

# Chapter 11

## The Role of Trade Policy in Sustainable Tourism Inclusivity in Africa

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### ABSTRACT

*When local communities are allowed to participate fully in tourism trade activities either through supplying goods and services or direct employment in the tourism sector-inclusiveness of tourism, trade can be realized in a practical sense. Research indicates that, in most tourist destinations in Africa, the tourism trade continues to be characterized by environmental and social-cultural degradation and inadequate local community participation associated with revenue leakages and weak economic linkages. The mechanism on how tourism trade contributes inclusively on local communities' benefits such as inclusive growth and poverty alleviation remains unclear. Despite destination economies engaging in services liberalization, little evidence exists on how such trade policies have been beneficial at enhancing inclusive benefits of the tourism trade. Therefore, this chapter aims to clarify how trade policies can be employed to promote the inclusiveness of the tourism trade.*

### INTRODUCTION

For decades, the tourism sector has recorded a remarkable contribution to the national and global economy on employment, foreign exchange earnings, gross domestic product, and investments (WTTC, 2019). Tourism trade however faces several impediments that limit its inclusiveness to local communities within the destination economies. Generally, inclusiveness entails widening the access to the economic system by relatively marginalized society such as the poor, the unemployed, women, people with disabilities, minority ethnic groups, indigenous populations, and youth in a more beneficial way (Draper *et al.*, 2019). Accordingly, this chapter conceptualizes trade inclusiveness as trade in tourism services that contributes to sustainable growth and poverty alleviation in an inclusive manner (OECD/WTO, 2017). In other words, inclusive trade must have a positive impact on the achievement of several UN sustainable

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development goals (SDGs) including no hunger (SDG1), decent work and economic growth (SDG8), reduced inequalities (SDG10), and sustainable communities (SDG11).

In developing countries, the realization of SDGs depends on the performance of trade in services as manipulation of service trade policies (Fiorini and Hoekman, 2018; Martin, 2019). OECD/WTO (2017) indicate that services trade policies play a fundamental role in facilitating or restricting international trade and the achievement of UN SDGs. However, the growth in service trade portrays significant differential contributions across 2030 SDGs. For instance, in 2027 only 25 percent of respondents of the OECD/WTO aid-for trade monitoring exercise considered that trade in services has a significant contribution to ensuring sustainable cities and communities (SDG-11). In a similar vein, only 33.3 percent agree that service trade promotes responsible consumption and production (SDG-12). Until very recent inequalities continue to deepen among vulnerable populations especially for countries with weaker health systems and those facing existing humanitarian crises (UN, 2020).

The first impediment is relatively low governments' prioritization of the travel and tourism sector. This is inherently the case for African destinations like Tanzania, Kenya, Botswana, South Africa, Rwanda, Mauritius, and Seychelles (WEF, 2019). Evidence suggests that the inability to recognize tourism as a priority industry not only erodes its potential economic contribution but also can easily and negatively affect the health of tourism unintentionally (WTO, 2009). On the other hand, the tourism trade is highly fragmented, embracing several different industries such as transportation, accommodation, food services, travel trade (tour operators and travel agencies), recreation, and entertainment. This makes it difficult, if not impossible, for the industry to have one common voice to the government in an effort to articulate the needs of the tourism sector in an inclusive way. Furthermore, tourism trade is highly vulnerable to external forces, including acts of terrorism, economic trends, natural disasters, weather and climate, and competitive pressure from regional destinations (WTO, 2009).

Studies in Africa also reveal that the tourism trade is often associated with insufficient local benefits; revenue leakages; and weak inter-sectoral linkages (Luvanga and Shitundu, 2003; Anderson and Juma, 2011; Kazuzuru, 2014; Anderson, 2018). Likewise, community-based tourism initiatives tend to yield minimal inclusive outcomes (Imbaya *et al.*, 2019) due to a mismatch between local supply and industry demands (Anderson, 2018). Linking tourism trade with other sectors of the economy through a value chain approach is considered an essential means in making the industry more economically inclusive (Anderson, 2018). While such linkage is theoretically appealing, in practice there is no straight forward framework on how it can be achieved. So, the question is, how can trade in tourism be made more inclusive in order to enhance its local economic benefits. In other words, how can trade policies promote inclusive tourism trade in developing countries like African destinations?

It is doubtless that, when marginalized local communities are given an opportunity to engage in tourism trade activities either through supplying goods and services or direct employment in the tourism sector-inclusiveness of tourism trade can be practical and real (Anderson, 2018). In essence, this is the role of trade policy as articulated in this chapter. The chapter is based on the assertion that the linkage between the tourism sector and the rest of the local economy is largely a non-automatic process. That is unless it is complemented with appropriately targeted and purposeful policies such as trade and tourism policies. This chapter thus aims to clarify how national trade policies can enhance the contribution of the tourism trade in benefiting the local host communities inclusively. Such an approach can be crucial in poverty alleviation initiatives.

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