Mapping Pakistan's Tourism Potential

A Comprehensive Export Analysis

Federation of Pakistan
Chamber of Commerce & Industry
Policy Advisory Board

Pakistan Monument, Islamabad

Foreword

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As Pakistan's foremost business voice, the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) remains steadfast in its mission to drive business-friendly reforms that promote inclusive and sustainable growth. By advocating for clear policies, forging strong institutional partnerships, and mobilizing broad sectoral support, FPCCI actively works to stimulate trade, boost exports, and shape the nation's economic future.

At the heart of FPCCI's advocacy is a firm commitment to research-driven, evidence-based policy inputs. The Policy Advisory Board (PAB) has emerged as a credible and strategic arm of the FPCCI — guiding internal policy dialogue while also extending vital support to the Government on matters of trade, investment, taxation, energy, industrial policy, climate resilience, etc.

Pakistan's economy stands at a critical turning point, facing domestic and external challenges. It is essential to address economic risks through continuous reforms, prudent management of fiscal and monetary policies, and proactive measures to strengthen climate resilience. These actions are not only necessary for stability, but also for building a solid foundation for steady and inclusive growth. The road ahead demands meaningful reforms to boost productivity and reduce costs. By taking these decisive steps, we can set Pakistan on a clear path toward sustainable, long-term prosperity.

The FPCCI's Policy Advisory Board has been actively engaged in broad-based consultative dialogues with stakeholders across Pakistan's business spectrum. Backed by a network of chambers and trade associations, it brings together diverse industry perspectives and plays a pivotal role in shaping business-friendly policies that foster sustainable economic growth.

The tourism sector plays an important role in Pakistan's economy and contributes nearly 6% to the country's GDP. Despite its rich natural landscapes, cultural heritage, religious sites, and historical attractions, Pakistan has not fully utilized the export potential of its tourism industry. The share of tourism in Pakistan's service exports has remained relatively low, averaging around 10–11% over the past ten years. In comparison, tourism contributes nearly 50% of service exports in India, and around 42% in Nepal. These comparisons indicate that Pakistan possesses significant untapped tourism export potential that can contribute to foreign exchange earnings, employment generation, and economic growth. Therefore, this study is conducted to explore the export potential of tourism in Pakistan and identify the opportunities and challenges associated with the development of the tourism sector.

I commend the PRU - FPCCI team for undertaking this important study on Pakistan's tourism potential. with the right policy direction, infrastructure investments, and stakeholder collaboration, tourism can emerge as a powerful engine of economic grouth and national prosperity.

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Acknowledgement & Disclaimer

This report, titled ***"Mapping Pakistan's Tourism Potential: A Comprehensive Export Analysis"*** has been prepared by the **Policy Advisory Board** of the **Federation of Pakistan Chambers of Commerce & Industry (FPCCI).** We extend our sincere appreciation for all the individuals who participated in survey, i.e. businesses, tourists, travel agents, foreigners, etc.

The interpretations and conclusions presented in this report do not necessarily reflect the views of the Executive Committee or General Body of FPCCI, nor of the Member Trade Bodies that FPCCI represents. The findings and analysis are based on data obtained from the World Travel and Tourism Council (WTTC), World Economic Forum (WEF), United Nations Tourism (UNT), Pakistan Bureau of Statistics (PBS), State Bank of Pakistan (SBP), Pakistan Tourism Development Corporation (PTDC), and Green Tourism. These are the sole responsibility of the author(s) and do not necessarily reflect the opinion of the aforementioned agencies.

EXPORT DEVELOPMENT FUND
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We would like to express our appreciation to Export Development Fund for supporting the publication of this report.

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All data, information and analysis provided in this document are accurate and to the best of our knowledge and understanding, in case you identify any error, feel free to reach out to us at: pru@fpcci.org.pk.

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Gurdwara Darbar Sahib Kartar Pur, Punjab

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Acronyms

AJK	Azad Jammu and Kashmir
CAGR	Compound Annual Growth Rate
FBR	Federal Board of Revenue
GDP	Gross Domestic Product
GB	Gilgit -Baltistan
ICT	Islamabad Capital Territory
KPK	Khyber Pakhtunkhwa
MICE	Meetings, Incentives, Conferences, and Exhibitions
PBS	Pakistan Bureau of Statistics
PTDC	Pakistan Tourism Development Corporation
SBP	State Bank of Pakistan
T&T	Travel and Tourism
TTDI	Travel and Tourism Development Index
UAE	United Arab Emirates
UK	United Kingdom
UNT	United Nations Tourism
UNWTO	United Nations World Tourism Organization
USA	United States of America
USD	United States Dollar
WEF	World Economic Forum
WOM	Word-of-Mouth
WTTC	World Travel and Tourism Council

Chitta Katha Lake, Azad Kashmir

Executive Summary

Travel and Tourism (T&T) is a major driver of global economic activity. Prior to COVID-19, the industry was performing at its historical peak, and despite the setback, it has steadily recovered worldwide. Pakistan mirrors this global trend, attracting thousands of domestic and international tourists each year. The sector contributes 5.9% to Pakistan's GDP and supports 4.7 million jobs, underscoring its strategic economic importance.

This study examines Pakistan's tourism export potential, with a particular emphasis on enhancing foreign tourism inflows. The analysis is based on both primary and secondary research methodologies. Primary data was collected through 213 responses from diverse stakeholders, including tourists, tour operators, the hospitality sector, and government representatives. Secondary data sources were employed to enrich and validate the findings.

Tourism in Pakistan spans eight major categories: Adventure (45%), Religious (22%), Historical (11%), Business (6%), Sports (5%), Education (6%), Dark (3%), and Cruise (2%). In 2024, tourism exports accounted for 2.9% of Pakistan's total exports and 14% of its services exports. Pakistan earned USD 1,150 million from foreign tourists in 2024, while Pakistani outbound tourists spent approximately USD 2,400 million, reflecting a substantial imbalance between inbound and outbound tourism spending.

Spending behavior further highlights this gap. Foreign tourists spend an average of USD 12.5 per day, compared to USD 8.5 per day by domestic tourists. A typical four-to-five-day trip costs USD 1,500 to 1,750 for foreign tourists, while domestic tourists spend around USD 500.

The study identifies key demand-side challenges, including inadequate road infrastructure, limited basic amenities, weak digital connectivity, and safety and security concerns. On the supply side, issues such as unplanned construction, regulatory hurdles (including No-Objection Certificates for foreign tourists), visa complexities, poor marketing and branding, and inconsistent policies hinder industry growth.

Pakistan can strengthen its tourism export potential by adopting targeted strategies such as simplifying visa procedures, introducing digital governance systems for surveillance and complaint management, developing climate-resilient infrastructure, promoting digital payment systems, improving food quality and waste management, and expanding roadside facilities for enhanced safety and convenience.

Effective implementation of these measures can significantly improve Pakistan's standing on the Travel and Tourism Development Index (TTDI) and unlock new avenues for tourism-driven economic growth.

1. Introduction

1.1. Background

Travel and Tourism (T&T) is an important economic activity in most countries around the world. In addition to its direct economic impact, the industry has significant indirect and induced effects. The direct contribution of T&T to Gross Domestic Product (GDP) reflects the "internal" spending on T&T by both residents and non-residents of a country. Indirect contributions include jobs in the sector, current and future investment activities in the hospitality industry, government spending on security services, administration, and promotion, as well as domestic purchases in the food and beverage industry. Induced contributions refer to the broader impact on GDP and employment resulting from the spending of those who are directly or indirectly employed by the Travel and Tourism industry.

1.2. Tourism at Glance

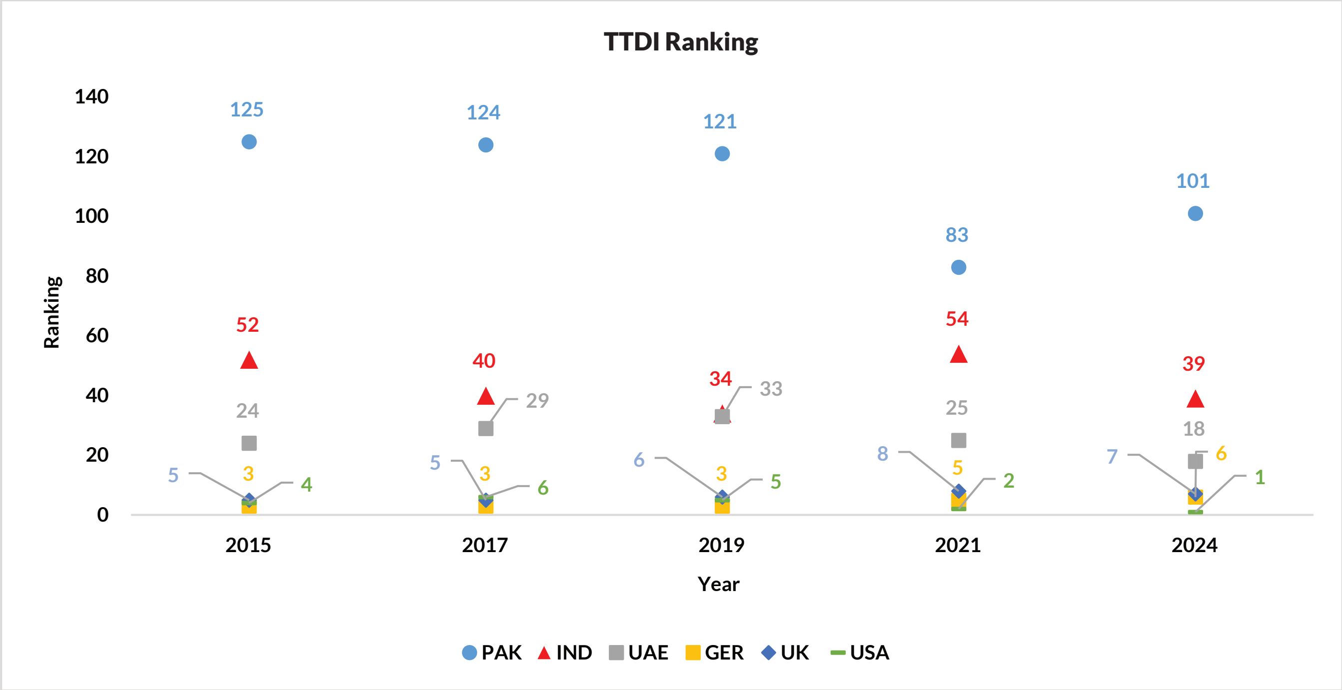
In 2019, prior to the COVID pandemic was considered as a golden period of travel and tourism as including its direct, indirect, and induced impacts accounted for 10.5% of all jobs (334 million) and 10.4% of global GDP (USD 10.3 trillion). Meanwhile, international visitor spending amounted to USD 1.91 trillion in 2019[1]. In 2024, the Travel & Tourism sector contributed 10.1% to global GDP, an increase of 8.5% from 2023 and 6% from the 2019 level. In 2024, there were 20.7 million new jobs totaling up to 356.6 million people[2], representing a 6.2% increase compared to 2023, and 5.6% 2019 level. International visitor spending registered a 26.2% jump in 2024 but remained 1.5% below the 2019 total. Domestic visitor spending became 73.8% to reach almost USD 5.30 trillion in 2023, surpassing the 2019 level[3].

Driven by the lifting of pandemic-related travel and other restrictions and strong pent-up demand, international tourist arrivals reached pre-pandemic levels in 2023, and in 2024, it has increased more than in 2019[4]. At USD 10.9 trillion, T&T's contribution to global GDP, that is more than at pre-pandemic levels[3]. The Middle East remained the strongest-performing region compared to 2019, with international arrivals exceeding to pre-pandemic levels in 2024, and 7.8% higher than in 2024. Europe welcomed 1% more arrivals than in 2019 and 3.4% more than in 2024. Africa saw a 8.4% increase in arrivals compared to 2019 and 13% more than in 2024. The Americas recovered its pre-pandemic arrivals (7.7% compared to 2023), and Asia and the Pacific reached 97% (-3% compared to 2019)[3]. By subregion, North Africa (+22%) and Central America (+17%) saw the strongest performance in 2024 over 2019[4].

The Travel and Tourism Development Index (TTDI) rankings from 2015 to 2024 reveal varying trends across the six countries, reflecting shifts in their global tourism competitiveness (Figure 1). Among the developed nations, the United States of America (USA), Germany, and the United Kingdom (UK) consistently ranked at the top. The USA showed the most remarkable rise, securing the top spot in 2024 after years of staying within the top, highlighting its unmatched tourism infrastructure, business environment, and air connectivity. Germany and the UK remained tourism powerhouses, with Germany sustaining top three positions until a minor decline in recent years, and the UK showing similar consistency with only marginal fluctuations.

Pakistan, while traditionally ranked low, showed a significant improvement in 2021, jumping from 121 in 2019 to 83 likely due to improved security perceptions and renewed tourism initiatives. However, this progress was not sustained, as the country fell back to 101 in 2024, signaling structural weaknesses and the need for consistent policy efforts. In contrast, India demonstrated a steady upward trajectory from 2015 to 2019, improving from rank 52 to 34. Although it saw a dip in 2021, likely due to pandemic-related disruptions, it rebounded strongly in 2024 to rank 39, reaffirming its growing prominence in the region's tourism landscape. The United Arab Emirates (UAE) maintained a solid standing throughout the years and significantly improved to rank 18 in 2024, underscoring its successful branding, infrastructure, and openness to international tourism. Overall, the data underscores the resilience and long-term investments of advanced economies in tourism, while also highlighting the potential and volatility in emerging markets like Pakistan and India.

Figure 1: Travel and Tourism Development Index Ranking in 2024



Source [5]

Across the globe there are several types of tourism. In Pakistan there are around eight types of prominent tourism for the details see Table 1.

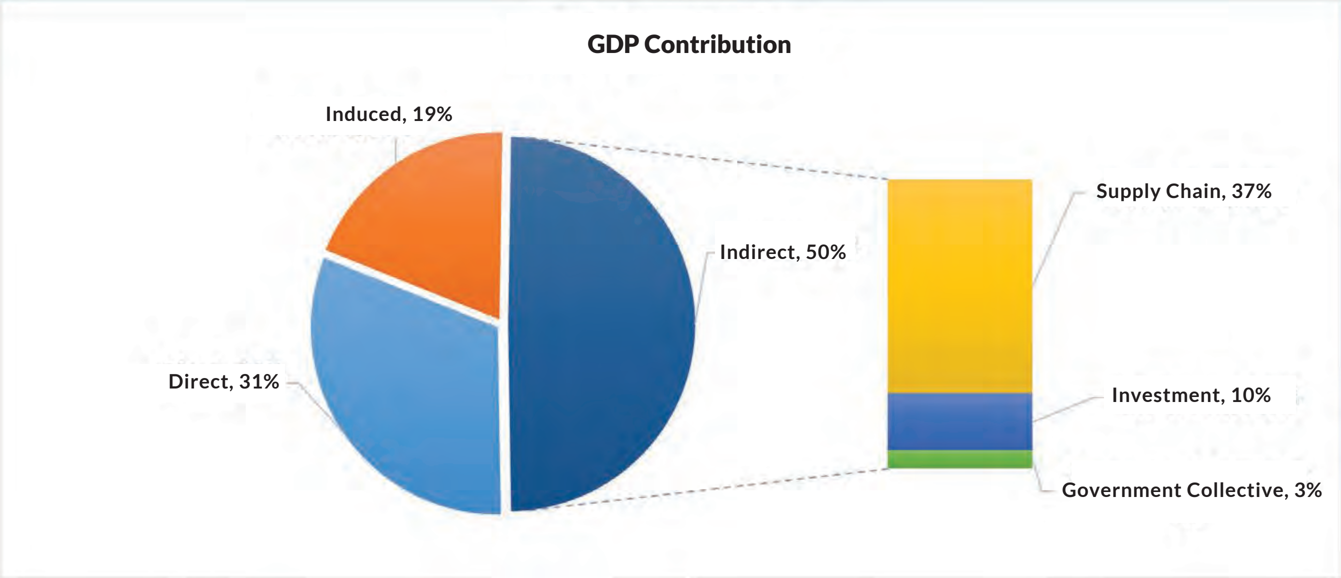
Table 1: Types of Tourism

Sr #	Global	Pakistan
1	Adventure Tourism	Adventure tourism
2	Religious tourism	Religious tourism
3	Historical Tourism	Historical tourism
4	Business tourism	Business tourism
5	Sports tourism	Sports tourism
6	Education tourism	Education tourism
7	Dark tourism	Dark tourism
8	Cruise tourism	Cruise tourism
9	Health tourism	
10	Eco tourism	

1.3. Tourism in Pakistan

Like the rest of the world, travel and tourism is a significant contributor to Pakistan's economy, accounting for approximately 5.9% of the national GDP, equivalent to around PKR 7 trillion (~USD 21.1 billion). A detailed breakdown of this 5.8% contribution is provided in Figure 2. The figure illustrates the breakdown of the total contribution of travel and tourism to GDP into three main components: direct, indirect, and induced contributions. The direct contribution, which accounts for 31%, represents spending by tourists on services such as accommodation, food, transportation, and entertainment. The indirect contribution, totaling 50%, is further divided into three subcategories: supply chain effects (37%), which cover the purchases tourism businesses make from other sectors (e.g., hotels buying food or furniture); investment spending (10%), which includes infrastructure development such as hotels, airports, and transport systems; and government collective spending (3%), which refers to public investment in tourism-supportive services like national parks, cultural promotion, and tourism boards. The induced contribution, making up 19%, reflects the economic activity generated when employees in the tourism industry and its supply chains spend their earnings on goods and services like housing, groceries, and healthcare. Together, these figures highlight the extensive economic ripple effect of the travel and tourism sector beyond just tourist spending.

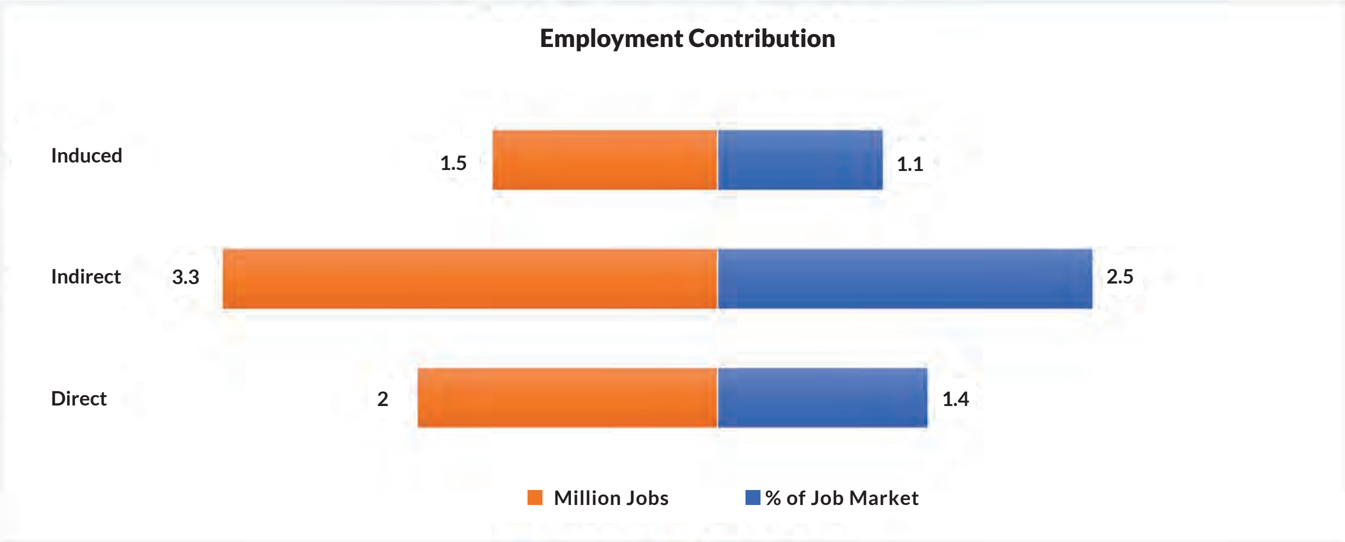
Figure 2: Travel and Tourism GDP Contribution to Pakistan's Economy 2024



Source [6]

Figure 3 highlights the contribution of the travel and tourism sector to employment in 2023, showing both the number of jobs supported and their share in the overall job market. In total, the sector supported 4.7 million jobs, which accounted for 6.7% of the total job market, underscoring its significant role in employment generation. Of this, 1.3 million jobs (1.9%) were direct, meaning they were in core tourism services such as hotels, airlines, travel agencies, and attractions. Indirect employment, which includes jobs in industries that supply goods and services to the tourism sector like food suppliers, construction companies, and logistics stood at 2.4 million jobs (3.3%). Meanwhile, 1 million jobs (1.5%) were induced, created as a result of spending by those employed in the tourism industry. This distribution reflects the wide-reaching economic impact of tourism, not just through tourist-facing services, but also through its broader linkages in the economy.

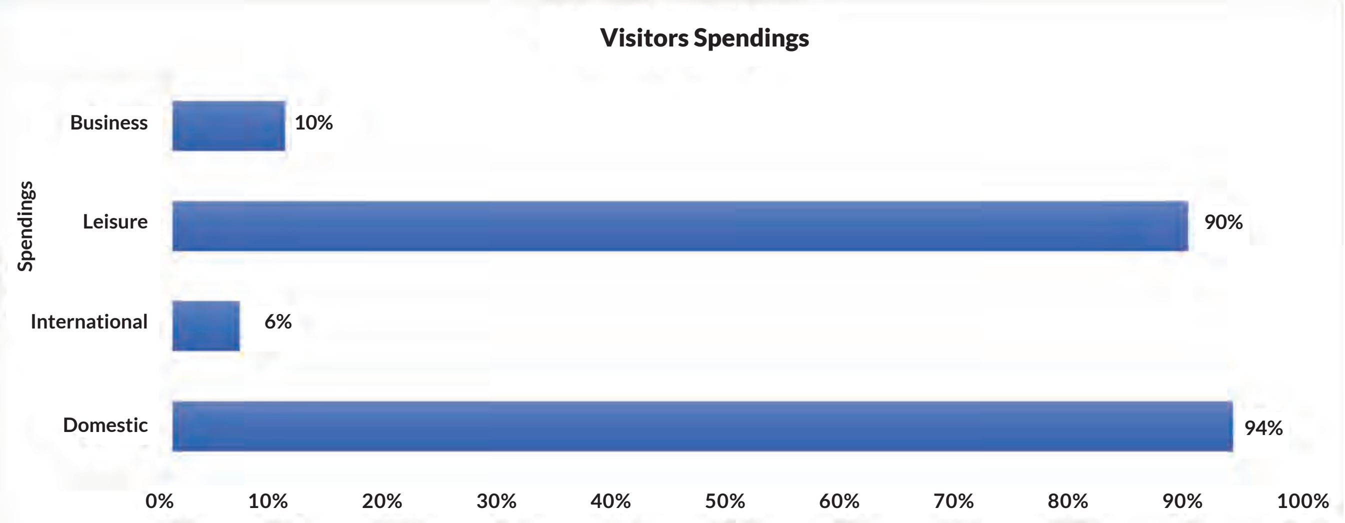
Figure 3: Travel and Tourism Contributions in Pakistan's Job Market in 2024



Source [6]

The total spending of international visitors in 2024 was PKR 336 billion (~ USD 1.2 billion), whereas the domestic tourist spendings were PKR 5 trillion (~ USD 18.1 billion)[6]. Figure 4 presents a breakdown of visitor spending in 2024, highlighting the composition by type of traveler and purpose of visit. It shows that a significant majority of tourism spending 94% came from domestic travelers, indicating that most tourism activity was driven by residents traveling within Pakistan. In contrast, only 6 % of spending was from international visitors, suggesting a smaller role for inbound tourism. Additionally, when looking at the purpose of travel, 90% of total visitor spending was for leisure, such as vacations and recreational trips, while only 10% was attributed to business travel. This indicates that the tourism sector in 2024 was primarily driven by domestic leisure travel.

Figure 4: Travel and Tourism Visitors Spending's in Pakistan, 2024

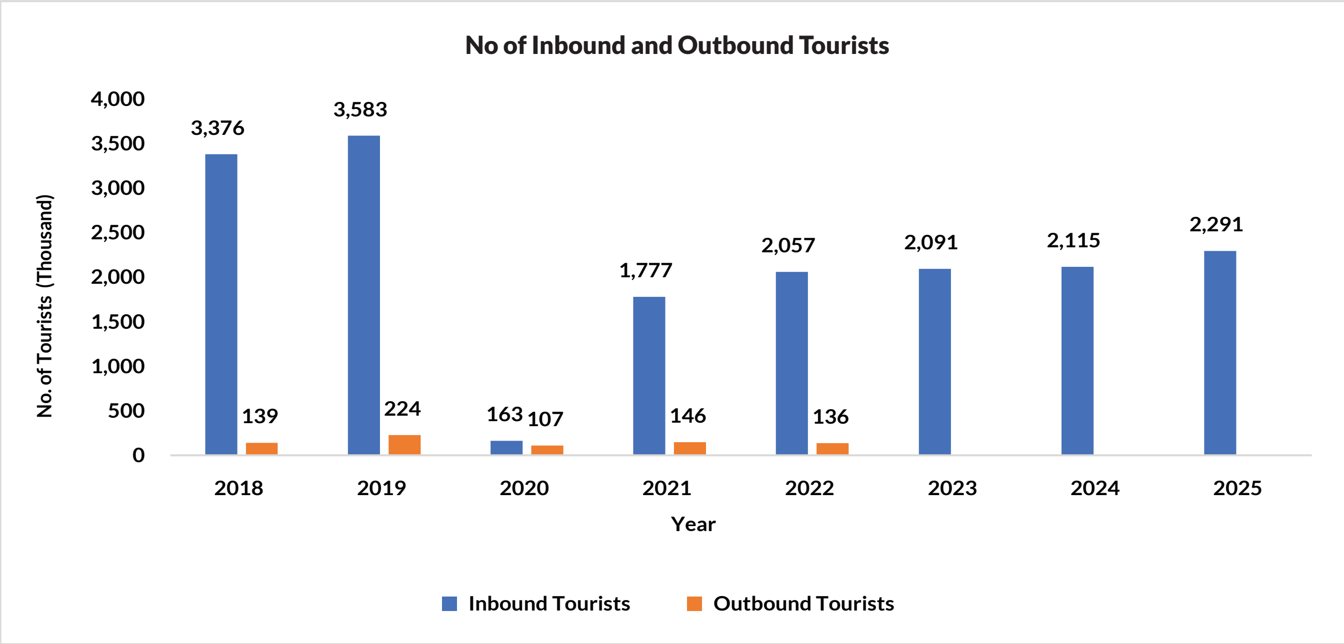


Source [6]

Figure 5 provides data on international tourism flows from 2018 to 2025, distinguishing between inbound tourists (foreigners visiting the country) and outbound tourists (residents traveling abroad). In 2018 and 2019, inbound tourism was strong, with 3.38 million and 3.58 million visitors respectively, while outbound tourists numbered 0.14 million in 2018 and rose to 0.23 million in 2019.

However, in 2020, there was a sharp decline in both categories due to the COVID-19 pandemic, with inbound tourists dropping drastically to 0.16 and outbound tourists to 0.11. Tourism activity began recovering in 2021, with 1.77 million inbound tourists and 0.14 million outbound, and continued to improve slightly in 2022 with 2.1 million inbound and 0.14 million outbound tourists. The data about outbound data is publicly unavailable during 2023-2025, while the number of inbound tourists is continually improving and reached 2.3 million in 2025. The data highlights the pandemic's significant disruption to international travel in 2020 and the gradual rebound in the following years.

Figure 5: International Tourism Trend in Pakistan[a]

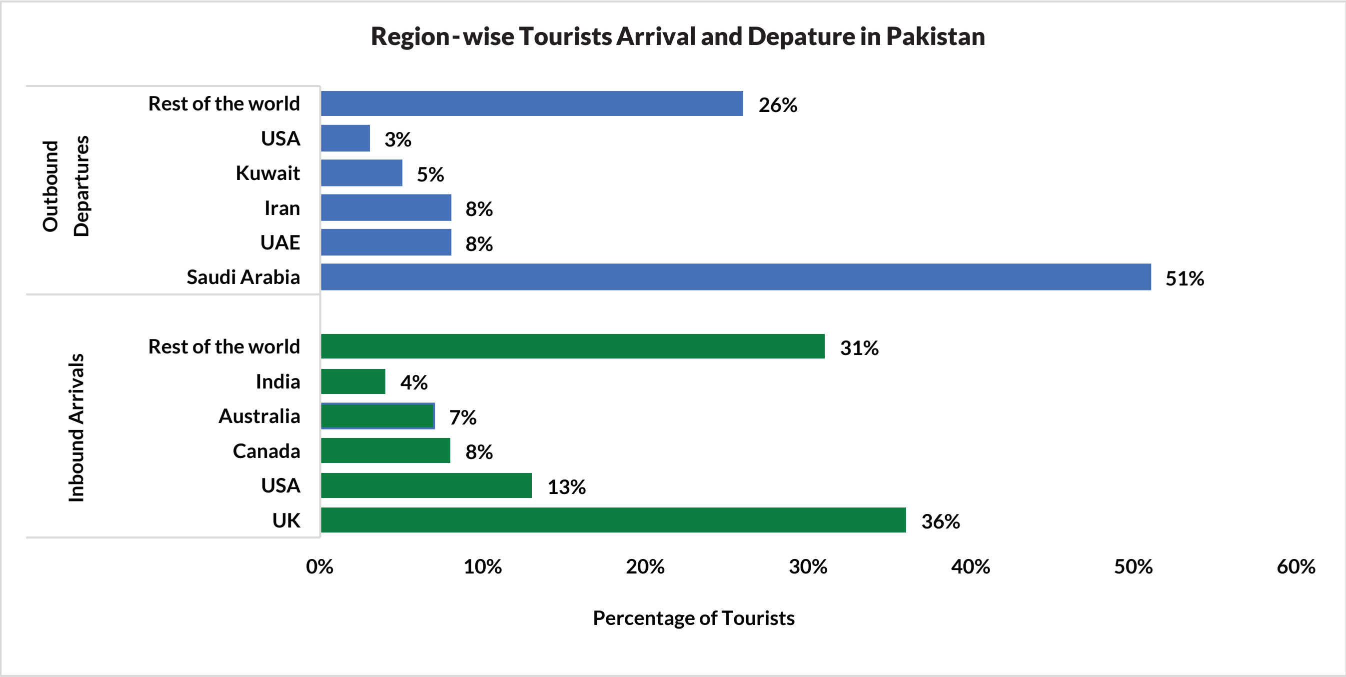


Source [7]

Figure 6 presents the country-wise distribution of international tourist arrivals and departures in 2023. Among inbound arrivals, the United Kingdom was the leading source, accounting for 36% of all international tourists, followed by the United States with 13%, Canada with 8%, Australia at 7%, and India contributing 4%. The remaining 31% came from other countries grouped under "Rest of the world," making the total 100%. On the other hand, for outbound departures, Saudi Arabia was the dominant destination for outbound travelers, receiving 51% of the total, followed by the United Arab Emirates (8%), Iran (8%), Kuwait (5%), and USA (3%), while 26% of departures were to other countries in the "Rest of the world" category.

[a]*Due to the unavailability of publicly accessible outbound tourism data for 2023–2025, the analysis is limited to the available years*

Figure 6: Country-wise Tourism in Pakistan, 2024



Source [6]

1.4. Objective of the Study

The TTDI ranks Pakistan 101st in tourism, significantly behind countries such as India (39th), United Arab Emirates (18th), Germany (6th), the United Kingdom (7th), and the United States (1st)[5]. In terms of GDP contribution, employment generation, visitor spending, and both inbound and outbound tourism, Pakistan lags considerably and is underutilizing its tourism export potential. This study aims to analyze the challenges facing Pakistan's tourism industry, assess its export potential, and identify effective strategies to enhance tourism exports. By examining key issues in the sector, it seeks to highlight barriers to growth and explore opportunities for increasing tourism exports. Additionally, the study will evaluate modern approaches and best practices that can be adopted to boost tourism exports, ultimately contributing to Pakistan's economic development.

2. Research Design

2.1. Methodology

The study employs a rigorous blend of primary and secondary research methodologies. For primary research, a semi-structured questionnaire was carefully designed to capture genuine insights on tourism from key stakeholders, including tourists (both local and foreign), the business community (hospitality, transport, and tour operators), the local community, and government officials. Separate questionnaires were developed for each stakeholder group and subcategory to ensure the collection of precise and relevant information. Moreover, respondents were fully briefed on each question before responding to guarantee accurate and informed answers.

For secondary research, comprehensive desk research was undertaken, involving a detailed review of research papers, reports, and other credible publications from authentic sources.

2.2. Primary Research

The study employed a snowball sampling technique to recruit participants through referrals from existing respondents, ensuring access to the most relevant and informed stakeholders. A total of 213 stakeholder responses were collected.

The survey was conducted by trained field enumerators who had a complete understanding of both the questionnaire and its context. The questionnaire was developed using Google Forms, and data was collected through the same platform. MS Excel was then used for data cleaning and analysis.

2.3. Secondary Research

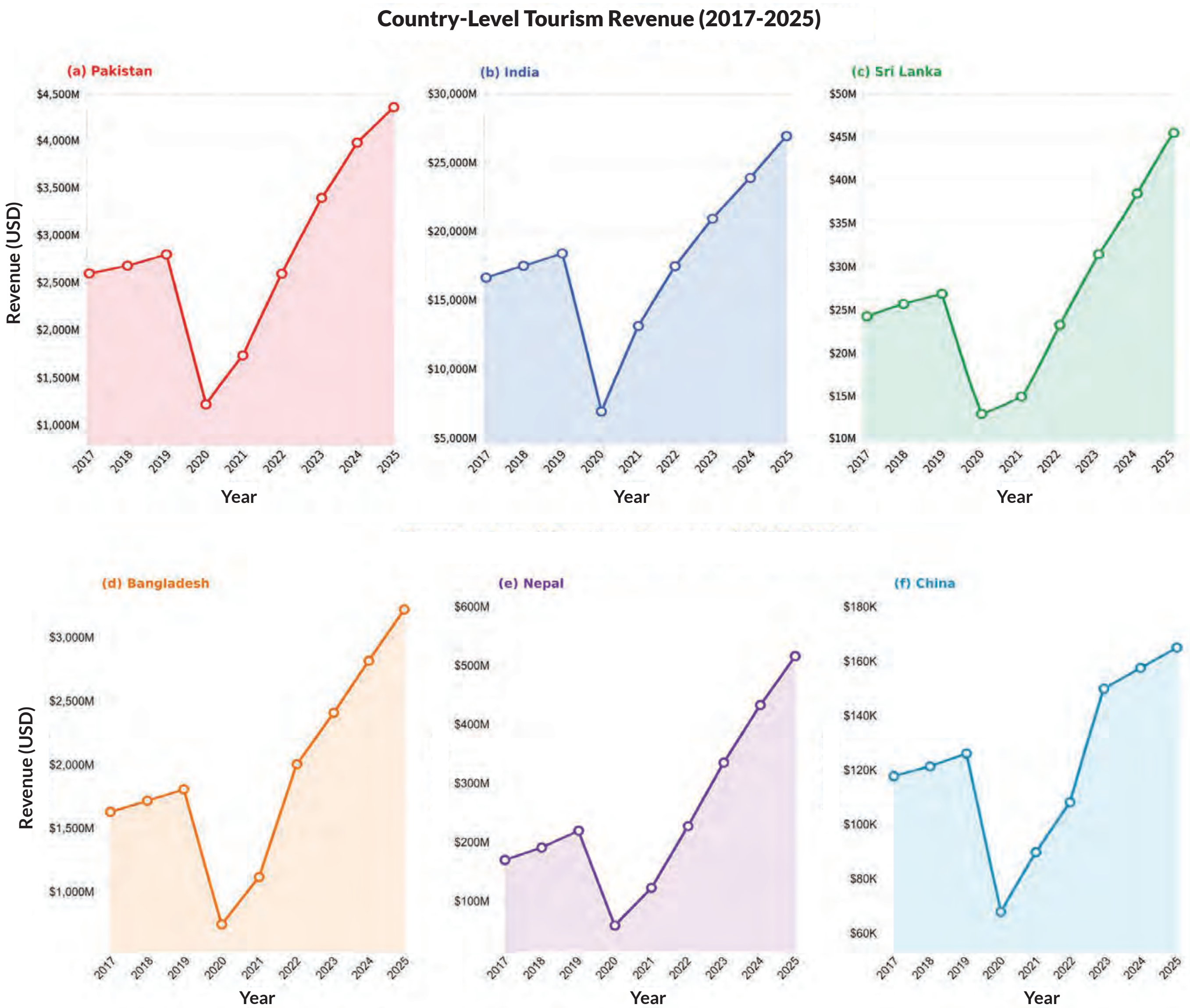
For the desk research, a rigorous literature review was conducted, during which approximately 10 to 15 research papers from reputable journals were reviewed. The process also included reviewing reports from credible sources such as the World Travel and Tourism Council (WTTC), World Economic Forum (WEF), United Nations Tourism (UNT), Pakistan Bureau of Statistics (PBS), State Bank of Pakistan (SBP), Pakistan Tourism Development Corporation (PTDC), and Green Tourism.

3. Country Comparison

3.1. Tourism Revenue

The comparative analysis of total tourism revenue reveals significant disparities among Asian economies, reflecting differences in tourism infrastructure, global branding, and policy prioritization. China leads overwhelmingly, generating over USD 162 billion in 2025, owing to its diversified tourism offerings, strong domestic tourism base, and consistent foreign inflows. India follows as a regional leader with USD 26 billion in 2025, showing steady post-pandemic recovery driven by its cultural tourism, medical travel, and digital marketing initiatives (Figure 7).

Figure 7: Overall Revenue of Tourism Sector in Asian Countries



Source [8]

In contrast, Pakistan's tourism revenue, though improving, remains modest at USD 4.2 billion in 2025, a sharp rise from USD 1.2 billion in 2020 indicating gradual recovery but highlighting challenges like limited international connectivity, safety perceptions, and underdeveloped tourism services. Bangladesh and Nepal show steady yet low revenue growth, with USD 2.4 billion and USD 0.5 billion respectively in 2025, constrained by small-scale tourism sectors and inadequate infrastructure. Sri Lanka, recovering from economic and political turmoil, rebounds to USD 436 million in 2025, still below pre-crisis potential.

Overall, while Asian countries exhibit growth momentum, the revenue gap between China, India, and the rest underscores the need for Pakistan and its neighbors to diversify tourism products, improve branding, and enhance visitor experience to capture a larger share of the regional tourism economy.

3.2. Tourism Export Share in Total Exports

Comparing Pakistan with other six Asian countries. From 2016 to 2019, the export tourism share appears relatively stable across most countries: Pakistan hovers around 2.7% to 3.2%, India around 5.4% to 5.8%, Sri Lanka a much higher share at around 24% to 28%, and Nepal likewise relatively high at 22% to 30%, while China and Bangladesh display much smaller tourism shares in their export portfolios. This stability suggests that in the pre-pandemic era the structural role of tourism in these economies was steady, with limited disruptive shocks (Figure 8).

Figure 8: Asian Countries Share in their Total Exports

Source[10]

In 2020 and 2021 a sharp decline in tourism shares across all countries reflects the massive global disruption caused by the COVID-19 pandemic: international travel came to a near-standstill, borders were closed or heavily restricted, and tourism receipts plunged. According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals fell by roughly 70% to 75% in 2020, directly hitting tourism-dependent incomes [9]. At the same time, global goods trade also collapsed, which altered the denominator in the share calculation of total exports. As a result, tourism's share of exports dropped markedly for nearly all countries.

From 2022 to 2024 a tourism recovery phase, but with significant divergence across countries. Some countries rebound faster like India and Nepal appear to rise markedly in tourism share by 2023, whereas others such as China and Bangladesh show much more modest recovery. The timing and strength of the rebound are influenced by country specific factors: China maintained strict zero-COVID policies through much of 2020 to 2022, delaying its reopening and thus limiting tourism recovery; Sri Lanka faced an additional economic and political crisis in 2022 that further suppressed tourism and foreign exchange earnings; Pakistan's recovery remains uneven due to perceptions of security, infrastructure or visa constraints, and slower growth in inbound international tourism compared to domestic tourism. Thus, the recovery in tourism share is not simply a mirror of pre-pandemic trends but reflects the interplay of external (global travel) and internal (policy, infrastructure, and crisis) factors.

It is also important to treat the tourism share metric with caution. Because it is a ratio of tourism receipts to total exports, both numerator and denominator matter. A country may have rising absolute tourism receipts but still see its tourism share fall if its goods exports grow much faster. Conversely, if goods exports collapse (denominator shrinks), the tourism share can increase even without a major tourism recovery. Therefore, year-to-year fluctuations in Figure 8 may reflect changes in tourism receipts, goods exports, or both. Additionally, tourism tends to be seasonal and sensitive to short-term shocks like pandemics, natural disasters, political instability, and policy changes all can generate year-on-year volatility.

3.3. Tourism Exports Share in Services Exports

Considering tourism exports in service industry, approximately 15% of services exports in Pakistan, 11% in India, 50% in Sri Lanka, 6% in Bangladesh, 42% in Nepal, and 11% in China on average of past ten years (Figure 9). At first glance, this suggests that tourism plays a much more significant role in the services export profile of Sri Lanka and Nepal than in the other countries listed, while Bangladesh sits at the lower end. India and China, despite being major services exporters, show relatively modest shares of tourism, highlighting that they derive large volumes of services exports from other sectors such as IT and business services.

In Pakistan's case, 15% suggests that tourism may be a meaningful component of services trade, but this needs to be placed alongside the fact that Pakistan's overall exports including goods and services are comparatively small, so the impact of tourism on the total export base may still be limited. The high shares in Sri Lanka and Nepal reflect their relatively narrow export profiles in which tourism represents a large slice of a smaller services export pie while the lower shares in India, Bangladesh and China reflect broader diversification of the export base and larger volumes in non-tourism services.

Figure 9: Asian Countries Share in their Services Exports (Average of past 10 years)

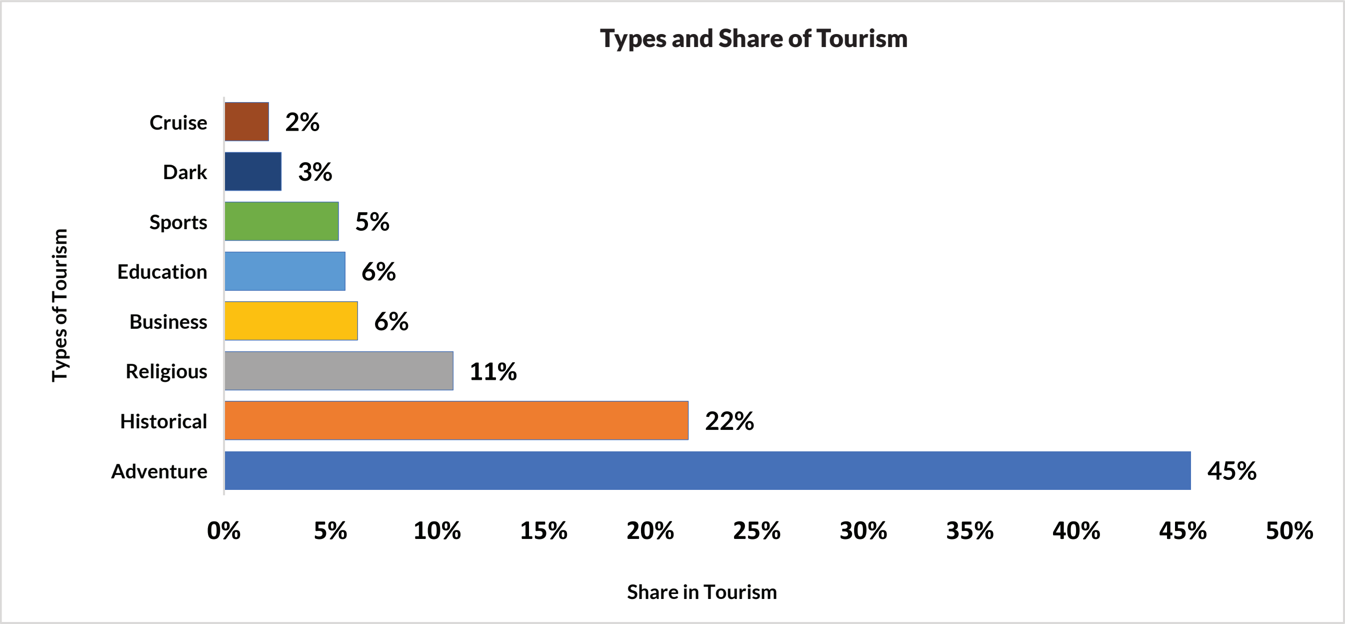
Source [10]

4. Pakistan Tourism Export

4.1. Tourism Type and Its Share

There are around 335 places in Pakistan for tourism exports, adventure tourism dominates the sector with 45%, reflecting the country's rich natural landscapes such as the northern mountains, deserts, and valleys. Historical tourism follows at 22%, driven by Pakistan's ancient sites like Mohenjo-Daro, Taxila, and Lahore Fort. Religious tourism accounts for 11%, mainly due to Islamic, Sikh, and Buddhist heritage sites. Business and education tourism each make up 6%, showing growing interest in trade, conferences, and academic exchanges. Sports tourism (5%) is linked to cricket and adventure sports, while dark tourism (3%) and cruise tourism (2%) remain niche but emerging segments (Figure 10).

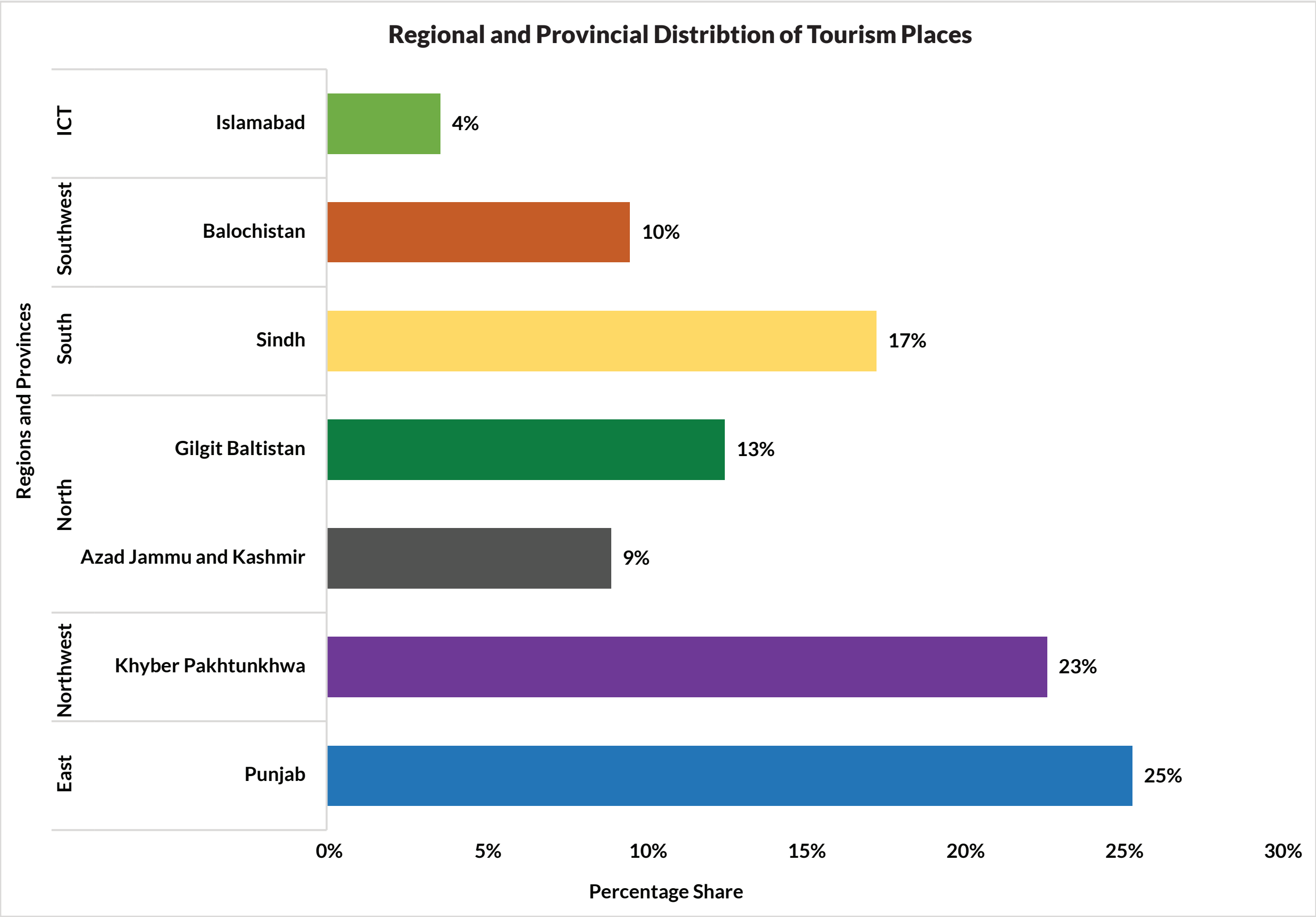
Figure 10: Percentage-wise Tourism Type in Pakistan



Source: Authors' Calculation

Figure 11 shows the regional distribution of tourism in Pakistan, indicating Punjab 25% and Khyber Pakhtunkhwa (KPK) 23% attract the largest share of tourists due to their rich cultural heritage, historical landmarks, and scenic northern areas. The northern regions, including Gilgit-Baltistan (GB) 13% and Azad Jammu and Kashmir (AJK) 9%, also draw significant numbers of adventure and nature tourists. Sindh contributes 17% through its historical and coastal sites, while Balochistan with 10% share, and remains an emerging destination with untapped tourism potential. The Islamabad Capital Territory (ICT) records 4% modest tourism, mainly from adventure and official visits. Overall, tourism is concentrated in Punjab and the northern areas, reflecting both accessibility and infrastructure advantages.

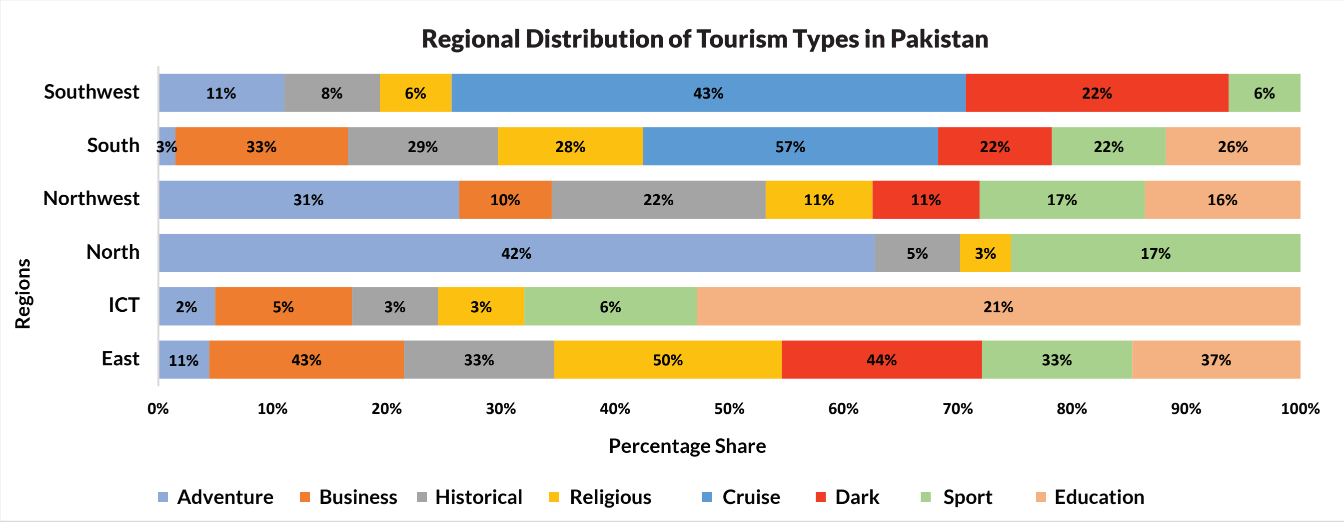
Figure 11: Percentage of Regional and Provincial Tourism Places



Source: Authors' Calculation

Figure 12 presents the regional distribution of different tourism types across Pakistan. Adventure tourism is most prominent in the North (42%) and Northwest (31%) regions, underscoring the strong attraction of Pakistan's mountainous landscapes, valleys, and trekking destinations. The East records the highest shares in business tourism (43%), historical tourism (33%), religious tourism (50%), dark tourism (44%), sports tourism (33%), and education tourism (37%), reflecting the concentration of cultural heritage sites, religious landmarks, urban centers, and educational institutions in this region. The South shows a notable concentration in cruise tourism (57%), followed by business (33%) and historical tourism (29%), largely linked to coastal attractions and port cities. The Southwest also demonstrates a strong presence in cruise tourism (43%), indicating growing tourism potential along the coastal belt. Meanwhile, the Islamabad Capital Territory contributes comparatively smaller shares across most categories, with education tourism (21%) standing out due to its role as an administrative and academic center. Overall, the findings show that adventure tourism is concentrated in northern Pakistan, the eastern region dominates heritage- and culture-related tourism, while the southern and southwestern regions are particularly important for cruise and coastal tourism.

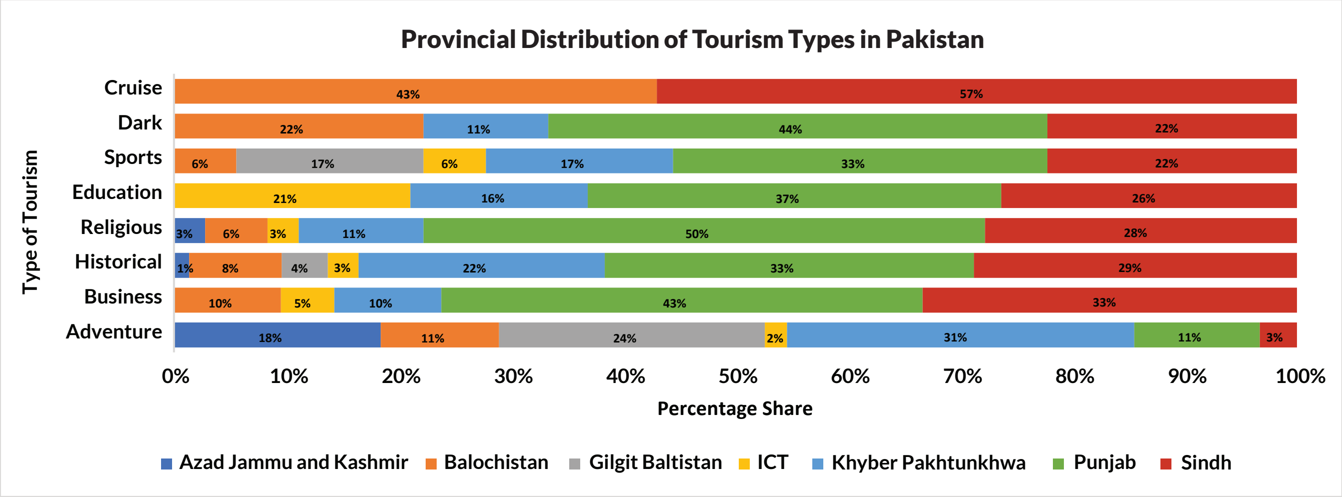
Figure 12: Share of Tourism Type in Every Region of Pakistan



Source: Authors' Calculation

Figure 13 illustrates the provincial distribution of tourism types across Pakistan. Adventure tourism is most concentrated in Khyber Pakhtunkhwa (31%), followed by Gilgit-Baltistan (24%) and Azad Jammu and Kashmir (18%), highlighting the importance of mountainous landscapes, trekking routes, and nature-based attractions in northern Pakistan. Cruise tourism is dominated by Sindh (57%) and Balochistan (43%), reflecting their coastal tourism potential along the Arabian Sea. Historical tourism shows strong shares in Punjab (33%) and Sindh (29%), supported by rich cultural, archaeological, and architectural heritage. Religious tourism is most prominent in Punjab (50%), followed by Sindh (28%), due to the presence of important Islamic, Sikh, and Hindu religious sites. Business tourism is largely concentrated in Punjab (43%) and Sindh (33%), while education tourism also records notable shares in Punjab (37%) and Sindh (26%). Sports tourism is relatively higher in Punjab (33%) and Sindh (22%), whereas dark tourism is concentrated mainly in Punjab (44%). Overall, the results indicate that northern regions specialize in adventure tourism, Punjab leads across multiple tourism categories, and Sindh and Balochistan are particularly important for cruise and coastal tourism.

Figure 13: Share of Tourism Type in Each Province



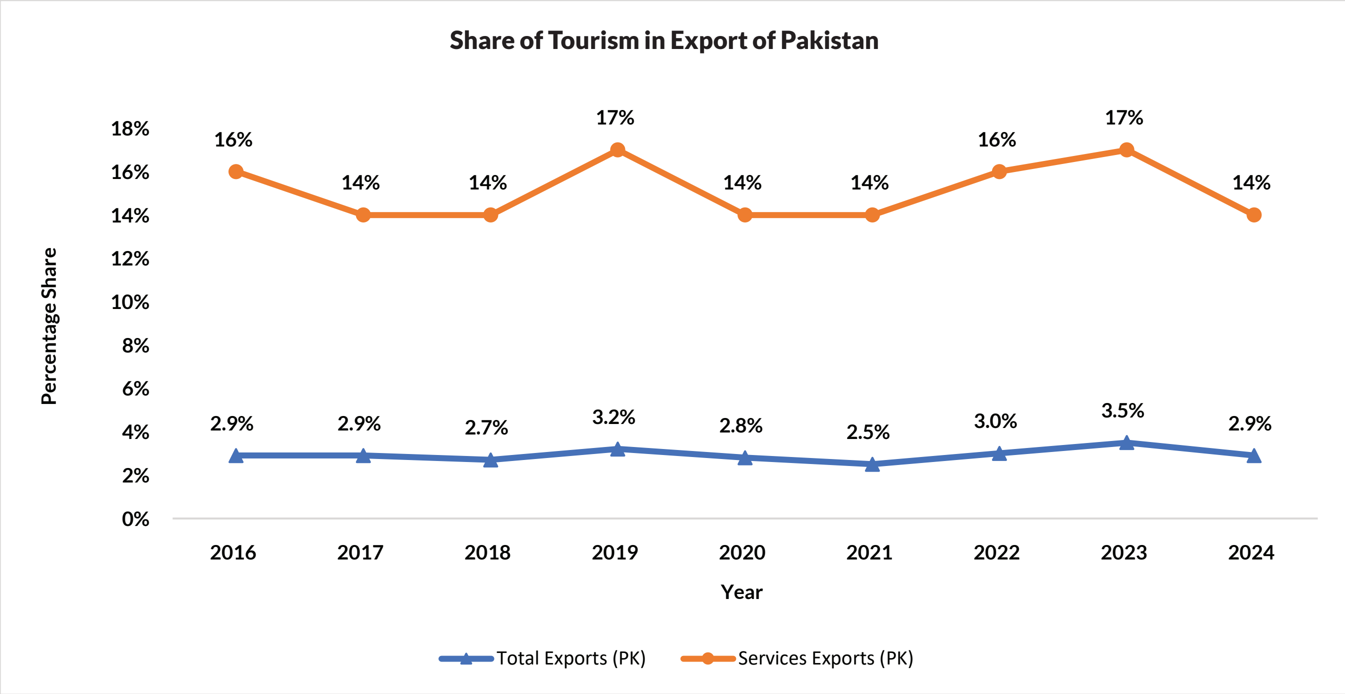
Source: Authors' Calculation

4.2. Tourism Exports Share

Overall, Pakistan's total exports have a fluctuating trend yearly but recorded a cumulative increase of 29% between 2015 and 2024. Services exports, maintained a relatively stable upward trajectory, rising by 31% over the same period, which reflects gradual progress in the country's non-goods export sectors. Although tourism exports represent a comparatively small portion of both total and services exports, they demonstrated a modest improvement over time, with an overall increase of 19% from 2015 to 2024[11].

In 2016, tourism contributed 16% to services exports and 2.9% to total exports. By 2024, tourism's share slightly declined to 14% of services exports, while remaining constant at 2.9% of total exports. A detailed trend analysis of Pakistan's tourism export share in total and services exports is presented in (Figure 14).

Figure 14: Pakistan's Tourism Export Share in its Total and Service Exports



Source [10]

Pakistan's tourism export share from 2016 to 2024 reveals a persistently low and relatively stagnant contribution of the sector to the national export structure. Tourism accounted for only 2.9% to 3.5% of total exports and 14% to 17% of services exports during this period, indicating that despite its recognized potential, the tourism industry remains an underperforming component of Pakistan's export economy. The COVID-19 pandemic in 2020 led to a decline, with shares dropping to 2.8% and 14% respectively, as travel restrictions and global lockdowns disrupted tourism flows. A mild recovery was observed in 2022 and 2023, when the share of tourism in total exports reached 3.5% and 17% in services exports the highest within the decade but the momentum again weakened slightly in 2024.

This trend suggests that Pakistan's tourism earnings have not kept pace. Several factors contribute to this pattern: limited infrastructure and connectivity in key tourist regions, inconsistent marketing strategies, and low spending per visitor compared to regional competitors like India, Sri Lanka, and Nepal. Although Pakistan has made progress in visa facilitation and promoting adventure and religious tourism, the sector still struggles to attract high-value international tourists.

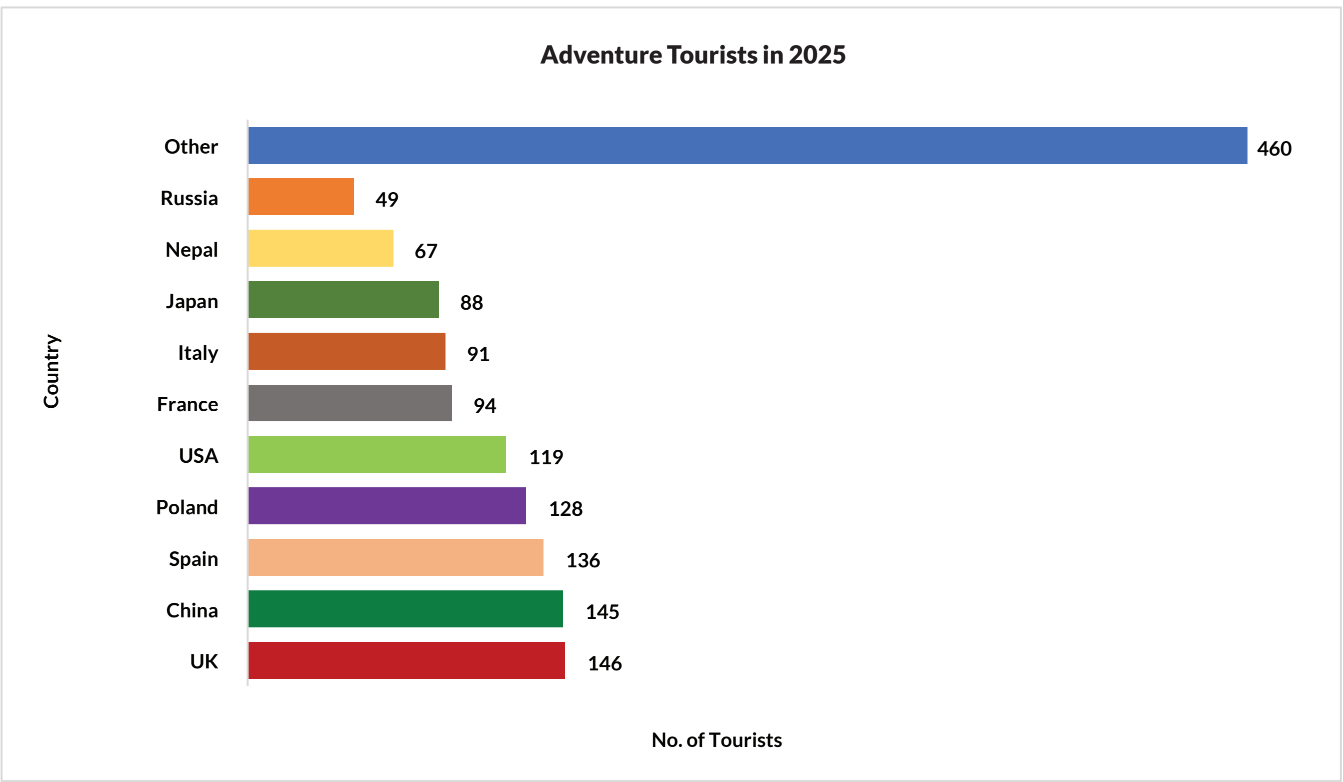
4.3. Inbound Tourism

The inbound tourism shows the current inbound tourists visiting from major countries across the world.

4.3.1. Adventure Tourism

Figure 15 shows that Pakistan attracts a diverse pool of 1,523 international adventure tourists in 2025, with a strong presence from both Europe and Asia. The largest share comes from the Rest of the World (460 tourists), indicating a wide and scattered global interest that needs further segmentation for targeted marketing. Among identified countries, UK (146), China (203), China (145), Spain (136), and Poland (128) emerge as the strongest contributors, suggesting that Pakistan's adventure tourism appeal resonates particularly well with European and East Asian markets. Moderate inflows from countries like Nepal (67) and the Russia (75) show growing regional and niche European engagement, while the relatively low numbers from high-value markets such as France (94) and Japan (22) reflect either underdeveloped promotion channels or market barriers such as limited connectivity, safety perceptions, or visa challenges. Overall, the figure highlights clear priority markets for Pakistan, especially Spain, China, Germany, Italy, and the US, while also revealing substantial untapped potential in affluent markets where adventure travel interest is typically high.

Figure 15: Adventure Inbound Tourists in Pakistan, 2025

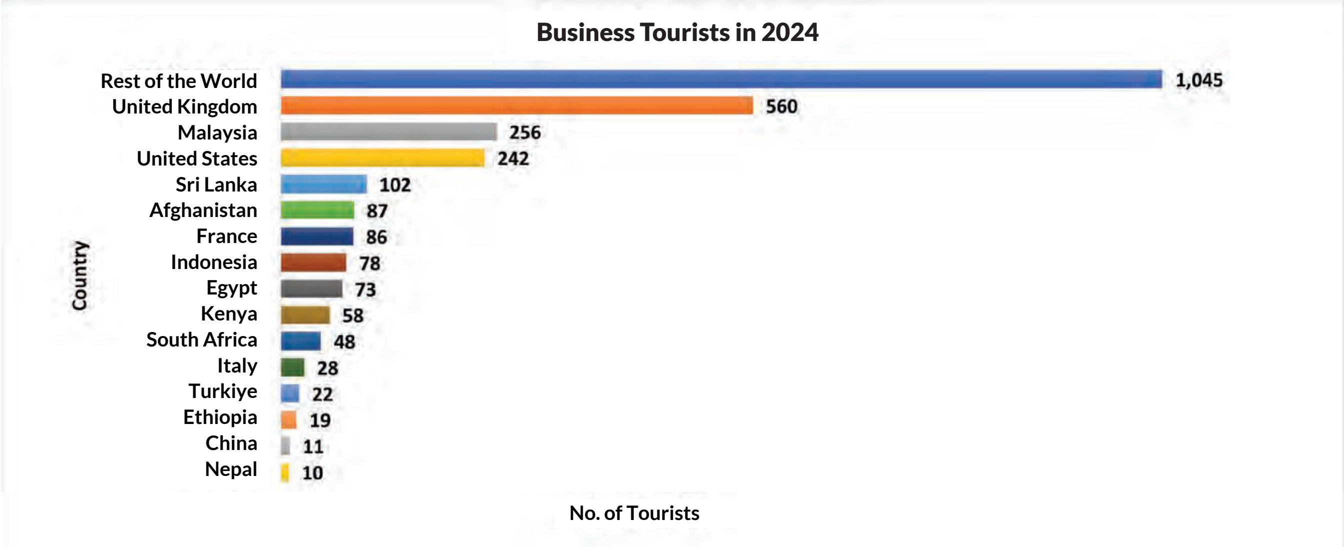


Source [12]

4.3.2. Business Tourists

Around 2,725 international business tourists visited Pakistan (Figure 16), with a large and concentrated share coming from Rest of the World (1,045), followed by the United Kingdom (560), Malaysia (256), and the United States (242). Regional neighbors and nearby markets, Sri Lanka (102), Afghanistan (87), and Nepal (10) also contribute, while some globally large sources, such as China (11) are surprisingly small, suggesting either reporting gaps or low business travel volumes from those markets.

Figure 16: Business Inbound Tourists in Pakistan, 2024

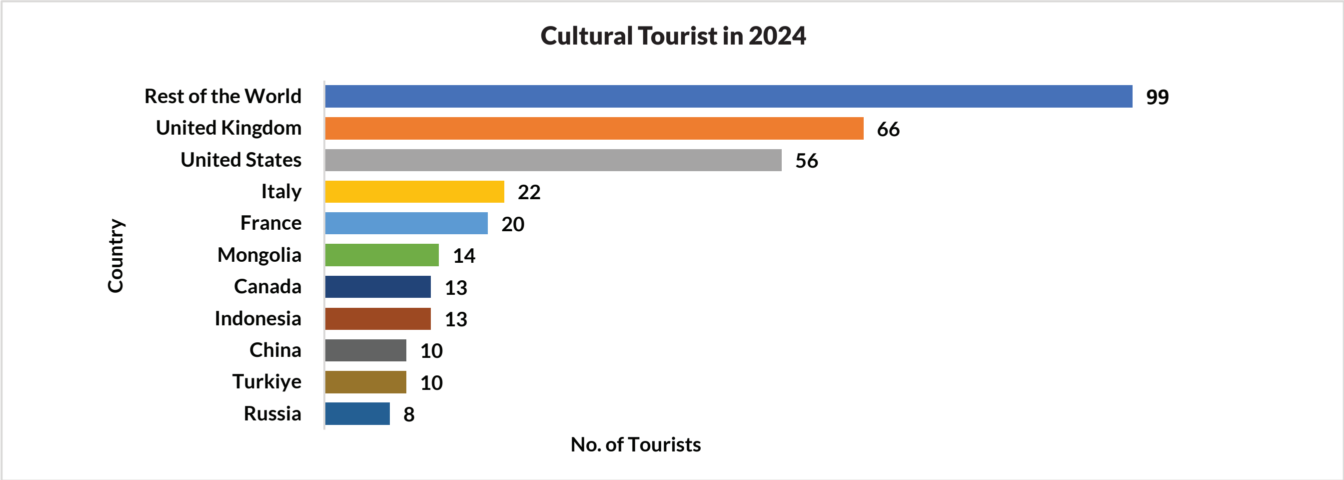


Source [13]

4.3.3. Culture Tourism

Figure 17 indicates that 331 cultural tourists visited Pakistan from abroad, with the highest share coming from the Rest of the World (99), followed by significant inflows from the United Kingdom (66) and the United States (56). European countries such as Italy (22) and France (20) also contribute meaningfully, while smaller but noteworthy numbers from Mongolia (14), Canada (13), Indonesia (13), China (10), and Turkiya (10) show that Pakistan's cultural appeal extends across Asia and North America. Overall, the figure highlights the foreign tourists' interest in Pakistan's heritage, its historic cities, and cultural traditions, is widespread but still relatively limited in scale.

Figure 17: Cultural Tourist in Pakistan, 2024



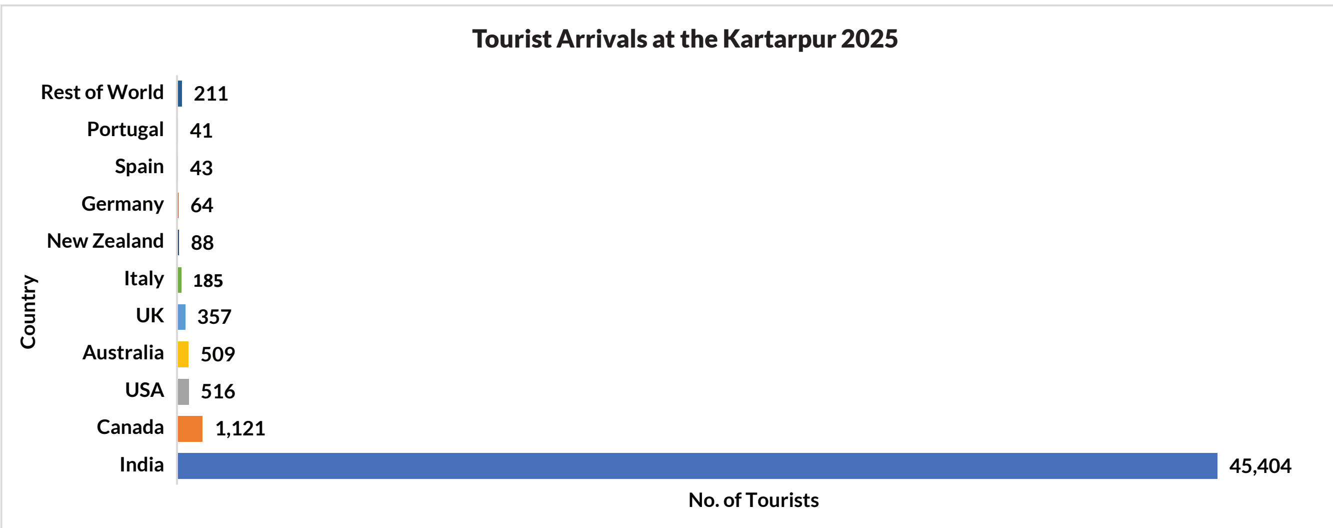
Source [13]

4.3.4. Religious Tourism

In Pakistan, there are numerous opportunities for religious tourism, including Sufi shrines, Hindu temples, Buddhist sites, missionary tourism, and Sikh Yatrees. However, due to data constraints, this study is limited to only two major categories:

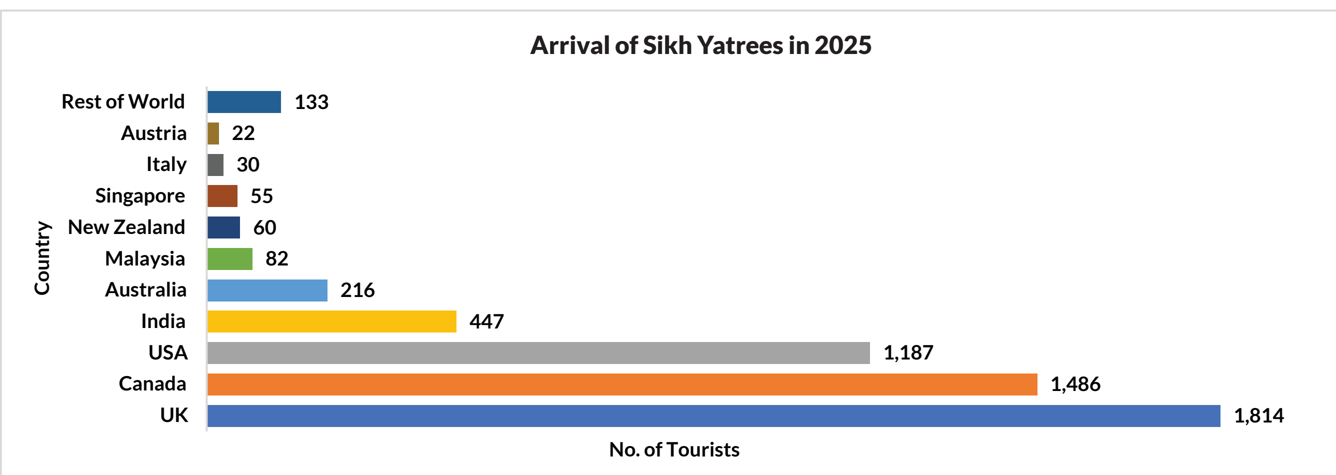
Kartarpur Corridor pilgrims and Sikh Yatrees arrivals. Under the Kartarpur Corridor, India overwhelmingly dominates with 45,404 visitors, while Canada (1,121), the United States (516), Australia (509), and the United Kingdom (357) contribute comparatively smaller numbers, as highlighted in Figure 18. Similarly, in the Figure 19 showed Sikh Yatrees arrivals are mainly led by the United Kingdom (1,814), Canada (1,486), and the United States (1,187), whereas India accounts for only 447 visitors, while the Rest of the World contributes a limited share. These patterns indicate that Pakistan possesses significant potential for religious tourism. The figures suggest that Pakistan can generate substantial foreign exchange earnings by promoting religious tourism more effectively. This potential can be further enhanced through improved visa facilitation, stronger diaspora outreach, and partnerships with international religious tour operators to gradually diversify source markets and expand the country's religious tourism sector.

Figure 18: Religious Inbound Tourists in Pakistan, 2025 (Kartarpur)



Source [12]

Figure 19: Religious Inbound Tourists in Pakistan, 2025 (Sikh Yatrees)

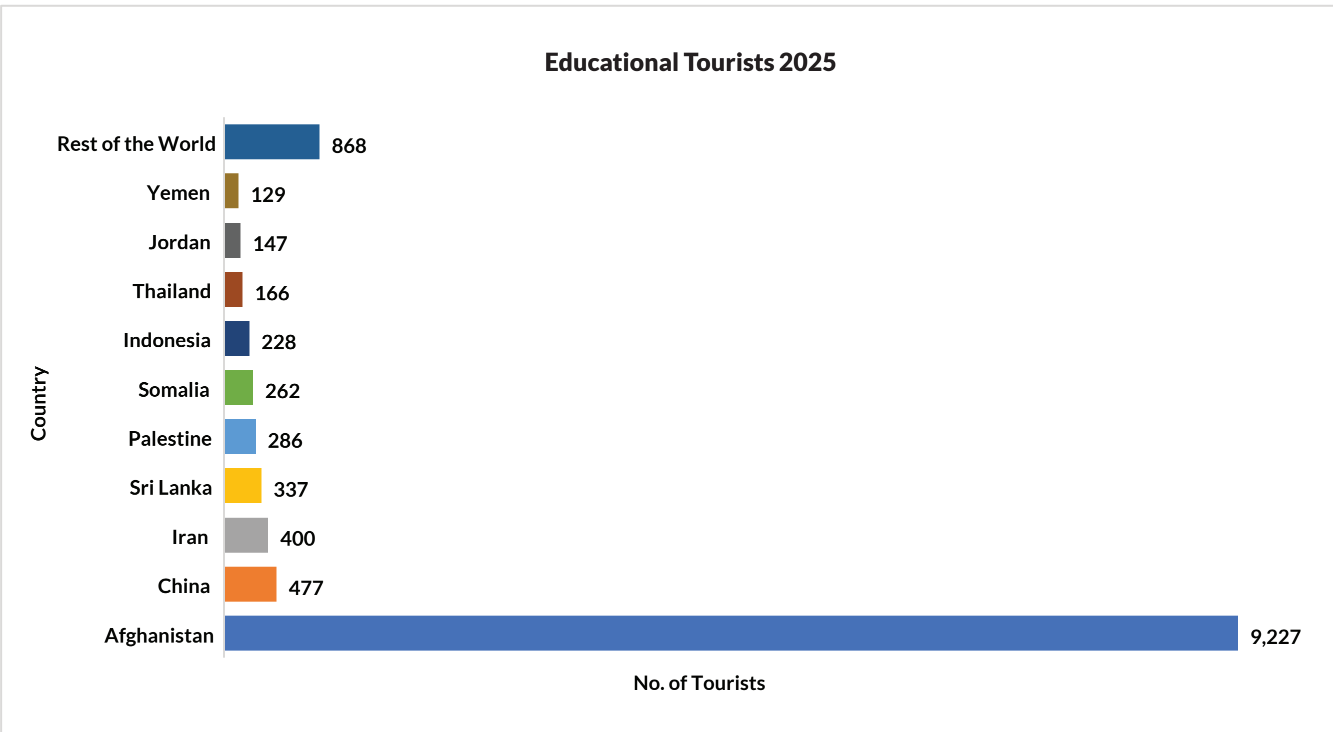


Source [12]

4.3.5. Educational Tourism

Figure 20 indicates that a significant number of tourists visited Pakistan. Most of them from Muslim and neighboring countries. Afghanistan contributed the highest share of visitors (9,227).Smaller but notable inflows were recorded from China (477), Iran (400), Sri Lanka (337), Palestine (286), Somalia (262), and Indonesia (228). In addition, Thailand (166), Jordan (147), and Yemen (129) also contributed to tourist arrivals, while the Rest of the World accounted for 868 visitors. Overall, it suggested that educational tourism in Pakistan is largely concentrated among regional and culturally connected countries, reflecting the importance of geographical proximity, religious affinity, and historical ties in shaping inbound tourism flows. At the same time, the relatively limited scale of arrivals from other regions highlights the need for stronger international promotion and tourism development strategies to diversify Pakistan's tourist markets

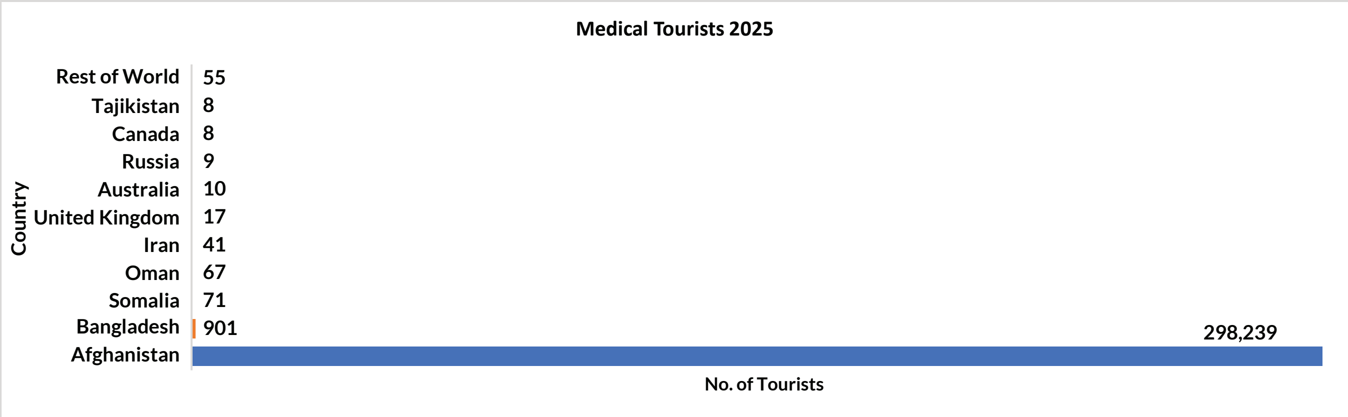
Figure 20: Educational Inbound Tourists in Pakistan (2025)



4.3.6. Medical Tourism

In Pakistan, medical tourists from both developed and developing nations have visited Pakistan. Afghanistan is overwhelmingly dominated by 298,239 visitors. In the case of developing countries, Bangladesh (901), Somalia (71), Oman (67), and Iran (41) are the main contributors, while the UK (17), Australia (10), and Russia (9) are developed countries, as highlighted in Figure 21. These patterns indicate that Pakistan's medical tourism sector is primarily driven by regional demand, particularly from Afghanistan, due to geographical proximity, relatively affordable healthcare services, and limited medical facilities in neighboring countries. Strengthening cross-border healthcare cooperation and enhancing the quality and international reputation of hospitals could further help Pakistan diversify its medical tourism markets beyond neighboring countries.

Figure 21: Medical Inbound Tourists in Pakistan (2025)

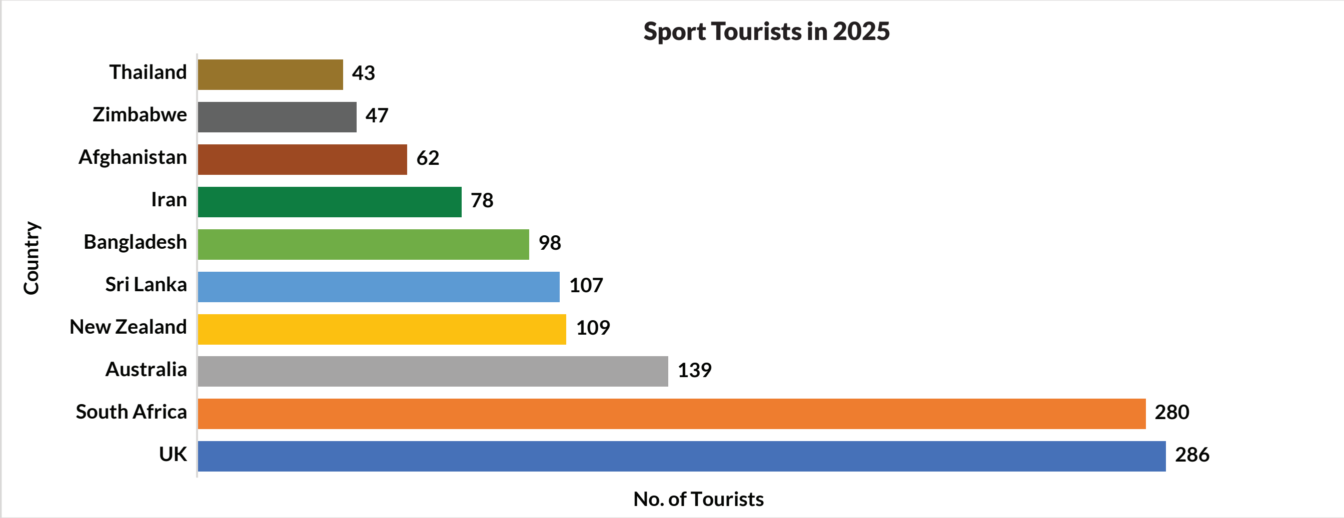


Source:[12]

4.3.7. Sport Tourism

Figure 22 shows the inflow of sports tourists in Pakistan. A large number of visitors belong to cricket playing nation such as the UK (286), South Africa (280), Australia (139), New Zealand (109), and Sri Lanka (107). The dominance of tourists from major cricket-playing countries highlights the significant role of cricket in promoting sports tourism in Pakistan. International cricket series, tournaments, and the gradual return of global cricket events to Pakistan after years of security concerns have contributed positively to attracting foreign visitors. These trends suggest that cricket serves not only as a sporting activity but also as an important source of tourism promotion, international engagement, and soft image building for the country.

Figure 22: Sport Inbound Tourists in Pakistan (2025)



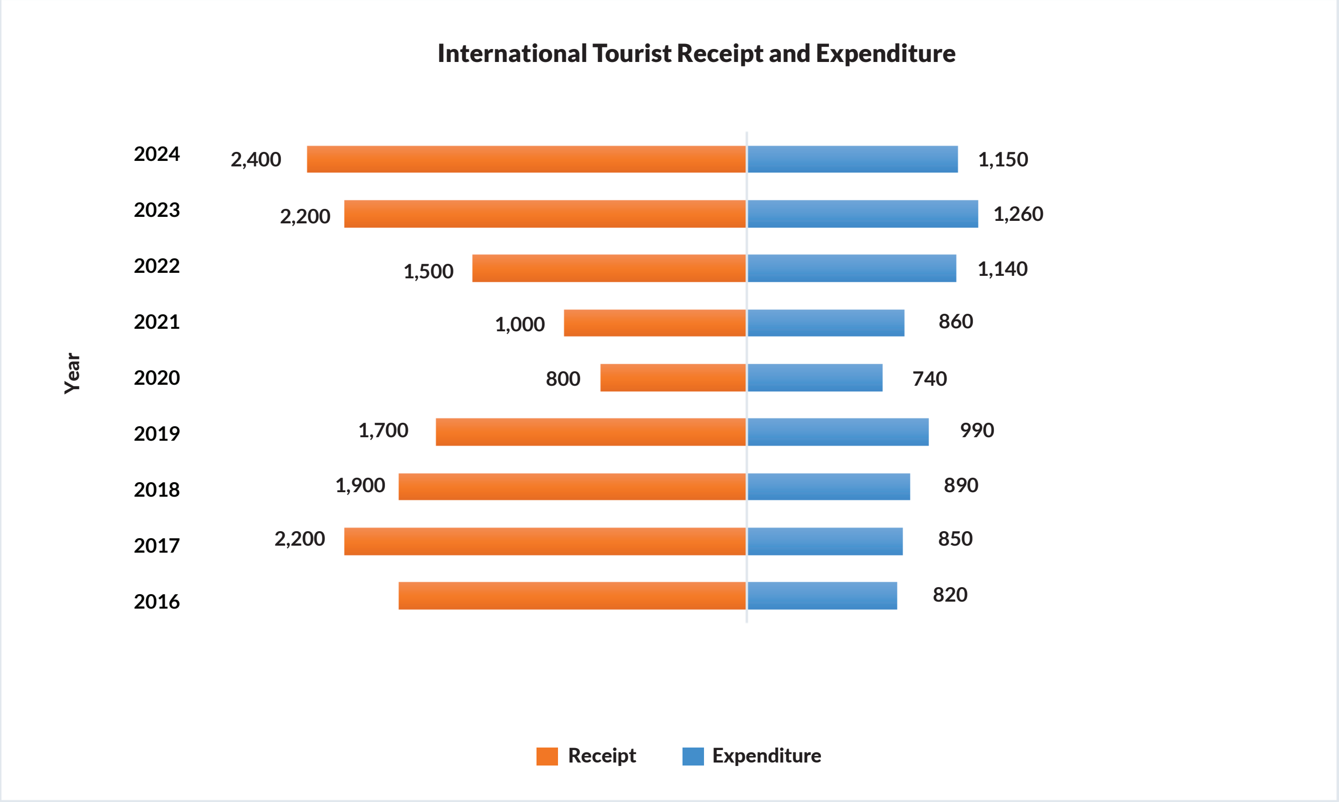
Source [12]

4.4. Tourism Revenue and Expenditure

Pakistan's tourism receipts from international visitors have gradually increased from USD 820 million in 2016 to USD 1,260 million in 2023, followed by a slight decline to USD 1,150 million in 2024. In contrast, the expenditure of Pakistani tourists abroad has consistently been much higher, rising from USD 1,900 million in 2016 to USD 2,400 million in 2024 (Figure 23). This persistent gap indicates that Pakistan continues to lose more foreign exchange through outbound tourism than it earns from inbound tourism. While inbound receipts have improved over time, they remain far below potential when compared with regional competitors, reflecting both structural weaknesses and missed opportunities in Pakistan's tourism sector.

Foreign tourists tend to spend less in Pakistan primarily due to issues related to perception, infrastructure, and limited value offerings. The country still struggles with a negative international image concerning safety and security, which discourages long stay and high spending tourists. Tourism infrastructure such as high-end hotels, efficient transportation, and professional tourist services remains underdeveloped, especially outside major cities. This restricts the ability to attract premium tourists who contribute more to local economies. Moreover, Pakistan's tourism market is dominated by domestic visitors, leading to lower pricing structures and limited availability of luxury or value-added experiences that typically drive higher foreign spending. In addition, complex visa procedures, weak international marketing, and a lack of coordination among provincial tourism authorities have further limited the inflow and expenditure of international tourists.

Figure 23: International Tourist Revenue and Expenditure



Source [10]

On the contrary, Pakistani tourists tend to spend significantly more abroad due to multiple factors. Travelling overseas often carries aspirational and social value, motivating people to spend more on accommodation, shopping, and entertainment.

Moreover, the cost of living and tourism services abroad, especially in developed destinations is naturally higher, inflating overall expenditure. Many Pakistanis travel abroad for combined purposes such as education, health, business, and leisure, all of which raise average spending per trip. Since domestic tourism infrastructure does not yet offer comparable facilities or luxury experiences, affluent travelers prefer foreign destinations to meet their leisure and lifestyle expectations. The availability of convenient tour packages, tax-free shopping, and diverse recreational options abroad also encourages higher spending compared with limited domestic choices.

In practical terms, this trend highlights the urgent need to upgrade Pakistan's tourism sector to capture more high-value foreign spending and retain local tourist expenditure within the country. The government and private sector should focus on developing premium tourism clusters combining adventure, heritage, and cultural experiences along with improving infrastructure, accommodation quality, and connectivity. Enhancing the country's image through global marketing campaigns, simplifying visa procedures, and ensuring tourist safety could further attract long-stay, high spending international visitors. At the same time, encouraging domestic luxury tourism and improving service standards could help redirect part of Pakistani tourists' foreign expenditure toward local destinations. Ultimately, bridging this imbalance requires not only increasing the number of tourists but also maximizing the value captured per visitor through better experiences, facilities, and strategic policy support.

4.5. Tourism Export Potential

In 2024, global tourism export receipts reached USD 2 trillion, yet South Asia captured only 3% of this vast market, an extremely modest share, especially when compared with East Asia's 17%, the Middle East's 9%, and America 22%. This immediately signals a structural underperformance of South Asia in converting its population size, cultural diversity, and natural assets into exportable tourism value. Within this already small regional share, the internal distribution is highly concentrated, India alone accounts for 69% of South Asia's tourism receipts, demonstrating its relative competitiveness in branding, infrastructure, and visitor facilitation. In contrast, Pakistan captures only 2.2% of the region's tourism market, an indicator of deep policy, governance, and perception challenges rather than a lack of tourism assets. Even Sri Lanka (6.6%) and Nepal (1.6%), despite being much smaller economies with limited destination variety, outperform Pakistan in revenue proportional to their size, largely because they have built more coherent tourism strategies, stronger international branding, and simpler tourist access regimes. Bangladesh remains the smallest among the major countries with 0.6%, yet its structural constraints (dense urbanization, limited scenic routes) make Pakistan's underperformance more visible.

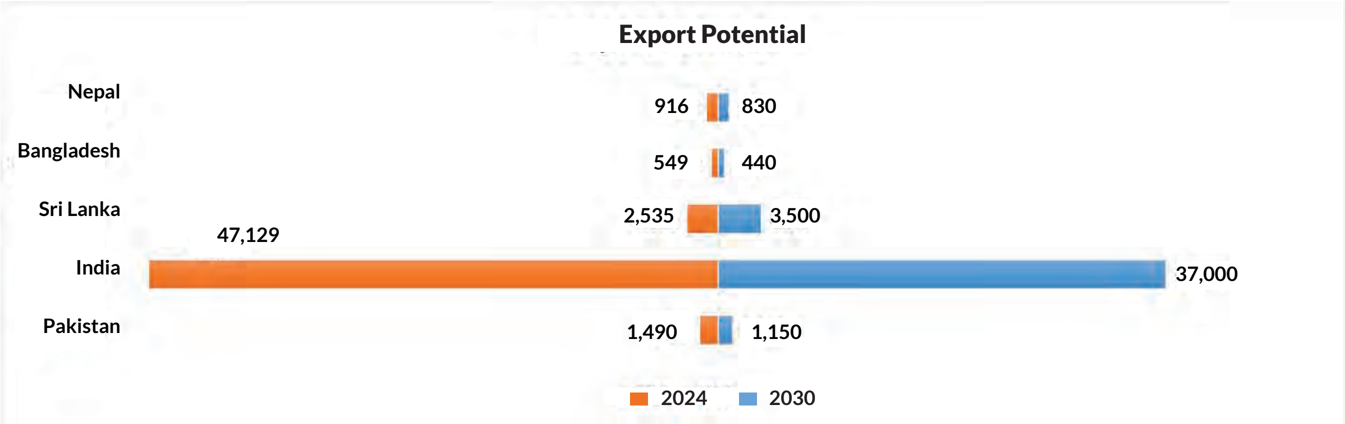
When global markets grow at multi-year highs and regions like Middle East rapidly expand through aggressive investment and branding, Pakistan's stagnant or low-scale tourism receipts imply missed opportunities for foreign exchange earnings, diversification, and soft-power projection. In Figure 20, Compound Annual Growth Rate (CAGR) based projections for 2030 indicate that Pakistan's tourism receipts are projected to rise from USD 1,150 million in 2024 to USD 1,490 million by 2030, the scale of earnings remains extremely small compared to regional competitors except . India is expected to grow from USD 37 billion to USD 47 billion, underscoring the massive gap in South Asia's tourism export performance. Even smaller economies such as Nepal, and Bangladesh despite their own challenges either outperform Pakistan in per-tourist earnings or operate more mature tourism ecosystems.

It is important to note that these projections, based on CAGR, assume that the same set of circumstances persisted for all countries. In the case of Sri Lanka, its tourism export potential is projected to decrease to USD 2.5 billion in 2030, down from USD 3.5 billion in 2024.

When the travel and tourism sector of other countries was recovering from the backlash of COVID-19. Sri Lanka faced a serious economic crisis, political instability, and financial meltdown. These factors contributed to further weakening the travel and tourism sector. As a result, the CAGR is projected to decline in tourism export revenues over the next several years.

This contrast highlights an important insight that Pakistan is not lacking in natural or cultural assets but in the ability to convert these assets into export revenues.

Figure 24: Export Potential of Major South Asian Countries



Source: [10] and Authors' Calculation

As mentioned in Figure 24, Pakistanis themselves spent over USD 2 billion on outbound tourism in 2023 and 2024, meaning a significant amount of potential tourism revenue leaves the country each year instead of circulating within the domestic economy.

At the same time, global research from UNWTO consistently found that tourism is one of the world's most labor intensive and high-multiplier export sectors, capable of generating jobs rapidly and diversifying economies away from volatile commodity-based exports[14]. For Pakistan, increasing tourism exports is not just a cultural or recreational ambition, it is an economic necessity. Strengthening tourism can diversify the export base, support youth and women employment, reduce import-driven leakages, and capture a meaningful share of outbound spending that is currently lost abroad.

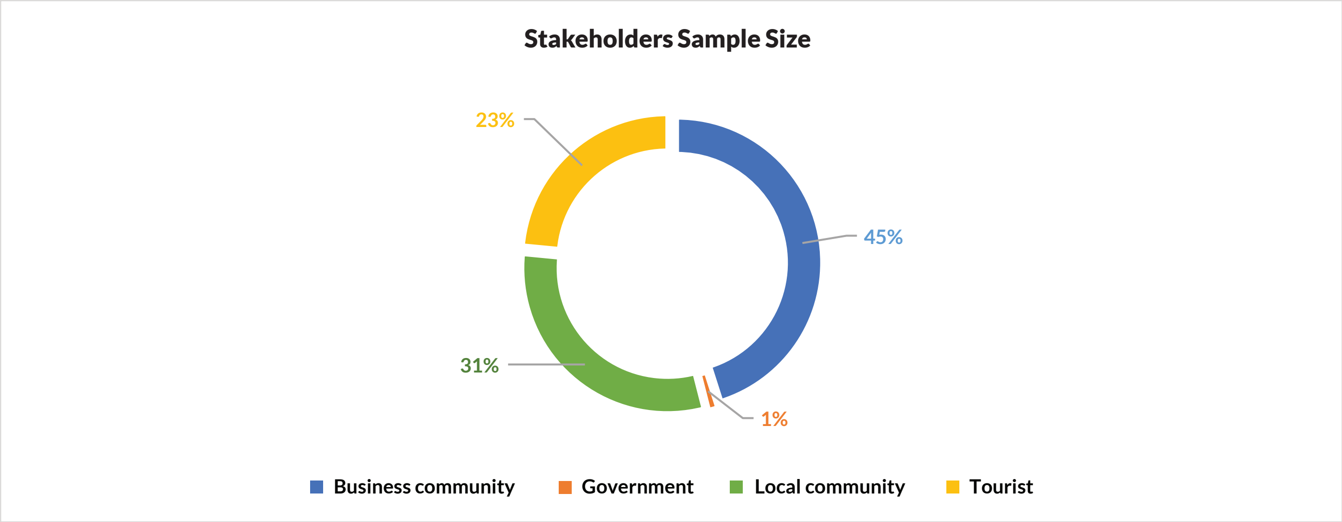
Countries with established tourism governance like India, Nepal, and Sri Lanka will continue compounding their advantage with used targeted visa reforms and focused marketing campaigns to revive tourism, demonstrate how quickly well-designed policies can raise receipts and strengthen foreign-exchange reserves. While Pakistan risks marginal growth, the critical insight emerging from the study is that Pakistan's challenge is not demand-side scarcity but supply-side inefficiency. The global tourism market is expanding, regional peers are capturing larger shares, and Pakistan's natural competitive advantages remain largely unmonetized. Without structural reforms, Pakistan will remain a passive participant in a rapidly growing USD 2 trillion industry rather than an active beneficiary.

In a constrained macroeconomic environment, tourism represents one of Pakistan's most accessible and high-return opportunities to boost foreign exchange, improve economic resilience, and reposition the country as a competitive services exporter.

5. Stakeholder Responses

To gain real insights and back the anecdotal experiences with evidence, around 213 stakeholder responses were collected from different stakeholders (Figure 25). To have outcome-based policy suggestions it is important to have suggestion from all the relevant stakeholders.

Figure 25: Stakeholder Sample Size in Percentage



Source: Authors' Calculation

5.1. Business Community

From business community 20% were tour operators/ agents, 16% representatives were from hotel management, 5% were transporters and 4% were restaurant operators.

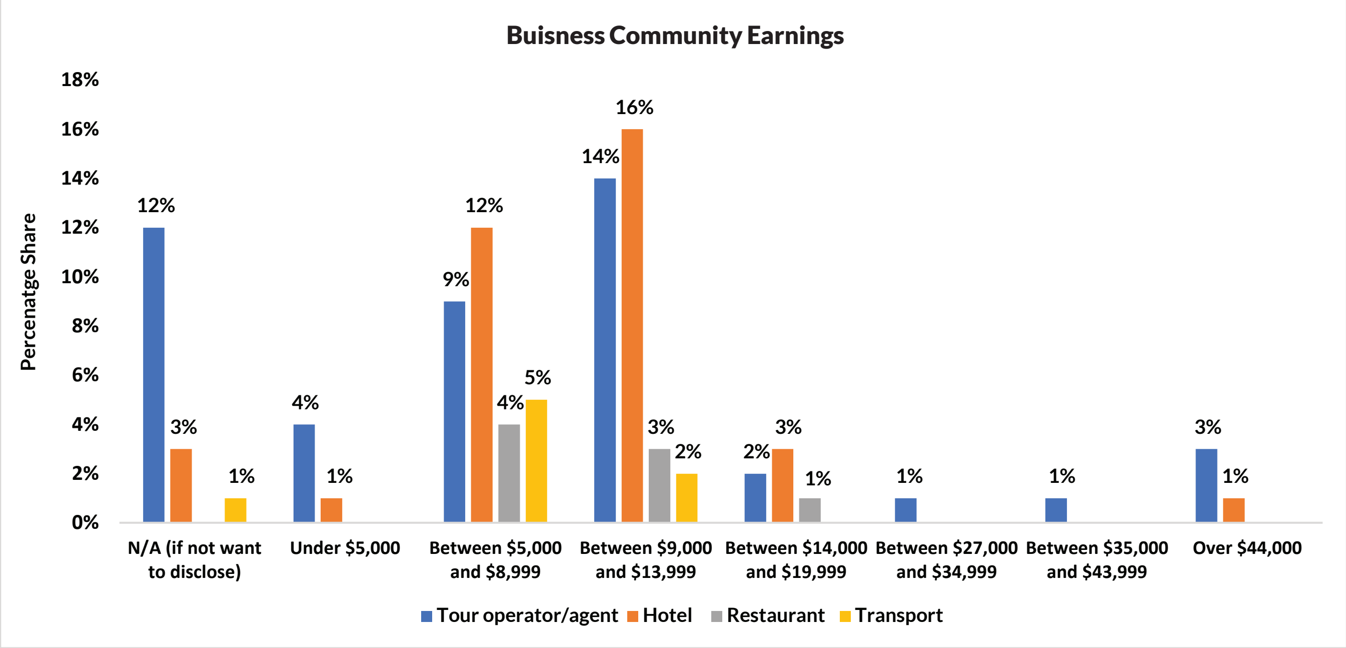
According to business community majority of the tourism takes place in Pakistan is Adventure tourism, Business tourism, Religious tourism and Historical tourism. Considering business community as a 100%. Only 17% business community exclusively entertains foreign tourists and 46% entertains both foreign and domestic tourists, around 84% business community reported that foreign tourists are more lucrative for their businesses as compared to domestic tourists as only 13% foreign tourists bargain on the prices.

Looking into the business community willingness to outperform to attract foreign tourists is only 48% offer customized packages for tourists, and only 41% of business community follow international standards and accreditation for bring their standards up to the international tourism experience. Additionally, only 56% of businesses use international platforms like TripAdvisor and Booking.com to attract foreign tourists and 54% have reported that online attraction of tourists has positively impacted their businesses.

Considering the revenue aspect of these business communities, the Figure 26 shows a highly skewed income distribution within the business community. A large share (35%) earn between USD 9,000 to 13,999, followed by 29% in USD 5,000 to 8,999 range, indicating that most businesses operate in the lower-middle revenue bracket. Very few businesses report higher annual revenues, only 2% earn between USD 27,000 to 43,999. Similarly, only 4% exceed USD 44,000. A notable finding is that 17% of respondents chose not to disclose their income.

Such a high non-response rate highlights the deep-rooted trust deficit between businesses and government institutions, particularly due to the Federal Board of Revenue's (FBR) inconsistent and often unrealistic tax practices, which create fear of tax harassment and discourage transparent reporting.

Figure 26: Business Community Earnings from Tourists



Source: Authors' Calculation

5.2. Local Community

From the local community, 11% were common residents, 8% were local business owners, 8% were social workers, and 4% were community elders. According to the local community, the majority of tourism in Pakistan consists of adventure tourism, business tourism, educational tourism, and historical tourism. Since adventure tourism has the largest share of tourism activity, most responses from the local community were collected from the northern areas of Pakistan.

Considering the local community as 100%, 71% rated foreign tourists as excellent or good, 20% rated them as moderate, and 9% stated they had a bad experience with foreign tourists.

For a deeper understanding of the local community's perspective, several insights were shared. Despite high levels of tourism in northern Pakistan, health and education facilities remain very poor. However, the majority agreed that there are substantial employment opportunities in their area, with nearly 80% of local employment linked to tourism making them financially dependent on seasonal tourism.

Regarding cultural exchange, the community was divided and uncertain about whether it benefits or harms their culture. Some community representatives also raised concerns that civil unrest has increased with mass tourism, worsening safety and security conditions in the area, particularly for women.

In addition, environmental issues were highlighted, especially deteriorating air quality and increasing water contamination. These concerns were largely attributed to domestic tourists traveling in private vehicles, which has negatively affected the overall cleanliness of the northern regions.

Lastly, a major concern expressed by the local community was that the government does not involve them in policy consultations for tourism development. They also complained that Tourism Development Authorities, such as the GB Tourism Department, primarily cooperate with tourists but do not engage or support the local population.

5.3. Government

The interviews conducted with government officials were solely for the purpose of identifying key issues in tourism exports and exploring solutions for enhancing tourism exports. Therefore, the government officials' responses are included in the key issues and challenges, and recommendations sections.

5.4. Tourists

Among the tourists, 18% were domestic and 5% were foreign. The majority of tourists, both domestic and foreign, plan their visits to the northern areas for adventure tourism between June and September. Considering tourists as 100%, around 90% visit adventure destinations, 4% visit historical sites, 4% travel for religious tourism, and 2% visit for business purposes.

5.4.1. Tourists Ratings

The survey reveals a clear mismatch between Pakistan's core tourism strengths and its systemic weaknesses. While hotel accommodation and food quality score strongly, as more than half of respondents rating these services as Excellent or Good, most foundational elements of the tourism ecosystem perform poorly. Digital infrastructure for financial transactions, navigation, and network coverage is the weakest area, with 66% rating it Poor or Worst, reflecting the persistent connectivity gaps reported especially in rural and northern regions. Although national indicators show rapid growth in digital payments in recent years, international visitors still face inconsistent payment acceptance and unreliable coverage in tourist-heavy destinations, highlighting a gap between national progress and on-ground user experience. Similarly, road infrastructure and public transport receive predominantly negative evaluations, consistent with national assessments that flag poor road maintenance, limited tourist-oriented public transport, and last-mile connectivity failures. These constraints significantly reduce accessibility to many high-potential destinations, weakening Pakistan's ability to convert its natural assets into sustained tourism flows.

Institutional performance also appears weak. Tourism departments show a large spread across Moderate to Poor ratings, suggesting inconsistent cooperation of tourism department with tourists. Tourism advertising approach of marketing departments relatively got lower rating as the "real tourism experience" scores relatively high, indicating that once travelers reach the sites, the quality generally meet above expectations. This aligns with global tourism competitiveness evaluations that emphasize Pakistan's limited international promotion.

When asked about safety and security, air quality, water quality, and overall cleanliness in Pakistan's urban, suburban, and rural areas (specified in Table 2), tourists rated urban areas worse in terms of safety & security and water quality. In contrast, rural areas received better ratings for air quality but lower ratings for overall cleanliness. This finding aligns with a recent forum article stating that Pakistan's chronic urban air pollution is driven by smog, vehicle emissions, and industrial activities make city air hazardous during pollution seasons[15]. Meanwhile, rural and high-altitude destinations typically experience significantly lower pollution levels, which explains why visitors consistently rate air quality in rural sites more favorably.

Table 2: Urban, Sub-Urban, and Rural Areas

Areas	Cities/Districts/Towns
Urban	Karachi, Lahore, Islamabad, Faisalabad, Multan, Rawalpindi, Hyderabad, Jamshoro, Rahim Yar Khan, Bahawalpur, Abbottabad, Jhang, Peshawar.
Sub-Urban	Murree, Bhurban, Lower Topa, Hunza, Skardu, Naran, Ahmed Pur East, Mingora, Arang Kail, Swat.
Rural	Babusar, Neelam Valley, Shigar, Kharmang, Khapulu, Astore, Kaghan.

Moreover, tourists rated water quality as worse in urban areas, better in suburban areas, and good in rural areas. This aligns with the findings of the Pakistan Council of Research in Water Resources, which notes that aging water distribution networks, intermittent supply, and bacteriological contamination make tap water in urban areas unsafe [16]. Therefore, tourists encountering unreliable or visibly poor water are reflecting real public-health concern rather than a mere impression. Additionally, rural areas often have visually cleaner water in recreational spots such as springs and mountain streams, leading tourists to rate rural water more positively even when overall community water security remains fragile [16,17].

5.4.2. Tourists Traveling Behavior

5.4.2.1. Tourists Prominent Places

The prominent cities and places visited by tourists are given in Table 3 below.

Table 3: Most Prominent Places Visited by Tourists

Cities	Places
Islamabad	Faisal Mosque, Pakistan Monument, and Daman-e-Koh.
Skardu	Kachura Lakes, Deosai National Park, and the Katpana Cold Desert, Manthokha Waterfalls, K2, Houshe Valley, and Basho Valley.
Hunza	Passu Cones, and Khunjerab Pass.
Lahore	Badshahi Mosque, Lahore Fort, the Wagah Border, and the historic Walled City.
Murree	Mall Road, and Kashmir Point.
Narowal	Kartarpur.
Jang	Tomb of Heer.
Chitral	Kalash Valley.
Swat	Kalam Valley, Malam Jabba, and Mahodand Lake.
Faisalabad	Clock Tower and Lyallpur Museum.
Sialkot	Tomb of Allama Iqbal.
Karachi	Mazar -e-Quaid, Mohatta Palace, Clifton Beach and Port Grand.

5.4.2.2. Tourists Income and Spending

Table 4 highlights differences in income levels, spending behaviors, and travel patterns of domestic and foreign tourists in Pakistan. Domestic tourists travelling within Pakistan typically earn around USD 500 per month, whereas foreign tourists have a higher monthly income of about USD 650, which partially explains foreigners' higher spending capacity. On average, a single domestic tourist spends USD 8.5 per day and usually stays at a destination for only 1 to 2 days. In contrast, foreign tourists spend approximately USD 12.5 per day and remain at one place for alonger period, ranging from 2 to 4 days. Foreigners' average daily expenditure is nearly 47% higher than domestic tourists,reflecting greater purchasing power and possibly a preference for higher-quality services. Moreover, foreigners also stay longer at a location compared to domestic travelers, indicating deeper engagement with destinations.

This difference in income and stay duration is also reflected in total trip expenditure. A domestic tourist spends roughly USD 450 to USD 500 on a single trip, while a foreign tourist incurs a significantly higher cost of USD 1,500 to USD 1,750 per visit, which is nearly three times more than domestic tourists. Therefore, tourism exports highlight a stronger economic footprint of international travelers in Pakistan's tourism sector by contributing significantly higher per-capita revenue, while domestic tourism is more frequent but lower in economic value per trip.

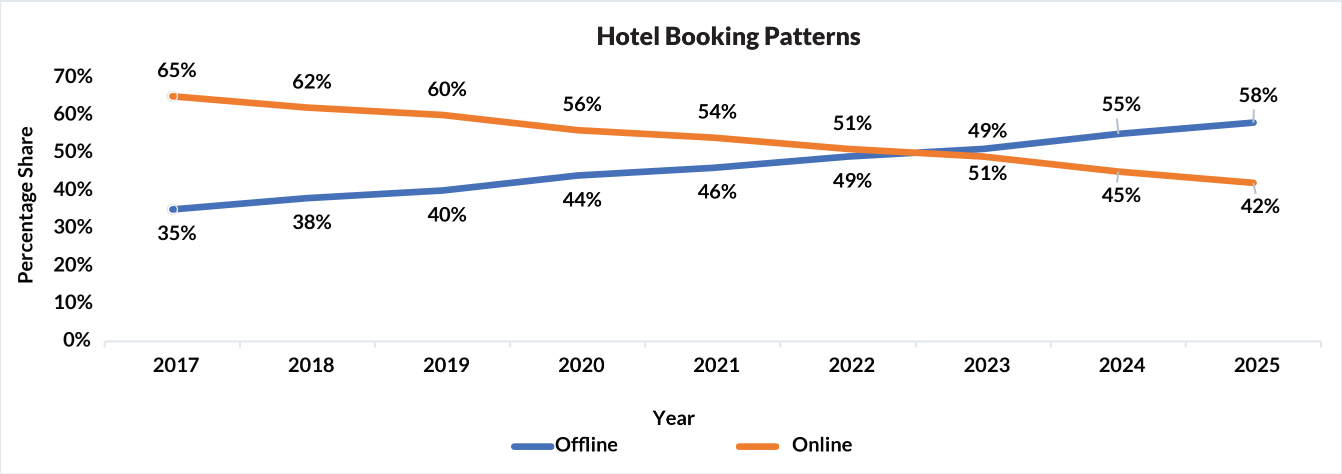
Table 4: Tourists Income and Spending

	Domestic Tourist	Foreign Tourist
Average Monthly Income (USD)	500	650
Average Spending Per Tourist Per Day (USD)	8.5	12.5
Average Stay at One Place (Days)	1 - 2	2 - 4
Overall Trip Cost (USD)	450 - 500	1500 - 1750

5.4.2.3. Tourists Hotel Booking Patterns

In 2024, Around 25 million people visited different tourism places in Pakistan from which 40% specifically visited camping places, 19% opted for vocational rentals, 1% visited cruise tourism places and 40% used package holiday plans. Additionally, looking into the online hotel booking patterns of tourists in Pakistan is decreasing over time (Figure 27).

Figure 27: Hotel Booking Patterns of Tourists in Pakistan



Source [8]

The data reveals an unusual but important shift in Pakistan's hotel booking patterns, offline (on arrival) bookings have risen steadily from 35% in 2017 to 58% in 2025, while online (pre arrival) bookings have declined from 65% to 42% over the same period. This reversal runs counter to global and regional trends, where online travel agencies (OTAs) and mobile booking apps have consistently expanded their market share. Evidence shows that Pakistan's digital payments, mobile broadband penetration, and e-commerce usage have increased significantly in recent years, conditions that typically strengthen online hotel bookings [18,19]. The contradiction suggests local structural and behavioral factors influencing the shift.

Furthermore, cybersecurity concerns and the potential for online fraud can erode trust and deter travelers from booking online in developing countries like Pakistan [20]. Digital fraud issues and weak consumer protections in Pakistan's online marketplace, can discourage tourists, especially international or first-time visitors from relying on online platforms.

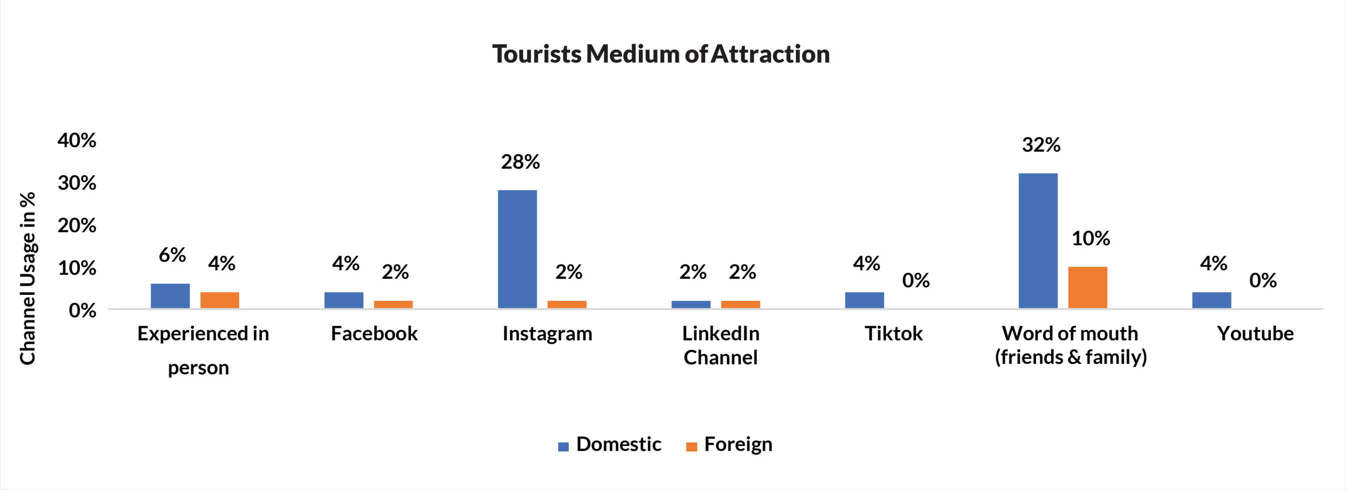
As a result, many prefer traditional methods such as calling hotels directly or booking through local agents who offer greater perceived security. Another factor is the rise of domestic tourism in remote areas, where most accommodations are small guesthouses or family-run lodges not integrated with OTAs or digital payment systems. As domestic travel to northern regions expanded after 2019, these offline-heavy destinations gained greater weight in the overall booking pattern.

Pandemic-era behavior also appears to play a role. During 2020 to 2022, frequent travel disruptions and cancellations led many travelers to prefer direct negotiation with hotels for flexibility and assured refunds. This shift towards personal contact may have persisted even after travel normalized.

5.4.2.4. Tourists Medium of Attraction

The data on how tourists learned about Pakistan's tourism places reveals that for domestic and foreign tourists, word-of-mouth (WOM) of friends and family is the single most important source, indicating a deeply social and trust-based dynamic in how people discover local destinations (Figure 28). This aligns with broader research in Pakistan showing that word-of-mouth strongly mediates tourists' destination image and their loyalty to a location [21]. Conversely, Instagram plays a disproportionately large role among domestic tourists, far more than foreign visitors, suggesting that local travelers rely significantly on visually inspiring content when exploring their own country. This is consistent with findings from Pakistani studies showing that Instagram is a powerful tool for tourism promotion, as many users engage with travel content and tourism companies leverage the platform for marketing [22].

Figure 28: Tourists Medium of Attraction for Pakistan's Tourism



Source: Authors' Calculation

On the flip side, the relatively low rating of YouTube and TikTok as discovery channels are noteworthy, particularly in a global context where video content increasingly influences travel decisions. This suggests that, in Pakistan's tourism market, short-form or long-form video content for destination discovery among foreigners may still be under-leveraged. Given that video platforms have become key in travel inspiration globally, this gap points to an untapped opportunity for Pakistani tourism stakeholders to produce compelling video content such as visually rich vlogs, reels, or TikTok videos targeted to international audiences. In sum, social trust (word-of-mouth) and visual inspiration (Instagram) are central to how tourists discover Pakistan, while video content and professional marketing remain relatively underused channels, especially for foreign travelers, a gap that, if addressed, could greatly amplify tourism outreach.

6. Issues and Challenges

6.1. Demand Side: Tourists

a) **Road Infrastructure:**

It includes a lack of all vehicles' road accessibility, frequent blockage of roads, and traffic congestion. The existing road infrastructures are not designed to support tourism exports from Pakistan. Most famous tourist destinations have limited and insufficient road coverage. The road networks are narrowly constructed, and there is an absence of traffic signboards. As a result, both tourists and local communities frequently face traffic congestion and road accidents, especially during peak hours. Moreover, the construction materials used are not climate-resilient; as a result, road blockages have become a common issue, particularly in remote and mountainous areas. Tourists traveling to northern Pakistan highlighted the continuous blockage of roads such as the Karakoram highway, Baltistan Highway, and Babusar Top as major reasons hindering the growth of tourism exports.

b) **Lack of Basic Amenities:**

It includes a lack of clean washrooms, hygiene, medical facilities, overvalued accommodation, electricity issues, clean drinking water and limited currency exchange market. Pakistan has huge potential for export tourism; however, the lack of basic amenities and facilities are main hindrance to exporting tourism. In Pakistan, most of the time, tourists face difficulties in finding clean washrooms, safe water, and hygienic food. In northern Pakistan, particularly between Gilgit and Skardu, there are no proper facilities of clean washrooms and hygienic food. During adventure tourism, the availability of medical facilities is necessary, since it involves hiking, trekking, expeditions, and boating. But medical facilities are not available in the majority of tourist areas. Furthermore, a lack of currency exchange facilities creates an unnecessary burden for foreign tourists.

c) **Lack of Digital Connectivity:**

Limited mobile signal, internet coverage, and digital payment. The lack of digital connectivity infrastructure is another major barrier to promoting tourism exports from Pakistan. Tourists often experience difficulties in communication, digital payments, and online booking due to unreliable mobile and internet coverage, particularly foreign tourists visiting for hiking and trekking. In emergency situations, this lack of connectivity delays response efforts and creates serious challenges for ensuring tourist safety and security.

d) **Safety, Security, and Ethical Concerns:**

Safety and harassment concerns, and a lack of professionalism. Foreign tourists complain about safety, security, and the lack of professionalism in Pakistan. Foreign tourists, particularly women, feel insecure in Pakistan due to the inappropriate behavior of domestic tourists and, in some cases, due to local communities. In addition, untrained hotel staff, tourist guides, and the cancellation of flights further weaken the travel and hospitality sector of Pakistan, particularly in Gilgit-Baltistan.

6.2. Supply Side

6.2.1. Local Community

a) **Unplanned and Unsustainable Tourism:**

Unplanned and unsustainable tourism is producing negative effects on the ecosystem of the tourist destination areas. It leads to ecosystem damage, pollution, disaster events, wildlife disturbance, and water-borne diseases.

The current framework of tourism promotion is based on attracting domestic tourists rather than international tourists. The high influx of domestic tourists is contributing to environmental degradation. Different types of pollution, like water, air, and noise pollution, are adversely affecting the livelihoods of local communities. Furthermore, it is also disturbing wildlife populations and their lives. Due to the high carbon footprint of tourists, climate change-induced disaster events such as Glacial Lake Outburst Flood (GLOF) and flash floods are also increasing. The respondents further added that in recent years, unplanned construction and land encroachment activities for the construction of hotels, restaurants, and guest houses have led to the degradation of the ecosystem and environment. In addition, unregulated tourism is also damaging to local socio-cultural settings. Local communities express their concerns about cultural erosion and loss of privacy due to the inappropriate behavior of domestic tourists. Usually, tourists enter homes and damage the properties of local communities. They pick fruits from the garden without permission. Sometimes, domestic firearms and taking photographs of local residents without concern result in community discomfort and a sense of insecurity for the local communities.

b) Higher Air Fares:

It includes expensive air travel and overcrowding. In Gilgit Baltistan, before 2021, air travel was limited from Islamabad to Skardu/Gilgit. In mid-2021, PIA started direct flight operations, subsequently by Airblue, from the metropolitan cities of Pakistan, such as Lahore, Karachi, to Skardu to facilitate tourists. This measure significantly contributes to the arrival of tourists. However, this measure is negatively impacting local communities in the form of an increase in fares, especially from Islamabad to Skardu.

6.2.2. Business Community

a) Regulatory Issues:

It consists of a prolonged visa process, multiple verification mechanisms, room fare, and delay in visa approval. According to tour operators, unbalanced government and bureaucratic regulations are a major hindrance to promoting tourism exports in Pakistan. The visa approval process is prolonged and lengthy. When a visa is approved and foreigners reach Pakistan, they have to face multiple cross-verifications and checks by different government agencies. Additionally, in different parts of KPK and GB, foreigners' mobility is restricted and requires No Objection Certificate (NOC) in certain areas, such as border areas. The NOC approval process is also prolonged and involves extensive paperwork. Representatives from transportation sector implicitly highlighted the issue of multiple road permits and stated that such measures create unnecessary pressure on operators and delayed visitors' visits.

b) Air Travel Infrastructure Issues:

It consists of a lack of international flights, limited flight operations, and frequent cancellations of flights. Tour operators highlighted that inadequate international flight operations in tourist spots of Pakistan are one of the main barriers to exporting tourism. Most of them mentioned the case of Gilgit-Baltistan. In Gilgit-Baltistan, there are two airports: Gilgit and Skardu Airports. In 2021, the government of Pakistan officially designated Skardu airport as an International Airport, and in 2023 first international commercial flight, operated by Pakistan International Airlines from Dubai to Skardu. But international flights are still not operating on a regular basis. While domestic flight operations have expanded from Islamabad to other metropolitan cities, to Skardu. But these operations remain uncertain due to cancellation without prior notice. The lack of consistency in air connectivity negatively affects the export of tourism in the region.

c) Safety and Security Concerns:

It means the negative image of Pakistan, civil instability in Pakistan, lack of peace, and misuse of social media. The law-and-order situation in Pakistan has considerably improved. However, the global media still portrays Pakistan as facing the issue of terrorism and law and order challenges.

These narratives create a misconception and fear about Pakistan. As a result, despite having tourist attraction spots, foreign tourists hesitate to travel and explore Pakistan. Additionally, widespread social and political turmoil lead to public disorder, violence, and disruption of normal life which also make foreign tourists reluctant to visit Pakistan.

d) **Marketing and Branding Gap:**

It consists of weak marketing, limited global promotion, and limited use of social media. The export of goods or services heavily relies on their marketing and branding. Representatives from the business community highlight that Pakistan lags in global marketing and branding of its tourist destinations. In the current era, social media has become an important tool in marketing and promotion. However, in Pakistan scope of social media in marketing and branding of the tourism sector is very limited.

e) **Human Resource Issues:**

Human Resources issues include a lack of professionalism and untrained Human Resources. Similar to the lack of proper marketing and branding, the tourism sector in Pakistan is facing a crisis of professional and well-trained human resources. According to the respondents, due to limited human capacity development programs, many individuals in the tourism sector lack consumer handling skills. They often failed to provide satisfactory service and manage their tours. In addition, the language barrier also exacerbates this issue.

f) **Inconsistent Policies:**

It consists of uncertain policies and a lack of priority. According to tour agents, inconsistent and frequent changes in government policies also hinder tourism export in Pakistan. Especially, in the case of adventure tourism, frequent policy and rate changes for trekking and royalty fees contribute significantly to reducing adventure tourism export in Pakistan.

6.2.3. Government

a) **Lack of Strategy:**

The absence of a clear strategic direction and policy is the biggest challenge in boosting tourism exports. According to government representatives, government often discuss both increasing tourism exports and eco-sustainability. However, they have no plan or policy that shapes future. To boost sustainable tourism exports, Pakistan needs to develop a proper plan and policy by consulting all relevant stakeholders.

b) **Weak Governance:**

It consists of a lack of coordination between federal and provincial governments, no unified tourism policy, and no facilitation/help desk for visa. After the 18th Amendment, tourism and hospitality became a provincial subject. Now each province has its own policy and regulatory mechanisms, such as road permits, which are issued by provincial governments and therefore have geographical limitations. Furthermore, except for one or two provinces, the others are not prioritizing tourism and do not recognize it as a separate sector. Thus, the lack of proper coordination, a unified policy, and adequate government support creates uncertainty about their business.

c) **Lack of Awareness:**

Most business groups associated with the tourism sector, as well as local communities, encourage a high influx of tourists. However, they do not have proper plans for sustainable tourism and are primarily focused on maximizing earnings. This growing influx of tourists has contributed to environmental degradation and an increase in climate-induced disaster events. Additionally, unplanned construction and land encroachment for hotels, restaurants, and guest houses have further damaged the ecosystem and environment. When the government attempts to promote sustainable tourism, such as by imposing environmental and highway toll fees or carrying out anti-land encroachment measures, they are often protested against such initiatives. Both business and local communities need to recognize the importance of sustainable tourism for long-term growth and development.

7. Recommendations

7.1. Immediate Strategies for Government

a) **Simplifying the Visa Process:**

The E-Visa and on-arrival visa policy of Pakistan needs to be revised. It takes significant time to process the application, and the applicant's fee is non-refundable, even in the case of rejection. By integrating Artificial Intelligence (AI) into the system, processing time can be reduced, and the visa fee should be charged after the approval of the visa.

b) **Adventure Fee:**

The fee structure of adventure tourism is frequently revised. The government may fix the fee structure for three to five years to attract and develop confidence in foreign tourists.

c) **Tourist Complaint Helpline (24/7):**

The provincial tourism department, in collaboration with the provincial police department, may launch a tourist complaint helpline to report theft, harassment, or emergencies, and should be available in English and local languages.

d) **Digitalization of Governance:**

Both tourists and business communities face lengthy paperwork for permits and NOCs. The Pakistan Tourism Development Corporation (PTDC) may launch a single-window digital platform in collaboration with the provincial tourism departments to digitalize the current permit and NOC practices.

e) **Surveillance in Tourist Spots:**

The government may install streetlights, digital traffic signboards, CCTV, and regular police patrolling in major tourist areas, markets, and public places for better safety and security of tourists.

7.2. Long Term Plan

7.2.1. For Government

a) **Develop Regional Tourism Visa Policy:**

The government may negotiate bilateral or SAARC level tourism visa agreements to promote cross-border tourism and regional connectivity.

b) **Develop Five Year Tourism Policy:**

The National Tourism Coordination Board (NTCB) may establish Tourism Research & Policy Wing. The Wing will be responsible for preparing five-year strategic plan with clear goals, responsibilities, and evaluation mechanism for tourism exports.

c) **Tourist Police:**

Like the GB tourist police, expanding the tourist police nationwide, which deals exclusively with tourists' safety and security, with special female squad. Furthermore, this force should be equipped with digital system linked with tourists' complaints portal.

d) **Tourist Facilitation Wing:**

A special tourist facilitation wing should be opened in all Pakistani embassies and major international airports to facilitate and smoothen the travel experience of tourists.

f) **Climate-resilient Road Infrastructure:**

The Government may expand road connectivity by widening, maintaining, and repairing road infrastructure using climate-resilient materials at key tourism corridors for example Karakoram Highway, Baltistan Highway, Swat Valley Road, Interior Sindh, and Balochistan.

7.2.2. For Public Private Partnership

a) **Deploy Mobile Network Boosters with Wi-Fi Zones: Deploy Mobile Network Boosters with Wi-Fi Zones:**

The federal government may compel telecom companies to provide universal mobile network coverage to every possible tourist remote area and government should provide public Wi-Fi at tourist spots.

b) **Promote Mobile Wallets and QR Payments:**

The government may sign a MoU with mobile wallet service providers such as Easypaisa, JazzCash, Sadapay, and Nayapay to promote wallet and QR payments to all tourists spots.

c) **Justified Rates with High Security:**

The hospitality industry may provide justified (value for money) rates to foreign tourists at online booking platforms such as Booking.com, Agoda, Google Travel, and Airbnb with a proper secure and trustworthy mechanism.

d) **Launch Vocational Training Programs for Tourism Services:**

The PTDC and provincial tourism department, in collaboration with NAVTTC, may launch short-term (3 to 6 weeks) training program for hotel managers, staff, tour operators, and guides on how to build Pakistan strong image in the eyes of foreign tourists by delivery premium services.

e) **Capacity Building:**

Civil Aviation Authority (CAA) may arrange capacity-building sessions annually or bi-annually to train airport and airline staff in tourist handling, multilingual communication, and hospitality.

f) **Roadside Facilities or Service Areas:**

The petrol pumps on the highways and tourist spots owners with the help of PTDC may provide roadside facilities for the tourists on every road which leads to any tourists spot in Pakistan.

g) **Food and Waste Authorities:**

The food authorities should be empowered to assess quality of the food and beverages at all the tourist places. Moreover, waste management authorities should be empowered to monitor the waste management at tourists spots and must be held accountable for providing clean tourists spots for the tourists.

Recommendations in this study are based on primary data and are primarily aligned with the indicators of the Travel and Tourism Development Index (TTDI). Implementing these recommendations may improve Pakistan's TTDI ranking and strengthen its position as a competitive global tourism destination.

8. Conclusion

The findings of this study underscore the significant yet underutilized potential of Pakistan's tourism sector as an export-generating industry. While travel and tourism contribute 5.9% to GDP and support 4.7 million jobs, the country continues to experience a substantial gap between inbound and outbound tourism spending. Despite offering diverse tourism categories ranging from adventure and religious to historical and business tourism. Pakistan attracts far less foreign tourists compared to other countries.

The analysis highlights critical challenges on both demand and supply sides. Inadequate road infrastructure limited basic amenities, safety and security concerns, digital connectivity issues, regulatory hurdles, complex visa procedures, and weak marketing collectively hinder Pakistan's ability to fully leverage its tourism export potential.

However, the report also identifies clear pathways for improvement. Simplifying visa processes, introducing digital governance systems, developing climate-resilient and reliable infrastructure, enhancing digital payment accessibility, improving food quality and waste management, and expanding roadside facilities can collectively strengthen Pakistan's tourism ecosystem.

If these strategies are implemented effectively, Pakistan can significantly enhance its tourism competitiveness, attract higher foreign tourist spending, and improve its position on the Travel and Tourism Development Index (TTDI). Strengthening tourism exports will not only generate foreign exchange earnings but also contribute to broader economic development, job creation, and global visibility for Pakistan as a compelling and competitive tourist destination.

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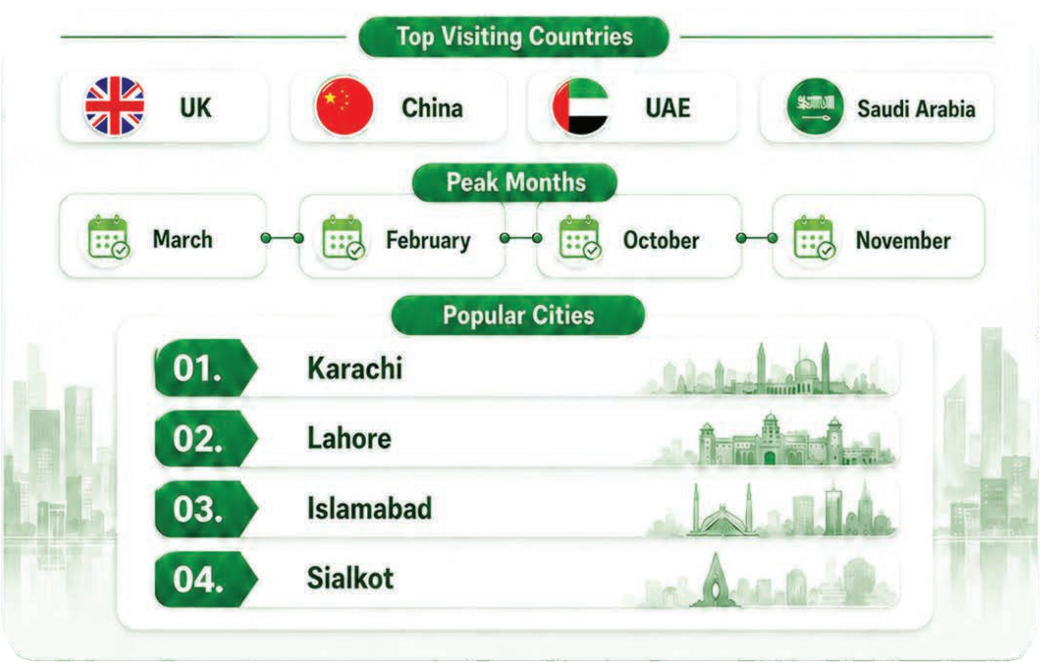
Snapshot of Tourism

Sector of Pakistan in 2025

Source Author's Calculations



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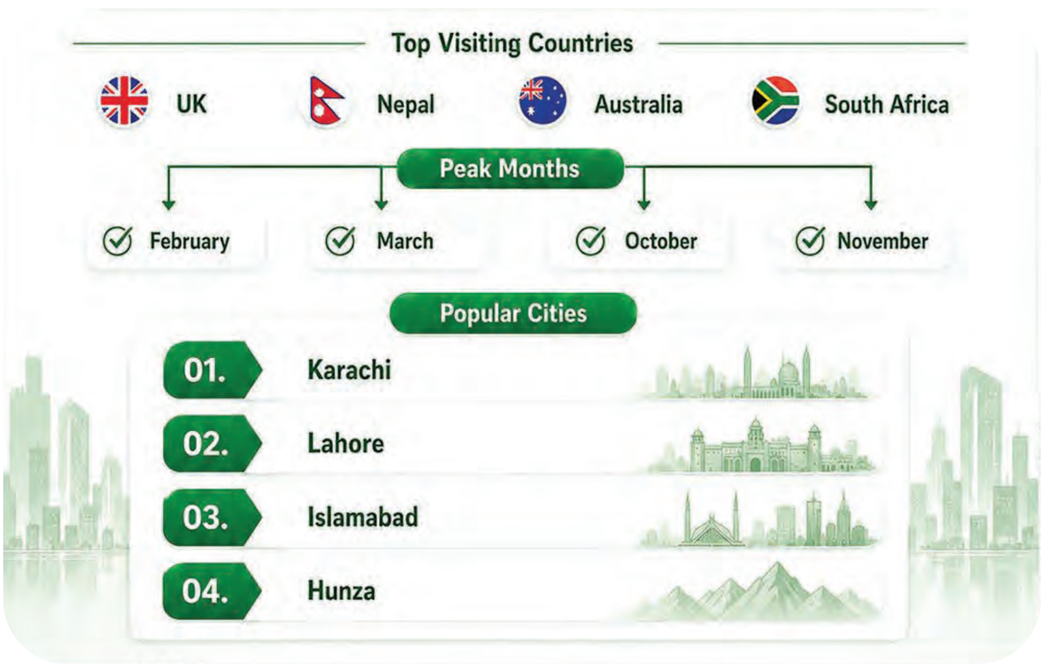

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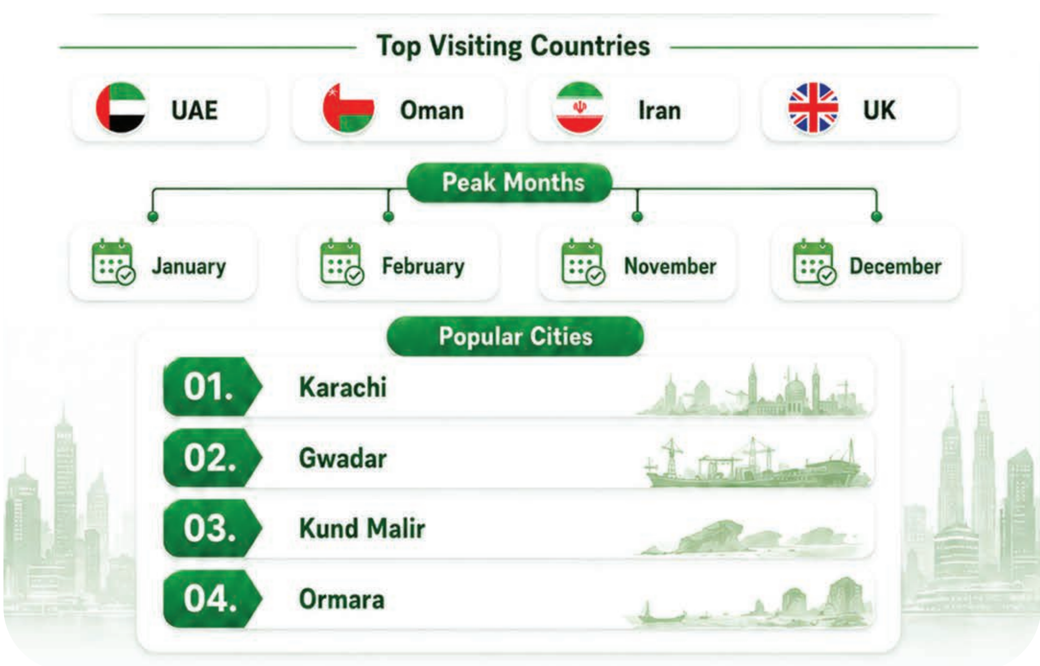

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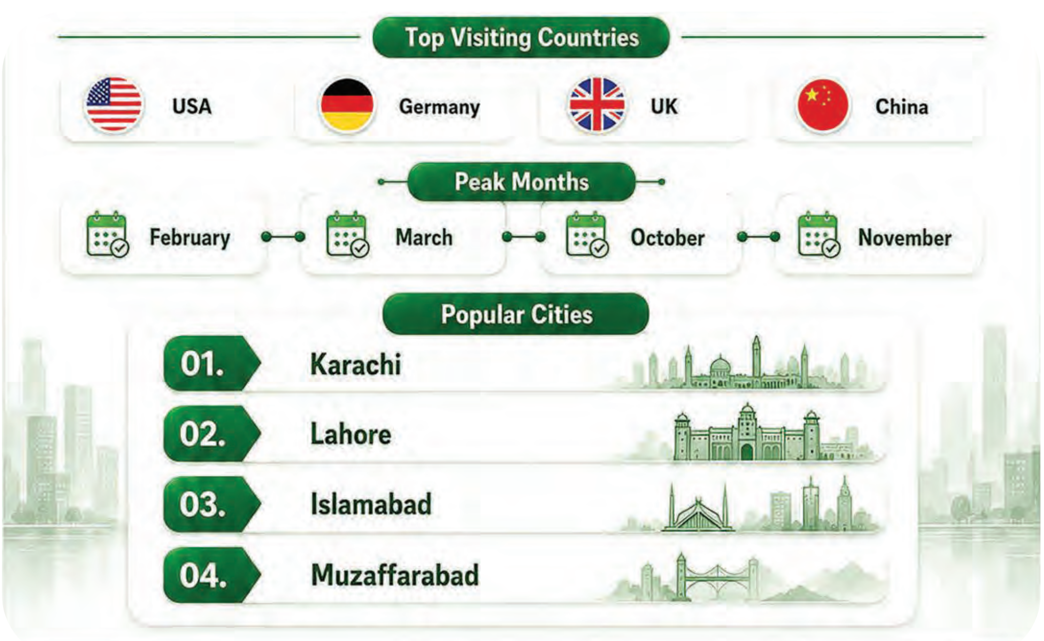

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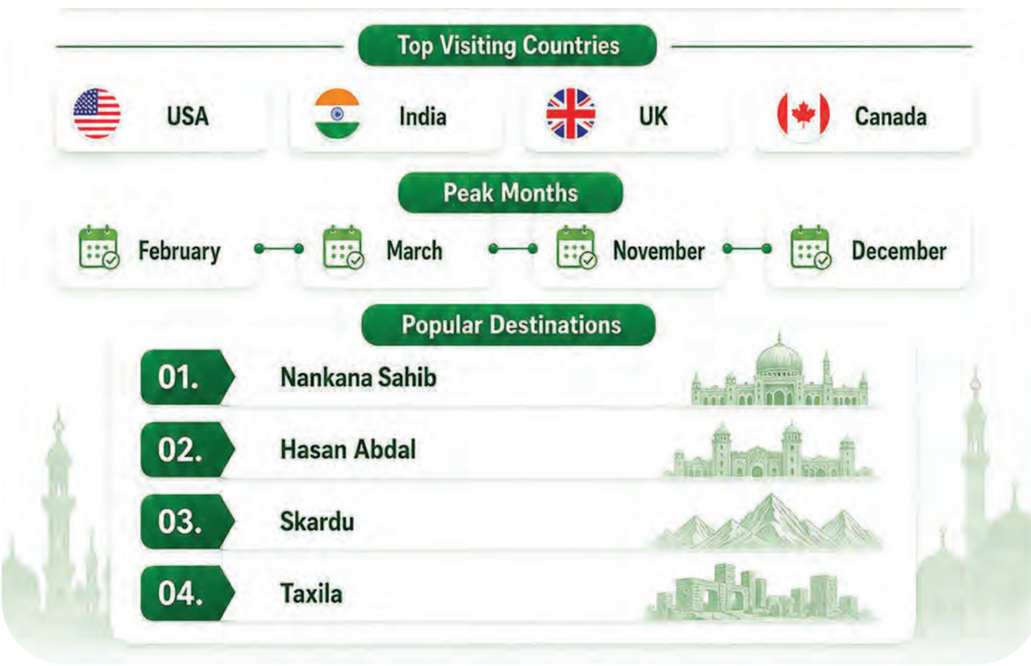

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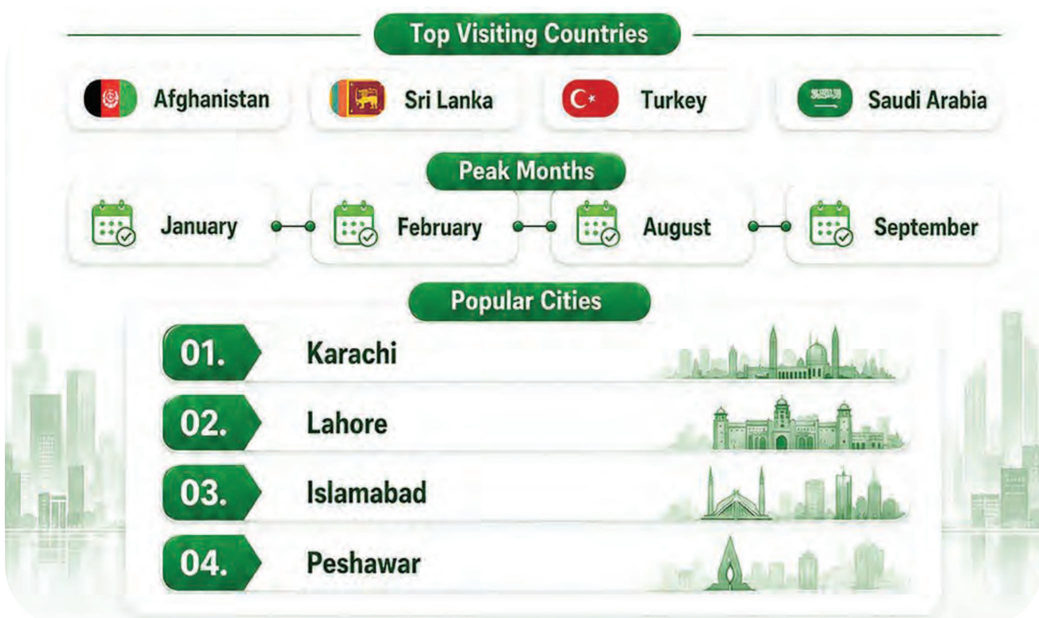

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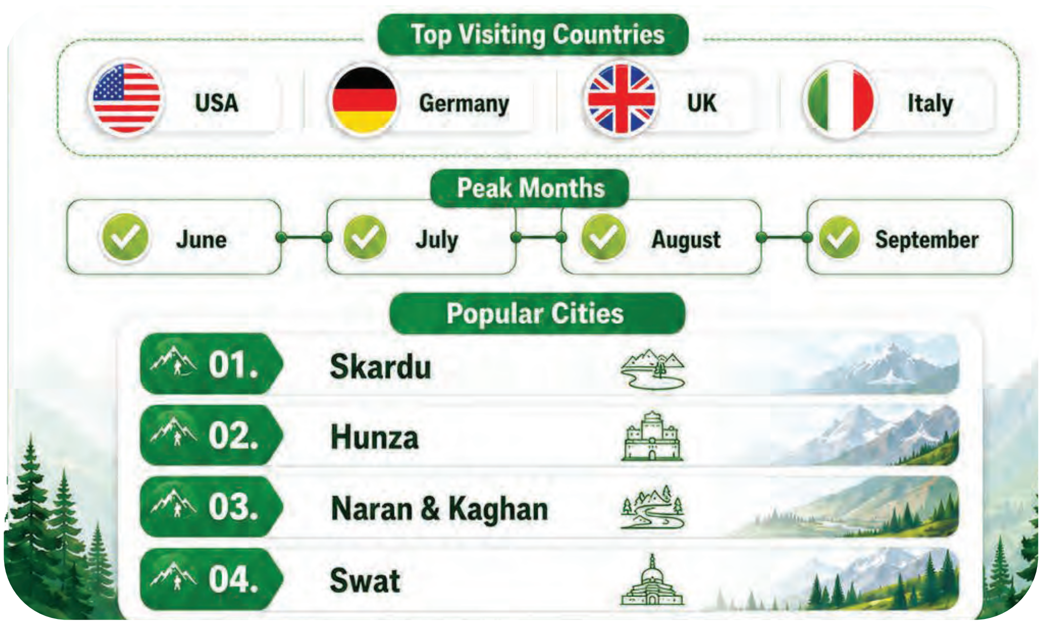

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