

The contribution of the tourism sector to supporting the Algerian economy: an analytical study for the period 2000–2022

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Abstract:

The tourism sector is one of the strategic sectors contributing to economic and social development. Although Algeria possesses substantial tourism assets that could qualify it to become a distinguished tourist destination, the reality remains constrained by obstacles and difficulties that hinder the achievement of the desired objectives for developing the tourism sector. Accordingly, this study seeks to examine the theoretical foundations of tourism and to shed light on the reality of the tourism sector in Algeria and the extent of its contribution to the Algerian economy.

Keywords: tourism sector; tourism investment; employment; gross domestic product; tourism balance.

JEL Classification Codes: L83; E20; E24; E22; F30.

1. Introduction:

Tourism is one of the important sectors on which the national economy of any country relies. It constitutes a financial resource that can advance economic development by creating jobs and attracting foreign investment through increased foreign-currency earnings.

Algeria possesses outstanding tourism assets and potential. It has a coastline extending for approximately 1,200 km along the Mediterranean Sea, as well as vast desert areas that constitute major attractions, in addition to its climatic diversity and its natural, cultural, religious, and historical resources.

The Algerian government has adopted strategies to diversify the economy and improve economic growth outside the hydrocarbons sector, including strategies, plans, and programmes aimed at developing tourism through the 2030 horizon. Nevertheless, Algerian tourism still faces difficulties in achieving the desired objectives. There is therefore a need to reconsider policies for promoting the tourism sector, making Algeria

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an attractive destination for foreign and domestic tourists, and achieving development objectives through a clear strategy that responds to the requirements of the tourism sector.

Research Problem:

In light of the economic importance of the tourism sector, the following research problem is posed: What is the current state of the tourism sector in Algeria, and how can it contribute to supporting the Algerian economy?

Research Hypotheses:

- The tourism sector is one of the important sectors that contributes effectively to economic development.
- Algeria possesses substantial and diverse tourism assets, including a strategic geographical location, a favourable climate, and historical, cultural, and other resources.
- Algeria has recently witnessed development in hotel capacity, tourism investment, and the implementation of tourism projects.
- The tourism sector contributes to supporting the national economy by increasing economic growth, reducing unemployment, and attracting foreign currency.

Significance of the Study:

The significance of this study lies in the economic importance of tourism as a source of income, a contributor to economic growth, an instrument for improving the balance of payments, and a provider of employment opportunities and a means of reducing unemployment. It also reflects the importance attached by the authorities to this sector as one of the alternatives for diversifying sources of income away from hydrocarbons.

Objectives of the Study:

- To highlight the conceptual framework of tourism.
- To identify the types of tourism in Algeria and their underlying assets.
- To examine the reality of the tourism sector in Algeria through the study and analysis of its indicators and tourism investment.
- To examine and analyse the extent to which tourism contributes to supporting the Algerian economy.

Methodology:

To answer the research problem and achieve the objectives of the study, the descriptive approach was adopted to present the various concepts related to the subject, together with the analytical approach to study and analyse tourism in Algeria, its current situation, and its contribution to the Algerian economy.

Structure of the Study:

The study is divided into the following sections:

- The conceptual framework of tourism.
- The reality of the tourism sector in Algeria during 2000–2022.
- The contribution of tourism to the Algerian economy during 2000–2022.

2. Conceptual Framework of Tourism:

Tourism is one of the most important economic sectors capable of contributing to economic development because of its ability to influence numerous macroeconomic indicators, including gross domestic product and the balance of payments through foreign-currency revenues, as well as unemployment and other indicators.

2.1 The Nature of Tourism:

2.1.1 Concept of Tourism:

There are numerous definitions of tourism. The most important include the following:

- The first specific definition of tourism was given in 1905 by the German scholar Guyer-Freuler, who described it as a modern phenomenon arising from the growing need for rest and a change of air, from the emergence and development of an appreciation of beauty, from feelings of joy and pleasure, from staying in areas with distinctive natural characteristics, and from the development of communications, particularly among peoples. The Organisation for Economic Co-operation and Development (OECD) regards tourism as an industry based on the movement of people rather than goods and also describes it as a contemporary phenomenon arising from the growing need for rest, recreation, a change of atmosphere, appreciation of the beauty and precision of nature, and the pleasure of staying in areas with distinctive natural characteristics (Bouafia & Ben Harkat, 2020).
- According to the Austrian scholar Schullard, tourism refers to the interrelated processes, particularly economic processes, associated with the entry and temporary residence of foreigners within the boundaries of a particular region or country (Sebti, n.d.).
- Tourism is also defined as a civilisational, economic, and organisational activity involving the movement of individuals to a country other than their own and their residence there for a period of at least 24 hours for any purpose other than employment remunerated within the country visited.
- Tourism is also a contemporary phenomenon arising from the growing need for rest, a change of air, appreciation of nature, and the pleasure of staying in areas with distinctive natural characteristics, as well as the development of communication, especially among peoples and different human communities (Gharbi & Zitouni, 2018).

From the foregoing, tourism may be understood as the entry of foreign visitors or non-residents into a country and their stay there for a limited period for recreation, a change of atmosphere, sightseeing, and discovery of the customs, traditions, cultures, and distinctive areas of the host country.

2.1.2 Economic Importance of the Tourism Sector:

The economic importance of tourism can be presented as follows (Sahraoui & Ben Zekoura, 2022):

- Direct economic importance of tourism:
 - Impact on the balance of payments: Tourism is an important component of the exchange of goods and services and a significant source of foreign currency. It contributes to increasing national income, improving living conditions, and promoting economic development. Approximately 38% of the countries of the world consider tourism one of the five main sources of foreign currency.
 - Impact on employment: Tourism investments, such as hotels, transport services, travel agencies, handicrafts, and the sale of tourism products, play an important role in creating jobs and reducing unemployment.
- Indirect economic importance of tourism: Tourism expenditure does not directly affect only the tourism industry; it also affects numerous goods and services that support tourism activity. The tourist expenditure cycle is repeated several times and extends to many sectors.
 - Development of tourism infrastructure: Tourism infrastructure requires various service facilities that help increase tourist flows. Accordingly, countries give priority to improving roads, different means of transport, and communication systems.

– Increasing domestic and foreign investment opportunities: Investment projects are among the productive projects that attract capital from foreign and domestic investors. Tourism investment includes therapeutic destinations, theatres, restaurants, cafés, and resorts.

2.2 Tourism Assets in Algeria:

2.2.1 Types of Tourism in Algeria:

- Family and social tourism: Strong family ties, hospitality, generosity, and solidarity are characteristic of Algerian society, making much domestic family tourism family- and socially oriented.
- Coastal tourism: The Algerian coastline extends for 1,200 km and includes beaches with diverse characteristics, forests, parks, and mountain ranges with attractive landscapes.
- Rural tourism: Algeria's rural areas possess several characteristics that make them destinations for domestic tourism, including tranquillity, clean and attractive natural environments, and a strong sense of attachment to local origins.
- Urban tourism: Urban areas and major cities receive tourists from across the country because they contain major commercial centres, amusement parks, zoos, protected areas, hotels, and transport services.
- Health tourism: This type aims at treatment through desert sand therapy, thermal baths, and drinking-water springs for kidney diseases and bathing springs for dermatological conditions.
- Desert tourism: Algeria has a vast desert with the resources required to attract domestic tourists, including oases, distinctive architecture, and the volcanic mountain ranges of the Hoggar and Tassili, with their prehistoric rock engravings.
- Conference and business tourism: Conference tourism is an important form of domestic tourism. It encourages knowledge acquisition and broadens cultural and civilisational awareness. National conferences, seminars, and study days represent an important tourism pattern that can increase domestic tourist flows (Ferrah & Abdelaziz, 2019).

2.2.2 Natural, Historical, and Cultural Tourism Assets in Algeria:

Algeria possesses a wide range of tourism assets that qualify it to become an exceptional tourist destination, including climate, topography, extensive territory, and a strategic geographical location, in addition to diverse historical, cultural, and religious landmarks resulting from the succession of civilisations in the country (Ben Alia, 2018).

- Natural assets:

– Geographical location: Algeria lies on the south-western shore of the Mediterranean Basin and occupies a strategic position in the Maghreb, Africa, and the Mediterranean. Its geographical characteristics and social and cultural features make it a central country in the Maghreb and an African gateway to Europe and the Mediterranean. It combines African and Mediterranean characteristics (Bouamoucha, 2011).

– Climate: From north to south, Algeria has three main climatic zones: Mediterranean climate along the northern coastal regions from east to west, continental climate in the High Plateaus, and desert climate in the southern regions and oases (Aouinan & Bachi, 2012).

– Coastline: The Algerian coast extends for 1,200 km and is characterised by elevated and rocky formations and rare tourism spaces. Major coastal destinations include El Kala, Sidi Fredj, Ténès, and Béni Saf.

– Mountainous areas: Algeria's mountain regions are characterised by the Tellian and Saharan Atlas ranges, which provide opportunities for exploration and hunting. Among the main tourist highlands are Chréa and Tikjda (Mohi Eddine & Boukhers, 2020).

– Algerian Sahara: It includes internationally recognised areas such as Tassili and Hoggar. The Algerian Sahara contains attractive landscapes, particularly golden-sand areas such as Adrar, Ghardaïa, Oued Souf, and Tamanrasset, the latter containing prehistoric rock paintings (Mazouaghi, 2020).

– Thermal springs: Algeria has numerous thermal-water springs that contribute to natural treatment and attract both domestic and foreign tourists. More than 202 underground thermal-water springs are available in Algeria.

- Historical and cultural assets: History is itself a tourism asset in Algeria. Historical and civilisational landmarks document human civilisation and testify to Algeria's affiliation with the Islamic, Mediterranean, and African spheres. Archaeological sites and museums demonstrate the depth and richness of successive civilisations. Examples include Timgad, Tipasa, Djémila, Tassili, the Beni Hammad Fort, the M'zab Palace, and the Casbah (Habbal & Harrouche, 2019).

Algeria's natural and cultural heritage is also reflected in handicrafts distributed throughout the country, which provide an appropriate basis for tourism activity. These include sculpture and copper work concentrated in Constantine and Ghardaïa; pottery and ceramics in Kabylia, Mila, and Batna; jewellery and silverware; carpets distributed throughout the national territory; and diverse traditional clothing.

3. The Reality of the Tourism Sector in Algeria:

3.1 Tourism Sector Indicators in Algeria:

The tourism accommodation indicator (hotel capacity) and the tourism-flow indicator (tourists arriving in Algeria) are among the most important tourism indicators. Adequate accommodation capacity contributes substantially to attracting both domestic and foreign tourists (Ben Alia, 2018).

3.1.1 Development of Tourism Accommodation Capacity in Algeria

Hotel capacity and the number of beds are among the main indicators used to measure the development of the tourism sector in a given country. They represent the capacity of hotel establishments distributed throughout the national territory (Laouiti, 2022). Table 1 presents the development of hotel capacity in Algeria during 2000–2022.

Year	2000	2001	2002	2003	2004	2005	2006	2007
Number of hotels	827	927	935	1042	1057	1105	1134	1140
Number of beds	85000	84869	83895	82034	77473	73548	72485	76042
Year	2008	2009	2010	2011	2012	2013	2014	2015
Number of hotels	1147	1151	1174	1184	1155	1176	1185	1195
Number of beds	102244	99605	98804	96898	92737	92377	86383	85876
Year	2016	2017	2018	2019	2020	2021	2022	
Number of hotels	1231	1251	1368	1417	1449	1502	1576	
Number of beds	145526	132266	127614	125676	119155	112264	107420	

Source: Prepared by the researchers based on data from the National Office of Statistics, Algeria, and the Ministry of Tourism and Handicrafts, Algeria.

Table 1 shows a continuous increase in tourism accommodation capacity in Algeria during 2000–2022. The number of hotels increased from 827 in 2000 to 1,174 in 2010 and 1,576 in 2022. Hotel bed capacity increased from 76,042 beds in 2000 to 92,377 in 2010 and 145,526 in 2022. This notable development is attributed to the government's adoption of a national strategy for tourism-sector development. Nevertheless, hotel accommodation remains one of the sector's principal weaknesses, as capacity remains limited and unable to meet tourism demand. The following table presents the distribution of accommodation capacity by type.

Type	2021: Beds	2021: Establishments	2022: Beds	2022: Establishments
Urban	85577	1115	93906	1154
Coastal	33588	258	37586	283
Desert	6620	83	6946	86
Thermal	4598	27	5189	33
Climatic	1883	19	1899	20
Total	132266	1502	145526	1576

Source: Ministry of Tourism and Handicrafts, Algeria.

The table shows that hotels are concentrated in urban areas (73%) and coastal areas (18%), since Algeria's tourism activity is strongly concentrated in coastal and urban regions. Desert establishments account for approximately 6%, despite state efforts to promote desert tourism among domestic and foreign visitors and to facilitate access to the Algerian Sahara. Thermal tourism accounts for only 2%, despite Algeria's considerable number of thermal springs and its potential to become an important destination for thermal and therapeutic tourism.

3.1.2 Tourism Flows

Tourism flows are among the most important indicators reflecting the position of a country's tourism sector. Table 3 presents tourist arrivals in Algeria during 2000–2022.

Year	Arrivals	Year	Arrivals	Year	Arrivals
2000	865994	2008	1771749	2016	2039444
2001	901416	2009	1911506	2017	2450785
2002	988060	2010	2070496	2018	2657113
2003	1166287	2011	2394887	2019	2371056
2004	1233719	2012	2634056	2020	591031
2005	1443090	2013	2732731	2021	125238
2006	1637582	2014	2301373	2022	1398048
2007	1743084	2015	1709994		

Source: Prepared by the researchers based on data from the National Office of Statistics, Algeria, and the Ministry of Tourism and Handicrafts, Algeria.

The table indicates an increase in tourist arrivals to Algeria between 2000 and 2013, rising from 865,994 tourists in 2000 to 2,732,731 in 2013. The increase during this period amounted to 1,866,747 tourists, or 68.31%, mainly due to the security and political stability experienced by Algeria. In 2014, however, arrivals declined and the decline continued through 2016. This was mainly associated with difficulties in implementing tourism strategies and the difficulties foreign tourists faced in travelling to Algeria and obtaining visas. Arrivals increased again from 2017 to 2019. In 2020 and 2021, tourist arrivals declined sharply because of lockdown and travel restrictions imposed due to the COVID-19 pandemic. In 2022, arrivals increased by 1,272,810 tourists.

3.2 Tourism Investment in Algeria

In recent years, Algeria has witnessed several tourism investments, some completed, some under implementation, and others still under study.

3.2.1 Development of Investment Projects in the Tourism Sector

Table 4 presents the development of tourism projects in Algeria during 2013–2022.

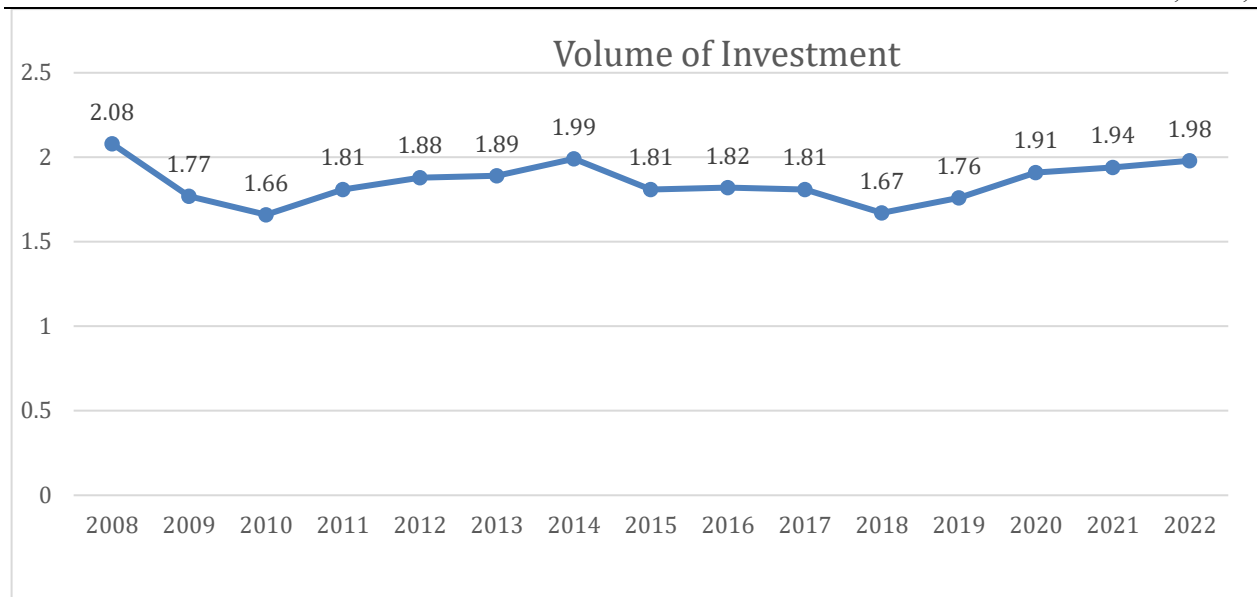
Year	Projects under implementation	Suspended projects	Projects not started	Completed projects	Total projects
2013	377	129	219	21	746
2014	385	104	296	76	861
2015	504	101	607	58	1270
2016	584	119	793	106	1602
2017	764	147	928	107	1946
2018	799	181	1163	67	2210
2019	889	239	1220	107	2455
2020	804	308	1380	87	2579
2021	747	342	1385	111	2585
2022	701	427	1342	92	2562

Source: Prepared by the researchers based on data from the Ministry of Tourism and Handicrafts, Algeria.

Despite incentives granted to investors, the increase in the number of projects during 2013–2022 remained limited. Completed tourism projects increased from 21 in 2013 to 92 in 2022, but this figure remains low and does not reach the required level.

3.2.2 Development of Investment Volume in the Tourism Sector

Figure 1 presents the development of tourism investment in Algeria during 2008–2020.



Source: World Travel & Tourism Council data, as reported in the original study.

Given the strategic importance of tourism and despite efforts to encourage investment in this sector, the figure indicates that investment remains very low compared with tourism investment worldwide. This suggests that the sector continues to experience difficulties and weakness in Algeria.

4. Contribution of the Tourism Sector to the Algerian Economy

Tourism is one of the fastest-growing sectors worldwide and contributes significantly to the global economy through its ability to generate foreign-currency revenues, increase gross domestic product, create new employment opportunities, and contribute to international trade as invisible exports and imports.

4.1 Contribution of Tourism to Gross Domestic Product

Gross domestic product is one of the most important indicators of economic performance. The share of tourism in GDP is an important indicator for measuring the importance and development of the tourism sector in the national economy compared with other sectors (Henni, 2020). Table 5 presents tourism's contribution to GDP in Algeria during 2000–2022.

Year	Share (%)	Year	Share (%)	Year	Share (%)
2000	1.4	2008	2.05	2016	1.4
2001	1.6	2009	2.3	2017	1.6
2002	1.6	2010	2.3	2018	1.7
2003	1.7	2011	2.4	2019	1.8
2004	1.8	2012	2.6	2020	1.1
2005	1.7	2013	1.5	2021	1.1
2006	1.02	2014	1.5	2022	1.8
2007	1.7	2015	1.3		

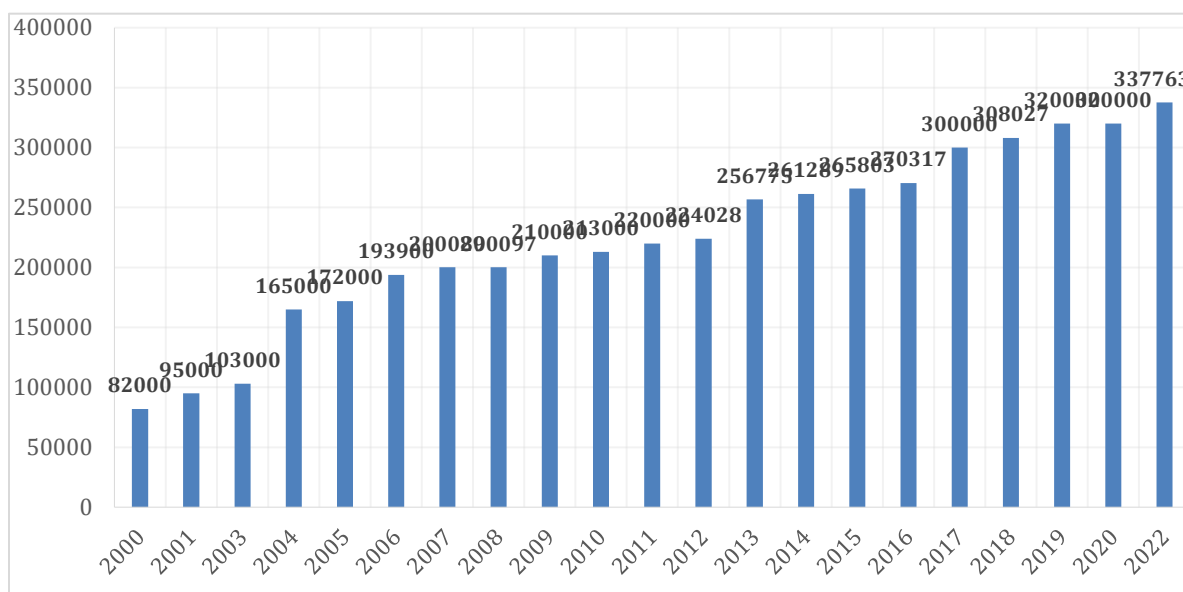
Source: Prepared by the researchers based on data from the Ministry of Tourism and Handicrafts, Algeria.

The table shows that the tourism sector's contribution to Algeria's GDP during 2000–2022 was very low and fluctuating. It did not exceed 2.6%, recorded in 2012, despite Algeria's tourism assets and potential to become an international destination and an important source of income. The lowest contribution was

recorded in 2006 at 1.02%. A significant decline occurred in 2020 and 2021, reflecting the contraction of tourism caused by the COVID-19 pandemic. The weak contribution of tourism to GDP during 2000–2022 is also attributed to the absence of a genuine strategy and a clear vision for developing the sector so that it can become a real contributor to economic growth (Laouiti, 2022).

4.2 Contribution of Tourism to Employment

As a vital service sector that relies primarily on human resources, tourism generates substantial direct and indirect employment opportunities. According to estimates by the World Tourism Organization and the International Labour Organization, the creation of two beds leads to one direct job and three indirect jobs related to tourism activities (Idir & Ghazazi, 2020). Figure 2 presents the development of the number of workers in Algeria's tourism sector during 2000–2022.



Source: Prepared by the researchers based on data from the Ministry of Tourism and Handicrafts, Algeria.

Figure 2 shows a continuous increase in employment in Algeria's tourism sector. The number of workers increased from 82,000 in 2000 to 213,000 in 2010 and 337,763 in 2022. The sector continued to create jobs despite the limited volume of tourism investment, confirming its role in absorbing a substantial share of unemployment in Algeria.

4.3 Contribution of Tourism to the Balance of Payments

Foreign-currency flows generated by tourism are measured through tourist expenditure by visitors in host countries. Tourism is therefore a source of foreign-currency income, and its importance is assessed by its impact on the balance of payments. This impact is determined by the net value of the tourism balance.

Table 6 presents tourism's contribution to Algeria's tourism balance during 2007–2020.

Year	2007	2008	2009	2010	2011	2012	2013
Tourism revenues	219	325	266	219	208	196	230
Tourism expenditure	—	377	469	574	502	428	410
Tourism balance	—	-52	-203	-355	-294	-232	-180

Year	2014	2015	2016	2017	2018	2019	2020
Tourism revenues	258	304	209	140	169	165	43
Tourism expenditure	611	677	475	580	494	500	232
Tourism balance	-353	-373	-266	-440	-325	-335	-189

Source: Prepared by the researchers based on data from the Ministry of Tourism and Handicrafts, Algeria.
Unit: US\$ million.

According to the data in the table, the Algerian tourism balance remained in deficit throughout 2007–2020, due to tourism expenditure exceeding tourism revenues. Tourism revenues were very low compared with Algeria's tourism potential, indicating weak international demand for Algeria. This may be related to the difficulty of obtaining visas for foreign visitors, which may constitute one of the main obstacles to arrivals, in addition to the negative impact of the parallel foreign-currency market, which contributes to lower foreign-currency tourism revenues.

5. Conclusion:

The tourism sector is strategic and vital because it is interconnected with numerous other sectors and is one of the important sectors contributing to GDP and generating foreign-currency revenues. Tourism is also part of invisible exports and imports and has a significant impact on the balance of payments.

Algeria possesses substantial and diverse resources capable of making it a competitive tourist destination alongside leading tourism countries worldwide. Accordingly, Algeria has recently paid greater attention to tourism and adopted strategies to promote and develop the sector.

Nevertheless, despite Algeria's resources and the strategies adopted to develop tourism, the sector has not made a positive contribution to the national economy. This is attributed to poor utilisation of tourism resources and insufficient attention to the sector.

The study reached the following results:

- Algeria possesses numerous and diverse natural, cultural, and historical tourism resources that could qualify it to become a prominent tourist destination worldwide.
- Despite Algeria's tourism potential and resources, the country remains far from developing a mature tourism sector capable of contributing substantially to national economic development, mainly because of the inadequate utilisation of these resources and the insufficient attention devoted to them.
- Investment volume remains weak, and tourism investment projects in Algeria have not yet reached the required level, mainly because of numerous problems obstructing tourism investment.
- Tourism's contribution to GDP remains weak, with the sector's contribution not exceeding 2.6% throughout 2000–2022.
- Algeria's tourism balance recorded a deficit throughout 2007–2020 because tourism expenditure exceeded tourism revenues. This is also associated with the outflow of Algerian and foreign tourists to destinations abroad exceeding the number of tourists arriving in Algeria, whether foreigners or Algerian residents abroad.

Recommendations:

- Keep pace with technological developments in the provision of tourism services to foreign visitors.

- Use modern technology to promote hotels and tourism destinations in Algeria.
- Provide incentives and encourage investors to invest in tourism and implement projects across the various fields of the sector.
- Support desert and thermal tourism given Algeria's considerable tourism potential and assets in desert and thermal regions.
- Train and develop human-resource skills in order to improve the quality of services provided to foreign visitors and achieve high service quality.

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