

## Article

# How Tourism Promotes Economic Development: A Case of Cambodia

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## Summary

After the independence from France, the Khmer Rouge's radical collectivization policies fallen Cambodia's society and economy down into a deep turmoil. Ending the civil war, Cambodia has recovered peace by the Paris Peace Agreement and began economic growth. However, the current Cambodia's economic stage is not so advanced, compared with other Asian countries. Since the Angkor Site was inscribed as World Heritage by UNESCO in 1992, Cambodia's tourism resources are attracting attention and expected to boost growth. This study explores Cambodia's history and current economic situation and reviews tourism-promoting policies of both Cambodia's government and international organizations such as the Asian Development Bank (ADB) and the World Bank from the perspective of development economics. And the paper attempts an empirical analysis to evaluate tourism in Cambodia. Conclusion of the study indicates: 1) Cambodia has been failing to utilize the tourism for poverty alleviation; 2) the leapfrogging development is not always recommendable; and 3) even considering the tourism as growth engine, among many types of the special interest tourism (SIT), the gambling and the prostitution/sex trafficking are not eligible as a tourism resource.

JEL Classification: L83, N15, and O11

**Keywords:** Tourism, Development Economics, Growth, Cambodia, World Heritage

## 1. Introduction

This introduction chapter overviews Cambodia from viewpoints of history and economy:

First, the discussion of Cambodia's history is developed according to Slocomb (2010), which provides one of the most comprehensive economic histories of Cambodia in the 20<sup>th</sup> century. Slocomb (2010) consists of five chapters apart from introduction and conclusion. Among those, Chapter 3 titled *The Wartime Economy, 1970-75*, Chapter 4 *The Revolutionary Economy, 1975-89* and Chapter 5 *Rehabilitation and Reconstruction, 1990-c. 2000* strongly relate to tourism. The Lon Nol regime (1970-1975) and the Khmer Rouge era (1975-1979) mark the most destructive phases of the century from the viewpoint of economic development. She illustrates how civil war devastated production and how the Khmer Rouge's radical collectivization policies led to the collapse of traditional agrarian structures, widespread famine, and mass mortality. The period represents not only economic mismanagement but the totally systematic dismantling of established social, economic and productive systems. Kiernan (1990) refers that at mid-1974 the United Nations (UN) estimate of Cambodia's population was 7,890,000 and he estimates approximate 1.5 million excess deaths including the genocide by Khmer Rouge, etc. On the other hand, Chhair and Ung (2013) historically analyze the industrialization process in Cambodia after the independence to the Khmer Rouge era and also try to estimate the loss on physical capital based on the number of establishments and industrial construction. Other than human and physical capital damages, in 1970s, the Cambodian economy was also hurt by the disruption to the financial system. Slocomb (2010), Vickery (1984) and Tyner (2020) address incredible turmoil caused by the elimination of money and the destruction of banking.

Slocomb (2010) continues describing that after the Vietnamese intervention to the nation in 1979, Cambodia entered the People's Republic of Kampuchea era (1979-1989), during which the reconstruction was attempted under the socialist central planning regime. She discusses the challenges of rebuilding infrastructure, reviving rice production, and managing shortages amidst international isolation and the ongoing civil war. Despite gradual recovery, the system remained inefficient and heavily reliant on the aid from Vietnam and the Soviet bloc. Finally, the Paris Peace Agreements terminated the civil war. The report of Stimson Center (Pou et al., 2021) highlights great successes such as organizing elections and promoting human rights under the United Nations Transitional Authority in Cambodia (UNTAC), while noting persistent challenges in consolidating democracy, addressing corruption, and ensuring long-term stability. The report also addresses some lessons learned for contemporary peacebuilding, especially relating to institutional design, multilateral coordination, and the complexities of transitioning from conflict to governance.

**Table 1:** per capita GDP in Main Asian Countries (unit: USD)

year	2000	latest available
Japan (2024)	39,169.4	32,475.9
Korea (2023)	12,257.0	33,121.4
Cambodia (2024)	296.4	2,627.9
Indonesia (2024)	763.7	4,925.4
Lao (2024)	318.7	2,124.0
Malaysia (2024)	4,083.5	11,867.3
Myanmar (2024)	196.6	1,359.3
Philippines (2024)	1,050.8	3,984.8
Singapore (2024)	23,852.8	90,674.1
Thailand (2024)	2,006.0	7,345.1
Vietnam (2024)	404.0	4,717.3

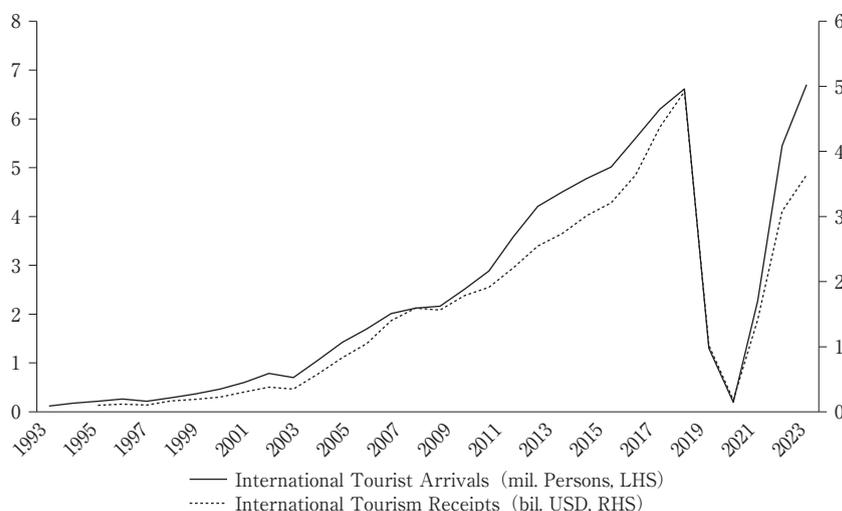
Note: The latest year of data availability is indicated next to country with parentheses.

Source: World Bank Open Data (<https://data.worldbank.org/> accessed on September 10, 2025)

Second, per capita GDP will reveal the current economic situation or development stage of each nation. Here, Table 1 reports per capita GDP in main Asian countries and suggests that Cambodia is located as relatively early stage of economic development among the listed countries. The per capita GDP in Cambodia remains USD 2,627.9. This is far less than that in Asian developed countries such as Japan, Korea and Singapore. And it is also less than that in Malaysia, Thailand, Indonesia, Vietnam, and the Philippines, but higher than that in Lao and Myanmar. The Asian countries listed in Table 1 are categorized into three groups: the first group is called high income countries consisting of Japan, Korea and Singapore; the second group called emerging countries consisting of Malaysia, Thailand, Indonesia, Vietnam, Indonesia, and the Philippines; and the third and the final group called developing countries consisting of Cambodia, Lao and Myanmar.

On the other hand, in recent 24 years, Cambodia's economy increased its per capita GDP close to nine times fold while Japan decreased that by more than fifteen percent. It must be paid a deep attention that this period of Cambodia's high growth includes COVID-19 pandemic. Other developing countries such as Lao and Myanmar also increased their per capita GDP to more than six times fold while emerging countries did to approximately three or four times except Vietnam that grew to eleven times fold. This economic development in Asia somehow reflects Convergence Theory of Barro and Sala-i-Martin (1992) and Mankiw et al. (1992) with possible contribution of the tourism.

From early 1990s after the end of the civil war based on the Paris Agreement, Cambodia gradually recovers its external relation with neighbor and other Asian countries including ASEAN and Japan. Among those, the Ministry of Tourism of the Cambodia's govern-

**Figure 2:** International Tourism in Cambodia

Source: Author based on MoT (2025)

ment promotes international tourism and accepting foreign visitors. According to these tourism policies and so on, the international visitors to Cambodia had been rapidly increasing before the pandemic of COVID-19. Figure 2 depicts the international tourism in Cambodia.

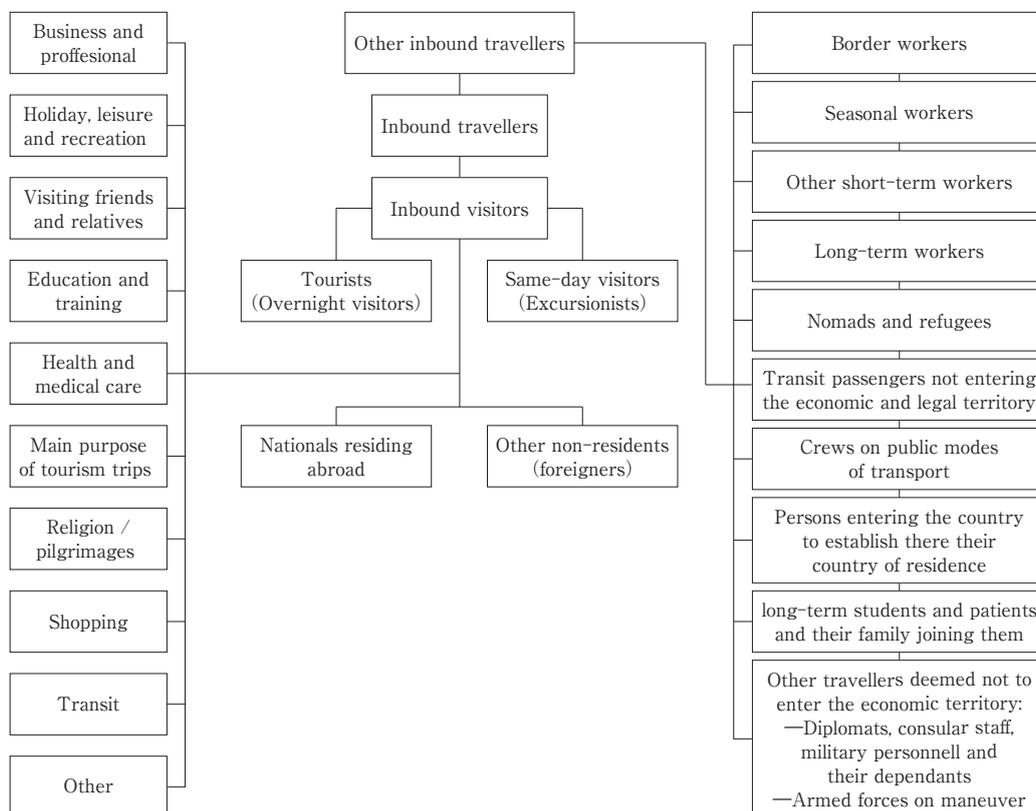
This study explores the role of international tourism in Cambodia especially from the viewpoint of economic development. After overviewing the history and the current economic situation in Cambodia at this introduction chapter, the second chapter summarizes tourism promoting policies of Cambodia's government and some recommendations by international organizations such as the Asian Development Bank (ADB) and the World Bank referring to the OECD policy. The third chapter tries some empirical analyses using input-output table, and the final chapter concludes the paper including remaining issues and the direction of the future research.

## 2. Economic View to Tourism

Before discussing the tourism policy of both Cambodia's government and the international organizations, it would be useful to consider tourism from social science. Urry (2011) addresses that "tourism is a form of the consumption of places."<sup>1)</sup> Since Urry (2011) is based on the sociology, it is appropriate to employ some statistical knowledge to clarify the essence of the tourism from the economic perspective.

First, UN (2010) classifies the inbound travelers into the comprehensive categories. Figure 3 reports the classification quoting Figure 2.1 on p.17 in UN (2010).

**Figure 3: Classification of Inbound Travelers**



Source: UN (2010)

**Table 4: Classification of Tourism Trips According to Main Purpose**

1. Personal
1.1. Holidays, Leisure and Recreation
1.2. Visiting Friends and Relatives
1.3. Education and Training
1.4. Health and Medical Care
1.5. Religion/Pilgrimages
1.6. Shopping
1.7. Transit
1.8. Other
2. Business and Professional

Source: UN (2010)

Second, UN (2010) proposes the classification of the tourism trips other than the returning residents based on the comprehensive classification of the inbound travelers shown at Figure 3. Table 4 thus reports the classification according to the main purpose, which is quoted Figure 3.1 on p.24 in UN (2010).

It is already mentioned that the classification of the inbound travelers other than the returning residents is based on their main purpose while the purpose should be related to the main activities undertaken during the trip.<sup>2)</sup> The names of each item in Table 4 indicate a fairly clear idea of the types of travel to be included, additionally the UN (2010) provides the following explanation of each item, including some examples:

- 1) *1.1. Holidays, Leisure and Recreation.* This category includes, for example, sight-seeing, visiting natural or man-made sites, attending sporting or cultural events, practicing a sport (skiing, riding, golfing, playing tennis, diving, surfing, hiking, trekking, mountain climbing, etc.) as a non-professional activity; using beaches, swimming pools and any recreation and entertainment facilities, cruising, gambling, attending summer camps for youngsters, resting, honey-mooning, fine dining, visiting establishments specialized in well-being (for example, wellness hotels), fitness except in the context of a medical treatment (in which case the purpose would be 1.4 Health and Medical Care), staying in a vacation home owned or leased by the household, etc.
- 2) *1.2. Visiting Friends and Relatives.* This category includes, for example, activities such as visiting relatives or friends; attending weddings, funerals or any other family event; short-term caring for the sick or old, etc.
- 3) *1.3. Education and Training.* This category includes, for example, taking short-term courses paid either by employers (excluding “on-the-job” training classified in Business and professional) or others, which should be identified separately, where relevant; following particular programmes of study (formal or informal) or acquiring specific skills through formal courses, including paid study, language, professional or other special courses, university sabbatical leaves, etc.
- 4) *1.4. Health and Medical Care.* This category includes, for example, receiving services from hospitals, clinics, convalescent homes and, more generally, health and social institutions, visiting thalassotherapy and health and spa resorts and other specialized places to receive medical treatments when they are based on medical advice, including cosmetic surgeries using medical facilities and services. This category includes only short-term treatments because long-term treatments requiring stays of one year or more are not part of tourism.
- 5) *1.5. Religio/Pilgrimage.* This category includes, for example, attending religious meetings and events, pilgrimages, etc.
- 6) *1.6. Shopping.* This category includes, for example, purchasing consumer goods

- for own personal use or as gifts except for resale or for use in a future productive process, (in which case the purpose would be business and professional), etc.
- 7) *1.7. Transit.* This category consists of stopping at a place without any specific purpose other than being en route to another destination.
- 8) *1.8. Other.* This category includes, for example, volunteer work (not included elsewhere), investigative work and migration possibilities; undertaking any other temporary non-remunerated activities not included elsewhere, etc.
- 9) *2. Business and professional.* This category includes the activities of the self-employed and employees as long as they do not correspond to an implicit or explicit employer-employee relationship with a resident producer in the country or place visited, those of investors, businessmen, etc. It also includes, for example, attending meetings, conferences or congresses, trade fairs and exhibitions; giving lectures, concerts, shows and plays; promoting, purchasing, selling or buying goods or services on behalf of non-resident producers (of the country or place visited); participating in foreign Government missions as diplomatic, military or international organization personnel, except when stationed on duty in the country visited; participating in non-governmental organization missions; participating in scientific or academic research; programming tourism travel, contracting accommodation and transport services, working as guides or other tourism professionals for non-resident agencies (of the country or place visited); participating in professional sports activities; attending formal or informal on-the-job training courses; being part of crews on a private mode of transport (corporate jet, yacht, etc.), etc.

When considering the tourism policy in Cambodia, as well as in other Asian countries, there are a variety of the tourism resources and the tourist attractions, but the first sub-category of Table 4, i.e., *1.1. Holidays, Leisure and Recreation* will be mainly focused on in the study. It is well-known that the United Nations explores research on health tourism as reported in UNWTO (2018b) and that the Global Business Travel Association (GBTA) develops Business Travel Index (BTI) and issued GBTA (2024). However, Cambodia does not seem ready to promote health tourism or business travel, respectively categorized in *1.4. Health and Medical Care*, and *2. Business and Professional* at Table 4. Especially considering the health and the medical care tourism, although Noree et al. (2016) estimate that the neighboring country, Thailand accepted 167,000 medical tourists in 2010 and address that based on the hospital staff interviewed, medical tourism in Thailand brought benefits to — and apparently had no negative impacts on — the nation's health system and economy. But Cambodia does not seem ready to accept this kind of the medial tourism. But WHO (2015) concludes “persist and health outcomes are not yet as good as in other countries of the region.” On contrary, Cambodian media reports that wealthy individuals

are undergoing medical check-ups abroad.<sup>3)</sup> In any case, the above discussion has clarified the concept of tourism and now the tourism policies are to be explored.

### 3. Tourism Policy

Considering the Cambodia's tourism policy, international organizations such as the Asian Development Bank (ADB) and the World Bank are expected to play an important role as well as the Cambodia's government. Cárdenas-García et al. (2024), e.g., analyze the dynamic relationship between tourism and human development and result that for higher levels of human development in less developed countries, some projects should be financed by the international organizations so that these countries can escape the poverty trap. On the other hand, as seen at Figure 2, it is widely recognized that COVID-19 pandemic caused rather great damage to tourism along with other in-person services. In the study, thus, tourism policies are categorized into two periods: before COVID-19 pandemic; and after COVID-19 pandemic.

First, among some tourism policies, it is very important to consider those before COVID-19 pandemic. GoC (2012) briefly includes some general tourism policies. And according to this national plan as an umbrella framework, MoT (2012) decides two aims such as sustainable tourism and economic targets, i.e., attracting 7 million international visitors and 8-10 million domestic tourists, and generating USD 5 billion in annual tourism revenue. And especially, APSARA (2012) reveals Angkor World Heritage management plan.<sup>4)</sup> Focusing on some policy recommendations of the international organizations to Cambodia, ADB (2016) should be highlighted. ADB (2016) in general for CLMV countries (i.e., Cambodia, Lao, Myanmar, and Vietnam) stresses "projects to improve public infrastructure require the most resources, followed by human resource development, negative impact management, marketing and promotion, and travel facilitation" at paragraph 65 on p.25. Especially the report evaluates, Cambodia's cultural and natural assets as a tourism resource and urges a diversification of the tourism products beyond Angkor to reduce a geographic and seasonal concentration, recommending the investment in coastal destinations such as Sihanoukville, the Mekong River corridor, and emerging ecotourism sites. The report also stresses the need for infrastructure upgrades, including international and domestic air connectivity, secondary road networks, and urban services such as water, sanitation, and so on. ADB (2016) also recommends comprehensive hospitality and language training, development of national skills standards, and partnerships between government, industry, and training institutions to improve the service quality and employability. WB (2020) also urges Cambodia to leverage its natural assets and Protected Areas network to expand the ecotourism as a part of the tourism diversification and the sustainable recovery strategies.

Second, related to the policies after COVID-19 pandemic, GoC (2023) updates GoC (2021) and works as a national plan or an umbrella framework. The plan includes coastal development, human resources and infrastructure development relating to tourism policy. NCSTI (2023) provides the national roadmap after COVID-19 pandemic and stresses the promotion of ecotourism, digitalization and capacity building for human resources. APSARA (2020) reveals the Destination Tourism Development Plan with the integration of the conservation and tourism management of Angkor, including the visitors flow management, zoning regulation, resident participation, action plan for funds, and so on. Turning the attention to the policy recommendations of the international organizations, the World Bank, the Asian Development Bank, the United Nations World Tourism Organization, etc., address some tourism policy recommendations mainly referring the keywords of diversification, recovery, heritage management, infrastructure, community benefits, climate/sustainability/resilience, and regional cooperation in their country reports. WB (2024) focuses especially on tourism and trade as the Cambodia's key factors to recovery. The report places tourism at the center of the Cambodia's near-term recovery and medium-term structural transition, recommending policies 1) to boost tourism quality and receipts (longer stays, higher value services), 2) to diversify destinations beyond Angkor and the coastal hotspots, 3) to improve connectivity and infrastructure, and 4) to pair tourism recovery with broader reforms (trade, revenue mobilization, human capital) so tourism contributes to the resilient and inclusive growth. And ADB (2024) warns about concentration risks such as geography and source markets. The report emphasizes destination diversification, infrastructure upgrades (especially air, roads, and services), skills development in hospitality, and regulatory reforms to attract sustainable investment. Concentrating on Angkor and Siem Reap, UNESCO (2024) insists that the key policy prescriptions include visitor-flow management and circuiting, zoning and land-use controls, strengthening governance/coordination, etc., aiming at balancing heritage protection with tourism development.

#### 4. Empirical Analysis

Tourism does not contribute to economic growth only in advanced countries such as Japan, but also to developing nations. Many literatures are accumulated for long periods. Among those, Balaguer and Cantavella-Jordà (2002) confirm the tourism-led growth hypothesis in Spain. Durbarry (2004) focuses on the success story of a small island economy, Mauritius, a mono-crop economy of exporting sugar, emphasizing that tourism brings the reallocation of resources to non-agricultural sectors, promotion of the foreign currency acquisition, enhancement of the development of infrastructure and the service industry, and the diversification of the economy. Nowak et al. (2007) prove the hypotheses of

exports  $\rightarrow$  capital good imports  $\rightarrow$  growth in which sustained economic growth is achieved by imports of foreign capital entirely financed through inbound tourism. Lee and Chang (2008) apply the heterogeneous panel cointegration technique using OECD and non-OECD countries data and reveals that finally in the long run, the panel causality test shows unidirectional causality relationships from tourism development to economic growth in OECD countries, bidirectional relationships in non-OECD countries, but only weak relationships in Asia. Their results are accepted as warning against the idea that tourism is omnipotent. Contrary, some studies deny the causal relation between tourism and growth. Pérez-Rodríguez et al. (2022), e.g., employ fractionally integrated heterogeneous panel data analysis and find a long-run relationship between tourism and economic growth is positive but rather weak among European countries. Katircioglu (2009) results that the tourism-led-growth hypothesis (TLGH) in Turkey is rejected. Camacho and Romeu (2023) insist that the Granger-cause positive shocks in GDP with the increases in the inbound tourists is not supported using a large data set on 145 countries. Kadir et al. (2019) find a unidirectional causal relation from the real economic growth to the international tourism receipts.

Although causal relation between the tourism receipts and the GDP growth such as the tourism-led-growth hypothesis (TLGH) is very important and interesting theme for tourism economics, the study aims to estimate the impact of the inbound tourism receipts on national economy using input-output (IO) table or social accounting matrix (SAM). Thomas (2025), e.g., is one of the latest studies, and investigates the distributional impact of nature-based tourism (NBT) revenues on relative incomes and poverty incidence by employing a SAM model for Lao. Hor (2021) finds that the overall inter-industry connection is relatively low in Cambodia, employing the SAM-based model.

As far as the best knowledge, the input-output table of Cambodia is provided at the ADB data library.<sup>5)</sup> However, the Leontief inverse matrix based on the input-output table is not available at all. Therefore, the inverse matrix based on the Cambodia's input-output table provided by the ADB is calculated for the study and used to measure the economic impact of the inbound tourism receipt. First, the ADB data library classifies the Cambodia's economy into domestic 35 industries and imports as reported in Table 5.

On the other hand, UN (2019) suggests twelve categories of tourism characteristic products and activities to be included in the tourism statistics. Table 6 reports the classifications.

The spillover effects are estimated according to the Leontief inverse matrix introduced to economic literature by Leontief (1951) and Leontief et al. (1953). Figure 7 reports the coefficients of the Leontief inverse matrix calculated based on the ADB data library. Some industries with large coefficients of more than 0.100 are listed among 35 industries in Table 5. The impact is added to the hotels and restaurants industry. The puzzle is the reaction of the construction industry. The coefficient of the construction is somehow larger

**Table 5:** Classification of Cambodia's Industries

1	Agriculture, hunting, forestry, and fishing
2	Mining and quarrying
3	Food, beverages, and tobacco
4	Textiles and textile products
5	Leather, leather products, and footwear
6	Wood and products of wood and cork
7	Pulp, paper, paper products, printing, and publishing
8	Coke, refined petroleum, and nuclear fuel
9	Chemicals and chemical products
10	Rubber and plastics
11	Other nonmetallic minerals
12	Basic metals and fabricated metal
13	Machinery, nec
14	Electrical and optical equipment
15	Transport equipment
16	Manufacturing, nec; recycling
17	Electricity, gas, and water supply
18	Construction
19	Sale, maintenance, and repair of motor vehicles and motorcycles; retail sale of fuel
20	Wholesale trade and commission trade, except of motor vehicles and motorcycles
21	Retail trade, except of motor vehicles and motorcycles; repair of household goods
22	Hotels and restaurants
23	Inland transport
24	Water transport
25	Air transport
26	Other supporting and auxiliary transport activities; activities of travel agencies
27	Post and telecommunications
28	Financial intermediation
29	Real estate activities
30	Renting of M&Eq and other business activities
31	Public administration and defense; compulsory social security
32	Education
33	Health and social work
34	Other community, social, and personal services
35	Private households with employed persons
36	Imports

Source: ADB data library

than that of the hotels and restaurants, the epicenter of shock. Inland transport industry also benefits from the tourism receipts since including railway and road passenger services.

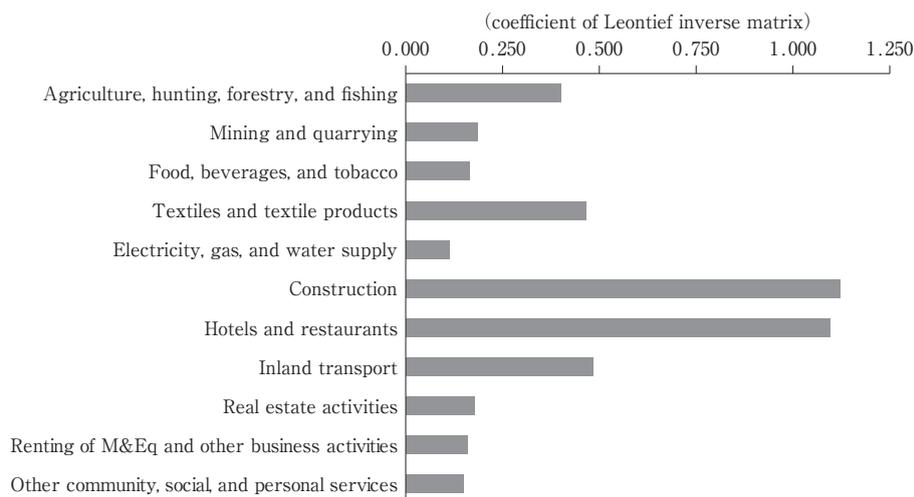
**Table 6:** List of categories of tourism characteristic consumption products and tourism characteristic activities (tourism industries)

	Products
1	Accommodation services for visitors
2	Food and beverage serving services
3	Railway passenger transport services
4	Road passenger transport services
5	Water passenger transport services
6	Air passenger transport services
7	Transport equipment rental services
8	Travel agencies and other reservation services
9	Cultural services
10	Sports and recreational services
11	Country-specific tourism characteristic goods
12	Country-specific tourism characteristic services

Note: UN (2010) lists up both products and activities, but the latter is not included in Table 6.

Source: UN (2010)

**Figure 7: Coefficients of Leontief Inverse Matrix**



Source: Author's estimation

## 5. Conclusion

Tourism, especially inbound tourism receipt, is possibly playing an important role in economic development in developing countries and promoting economic growth in both developing and developed countries. Liu et al. (2025) address that tourism plays a vital role in driving global economies by facilitating cultural exchange, creating job opportunities, and advancing sustainable development, making it a fundamental pillar of international growth and community strength. Xiao et al. (2023) find high employment-driven poverty alleviation efficiency where tourism is labor-intensive based on the DEA (Data Envelopment Analysis) model applied in China. Fikire et al. (2022) address that tourism activities are generally labor-intensive, so the expansion of these activities creates more employment opportunities for people of varying skills, including women. Qin et al. (2019) insist that the tourism enterprises have also provided more jobs and support measures for the poor, and this has become a sufficient condition for the poor to engage in tourism. Seetanah (2011) provides the policy implication that tourism development can be a powerful engine of growth for developing countries, but the governments must mind its dynamic nature-investments relation reinforcing long-term effects. Skerritt and Huybers (2005) indicate that international tourism may positively affect economic development by modeling an aggregate production function framework. Kumar (2014) explores the short-run and long-run effects of tourism, ICT and financial development in Vietnam. Khan et al. (2020) find that tourism is shaping the fundamental pillars of development in developing economies by targeting the case of Pakistan. de Vita and Kyaw (2016) reveal that tourism expenditure has more expanding effect on growth in low-income countries than in middle- and high-income countries. Nguyen et al. (2025) imply that low-income countries will boost the development and contribution of tourism using the institutional reform in their economies.

OECD (2024) insists that tourism is expected as an “important growth driver for ASEAN exports over the medium term” and “tourism contributes a significant share of total GDP, including Thailand, Cambodia and the Philippines.” (OECD, 2024, p. 12) However, Travel & Tourism Development Index (TTDI) of WEF (2024) reveals Cambodia’s weak competitiveness in tourism. The overall TTDI indicates that Cambodia is ranked 86<sup>th</sup> in the world in 2024. Considering other index components, while the score of *Travel and Tourism Policy and Enabling Conditions dimension* is relatively high in the world, the Cambodia’s scores of an important basis for tourism such as *Human Resources and Labour Market pillar*, *Air Transport Infrastructure pillar*, *Ground and Port Infrastructure pillar*, and *Tourist Services and Infrastructure pillar* seem to remain much room to improve. Table 8 indicates Cambodia’s rank in the world.

Table 8: Cambodia's Rank at Travel &amp; Tourism Index

	year	2019	2021	2024
Travel & Tourism Development Index		90	85	86
Enabling Environment dimension		92	88	86
Travel and Tourism Policy and Enabling Conditions dimension		12	8	5
Infrastructure and Services dimension		86	84	94
Travel and Tourism Resources dimension		82	81	83
Travel and Tourism Sustainability dimension		105	89	97
Business Environment pillar		84	86	86
Safety and Security pillar		38	44	29
Health and Hygiene pillar		103	103	103
Human Resources and Labour Market pillar		94	92	96
ICT Readiness pillar		96	95	92
Prioritization of Travel & Tourism pillar		23	17	8
International Openness pillar		78	72	72
Price competitiveness pillar		16	26	23
Air Transport Infrastructure pillar		71	70	86
Ground and Port Infrastructure pillar		94	87	90
Tourist Services and Infrastructure pillar		83	80	83
Natural Resources pillar		67	66	67
Cultural Resources pillar		70	74	79
Non-Leisure Resources pillar		93	87	91
Environmental Sustainability pillar		80	82	79
T&T Socioeconomic Impact pillar		109	111	110
T&T Demand Sustainability pillar		55	4	11

Source: WEF (2024)

### 5.1 Poverty Alleviation

Additionally, one of the strongest criticisms of Cambodia's tourism development is that the tourism industry is scarcely contributing to the poverty reduction. As mentioned before in the study, UNESCO inscribed the Angkor Archaeological Site as a World Heritage Site in 1992. Angkor is undoubtedly one of the most important archaeological sites in South-East Asia. According to UNESCO, the site comprises "a unique concentration of features testifying to an exceptional civilization...exemplifying cultural, religious, and symbolic values, as well as containing high architectural, archaeological, and artistic significance." However, Cambodia's tourism to Angkor has not contributed to poverty reduction around the area. As well-known, Angkor is located in Siem Reap province where some indicators reveal less progress in poverty reduction in the province. Figure 9 reports distribution of



manufactures exporters have been largely insulated from those trends, while Latin American countries have been especially hard hit. Lee (2021), e.g., presents the case evidence and the policy implications for enabling leapfrogging through the capability-building and the selective industrial policy. Schlogl (2022) explores the conceptual frameworks and the empirical patterns for technological leapfrogging with some required conditions such as institutional capacity, policy sequencing, and learning under which leapfrogging is plausible and desirable. Mutiso (2025) outlines some practical rules such as infrastructure, institutions, skills, demand, and finance to make technology leapfrogging realistic in African contexts. But other economists do not totally agree to the leapfrogging development based on empirical analyses and they think the gradual upgrade of the industrial structure looks more desirable. Wang et al. (2019)<sup>9</sup> insist that the cross-country empirical test finds no strong, robust evidence for the leapfrogging development. Ciera et al. (2022) focus on the firm-level evidence that the adoption of technology is often gradual and then the leapfrogging instances are rare in the firm microdata. Therefore, policy should focus on removing the adoption constraints rather than assuming the easy jumps. Killmer (2022) surveys literature and concludes leapfrogging is context-dependent and often overstated, recommending careful diagnostics before promoting leapfrogging as a general prescription. So leapfrogging development is not always recommendable. It's not so clear whether Cambodia can leapfrog from the primary industry stage and achieve economic development centered on the tertiary industry such as tourism, skipping manufacturing.

### 5.3 Eligibility of Tourism Resource

Third and finally, the eligibility of tourism resources needs to be assessed not just in Cambodia, but also in other countries all over the world. It must be taken consideration of two areas of the special interest tourism (SIT) such as the gambling and the prostitution/sex trafficking. Gambling is expected to be something that makes money from, according to mathematical probability. But some economists suppose that gambling is not so profitable accounting for external costs. Gu et al. (2013) address that the local economic growth can be spurred by the casino tourism, yet this may take place at the expense of the external regions. Bulatović et al. (2017) assess the current offerings and the potential for the development of the casino tourism in Montenegro and find some negative impacts: "an increase in crime rates and the frequency of gambling-related crime, increase of drugs consumption and prostitution, increased number of vehicles, traffic jams and air pollution, as well as the reduction of free public spaces and green spaces due to the construction of a number of casino hotels and complementary entertainment facilities (Bulatović et al. 2017, pp. 9-10)." Wu and Chen (2015) empirically confirm some negative effects of gambling such as traffic jams, parking difficulty, escalation of trash, soil erosion, poor air quality, decline of scenic beauty, demolition of public infrastructure, and large tourist gatherings in

Macau and Singapore. Wan et al. (2011) consider a lot of factors relating to casino gaming: 1) social benefits to the community, such as increased personal incomes and improvement in the city's financial power, landscape, infrastructure and facilities, and the enlargement of entertainment and recreation facilities; and 2) negative social costs, including; uncontrolled urban development, reduction of public leisure and green spaces, heavy traffic and traffic congestion, a high drop-out rate among school students, increase in problem gambling and crime, increased demand for counselling services and public health treatment, deteriorating quality of life and the difficulties of many small and medium-sized businesses in competing with the larger casino businesses. And their study concludes that "the challenges outweigh the benefits (Wan et al., 2011, p76)." The second point focuses on prostitution/sex trafficking. ECPAT (2017) insists that increasing tourism in Southeast Asia brings more opportunities for the sexual exploitation of children and suggests some possibility that tourism development would harm the protection of children. Leheny (1995) presents a critical view on Japanese sex tourism to Thailand, focusing on how shifts in the social norms, women's rights, and demand sources influence both the volume and the legitimacy of the sex tourism. Brooks and Heaslip (2020) highlight the moral and the ethical responsibility of the tourist industry to counteract the sex trafficking and the sex tourism. Lu et al. (2020) review the sex tourism literature retrieved on sex workers focused on the risk behaviors, the sexually transmitted infections (STI), the mobility of sex workers and how these factors affected their lives and suggest risks of positioning the sexual activities as a tourism resource. Hillis et al. (2022) present a new and holistic model and conclude that the sex tourism is not sustainable although it brings some profit tentatively. Hung (2023) calls for the tight regulations against the (child) sex exploitation in Bangkok and Phnom Penh. From perspectives of economics, it is to be stressed that the externalities of crime, health (mainly Sexual Transmitted Disease=STD and Human Immunodeficiency Virus=HIV), social disintegration, reputational damage, and so on, impose costs accounted in tourism revenue. As many literatures indicate, therefore, among many types of the special interest tourism (SIT), the gambling and the prostitution/sex trafficking are not eligible as tourism resource at all.

The study could not complete quantitative analysis to a satisfactory level, partly due to the limited data availability in Cambodia. This respect and other remaining issues will be overcome in future research.

#### (Appendix) Petty-Clerk's Law

Kuznets (1966) discusses Petty-Clerk's Law as a central feature of structural transformation during the long-term economic development with the sectoral comparison of employ-

Table A: Proportion of GDP in Three Sectors in Selected Asian Countries

	Primary Sector	Secondary Sector	Tertiary Sector
Japan (2023)	0.9%	20.8%	78.3%
Korea (2024)	1.6%	29.0%	69.5%
Cambodia (2024)	17.8%	32.3%	49.9%
Indonesia (2024)	13.2%	29.4%	57.4%
Lao (2024)	24.4%	15.7%	59.9%
Malaysia (2024)	8.3%	30.9%	60.8%
Myanmar (2022)	22.3%	30.9%	46.8%
Philippines (2024)	9.1%	16.6%	74.4%
Singapore (2024)	0.0%	18.0%	81.9%
Thailand (2024)	8.7%	26.4%	64.9%
Vietnam (2024)	12.9%	29.3%	57.7%

Note: The latest year of data availability is indicated next to country with parentheses.

Source: Author based on ADB (2025) data

ment and output to shift systematically:<sup>10)</sup>

- (1) Agriculture declines;
- (2) Industry rises, then stabilizes; and
- (3) Services expand.

Table A reports proportion of GDP in three sectors such as the primary, the secondary, and the tertiary sectors. According to Kuznets (1966), the proportion of the primary sector in the developed countries such as Japan, Korea, and Singapore is small. On the other hand, Cambodia as well as Lao and Myanmar, which are developing nations, indicates rather large proportion of the primary sector.

(notes)

- 1) More precisely, the 2nd edition published in 2002 of Urry (2011) addresses “consumption of place” at p.3.
- 2) Considering this criterion, UN (2010) insists that incentive trips organized and paid for by employers as a reward for their employees and in which participants engage in leisure, sport or recreation activities, should be included, when feasible, in category 1.1. Holiday, leisure and recreation. Where relevant, incentive trips should be separately identified.
- 3) The Phnom Penh Post “Cambodia’s medical system is due for a check-up” 10 Jul. 2019 <https://www.phnompenhpost.com/opinion/cambodias-medical-system-due-check> (accessed on Sep. 10, 2025)
- 4) Angkor site was inscribed as World Heritage by the UNESCO in 1992. <https://whc.unesco.org/en/list/668/> (accessed on Sep. 10, 2025)
- 5) The input-output table of Cambodia is uploaded at the ADB as follows: <https://data.adb.org/dataset/cambodia-input-output-economic-indicators> (accessed on Sep. 10, 2025)
- 6) <https://whc.unesco.org/en/list/668> accessed on Sep. 10, 2025

- 7) Antràs and Chor (2022), e.g., provide further information on global value chains.
- 8) Petty-Clerk's Law is briefly explained at Appendix.
- 9) Wang et al. (2019) is also published as ADB Working Paper Series on Regional Economic Integration No. 47, Apr. 2010
- 10) Kuznets (1973) also addresses economic growth accompanies transformation of industries.

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