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A Review of Effective Policies for Tourism Growth

Peter Haxton

**OECD TOURISM PAPERS:
A REVIEW OF EFFECTIVE POLICIES FOR TOURISM GROWTH**

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ABOUT THE OECD

The OECD is a multi-disciplinary inter-governmental organisation of 34 member countries which engages in its work an increasing number of non-members from all regions of the world. The Organisation's core mission today is to help governments work together towards a stronger, cleaner, fairer global economy. Through its network of 250 specialised committees and working groups, the OECD provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice, and co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Commission takes part in the work of the OECD.

ABOUT THE TOURISM COMMITTEE

The OECD has a long-standing expertise on tourism. Tourism is located in the OECD Centre for Entrepreneurship, SMEs and Local Development (CFE). The Tourism Committee, created in 1948, acts as the OECD forum for exchange, and for monitoring policies and structural changes affecting the development of domestic and international tourism. It actively promotes the sustainable economic growth of tourism.

Addressing the major challenges faced by the tourism industry, and maximising tourism's full economic potential, requires an integrated and multi-faceted approach to tourism policy development across many government levels and departments. In this environment, OECD members see considerable benefit in co-operating to address economic, sustainability and employment issues, and promote tourism policy performance and evaluation, innovation and liberalisation of tourism. A closer co-operation with major emerging economies is also seen as being critical to achieving a strong impact with this work.

The website of the Tourism Committee www.oecd.org/cfe/tourism provides detailed information about the OECD activities on Tourism.

ACKNOWLEDGEMENTS

Peter Haxton co-ordinated the OECD Tourism Committee project to review effective policies for tourism growth, in close collaboration with Alain Dupeyras. This report is set in the context of the OECD's wider work to enhance the resilience of economies after the global financial crisis, and examines the changing global trends and inter-linked policy challenges driving the need to revisit the policy framework supporting tourism growth. Within this context it provides a number of policy considerations to support tourism growth that is greener, stronger and more inclusive.

To inform the Tourism Committee's work, discussion papers were developed on selected issues likely to present significant challenges for sustainable tourism growth in the medium- to long-term. Key findings are outlined in the report and we would like to thank the following experts for their contributions: Prof Dianne Dredge, Department of Culture and Global Studies, Aalborg University, Denmark (*From short-term policy co-existence to long-term policy synergies*); Prof Stefan Gössling, Department of Service Management and Service Studies, Lund University, Sweden (*Competing demands for scarce natural resources*); Assoc Prof Georges A. Tanguay, Department of Urban Studies and Tourism, University of Quebec, Montreal (*High value-added growth and tourism*); Todd Litman, Executive Director, Victoria Transport Policy Institute, Canada (*Tourism and transport*); and Isabelle De Voldere and Pierre Padilla, IDEA Consult nv, Belgium (*Tourism SMEs and Global Value Chains*).

The report has benefitted from significant contributions, feedback and guidance from policy makers from both OECD countries and non-member economies to help accurately present current policies and good practices. In addition, the report builds on the outcomes of a *Workshop on Effective Policies for Tourism Growth* held in Bern on 3 July 2014, which was co-organised with the State Secretariat for Economic Affairs (SECO), Switzerland.

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Summary and policy considerations

This project aims to revisit the policy framework supporting tourism growth, presenting various key policy perspectives, detailing how they inter-connect and support tourism growth.

The report is set within the context of the OECD's wider work to enhance the resilience of economies. It examines the changing global trends and inter-linked policy challenges driving the need to revisit the policy framework supporting tourism growth; analyses selected challenges facing tourism in the medium- to long-term; and explores ways for closer policy integration between tourism and related policy areas. The report then provides a range of policy considerations to more effectively support sustainable tourism growth.

New policy approaches to enhance the resilience of economies

The global economic and financial crisis represented a wake-up call to many policymakers. Six years after its onset, in a global economic climate characterised in many OECD economies by slow growth and high unemployment, countries continue to deal with the consequences and adjust to a new reality.

While global integration has and continues to be an engine of growth, the crisis highlighted that the level of interconnectedness between countries as well as policy areas was not fully understood, and its impact, both positive and negative, was underestimated. Furthermore, a primary focus on economic growth, often at the expense of other policy objectives, resulted in growth being considered an end in itself, rather than a means to improve the well-being of the population.

Increasing interdependence and interconnectedness across and within economies, including between policy dimensions and objectives, have become a persistent characteristic of the global economy. A key aspect of this interconnectedness and complexity relates to the relationship between growth, environment and social outcomes (with a good understanding of the relationship between environmental policies and economic growth vital for policy-makers aiming to achieve greener growth).

Green growth aims to foster economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. The need to reframe growth is becoming increasingly important due to imbalances created by the impacts of economic activity on environmental systems. At the same time *inclusive growth* aims to simultaneously improve material and non-material living standards of a large section of the population, and achieve broad-based progress along other dimensions that matter for people and society.

As such, there is a growing acceptance of the need for policies to be actionable, fully consider expected trade-offs and complementarities with related policy areas, and whether they are likely to enhance or detract from people's well-being. Adopting a more holistic approach to policy making will also help to identify win-win policy solutions that promote both economic growth and a fairer distribution of benefits.

The global crisis eroded public trust and sparked a debate on the role of governance failures. The economic and social implications of the resulting 'trust deficit' make it an essential component for sustainable and inclusive growth. A lack of public trust can in turn affect public policies, potentially leading to short-termism and expedience rather than supporting strategic decision-making and reforms.

The need to revisit the policy framework supporting tourism growth

International tourism demand closely tracks economic conditions in major source markets. As such tourism was not able to avoid the impacts of the global financial crisis, which apart from depressing overall tourism demand, has shifted tourism flows, with less long haul travel from major European source markets, and led to more holidays being taken closer to home.

Despite the impact of the global economic, financial and social crisis and other external shocks, the tourism industry has demonstrated its resilience by sustaining moderate growth levels in recent years. As a result, governments are increasingly recognising tourism as a resilient activity with the capacity to stimulate economies and help achieve many national economic objectives.

However, while OECD countries still account for over half of international tourism arrivals (57%) and receipts (59%), they continue to lose market share to emerging tourism economies. These changes to global patterns of travel flows and demand require new marketing and servicing skills and appropriate product development. Simultaneously, in developed tourism economies, changing social values, lifestyles and demographics are reflected in shifts in tourism demand.

A key policy issue for OECD member countries, therefore, is to understand how they can strengthen the position of their tourism economies in response to current global economic challenges and remain competitive with emerging destinations, within a sustainable development context.

However, in an increasingly interlinked policy environment, innovative approaches are required to identify emerging issues and trends, as well as identify and deal with the unique trade-offs and synergies associated with developing and setting policies to address multiple policy objectives.

New policy approaches to tourism growth

Tourism policy development is an increasingly complex process, with longer time-scales and a wider scope than in the past. Developing the necessary tourism and related infrastructure to meet expected future demand requires an integrated long-term approach across departments and levels of government, with input and support from industry. Such an approach seeks to secure the longevity of tourism as an economic and social force by focusing on environmental sustainability, establishing industry diversity and securing innovation and strategic improvements to productivity.

Tourism policies have tended to adopt an industrial model aimed at securing a framework of competitiveness that enhances productivity and performance, but with insufficient attention placed on policy inter-linkages with related policy areas over time. Characterised by fragmented policies and processes, this approach can generate policy inefficiencies, overregulation and other unintended consequences.

Cutting as it does across multiple policy sectors, tourism policy needs to be considered not in isolation but within its broader policy context, with leadership from policy-makers at the highest level and whose support can help ensure that the impacts on tourism of related policy initiatives are also considered. The linkages between different policy areas together create a policy mix that shapes how tourism develops over the short, medium and long term.¹ Several factors contribute to the challenge of understanding these inter-linkages including, statutory versus non-statutory implications, the alignment or otherwise of policy objectives, differing policy cycles, and the horizontal and vertical nature of tourism policy development.

1. **Table 1** illustrates policy inter-linkages between tourism and other policy areas; **Box 1** provides examples from Japan, Portugal, Mexico and the United States of strategic approaches to strengthening institutional arrangements for stronger tourism growth; **Box 2** outlines Switzerland's approach to harnessing potential synergies via the Tourism Forum Switzerland TFS; and **Box 3** outlines the use of "destination contracts" to focus tourism stakeholder objectives and showcase tourism potential in France.

As opposed to short-term policy co-existence and coherence, policy complementarity produces synergies where there is a genuine sharing of knowledge, objectives and priorities across policy areas (Figure 1 p.29). Over the long-term, synergies make the outcomes in each policy area stronger, both individually and collectively, thus contributing to stronger and more resilient destinations.

Identifying and strategically managing policy complementarities and trade-offs can offer long-term advantages. This approach nurtures the sustainable development of tourism rather than simply reacting or seeking to meet short-term objectives to stabilise, adjust or shift towards new market opportunities.

To better understand the potential policy synergies and trade-offs between tourism and related policy areas, and provide greater focus to the current activity, the Tourism Committee selected key issues likely to present significant challenges for sustainable tourism growth in the medium- to long-term. Key findings are outlined below:

Tourism and land use planning

- Land use planning is most often a statutory planning process subject to prescribed cycles and timings. However, taking a longer-term approach and building complementarities between tourism and land use planning policies where possible highlights a range of benefits and opportunities.² For example a more collaborative approach: i) recognises interactions and synergies between individual land uses that produce intangible attributes such as destination identity, character and sense of place; and ii) can reduce red tape and overregulation, address the complexity of the development process and enhance opportunities for innovation. Other potential benefits include:
 - Complementarities between land use planning and tourism can build awareness and help to overcome economic lock-in of land and buildings;
 - Integrating tourism and land use planning can increase economic diversification by allowing combinations of land uses e.g. tourism on agricultural lands;
 - Innovations can be facilitated via combinations of land uses and rights to use existing building and spaces.
- However, effective communication is crucial, as any lack of understanding between policy makers could, for example, result in inconsistencies between tourism marketing policies that project a destination's image and planning policies that shape tourist products and experiences.

Tourism and transport

- Synergies between transport and tourism policy are clearly evident. Managed effectively they can improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of local transport systems and services by servicing both residents and tourists. Ensuring that the medium- to long-term needs of the tourism industry are considered by

2. **Box 4** examines the 'Next Generation Tourism Handbook' (Australia) and demonstrates how planning schemes can provide a supportive statutory context for tourism.

governments as part of transport access and infrastructure planning can help to maximise and spread the socio-economic benefits of tourism more widely and manage visitor impacts over time.³

- By promoting the development of intermodal hubs and gateways, transport policies (e.g. integrated multi-modal transport systems) at the national and sub-national level cannot only help attract, manage or direct visitor flows but also facilitate a shift to more eco-friendly transport options, which can help consolidate a destination's reputation as sustainable.⁴ However, if transport and tourism development strategies are not well synchronised, destinations may not be able to accommodate actual or potential visitor numbers and flows, and mobility around the destination will be restricted, potentially decreasing the quality of visitor experiences.
- There is much that tourism policy makers and promotional organisations can do to help ensure that strategic transportation planning supports tourism goals. By working closely with transport policy makers at the city, regional and national level, tourism stakeholders (including industry) can:
 - highlight the importance of considering traveller comfort, convenience and satisfaction, improved travel guidance and wayfinding (e.g. signs, maps and websites available in multiple languages), and the potential benefits of integrating art and cultural amenities (e.g. unique artwork in subway stations and cultural displays in airports);
 - encourage critical evaluation of travel service quality, and solicit feedback from tourists through existing mechanisms to better understand the problems they encounter and potential ways to enhance their experience; and
 - better understand and communicate the economic importance of tourism to transport officials, including the travel demands and fare revenues generated by tourists and tourism industry employees.

Tourism and emergency management

- The presence of tourists in destinations provides an additional set of issues for consideration in emergency management and response. Taking a longer-term and more collaborative approach to the development of tourism and emergency management policies can help to improve contingency planning more widely, while at the same time improving the tourism industry's preparedness, readiness, response and recovery processes.⁵ More specifically, maximising synergies between emergency management and tourism policy can help to:
 - coordinate communications and manage reputational impacts; and
 - prioritise actions in the recovery phase to more rapidly re-establish tourism, thus helping to restore social and economic activity.
- More broadly, by working closely with policy makers responsible for land use planning, environmental management, infrastructure, public health and safety policies in emergency

3. **Box 13** describes the Australian Tourism Access Working Group (TAWG), co-chaired by the Ministers responsible for Tourism and Transport, and drawing upon industry experience to ensure that the tourism transport environment supports growth; **Box 14** examines the role of aviation and cruise hubs as catalysts for tourism in Singapore; and **Box 15** outlines steps taken in Austria to improve linkages between tourism and transport policies with a focus on the Tourism-Mobility-Day initiative.

4. **Box 16** provides an example of a win-win strategy for tourism and transport policy-makers in the form of the Legible London city-wide way finding system; **Box 17** illustrates the Switzerland Mobility initiative, designed to position Switzerland as a global leader in sustainable mobility; and **Box 18** highlights the effectiveness of destination smart cards in optimising tourism and transport synergies.

5. **Box 5** illustrates the Pacific Asia Travel Association's approach to integrating tourism and emergency management processes.

management preparations, tourism policy makers can help to reduce the risk of economic and social losses in the event of a disaster or crisis.

Competing demands for scarce resources

- Tourism is dependent on natural resources and affects their use on a global scale. However, tourism can also have beneficial effects on the environment by raising awareness of environmental values and by serving as a tool to help finance the protection of natural areas and increasing their economic importance.
- Tourism is a relevant factor in the consumption of energy and the generation of emissions of greenhouse gases (GHG),⁶ and contributes to fresh water⁷ and land use, biodiversity loss, and unsustainable food consumption. However, with few exceptions, the use of resources by tourists has received little attention by political decision makers, likely a result of tourism's multi-dimensional character and the various sub-sectors involved. Perhaps as a result, few significant policies are currently in place to address this situation at national or international levels. However, due to the inter-linkages and synergies between tourism and other related policy areas there are opportunities to exploit tourism's potential as a leading sustainable growth sector.⁸
- To achieve greater resource efficiencies, green investment structures, and cross-sectoral synergies there is a need to consider various "sustainability drivers".⁹ These include, for energy, increased costs and carbon surcharges; government incentives; eco-labels; as well as regulations/legislation on energy efficiency. For water, price structures reflecting water scarcity and responsible water management, and for biodiversity, regulation regarding sensitive ecosystems, as well as national policies attracting revenue through tourism for protecting critical biological habitat. Under such a green investment scenario, tourism could make a larger contribution to GDP growth, while significantly reducing water consumption, energy use and CO₂ emissions, compared to a business-as-usual scenario.
- The key challenge for policy makers will be to address these issues in an integrated manner and while the policy remit will often not lie with tourism policy makers, there are opportunities for synergies with other policy areas.

High value-added growth and tourism

- In a context of slow economic growth and high unemployment rates observed in many economies in recent years, many governments have focused their development policies on attracting and expanding high-valued added sectors based on knowledge-intensive activities or with a high intensity in R&D, such as aerospace, engineering, and biotechnologies.
- Tourism can play an important role in improving the attractiveness of places "to live, work and enjoy", which in turn promotes well-being for locals and helps to attract the educated young professionals upon which high value-added sectors increasingly depend.
- Tourism can effectively complement high value-added sectors and demonstrate its value to policy makers by:

6. **Box 6** outlines tourism's role in reducing congestion, noise and pollution as part of Copenhagen's City of Cyclists initiative.

7. **Box 7** describes the impact of tourism on water resources in India and the implications of water policy for tourism development.

8. **Box 8** illustrates New Zealand's approach to maximising tourism's potential as one of four priority sustainable growth sectors.

9. **Box 9** explores the role of tourism ecolabels as drivers of sustainability.

- supporting infrastructure-related development and maintenance, which apart from playing a significant role in determining destination accessibility, can have a positive impact on the quality of life of the local population, and promote the distribution of socio-economic benefits related to tourism;
- supporting innovative small-scale business operations to meet the demands for specific goods and specialised services, including transport, accommodation, travel, and supporting services to meet the needs of niche and emerging travel markets;¹⁰
- promoting the cultural authenticity of destinations by demonstrating the merit and economic value of cultural heritage conservation, through the level of activity that it can stimulate in the local, regional, and national economy;¹¹
- contributing to inclusive growth through the provision of diverse employment opportunities, contributing to social integration, and providing economic development opportunities in both urban and rural areas.¹²

Tourism SMEs and Global Value Chains

- The tourism sector is highly fragmented and heterogeneous. It covers a wide range of industries, with many demonstrating a dual structure characterised by a very small group of large companies combined with a large group of SME/micro-businesses. The geographical distribution of businesses is limited only by the attractiveness and accessibility of destinations.
- A comprehensive and inclusive policy process is necessary for public authorities to better understand and act upon the barriers faced by SMEs, often including a lack of human resources, financial and innovation capacity, and adapted skills. Though skills-oriented measures are growing, knowledge-based actions remain less explored in the case of tourism. Knowledge-oriented policies could address more intangible issues and contribute to fostering the non-technological innovations (e.g. marketing, process and service innovation) that are key for tourism SMEs.¹³
- Integrating tourism SMEs into Global Value Chains (GVCs) remains a challenge. Participation in GVCs requires a high level of coordination and collaboration across industry stakeholders in the public, private, and even non-profit sectors in order to ensure that interests are aligned, skill gaps are closed, and structural constraints are addressed. Considering the fragmentation of tourism economic areas as well as the multiplicity of economic industries involved, a broader view on policy making including the ecosystem (e.g. destination level) and policy-mix perspectives is necessary.¹⁴

10. **Box 10** illustrates the significant induced employment opportunities generated by National Parks in the United States.

11. **Box 11** highlights the important contribution of tourism in promoting cultural co-operation, sustainable territorial development and social cohesion on 29 Council of Europe Cultural Routes.

12. **Box 12** demonstrates the significant role that tourism can play in community building by increasing employment and socio-economic opportunities for under-represented segments of the population in Turkey.

13. **Box 19** provides an example from Canada where online ‘toolkits’ are specifically designed to lower the barriers of access and help tourism SMEs better understand their customers; **Box 20** illustrates the Australian Tourism Booking Widget which aims to accelerate the use of online bookings by those tourism SMEs yet to step into the online transaction space; and **Box 21** outlines the ‘Kurbits’ business development program in Sweden, which aims build the capacity of small businesses in the tourism and hospitality industry.

14. **Box 22** presents the European Smart Specialisation (S3) model, an integrated approach to fostering competitiveness based on the notions of ecosystems and global value chains, and its application to the promotion of Sustainable Arctic Tourism in Finland.

Supporting effective policies for tourism growth

It is clear that an integrated whole-of-government approach to the development of tourism policy requires stable platforms to co-ordinate actions, leadership from policy-makers at the highest level (in both tourism and related policy areas) and a focus on policies with a medium- to long-term perspective. However, based on a detailed analysis of selected challenges and within the context of the wider OECD initiative to build an inclusive and sustainable agenda for growth and well-being, a number of additional policy considerations to support tourism growth that is greener, stronger and more inclusive can be identified:

- *Better understand the unique inter-linkages, synergies and trade-offs between tourism and related policy areas* – There is substantial scope for governments to undertake tourism research to identify common interests or synergies between tourism and other public agencies, and complementary policy objectives. This could include undertaking a cross-sector policy mapping exercise that systematically assesses inter-linkages between multiple policy sectors, actors and organisations;
- *Better understand and more effectively demonstrate the value of tourism to decision makers in related policy areas* – For example tourism’s potential to contribute to: i) inclusive growth; ii) inducing small-scale business operations; iii) infrastructure-related development and maintenance (e.g. accommodation and transport infrastructure); iv) environmental protection and conservation; and v) the promotion of cultural authenticity and assets of destinations.
- *Implement institutional arrangements to establish and leverage policy synergies* – requires inter-agency collaboration, knowledge sharing, and an appreciation of a broader, long-term outlook wherein shared understandings about the benefits and disadvantages of policy synergies can develop. Innovation requiring cross-sector policy support is more likely to be secured over the long-term under these circumstances. This could involve the establishment of cross-sector communication and discussion forums;
- *Better understand tourism’s current and potential impacts on natural resources* – taking steps to understand not only the negative (e.g. carbon cost of tourism), but potential positive impacts (e.g. promoting local food production; providing rationale for biodiversity protection) of different forms of tourism at local, regional and national levels;
- *Provide an environment to support the creation and growth of small-scale businesses in both urban and rural areas* – taking steps to reduce red tape and overregulation, better understand and act upon the barriers faced by tourism SMEs, build industry capacity (including through education and skills development), and promote industry standards and best practice; and
- *Promote closer co-operation between relevant international organisations* – to reduce duplication, maximise synergies and facilitate the development of more coherent policy advice and co-ordination on emerging issues (e.g. measuring the socio-economic impacts of tourism; sustainable tourism consumption and production).

New policy approaches to enhance the resilience of economies

This report represents the draft final report for Activity 1 of the Tourism Committee's Programme of Work for 2013-14, a *Review of Effective Policies for Tourism Growth*.

The main objectives of the current activity are to revisit the policy framework supporting tourism growth and to present various policy perspectives, detailing how they inter-connect, and how they support tourism growth.

In order to meet this objective, it builds on previous work developed by the OECD Tourism Committee, Members, Partners, and other international organisations, taking stock of recent reforms carried out in the field of tourism, and learning from policy experience and research.

The report sets the context of the current project within the OECD's wider work to enhance the resilience of economies after the global financial crisis and the associated policy challenges that have emerged as a result. It examines the changing global trends and inter-linked policy challenges driving the need to revisit the policy framework supporting tourism growth; analyses a selection of specific issues likely to represent challenges for tourism in the medium- to long-term; and explores ways for closer policy integration between tourism and related policy areas.

The report has benefitted from significant contributions, feedback and guidance from policy makers from both OECD countries and non-member economies, all of whom worked closely with the OECD Tourism Committee Secretariat to accurately present current policies and good practices. In addition, the report builds on the outcomes of a Workshop on Effective Policies for Tourism Growth held in Bern on 3 July 2014, and co-organised with the State Secretariat for Economic Affairs (SECO), Switzerland.

The global economic and financial crisis

The global economic and financial crisis represented a wake-up call to many policymakers. Six years after its onset, in a global economic climate characterised in many OECD economies by slow growth and high unemployment, countries continue to deal with the consequences and adjust to a new reality. At the time global trends including demographic transition and rising inequality, combined with the deregulation of financial markets and greater global integration, pushed down real interest rates, creating an environment that encouraged credit growth, facilitated the build-up of global imbalances in savings and investment, and excessive debt accumulation (OECD 2014a).

It is well documented that, in general, policy makers and economists failed to recognise growing tensions in the global economy. A fact not helped by many prevailing economic models and analytical methods favouring a silo approach to policy development; and thus preventing a comprehensive understanding of the true complexity of the global economy and the interconnectedness between and within economies. While global integration has and continues to be an engine of growth, the crisis highlighted that the level of interconnectedness between countries as well as policy areas was not fully understood, and its impact, both positive and negative, was underestimated (OECD 2014a).

Furthermore, a primary focus on economic growth, often at the expense of other policy objectives, resulted in growth being considered an end in itself, rather than a means to improve the well-being of the population. This focus on just a few policy objectives prevented a balanced analysis of the trade-offs and synergies between different policy options and a thorough understanding of the unintended consequences of policy decisions.

In 2012, the OECD's New Approaches to Economic Challenges (NAEC) initiative was launched as part of a broader effort to build an inclusive and sustainable agenda for growth and well-being. The work aims to promote the continuous improvement of OECD analytical frameworks and policy advice, by defining more effective policy options that better align objectives for growth with social, environmental and other policy objectives (OECD 2014a).

Interconnectedness and long-term trends

Increasing global interdependence and interconnectedness across and within economies, including between policy dimensions and objectives, have become a persistent characteristic of the global economy. The coming fifty years will also see a major shift of economic balance towards emerging economies (EEs), particularly in Asia, with the share of non-OECD countries in world GDP rising from 45% in 2012 to 69% in 2060 (OECD, forthcoming).

Several global long-term trends need to be factored in by policy makers to more effectively utilise new and existing sources of growth. These include: faltering productivity growth; population ageing; high and often rising inequality; continued technological developments, some of which disproportionately benefit individuals with high skills and good education; and depletion of natural resources, water scarcity and environmental degradation. These trends may affect how tensions between policy objectives evolve, and how inter-linkages across policy areas and countries can be addressed. As economic patterns evolve, the direction and magnitude of these spill-overs will change, and policy settings will have to adjust in order to achieve sustainable economic growth and improve general well-being.

A key aspect of increased interconnectedness and complexity relates to the relationship between growth, environment and social outcomes. Unless more significant policy action on environmental challenges is taken now, continued environmental degradation will pose risks to the economy and to human well-being. A good understanding of the relationship between environmental policies and economic growth is vital for policy-makers aiming to achieve greener growth.

On the whole, policy responses to date have tended to be inadequate, perhaps due in part to the consequences of policy actions not being fully anticipated, especially in terms of spill-overs across policy areas or countries, but also over time (OECD 2014a).

Towards greener more inclusive growth

The OECD's *Towards Green Growth* (2011a) argues that the world faces the twin challenges of needing to expand economic opportunities for a growing global population, whilst addressing environmental pressures that, if left unaddressed, could undermine our ability to seize these opportunities. Tourism is not immune; for example, based on a business-as-usual scenario, which considers projected growth in international arrivals, changes in travel frequency, length of stay, travel distance, and technological efficiency gains, greenhouse gas (GHG) emissions from tourism could grow considerably in the coming 25 years and become an important source (OECD 2011b).

Greener growth is about fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. The need to reframe growth is becoming increasingly important due to imbalances being created by the impacts of economic activity on environmental systems.

The central feature of a green growth framework in response to these challenges is the recognition of natural capital as a factor of production and its role in enhancing well-being. Green growth should be conceived as a strategic complement to existing priorities and areas for environmental and economic policy reform, and strategies should target areas where there is clear beneficial overlap between environmental

and economic policy. They should focus on finding cost-effective ways of reducing environmental pressures, to begin the transition towards new patterns of growth that will avoid crossing critical environmental thresholds.

The experience of OECD and many emerging economies suggests that while different country situations will demand different responses, there are some important common elements. These include improving the quality of human capital through education and labour market policy, capital deepening¹⁵ assisted by sound macroeconomic policy, and more effective institutions that allow competition, innovation and entrepreneurship to flourish while protecting the social fabric and the rule of law.

Clear and predictable policy signals to investors and consumers will deliver benefits from greening growth in the form of:

- Economic gains from eliminating inefficiency in the use and management of natural capital.
- New sources of growth and jobs from innovation and the emergence of green markets and activities.

Alternatively, the mismanagement of natural assets can lead to high economic costs for society, with examples perhaps most stark in the case of those resources with undefined or unenforced property rights and incentives to “free-ride” (e.g. fish stocks and groundwater) or where the specific impacts of actions are more difficult to calculate and/or attribute to specific activities (e.g. climate change). Similarly, the loss of ecosystem services can have a strong negative effect on welfare and human capital. For example, the impairment of human health through environmental degradation reduces well-being but not necessarily GDP.

It is now widely recognised that growth-enhancing policies do not necessarily lead to a more even distribution of the benefits of increased prosperity. To address inequality and improve the resilience of economies, it is necessary to adopt and mainstream a holistic approach to policy making, in which economic growth is recognised as a means but not as an end (OECD 2014a).

Inclusive Growth is broadly associated with the idea that while economic growth is important it is not sufficient for welfare improvements, unless the benefits of growth are shared fairly among individuals and social groups. Similarly, there is increasing recognition that, in addition to income and wealth, people’s well-being is shaped by non-material dimensions, such as health and education status, and environmental quality of life.

Furthermore, it is a multidimensional concept that aims to simultaneously improve material and non-material living standards of a large section of the population, and achieve broad-based progress along other dimensions that matter for people and society. As such, there is a need for policies to be actionable, fully consider expected trade-offs and complementarities, and whether they are likely to enhance or detract from people’s well-being. Adopting a more holistic approach to policy making will also help to identify win-win policies that promote both economic growth and a fairer distribution of benefits.¹⁶ It will also facilitate the integration of environmental and social policies in order to minimise the trade-offs and/or maximise complementarities between economic efficiency, environmental effectiveness and equity¹⁷ (OECD 2014a, 2013b, 2011c).

15. Capital deepening is defined as the ratio between the total volume of capital services and total hours worked. Growth in capital deepening has a positive effect on labour productivity because a larger amount of capital per worker should increase the output per worker (OECD, 2008a; 2013a).

16. NAEC Project B6 “Closing the loop: how inequality affects economic growth and social cohesion”.

17. NAEC Project B11 “Trade-offs and synergies between environment and inequality”.

Improving policy making and co-ordination

The global crisis eroded public trust and sparked a debate on the role of governance failures. The economic and social implications of the resulting ‘trust deficit’ make it an essential component for sustainable and inclusive growth (OECD, 2013c). Indeed, the lack of trust can affect the behaviour of economic agents – citizens and businesses – and in particular their expectations and responses to policy initiatives. This in turn can affect public policies, potentially leading to short-termism and expedience rather than supporting strategic decision-making and reforms.

In this context, it is particularly important to build trust through better governance and stronger institutions, to increase international regulatory co-operation and to improve international policy co-ordination.

Citizen engagement, greater access to information and open government are examples of policy levers available to rebuilding trust and re-connecting social partners and the public at large with the policy making process. In addition, governments can strengthen strategic capacity and foresight to address, for example, multi-sectorial issues and planning for long-term change, while designing and implementing stable and predictable policies is also of key importance to rebuild business confidence and foster long-term investment.

International policy co-ordination can improve global welfare by allowing collective action in areas where individual countries may underestimate the external effects of domestic policies and/or may face strong incentives to act alone or to free ride on other countries’ policy efforts. In a global economy characterised by greater trade integration, increasingly complex GVCs and rising importance of knowledge-based assets (KBA), policy co-ordination becomes even more important for the provision of global public goods.

With the intensifying global economic integration, co-operation in cross-border enforcement will become even more important, and in the case of increasingly interconnected economies it may be appropriate to consider new instruments for multi-lateral co-operation to address pressing needs.

The need to revisit the policy framework supporting tourism growth

International tourism demand closely tracks economic conditions in the major generating source markets. When economies grow, levels of disposable income also increase, resulting in higher spending on tourism and travel. As such tourism was not able to avoid the impacts of the global financial crisis, which since 2007, has impacted heavily on tourism. Apart from depressing overall tourism demand, the crisis has shifted tourism flows with less long haul travel from major European source markets and an international trend for more holidays to be taken closer to home. Changes in the relative value of major currencies have taken place, impacting in turn on the relative competitiveness of destinations.

For many tourism consumers, fewer holidays are being taken because of less discretionary spending and there is also a greater emphasis on value for money. For tourism producers, there are pressures on profit margins, a greater emphasis on reducing costs and an incentive to embrace new technologies and innovation in an effort to gain market advantage in an environment of increased opportunities and competition from emerging tourism economies (OECD 2014b).

Despite the impact of the global economic, financial and social crisis and other external shocks (including adverse weather, natural disasters, political turmoil and rising oil prices), the tourism industry continues to demonstrate its resilience and has sustained moderate growth levels in recent years. Tourism is adjusting to the changing market and economic conditions in different parts of the world. However, against a backdrop of changing global tourism market trends, further adjustment will be necessary from governments in order to ensure that policies to support tourism growth are robust and fit for purpose in an increasingly inter-linked policy environment, and promote growth that is greener and more inclusive.

Changing global trends

Governments are increasingly recognising tourism as a resilient activity with the capacity to stimulate economies and help to achieve many national economic objectives. In recent years, tourism has consistently demonstrated the ability to create employment, stimulate capital markets, attract foreign investment, earn foreign currency, and add value nationally, regionally and locally.

Tourism represents a significant share of the services economy for many economies around the world, accounting for, on average, 21% of exports of services in OECD member countries. According to UNWTO, the number of international tourists exceeded one billion for the first time in 2012, and is expected to reach 1.8 billion by 2030. The UNWTO's long-term forecast – Tourism Towards 2030 – envisaged an annual average growth in tourism arrivals of 3.3% over the period 2010 to 2030. Above average growth is forecast for Asia, the Pacific, the Middle East and Africa. The more mature tourism regions of Europe and the Americas are anticipated to show lower than average growth rates.

In recent years, and despite the impact of the global economic, financial and social crisis and other external shocks, the tourism industry has demonstrated its resilience by sustaining moderate growth levels. However, while OECD countries still account for over half of international tourism arrivals (57%) and receipts (59%), they continue to lose market share. For example, international arrivals to the OECD area were up by 4% in 2010 compare to the global average of 6.7% (up to 940 million), while over the period from 2006-2010, average annual growth was substantially lower (0.8%), and well below the global average of 2.9% for the same period (OECD, 2014b).

In line with the shift in global economic balance towards emerging economies, the rapid growth of tourism in countries such as Brazil, the Russian Federation, India, Indonesia, China and South Africa, is altering patterns of travel flows and demand. These require new marketing and servicing skills and

appropriate product development. Simultaneously, in developed countries, changing social values, lifestyles and demographics are reflected in changes in tourism demand.

The effects of these changes can be seen in the growing fragmentation of tourism markets, and in the emergence of new niche markets. In OECD economies, for example, holidays for singles, the retired, and money-rich/time-poor short-break travellers, are developing into major market segments. Other emerging niches include trends for adventure experiences, indulgent and luxury travel (e.g. cruise tourism), a search for unique experiences (e.g. space tourism) and a demand for authenticity. Customers are increasingly experimental, willing to try new products, foods and attractions, and less willing to give a second chance to destinations providing poor products or services.

Inter-linked policy challenges

A key policy issue for OECD member countries, therefore, is to understand how they can strengthen the position of their tourism economies in response to current global economic challenges and remain competitive with emerging destinations, within a sustainable development context.

In order to maximise the full economic potential that tourism has to offer, through a process of growth, which is greener, stronger and more inclusive, a range of inter-linked policy challenges need to be addressed, including:

- promoting a robust institutional framework, including greater vertical and horizontal integration;
- promoting a policy mix supporting tourism growth and open tourism markets;
- identifying new high value sources of growth and competitiveness in tourism, including innovation, green growth, and skills; and
- addressing long-term issues, such as globalisation, demographic change, infrastructure quality, and environmental degradation.

However, increased inter-connectedness has the potential to create tension between policy objectives. As such, it is important to identify the various dimensions of policy inter-linkages and to effectively consider them in analytical frameworks and policy responses. The complex economic environment and the associated challenges it poses for policy making calls for innovative approaches to identify emerging issues and trends, as well as identifying and dealing with the unique trade-offs and synergies associated with developing and setting policies to address multiple policy objectives. Table 1 illustrates policy inter-linkages between tourism and other policy areas.

Table 1. Inter-linkages between tourism and other policy areas

Policy area	Influence of [policy area] on tourism	Influence of tourism policy on [other policy area]
Economic Policy	Fiscal policy (taxation, stimulus measures, spending, etc.) affect tourism investment and business confidence Monetary policy affects exchange rates, which in turn influences international visitor demand and foreign exchange earnings from tourism	Tourism policies (e.g. marketing) can enhance international demand, foreign exchange earnings and address balance of trade payments
Transport	Transport policy (e.g. airport/cruise hubs, roads, public transport) shapes access to the destination and travel patterns within the destination influencing visitor accessibility, mobility and satisfaction Transport policy can facilitate a shift to more eco-friendly transport options, which can help consolidate a destination's reputation as sustainable	Tourism policies can stimulate movement to and within a destination which in turn can emphasise seasonal peaks and troughs, push transport capacity limits, and place pressure on existing infrastructure capacity Conversely, tourism policies can help to secure the economic viability of local transport systems
Infrastructure	Infrastructure policy (e.g. water and sewerage) may limit a destination's capacity to absorb tourists and limit the development of accommodation stock in the destination Infrastructure policy (e.g. convention facilities), particularly when combined with transport policies can stimulate tourism growth	Tourism policies may generate visitor demand beyond the existing capacity of water and waste systems and result in negative environmental or other impacts Conversely potential growth in visitor demand can act as a catalyst for infrastructure development (e.g. large-scale events, MICE etc.)
Land use planning	Strategic land use planning and zoning plans may lock-in non-tourist related land uses on sites suitable for tourism development thus reducing the capacity of the destination to maximise its tourism potential	Tourism policies can promote visitation in locations of high touristic value but where land use plans restrict development of accommodation and services
Environment and protected area management (cont.)	Environment policy may protect and preserve unique environmental features contributing to the sustainability and attractiveness of destinations Policies to managed protected areas (cultural or natural) can safeguard the character and amenity of a destination and contribute to place branding (e.g. a world heritage site or other iconic brand) while reduced or restricted access can affect the visitor experience (either positively or negatively)	Tourism policies have the ability to generate visitor demand beyond the existing capacity of environmentally or culturally sensitive areas (e.g. world heritage sites), leading to resource degradation Tourism policies based on broad stakeholder engagement and sustainable development principles can have a positive impact the management of protected areas (including funding)
Local and regional development	Economic development policy (e.g. support for SMEs, regional development, etc.) can encourage synergies with other economic activity that can add depth and diversity to a destination's tourism offer (e.g. food and food production, creative industries) Community development policy can encourage community support for tourism activity and enterprise	Tourism policies can promote additional demand for products and services increasing the long-term viability of these activities (e.g. wineries, farm gate produce, etc.) and provide opportunities for regional and rural businesses to diversify income opportunities (e.g. farm tourism) and participate in local supply chains Tourism policies can contribute to community building and empowerment of under-represented groups, however, if seen to override or minimise local concerns it has the potential to create friction between residents and visitors
Culture and creativity	Policies supporting culture and creativity can encourage synergies with tourism and add depth and diversity to a destination's tourism offer. They can also encourage the development of specific attractions and a positive sense of community which is a unique selling point for destinations	Tourism policy can enhance linkages and add value to a community's cultural and creative assets/sectors contributing to their protection and enhancement Tourism policies have the ability to generate visitor demand beyond the existing capacity of cultural attractions (e.g. museums, galleries), leading to resource degradation

THE NEED TO REVISIT THE POLICY FRAMEWORK SUPPORTING TOURISM GROWTH

Policy area	Influence of [policy area] on tourism	Influence of tourism policy on [other policy area]
Health and safety	<p>Public health and safety policy protects and enhances visitor satisfaction and destination reputation</p> <p>Policies to manage infectious disease (in humans or livestock), can have impacts on visitor access (e.g. exclusion zones to control foot and mouth outbreaks) and experience</p> <p>Health policies designed to encourage consumers to travel across international borders with the intention of receiving medical treatment (medical tourism) may provide benefits to the hospitality and transport sectors</p>	<p>Tourism policies can contribute to the movement of people inadvertently carrying infectious disease into a destination contributing to potential pandemics and other risks</p> <p>Tourism policies to promote medical tourism may create demand requiring infra-structure to be up-graded – either specifically within the health sector (e.g. hospital facilities) or outside of that sector, such as roads, telecommunications etc., with potential benefits for non-medical tourists and local residents (e.g. increased taxation revenue can help support the domestic public health system)</p>
Education, training and employment	<p>Education and training policy can increase recognition of the importance of tourism and service quality and also contribute to its improvement</p>	<p>Tourism policy can create demand for the provision of specialised tourism education and training facilities (e.g. interpretative training, food and beverage, etc.)</p>
Emergency management	<p>Emergency management policy can increase the preparedness of tourist facilities and services (e.g. accommodation) through education and planning</p> <p>Implementation of policies (e.g. communications) can have a significant impact (positive or negative) on tourism's ability to recovery after an emergency/event</p>	<p>Tourism policies can include an action plan addressing preparedness, readiness, response and recovery and requiring linkages/synergies with wider emergency management policy</p> <p>The presence of tourists in destinations provide a unique/additional set of issues for consideration in emergency management/response</p>
Immigration	<p>Immigration policies (e.g. passport and visa issuance) shape access to international travel. Visa restrictions and application processes can significantly influence international market development</p>	<p>Tourism policies such as international marketing and promotion shape demand for visas which have subsequent impacts on the processing of visa applications and processing on arrival at borders</p>

New policy approaches to tourism growth

Tourism policy development is an increasingly complex process, with longer time-scales and a wider scope than in the past. Developing the necessary tourism and related infrastructure to meet expected future demand requires an integrated approach across departments and levels of government, with input and support from industry. Similarly, achieving sustainable tourism growth in this context requires long-term strategies and significant private and public sector investment.

This longer-term approach is one that nurtures the development of the industry and does not simply seek to stabilise, adjust or re-orientate to new market opportunities. It is about securing the longevity of tourism as an economic and social force by focusing on environmental sustainability, establishing industry diversity and securing innovation and strategic improvements to productivity.

An evolving tourism policy mix

While tourism is defined as ‘the activities of persons travelling to and staying in places away from their usual place of residence for not more than one consecutive year for leisure, business and other purposes’ (UNWTO, 2005), it is much more than this definition suggests. Tourism involves a host community, a physical setting, accommodation, transport, built and natural attractions, commercial services and infrastructure, and it is the particular combination and synergies between these components that make a destination unique, and that contribute to its success and competitiveness.

Given that tourism is comprised of components that cut across other policy sectors, tourism policy needs to be considered not in isolation but within its broader policy context, with leadership from policy-makers at the highest level, whose support can help ensure that the impacts on tourism of related policy initiatives are also considered (Box 1). The linkages between different policy sectors together create a policy mix that shapes how tourism develops over the short- medium- and long-term. This mix refers to the interactions and interdependencies between different policies and the extent to which they affect policy outcomes.

Box 1. Strengthening institutional arrangements for stronger growth

In an effort to strengthen and create a more supportive and cooperative policy environment for tourism growth, a number of countries have implemented arrangements to improve information sharing, awareness and co-ordination across levels of government and between government agencies.

Japan: The 2013 Japan Revitalization Strategy acknowledges tourism as one of the major policy areas to stimulate economic growth and sets the goal of generating JPY 4.7 trillion in consumption and 1 million in employment through tourism by 2030.

In June 2013, the *Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country*, hosted by the Prime Minister, approved a new tourism strategy “Action Programme Towards the Realisation of Japan as a Tourism Oriented Country”. The tourism strategy emphasises the need for a “whole of government” approach to achieve the goals, and identifies four priority policy areas to be addressed: i) Develop and market the “Japan Brand”; ii) Travel facilitation; iii) The standard of welcome for tourists; and iv) The promotion of meetings, incentives, conferences and exhibitions (MICE). Using the 2020 Tokyo Olympic and Paralympic Games for momentum, the target is to reach 20 million overseas visitors by 2020.

Portugal: In response to emerging challenges including high seasonality, and low occupancy rates, governance reform was identified as an important tool to support change. In 2007, five agencies with responsibilities for tourism policy (regulation, marketing, investment, training and gambling) were merged into a single National Tourism Authority, giving Turismo de Portugal I.P. a unique view and knowledge on aspects of supply and demand, providing integrated policies and ensuring consistency and visibility to measures undertaken.

Box 1. Strengthening institutional arrangements for stronger growth cont.

In 2013, steps were taken to improve horizontal co-operation, with the establishment of an Inter-Ministerial Commission, led by the Prime Minister, and including the Ministers of Finances, Foreign Affairs, Homeland, Economy, Agriculture and Sea, Environment, Health, Education and Regional Governments. The goal of this Committee, that meets quarterly, is to provide a global strategic direction for tourism policy and to create interdepartmental coordination mechanisms that will guarantee more effective execution of tourism policies.

Mexico: The President of Mexico has acknowledged that tourism is one of the economic activities with the greatest potential for growth in the coming years, with significant capacity to generate development and employment. In 2013, a Tourism Cabinet was created as a cross-government initiative to better align all levels of government including the actions and budgets of federal agencies, to integrate the implementation of the National Tourism Policy. The Tourism Cabinet, chaired by the President, includes Ministers from Foreign Affairs; Finance; Environment and Natural Resources; Economy; Communications and Transport; Agriculture, Urban and Rural Development; and the Federal Executive Counsel and the Chief of the Presidential Office. The Ministry of Tourism heads the Secretariat.

The Tourism Cabinet serves as an instrument for public policy planning, with eight working groups to discuss and prepare policy recommendations on the following topics: i) Planning and institutional coordination; ii) Connectivity and infrastructure; iii) Registration, quality and accreditation of tourism service; iv) Investment facilitation and planning; v) Travel facilitation; vi) Effective promotion; vii) Security for tourism; and viii) Innovation, competitiveness and tourist product development. These working groups identify and work on issues of transversal public policy importance with the aim of progressing Mexico's National Tourism Policy. More than twelve government agencies participate in the working groups with the private sector and civil society organisations invited to participate where appropriate.

United States: Responsibility for travel and tourism-related policy matters in the United States has historically been dispersed across multiple agencies and no entity is recognised across the Federal government as the primary policymaker. In 2010 the Travel Promotion Act was passed into law, which established a non-profit corporation, known as Brand USA, for the purposes of promoting travel to the United States and improving the image of the United States as a destination.

In 2012 a Taskforce was formed to examine travel and competitiveness from which the National Travel and Tourism Strategy (2012) was developed. This Strategy seeks to address a lack of co-ordination through a reinvigorated inter-agency Tourism Policy Council (TPC), with representatives from over 18 agencies and offices of the government. The TPC is comprised of high-level representatives from key agencies, and its aim is to develop commitment and policy co-ordination across Federal agencies, with the private sector, with state, territorial, tribal and local governments. The emphasis of this synchronised approach is on identifying and collaborating in areas of common policy interest, and on leveraging linkages between policy areas.

In Switzerland, for example, tourism policy is based on the Federal Council strategy presented in 2010. The strategy aims to promote growth in the tourism sector by increasing Switzerland's appeal as a tourism destination and improving the general conditions for Swiss tourism by making greater use of the potential synergies with cross-cutting policy areas such as infrastructure and spatial planning.

To ensure that potential synergies are fully harnessed, the State Secretariat for Economic Affairs (SECO) established a structured form of co-operation based on annual discussions with the relevant actors in the federal administration, the cantons and the tourism industry. A key element of this structured co-operation is the Tourism Forum Switzerland (Box 2).

Box 2. Harnessing potential synergies: Tourism Forum Switzerland

The Tourism Forum Switzerland (TFS) is a national platform bringing together key stakeholders for exchanges on strategic issues concerning tourism policy and Switzerland's positioning as a tourism destination. The aim of the TFS is to identify and discuss important issues affecting tourism in Switzerland in a timely manner, and to develop common approaches to cope with forthcoming challenges. As the national platform for exchange on tourism policy, the TFS contributes to enhanced coordination and cooperation among the relevant actors. As a result, the TFS seeks to achieve improved consistency within the federal administration, while strengthening cooperation between the federal administration and the cantons, and maintaining cooperation between the federal government and the tourism industry.

Since 2012, SECO has organised one forum event each year. The topics have included "Re-positioning Switzerland in summer tourism", "Structural change as the key to success in Swiss Tourism" and "Tourism product development: basis for successful marketing". Presentations from renowned national and international experts are combined with smaller group discussions. The integration of international know-how is essential for the success of the TFS.

The findings and feedback generated by the TFS are evaluated and published, and serve as an important basis for the continual development and improvement of Switzerland's tourism policy.

In France, Paris – Ile-de-France, the French Riviera and the ski resorts of the Rhone-Alps region enjoy significant international visibility. The reputation of these destinations constitutes a competitive advantage in the international market-place; however, this concentration of business, with just 20% of the territory accounting for approximately 80% of all inbound tourists, belies the true diversity of France's tourism offer. In response, France is developing 'destination contracts' to bring together relevant stakeholders to promote current and/or new destinations with strong identities in order to establish new tourist offerings catering to specific demands – touring holidays, industrial heritage tourism, urban tourism, memorial tourism, etc. (Box 3).

Box 3. The use of 'destination contracts' to showcase tourism potential (France)

Since 2013 'destination contracts' have been used in France to focus stakeholder objectives on a shared project to showcase the tourism potential of particular destinations. Destination contracts define the obligations of public and private actors in the tourism industry according to a shared strategy, to be achieved through the development and implementation of concrete actions to update the quality of the destination offer and the visitor welcome, and ensure effective communication with the right target markets.

By way of example, the First World War Centenary contract was signed on 14 November 2013. Ten local councils teamed up with the national tourist agency Atout France, the tourism and defence ministries and an ad hoc unit named *Mission du Centenaire* to create a first-class tourism offering with international appeal based on memorial of the First World War, tracing the line of the Western front from Pas de Calais to Alsace. Action has already been taken to promote this destination in international target markets, with the creation of a logo and strapline, and a presence at high-profile tourism fairs such as the London World Travel Market, the *Salon Mondial du Tourisme de Paris* and ITB Berlin. In addition, web pages dedicated to the centenary can be accessed on the official website for tourism in France.

A second wave of destination contracts is in the pipeline following a government call for proposals that ended on 15 October 2014. The selection process is now underway and will be based on an even stronger criterion – the international relevance of the destination.

Tourism and an industrial policy approach

In many countries, an industrial policy approach has been used to address tourism development. The main aim of industrial policy is to secure a framework of conditions that favour competitiveness, thereby enhancing the productivity and performance of businesses within and across that industry sector (Warwick, 2013).

The advantage of tourism being framed as an industry is that industry productivity and competitiveness are fundamental planks in many national economies and, as a result, tourism has received high exposure in a sea of competing policy issues. Where there is a high level of political exposure to the issues and challenges that particular industry sectors are facing, senior ministers are quite often assigned responsibility for these industry portfolios.

However, there are also disadvantages in adopting a strict industrial approach to tourism policy:

- Despite year on year fluctuations, global tourism has experienced overall growth in both visitor numbers and yield over the last 50 years. As a result, tourism has consolidated its position as an important driver of economic growth, development and employment. This sustained growth over a long period of time has disguised the need to examine tourism policy more closely, and the particular structural challenges that tourism faces. These challenges include the large number of policy sectors that shape tourism growth and development, the dominance of SMEs and the inherent fragmentation of the sector.
- There is evidence to suggest that industrial policy prioritises short-term industry goals such as improving visitor yield or profitability, and that longer-term strategic goals that contribute to a destination's resilience and sustainability are externalised to become the responsibility of undefined others. For example, in some of Spain's coastal destinations an industrial policy approach contributed to strong performance across a range of tourism indicators in the 1960s and 1970s. However, overdevelopment and environmental problems began to emerge in the 1980s to challenge the long-term sustainability of these destinations. This focus on short-term industry interests and the lack of attention to longer-term consequences and synergies with other policy sectors, such as land use planning, environmental management and infrastructure policy have compromised destination competitiveness over the long-term (Ivars Baidal, 2004).
- There has been a proliferation of policies across sectors although interventions have not been coordinated effectively (OECD, 2010). Often an individual policy will be developed as a short-term fix to address a particular issue that has been identified and a solution devised in isolation from the broader context. This lack of co-ordination can result in duplication of effort and expenditure, increased red tape and overregulation, reduced efficacy of policies or even direct conflict between policies. The result is often increased complexity, cost and uncertainty of investment and development processes.

Policy inter-linkages

In its broadest interpretation, the success of any destination, whether it is national, regional or local in scale, depends on the provision, coordination and delivery of tourism products and experiences that meet the needs of current and anticipate those of potential visitors. In most cases, except for rare greenfield sites that have no previous association with tourism, tourism is embedded within and part of the social and economic fabric of existing settings. Whether these settings are urban or rural areas or protected lands, there is usually a plethora of institutional arrangements, policies and regulations that have shaped the social, cultural, economic and environmental characteristics of the location, and, indirectly, the touristic value and destination competitiveness attached to that location. Recognising the complexity of the policy landscape,

both in terms of horizontal and vertical linkages that occur over time, is therefore an important precursor in developing more effective long-term tourism policies and creating a policy environment for tourism growth. Several factors contribute to the challenge of understanding these inter-linkages:

- *Statutory versus non-statutory implications* – Many policies, plans and regulations shaping how a location has and will be developed are prepared in accordance with legislation. These statutory plans and policies take precedence over other types of planning and policy-making activities that do not have a legal basis. However, limited engagement between statutory (e.g. land use plans, housing plans) and non-statutory (e.g. tourism) planning activities can impede the long-term sustainable growth of a destination and impose limits to tourism growth on a destination as a result of overlapping but uncoordinated planning and policy regimes (Williams and Gill, 2005).
- *Alignment of policy objectives* – A lack of alignment in policy objectives between different sectors can impede knowledge sharing across departments and result in a lack of understanding about the range and inter-connected nature of planning and policy activities. The implications of developing policy in isolation are that related policies often *i) conflict* or counter each other; or *ii) co-exist* and operate independently; but rarely do they *iii) complement* one another, whereby policy outcomes are enhanced for individual sectors and collectively.
- *Varying policy cycles* – The issue of policy alignment also shifts over time. Departments and agencies may adopt different mandates as political interests shift and alignment can be replaced by conflict in policy objectives. Policy-making activities in different sectors are also subject to different cycles; processes take place at different speeds, and policy decisions are made at different times. Planning and policy activities required under legislation (e.g. planning scheme development) can be subject to strict requirements in terms of timing and sequencing, which in turn creates challenges in coordinating with non-statutory planning activities in tourism. The lack of synchronicity between these different policy processes can reinforce policy silos, which in turn can slow or impede learning and knowledge transfer across policy boundaries.
- *Path dependencies*¹⁸ – Individual and often short-term tourism policies can display a level of irreversibility and path dependency that have consequences for the growth and development of tourism over the long-term (Halkier and Therkelsen, 2013). Such policies can create economic ‘lock-in’ where it becomes difficult to change course once a particular path has been adopted. Policy inter-linkages between land use planning, economic development and infrastructure planning can reinforce tourism marketing policies and make changing a destination’s development direction and image very difficult in the future.
- *Horizontal and vertical nature* – In most jurisdictions, tourism policy development is characterised by a complex set of roles and responsibilities distributed across different levels of government, different agencies within the same level of government, and shared between public, private and non-government organisations (Dredge and Jenkins, 2007). In addition, (as outlined in Table 1) the tourism policy mix is further complicated by the wide variety of sectors influencing tourism growth.

Policy trade-offs and complementarities

There is no single agency that comprehensively transmits tourism and related policy; tourism policy is not a ‘complete package’ of policies, plans, initiatives and actions; and tourism and related policies are subject to very different cycles and processes. Policies dealing with and affecting tourism are developed in different departments and at different levels of government; they are shaped by public-private interactions; and they react and change when they interact.

18. Path dependency - where (in)actions of the past determine future outcomes (Schwanen et al. 2011).

Tourism policy complementarities emerge when different policies mutually reinforce each other to collectively produce higher returns than each policy would generate individually. Leveraging policy complementarities is much more than achieving coherence between the diverse policies that address tourism-related development and growth. Complementarities produce synergies that, over the long term, contribute to a stronger and more resilient destination. Synergies between transport policy and tourism policy in aviation transport hubs such as Singapore, Dubai and Kuala Lumpur demonstrate that policies can provide both sector specific and collective benefits.

Policy trade-offs may occur when the outcomes of one policy produce different, inconsistent or even conflicting outcomes with another policy. A trade-off between the two policies does not have to result in reduced outcomes for each policy area, but can be strategically managed to maximise outcomes. For example, in the case of Mauritius, exploiting a policy trade-off between tourism and transport policy has enabled tourism to thrive in this fragile island ecosystem. In this case, the government has successfully promoted the island as an exclusive destination by adopting policies that limit air access and encouraging premium accommodation supply (Seetaram, 2008). This trade-off has effectively maintained low numbers of high-yield tourists, which has enabled more sustainable management of the fragile environment.

An improved understanding of policy synergies and trade-offs is important for effective tourism development, with key challenges including:

- variable understanding of policy inter-linkages among policy-makers;
- vertical co-ordination, collaboration and information sharing between levels of government;
- horizontal co-ordination, collaboration and information sharing across internal divisions or departments of government;
- limited mainstreaming of tourism and advocacy of tourism's value within social and economic agendas;
- lack of policy research and development that can contribute to evidence-based policy.

It is clear from the preceding discussion on the need to enhance the resilience of economies, changing global trends and the evolving tourism policy mix, that there is a wealth of medium to long-term challenges facing the sector. However, in an effort to provide greater focus to this activity and following a round table discussion on new approaches to tourism challenges, the Tourism Committee decided to focus the analysis on selected key issues likely to present significant challenges for sustainable tourism growth in a changing global marketplace; and where a better understanding of the *inter-linkages*, *trade-offs* and *synergies* between tourism and related policy areas is necessary:

- from short-term policy co-existence to long-term policy synergies;
- competing demands for scarce resources and the relationship between tourism growth and sustainable development;
- how tourism can more effectively complement high value-added sectors and demonstrate its value to policy makers;
- transport planning for sustainable tourism growth;
- tourism SMEs and Global Value Chains – taking advantage of increased opportunities.

Within this context, discussion papers were developed to inform the Committee's work, and key findings are outlined in the following sections. Based on this discussion and the wider OECD initiative to build an inclusive and sustainable agenda for growth and well-being, a number of policy considerations to support tourism growth that is greener, stronger and more inclusive are identified.

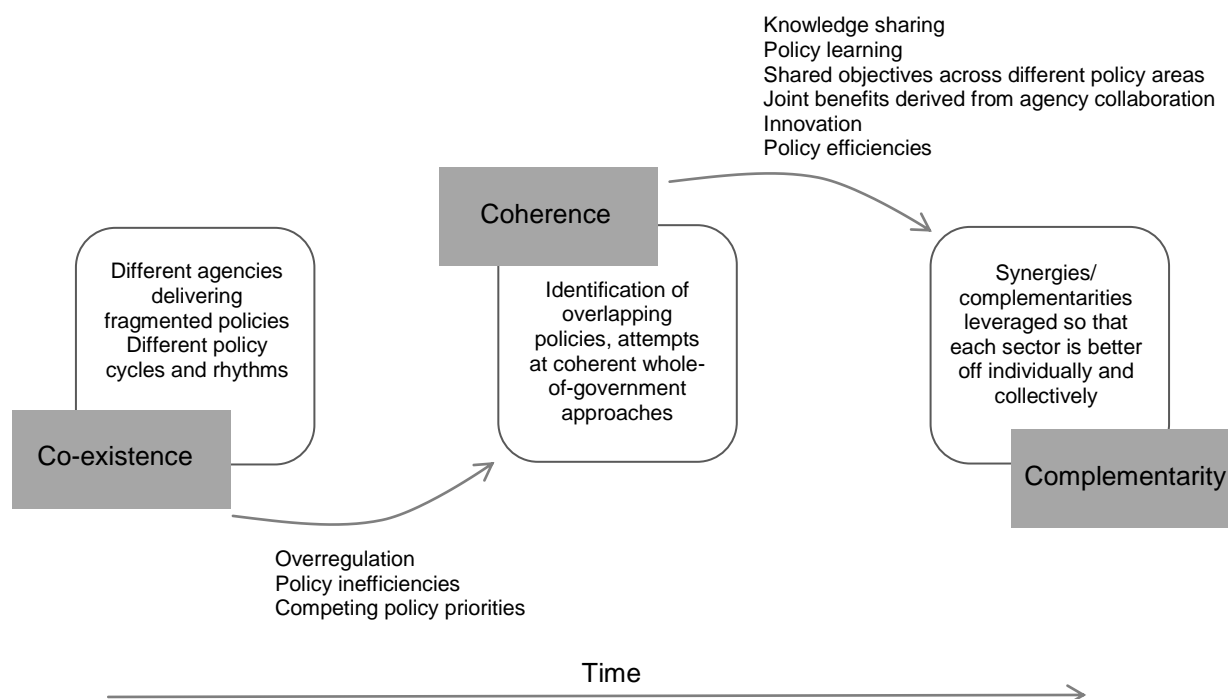
From short-term policy co-existence to long-term policy synergies

Current trends suggest that tourism will continue to be an important driver of economic, social and personal growth. People are living longer, disposable incomes are higher, people are more mobile and leisure and tourism experiences are rapidly integrating into daily life. These changes suggest that there will be increased demand for tourism products, services and experiences and that the lines between tourism, recreation and leisure will become increasingly blurred (Williams & Shaw, 2009). Under these circumstances, tourism will continue to grow but the type, style, scale and nature of this development will be shaped by innovations that are presently unknown.

The emergence of integrated or master planned resorts in the 1980s demonstrates the contribution of inter-linked policies to tourism innovation in many countries around the world. At the time, developing economies such as Mexico were able to take particular advantage of this innovation because it offered an integrated enclave tourist experience where visitors could stay within their comfort zones and be assured of quality standards via hotel and restaurant chains. This innovation emerged from targeted integration of tourism with transport (particularly aviation), planning and infrastructure development and economic policy. In the future, the extent to which the inter-linked policy environment encourages, supports and empowers innovation will significantly shape tourism growth and development.

Figure 1 illustrates the shift from a short-term to a long-term policy approach to addressing tourism issues, by developing policy synergies. The industrial approach, characterised by fragmented policies and processes, can generate policy inefficiencies, overregulation and other unintended consequences. Recognising and addressing these shortcomings can lead to policy coherence and co-ordination across policy sectors. Moving beyond coherence, policy synergies can be achieved where there is a genuine sharing of knowledge, objectives and priorities across policy areas. Innovation requiring cross-sector policy support is more likely to be secured over the long-term under these circumstances.

Figure 1. From short-term policy co-existence to long-term policy synergies



This section will now explore the various inter-linkages, synergies and potential implications of adopting a short-term versus long-term approach (e.g. stimulus versus sustainability), with a focus on the relationship between tourism and land use planning, and tourism and emergency planning.

Tourism and land use planning

Land use planning is a subset of public policy that seeks to secure the best and most efficient use of land. Governments use a variety of land use planning instruments including aspirational plans (e.g. comprehensive plans, strategic plans, growth management plans) and regulatory mechanisms (e.g. zoning, use rights and development guidelines) to guide the development, use and management of land. Historically, land use planning activities have aimed to identify and articulate strategies and guidelines for the use of land that protects health and well-being, that uphold public interests, and that secure the orderly and economically efficient sequencing of land development. Plans and regulatory instruments are generally focused at a local or regional level with objectives including, reducing land use conflicts, improving liveability of urban regions or protecting agricultural production.

Within this context, tourism has often been reduced to a series of land uses such as shops, restaurants, accommodation, airports, transport terminals and visitor attractions, and dealt with as individual development applications under a planning scheme (Dredge & Moore, 1992). This approach can produce a number of potential problems:

- Tourism is not easily reduced to a set of land uses. It can involve activities and experiences on land and in buildings also used for other purposes. For example, rural tourism and farm stays often take place on working farms. Likewise, in a coastal destination, residents wanting to avoid the high season may rent out their houses to tourists, thus contributing to a tourist accommodation-residential mix. In this case, the land use remains the same yet the dynamic flow of tourists and residents in and out of the area produce a blurring of tourism and residential activity.
- The reduction of tourism into land uses fails to acknowledge the interactions and synergies between individual land uses that create intangible characteristics (such as character, vibrancy and sense of place), which often contribute to the unique selling points and overall competitiveness of a destination. For example, a planning scheme may deem commercial land uses in rural areas as inappropriate development. However, where those commercial establishments are local produce stores, wineries or farm produce-based restaurants, these uses may be appropriate under certain conditions. They may even add to the rural character and vibrancy of a destination, provide opportunities for economic diversification, and contribute to the long-term sustainability of agricultural lands.
- Assessment of individual applications for development or change of land use can fail to take into account the cumulative effects of developments on the overall direction, intensity and character of tourism. In Spain, for example, the impact of integrated resorts, hotels and condominium developments in some coastal areas has contributed to significant environmental problems and concerns over the long-term sustainability of many destinations. The compartmentalisation of different policy areas, the lack of attention to the cumulative effects of development, and the lack of co-ordination between infrastructure planning (e.g. sewerage treatment plants, water supply) and development approvals have been identified as contributing to this situation (Ivars Baidal, 2003).
- Land use planning can lock-in the use of land and does not easily respond to changing market conditions (Dredge & Coiacetto, 2011). For example, as market conditions change over time and tourists demand different or improved services and facilities, tourism accommodation developments can reach the end of their economic life. Applications for change of use to other

tourism (e.g. hostel accommodation) or non-tourism uses (e.g. residential flats) are likely to impact on the synergy, cohesion and functionality of surrounding tourism activity and land uses.

These factors suggest that the reduction of tourism into a set of land uses can have a profound influence on the overall trajectory of a destination's development and on intangible aspects such as destination image, character and sense of place. Competitiveness and the capacity of the destination to innovate can also be compromised, especially if a development proposal involves a combination of land uses not previously anticipated. In such cases, a lengthy application process may result, which can add cost and time to the process, and decrease the attractiveness of a destination for tourism investment.

Policy inter-linkages and synergies

The increasing interconnectedness of land use systems, natural systems, socio-cultural and political conditions and the growing awareness of global issues such as sustainability, food security and climate change have all meant that planning can no longer exist in isolation from its context. Dynamic socio-cultural, economic, environmental and physical processes give rise to complex systems that are composed of many parts that interact and adapt to one another (OECD, 2009). Traditional modes of land use planning have adapted to this complex system by recognising inter-linkages with a range of policy domains including transport, infrastructure, agriculture, protected area management, mining and increasingly tourism. Where tourism development applications implicate other policy sectors, planning agencies often act as the coordinating agency in a whole-of-government approach. However, determining the desired policy mix and opportunities for addressing policy synergies and trade-offs is typically beyond the scope of the planning agency (Box 4).

Box 4. The Next Generation Tourism Handbook (Australia)

The Next Generation Tourism Planning Handbook (Queensland State Government, 2013) is an initiative developed out of a renewed commitment to an integrated whole-of-government approach to tourism as one of the four pillars of the Queensland economy. The tourism industry had been, for some time, drawing attention to the time-consuming complexity of development assessment processes, excessive red tape and overregulation that was inhibiting innovation and flexibility in the tourism industry. At the same time, the institutional arrangements in place divide up responsibility for tourism across a number of agencies:

- Tourism and Events Queensland is a special purpose statutory authority with the responsibility of which is to promote tourism and facilitate tourism industry capacity building;
- the Department of Tourism, Major Events, Small Business and Commonwealth Games) whose responsibility is (amongst other things) to promote a whole-of-government approach to tourism by undertaking policy development and co-ordination activities;
- other state government departments including planning and infrastructure, parks and wildlife, emergency services that are indirectly implicated in tourism;
- local government whose responsibility it is to undertake a range of planning, management and regulatory activities that directly or indirectly affected tourism.

It was also recognised that while the aspirational and regulatory components of land use planning schemes could have a profound effect on how tourism could develop, there was little awareness of tourism amongst planning professionals of the effects their activities had on tourism destination competitiveness and innovation. To address this, The Next Generation Tourism Planning Handbook aims at assisting planners in writing plans or when considering tourism related proposals, to increase awareness and understanding of tourism, and to explain how tourism planning practice can be integrated in government land use planning.

Box 4. The Next Generation Tourism Handbook (Australia) cont.

The Handbook articulates a long-term sustainable approach for integrating tourism into land use planning and is based on the idea that planning schemes can provide a supportive statutory context for tourism development via two key mechanisms:

- The aspirational component of a planning scheme articulates the overall vision and desired future development of an area. In doing so, it can articulate the most appropriate style and scale of tourism for an area, and it can recognise, protect and enhance the character and resources of an area on which tourism depends.
- The regulatory components of a planning scheme (e.g. zones, precincts, development criteria, incentives, etc.) can be used to shape the type, scale and extent of tourism development in certain locations, including encouraging the clustering and co-location of compatible tourism activities.

In taking this approach, the Handbook positions land use planning and tourism destination development more closely. Increased awareness of the role of land use planning in destination innovation and competitiveness has enabled land use planners to contribute to tourism growth and development and assisted in making the destination more sustainable and competitive.

Towards closer policy integration

Land use planning is most often a statutory planning process subject to prescribed cycles and timings. The window of opportunity to identify and leverage policy complementarities depends on this predetermined planning cycle. However, taking a longer-term approach and building complementarities between tourism and land use planning policies where possible highlights a range of benefits and opportunities. For example, a more collaborative approach i) recognises interactions and synergies between individual land uses that produce intangible attributes such as destination identity, character and sense of place; and ii) can reduce red tape and overregulation, address the complexity of the development process and enhance opportunities for innovation. Other potential benefits include:

- Complementarities between land use planning and tourism can build awareness and help to overcome economic lock-in of land and buildings;
- Integrating tourism and land use planning can increase economic diversification by allowing combinations of land uses e.g. tourism on agricultural lands;
- Innovations can be facilitated via combinations of land uses and rights to use existing building and spaces;
- Efficiency of planning and policy activities can be enhanced.

However, effective communication is crucial, as any lack of understanding between policy makers can have the effect of limiting the identification of potential synergies and/or result in inconsistencies between tourism marketing policies that project a destination's image and planning policies that shape tourist products and experiences.

Tourism and emergency management

In recent decades there have been a range of natural disasters, infectious diseases and terrorist events that have either targeted or significantly affected tourism. Post-event analyses have revealed that, in almost

all cases, there are important linkages between the emergency management¹⁹ of a disaster or crisis and tourism policy, but that there has been little integration between the two (Bierman, 2011). By taking a proactive long-term approach significant opportunities exist to reduce the negative consequences of crises and disasters on human lives and economic activity associated with tourism (Becken & Hughey, 2013).

The UN International Strategy for Disaster Reduction (UNISDR, 1999) and the associated Hyogo Framework for Action 2005-15 (UNISDR, 2005) sets the standard for managing disasters and crises. This framework focuses attention on proactively reducing the risk of such events, minimising economic and social losses, and implementing effective response and recovery strategies. In addressing these challenges it acknowledges the importance of working with a range of non-government and community organisations, and the need for a systematic and integrated approach to policies, plans and programs that extend well beyond emergency management policies.

Disasters or crises can be complex events, with far-reaching socio-cultural, economic and environmental effects both temporally and spatially. Holistic approaches to emergency management therefore need to respond to the various phases of the event including pre-event contingency planning, the emergency phase, the immediate short-term response and the longer-term recovery phases (Faulkner, 2001). Recognising that these phases require different policy responses at different times, involving different agencies, creates significant challenges in policy planning, coordination, collaboration and resource sharing across different policy sectors. The Prevention, Preparedness, Response and Recovery framework (PPRR) has emerged as a well-recognised and comprehensive approach to emergency management (Becken & Hughey, 2013; Ritchie, 2004).

With respect to tourism, linkages between tourism and disaster management have been highlighted in a variety of events over the last decade. In some cases the concentrated presence of tourists has made tourism destinations an attractive target for terrorism and hijackings because of the capacity of such events to disrupt social and economic activity and to attract international attention. While other crises are exacerbated by tourism-induced mobility of the world's population (e.g. Severe Acute Respiratory Syndrome (SARS) outbreak in Asia in 2002-3 or Mexico's swine flu in 2009), or are the result of natural events such as the Indian Ocean Tsunami in 2004, the eruption of Iceland's Eyjafjallajökull volcano in 2010, and Japan's Tōhoku earthquake and tsunami and New Zealand's Christchurch earthquake, in 2011.

Tourists are particularly vulnerable during disaster events as they are often difficult to locate, and may not have language skills, local awareness or immediate access to information to cope with an unforeseen event (Becken & Hughey, 2013). Enhanced co-ordination of policies between tourism and emergency management would therefore help to improve the preparedness of tourism operators and agencies in dealing with an emergency, and would assist in response and recovery activities. Tourism operations and facilities may also provide additional expertise and equipment to supplement that provided by emergency management agencies. For these reasons, establishing greater synergies between tourism and emergency management policies can help to minimise social and economic impacts of disasters and crises, and assist in community recovery and resilience, including the restoration of economic and social systems.

Policy inter-linkages and synergies

The policy environment for resilient destinations would include a policy mix that recognises current and future potential risks, reduces and manages those risks so that destinations can respond and recover from an emergency event as quickly as possible.

19. Distinctions between the terms 'disaster management', 'crisis management' and 'emergency management' are much debated. The term 'emergency management' is more widely used in government and at a policy level, while 'disaster management' appears to be the preferred nomenclature in academic literature and in some international organisations (e.g. UNISDR). To align with policy discussions, 'emergency management' is the term adopted in this discussion paper.

There are significant opportunities to better co-ordinate emergency management policies and tourism policies in order to increase preparedness, minimise social and economic impacts, improve the effectiveness of responses to disasters, and facilitate destination recovery. Leveraging these synergies requires building awareness of tourism's potential role in assisting and enhancing emergency management and how emergency management policies can assist tourism agencies (e.g. to reduce the potential negative impacts of misinformation on the recovery of affected destinations/attractions and other destinations within affected countries) in all PPRR phases, and particularly the destination recovery process.

Box 5 illustrates PATA's approach in integrating tourism and emergency management processes. In practice, integration between tourism and emergency management policies has been very limited and quite narrow in focus in most countries. This is partly because the focus of tourism agencies has traditionally been on implementing specific actions to mitigate the effects of a disaster or event on tourism businesses (i.e. managing the reputational effects on the destination) and restoring the capacity of tourism businesses (i.e. recovery of markets and profitability). Attention to the inter-linkages between tourism and other related policy sectors such as land use planning, infrastructure and services, environmental management, public health, education and transport has not typically been a high priority. However, there are significant long-term benefits to be gained from taking a broader inter-linked policy perspective where a range of public agencies can participate in policy discussions so that the needs of the tourism industry are incorporated into each stage in the PPRR approach.

Box 5. Pacific Asia Travel Association: Integrating emergency management and tourism

Established in 1951, the Pacific Asia Travel Association (PATA) is a not-for-profit membership association dedicated to building responsible travel in the Asia-Pacific region. The organisation seeks to provide leadership and counsel on an individual and collective basis to over 80 government tourism agencies, 50 international airlines and a large variety of travel and tourism industry, media organisations and education and training stakeholders (PATA, 2013). Crisis management has been a long standing concern of PATA with the focus of its efforts on assisting PATA members to effectively prepare for and manage crises within their own jurisdictions or those of transnational significance (Beirman, 2012).

In 2011, PATA established a crisis ready taskforce (known as the PATA Rapid Response Taskforce) which was charged with responsibility for developing guidance to monitor crisis events, develop training materials and deliver training programs to assist members address domestic and trans-national crises. The PATA initiative reflects recent thinking that the planning for and management of emergencies must extend beyond emergency management agencies and that tourism agencies have an important role to play in the PPRR approach.

The PATA Bounce Back Tourism Risk, Crisis and Recovery Management Guide (Beirman & Walbeek, 2011) identifies recommended actions at each stage of the PPRR approach across a range of industry stakeholders and policy agencies, and is complemented by training materials to educate and build awareness within the tourism and emergency management sectors. The Guide is underpinned by the idea that a disaster or crisis can compromise or damage the marketability of a tourism business or an entire destination and that a coordinated response is required that incorporates a range of policy responses beyond the tourism sector.

Towards closer policy integration

The presence of tourists in destinations provides a unique/additional set of issues for consideration in emergency management and response. Taking a longer-term, more collaborative approach, building on complementarities between tourism and emergency management policy areas can help to improve contingency planning more widely, while at the same time improving the tourism industry's preparedness, readiness, response and recovery processes. More specifically, maximising synergies between emergency management and tourism policies can help to:

- co-ordinate communications and manage reputational impacts; and

- prioritise actions in the recovery phase to more rapidly re-establish tourism, thus helping to restore social and economic activity.

More broadly, by working closely with policy makers responsible for land use planning, environmental management, infrastructure, public health and safety policies in emergency management preparations, tourism policy makers can help to reduce the risk of economic and social losses in the event of a disaster or crisis.

Competing demands for scarce natural resources

Tourism is widely recognised as a human activity that is dependent on natural resources, while at the same time contributing to the depletion of these resources. Conversely, tourism also has the potential to create beneficial effects on the environment by contributing to environmental protection and conservation. By raising awareness of environmental values it can serve as a tool to finance protection of natural areas and increase their economic importance. Tourism's unique two-way-relationship with the environment has for instance been recognised by the UN World Tourism Organisation in the context of climate change (cf. UNWTO 2003, 'Djerba Declaration', as well as UNEP's 2011 Green Economy Report). Apart from energy use and corresponding emissions, tourism is also an important factor in global water and land use, as well as food consumption. The sector also has various impacts on global biodiversity. Tourism's interrelationship with these resources can be direct or indirect, and even though all tourism activities are ultimately local, they add up to phenomena of global significance.

Tourism has grown from 25 million international arrivals in 1950, to more than 1 billion in 2012, while there were also an estimated 4 billion domestic tourist arrivals in 2005 (UNWTO-UNEP-WMO, 2008). By 2030, the number of international arrivals is estimated to reach 1.8 billion (UNWTO, 2012), and possibly four times that volume in domestic tourism. The aggregated impact of these individual touristic and recreational activities is global in its relevance, although tourism is still an activity of a relatively small wealthy minority, with for example only an estimated 2.5% of the world's population participating in international air traffic in a given year (Scott et al., 2010). As a result, tourism's impact on competition for scarce resources, and in particular energy, is consequently related to the activities of a comparably small share of humanity.

The following section examines in more detail the relationship between tourism and the natural resources upon which it depends (and are likely to become increasingly scarce), potential policy inter-linkages and synergies, and the challenges facing tourism to become a leading sustainable growth sector.

Energy use and emissions

Tourism and travel depend on fossil fuels and other sources of energy, and contribute to climate change through emissions of various GHGs, including in particular CO₂, as well as methane (CH₄), nitrous oxides (NO_x), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). There are also various short-lived GHGs that are important in the context of aviation (Lee et al., 2009). Tourism-related energy use/emissions include all domestic and international leisure and business travel, and have thus far been calculated for three major subsectors: transport to and from the destination; accommodation; and activities at destinations (see UNWTO-UNEP-WMO, 2008).

Taken together, tourism's contribution to global anthropogenic CO₂ emissions has been quantified at 4.95% in the year 2005, corresponding to 1,304 Mt CO₂ (UNWTO-UNEP-WMO 2008). Most energy use and CO₂ emissions are associated with transport, as aviation accounts for 40% of tourism's overall CO₂ footprint, followed by cars (32%) and accommodation (21%). Cruise ships account for an estimated 19.17

Mt CO₂ or 1.5% of global tourism emissions of CO₂ (cf. Eijgelaar et al., 2010).²⁰ A more complete analysis would also have to include food and beverages, infrastructure construction and maintenance, as well as tourist retail and services.

While the contribution of the tourism sector to climate change is already considerable, the main challenge is the sector's growth, which will result in considerably larger energy use and emissions in the future (Gössling et al., 2013). Tourism is expected to grow because of several trends, including growth in the number of people travelling for employment, business, leisure, education and health services; continuing declines in the real cost of travel; increases in per capita disposable incomes; and growth in the average distance per trip made (Scott et al., 2012).

Based on a business-as-usual (BAU) growth scenario to 2035, which considers changes in travel frequency, length of stay, travel distance and technological efficiency gains, UNWTO-UNEP-WMO (2008) project that CO₂ emissions from tourism will grow approximately 135% by 2035, compared with 2005 (totalling 3.059 Gt CO₂). These estimates are very similar to the World Economic Forum (2009) projection for tourism emissions growth to reach 3.164 Gt CO₂ by 2035. Most of the growth in energy and emissions will be associated with air travel, with emission growth in the order of 290-670% by 2050 anticipated (EC, 2011).

With other major emitting sectors such as manufacturing, energy supply, housing, etc. taking steps to stabilise or reduce emissions in many regions of the world over the next 30 years, if travel and tourism remain on a business-as-usual pathway, the sector will become an increasingly important source of GHG emissions (Hall, 2011).

In addition, tourism is an economic sector with a low carbon-efficiency. In Australia, tourism is the fifth most emission intense sector (of 17 sectors, (Dwyer et al. 2010) and the fourth in Switzerland (of 22 sectors; Perch-Nielsen et al. 2010). In Sweden, tourism accounted for 11% of national emissions in 2001, a figure that is expected to increase to 16% by 2020 (Gössling and Hall, 2008). The UK Department of Transport (2007) predict that, taking radiative forcing²¹ into account, the 9% contribution of aviation to total UK emissions in 2005 will grow to approximately 15% in 2020 and 29% in 2050. Likewise, the Australian government's energy white paper estimates that air transport will more than quadruple by 2050 (Department of Resources, Energy and Tourism, 2012).

This leads to various conclusions: first, tourism is more energy intense than other economic sectors, and hence more vulnerable to changes in the cost of energy and fossil fuels. Second, this vulnerability is likely to increase, given tourism's growth and increasing competition over increasingly scarce fossil fuel resources. Third, if efforts to reduce absolute global emissions of GHG are to be achieved, costs of CO₂ emissions due to market-based measures (taxes, duties) will become increasingly relevant for tourism. Together, both fuel cost developments and climate policy may thus affect the global tourism system in a way that would imply changing travel patterns.

Policy inter-linkages and synergies

To achieve emission reductions, and particularly in transport as the largest contributor of tourism's GHG emissions, a wide range of i) market-based, ii) command-and-control, and iii) soft policy measures are theoretically available. Notably, all of these have been successful in changing transport use behaviour (OECD and UNEP). Market-based instruments include taxes, subsidies or duties, which affect behaviour because of

20. All calculations in UNWTO-UNEP-WMO (2008) represent energy throughput, and exclude the impact of short-lived GHG (Scott et al. 2010).

21. Radiative forcing is the change in global average temperature caused by all emissions of greenhouse gases in a given year, relative to the year 1750.

rising or declining costs for travel. Control-and-command instruments, sometimes also referred to as hard policy (e.g. Friman et al., 2012), set standards for products and services as well as behaviour, and they steer transport behaviour directly through urban design and land use planning or investments in specific transport infrastructure. Soft policy measures have the objective to support decisions that are more socially desirable, generally relying on the distribution of information on more sustainable transport choices.

While there is ample research on the effects of specific measures within these three categories, there exists, in the words of Banister and Hickman (2012), a major ‘implementation gap’. Various explanations have been provided for the existence of such a gap, including a societal and political focus on ecological modernisation and a belief in technological innovation, (limited) market-based measures, and (voluntary) behavioural change, ultimately resulting in “path dependency” and social lock-in (Schwanen et al., 2011). Transportation governance is generally unpopular, due to perceived interdependencies of transport and economic growth, as well as perceptions of limitations of individual freedoms by citizens. Often, however, this may constitute discourse rather than reality, and overcoming a range of ‘transport taboos’ will be essential to achieve significant changes in the transport sector (Gössling and Cohen, 2013) (Box 6).

Box 6. Copenhagen City of Cyclists (Denmark)

Individual motorised transport volumes continue to grow, and represent a key challenge in the restructuring of global tourism and transport systems. Urban transport systems are one system where there is great potential to change transport behaviour, with the EU White Paper on Transport foresees a ban on combustion engines from cities, to introduce smaller vehicles, higher shares of collective transport, and greater shares of walking and cycling. Specifically, bicycles are increasingly advocated as ideal mobility choices in urban contexts, as they require less area, cause less congestion, contribute to better health, are pollution free, and lead to fewer accidents (Pucher et al., 2010). With regard to these goals, there are various linkages to tourism, as tourists both increase transport demands in cities, though they are also likely to have a great interest in alternative forms of mobility.

The leading example of a city going through a major transformation process towards the use of bicycles is Copenhagen, a self-declared “City of Cyclists”, with the political objective to have achieved, by 2015, a minimum of 50% of Copenhagengers commuting by bike to their place of work or education, a reduction of at least 50% in the number of cyclists seriously injured in traffic, and at least 80% of cyclists feeling safe in traffic. Bicycle travel speed should increase by 10%. Since 2002, when the first bicycle policy was published, Copenhagen has made considerable progress towards these goals, largely on the basis of command-and-control measures, i.e. the development of bicycle infrastructure, in combination with soft policy campaigns framing the bicycle city as a desirable future. These have been of particular importance in fostering social identities approving of bicycle cultures, facilitating a co-evolution of behavioural and infrastructural change. For bicyclists, positive perceptions of safety, speed and comfort have been key in achieving high bicycle trip shares. To justify infrastructure costs (bicycle tracks, etc.), the socio-economic costs of bicycling were calculated in comparison to automobility. The analysis revealed the net social gain for each cycled kilometre to be EUR 0.16, compared to the net social cost of EUR 0.09 per km driven by car. On this basis, it was found that bicycle infrastructure development gives a high rate of socio-economic return, justifying further investments. Societal benefits of cycling are now calculated to be in the order of EUR 228 million per year.

Developments in Copenhagen are specifically relevant for tourism, as the city has sought to involve tourism in its vision of a bicycle city, with specific brochures addressing visitors. Bicycle tours are also available, and the city’s free bike system was very popular with tourists, with an estimated half of all available bikes being used by tourists. Notably, an increase in cyclists also changes the character of the city, which becomes more relaxed, less noisy, less polluted – all attributes making Copenhagen a more attractive tourism destination.

Source : Gössling 2013b

Sustainable tourism transport planning considers both global environmental impacts, such as carbon emissions and critical habitat preservation, and local (sometimes called *livability*) impacts such as noise, smells and aesthetics. Local environmental protection is important to attract tourists and therefore for

economic development. For example, reducing motor vehicle traffic and choosing cleaner buses can help to reduce both global and local pollutants, and therefore are important sustainable tourism planning objectives.

Water use

Tourism is both dependent on fresh water resources and an important factor in local fresh water use. Tourists need and consume water when showering or using the toilet, when participating in activities such as skiing (snowmaking), and when using spas, saunas, wellness areas or swimming pools. Fresh water is also needed to maintain hotel gardens and golf courses, and is embodied in tourism infrastructure development (e.g. accommodation), and food and fuel production. Changes in the availability or quality of water resources can have negative impacts on tourism, with documented examples for instance indicating the enormous costs associated with the ecological restoration of ecosystems such as the Everglades or Great Lakes in the USA (UNESCO 2009).

In accommodation, water consumption ranges from 84 to 2,000 L per tourist per day, or up to 3,423 L per bedroom per day. There is a tendency for higher standard accommodation to consume significantly higher water volumes, and perhaps unsurprisingly, the highest water use rates are usually found in hotels with spas and multiple and large swimming pools. Water-intensive facilities typically have landscaped grounds, requiring irrigation. Higher laundry volumes per guest per day are often a result of on-site sport and health centres, as well as affected by textile quality and/or weight of laundry items, including for instance very large towels at spa facilities. On global average, it has been suggested that an international tourist consumes 300 L per day (Gössling et al. 2011).

Various tourist activities add to water use, a prominent example being golf (Rodriguez Diaz et al. 2007), with the level of consumption varying depending on soils, climate and golf course size (Baillon and Ceron 1991, Ceron and Kovacs 1993). For instance, a standard golf course may have an annual consumption of 80,000 m³ to 100,000 m³ in the North of France and 150,000 m³ to 200,000 m³ in Southern France, while much higher values can be found in dry and warm climates such as the Mediterranean. Similarly, snowmaking can be highly water intensive, while convention, event and attractions infrastructure can also add to water demand.

As outlined by UNESCO (2009), energy and water use are inter-linked, as water is needed for energy production (e.g. thermoelectric cooling, hydropower, minerals extraction and mining, fuel production, emission controls). Conversely, energy is also required for water production (pumping, transport, treatment, desalination). In particular fuel production is water-intensive, with the Worldwatch Institute (2004) reporting that it takes 18 L of water to produce one litre of gasoline. As air travel entails an average energy consumption of 4.1 L of fuel per passenger for every 100 km of flight distance (UNWTO-UNEP-WMO 2008), the average international air-based tourist trip over 7,600 km (return distance) would consequently lead to embodied, “virtual” water use of 5,600 L. This is equivalent to the direct water use of an average 14 day stay in a higher standard resort hotel (at 400 L per tourist per day).

Given the global growth in tourism, the trend towards higher-standard accommodation and more water-intensive activities, and declining water resources in some regions, water pressure is bound to increase in many destinations (Box 7). As a consequence, tourism development in many areas of the world may become less feasible or impossible due, for example, to the costs associated with the provision of fresh water or declining water quality. Impacts will ultimately depend on several factors, including the relative scarcity of fresh water in existing and potential tourism destinations, competition with other economic sectors such as agriculture or biofuels, and the structure of the tourist industry, e.g. small guesthouses vs. large resort hotels, and concomitant low or high water use per guest night. Regional conflicts over water use have already been reported (ITP 2013), and are projected to increase in the future due to increasing demand and a declining supply, also because of climate change.

Box 7. Water policy in India's Golden Triangle

India faces declining fresh water resources in many regions, and the Ministry of Water Resources outlines that even though the country hosts 17% of the world's population, it has only 4% of the world's renewable water resources (Government of India, Ministry of Water Resources 2012). The country's current demand is 581 billion m³, most of it required for irrigation (89%). KPMG (2010) suggests that due to population growth, urbanisation and industrialisation, water demand will grow by 20% over the next decade, and a threshold between supply and demand may be reached by 2035. Groundwater levels are reported to be in decline, with 29% of all blocks assessed by the Central Ground Water Authority being in need of careful water management.

International tourism in India is estimated to have used 18.3 million m³ of water in 2000, and domestic tourism 1,873 million m³ (Gössling et al. 2012). Together, this corresponds to 7.5% of domestic water use. Regionally, tourism has been identified as a major contributor to water use. In the Golden Triangle, i.e. the area between Delhi, Agra and Jaipur, occurrences of water shortages and unreliable water supply have been reported (ITP 2013). As the area is a popular tourism destination, high shares of water use are tourism-related, with one estimate that visitors consume 7 times more water than the average Indian does for domestic purposes (ITP 2013: 16).

As a result of this situation, various water policies have been implemented. India's National Water Policy was implemented in 1987, and addresses general water management issues, including the need to manage ground water (ITP 2013). This also concerns tourism. The ITP (2013) outlines, for instance, that the Ministry of Tourism in India demands new hotel constructions to include "eco-friendly practices", including rainwater harvesting practices and sewage treatment (requirements as of September 2010). Furthermore, water conservation plans are required for new hotel applications (Ministry of Tourism, 2012: 31).

In December 2012, India presented a new water policy (Government of India, Ministry of Water Resources 2012). This policy sets targets for the reduction of water used in industrial and commercial entities, and demands greater water use efficiencies, as well as water use priorities. The water policy also identifies climate change related changes in the variability of water as a threat, and suggests a wide range of measures for mitigation and adaptation. Demand management and water pricing are seen as two key mechanisms in this regard to reduce water consumption.

Specifically with relevance for tourism, the policy outlines that industries in water short regions are allowed to only withdraw specific amounts of water, and to recycle water. The policy also suggests implementing Water Regulatory Authorities in each State, to establish water tariff systems and charges, to regulate allocation, monitor operators, review performance or suggest policy changes. Water Disputes Tribunals are to be established to resolve disputes over water in an equitable manner. These changes mean that tourism stakeholders, and specifically accommodation establishments, will have to consider upcoming institutional changes. These, however, also constitute opportunities for those responsible for tourism and water policy to work closely together.

Policy inter-linkages and synergies

Though only a minor factor in direct global fresh water abstraction, tourism clearly affects global water use indirectly, and can also be relevant as a direct water use sector regionally and locally. In the future, tourism-related water use intensities are expected to increase, while water availability in many regions will become more restricted due to competing uses and climate change leading to lower precipitation levels in many regions. In order to adapt to inevitable changes in water availability, as well as to mitigate its own contribution to climate change and its pressure on limited water resources, tourism needs to engage with policy areas responsible for energy- and water management, with a clear focus on policy making, including compliance with national greenhouse gas reduction goals, building codes, measurement and charging of water consumption, compliance with water benchmarks, and, possibly, mandatory education for staff in accommodation to engage in water saving measures. Tourism stakeholders can also affect other areas through water policies, such as food production.

Food consumption

Food production has a wide range of sustainability implications. They include, land conversion and the associated loss of biodiversity and ecosystems; changes in global biogeochemical processes, such as nitrogen cycles (Vitousek et al. 1997); water consumption; the use of substances potentially harmful to human health, such as pesticides, herbicides and fungicides (Koutros et al. 2008), and the foodservice sector's contribution to global emissions of greenhouse gases (GHGs) relating to agriculture, food processing, transport and the preparation of meals. Tourism is also a factor in the demand and consumption of 'problematic' foods, such as giant shrimps leading to the deforestation of mangrove ecosystems.

Virtually all impacts related to food consumption have direct and indirect links to tourism and hospitality, because of the enormous amounts of food prepared in both leisure and business tourism contexts. According to UNWTO-UNEP-WMO (2008), almost 25 billion tourist days were spent in 2005. At an average of three meals per tourist per day, this corresponds to roughly 75 billion meals per year, or about 200 million meals per day. It can be assumed that foodservice providers will prepare the vast majority of these meals, which has considerable relevance for sustainability, because a few decision makers in tourism have considerable power over food production. For instance, the initiative by the board of the hotel chain Scandic to only purchase organic and fairly traded coffee affects 20 million cups of coffee served per year (Gössling et al. 2011). Hotels consequently have considerable power over food production, and can directly influence sustainable food production through regional or organic food purchasing policies. Vice versa, where food purchases are made entirely with a focus on the lowest per-unit costs, this increases pressure on food producers and leads to the globalisation of food production, a key obstacle to sustainable food production (Vos, 2000).

Policy inter-linkages and synergies

There is a general consensus that the current global food system is not sustainable, and that much of this unsustainability is embedded in structures of concentration and large-scale production. This will affect tourism, and alternative, more sustainable food structures in tourism would have to promote a greater share of regionally produced foodstuffs. However, despite the opportunities to benefit from the added value of such offers to tourists, little progress has been made and the majority of food consumption in tourism is unsustainable, with a focus on low-cost foodstuff purchases and without consideration of the externalities. Food governance is generally a more complex field, as it refers to a wide range of aspects, though there is room for policy makers to support structures for – mandatory – food certification programmes, regional promotion of foods to foster "short" supply chains, and local food networks. Tourism actors might be encouraged to join such structures through various incentives; notably, local and organic food purchasing or Slow Food which offer significant opportunities for the tourism sector as they address current consumer concerns and allow for the creation of added value.

Towards closer policy integration

Tourism affects the use of natural resources on a global scale. It is a relevant factor in the consumption of energy and the generation of emissions of greenhouse gases (GHG), and contributes to fresh water & land use, biodiversity loss, and unsustainable food consumption. However, with few exceptions, the use of resources by tourists has received little attention by political decision makers, likely a result of tourism's multi-dimensional character and the various sub-sectors involved. Perhaps as a result, few significant policies are currently in place to address this situation at national or international levels. There are, however, a range of policy options available, due to the inter-linkages and synergies between tourism and the various government departments, to exploit tourism's potential as a leading sustainable growth sector (Box 8).

Box 8. Tourism as a priority sustainable growth sector (New Zealand)

The concept of green growth provides a framework for aligning environmental and economic performance and in January 2011 the New Zealand government appointed a Green Growth Advisory Group to provide advice on policy options and practical interventions that support greener economic growth in four priority sectors that form the basis for New Zealand's future economic growth: food and beverage production; tourism; high-value manufacturing services; and minerals and petroleum extraction. Advisory Group activities focused on:

- how New Zealand, and in particular Government agencies, can help exporters leverage greater value in international markets from our clean, green brand;
- opportunities for smarter use of existing technologies and innovation, as well as greater development and adoption of new technologies (including clean technology) in our productive sectors; and
- options for small and medium sized businesses to move to a lower carbon economy while sustaining the desired level of productive growth.

The Advisory Group reported findings to the Minister for Economic Development and the Minister for the Environment in December 2011. Their report included two tourism-specific recommendations, indicating that Government should:

- work with the tourism industry on a new strategy for positioning New Zealand strongly with high-value tourists in the greener market segment. The strategy should promote:
 - increased uptake of environmental management systems and relevant certifications among New Zealand tourism businesses;
 - clear linkage of “clean green” country brand attributes to different elements of New Zealand's tourism offering, including high-quality food and beverage production; and
 - enhanced usage of online and social media communications to reach tourists who are both more attuned to these channels and more attracted to environmental sustainability.
- explore/investigate, with industry leaders, businesses and local authorities the concept of high-profile New Zealand tourist destinations becoming models or exemplars of green growth in this sector. This model should be:
 - drawn from experiences of current locations which have adopted this approach, such as Kaiko- ura;
 - based on coordinated uptake of recognised and credible sustainability practices by as many commercial entities in that location as possible; and
 - an authentic and visible demonstration to visitors of environmental sustainability in combination with world-class tourism offerings.

The current tourism production system is highly wasteful, with estimates that depending on the sub-sector, 10-50% of resource use can be avoided through more effective management practices and the introduction of new technology (Gössling et al. 2011). Furthermore, the resource-intensity of different tourism products and aspects of the tourism system varies by at least two orders of magnitude. There is thus enormous scope to make tourism more efficient, and to steer tourists towards tourism involving lower resource consumption.

To reduce resource intensities and resource use in the global tourism system, a key policy challenge will be to address resource intense and environmentally problematic consumption; to address ‘super’ consumption by a minority of highly mobile, highly resource-intense tourists accounting for a large share of overall consumption; and to reduce tourism consumption that is for other reasons harmful for the environment in specific locations. Policies in this regard not only need to achieve significant reductions in relative resource use, but also reductions in overall resource use, which constitutes a significant challenge given the strong growth forecasts for tourism.

To achieve greater resource efficiencies, green investment structures, and cross-sectorial synergies, UNEP (2011) suggests in its green economy approach to consider various “sustainability drivers”. These include, for energy, increased costs and carbon surcharges; government incentives; eco-labels (Box 9); as well as regulations/legislation on energy efficiency. For water, price structures reflecting water scarcity and responsible water management, and for biodiversity, regulation regarding sensitive ecosystems, as well as national policies attracting revenue through tourism for protecting critical biological habitat. Under such a green investment scenario, tourism could make a larger contribution to GDP growth, while significantly reducing water consumption (-18%), energy use (-44%) and CO₂ emissions (-52%), compared to a business-as-usual scenario.

Box 9. Tourism ecolabels as ‘sustainability drivers’

There are now a wide range of certifications and labels in tourism and associated sectors (Buckley, 2012; for a full overview see also www.ecolabelindex.com). Potentially, labels can have a significant impact on consumer behaviour because they make more sustainable products visible, allowing for greener consumer choices. Ecolabels thus represent an option for consumers to distinguish those products/services that have environmental and/or social benefits, such as incurred in lower per unit resource use. For businesses, certifications can increase credibility, and thus demand, while labels encourage consumers to pay premiums. Society as a whole profits from certifications because of growing competition between companies on social or environmental grounds, better insights into production and value chains, higher import standards, and, ultimately, changes in consumer norms leading to growing pressure on supply chains. These advantages call for the widespread use of labels in tourism, including in particular carbon labels, which can inform consumers on low-energy/carbon choices.

According to Ecolabel Index, tourism is already the sector that features most ecolabels, and due to its multi-sectoral character, there are a wide range of energy- and emission-related schemes that can aid companies and consumers to make low-carbon choices. For instance, the EU energy label is relevant for purchases of white appliances and other products, such as light bulbs, refrigerators, freezers, washing machines, tumble dryers, dishwashers, ovens, air conditioners, water heaters, and TVs. The most efficient appliances are rated A, the least efficient G, with grades A+ and A++ more recently introduced for refrigerators and freezers to keep up with energy efficiency developments. The energy label also exists for cars, but displays emissions of CO₂ per pkm, and provides figures on energy use in L. The label is easy to understand even for people with no previous knowledge of energy and emissions, as it uses colour bars for visualisation, with green bars representing low energy use/emissions, and red bars high energy use/emissions.

While these examples are mostly of relevance for the purchase of goods used in tourism, these can also be relevant for tourists. Variations of the EU energy label are for instance used by car rentals, airlines, in accommodation, tour operators, and in global distribution systems, to indicate the energy/emission intensity of different choices, on the basis of efficiency. Policy makers could mandate the wider use of such labels in tourism, while encouraging businesses and tourists to also consider these in their consumption choices.

Overall, there is very limited evidence that restricting resource use would lead to fundamental impacts on the global tourism economy (UNEP, 2011). Tourism is flexible and adjustable, as many case studies have shown. A new perspective of ‘scarcity’ could help to increase efficiencies and reduce wastage, which will usually translate directly into resource and economic savings.

The key challenge for policy makers will be to address these issues in an integrated manner. Clearly, the policy remit will often not lie with tourism policy makers, but there are opportunities for synergies with other policy areas.

High value-added growth and tourism

In a context of slow economic growth and high unemployment rates observed in many economies in recent years, governments have often focused their development policies on attracting and expanding high-valued added (HVA) sectors based on knowledge-intensive activities or with a high intensity in R&D, such as aerospace, engineering, and biotechnologies. This section explores how tourism can more effectively

complement high value-added sectors and demonstrate its value to policy makers, with a focus on i) inclusive growth; ii) induced small-scale business operations; iii) infrastructure development and maintenance; and iv) the promotion of cultural authenticity and assets of destinations.

An increased focus on high value-added sectors

HVA sectors, such as finance, aerospace and engineering, are based on knowledge-intensive activities with highly-skilled employees, and a strong focus on R&D. This is reflected in many classifications and definitions of HVA sectors, where “sectors with high intensity in R&D” are used to define and classify manufacturing industries into HVA categories (e.g. Hatzichronoglou, 1997).

Governments in recent years have often favoured the development of HVA sectors because of the clear and important economic benefits they generate; both direct and indirect. This preference can also be based on the modern endogenous growth theory that suggests that economic growth is linked with sectors displaying high intensity in R&D and thus high productivity levels. HVA sectors play a key role in the long term performance of countries by generating spill-over benefits, creating high-wage employment and generating higher returns to capital and labour (OECD, 1996). Other than the traditional economic benefits associated with well-paid jobs and fiscal revenues, HVA growth can also offer potential social and environmental advantages. For instance, growing HVA industries can lead to the attraction of highly qualified workers, which in turn, can favour the regeneration of previously vibrant areas (e.g. gentrification). Furthermore, from an environmental perspective, HVA sectors can contribute to the development of green technologies, which comprises of various products such as energy sources and waste recycling. Benefits of green technologies for instance include: smaller ecological footprint through the use of renewable natural resources and a greener economy.

HVA sectors are typically integrated to the knowledge-based economy, which contribute to:

- economic growth through revenues from new industries and goods, global market reach and increased export revenues, economic diversification, less dependence on specific market sectors and wealth from sale of stakes in the new businesses;
- enhanced productivity from new/improved skills, more skilled labour force, high value jobs, more job satisfaction, long term employment and experience skills and talents for the next market wave;
- socio-political stability and prosperity from enhanced infrastructure through the implementation of these products and solutions in health, education, sustainability, security and lifestyle, better quality of life and stable economy (revenues and taxes system).

If HVA sectors contribute significantly to economic growth, they can also have several potential negative impacts, including:

- Knowledge-based economies can promote income inequality and polarise skilled and unskilled workers. The so-called “skill biased technological change” thesis is the standard explanation for rising wage differences (Harris, 2001).
- The shift towards a knowledge-based economy can increase the geographical imbalance of economic growth (Van Winden, 2007 and 2008). In general terms, internationally connected metropolitan areas that have a diversified economy, a strong knowledge base and a high quality of life have grown faster, acting as a magnet for talent and investments. Conversely, small cities far from a major metropolitan area face the threat of losing skilled individuals and knowledge-intensive business to larger agglomeration.

- There is evidence that the emergence of education-based knowledge economies makes the utilisation of immigrants' skills and their integration into society more challenging. In countries increasingly dependent on immigration for maintaining their quality of life, such as Canada, where ageing and low birth rates put the society under stress, the decline in overall employment success of immigrants is continuing, with an estimated cost to the economy of around CAD 2 billion per year (Reitz, 2005).
- Increased investment in knowledge-based assets (KBA) such as software, organisational know-how, information and communications technologies (ICT), is a key driver of productivity, however, it has also contributed to growing inequalities in many countries. This is because KBA tend to become capitalised into the firm employing the skilled labour and thus reward those who perform non-routine manual and cognitive tasks, as well as investors (who ultimately own much of the KBA) over other workers. This development has important implications for strategies to strengthen growth and job creation, and also amplifies the importance of skills policies (OECD, 2014a).

How tourism can more effectively demonstrate its value to policy makers...

Despite tourism's potential for significant positive impacts on economic growth (e.g. GDP, employment), unchecked growth can lead to detrimental environmental and social impacts. However, if planned and managed with a focus on sustainability, tourism can contribute considerably to the socio-economic development of destinations. Tourism has the potential to contribute to: i) inclusive growth; ii) inducing small-scale business operations; iii) infrastructure-related development and maintenance; and iv) the promotion of cultural authenticity and assets of destinations. In this context, tourism can play an important role in improving the attractiveness of places "to live, work and enjoy", which in turn promotes well-being for locals and helps to attract the educated young professionals upon which high value-added sectors increasingly depend (Glaeser, 2010).

...by contributing to more inclusive growth

Tourism has the ability to promote inclusive economic growth by contributing to a more equitable distribution of growth dividends among individuals and social groups, including an increase in well-being, which is shaped by non-material dimensions, such as health and education status, and environmental quality of life. It provides diverse labour market opportunities (from low to high skilled, students, the elderly, and migrant workers), contributes to social integration, provides economic development opportunities in both urban and rural areas, whilst access to infrastructure and attractions developed for tourism purposes can have a positive impact on locals' quality of life.

- Diverse employment opportunities – Tourism is a labour-intensive industry, providing flexible working hours, and with workers participating in many different sub-sectors and a variety of locations. It requires a wide variety of types and levels of skill, ranging from low to high, and from technical to non-technical personal or social skills. This demand for a diversity of jobs (both full and part-time) and skills has the potential to:
 - Reduce income inequalities. The tourism industry often has a lower average, but more equal income distribution than other industries. However, it should also be recognised that numerous types of jobs in the tourism industry are higher paying, including many of those in management, marketing, planning, food and entertainment etc. Furthermore, many of these jobs are accessible from entry-level positions allowing for significant career progression. Hence, tourism offers an important social advantage in providing equal income opportunities for individuals from all social classes.

- Provide job opportunities for many low skills immigrants, women, students and older workers. Inexperienced workers take up the majority of low wage jobs in the tourism industry (Marcouiller 2007). Hence, tourism job opportunities can be an important supplemental income component for those experiencing work transitions or entering the workforce for the first time, while industry demand for seasonal workers in tourism can provide economic opportunities for those who might otherwise have few options.
- Benefits for urban and regional economies – In urban areas, tourism can promote the development of activities, infrastructure and equipment to accommodate and attract domestic and international visitors. In terms of activities development, many cities invest in the organisation of festivals and major events (sporting, cultural, music etc.) which create a positive spill-over for shops, restaurants and accommodation establishments, and for the largest, often require investment in transport and accommodation infrastructure and other facilities to cater for increased tourist traffic and ensure a positive legacy for the host community. Festivals and events of this type often provide opportunities to showcase sectors such as culture, music, gastronomy, and the arts. In addition, the economic impact of urban tourism more generally can extend to surrounding rural areas through supply chains to meet growing demand for locally produced food, wine, arts and crafts.

In rural regions, tourism constitutes an important lever for economic development and growth, often articulated around local gastronomy, farming, culture (arts and crafts), and outdoor activities. It thus presents important economic benefits to rural areas and constitutes an increasingly important market segment, providing significant opportunities for rural businesses to diversify income opportunities (e.g. farm stays) and participate in local supply chains.

- Support for traditional goods and services – Tourism can play an important role in promoting and maintaining traditions because tourists represent an important market for cultural and traditional products. For example, in Canada, ‘sugar shacks’²² have become a popular activity among tourists visiting Quebec during the winter and spring months. Traditionally familial, sugar shacks have become bigger and designed to welcome growing numbers of visitors. Similarly, in many countries around the world, including Canada, Australia, USA, indigenous traditions, art and culture are a major attraction for visitors, who in turn are often a major source of revenue for indigenous communities.

...by supporting innovative small-scale business operations

Entrepreneurship is traditionally high in tourism, due to the involvement of a large number of mostly family-owned, small and medium sized enterprises, who generally have the flexibility to adjust to meet increased demand in peak periods and react to new business opportunities (Wanhill, 2002; Morrison *et al.*, 2010), but opportunities exist for start-ups also.

Tourism creates demand for specific goods and specialised services, including transport, accommodation, travel, and supporting services to meet the needs of niche and emerging travel markets (e.g. adventure, health and wellness, creative and sports tourism), and thus opportunities exist for small businesses to meet the specific needs of travellers in these areas. When SMEs respond to these opportunities the cumulative effect on local communities and economies can be quite significant (Box 10).

22. Sugar shacks are commercial establishments, prominent in Eastern Canada, where sap collected from sugar maple trees is boiled into maple syrup and sold to the public.

Box 10. Tourism assets and induced employment opportunities (United States)

In the United States, national parks are key touristic assets. The National Park System (NPS) plays a major role in attracting and supporting businesses in local gateway regions (defined as communities within 95 km of a park). In 2012, the NPS received over 282 million recreation visits, and visitors spent USD 14.7 billion (EUR) in local gateway regions. The report “US National Park System: An Economic Asset at Risk” clearly show that growth rates in counties around parks outpace the corresponding state averages. Growth in population, employment, and per capita income exceeded state-wide rates over the past three decades. In 2012, the contribution of visitors to the national economy was some 243 thousand jobs, USD 9.3 billion (EUR) in labour income, USD 15.8 billion (EUR) in value added, and USD 26.8 billion (EUR) in output.

Source: U.S. Department of the Interior (2014)

Another case in point is accommodation, where a diversity of travel motives and budgets, combined with the variety of experiences sought, provides opportunities for small and innovative enterprises. For example, there has been an increase in the number of small budget hotels and youth hostels in response to increased demand from young and/or budget travellers, for whom, value for money is of primary concern. Budget hotels and youth hostels offer services adapted to meet their customers’ budgetary constraints in convenient locations, and often working with other small scale operators to provide a range of additional services (e.g. tours, attractions, restaurants).

...by supporting infrastructure-related development and maintenance

Tourism has a strong connection to infrastructure. The quality of infrastructure is a significant determinant of tourism inflows into a destination and at the same time, an important contributor to the development of other sectors creating important indirect benefits. For example, the construction of new regional roads to improve access to an emerging tourism destination can create economic opportunities for individuals and businesses located in that region.

Mobility and accessibility are essential issues for tourists, thus the quality, inter-modality and integration of transport networks is an important factor in itinerary decisions. Improved transport infrastructure not only plays a significant role in attracting tourists, but also in improving the quality of life of the local population. Furthermore it promotes the distribution of socio-economic benefits related to the tourists’ expenses (e.g. incomes, jobs) and interactions with local residents (e.g. cultural heritage diffusion and maintenance, new languages skills). For example, in the case of the city of Bordeaux, the tramway system developed in 2003 has not only had a positive impact on the attractiveness of the city and visitor numbers, but has also helped to regenerate the city centre, with a positive impact on local restaurants, coffee shops and other retailers. Finally, tourism can generate additional funding for the development and maintenance of the transport system (Albalade and Bel, 2010), therefore, benefiting the local population by improving their quality of life.

...by supporting the promotion of cultural authenticity and assets of the destination

There exists a mutually beneficial relationship between the economic benefits associated with tourism development and heritage conservation and promotion of authenticity of a destination. As shown in many studies, cultural authenticity and assets are important tools for countries and destinations in order to attract tourists (Palmer *et al.*, 2012). This is shown for example by Van der Ark and Richards (2006), in a ranking of 19 European cities in terms of cultural attractiveness (based on indicators, such as: cultural tourists’ preferred destinations and travel motives), which shows that cities such as Athens and Rome are considered the most attractive because of their numerous cultural assets and perceived authenticity.

The economic benefits associated with tourism development in such areas, can in turn be used as a factor for heritage conservation and promoting the authenticity of a destination (Orbasli and Woodward, 2009). This relates to the fact that one of the main reasons that cultural heritage is preserved is due to the value we attribute to them. In this context, tourism can play an important role in demonstrating the merit and economic value of cultural heritage conservation, primarily through the level of activity that it can stimulate in the local, regional, and national economy (Box 11). Tourism is therefore recognised as a significant contributor towards the development and conservation of buildings and cultural assets (Orbasli and Woodward, 2009).

Box 11. The promotion of cultural authenticity through tourism in Europe

The Cultural Routes programme was launched by the Council of Europe in 1987 with the Declaration of *Santiago de Compostela*, which made the Ways of Saint James the first Council of Europe Cultural Route. Today there are 29 certified cultural routes crossing the whole of Europe and exploring a range of themes.

In December 2010, the Committee of Ministers of the Council of Europe adopted an Enlarged Partial Agreement (EPA) to enable closer co-operation between states interested in the development of Cultural Routes. The EPA seeks to shape a shared cultural space by utilising Cultural Routes to foster awareness-raising about heritage, education, networking, quality and sustainable cross-border tourism and other related activities.

The EPA contributes to reinforcing the potential of Cultural Routes for cultural co-operation, sustainable territorial development and social cohesion. The agreement strengthens the democratic dimension of cultural exchange and tourism through the involvement of grassroots networks and associations, local and regional authorities, universities and professional organisations. It contributes to the preservation of a diverse heritage through theme-based and alternative tourist itineraries and cultural projects.

The Governing Board of EPA awards the certification "Council of Europe Cultural Route" and carries out regular evaluation of certified routes. Routes requesting the certification should:

- focus on a theme representative of European values and common to several European countries;
- follow a historical route or (in the case of cultural tourism) a newly created route;
- give rise to long-term multilateral co-operation projects in priority areas (scientific research; heritage conservation and enhancement; cultural and educational exchanges among young Europeans; contemporary cultural and artistic practices; cultural tourism and sustainable development);
- be managed by one or more independent, organised networks (in the form of an association or a federation of associations).

A study on the impact of European Cultural Routes on SME innovation and competitiveness was jointly launched by the European Commission (EC) and the Council of Europe (Council) in September 2010. The study found that Council of Europe Cultural Routes, show enormous potential for SME generation, clustering and networking (intercultural dialogue), and encourage widespread community participation in cultural activities, raising awareness of a common cultural heritage. Established on cultural and social principles, the Cultural Routes represent a resource for innovation, creativity, small business creation, and cultural tourism products and services development.

Source : Council of Europe (2014)

In addition to its ability to demonstrate the merit and economic value of cultural heritage conservation, tourism can play a significant role in community building by increasing employment and improving socio-economic opportunities for under-represented segments of the population, and promoting cross-cultural awareness and understanding (Box 12).

Box 12. Tourism as a tool for community building and promoting cross-cultural awareness (Turkey)

Under the auspices of the Millennium Development Goals Achievement Fund a Joint Programme titled, *Alliances for Culture Tourism in Eastern Anatolia* was established (2008-12) to mobilise the culture sector in Turkey's least developed region – east Anatolia –with the aim of increasing incomes and enhancing understanding of “shared” culture between the people of eastern Anatolia and of neighbouring countries, and among people of different faiths. The Programme focussed on capacity building for managers of cultural assets, local authorities and civil society to better protect the region's rich cultural heritage, while also implementing sustainable tourism practices by providing business development services in various sectors. At the end of the Programme, local authorities and civil society were able to identify and manage shared culture assets in line with international standards and respect the way that people in other countries or from different backgrounds/faiths, valued those same cultural assets. Similarly, an increased understanding of shared culture was achieved at the national level.

Major achievements of the Joint Programme include:

- Contributing to raising local and national awareness of cultural heritage as a driving factor for economic growth and development.
- Increasing cultural awareness, the Joint Programme substantively contributed to community building and empowerment, including women.
- Significantly developing local and national capacity in relation to cultural heritage safeguarding, and cultural, winter and nature tourism, and creating linkages between local and national stakeholders.
- Establishing the foundations of a model for the strategic direction, prioritisation and safeguarding of tangible and intangible cultural heritage and cultural tourism delivery. For example, a number of key policy and operational tools for the development of cultural, winter and nature tourism in Kars were produced; providing a reference and good practices for the preparation of management plans at other cultural sites in Turkey:
 - I. A tourism strategy (Tourism Master Plan) officially endorsed by the government;
 - II. A system for the digitization of tangible cultural heritage; and
 - III. The final draft of the Site Management Plan for the ancient city of Ani.

Tourism and transport

With over one billion international tourist arrivals per year, transport is an essential component of the tourism system. Transport connects the markets in tourism generating regions to destinations and facilitates the internal movement of visitors between components of the tourist experience (e.g. attractions, accommodation, commercial services, etc.). The location, capacity, efficiency and connectivity of transport can therefore play a significant role in how a destination physically develops, significantly influencing the mobility of visitors and the connectivity of tourist experiences within destinations. As a result, the synergies between transport and tourism policy are significant and governments have an important role to play in addressing the linkages between these policy areas.

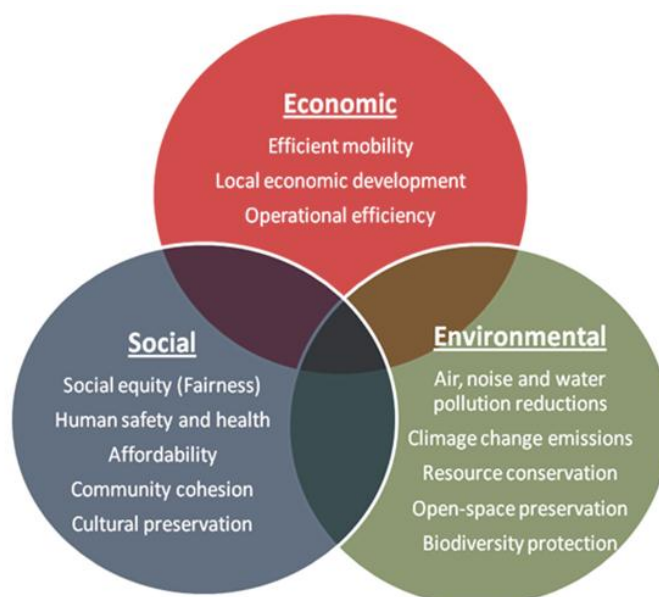
Transport itself is a complex area of policy-making incorporating multiple levels of government, and multiple agencies responsible for different modes including land, sea and air transport. There is also an increasing array of public-private partnerships and governance arrangements associated with transport infrastructure provision and service delivery.

A major objective of government transport policy is to achieve a coordinated and integrated transport system that is efficient, safe, sustainable, accessible and competitive and meets both the short and long-term needs of the economy and the community. Transport policy is therefore closely aligned with economic development policies given that an efficient, competitive and sustainable transport system is a prerequisite for the movement of goods and/or people, and ultimately the efficient and competitive functioning of the economy. Within this context, governments have a significant role to play in facilitating and enabling the provision of transport infrastructure and the regulation of transport networks and services.

Sustainable transport planning principles

Sustainable transportation planning recognises the integrated nature of human activities and therefore the need to balance economic, social and environmental objectives (Figure 2). It strives to ensure that individual, short-term planning decisions support strategic, long-term goals.

Figure 2. Sustainable Transportation



Source: Litman and Burwell (2006)

This has important implications for tourism transport planning (UNECE, 2011). To be sustainable, tourism transport must be resource efficient, sensitive to cultural and environmental impacts, and benefit (or at least avoid harming) disadvantaged groups.

Sustainable transport planning should:

- reflect comprehensive evaluation which considers all significant economic, social and environmental impacts, including those that are long-term, indirect and non-market;
- favour *win-win solutions*, which help solve multiple problems, such as congestion reduction strategies that also help reduce parking problems, and emission reduction strategies that improve mobility options for non-drivers;

- apply accessibility- rather than mobility-based analysis, which recognizes that the ultimate goal of most transport is access to services and activities, and that many factor can affect accessibility. Accessibility-based planning recognizes the important roles that walking, cycling and public transportation can play in an efficient and equitable transport system, and the impacts of land use factors such as development density and mix;
- favour resource-efficient modes (walking, cycling and public transport), transportation demand management, and smart growth land use policies that help increase transport system efficiency;
- apply “least-cost planning,” which implements the most efficient solutions to transportation problems, considering all impacts. For example, it allows resources currently dedicated to roads and parking facilities to be used to improve alternative modes or implement transportation demand management programs if they are most cost effective overall.

Policy inter-linkages and synergies

The multi-scalar and multi-agency complexity of both transport and tourism policies present significant challenges to understanding the various inter-linkages and synergies. At a national level, rail, road, cruise and aviation policies are usually developed within separate agencies in relatively compartmentalised processes, although there is often a range of consultative mechanisms that facilitate communication and coordination. Planning for airport infrastructure, for example, requires not only forecasting of international and domestic travel growth, but also an understanding of the characteristics of these markets in order to determine the level of services required and the need for connectivity between the transport hub and the destination. The effectiveness of information exchange, learning, communication and co-ordination across policy sectors therefore determines how transport interests are balanced in tourism policies, and how tourism interests are balanced in transport policies.

The market liberalisation of civil aviation since the 1970s is a clear illustration of the symbiotic relationship between tourism and air transport policy (Graham, Papatheodorou, & Forsyth, 2008). The overall effect of these policies has been an increase in aircraft movements and passenger capacity and an expansion of air services. New business models including charter and low cost carriers have also contributed enormously to the accessibility and range of destinations available. At a national level, the effect of these policies has enabled destinations (many supported by regional airports) and their local economies to grow. At an international level, aviation policy may be directly linked to the contribution tourism now makes to foreign exchange earnings. In many countries, and particularly those that have economies heavily dependent on international tourism, aviation policy and tourism policy are tightly bound (Box 13), with the widely held view that the best way to stimulate tourism is to liberalise international aviation (Forsyth, 2008).

Box 13. Ensuring the transport environment supports tourism growth (Australia)

The Tourism Access Working Group (TAWG) was established as one of nine initial working groups to implement Australia's National Long-Term Tourism Strategy, launched in December 2009. The various working groups and the Australian Government work closely with state and territory governments and industry to progress key supply side issues through the updated Tourism 2020.

The Working group is co-chaired by the Australian Government Ministers responsible for Tourism and Transport. It draws on the practical experience of representatives across the tourism industry including airports, airlines and industry associations.

A key element of the Tourism 2020 strategy is ensuring the tourism transport environment supports growth. Part of this involves focusing on tourism access issues, with a particular focus on aviation and related infrastructure, passenger facilitation and visas and the charges applied to each of these aspects of the tourism access system.

TAWG ensures the needs of the tourism industry are considered by Government during transport access and infrastructure planning.

Since its establishment in 2009, TAWG has undertaken a number of projects. Highlights include:

Mapping Australia's Tourism Aviation Priorities: including an in-depth analysis of Australia's future aviation environment; recommendations on how to maximise future aviation growth potential for tourism; and potential growth impediments.

Trans-Tasman travel: including an in-depth analysis of the potential economic benefits for Australia of simplifying trans-Tasman travel requirements. The report presented a number of scenarios and the benefits to tourism that may accrue from changing elements of the trans-Tasman journey.

Regional international airports: including developing a communication strategy for industry to improve foreign governments and airlines awareness of the [Regional Access](#) packages, which may generate more international passenger services to regional destinations; and a [report](#) identifying key decision criteria which impact on the introduction and commercial sustainability of international passenger services to regional and remote Australian locations.

Source : www.austrade.gov.au

The exploitation of policy complementarities between tourism and transport are well illustrated in the aviation sector, which comprises networks of links (i.e. air services) and nodes (i.e. airport terminals and interchanges). Nodes can function as either the point of origin or destination for a trip, as hubs connecting with other nodes, and/or gateways to surrounding destination areas. The more links a node has, the more connected it is, and the more likely it is to function as a hub (Lohmann, Albers, Koch, & Pavlovich, 2009). Tourism destinations that adopt a position as an aviation hub or gateway, and that are well serviced by air connections and accessible to a wide range of markets, can play an important role in stimulating the development of local and regional economies (Box 14).

A similar policy approach has been applied in the cruise tourism sector, one of the most rapidly growing sectors in international tourism. International cruise ships can carry thousands of passengers from port to port. In much the same way that air travellers can be enticed to spend a stopover in a hub destination, maritime transport policies can encourage the development of cruise hubs as gateways into nearby destinations (EU Directorate-General for Maritime Affairs and Fisheries, 2009). More effective linkages between infrastructure, shipping and port access, and local economic development policies can be used to develop and diversify tourism product and experience offerings and help to address concerns that the vertical integration of the cruise business sector reduces the economic flow-on effects of tourism into local destinations (Gui & Russo, 2011).

Box 14. Aviation and cruise hubs as catalysts for tourism (Singapore)

Changi airport is an example of an aviation hub that has transformed Singapore into significant destination by leveraging tourism-transport policy complementarities (Lohmann et al., 2009). Opened in 1981, Changi airport is characterised by three factors critical to its transformation: geographical proximity to markets, good airport facilities, and a high level of coordination of air schedules. The airport originally functioned as a node in long haul services between Europe and Asia. Policy synergies between aviation and tourism were achieved by recognising that the high numbers of transit passengers moving through the airport represented significant potential for the development of tourism. However, the extent to which the airport hub could assist in the development of tourism, and stimulate the local economy was dependent upon the capacity of the destination to create the right environment for investment and the development of tourism infrastructure, services and facilities.

The transformation of Singapore into a major international destination demonstrates a long-term commitment to establishing and consolidating complementarities between transport and tourism. The Civil Aviation Authority of Singapore's (CAAS) mission is to 'Grow a safe, vibrant air hub and civil aviation system, making a key contribution to Singapore's success'. Receiving 13.2 million visitors in 2011, up from 8 million in 2004, indicators including number of visitors, tourism receipts, room revenue and average length of stay have shown consistent year on year growth. Singapore is now recognised as an important destination for leisure and business travel and not simply as a transit node. This has been achieved through liberal air transport policy as a catalyst for aviation growth coupled with extensive development of hotels, resorts, retail precincts and attractions driven by the Singapore Tourism Board (STB). The STB manages the Tourism Development Fund, a S\$2 billion fund set up to support infrastructure development, capability development, anchoring iconic and major events and product development (Singapore Tourism Board, 2012).

This approach to maximising synergies between aviation and tourism has also been extended to cruise tourism. Taking advantage of global growth in cruise tourism, Singapore has completed an upgrade of its existing terminal facilities and the development of new facilities. The new Marina Bay cruise facility has the capacity to accommodate new generation cruise ships, and includes a terminal of 28,000m² with over 80 check-in counters and 27 coach bays to facilitate the mobility of visitors within the destination. This development clearly demonstrates the importance of considering tourism-transport policy synergies and taking a long term-approach to planning for transport infrastructure planning and policy development.

This case illustrates that tourism interests can be effectively pursued within transport policy to grow the location of a transport hub into a successful tourism destination. Leveraging these complementarities between tourism and transport policies has also been used in the successful development of Dubai International airport, and more recently Malaysia's airport complex including its international terminal (KLIA) and low cost carrier terminal (LCCT). In all of these cases, airport branding and destination branding complement and reinforce each other.

However, the link between tourism and other transport sector policies is not always as clear. For example, local public transport is often the mode of choice for tourists, with accessibility, cost, efficiency and other dimensions of service quality having important implications for visitor mobility and satisfaction. Yet network planning and scheduling is often undertaken with consideration only to residents' needs and often only minimal attention is placed on visitors' needs or tourism's impact on demand, which can enhance the economic viability of services (Albalade & Bel, 2010). Therefore, a better understanding of the potential synergies and trade-offs that can occur between tourism and transport policies would enable more effective long-term planning of infrastructure and network services, which would not only enhance the viability of public transport in many cases, but also help to address issues of accessibility more broadly (Box 15).

Box 15. Tourism-Mobility-Day: improving linkages between tourism and transport policies (Austria)

Despite its central European location and generally high quality transport infrastructure, Austria, like many other countries faces a range of challenges in order to maintain and improve accessibility to tourism destinations. In the case of Austria these include a concentration of traffic flows in the Alps region, with few transit routes, difficult topography and regional bottlenecks. These challenges are expected to increase with around 80% of visitors to Austria travelling by car, combined with other trends like shorter and more frequent trips, internationalisation as well as changes in demography and mobility behaviour.

In order to more effectively deal with mobility challenges in the tourism sector, the Austrian Ministry of Science, Research and Economy (and also responsible for Tourism), has implemented several initiatives within its Tourism Strategy to improve the linkage between tourism and transport. Such measures include regular workshops, conferences and publications developed in close cooperation with the ministries responsible for transport and for the environment, and the Austrian Rail Company (ÖBB). Actions are carried out with a view to inform and sensitise stakeholders (tourism, transport, and environment) at national, regional and local levels, concerning sustainable forms of tourism mobility and successful initiatives and projects in this area.

A highlight of this cooperation was the 1st [Tourism-Mobility-Day](#) held on 16th October 2014 in Innsbruck. This conference was organised as a networking platform to give an overview of the needs and challenges of future tourism mobility. Discussions focussed around the importance of cooperation of the various actors in the fields of tourism, transport and the environment, in order to create mobility solutions to and within tourism destinations that are customer friendly, simple, affordable and sustainable. A special focus was also placed on the importance of information and communication. In addition, a manual for tourism companies on how to facilitate arrival of their guests with public transport was presented. Due to the success and positive response to this day, a 2nd Tourism-Mobility-Day is envisaged for 2015 and a workshop-series “rail tour for tourist enterprises” will begin in November 2014.

At the destination level, there are significant advantages in taking a long-term approach to developing transport and tourism policy synergies, particularly where a destination is positioning itself as environmentally-friendly (Reilly, Williams and Haider, 2010). Transport is a major component of tourism and tourism-induced energy consumption has been identified as a growing contributor of greenhouse gas emissions (OECD, 2011). Therefore, a key challenge for destinations seeking to position themselves as sustainable is to identify and implement policies and innovative business practices that effectively encourage visitors to choose more eco-friendly transport options when available, such as rail and more locally, public transport and even walking. For example, *Legible London* is city-wide pedestrian wayfinding system with more than 1,300 signs designed to encourage visitors to navigate the city by foot (Box 16). In Vienna, the Boutique Hotel Stadthalle, markets itself as ‘the world’s first city hotel with a zero-energy balance’, and offers a 10% *Green Bonus* (discount) to guests arriving at the hotel via eco-friendly transport (e.g. train, electric vehicle, bicycle – not including public transport from the airport). The hotel stores bicycles and recharges guests electric vehicles free of charge, and also uses local, organic food and rents out bicycles and electric scooters for the use of guests (OECD, 2013d).

Box 16. Legible London wayfinding system (United Kingdom)

Legible London, is a city-wide wayfinding system managed by Transport for London which provides an integrated set of maps and signs with distinctive and intuitive design features. These include free standing signs, called 'Monoliths', located at tube stations and on bus shelters. These signs are topped with a distinctive yellow beacon cap and walking person icon. These features makes the signs easy to spot within the urban environment and when viewed from a distance. Each monolith has two maps, a *finder map* which displays a 5-minute walking circle, and a *planner map* which displays a 15-minute walking circle. The maps illustrate significant landmarks in 3D, helping users identify the urban environment and also serving as 'mental navigational tools'. Both planner maps and finder maps are 'heads-up' (as opposed to 'north-up'), which many people find easier to use.

This is an example of a "win-win" strategy for policy makers because by making walking (and even cycling in those cities with bicycle hire schemes) more convenient and attractive for visitors, it encourages the use of these resource-efficient modes, and so helps achieve multiple planning objectives. These include reduced congestion on roads and public transport, energy conservation and pollution emission reductions, while at the same time enhancing the visitor experience and increasing opportunities for greater visitor expenditure on local attractions and in local retail stores. The *Legible London* program has won design awards and become a model for other cities.



Source : Transport for London – www.tfl.gov.uk/info-for/boroughs/legible-london

In Switzerland, the benefits for both visitors and service providers of promoting sustainable mobility options are widely recognised. With virtually no detectible emissions, the extensive non-motorised transport network, Switzerland *Mobility* (Box 17) has helped to enhance the perception of Switzerland as a "clean" destination, offering tourism service providers access to a promising new market.

Box 17. Switzerland *Mobility*: positioning Switzerland as a global leader in sustainable mobility

Established in 2008, Switzerland *Mobility* is the national network of non-motorized traffic for leisure and tourism activities in Switzerland. The network meets a significant need of the Swiss population and visitors for recreation and relaxation in a healthy environment with unspoiled landscapes and scenery. It focuses on the development, coordination, communication, and preservation of the most beautiful national, regional and local hiking, cycling, mountain biking, skating, and canoeing routes in Switzerland. In 2014 Switzerland *Mobility* encompassed a total of 23 national routes, 150 regional routes and over 500 local routes that earned the distinction “Best of Switzerland”. The website www.switzerlandmobility.ch registers over 5 million visitors per year, while providers of tourism-related products and services (including tour operators, guides, hotels and restaurants, public transportation companies, outfitters, bike rental services, publishers of travel literature) generate sales of around CHF 550 million annually thanks to Switzerland *Mobility*.

Financed according to the public private partnership model

Switzerland *Mobility* is financed by a foundation of the same name. The members of this foundation include the federal and cantonal governments, the Principality of Liechtenstein, Switzerland Tourism as well as national associations and partners engaged in the field of non-motorized transport. The financing is based on the classical principle of a public private partnership (PPP): 50% of the financial needs are covered by the public sector and the other 50% by private businesses acting as service providers (e.g. hotels and restaurants), sponsors and advertising partners as well as private individuals using an enhanced range of services of the foundation. The key partners in terms of route development are the cantons. They have legal responsibility for the infrastructure for non-motorized transport within their region (construction, signage and maintenance). Switzerland *Mobility* coordinates the collaboration between the cantons and acts as a consultant at the municipal level. At the core of this arrangement is a harmonised strategy for the development of non-motorised transport across Switzerland with standard guidelines regarding route planning, development standards, signage, environmental requirements, interconnection with the tourism industry, and communication. The ongoing institutional collaboration between Switzerland *Mobility* foundation members via the PPP financing model, establishes a clear symbiotic link between the interests of the public sector and private service providers.

Outlook

The vision of Switzerland *Mobility* is to position Switzerland as a global leader in the area of sustainable leisure and tourism mobility. In the future, the addition of other forms of human-powered mobility will be explored, together with the partners in the network, and realized within the scope of the available resources. Any future expansion of the network will be achieved while maintaining and improving the quality of the existing route system. However, in view of increasing spatial planning pressures, the intensification of other forms of motorised mobility (private traffic and public transportation) and construction activities in general, it is clear that maintaining dialogue and working proactively with the relevant policy areas will be necessary to maximise synergies with non-motorised transport and achieve the stated vision of Switzerland *Mobility*.

Research in Whistler, British Columbia, shows that visitor transport choices can be influenced by developing inter-modal transport hubs where visitors can readily shift transport modes, such as at airports or train stations, (Reilly, Williams & Haider, 2010). Policies that bundle public transport with other products and services can facilitate visitors shifting from energy intensive modes (e.g. air travel) to less intensive modes (e.g. public transit). In this example, the benefits of developing transport-tourism policy synergies adds value to the package of products and services purchased, and makes travel to/from a destination easier. The long-term cost effectiveness of public transport services is increased as a result of higher passenger numbers while the eco-friendly positioning of destinations is enhanced. Potential synergies between tourism and local transport are also well demonstrated in the development of destination smart cards (e.g. also known as welcome cards, adventure cards and city cards), as outlined in Box 18.

Box 18. Destination smart cards: highlighting tourism and transport synergies

Widely available in many large cities in Europe, US, Australia, and some destinations in Asia and Africa, some destination smart cards offer an integrated ticketing system often combining multi-modal local transport and entry into selected/major visitor attractions. For tourists, the benefits of the smart cards is that they simplify the visitors' experience by providing cashless access to local transport and attractions; they extend visitors' knowledge of the range of attractions available; and they allow visitors to focus on the attraction and experience rather than on how to get there. From the suppliers' perspective, smart card technologies can increase market reach, provide marketing intelligence and can be used to bundle products and influence consumer choices by delivering additional benefits such as information, discounts, loyalty schemes and other benefits (Gronau, 2013). From a policy perspective, the implementation of destination smart cards requires collaboration between a range of transport and tourism policy agencies and stakeholders that may have divergent objectives for participation.

Although smart cards have received widespread support and have been instrumental in developing tourism in many cities, it is sometimes difficult to establish and consolidate the wide variety of collaborations across different sectors necessary to make the card attractive to consumers. For this reason, destination smart cards have sometimes taken a partial approach, e.g. remaining limited to attractions and/or transport within one location or extended through supplementary modules (Pechlaner and Abfalter, 2002). Issues such as 'free riders' and the difficulty of horizontal cooperation (e.g. cooperation between attractions) within a destination are challenges to the implementation of the destination smart card. Destination marketing agencies and state agencies (e.g. transport, culture and heritage, treasury) are required to work together to create the right collaborative conditions and physical infrastructure so that greater coherence of the destination experience can be achieved.

Examples such as the Dutch *Trans Links System* and the *Korea Smart Card* (at the national level), combined with city-based initiatives such London's *Oyster Card* and the *Oslo Pass* make travel more convenient and can encourage visits to regional and local tourist destinations respectively. For example, the *Oslo Pass*, in addition to travel on all public transport in the city, includes (for a set fee based on 1, 2 or 3 days use): i) entry to more than 30 museums and attractions; ii) parking in municipal car parks; iii) entry to outdoor swimming pools; iv) participation on walking tours; v) discounts on sightseeing, a ski simulator, Tusenfyrd Amusement Park, concert tickets, climbing, ski and bike rental; and vi) special offers in restaurants, shops, entertainment and leisure venues.

Source : Visit Oslo – www.visitoslo.com/en/activities-and-attractions/oslo-pass

Towards closer policy integration

There is much that tourism policy makers and promotional organisations can do to help ensure that strategic transportation planning supports tourism goals. Tourism organisations can use their resources (e.g. market studies), to understand growth trends and potential markets, and use this information to analyse future tourism travel demands, including latent demand (potential tourism trips that are not occurring due to inadequate transportation facilities or services).

By working closely with transport policy makers at the city, regional and national level, tourism stakeholders (policy makers, promotional agencies, industry etc.) can highlight the importance of considering traveller comfort, convenience and satisfaction, for example, by offering premium service options (e.g., luxury public transit services), improved travel guidance and wayfinding (e.g., signs, maps and websites available in multiple languages), and integrating art and cultural amenities (e.g., unique artwork in subway stations and cultural displays in airports). Tourism policy and promotional agencies can encourage critical evaluation of travel service quality, and solicit feedback from tourists to better understand the problems they encounter and potential ways to enhance their experience.

In addition, tourism stakeholders should work to better understand and communicate the economic importance of tourism to transport officials, including the travel demands and fare revenues generated by tourists and tourism industry employees.

Tourism organisations can support the application of sustainability principles to transportation planning, including emphasis on resource efficient travel modes (walking, cycling and public transport), universal design, cultural and environmental preservation (for example, reducing motor vehicle travel in historic districts and wildlife habitat, in part to preserve unique tourist attractions), and improved wayfinding.

Synergies between transport and tourism policy can improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of local transport systems and services by servicing both resident and tourists. Local transport policies can be used to direct, manage or regulate visitors' access to certain places and attractions, helping to spread the economic benefits more widely and manage visitor impacts over time.

By promoting the development of intermodal hubs and gateways, transport policies can be used to attract, manage or direct visitor flows to particular destinations, and facilitate change to eco-friendly transport options, which can help consolidate a destination's reputation as sustainable. However, if transport and tourism development strategies are not well synchronised, destinations may not be able to accommodate actual or potential visitor numbers and flows, and mobility around the destination will be restricted decreasing the quality of visitor experiences.

Tourism SMEs and Global Value Chains

The concept of Global Value Chains (GVC) refers to “the full range of firms' activities, from the conception of a product/service to its end use and beyond” (OECD, 2013e). For a long time, GVC-related studies have been strongly oriented towards manufacturing and technology-driven activities as globalisation primarily affected the organisation and optimisation of production activities on a global scale. However, with booming foreign direct investment (FDI) activities in services, and increasing interactions between manufacturing and services in the economy, the role of GVCs in services is receiving greater attention (OECD, 2014c).

The notion of GVCs is strongly tied to the concept of ecosystems, which means that every segment in the chain is integrated in a specific location, usually due to a particular location advantage. For example, R&D and production activities in the same value chain might be located in different geographic areas due to differences in labour cost or availability of human capital. The individual characteristics of local ecosystems are critical for location decisions in global value chains.

For some services, the relationship between activities in the value chain and location characteristics may not be straight-forward, especially in the evolving era of the internet. However for others, the ecosystem perspective is relevant. In order to understand why a segment of a specific value chain is developing or has the potential to develop in a particular region, one should analyse the local anchorage of this segment (collaboration with domestic partners, recruitment focused on specific schools, etc.).

Tourism constitutes a good example of an industry that combines two dynamic trends: i) increasing international exposure (globalisation of tourism flows); and ii) an unavoidable local anchorage of the last segments in the value chain.

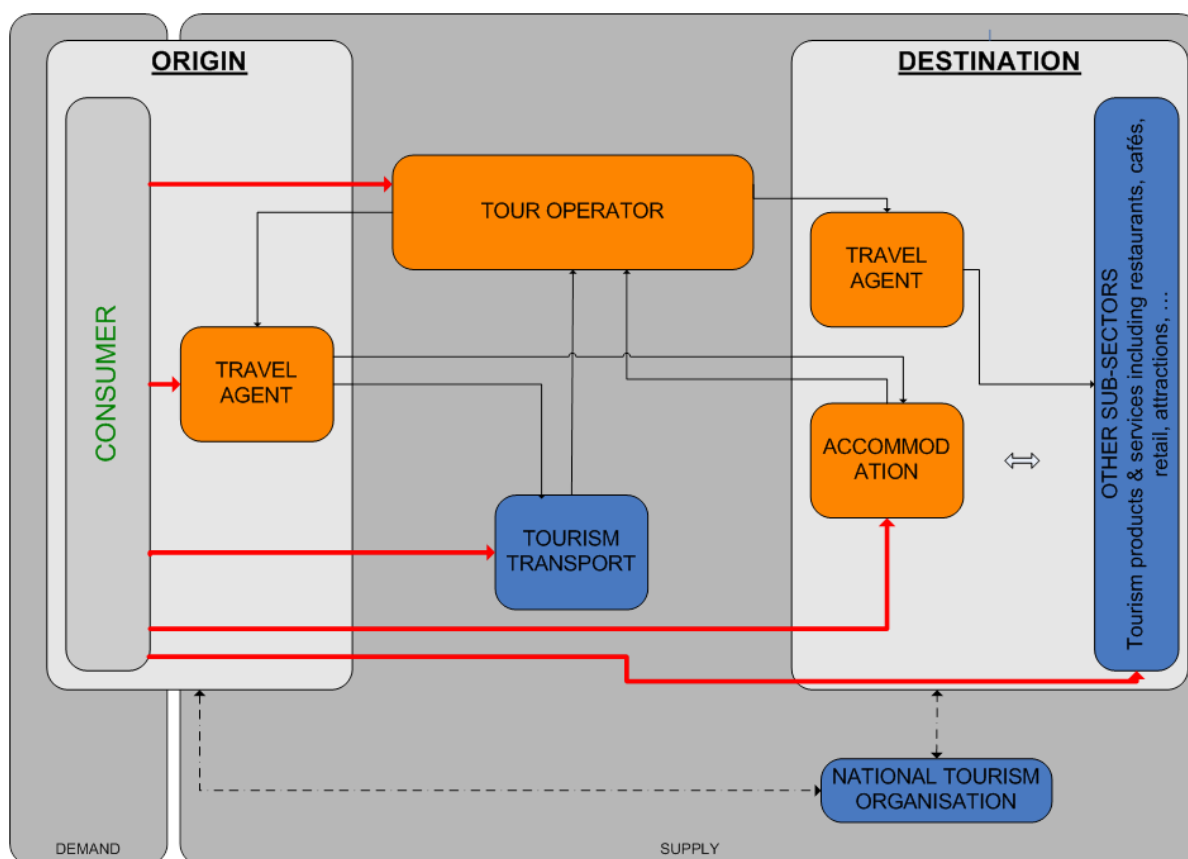
Tourism value chains

The tourism sector is characterised by a high level of fragmentation and heterogeneity. The sector covers a wide range of industries including accommodation, tour operators and travel agents, but also restaurants and cafés, tourism transportation, attractions, etc. Tourism value chains are often international or ‘global’ in nature, as the origin of consumers in tourism often is different from the tourism destination. Traditional segments of tourism value chains are depicted in Figure 3.

The sector has a very distinct dual structure with, on the one hand, a very small group of large companies and on the other hand, a large group of SMEs – mainly micro-businesses employing less than 10 people (for example 90% of tourism companies in Europe) – with a geographical distribution limited only by the attractiveness and accessibility of destinations. This structure can be observed for most tourism industry branches.

Taking a value chain perspective on tourism activities clearly highlights the relationships between the different industries and companies. One can state that tourism products and services in the destination area are traditionally delivered primarily by local SMEs, while intermediate organisations are usually either international or located in the tourists' home country and of bigger size. However, location characteristics do affect industries' structures. In the accommodation business in Europe for instance, hotel chains are largely concentrated in urban areas while rural areas are populated almost exclusively with micro-companies. The notion of GVC interacts here with the ecosystem concept.

Figure 3. The tourism value chain



Inter-relations with other value chains

One of the particularities of tourism value chains is that they are not only very international, but also highly interconnected with other value chains. Tourism companies consume outputs from other sectors (such as manufacturing or agricultural products and services) but also deliver inputs (products and services) to other sectors (through B2B services for instance, such as business conferences etc.). Moreover, they connect to products and services from other GVCs to present a comprehensive travel experience to customers. For example, new OECD work on Trade in Value Added (TiVA) demonstrates that the domestic value added share of tourism expenditure is higher than for the rest of the economy and, on

average, EUR 1 of value added in tourism-related industries results in 56 cents value added in upstream activities (agriculture, transport, business services, food products etc.).

One obvious example of inter-GVCs relations is the one of tourism and cultural and creative sectors. The Guggenheim Museum in Bilbao, for example, is an important magnet for local and inbound tourism. Before the museum was built, Bilbao's primary image to the outside world was one of a declining manufacturing industrial area. Thanks to the museum that has become a landmark in the fields of architecture and design the area has been revitalised, attracting an increasing number of visitors including tourists. Another example is that of Milan, where fashion plays a crucial role for tourism, and where fashion is the subject of tourism activities such as fashion quarter tours and design courses.²³ The development of 'medical' tourism also illustrates the emergence of new inter-GVC niches (in this case between health and tourism GVCs), with companies developing specific packages and offering "medical retreats" in many countries.

The competitiveness of the tourism sector locally has an impact on that of interrelated sectors. Similarly, tourism is impacted by changes in interrelated sectors. For example, over the last decade the Belgian dance festival *Tomorrowland* has grown from a small scale – primarily local - music festival into one that welcomed approximately 185,000 visitors in 2012 and 2013. Half of these visitors came from abroad and needed (international) transportation and accommodation. It is important to take into account these interrelations when thinking about the positioning of (mainly) localised types of activity in tourism.

Positioning tourism SMEs in global value chains

Competitiveness can be understood at the level of the firm, the industry, or even geographic location (country/region/destination), and is an indicator of perceived attractiveness and performance relative to direct competitors (domestic or international). Competitiveness layers such as inputs, processes, outcomes, structures and strategies (including business models) are key elements in understanding the relative position of a company or industry.

International exposure²⁴ has been recognised as an important factor in competitiveness, allowing regions and countries to benefit from the gains of globalisation (see OECD, 2013e). In many industries, benefits from globalisation come from factor cost differences (primarily labour) or from differences in availability of specific resources, leading to relocation of activities. In tourism, many activities in the value chain are locally anchored. The primary benefits from globalisation come from growing volumes of (international) tourists and it is important to connect to this growing group of potential customers.

As a result many tourism SMEs are at least partly dependent on larger intermediaries, while at the same time being under pressure from increasing consumer demands for quality and efficiency (e.g. the best service possible at the lowest price possible). Although they constitute the majority of tourism businesses, SMEs and micro-companies face more difficulties to vertically integrate than larger companies (such as hotel chains in the accommodation sub-sector) and to reach potential customers. However, technological progress and evolutions in society provide opportunities for SMEs to explore alternative paths and strengthen their position in global value chains.

Information and Communications Technologies (ICT) developments have progressively changed tourism value chains and the position of SMEs within them. These same developments coupled with an increased uptake and use of the Internet have enabled business models to evolve, offering new ways for SMEs to collaborate and network with potential partners (e.g. to present comprehensive experiences to

23. For example, see the Milan Fashion Experience at: <http://www.milanfashioncampus.it/italian%20language%20school/milan%20fashion%20week.htm>.

24. Measured by the intensity of international imports and exports of a region or country.

customers). GVCs in tourism have changed in structure as the internet can now channel consumers straight to the businesses in charge of delivering the final tourism good or service. From an emerging niche, ‘connected’ SMEs have contributed to changing tourism GVCs (OECD, 2008b).

Opportunities for tourism SMEs to move up the value chain, resulting from ICT developments and changing customer preferences, also present a range of challenges. Changing GVC structures mean that SMEs often have to take up more complex tasks in their business (e.g. marketing and communication), while the horizontal integration necessary to deliver a comprehensive customer experience through collaboration requires communication, networking, and partnership management skills. However, for many SMEs in the tourism sector, collaboration is not yet anchored in their business culture.

Using policy instruments to foster competitiveness

Governments can use a wide range of policy instruments to influence the economy, from incentive tools (direct support to companies for instance) to authority tools (such as regulations). Similarly, in tourism a variety of policy options are available to support the integration of tourism SMEs into GVCs. The OECD encourages policy makers to promote an innovative culture in companies, raise awareness about the importance of GVCs, and support staff training (including ICT), to enable businesses to more effectively connect with businesses in the same ecosystem, and potential customers. One of the current trends in policy making relates to a focus on learning tools made accessible to a large audience (Box 19).

Box 19. Canadian Tourism Commission 'Toolkits': helping SMEs to better understand customers

The Canadian Tourism Commission developed a set of ‘toolkits’ (with the second edition released in 2011) that are highly accessible and easy-to-use to “guide (strategic) thinking about businesses’ positioning and marketing in (often small-scale) Canadian tourism businesses”. In the design of the toolkits special efforts have been made to lower the barriers of access and to present the content in such a way that it also appeals to persons without an economic or management training background. The toolkits also pay specific attention to practical implementation, so that users can rapidly apply the acquired knowledge to day-to-day operations. Currently, three toolkits and a series of training videos are available online:

- The *Brand Toolkit* provides information about the way CTC promotes the essence of Canada's tourism brand and how individual tourism companies can adopt the essence of Canada's tourism brand to strengthen their own brand and position. It also offers ideas on how to incorporate the brand essence of Canada into the users’ own advertising and promotional materials, supported by numerous illustrations and supporting material. Accessible and hands-on, this toolkit touches upon very practical elements of branding in tourism.
- The *Experiences Toolkit* helps tourism businesses to move from selling a tourism product or service to selling a travel experience to customers. The toolkit clearly explains experiential travel and the business opportunity it represents. Partnering with the Gros Morne Institute for Sustainable Tourism, the CTC also produced two training videos to showcase examples of how small businesses have developed experiences for travellers in the Atlantic Provinces. The videos provide the users with insights into what a tourism experience is and how to develop such experiences in order to fulfil “the dreams of visitors when they travel”. It also explains how to connect travellers with the businesses’ local cultural assets to enhance the visitor experience.
- The *EQ Toolkit* (Explorer Quotient) is an innovative but easy-to-use system for tourism companies to make a data-driven and evidence-based segmentation of their market (based on psychographics, geography, behavioural data etc.). Through a free interactive on-line tool companies can develop a prospective vision for their business.
- Finally, a series of training videos are made available on Youtube to share good practices and diffuse knowledge among tourism businesses.

The toolkits help tourism entrepreneurs and SMEs to better understand both domestic and inbound customers and what they’re looking for in a travel experience. The easy-to-follow guides demonstrate tangible ways to enhance product development, marketing and sales initiatives.

Source : <http://en-corporate.canada.travel/resources-industry/tools>

Further integration and uptake of ICT by tourism SMEs is necessary to enable more efficient and convenient connections with potential customers. One such initiative that aims to support tourism SMEs with an online presence but without online booking capabilities is the Australian Tourism Booking Widget (Box 20).

Box 20. The Australian Tourism Booking Widget: facilitating online transactions

To accelerate the use of online bookings by Small and Medium Tourism Enterprises (SMTEs), the Australian Government took the initiative to provide a free, simple to use software tool, in the form of a widget that can be added to a tourism operator's website.

The Australian Tourism Booking Widget (ATBW - <http://www.bookingwidget.com.au/>) was specifically designed to suit the needs of small tourism businesses that hadn't yet stepped into the online transaction space for their products.

Since late 2013 the ATBW has been downloaded by tourism operators across Australia and has provided an excellent first step software solution for these tourism operators who can now receive bookings through their websites. An essential element of the project has been the education and support that the Australian Tourism Data Warehouse (ATDW - <http://www.atdw.com.au/>) has provided to assist the industry to understand the ins and outs of online bookings and to assess the best software choice for their business. The Online Booking tutorial in the Tourism e kit (<http://www.atdw.com.au/tourismekit>) has also played an important role and provided a relevant reference point for the tourism operators.

The Australian Tourism Booking Widget (ATBW) is complementary to a broader strategic program that all State and Territory Governments and the Commonwealth participate in, that is facilitated by the ATDW. The ATDW was established in 2001 to ensure Australia has a high quality, comprehensive database of Australian tourism products and experiences. The database is supported by software and APIs that enable data management, quality control and content distribution. Over 150 websites including Australian DMOs and private sector distributors integrate the ATDW to publish reliable information about Australian holiday products and destinations.

A valuable component of the program has been the Tourism Exchange Australia (TXA - <http://www.atdw.com.au/txa/>), which was established in 2008 to enable connection of SMTEs to distribution points. TXA combines the high quality information in the ATDW with live booking data from 16 bookings systems to enable real-time bookings on 100's of distribution channels, including the operators' own web sites.

Whilst the TXA has been available for some time for industry to participate in, the Government recognised that there are many tourism operators who can be classified as late technology adopters who can benefit from support and software that provides a simple entry point into online transacting. It has been proven through surveying the industry that when operators use tools like the ATDW, the Tourism e kit and the ATBW, that they build technical capability and knowledge about digital marketing opportunities, enabling them to confidently implement more advanced digital distribution practices.

Source : Australian Tourism Data Warehouse

Covering the issue of connectivity but also the one of critical mass, the development of tourism SMEs clusters goes in the direction put forward by the OECD (2008b): clusters and networks “i) can enhance the productivity and the rate of innovation and technological development, ii) can help to build a common industry view to lobby the local authorities, iii) can overcome some disadvantages of small size by undertaking co-operative actions (e.g. in marketing), iv) can pool resources for human capital development, and in the end v) can enhance growth in tourism and the competitive performance of firms”.

Information is a key pillar for SMEs; in order to avoid information asymmetry and provide SMEs with a more complete ability to compete at an international level, awareness-raising and information dissemination are potentially important considerations. Skills are also an issue currently attracting significant attention: human resources in the tourism sector are usually associated with low levels of education and limited entrepreneurial and management skills. Building innovation and entrepreneurial

capacity in tourism SMEs is therefore a challenge. This remains however a necessity in order to respond to increasingly demanding consumers who travel more and with higher expectations (Box 21).

Box 21. Capacity building in tourism: The Kurbits programme (Sweden)

As a business organisation, the Swedish Travel and Tourism Industry Federation (RTS) conducts business and development projects that aim to encourage and foster entrepreneurship and growth within the Swedish travel and tourism industry. One of the RTS business development programs is Kurbits. The aim of Kurbits is to coach small businesses in the tourism and hospitality industry and support them in order to further professionalise and increase their profitability.

The Kurbits program involves an intensive training and coaching trajectory, run for a group of 10 over a 6-month period, on site at their respective businesses. With their own company as a starting point, the participants enhance their knowledge and receive tools on how to streamline, promote and develop their businesses. Participants are provided with tools and assignments to carry out between meetings, as well as with personal coaching. Research shows that the combination of group meetings and personal coaching provides excellent opportunities to develop a participant's business and focus on the individual specific needs.

Twelve months after the program start, participants come together to report the effects for their respective businesses. Evaluation has shown that by the end of 2012, 27% of participants recruited new employees after the program, 40% changed their pricing, 33% invested, 35% changed their marketing strategy and 25% developed new products/services.

Kurbits is a process based on many years of research and practical work in the field of adult learning, specifically adapted for small businesses. Kurbits has been chosen by the European Commission as an example of good practice for cross-sector initiatives and innovation in the area of tourism, as a means to stimulate competitiveness in small and medium-sized enterprises. It has been successfully adapted from the hospitality industry to adjacent sectors, such as the cultural and creative sector, food experiences and retail and part of the programme aims at developing collaboration between sectors and between industry, universities and the public sector.

Source : Kurbits website: www.kurbits.org/en

Policy makers can support SMEs while providing them with relevant infrastructures, improving their environment and framework conditions (OECD, 2014c), offering technical assistance, or even through support to other segments (downstream or upstream or even on other value chains). Existing demand and supply should therefore be considered. The particularity of the tourism sector is that the final segments are very much anchored at the local level and depend on the ecosystem/destination tourism offer. Starting from the needs, and therefore from the realities of the ecosystem, it is possible to assess the potential of certain policy actions and their potential effects on domestic companies (Box 22).

Box 22. European Smart Specialisation (S3): an integrated approach to fostering competitiveness

The European Smart Specialization (S3) model is an example of an innovative approach based on the notions of ecosystems and global value chains, Smart Specialization consists of a set of principles and steps to be integrated into policy making. Though it is based on a regional perspective, it strongly encourages cross-border collaboration as well as transnational initiatives. Smart Specialization is considered a way to foster competitiveness through an integrated approach which incorporates SMEs from an ecosystem with related GVCs through participation and information flows as well as cooperation. Though they are usually applied at the regional level and focusing on economic development as a whole, S3 principles can also be used when designing and managing policies to support tourism SMEs.

Adopting the principles of the Smart Specialization model, tourism policy makers would firstly undertake an analysis of the regional context and the potential for innovation and competitiveness in tourism and related sectors. Such a diagnosis of the territory should be evidence-based and consider the relative strengths of the region in order to identify needs and development opportunities and further guide the policy making process. Policy makers should take stock of the existing policy framework, make the design and implementation of regional strategies inclusive and based on the participation of relevant stakeholders and the principle of ownership.

Box 22. European Smart Specialisation (S3): an integrated approach to fostering competitiveness cont.

In principle, the design of any Smart Specialization strategy should be an “entrepreneurial discovery process” not limited to the involvement of companies but of all relevant actors from the ecosystem (region or destination). Along this process, a shared vision for the future of the region should be elaborated and held by the stakeholders, leading to the identification of priorities including specialization niches that should be challenge-oriented. These niches can vary in nature and can be cross/multi-sectorial (tourism and creative industries, medical, agriculture, cuisine etc).

Eventually, the process should result in the definition of a coherent policy mix as well as relevant roadmaps and a formalised (and realistic) action plan. Monitoring and evaluation mechanisms should also be integrated. One particularity of this approach is that the governance and process should be sustainable (the entrepreneurial discovery process should not stop). They should also be guided by public authorities who adopt the role of moderator. Another key feature of this approach is that it is knowledge-based, valuing existing know-how in the region, whatever its nature, as long as it can lead to the development or strengthening of a comparative advantage. The inclusive nature of the process and types of instruments fostered (such as networks and clusters) also opens the door to a better connection between GVCs and a better integration of SMEs.

Sustainable Arctic Tourism – Finland

Lapland’s Arctic Specialisation Programme was launched by the Regional Council of Lapland in 2013, with the aim of reinforcing regional assets and especially activities presenting key comparative advantages such as leisure activities specific to the Lapland Region. In Lapland, the strategy covers different policy fields such as education, research and innovation, economic development, and is not bounded to one specific area. One of its objectives is to better integrate SMEs into the regional ecosystem. A key strategic axis relates to the promotion of *Sustainable Arctic Tourism*. In a survey conducted by public authorities, 40% of the companies reported their engagement in tourism-related business. The strategic axis was therefore shaped around tourism as a leading strength for the region with an expected leverage effect for the regional economy: based on a value chain approach, the S3 committed to four proposals for action falling under the following headings:

- An Arctic tourism product and service development package - cooperation is underway between the northern areas of Finland, Sweden and Norway to develop a joint arctic tourism brand, improve destination accessibility and carry out joint marketing actions. Development work is headed by enterprise driven tourism development organisations and supported by northern universities.
- Future tourism: an education and research programme - Education and research is a cross-cutting theme in the Lapland Tourism Strategy 2014-2018, with accessible hospitality one of the key focuses during the current program period.
- Next-generation snow and ice construction products - Products based on arctic conditions and knowhow have growing importance in arctic tourism. Sustainable solutions are developed with a focus on multi-sectoral cooperation.
- Developing Arctic recreational environments - Tourism destinations are developed based on sustainable and diverse use of nature resources, whilst recognising the needs of other arctic livelihoods like reindeer herding, forestry and mining.

One of the key features of the Arctic Specialisation Programme is its degree of integration of different policy areas and economic sectors such as forestry, logistics or construction with activities corresponding to the tourism industry (leisure, etc.). For example, all tourism regions in Lapland have set up permanent safety teams bringing together tourism industry, public authorities, NGOs, education institutions and research actors to develop safety plans that are updated annually. This Tourism Safety and Security Network model has been nominated as national best practice by the Finnish Ministry of Interior. Finnish Arctic Strategy recommends dissemination of the model all over the Arctic Region. The model received EPSA 2013 Award and EU-level cooperation has been started targeting to H2020 Secure Societies Program.

Source: European Commission – <http://s3platform.jrc.ec.europa.eu/home>

Towards closer policy integration

Integrating SMEs into tourism GVCs remains a challenge. Participation in GVCs requires a high level of coordination and collaboration across industry stakeholders in the public, private, and even non-profit sectors in order to ensure that interests are aligned, skill gaps are closed, and structural constraints are addressed (OECD, 2014c). Considering the fragmentation of tourism economic areas as well as the multiplicity of economic industries involved, a broader view on policy making including the ecosystem and policy-mix perspectives is necessary.

A comprehensive and inclusive policy process is also needed in order for public authorities to better understand and act upon the barriers faced by SMEs, including an overall lack of critical mass (in terms of human resources, financial capacity, etc.), adapted skills and innovation capacity. Though skills-oriented measures are growing, knowledge-based actions remain less explored in the case of tourism. Knowledge-oriented policies could address more intangible issues and contribute to fostering the non-technological innovations (e.g. marketing, process and service innovation) that are key for tourism SMEs, especially when considering forecast global market trends.

In order for tourism policy makers to valorise tourism and support the integration of tourism issues into other policy areas, a whole-of-government approach is required. In order to maximise the success of this process, tourism policy makers could:

- support the creation of knowledge and strategic intelligence relevant to tourism needs, issues and challenges at the level of the destination (including the views of domestic tourism stakeholders), but also taking into account global trends;
- Open and maintain communication channels with i) tourism stakeholders and ii) public authorities, mainly through sustainable dialogue and regular/systemic consultations. These consultations can be formal or informal (either rounds of consultation or informal meetings with tourism stakeholders, other Departments, public authorities at other government levels, etc.) and should be used in order to raise awareness about tourism issues and disseminate tourism specific strategic intelligence;
- Ensure the diffusion of information through the various channels, which should go in both directions (taking the form of mutual feedback loops). It is important to consider here that communication should foster mutual learning;
- Monitor and follow up on i) the integration of the information diffused into other policy schemes, and ii) the uptake of relevant information by tourism actors. Successful influence will result in an adaptation of existing actions or new actions.

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