

Switzerland

Tourism in the economy

Travel and tourism rank among the most dynamic of Switzerland's economic activities. Tourism is a sector whose importance to the economy is paramount. In 2005, its direct value added comprised 2.9% of GDP, and it accounted for 4.4% of total employment (full-time equivalent).

In 2007, tourism provided 5.1% of Swiss export income, making it the country's fourth-largest export industry, after chemicals and metals, mechanical engineering, and clock- and watch-making.

The sector also results in spill over benefits for the national and local economies by prompting local authorities to improve infrastructure such as roads, communication services and public transport systems, with federal government assistance.

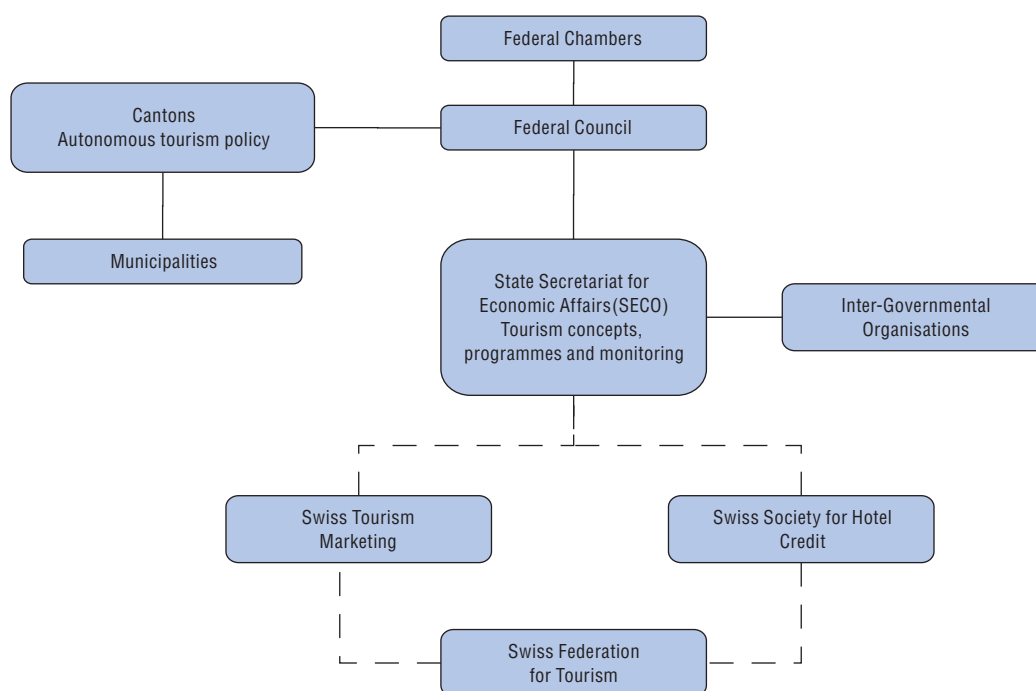
Over the period 2001-08, Switzerland recorded a 6.8% decline in tourism employment (hotels and restaurants). Mainly due to the economic crisis, tourism employment continued to decrease until mid-2005 (-11.5% since 2001), since then the tourism labour market managed to recover partially and to record an increase in employment of 5.4% in the period 2005-08.

Between 2001 and 2007, tourist arrivals increased significantly, rising to 8.45 million in 2007, or 13.1% more than in 2001. Over the same period, international tourism revenue rose by 27.7%. The primary origin market was Germany, which accounted for 2.2 million arrivals in 2007, up slightly as compared with 2001.

The bulk of the tourists (80%) say they go to Switzerland for nature. The government estimates that nature and landscapes generate some CHF 2.5 billion worth of revenue per year.

Tourism organisation

The authorities are instituting framework conditions that will allow businesses to flourish, granting selective financial aid for the purpose. Figure 4.28 illustrates the organisation of tourism in Switzerland in the areas in which the government is involved.

Figure 4.28. **Switzerland: Organisational chart of tourism bodies**

Source: OECD, adapted from State Secretariat for Economic Affairs (SECO), 2009.

Tourism budget

The federal government funds the budget of the National Tourism Administration. In 2008, this totalled CHF 53 million, added to which was a CHF 6.1 million special contribution for the international football tournament, Euro 2008.

The budget of the Swiss National Tourism Office (Switzerland Tourism) for the same period was CHF 87 million, nearly CHF 48 million of which was provided by a block grant from the National Tourism Administration (plus CHF 6.1 million paid to the National Tourism Office). Other contributions provided CHF 33.2 million.

Table 4.167. **Switzerland: The financing of tourism**

CHF thousands

National Tourism Administration (NTA) expenditure items	2008
National Tourism Office	47 750
Swiss Society for Hotel Credit	0
Innovation and co-operation in the tourism sector	4 800
Information and documentation	121
International organisations (World Tourism Organization)	485
Total	53 156

Source: OECD, adapted from State Secretariat for Economic Affairs (SECO), 2009.

StatLink  <http://dx.doi.org/10.1787/771376186426>

No specific taxes are levied on tourism at the federal level. The Swiss Confederation allows a reduced rate of VAT on all types of lodging of 3.6%, compared to the standard rate of 7.6%.

The effectiveness of government spending on tourism is measured continuously during the implementation of all of the Confederation's promotional programmes. The Constitution and tourism-related legislation make such an evaluation compulsory. As a rule, all appropriations voted by Parliament are subject to assessments by independent third parties.

Tourism-related policies and programmes

Federal tourism policy

The primary goal of federal tourism policy is to create and sustain the most favourable environment possible for the industry, i.e. above all, a flourishing economy and functional and attractive infrastructure, along with well-balanced, sustainable land-use. Tourism policy should also spotlight the assets of tourist attractions while at the same time renewing those assets and developing them.

In addition, a further goal of tourism policy is to enhance tourism's productivity, which is below average for the Swiss economy, by encouraging structural changes to boost productivity. The results of tourism ought to be similar to those of industry and export services. In 2007, the Swiss government set up a tourism development project for 2008-11, earmarking financial aid of CHF 186 million for Switzerland Tourism and CHF 21 million for inter-company, inter-industry and inter-regional measures under the auspices of the Innotour programme, which fosters innovation and co-operation in the tourism sector.

Innotour: Switzerland's showcase scheme

The federal legislation of 10 October 1997 to foster innovation and co-operation in the realm of tourism, through Innotour, was formulated to tailor tourism in Switzerland to the new trends in the world market. The challenges of globalisation demanded adoption of a programme to bring existing facilities up to date. Innotour strives to enhance the rate of innovation and to harness co-operation so that tourism resources can be used more efficiently. The measures adopted cover the following areas:

- *Improving existing tourism facilities:* Quality remains a lynchpin of promotion, with suitable projects that aim to make facilities more attractive.
- *Creating business opportunities:* One important aspect of Innotour is that it helps businesses to take advantage of new opportunities in Switzerland and abroad from a joint, rather than an individual, standpoint. These opportunities involve new products, facilities and distribution channels. The nationwide information and booking system set up by the Switzerland Travel Centre (STC) is a good example of such initiatives.
- *Destination strategies:* Destinations also need joint strategies overseeing various aspects. In recent years, Innotour has helped destinations institute new management concepts (as in the Canton of Graubünden) but the strategic renewal of tourist sites remains in its infancy.
- *Training and occupational development:* The skills initiative had a tangible impact in cases where other measures, such as the Vocational Training Act, proved ineffectual. Innotour supports tourism industry organisations in the formulation of new training concepts.
- *Tourism development databases:* Innotour compiles databases that are of great importance to tourism. Among them are tourism forecasts and the benchmark report, which monitor tourism trends closely in order to inform policy changes as necessary.

- Approximately 80% of funding has been earmarked for specific areas of innovation: quality; destination design; information and booking systems; tourism in harmony with nature; and self-catering accommodation. The projects backed by Innotour between 2003 and 2008 represented an aggregate cost of CHF 100 million, CHF 24 million of which comes from the Innotour programme, raising the projects' self-financing rate to over 75%.
- The State Secretariat is continuing to expand the Innotour Project. Switzerland is devising a new tourism strategy, drawing on the excellent experience gained from the start-up of Innotour and new knowledge in this area (Box 4.34).

Box 4.34. **New tourism strategy**

The key elements of the strategy are the destinations, along with a dynamic growth model based on trends and derived from the findings of research carried out in connection with the discipline known as “New Economic Geography”. Destinations are considered key competitive entities that can give tourism businesses an edge over the competition thanks to tourism resources and the cluster effect. As a rule, businesses compete with each other. In the realm of tourism, competition between tourist resorts comes on top of traditional competition between firms. In the above model, the forces of “economies of scale”, “distance costs” and “mobility of production factors” interact in various configurations, triggering cumulative growth dynamics. The new strategy seeks to:

- underwrite the operation of tourism resources; and
- enhance the competitiveness and growth of destinations.

Competitiveness hinges on the businesses involved, tourism resources and the destination as a whole. The strategy must be applied to the last two of these, but doing so will entail amendment of the federal legislation on Innotour.

Co-operation with the tourism industry, consumers and other market stakeholders

The Swiss federal government delegates most of its measures to promote tourism to “public law corporations”. These companies are mandated by law and must perform their duties according to their service mandates. Because they are invested with a distinct legal personality, they can admit interested members of the sector involved, which provide a financial contribution. They constitute genuine platforms for vertical and horizontal co-operation which operate according to the principles of public-private partnerships.

The Swiss National Tourism Office (Switzerland Tourism) organises Switzerland Vacation Day, which provides an opportunity to co-ordinate short- and medium-term promotional programmes with stakeholders in economic sectors dependant on tourism. The Swiss Society for Hotel Credit works with commercial banks to provide supplementary financing for lodging projects in tourist regions. The Confederation also supports the Swiss Tourism Federation, which supplies the sector with information and advisory services. Local and cantonal governments are members of these organisations, allowing them to co-ordinate their initiatives with the federal government on a functional level.

Statistical profile

Table 4.168. **Switzerland: Domestic overnight tourism**

	Units	2005	2006	2007	2008
Number of overnight stays ¹	Thousands	13 803	14 811	15 633	15 997
Number of nights spent	Thousands	32 944	34 848	36 365	37 334

1. Arrivals.

Source: Federal Office of Statistics, 2009.

StatLink  <http://dx.doi.org/10.1787/771461472206>Table 4.169. **Switzerland: Inbound tourism – International arrivals and receipts**


	Units	2005	2006	2007
Total international arrivals	Thousands	7 229	7 863	8 448
Top 5 markets				
Germany	Thousands	2 007	2 107	2 249
United Kingdom	Thousands	709	785	835
United States	Thousands	657	726	727
France	Thousands	543	586	634
Italy	Thousands	461	499	542
International travel receipts	Million CHF	12 477	13 544	14 623

Source: Federal Office of Statistics, 2009.

StatLink  <http://dx.doi.org/10.1787/771470833365>Table 4.170. **Switzerland: Outbound tourism – International departures and expenditure**


	Units	2004	2005	2006	2007
International travel expenditure	Million CHF	10 080	10 975	11 556	12 298

Sources: Secretariat of State for the Economy; Federal Statistical Office, 2008.

StatLink  <http://dx.doi.org/10.1787/771664170634>Table 4.171. **Switzerland: Enterprises in tourism**

	Units	2005	2006	2007	2008
Total	Establishments	5 836	5 693	5 635	5 582

Sources: Secretariat of State for the Economy; Federal Statistical Office, 2008.

StatLink  <http://dx.doi.org/10.1787/771677542183>Table 4.172. **Switzerland: Employment in tourism**

Units	2004		2005		2006		2007		2008		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Hotels and restaurants	Thousands	87.8	93.2	84.8	92.5	83.6	93.4	85.6	95.7	89.5	97.8
Travel agencies	Thousands	34.9	18.5	35	18.3	35	17.6	35.4	18.4	36	19.5

Sources: Secretariat of State for the Economy; Federal Statistical Office, 2008.

StatLink  <http://dx.doi.org/10.1787/771708350801>

Table 4.173. **Switzerland: Tourism in the national economy – Tourism Satellite Account**
2005

	Units	Domestic tourism consumption	Inbound tourism consumption	Tourism GDP
Accommodation services	Million CHF	1 946	2 511	3 170
Food and beverage serving services	Million CHF	2 441	2 057	2 102
Passenger transport services	Million CHF	3 174	2 556	1 963
Travel agency, tour operator and tourist guide services	Million CHF	1 987	62	1 322
Cultural services	Million CHF	141	139	132
Recreation and other entertainment services	Million CHF	443	401	385
Other services	Million CHF	357	120	276
Goods	Million CHF	7 931	4 180	3 297
Total	Million CHF	18 421	12 027	12 647

Sources: Secretariat of State for the Economy; Federal Statistical Office, 2008.


StatLink  <http://dx.doi.org/10.1787/771712761165>

Table 4.174. **Switzerland: Other economic indicators**

	Units	2008
Internal tourism consumption	Thousands CHF	32 561
Internal tourism consumption share of GDP	Percentage	7
Tourism receipts share of GDP	Percentage	2.6
Tourism expenditure share of GDP	Percentage	4
Tourism share of GDP	Percentage	2.9 ¹

1. Direct added value, 2005.

Sources: Secretariat of State for the Economy; Federal Statistical Office (TSA 2005), 2008.

StatLink  <http://dx.doi.org/10.1787/771715715425>



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