



**Global
Tourism
Forum**
Andorra 2011



In collaboration with



Govern d'Andorra

Global Tourism Forum Andorra 2011

Building New Models for Tourism Growth: Competitiveness & Responsibility
Andorra la Vella, March 6-7, 2011

Summaries of Sessions

Session I

The State-of-the-Industry – Global Outlook: Where does the tourism sector stand following the most challenging years in recent history and what are the short term prospects for the sector?

Main points

- Following an extremely difficult period, international tourism has recovered with growth of 7% in 2010
- The sector continues to face diverse challenges, from uncertain recovery in many advanced economies, to unemployment and increasing oil prices
- The developments in the Middle East and North Africa present challenges for the tourism sector, but also important opportunities
- Given its vast and horizontal nature, there is a need for strengthened coordination among tourism stakeholders to react effectively to shocks and deliver a strong, unified voice within government circles

At the end of a decade of extraordinary tourism growth, but also of unprecedented shocks – security incidents, pandemics, deteriorating climate conditions and economic crisis – **international tourist arrivals were up by 7% in 2010 to 935 million.**

Travel and tourism is now larger than the automotive industry and only just behind banking, with growth being driven largely by emerging economies; resulting in private tourism investment “moving East”. In 2011, the tourism sector looks set to consolidate growth at a rate of between 4-5%.



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Nevertheless, **significant challenges** linger from the last decade. The threat of a jobless recovery looms large and developing countries are growing much more slowly than developed economies. In this new reality, tourism will have to adapt rapidly to changing circumstances.

The situation in the Middle East and North Africa, specifically in Egypt and Tunisia – where tourism represents a major economic force and a critical source of jobs and income – had an impact on the tourism sector of both countries in the short-term, but may offer significant opportunities in the medium to long-term. Democracy is a “good friend to the tourist”, given its role in stability, transparency and accountability and there is already strong interest in returning to the major sites of both countries. Indeed, Tahrir Square in Cairo, Egypt, has become of “a new tourism attraction”.

UNWTO's global forecast for international tourism in 2011 has not been changed as a result of the situation in the Middle East and North Africa. Destinations benefiting from the redistribution of tourist flows should not let increased tourist arrivals detract them from addressing underlying structural issues, especially as this redistribution may be short-lived.

Tourism is a vast, horizontal and diverse sector. As such there is a pressing need for increased coordination and collaboration among all tourism stakeholders in order to deal with future shocks. This was made clear during the closure of European airspace following the volcanic eruption in Iceland in April 2010. Increased coordination will also raise the profile of tourism among the general public as an economic sector that can deliver decisively on the economy and on development.

At the same time, there must be increased coordination at government level if the contribution of tourism to national economies in terms of revenue income streams, exports and employment creation is to be maximized. In this regard, one of the biggest challenges is the role and voice of Tourism within the overall public framework. The position of Tourism is often overlooked when making policy on issues that have direct impacts on the sector such as visas and transport. **The tourism sector must work in coordination and within government circles** to address critical issues for the sector such as visa facilitation, implementing new technologies and dealing with taxes on travel.

Session II

Creating a New Competitive Framework in Tourism: Key factors to Stimulate Growth: Future growth will demand new competitive models. What are key competitive factors for tourism? What does innovation mean in tourism? How can the public and private sector work together to create a more competitive framework, stimulating innovation, capacity building and investment and remove existing obstacles to travel?

Main points

- The public and private sector must collaborate to create a more competitive environment for tourism and ensure strong sectoral growth
- Mega-events present immense opportunities for increasing tourist flows in a competitive international marketplace
- Taxation on travel and tourism may seriously harm tourism's capacity to create jobs and economic growth
- Tourism growth must go hand in hand with sustainability



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In the ever changing global landscape, **the public and private sector must collaborate** to create a more competitive environment for tourism and ensure strong sectoral growth. Only by working towards the same goals can tourism's true potential as a driver of economic growth, jobs and development be fully harnessed.

While public and private actors must work in line, there is little doubt that they have different, though complementary, roles. The role of government should be to establish a favorable operating framework within which the private sector can best drive tourism momentum. Government must facilitate issues such as visas (moving towards the increased use of e-visas), eliminate or reduce barriers to tourist travel and implement national policies conducive to tourism growth. Following this, the private sector will invest to build hotels, infrastructure etc.

Competition among international tourism destinations should be seen in a more positive light and even encouraged. Improving infrastructure and accessibility in one destination will be beneficial to a neighboring destination, especially in the context of increasing intra-regional tourism.

Mega-events – sport, culture, exhibitions and entertainment – present immense opportunities for increasing tourist flows in a competitive international marketplace. The FIFA World Cup in 2010 in South Africa had a significant economic impact but, more importantly, positioned South Africa as a leading tourism destination with longer-term implications. Upcoming mega-events - including the UK Royal Wedding (April 2011), the Olympic Games in the UK (Summer 2012), the FIFA World Cup in Brazil (2014) and the Olympic Games in Brazil (2016) - offer unparalleled opportunities for the countries in question to showcase their destinations, develop infrastructure, reap economic benefits and ensure a long lasting legacy.

There has been a recent tendency to increase **taxation on tourism and travel**, particularly in Europe, as a means of balancing public accounts. This taxation can seriously harm tourism's capacity to create jobs and economic growth. It impacts negatively not only on the development possibilities of those destinations countries dependent on tourism (as such taxation tends to penalize long haul destinations in particular), but also on the economies of the countries which impose such taxes.

Any taxation on tourism must be fair, responsible and transparent, and the rationale behind these taxes explained to the general public, with funds raised channeled back into the sector. Part of the problem stems from the fact that the general public is unaware of the importance of tourism to the national economy and the livelihood of millions of people in developing countries around the world. As a result, there is no local activism to protest these taxes.

Tourism growth must go hand in hand with **sustainability**. Stemming tourism growth is not the answer, especially given its capacity to lift millions out of poverty. Instead, the right balance must be found between poverty alleviation and the protection of assets. What is needed is a balance sheet for tourism, setting out the sector's assets and liabilities. This balance sheet would provide a basis for demonstrating tourism's progress towards a low-carbon future, showing how it can be part of the solution and persuading the world that tourism growth is not something to prevent, but something to support.

Session III

Investing in Responsible Tourism: Contributing to Fair and Inclusive Growth: How to build an environmentally and socially responsible tourism sector that benefits local communities, preserves the environment and contributes to tourism alleviation and development?



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Main points

- The importance of local community involvement in sustainable tourism development should not be underestimated
- Protecting the environment makes business sense
- The idea that air travel is discretionary spending must be challenged
- There are three pillars of sustainability - economic, environmental and social – and tourism can contribute to all three

With cultural and natural resources at the core of its business, tourism has a responsibility and vested interest in being at the forefront of sustainable development. Key to this goal, particularly against a background of rapid tourism growth in emerging economies, is the support and dissemination of good behavior and best practices. Indeed, good sustainable behavior has moved from something a customer will pay extra for, to something they expect.

The importance of **local community involvement in sustainable tourism development** should not be underestimated. While governments and companies must take the lead in building an environmentally and socially responsible tourism sector, it is only through engaging with and involving the local community that tourism can be developed in a sustainable manner.

Visitors are increasingly looking for an “experience” when they travel and human interaction is the most important element of this. Involving all stakeholders in tourism development – through training, education, interaction and debate - increases a sense of ownership and pride in a tourist site and can help create lasting relationships between tourists and local populations.

Protecting environmental assets is not just a responsibility, but also makes tourism business sense. Reductions in water consumption, energy use and CO2 emissions will not only benefit the environment, but also **allow businesses to reduce their costs and increase profits**. The message that **people, profits and the planet go hand in hand** has a central role in the sustainability debate and must be spread more widely.

Aircraft are a case in point. While often pinpointed as the environmental “bad guys”, airlines are continuously looking to make their aircraft more efficient and as such, more environmentally friendly. By burning less fuel, aircraft significantly reduce their own costs; so the cost equation makes both environmental and business sense. **The idea that air travel is discretionary spending must also be challenged**. For many destinations, much of the country’s national revenue and employment is dependent on tourist arrivals by air. These countries - many of which are also the principal victims of climate change - would be doubly affected if deprived of tourism’s economic contribution.

Sustainable development incorporates three pillars: economic, environment and social; and the tourism sector is well-positioned to address all three. Key recommendations include encouraging hoteliers to purchase from local suppliers instead of mass purchasing, and developing tools that allow tourism businesses to measure their energy performance.