

Title:

The Developmental Limits of Tourism-Led Regional Economies

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EXTENDED ABSTRACT

Traditionally viewed as a low-tech, labor-intensive sector with limited economic contribution to destinations, tourism has increasingly been recognized as a major component of contemporary economies (Srdelić & Dávila-Fernández, 2024; Vanhove, 2022). Its current economic significance is substantial: tourism contributes roughly 10% of global GDP and supports one in ten jobs (including direct, indirect, and induced effects), with similar figures for the European Union (WTTC, 2025). This growing importance has intensified interest in whether tourism can stimulate broader growth and development.

This question is central to the tourism-led growth hypothesis (TLGH), widely examined in tourism economics (Balaguer & Cantavella-Jordá, 2022; Brida et al., 2016; Alcalá-Ordóñez et al., 2023; Alcalá-Ordóñez & Segarra, 2023; Faber & Gaubert, 2019). Although many studies find a positive relationship between tourism and economic growth, results remain mixed. A key critique emphasizes the distinction between *impact* and *growth* (Song & Wu, 2022): tourism activity may increase tourism's share in total economic activity, but sustained growth requires economy-wide productivity gains. In tourism-dependent settings, crowding-out effects may emerge, with tourism displacing other sectors ("beach disease"; Holzner, 2011). Concerns have also been raised about tourism multipliers due to leakages, especially through imports of goods and services (Haddad et al., 2013; Srhoj & Mikulić, 2025).

At the regional level, research has also examined TLGH (e.g., Bassil et al., 2023; Harb & Bassil, 2021; 2022; Harb et al., 2026), along with tourism-led resilience (Pascariu et al., 2021) and broader tourism resilience (Boto-García & Mayor, 2022). However, the interplay between tourism and regional development traps remains underexplored. A regional development trap can be understood as a state in which a region is unable to retain economic dynamism in terms of income, productivity, and employment while underperforming national and European peers on these same dimensions (Diemer et al., 2022). This question is particularly relevant in the European context, where many regions have experienced prolonged low growth, weak productivity increases, and limited employment creation (Rodríguez-Pose et al., 2024), and where the EU represents a global tourism powerhouse.

To the best of the authors' knowledge, there is no study that explicitly links tourism to regional development traps. The idea is only sporadically mentioned in adjacent research. Drawing on qualitative evidence from a peripheral region, Roessler (2024) documents an actor narrative suggesting a self-reinforcing reliance on tourism: "we have to push tourism, because that's all we have left here". Roessler (2024) further notes that this perceived inability to transform amid changing economic conditions "suggests that the region is on the way into a development trap." However, tourism is not the central research focus of Roessler (2024).

Our study examines whether tourism is related to the regional development trap in EU NUTS-2 regions, potentially helping regions escape the trap or increasing the probability of being trapped. The empirical strategy models the relationship between tourism indicators and a regional development-trap index using spatial econometrics approach (Mur & Angulo, 2009; Elhorst, 2010). Spatial analysis is especially relevant in regional science and tourism economics because interregional spillovers may shape local outcomes (De Siano et al., 2020; Sutton & Sutton, 2024; Romão & Nijkamp, 2018; Calero & Turner, 2020; Bassil et al., 2023).

Tourism is captured through several indicators: tourism intensity, tourism density, length of stay and international tourism share. These indicators are sourced from the Eurostat. The dependent variable

is a regional development-trap risk index, constructed following Diemer et al. (2022) and Rodríguez-Pose et al. (2024). For each region, five-year growth is assessed across three dimensions: GDP per head, productivity (real labour productivity per person employed), and employment over total population. Each indicator is benchmarked against three reference levels: the EU average, the national average, and the region's own historical performance. For each of the nine comparisons, a score of 1 is assigned if regional growth is lower and 0 otherwise. The scores are summed (0–9) and rescaled to a 0–1 interval, where higher values indicate greater trap risk. Data for this index come from ARDECO, in constant prices (EUR2020).

The preliminary evidence indicates that regions with higher tourism intensity and a stronger international tourism orientation face greater development-trap risk, while higher tourism levels in neighbouring regions are associated with improved chances of escaping the trap. Further analyses are needed to assess the robustness of these relationships and to draw more defensible conclusions.

The study contributes to the tourism-led growth debate by linking tourism specialization to the literature on regional development traps in a spatial framework for EU NUTS-2 regions. It highlights that tourism's developmental implications differ between within-region specialization effects and cross-regional spillovers, a distinction with clear relevance for EU regional policy and debates on resilience, diversification, and structural transformation.

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