

Executive Summary

Tourism has been variably impacted by the global economic crisis

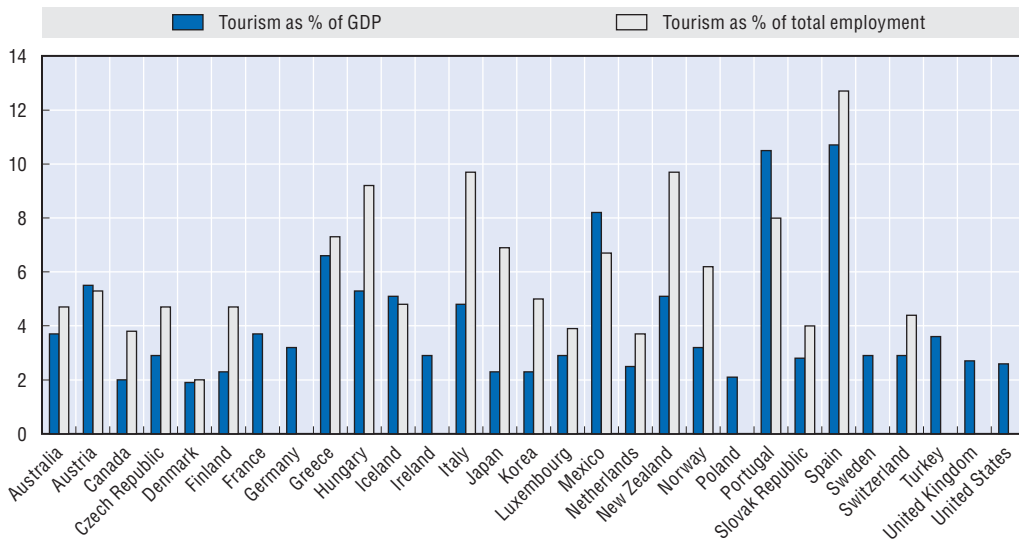
Over recent decades, travel and tourism have been large contributors to the world economy. International tourism has been growing at a slightly faster pace than the world economy and this seems likely to continue in the long-term despite the current recession. While its economic importance varies widely, in many of the 42 countries covered in this report, it is clear that tourism plays a crucial role in supporting economic growth and development, in sustaining employment and in generating foreign currency receipts. In the OECD area, for example, the employment growth rate in the hotel and restaurant industry exceeded 2% per year between 2000 and 2007, more than a percentage point ahead of the total employment growth rate (Chapters 1 and 4).

Tourism has been variably impacted by the financial and economic crisis that hit the world economy in 2008 and 2009. Tourism flows started to decline in the second half of 2008 (inbound OECD arrivals declined by 1.8% in the third quarter of 2008 compared to the third quarter of 2007 and by 4.3% in the fourth quarter of 2008 compared to the fourth quarter of 2007); that decline deepened at the beginning of 2009 (-12.5% and -6.5% respectively in the first and second quarters of 2009). International tourism has been affected more than domestic tourism, business tourism more than leisure tourism, hotels more than other types of accommodation and air transport more than other types of transport (Chapter 1). Paradoxically, certain forms of tourism have been impacted only slightly or have even experienced growth in this crisis period, for example, cruise tourism fared pretty well and the 2008-09 winter season in the Alps enjoyed a record year.


OECD countries play a predominant role in the world tourism market

OECD countries continue to play a predominant role in international tourism which remains the fastest-growing component of tourism. Nevertheless, for many OECD countries domestic tourism is more important than international tourism. The results from OECD countries are impressive (Chapters 1 and 4):

- During the last 20 years, the growth rate of non-resident tourism arrivals in OECD countries, while 1.6% below the worldwide rate, has averaged 2.8% per year, well ahead of the GDP growth rate of 2.4% for the zone.
- In 2008, OECD countries still accounted for 57% of international tourist arrivals and for 67% of the corresponding travel receipts.
- An overview of tourism's economic importance in the OECD economies is given in Figure 0.1.

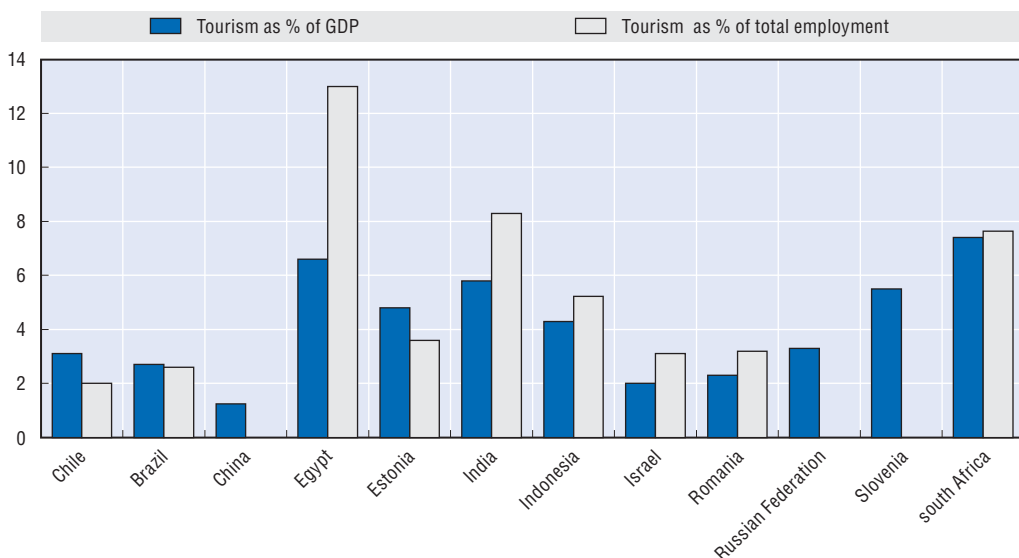
Figure 0.1. **Tourism in the OECD economies**

Sources: Country data, OECD data processing.

StatLink  <http://dx.doi.org/10.1787/764362566620>

Non-member economies are fast-growing tourism destinations

Many of the 12 non-member economies (Brazil, Chile, China, Egypt, Estonia, India, Indonesia, Israel, Romania, the Russian Federation, Slovenia and South Africa – Chapters 1 and 4) included in this report have a tourism economy representing significant shares of GDP and of total employment (Figure 0.2). They are also among the fastest growing countries as international tourism destinations.

Figure 0.2. **Tourism in selected non-member economies**

Sources: Country data, OECD data processing.

StatLink  <http://dx.doi.org/10.1787/764351575445>

An active tourism policy which stimulates innovation

No country, region or city can rest idle on its natural endowment or cultural heritage: a policy of permanent innovation is needed to stay competitive in a global tourism, travel and leisure market dominated by stiff competition.

Tourism is one of the most dynamic segments of the service sector; it is on the forefront for testing new non-technological innovations centred on best use of human capital, new forms of organisation and management, new frontiers of entrepreneurship and new developments of intangible assets based on reputation, image-building, marketing and communication.

Given the dynamics of international tourism markets, the impact of globalisation on tourism and the constant evolution of tourism demand, governments and other stakeholders should engage in partnerships that can enable destinations and the tourism industry to become more competitive and innovative in the world tourism market.

A "whole of government" approach which integrates multi-faceted policies

It is not just enough to develop and apply tourism-specific policies. Attention has to be paid both to the horizontal and vertical linkages within an economy that are occasioned by the tourism sector. This is because governments need to regard tourism as a cross-cutting sector that concerns a wide range of activities across economies. Addressing the major challenges faced by the tourism industry and maximising tourism's full economic potential require an integrated approach to policy development across many government departments.

This requirement has led to an increased emphasis on a "whole of government" commitment and involvement in the development, implementation and evaluation of tourism strategies. It has also made clear the need for coherent and consistent policies and actions by governments across the full range of ministerial responsibilities influencing tourism and tourism destinations. The difficulties of cross government policy co-ordination, in an environment where the tourism portfolio may be relatively less influential than others, mean that this area remains a major challenge for tourism planning and policy makers.

Governments are taking action on a number of fronts, highlighted in this publication, as being central to the success of the tourism industry. While the priorities accorded to public investment in tourism-related policies and programmes naturally reflect the stage of development of each country's tourism sector (*e.g.* investment in basic infrastructure is needed more in some countries than others), there are also several common themes across many countries in the attitude of governments to tourism development (Chapter 2). The most important of these may be categorised as follows:

- **Investment in quality and skills:** in many countries governments are increasingly aware that the competitiveness of their tourism sector is vital to sustain its economic contribution; public investment in raising the quality and productivity of tourism's labour forces is increasingly common, as are actions designed to raise the quality of the products and services delivered via means such as quality assurance standards and

awards for quality achievement; in the area of human resources, appreciation has also grown of the importance of raising skills in the tourism sector as one means of raising the attractiveness of tourism as an industry in which to work, and improving career prospects.

- **Marketing and branding:** most tourism strategies include a substantial focus on destination marketing and the development of a national or regional brand. Indeed, the largest single item of public budgetary support for tourism is often the marketing budget, which helps finance the development of new and emerging market opportunities whether geographic (*e.g.* China) or perceived niche markets (*e.g.* ecotourism). Increased attention is also being paid to domestic tourism.
- **Environmental sustainability for green growth:** the issue of climate change, the need to ensure the environmental sustainability of tourism and to meet the challenge of reducing tourism's carbon emissions have led governments to introduce a wide variety of schemes and programmes aimed at raising awareness of the importance of environmentally-responsible tourism and encouraging lower carbon activities.
- **Product development and innovation:** programmes designed to renew and diversify the range of tourism products, services and facilities on offer are being promoted by governments with both of the previous two priorities in mind – the need to raise quality in order to remain competitive, and the need to promote the industry's sustainability.
- **Long-term strategic industry planning:** many of the countries included in this chapter have prepared, or are in the process of preparing medium- to long-term strategic tourism plans, reflecting the appreciation on the part of governments of the tourism's key economic importance and of the need to ensure that the sector's potential is fully realised in the national economic interest; in short, tourism has been placed on the agenda of many governments as an economic sector demanding careful attention in the development of national economic policies.
- **Reducing barriers to tourism development:** many governments are taking action to reduce the burden of red tape and, in some cases, of taxation, on the tourism sector while at the same time ensuring that national standards are enhanced; in one case, new border control procedures have been adopted to ease access to the country while at the same time addressing the need for greater border security.
- **A culture of evaluation and capacity building:** the steady growth in the use of Tourism Satellite Accounts and in the improvement of intelligence and analysis covering the tourism sector has led to a much wider appreciation of the importance of the “culture of evaluation” – the process by which the effectiveness of public investment needs to be monitored and the effects of public investment programmes evaluated in order to ensure good value for money and to enable modifications to public policy to be made progressively to meet the changing needs of the global tourism marketplace.
- **Co-operation and partnerships:** at various levels – internationally, with neighbouring states, across government departments and between the public and private sectors, a culture of co-operation is strengthening across many member and non-member countries in the development and execution of tourism sector policy; from the benefits of national public/private partnerships to international best practice research, governments are promoting a more co-operative culture on tourism at many levels, and in particular are responding to the “whole of government” approach to tourism development described in this report.

A long-term vision for tourism policies

The development of a tourism strategy can play a key role in engaging government, industry, destination communities and other stakeholders to identify a vision and direction for tourism development, and in setting priorities for implementing a long-term and sustainable vision for the tourism sector.

In particular, long-term tourism policies need to be developed consistently to be effective and should keep a margin of flexibility in their implementation to adapt to emerging needs, disrupting events and changing trends and fads. Partnerships with the private sector are important in this respect. Also, better information systems, adequate transport and other infrastructure, and a focus on local development issues are both important components in the development of long-term tourism strategies.

The Tourism Satellite Account provides unique economic information on tourism

The *Tourism Satellite Account: Recommended Methodological Framework* (TSA) is the main internationally recognised standard to measure tourism in the economy. The OECD, one of the main developers of the TSA, is co-operating closely with other international organisations to promote the TSA. An increasing number of countries is implementing the TSA; for example, around 80% of the OECD countries are presently calculating a TSA. This economic tool provides users with data on tourism production and consumption; it can be used by a wide range of public and private stakeholders to assess tourism contribution to the economy, to identify the structure of the tourism industry branches, to derive calculations of indirect impacts, of employment data, or of quarterly and regional tourism data. The challenge now for governments is to increase the usage of TSA data for business and policy action (Chapter 3).

Policy recommendations

The *Riva del Garda Action Statement for Enhancing Competitiveness and Sustainability in Tourism* makes important recommendations for the development of tourism policies (Chapter 2). A strong public sector management and a multi-actor system of governance should support tourism, notably by:

- establishing a comprehensive policy framework;
- promoting a coherent policy framework through a “whole of government” approach;
- encouraging a culture of co-operation among tourism actors; and
- implementing evaluation and performance assessment of government policies and programmes affecting tourism development.

Appropriate programmes may include:

- stimulating innovation mechanisms, productivity-based growth and quality;
- improving and promoting the attractiveness of employment in tourism;
- enhancing and promoting the uniqueness of the destination;
- making tourism development more energy efficient and sustainable;

- reducing obstacles to the development of tourism; and
- building up tourism knowledge.

Furthermore, OECD work on Tourism Satellite Accounts – building on its co-operation with other agencies, notably the World Tourism Organization and Eurostat – suggests increasing international efforts in the following areas (Chapter 3):

- promoting a modular approach for TSA development;
- implementing internationally recommended standards;
- involving more stakeholders in the production and dissemination of TSA data and extensions;
- adjusting and better communicating TSA products to users; and
- building the capacity of TSA users.



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