

Executive Summary

Tourism has been hard hit by the crisis triggered by the COVID-19 pandemic, demonstrating its importance as a driver of economic prosperity, jobs, income and well-being. Just as the sector is starting to bounce back, the economic and social fallout from Russia's war in Ukraine is dealing a fresh blow to recovery prospects. As the sector navigates these challenges amid an uncertain outlook, steady and transformative action is needed to drive recovery, and to set tourism on a path to a more resilient, sustainable and inclusive future.

Tourism trends in times of crisis and recovery

Tourism remains seriously challenged by the unprecedented depth and duration of the COVID-19 shock. Restrictions on the movement of people hit the tourism economy at its core, with severe economic and social consequences for tourism workers and businesses, destinations and the wider ecosystem. With international tourism coming to a near complete halt around the world at the height of the pandemic, and domestic tourism severely constrained in many countries, tourism's direct contribution to GDP fell by 1.9 percentage points (to 2.8%), and the share of service exports fell by 10.6 percentage points (to 9.9%) in OECD countries, on average.

Tourism bounced back strongly in 2022, driven by pent-up demand and the lifting of travel restrictions. The recovery is fragile and uneven across countries however, with new uncertainties from the economic slowdown and geopolitical instability, precipitated by Russia's war in Ukraine. While domestic tourism, which proved to be an important lifeline for many jobs and businesses during the pandemic, is projected to recover to pre-pandemic levels by 2023, the full recovery of international tourism is now expected to take up until 2025, or beyond.

Tourism businesses, already struggling to recover from the pandemic, are now also facing rising energy, food and other input costs, as well as labour shortages and skills gaps. This is compounding a cost-of-living crisis that is putting pressure on household budgets, with discretionary items like tourism on the front line of potential cuts. As governments and businesses look to address these new challenges, there is a risk that the momentum to create a more resilient, sustainable and inclusive tourism will be stalled.

Top policy priorities to reshape tourism for a stronger, more sustainable future

The unprecedented shock to tourism has been a call to action for governments, at all levels, and the private sector, to respond in a co-ordinated way to support and consolidate a sustainable and resilient recovery. While the impact has been profound, threatening the survival of many businesses, the shock has left in its wake several positive legacies. Awareness of tourism's role as an economic and social force has been elevated at the highest levels, with governments taking equally unprecedented steps to help tourism businesses, workers and visitors, supported by the emergence of new collaborations across the public and

private sectors. In turn, the pandemic accelerated momentum for more sustainable and resilient tourism. The opportunity now exists to build on these experiences, to tackle current and future tourism challenges.

Restoring safe mobility and consumer confidence continues to be a priority, along with supporting fragile tourism businesses and destinations confronted by labour and skills shortages, and investment needs to diversify the tourism offer. It is also critical that opportunities are not missed to address long-term priorities, rethink the tourism system and prepare for future shocks, while moving to stronger, fairer and more sustainable models of tourism development.

This requires looking back as well as forward. Delivering on a brighter future for the sector involves addressing structural weaknesses that have impeded the sector in the past, not least to avoid a return to unbalanced tourism development and ensure jobs, well-being and other benefits from tourism flow to local communities. Looking forward, accelerated action is needed on greening the recovery and climate change, and the mitigation and adaptation measures required, including financing and investment, for tourism to play its part. At the same time, actions are needed to ensure that the sector is fully able to benefit from opportunities presented by the digital transition, where many tourism businesses and destinations are still lagging despite the accelerated up-take during the pandemic, including access to skills and infrastructure.

Key policy messages

Foster integrated, agile, forward-looking policies to shape a brighter tourism future

- Promote forward-looking tourism strategies to boost recovery, accelerate the green and digital transition, and build capacity across government to prepare, react and adapt to future shocks.
- Build on the innovative approaches to design and deliver COVID-19 response measures, in co-operation with the private sector and civil society, to address the structural transformation needed to build a stronger, more sustainable sector, and tackle future tourism policy issues.

Build resilience in the tourism ecosystem

- Foster a business environment where tourism SMEs can succeed and get stronger, by improving access to finance, building skills and capacity, and promoting greener, digital practices.
- Encourage collaboration between actors across the tourism ecosystem, to respond and adapt to events, share information and experiences, and develop understanding of risks and opportunities.
- Support sustainable and diverse destinations with flexible, tailored and adequately resourced destination management plans, effective monitoring mechanisms and engagement of actors.
- Build robust and comparable data and tools to measure and monitor tourism resilience, fill data gaps, and inform quick response and effective decision making for future crises.

Promote a green tourism recovery

- Develop long term integrated strategies with a sustainable tourism vision, goals and targets, with action plans and mechanisms to leverage resources and co-ordinate across government.
- Implement a mix of evidence-based policies prioritising high impact interventions along the tourism value chain, to raise awareness, regulate and incentivise green practices, and investment.
- Promote carbon literacy and build capacity of tourism actors to develop innovative solutions, empower sustainable travel choices, and help businesses to reduce their environmental impact.
- Leverage the role of government in catalysing the green transition, and organise publicly funded or procured tourism infrastructure to contribute to environmental and climate resilient development.



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