment. This unstable situation appears to be supported by the fact that international markets became more and more correlated, specifically between advanced and emerging countries due to international financial integration. Seemingly insignificant structural imbalances can easily generate dramatic consequences in the context of a globalized and integrated worldwide perspective. In recent past, emerging market economies gradually become more interdependent, but also much vulnerable because of spillover effects (externalities) and international financial contagion. Moreover, a central characteristic of most emerging countries is the chaotic and unpredictable movement of future growth patterns. It is also very important

to investigate the transmission mechanism and the degree of international financial interdependence in order to understand the complex behavior of emerging economies.

In literature, a large amount of empirical evidence has suggested certain common patterns across emerging countries. Financial vulnerability represents a very important challenge in terms of globalization. The vulnerability of emerging markets and their high level of exposure to potential financial crisis can be reduced by implementing rigorous measures. Furthermore, the major role of ecotourism in emerging countries is explicitly defined as a very accessible and reliable opportunity to progress especially in the context of extreme events such as the global financial crisis.

The international financial system, especially stock markets were significantly affected by extreme events in recent decades. International terrorism represents a significant challenge in the context of current economic globalization. Practically, it is a worldwide phenomenon which is expanding rapidly and cause major adverse effects on the stability of financial markets. The dramatic impact of the global financial crisis has amplified the interest of academics, practitioners, investors and business circles to the subject of ecotourism. Moreover, the global implications of ecotourism in emerging economies provide significant growth opportunities and attenuate development gaps through investment in these countries. In recent past, the intensity of interdependence among developed and developing (emerging) economies reveals that geographical barriers represent just a minor milestone in the context of globalization.

Apparently, there is a insignificant probability that extreme events to occur compared to some other distributions. However, this theory is severely contradicted by financial practice. An indisputable argument in this regard is the current global financial crisis. Thus, the global financial crisis that erupted in mid-2007 in U.S.A. triggered severe consequences on various capital

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