PART I

Chapter 1

Tourism trends and policy priorities

This chapter covers recent trends in tourism and associated developments in tourism governance and policy. It is based on responses to a policy and statistical survey of OECD member countries and partner economies. The chapter outlines the economic importance of tourism and sets out the role of government in promotion and product development, and in supporting a competitive and sustainable tourism industry. The effectiveness of governance structures and funding issues are considered. Tourism policy priorities, reforms, and developments are analysed with examples of country practices highlighted.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Tourism is a highly important economic sector, making a significant contribution to the economies of OECD member and partner countries. Recent trends provide clear evidence of tourism's continued growth and outreach. The 2017 OECD High Level Meeting on Tourism Policies for Sustainable and Inclusive Growth recognised tourism's potential as a driver for sustainable development in OECD member and partner countries, when based upon sound policies and effective management. Governments are well placed to provide direction and support but it is increasingly recognised that this must be delivered in an integrated way, based on structures that involve the private sector and the many agencies and bodies, at all levels, whose activities can influence tourism performance and impacts.

Recent trends

Tourism is well recognised for playing a key role in global economic activity, job creation, and as a source of export revenue and domestic value added. On average, tourism directly contributes 4.2% of GDP, 6.9% of employment and 21.7% of services exports to OECD countries (Figure 1.1), all of which are stable or slightly higher than figures for 2014.

Globally, inbound tourist arrivals (overnight visitors) grew to over 1.2 billion in 2016, an increase of 46 million (3.9%) on the previous year. This figure is forecast to reach 1.8 billion by 2030, with international tourist arrivals in emerging economy destinations projected to grow at double the rate of advanced tourism economies. As a result, the market share of emerging tourism economies is expected to increase from 45% in 2016 to 57% over the same period. France, the United States, Spain and China continue to fill the top four places for inbound arrivals in 2016, while China, the United States and Germany are the highest outbound markets in their respective regions (UNWTO, 2017a).

OECD member countries continue to play a prominent role in international tourism, accounting for just over half (55%) of total global arrivals in 2016 (up from 54% in 2014). After increasing at a faster rate than global arrivals in 2014 (6.4% compared to 4.2% globally), the average growth in international arrivals for OECD members reduced to 3.9% in 2016 (compared to 3.9% globally and 4.7% for the EU28). Despite the OECD rolling four year average annual growth rate of 4.9% slightly exceeding the global average, the 2016 figure is more reflective of the longer-term trend of a slowdown in arrivals to the OECD relative to tourism worldwide, resulting in a loss of market share.

More specifically, 14 OECD countries recorded double digit annual growth in 2016, with four in excess of 20% – Chile (26%), Iceland (39%), Japan (21.8%), Korea (30.3%) – while Belgium, Latvia and Turkey all experienced retractions of more than 10%. International arrivals grew by 10% or more in eight OECD partner countries (Bulgaria, Colombia, Costa Rica, Lithuania, Malta, Philippines, Romania, South Africa). A breakdown of international tourist arrivals to OECD member countries and selected partner economies is provided in Table 1.1.

Between January and August 2017, destinations worldwide welcomed just over 900 million international tourist arrivals, representing an increase of over 50 million (7%)

Figure 1.1. **Direct contribution of tourism to OECD countries**

As percentage of GDP and employment, 2016 or latest year available
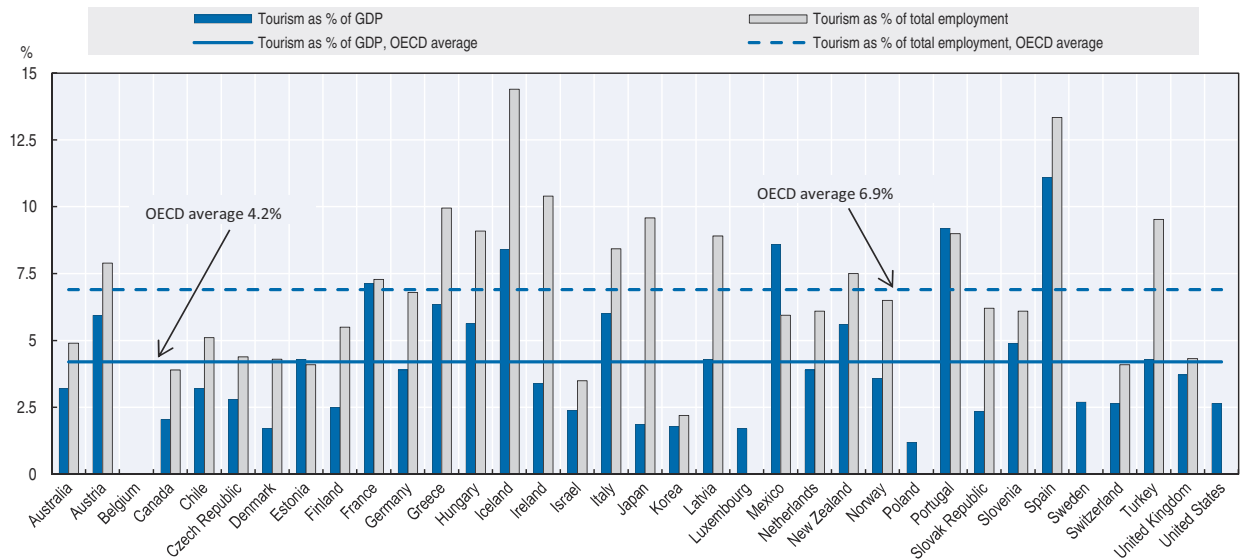
Notes: GDP data for France refer to internal tourism consumption.
GDP data for Germany refer to GVA.
GDP for Greece refer to tourism GVA of industries 55-56 of NACE Rev. 2.
GDP data for Spain includes indirect effects.
Source: OECD Tourism Statistics (Database).

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Table 1.1. **International tourist arrivals, 2012-16**

	Type of indicator	2016	Average annual growth rate 2012 to 2016	Growth rate 2015 to 2016
		Thousand	%	
Australia	Visitors	8 269	7.6	11.0
Austria	Tourists	28 121	3.9	5.2
Belgium	Tourists	5 557	-2.5	-13.7
Canada	Tourists	19 818	5.0	10.3
Chile	Tourists	5 641	12.2	26.0
Czech Republic	Tourists	12 808	6.1	10.2
Denmark	Tourists	10 781	6.0	3.4
Estonia	Tourists	3 147	3.5	5.3
Finland	Tourists	4 599	2.1	-5.3
France	Tourists	82 570	0.2	-2.2
Germany	Tourists	35 555	4.0	1.7
Greece	Visitors	28 071	13.4	7.5
Hungary	Tourists	13 474	11.9	8.6
Iceland	Tourists	1 792	27.8	39.0
Ireland	Tourists	8 425	8.7	8.8
Israel	Tourists	2 900	0.1	3.6
Italy	Tourists	32 552	2.1	7.3
Japan	Visitors	24 040	30.2	21.8

Table 1.1. **International tourist arrivals, 2012-16** *(cont.)*

	Type of indicator	2016	Average annual growth rate 2012 to 2016	Growth rate 2015 to 2016
		Thousand	%	
Korea	Visitors	17 242	11.5	30.3
Latvia	Tourists	1 793	5.7	-11.4
Luxembourg	Tourists	1 054	2.6	-3.5
Mexico	Tourists	35 079	10.6	9.3
Netherlands	Tourists	15 829	6.7	5.5
New Zealand	Tourists	3 370	8.0	10.9
Norway[1]	Tourists	5 960	6.5	12.4
Poland	Tourists	17 471	4.2	4.4
Portugal	Tourists	10 622	8.4	12.4
Slovak Republic	Tourists	2 027	7.3	17.8
Slovenia	Tourists	3 032	8.9	12.0
Spain	Tourists	75 315	7.0	10.5
Sweden[2]	Tourists	10 750	-6.8	-3.5
Switzerland[3]	Tourists	10 402	5.0	11.8
Turkey	Tourists	30 289	-4.0	-23.3
United Kingdom	Tourists	35 814	5.2	4.0
United States	Tourists	75 868	3.3	-2.1
Brazil	Tourists	6 578	3.8	4.3
Bulgaria	Tourists	8 252	6.0	16.2
Colombia	Visitors	5 092	9.9	14.5
Costa Rica	Tourists	2 925	5.7	10.0
Croatia	Tourists	13 809	7.4	8.9
Egypt	Tourists	5168	-17.5	-42.5
Lithuania	Tourists	2 296	4.9	10.8
Malta	Tourists	1 966	8.0	10.2
Morocco	Tourists	10 332	2.5	1.5
Peru	Tourists	3 744	7.1	8.4
Philippines	Tourists	5 967	8.7	11.3
Romania	Tourists	2 471	10.6	10.6
Russian Federation[4]	Tourists	24 571	-1.7	-8.5
South Africa	Tourists	10 044	2.3	12.8
EU28			**4.5**	**4.7**
OECD members			**4.9**	**3.9**
World[5]		**1 235 000**	**4.4**	**3.9**

Notes: For more information, please see the country profiles.
Tourists: International tourist arrivals (excluding same-day visitors).
Visitors: International visitor arrivals (tourists and same-day visitors).
1. Average annual growth rate refers to 2013-16.
2. Data refers to 2014. No data is available for 2015 and 2016 due to a change in Border Survey methodology. Average annual growth rate refer to 2012-14. Growth rate refers to 2013-14.
3. Until 2015 only data for hotel and similar establishments available. Since 2016, data are compiled also with supplementary accommodation.
4. Average annual growth rate refers to 2014-16.
5. UNWTO data (2017b).
Source: OECD Tourism Statistics (Database).

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year on year. As such, 2017 is currently on target to be the eighth consecutive year of solid growth for international tourism (UNWTO, 2017a).

Globally, international travel receipts reached USD 1 226 billion in 2016, up from USD 1 202 billion in 2015 (but down slightly from USD 1 260 billion in 2014). This equates to growth of 2.6%

in real terms, taking into account exchange rate fluctuations and inflation, and follows the overall trend in international tourist arrivals, although at a slightly slower pace. Global expenditure on travel more than doubled between 2000 and 2016, accounting for 7% of global exports in goods and services (UNWTO, 2017b). OECD countries accounted for 60.4% of global travel receipts (exports) and 51% of global travel expenditures (imports) in 2016 (compared to 60.6% and 49.8% respectively in 2015). Just under two thirds of OECD member countries recorded a positive travel balance in 2016. Table 1.2 provides a summary of international travel receipts, expenditure, and the travel balance for OECD and selected partner economies.

Tourism's share of trade in services is both significant and increasing for many OECD countries. In 2016, international tourism receipts represented, on average, 21.7% of services exports in the OECD. This share varies by country and when considering G7 economies, ranges from 11.9% in the United Kingdom to 40.1% in Italy (Figure 1.2). Most notably, over

Table 1.2. **International travel receipts and expenditure, 2015-16**
Million USD

	Travel receipts		Travel expenditure		Travel balance	
	2015	2016	2015	2016	2015	2016
Australia	28 872	32 423	23 760	24 915	5 112	7 508
Austria	18 212	19 287	9 100	9 500	9 112	9 787
Belgium	11 965	11 830	18 927	19 567	-6 963	-7 736
Canada	16 541	18 022	30 119	28 743	-13 578	-10 721
Chile	2 482	2 737	1 963	2 137	518	600
Czech Republic	6 048	6 309	4 866	4 919	1 182	1 390
Denmark	6 684	6 903	8 916	9 200	-2 232	-2 298
Estonia	1 427	1 530	982	1 099	446	431
Finland	2 558	2 715	4 774	5 168	-2 216	-2 454
France	45 901	42 367	38 405	40 335	7 496	2 032
Germany	36 853	37 408	77 481	81 063	-40 627	-43 655
Greece	15 667	14 609	2 260	2 219	13 407	12 390
Hungary	5 344	5 653	1 831	2 162	3 512	3 491
Iceland	1 617	2 424	996	1 277	621	1 147
Ireland	4 791	5 182	5 680	6 108	-888	-926
Israel	5 794	5 722	6 012	6 844	-218	-1 122
Italy	39 434	40 614	24 413	24 706	15 021	15 908
Japan	24 983	30 679	15 973	18 485	9 010	12 194
Korea	15 214	17 210	25 270	26 642	-10 056	-9 432
Latvia	895	866	614	695	281	171
Luxembourg	4 294	4 290	3 313	3 348	982	941
Mexico	17 734	19 571	10 098	10 227	7 636	9 344
Netherlands	11 587	14 110	17 552	17 909	-5 965	-3 799
New Zealand	9 049	9 638	3 735	3 990	5 314	5 648
Norway	4 873	5 204	15 292	15 412	-10 419	-10 208
Poland	10 467	10 977	7 936	7 984	2 531	2 993
Portugal	12 700	14 026	4 006	4 258	8 694	9 768
Slovak Republic	2 362	2 746	2 126	2 237	236	509
Slovenia	2 327	2 423	912	944	1 415	1 478
Spain	56 444	60 303	17 361	20 184	39 082	40 119
Sweden	11 317	12 510	14 416	14 133	-3 099	-1 623
Switzerland	16 410	16 259	16 288	16 515	122	-255
Turkey	26 616	18 743	5 368	4 783	21 248	13 960
United Kingdom	45 464	39 440	63 273	63 426	-17 809	-23 986
United States	205 418	205 940	114 723	123 618	90 695	82 322

Table 1.2. **International travel receipts and expenditure, 2015-16** *(cont.)*

Million USD

	Travel receipts		Travel expenditure		Travel balance	
	2015	2016	2015	2016	2015	2016
Brazil	5 844	6 024	17 357	14 497	-11 513	-8 473
Bulgaria	3 146	3 653	1 116	1 361	2 031	2 292
Colombia	4 245	4 694	4 322	4 209	-77	485
Costa Rica	3 267	3 879	690	809	2 576	3 070
Croatia	8 797	9 593	756	945	8 041	8 649
Egypt	6 065	2 645	3 442	4 110	2 623	-1 466
Lithuania	1 154	1 184	951	974	204	210
Malta	1 369	1 437	359	398	1 009	1 039
Morocco	6 260	6 556	1 402	1 457	4 857	5 099
Peru	3 320	3 512	1 691	1 838	1 629	1 675
Philippines	5 272	5 139	11 343	11 275	-6 070	-6 136
Romania	1 711	1 723	2 058	2 137	-347	-414
Russian Federation	8 420	7 788	34 932	23 951	-26 512	-16 163
South Africa	8 259	7 919	2 998	2 858	5 260	5 061
EU28	**371 391**	**843 125**	**659 528**	**683 054**		
OECD members	**728 341**	**740 668**	**598 740**	**624 750**		
World	**1 202 000**	**1 226 000**	**1 202 000**	**1 226 000**		

Note: For more information, please see the country profiles.
Source: OECD Tourism Statistics (Database) and UNWTO (2017b).
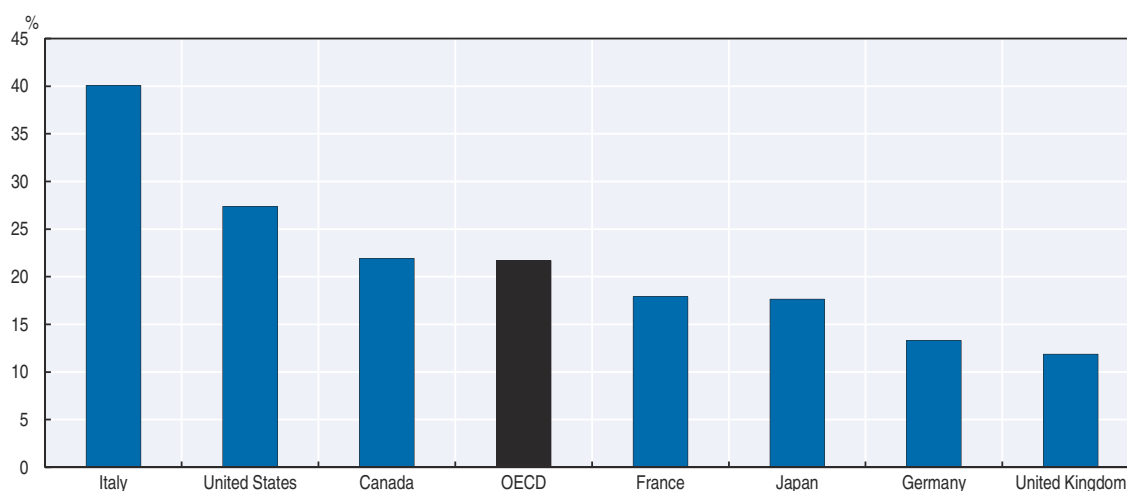
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Figure 1.2. **Contribution of tourism to services exports, selected OECD countries, 2016**

Source: OECD Trade in services by partner country (Database), extracted November 2017.

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the period 2010 to 2016 tourism as a share of services exports increased by 3.1 percentage points in the United States and decreased by 5.3 in France.

Tourism exports are economically important as they contribute to the value added of the economy. While not all tourism exports result in increases in domestic value added, results from the OECD Trade in Value added (TiVA) initiative indicate that tourism receipts generate more than average value added for receiving economies, and have significant upstream effects in both receiving and other countries. According to TiVA estimates, approximately 80% of tourism exports generate domestic value added in OECD countries; the

remaining 20% result in value created in other countries (imports). It is also estimated that EUR 1 of value added in tourism creates 56 cents of value added in upstream industries.

Considerable variation in the significance of domestic tourism is evident at country level. Domestic tourism is particularly significant in Australia, Canada, Germany, Italy, Japan, Mexico, the Netherlands, Norway, and the United Kingdom and United States, where it represents over 70% of internal tourism consumption. In contrast, inbound tourism, as a proportion of internal tourism consumption is more important in the Czech Republic, Estonia, Hungary, Iceland, Poland, and Slovenia. Table 1.3 provides a breakdown of internal tourism consumption (domestic and inbound) for selected OECD member countries.

Table 1.3. **Internal tourism consumption, 2016 or latest available year**

	Reference year	Internal tourism expenditure	Domestic tourism expenditure	Inbound tourism expenditure
		Million USD, current prices	% share	
Australia	2015	97 582	74	26
Austria	2015	36 692	46	54
Belgium	..	..	..	..
Canada	2016	69 125	78	22
Chile	2013	6 579	66	34
Czech Republic	2015	9 904	39	61
Denmark	2015	14 490	60	40
Estonia	2012	1 675	14	86
Finland	2014	15 105	65	35
France	2015	147 236	63	37
Germany	2015	293 020	85	15
Greece	..	..	..	..
Hungary	2013	6 480	39	61
Iceland	2015	2 838	30	70
Ireland	2007	8 978	46	54
Israel	2014	11 406	52	48
Italy	2010	149 103	74	26
Japan	2015	206 864	87	13
Korea	..	..	..	..
Latvia	..	..	..	..
Luxembourg	..	..	..	..
Mexico	2016	140 366	82	18
Netherlands	2016	83 785	72	28
New Zealand	2016	22 185	58	42
Norway	2015	19 716	71	29
Poland	2013	17 033	34	66
Portugal	2008	21 933	41	59
Slovak Republic	2014	4 705	42	58
Slovenia	2014	4 663	31	69
Spain	2013	151 675	52	48
Sweden	2016	34 572	60	40
Switzerland	2011	39 724	53	47
Turkey	..	..	..	..
United Kingdom	2014	214 929	80	20
United States	2015	935 464	79	21
OECD average			**76**	**24**

Notes: For more information, please see the country profiles.
Conversion from national currency to USD calculated using OECD annual average exchange rates for corresponding year.
Tourism consumption is composed of tourism expenditure (monetary transactions), plus other transactions.
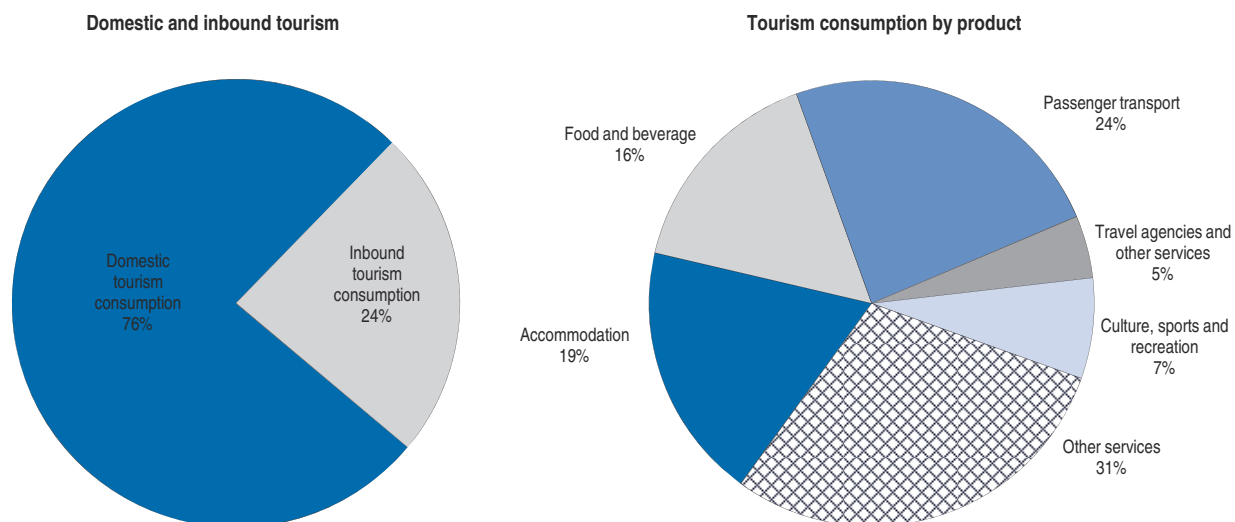*Source: OECD Tourism Statistics* (Database).

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On average, domestic and inbound tourism account for 76% and 24% of internal tourism consumption respectively, in selected OECD countries (Figure 1.3). When considering internal tourism consumption by product, passenger transport (24%), followed by accommodation (19%), and food and beverage (16%) account for well over half of total consumption.

Figure 1.3. **Internal tourism consumption, selected OECD countries**

By type of tourism and product, 2016 or latest available year

Domestic and inbound tourism

Tourism consumption by product

Source: OECD Tourism Statistics (Database).

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Global tourism has now experienced steady growth for over six decades, benefitting from the rise of globalisation and technological advances that have led to cheaper airfares, while making it easier for people to plan and book their own travel. Throughout this period of sustained growth, tourism has demonstrated significant resilience in the face of a variety of challenges. In the last decade alone, these have ranged from the lingering impacts of the global economic crisis, geopolitical uncertainty, numerous terrorist attacks, natural disasters and other external shocks. Tourism demand historically tracks economic conditions closely, and since the downturn in 2009, global tourism has experienced more moderate year-on-year growth. This trend is expected to continue with international arrivals forecast to increase by an average of 3.3% per year to 2030 (4.4% to emerging destinations and 2.2% to advanced economies) (UNWTO, 2017a).

However, after many years of weak recovery, and with global economic growth in 2016 at the lowest rate since 2009, some signs of improvement have begun to appear. Trade and manufacturing output growth have picked up from a very low level, helped by firmer domestic demand growth in Asia and Europe, and private sector confidence has strengthened. But policy uncertainty remains high, trust in government has diminished, wage growth remains weak, inequality persists, and imbalances and vulnerabilities remain in financial markets. Against this background, a modest pick-up in global GDP growth to 3.5% is projected for 2017, strengthening further to 3.7% in 2018, before easing slightly in 2019. However, compared to the 20-year pre-crisis average, OECD per capita GDP growth remains over 0.5% weaker and global growth continues to lag (OECD, 2017c; OECD, 2017d).

Employment and unemployment rates are expected to continue to slowly improve in most OECD countries in the context of moderate growth. The OECD average unemployment rate is projected to move from 6.2% in Q4 2016 to 5.7% in Q4 2018. While an expanding majority of OECD countries have finally closed the substantial jobs gap that opened during the Great Recession of 2008-09, people in a number of countries are expressing rising dissatisfaction with economic policies promoting international trade and investment. The backlash against globalisation and trade highlight areas where employment, skills and social protection policies need to be reinforced and adapted to a changing economic environment (OECD, 2017e).

Tourism is highly labour intensive and a significant source of employment in OECD countries. The sector offers strong potential to support job-rich growth. It creates jobs for people of different ages and skill levels and provides opportunities to enter the labour market, gain experience, develop skills and move into higher level, better paid jobs.

Between 1995 and 2015 the share of middle-skill occupations in total employment has declined in almost all sectors of the economy in selected OECD countries. During this period, "hotels and restaurants" was the second fastest growing sector, with an increase of total employment in excess of 45%, behind only "real estate, renting and business activities" at 70% (OECD, 2017e).

The future of tourism will continue to be impacted by a range of current and emerging economic, social, political, environmental and technological changes, bringing new and often unseen challenges, threats and opportunities. For example, Chapter 2 explores the multi-dimensional implications of four megatrends likely to inform policy and shape the future of tourism to 2040: i) evolving visitor demand, ii) sustainable tourism growth, iii) enabling technologies, and iv) travel mobility. Similarly, investment and financing are an essential component of the challenge to shift to sustainable (low carbon, resource efficient and socially inclusive) tourism development. Chapter 3 explores policies, institutions and instruments for green finance and investment, highlighting good practices that catalyse and support this transition.

Addressing these and other multi-faceted challenges faced by the tourism industry, including the infrastructure and skills needed to meet expected future demand, requires an integrated approach across departments and levels of government, with input and support from industry and the research community. Long-term strategies and policies focused on promoting quality employment and job creation, skills development, entrepreneurship, innovation, effective investment, and integrated regional development, are integral to achieving sustainable and inclusive tourism growth – growth that takes into account current and future economic, social and environmental impacts, and addresses the needs of visitors, the industry, the environment and host communities.

Governance, funding and strategic development

The challenges and opportunities presented by recent tourism trends provide the context for the preparation, review and delivery of tourism policies and the strategic development of the sector. In turn, this requires effective governance structures that enable the planning and coordination of actions by key players and the availability of sufficient funding for their implementation.

Governments have continued to engage positively in this process, recognising the importance of the sector and its relevance to a wide economic, social and environmental agenda. Their input has remained relatively consistent and has been directed towards:

● Policy formulation and implementation,

● Market access and facilitating travel,

● Marketing and promotion of the destination,

● Provision of necessary infrastructure,

● Stimulating and supporting product development, investment and business performance,

● Setting and regulating standards, including quality and safety,

● Encouraging sustainable and inclusive growth,

● Supporting human resource development and training,

● Addressing environmental issues and the management of natural and cultural resources,

● Responding to crises and disasters affecting the industry.

Effective national leadership and coordination

The significance of the tourism sector is well recognised by governments, with clearly identified ministries or departments that are dedicated to its development, promotion and management. In some countries there is a single, separate Ministry of Tourism (Brazil, Bulgaria, Costa Rica, Croatia, Egypt, Greece, Israel, Malta, Mexico, Morocco, Philippines and South Africa), reflecting the importance placed on the sector by the government. Where tourism is identified as a departmental responsibility within wider ministries, in a large majority of countries it resides within the Ministry of Economy, or equivalent ministry dealing with trade and business (Canada, Chile, Colombia, Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Luxemburg, Netherlands, New Zealand, Norway, Peru, Portugal, Slovenia, Sweden, Switzerland and United States). In some countries it sits within the Ministry of Foreign Affairs (Australia, France, Hungary), while in others, it is linked to thematic areas such as sustainability, innovation or technology (Austria, Iceland, Spain). In Spain, for example, there is a newly named Ministry of Energy, Tourism and the Digital Agenda, while in Austria the creation of the Federal Ministry of Sustainability and Tourism was recently announced. In a handful of countries tourism is linked with culture (Italy, Korea, Romania, Russian Federation, Turkey and United Kingdom), with other linkages including transport (Ireland, Slovakia) and sport (Korea, Poland).

Government ministries and departments with responsibility for tourism are primarily engaged with setting tourism policy, directing its implementation, and overseeing the legislative and regulatory framework for the sector. National Tourism Organisations (NTOs), mainly reporting to the relevant Ministry, undertake marketing and promotion with many also supporting aspects of product development. In the last two years there has been some rationalisation of NTOs – for example in Slovakia the NTO function has been absorbed into the Ministry, while in Finland it has been merged with the funding agency to become "Business Finland".

In some countries, separate tourism development agencies exist to promote investment in the sector. In Mexico, for example, the National Fund for Tourism Development (FONATUR) was created by the Ministry of Finance and is coordinated by the Ministry of Tourism, with functions that include conducting feasibility studies, developing destination master plans, project management, executing infrastructure projects and engagement with

various forms of financing. In Spain, SEGITTUR is a government agency for research, technology and innovation in tourism development, while in Denmark there are three separate development agencies for coastal and nature, business and conference, and city tourism.

The cross-cutting and complex nature of tourism means that the sector relies on many areas of government policy and action. This requires a "whole-of-government" approach, involving ministries and departments with responsibility for transport, the environment, education and training, natural and cultural heritage, as well as the economy, business development, security and foreign affairs. This requirement has become more widely understood and most countries now have inter-ministerial committees or bodies covering tourism. In South Africa, bilateral agreements between the Ministry of Tourism and other ministries allow tourism officials to work in key policy forums to ensure consideration of policy impacts on tourism.

The need for an integrated approach was further reinforced at the 2017 OECD High Level Meeting on Tourism, where countries endorsed the Policy Statement – Tourism Policies for Sustainable and Inclusive Growth. The Statement highlights the importance of tourism as an engine for economic, sustainable and inclusive growth and notes that moving toward coherent and comprehensive policy approaches will help countries to reframe tourism growth to better spread the benefits, address inequalities and improve the resilience of economies.

It is also imperative that consultation and coordination on tourism policy and action occurs between government and wider stakeholders, notably the private sector but also civil society and other interests. Structures for this are now widely established. In some countries this is achieved by involving industry and other representatives in inter-ministerial groups; in others there are separate tourism advisory bodies or overarching tourism councils. Some examples of different approaches are shown in Box 1.1. Coordination has also been achieved through the establishment of task forces or working groups to implement specific tourism strategies or address key topics (Australia, Austria, Iceland, and the Russian Federation). Chambers of commerce and business associations frequently play a key role in representing sections of the industry, such as hotels, tour operators, and business tourism, sometimes in industry-wide confederations.

Strengthening regional and local structures

Coordination in the governance and delivery of tourism needs to happen not only horizontally at a national level but also vertically between the central government and the regions and local destinations that receive the visitors and help create the experience "on the ground". The importance of effective destination management, including marketing and product development, has been increasingly underlined in global strategies to promote sustainable tourism. This calls for the presence of regional and local bodies that are able to plan and take action within destinations. Again, there is a strong need for a partnership approach at this level, bringing together local government and private sector businesses and enabling representation by local communities and other interests.

In some countries with a broadly federal government structure, each state or province may have a tourism ministry, department, or other government entity handling tourism (e.g. Australia, Germany, Brazil, and the United States). In most countries, regional, provincial and even municipal authorities will engage in tourism development, management and

> Box 1.1. **National coordination structures for tourism: Country approaches**
>
> The following examples illustrate different structures for providing inter-ministerial and wider stakeholder coordination.
>
> In **Denmark** the National Tourism Forum is chaired by the Ministry of Industry, Business and Financial Affairs and includes the chair of VisitDenmark, two members from Danish Regions, one member from Local Government Denmark, two members representing the tourism industry, and a tourism researcher.
>
> In **Egypt** the Supreme Council for Tourism is chaired by the President and involves 11 ministries together with the Egyptian Tourism Federation, a body composed of five tourism industry business associations.
>
> In **Finland** an inter-ministerial working group on tourism meets several times per year. In 2016 a Tourism Cooperation Group was established consisting of 35 industry leaders representing different branches of tourism.
>
> In **France**, an Inter-ministerial Tourism Committee (CIT) was established in 2016 and meets regularly, under the authority of the Prime Minister, with specific agendas planned in advance. Such an approach makes it possible to mobilise the different departments around priority projects, such as training, investment or promotion.
>
> In **Morocco**, six committees are co-chaired by the Ministry of Tourism and the National Tourism Confederation, covering: governance, competitiveness, air travel, output and investment, human capital and sustainability.
>
> In the **United States**, the Travel and Tourism Advisory Board (TTAB) consists of up to 32 private-sector representatives from companies and organisations, who are appointed to provide policy input to the Secretary of Commerce. The Tourism Policy Council (TPC) is an inter-agency council established by law for the purpose of ensuring that the nation's tourism interests are considered in federal decision-making. Its major function is to coordinate national policies and programmes of federal agencies that have a significant effect on travel and tourism, recreation, and national heritage resources. It reviews and responds to TTAB recommendations.

marketing to a varying extent, according to their resources and priorities, although approaches will vary (Box 1.2).

Actions at the regional and local level can be highly significant and important in delivering a successful tourism industry. Some recent trends have included the rationalisation of local government, leading to fewer and larger authorities (e.g. Brazil, Finland, Norway). This can help to reduce fragmentation of tourism activity. Of most significance has been the ongoing creation of Destination Management Organisations (DMOs) which are formally constituted to deliver local tourism benefits with the involvement of the private sector. DMOs may be established at different levels and can mesh and network with each other, as demonstrated by the recent adoption of a law for the development and implementation of Destination Management Organisations in Romania (Box 1.3).

The relationship between legislation, national policies and programmes, and the functions and activities of local government and DMOs is of particular importance. In many countries, the competence for tourism is devolved to regions or states, while activities such as quality inspection and control, and the enforcement of regulations, are often undertaken

Box 1.2. **Strengthening regional and local tourism structures:
Country approaches**

In addition to coordinating a whole-of-government federal approach, the Government of **Canada** also works actively with provincial and territorial colleagues. In 2016, the Canadian Council of Tourism Ministers announced the Nunavut Declaration, which commits to federal-provincial-territorial collaboration, and aims to:

- Strengthen competitiveness by: collaborating on marketing; broadening understanding of the sharing economy; facilitating communication on importance of air competitiveness and access; and identifying potential solutions for labour and workforce challenges.

- Grow Canada's tourism offerings by: exploring opportunities to collaborate on Indigenous tourism, festivals and events, and sustainability; and economic development from federal, provincial and territorial parks visitation.

- Support a tourism statistical system in Canada that meets the information needs of decision-makers.

In **France**, responsibility for promoting tourism is devolved to several layers of regional and local government. A regional scheme for the development of leisure and tourism [*Schéma Régional de Développement du Tourisme et des Loisirs* (SRDTL)] sets out medium-term objectives for regional tourism development and determines the terms and conditions governing policy implementation. Each region has a Regional Tourism Committee (CRT). Regions are responsible for their own tourism data, and coordinate public and private initiatives related to tourism development, promotion and information. *Départments* draw up tourism planning schemes where necessary, taking account of the priorities set out in the SRDTL. Each is required to set up a Departmental Tourism Committee (CDT). Municipalities, and any inter-municipal authorities to which this responsibility has been transferred, may set up tourist offices which are responsible for receiving and informing tourists and promoting tourism within the municipality or inter-municipal authority. They also have the option to engage with other activity, such as marketing tourist services.

In 2017, **Switzerland's** Federal Council adopted a new tourism strategy developed by the State Secretariat for Economic Affairs (SECO) on behalf of the Federal Department of Economic Affairs, Education and Research (EAER). Coordination and co-operation is one of eight key areas of activity in the new strategy. The strategy strengthens the coordination of the Confederation's tourism policy, with the primary focus being to develop the *Tourismus Forum Schweiz* (Tourism Forum Switzerland – TFS) into a platform for dialogue and coordination. The aim is to create temporary, broadly diversified work groups comprised of representatives of the tourism industry, cantons, municipalities and Federal Administration. The topic- and project-specific co-operation within these work groups aims to identify targeted challenges and develop optional actions and approaches to solutions.

by regional or local offices of the tourism ministry or NTO. However, some of these functions, together with a range of development, management and marketing activity may be carried out by local bodies in liaison and agreement with the NTO and other national agencies. In Morocco the Ministry of Tourism's work is relayed through seven regional and 18 provincial bodies. In Colombia, the national ministry coordinates tourism planning with the regional and local authorities through Competitiveness Agreements, which identify the priorities for joint work over a three-year period. While in France, "destination contracts", are designed to

> ### Box 1.3. **Law on Destination Management Organisations in Romania**
>
> Romania has recognised that an integrated and cohesive tourism sector can only be developed and managed through a destination management organisation with the optimum involvement of all operating structures. It has therefore established a law for the development and implementation of Destination Management Organisations (DMOs) which will create a partnership between the public and private sectors and NGOs and raise awareness of their roles in promoting the tourism destination as a whole by all stakeholders. The law determines that there will be a three-tier structure for DMOs, and that the private sector should constitute at least 50% of membership for all DMOs:
>
> - **A central or national DMO.** This will be the primary institution responsible for the operation and management of the tourism sector as a whole and for inter-sectoral coordination. Its interests will include: policies and strategies, administration, governance, management, legislation, regulations, human resource development, marketing and promotion, sustainable development and quality control. It will bring together relevant ministries (including the Ministry of Tourism, Transport, Culture, Education and Research, Water and Forests, Regional Development, Public Administration and European Funds, Environment) and other major stakeholders (Professional associations, NGOs, managers of protected areas, tourism education and training institutions, employers' associations, regional DMOs and other relevant entities). It will be a high-level body with a board of directors.
>
> - **Regional DMOs.** These will have a strong relationship with the national DMO and will manage specific regions. They may involve a cluster of several local DMOs. Membership will include local authorities, the private sector, professional organisations, universities and others. Managed by a board of directors, they will have full autonomy for product and destination development, marketing, human resources, organisation of events, regional/local laws and regulation of the sector.
>
> - **Local DMOs.** These will be in charge of a single destination – a town, village or a thematic destination. Local authorities will be the prime drivers but in partnership with the private sector. Managed by a local executive committee, they will operate under the overall guidance and support of the regional DMO and coordinate with other local DMOs in the region.

rally public and private stakeholders in a given region around inspiring themes, with the aim of creating and promoting an attractive, intelligible offer for national and international audiences. In many countries, advice, support and often funding is provided to regional and local tourism organisations to fulfil their functions. In Belgium-Wallonia a new Tourism Code is facilitating a restructure and clarification of stakeholder roles and a reduction in the number of *Maisons du Tourisme*.

It is also important to ensure effective bottom-up integration occurs, with local and regional bodies having a say in the development of national policies and programmes. Most countries include regional representatives within their national tourism coordination structures. Coordination and support can also be provided by non-tourism bodies – in Sweden, for example, the Association of Local Authorities and Regions (SALAR) has become increasingly engaged with tourism and supports the work of its members through platforms, networking and conferences.

Tourism budgets and funding

The quality of destinations and the performance of tourism is affected by many kinds of public spending, on infrastructure, heritage conservation, essential services, security, enterprise support, education and training, as well as on destination marketing and promotion. Therefore, the sector is sensitive to the overall state of the economy, the generation of revenue to the exchequer and the availability of resources. In many countries public finances have remained tight.

Looking at budgets specifically allocated to tourism, the picture is mixed. In a few countries there has been a decrease in the annual budget for tourism between 2015 and 2016/17 (e.g. Belgium Flanders, Croatia, Czech Republic, Greece) while in others there has been an increase (e.g. Canada, Chile, Finland, Germany, Hungary, Luxembourg, Malta, Spain, Switzerland). There are competing forces at play here, with restricted government resources and austerity policies on the one hand and a growing recognition of the economic importance of tourism on the other. An extreme example is the case of Hungary, where the budget for tourism quadrupled in 2017 after being identified as an area of strategic priority by the Hungarian government.

In general, the largest share of the tourism budget tends to be allocated to marketing and promotion, including the operation of the NTOs, and which is often used as leverage to stimulate increased marketing activity by the private sector. In some countries significant sums are allocated to projects and programmes to improve infrastructure and enhance the tourism product, often in regions in need or with potential. An example is the Tourism Infrastructure Fund in New Zealand (Box 1.4).

In most countries the majority of funding for tourism comes from central government budgets. European Union Structural Funds also provide a significant source in countries where they are available. Other sources include taxes and charges on accommodation stays, air travel, arrivals and departures and the use of certain resources. Businesses may also pay contributions for services provided. In Colombia, for example, other sources of funding include, obligatory contributions from tourism service providers for the promotion of national tourism destinations, income from the use of government owned tourism-related brands, and penalties imposed on tourism service providers for legal infractions.

In a few countries, taxes and charges constitute the primary source – in Portugal over half the tourism budget comes from taxes on gambling, while in Costa Rica over half the budget comes from a flat rate entry charge with much of the rest coming from taxes on tickets for travel originating or purchased in the country. Policy tends to vary as to whether funding secured from specific sources is dedicated to pre-determined beneficiaries and causes.

National tourism policies, strategies and plans

The level of attention and support that a country gives to tourism is influenced by how it is perceived in the context of overarching national policies, especially for the wider economy and development. In Mexico, for example, the National Development Plan 2013-2018 recognises the importance of tourism in creating jobs and supporting the conservation of heritage. In Japan, the Japan Revitalization Strategy 2016 identifies tourism as one of ten key pillars; in Slovakia it is identified in the government manifesto; and in Switzerland it plays a key role in the New Regional Policy.

> **Box 1.4. Supporting the development of tourism infrastructure in New Zealand**
>
> Record tourism growth in New Zealand has led to increased yields across the sector. However, it has also placed pressure on the capacity of local public infrastructure and services in some areas, and particularly in those communities receiving high visitor numbers relative to the local population. Furthermore, the fact that economic benefits can accrue to areas other than those where costs fall, has left some communities unable to respond to these pressures in a timely manner, and consequently to concerns about visitor numbers. Other regions claim that their inadequate existing infrastructure is a constraint on their ability to realise their tourism growth potential. These factors have combined to drive an expectation for central government intervention.
>
> To respond to these challenges, the government established the Regional Mid-sized Tourism Facilities Grant Fund (MFF) in 2016. The MFF comprised NZD 12 million appropriated over four years. Across the funding two rounds, NZD 8.28 million in co-funding was provided for 42 tourism-related infrastructure projects including carparks, toilets, sewerage and water works. The projects have also enhanced amenity for local residents.
>
> The MFF was closed in 2017 with the remaining funds transferred into the new and larger Tourism Infrastructure Fund (TIF) announced in the 2017 budget. The TIF provides up to NZD 25 million per year over four years as co-funding for the development of tourism-related infrastructure, particularly in areas where the local population is too small to completely fund the work themselves. It aims to protect and enhance New Zealand's reputation both domestically and internationally by funding infrastructure which contributes to quality experiences for visitors. A panel of independent advisors and sector representatives will assess and recommend eligible projects to the Minister of Tourism, who will give final approval to the projects to receive funding.

A large majority of countries have published dedicated medium or long term tourism policies and/or strategies. Most are for periods of five years, but some countries have policy frameworks for ten years or more, on which shorter strategies and plans are based (e.g. Ireland). It is common for policy and strategy documents to set out a combination of principles, policies and objectives, which then form the basis for identified actions. The preparation and launch of new policies and strategies can serve to galvanise the sector and stimulate a range of new commitments and agreements, as with Canada's New Tourism Vision, and Italy's new Strategic Plan for Tourism (Box 1.5).

There are many similarities between countries in the direction of tourism policies and areas of priority and focus. Key recurring themes include:

● Increasing competitiveness while also pursuing the sustainability of the sector,

● Improving the quality of infrastructure, facilities and services,

● Strengthening the country's international position and distinctiveness as a tourism destination,

● Improving the conditions for investment and growth and supporting innovation,

● Addressing seasonality of demand – increasing tourism in the off-season,

● Spreading tourism geographically – encouraging development and spending in areas of high potential,

> **Box 1.5. A new Strategic Plan for Tourism in Italy**
>
> The Italian National Strategic Plan for Tourism (*Piano Strategico del Turismo-PST*) for 2017-2022 has been developed by the Ministry of Cultural Heritage, Activities and Tourism. It brings together all tourism operators in Italy with a consistent and coordinated approach, improving policies in terms of both demand and supply, and putting tourism programming at the centre of national policies. The PST takes on a new and innovative approach based on an open and participative method to share strategies, targets and areas of intervention, with the aim to become a stable system of governance for the sector. It aims to deliver two primary objectives, namely, enhancing Italy as a country of art and culture, and ensuring effective governance of tourism development.
>
> Three strategic principles underpin the Plan's targets and measures:
>
> - Sustainability is a key element of competitiveness in tourism, which must therefore help to preserve natural resources and landscapes, and attract investment for their protection. A sustainable vision for tourism is geared towards sharing opportunities throughout the country and throughout the year, bringing employment to new as well as established destinations.
>
> - Innovation covers tourist destinations, business models, professional profiles, marketing, communication, pricing, and the quality of services and products. Digitalisation is at the frontier of innovation, cutting across the distribution of information, decision-making by travellers, and the development of communication tools.
>
> - Accessibility includes the provision of access to places (including less-visited areas), using sustainable mobility systems, giving all people the chance to benefit from tourism (regardless of their age or health conditions), and giving tourists the opportunity to fully appreciate the beauty and uniqueness of the heritage they are visiting (*www.pst. beniculturali.it/*).

- Addressing labour supply shortages and increasing levels of skills and training,
- Attracting new source markets and meeting their needs,
- Improving transport and connectivity,
- Improving knowledge and data on tourism.

A number of trends in policy are discernible in the last two years, with new or enhanced emphasis being placed on the following areas:

- A further shift away from the dominance of increasing tourism volume towards enhancing levels of spending and value retained from tourism as well as achieving other social benefits. In Korea, for example, the new administration introduced a policy direction emphasising "tourism welfare" and promoting tourism as mechanism to enhance quality of life as well as the national economy. Global concepts of inclusive growth are being increasing reflected in policies, in relation to engagement of communities, provision of quality jobs and providing access for all.

- Concern about the pressures resulting from rapid and often unplanned tourism growth in certain locations, with a threat of "over-tourism" and the need to focus on management solutions and address issues of carrying capacity. In Iceland some measures are being taken or considered to manage growth and improve visitor handling (Box 1.6).

- The imperative of embracing digitalisation in many areas of tourism development, management and marketing.

● Greater awareness of safety and security issues affecting visitor decisions and wellbeing, and the need to ensure that they are addressed in travel to and within destinations.

Box 1.6. **Tourism management in Iceland**

Tourism management issues are becoming more prominent in Iceland's tourism policy as the rapid increase in tourist arrivals continues. In addition to measures intended to maintain Iceland's competitiveness as a destination and improve the sector's productivity and profitability, the Government has recognised that management measures are needed in order for tourism to continue to thrive in harmony with the community, environment and other sectors of the economy. Measures need to be applied at many levels to moderate the growth tourist arrivals, increase regional dispersion, reduce seasonality, and better manage visitor flows at popular tourist sites. The following actions defined in Iceland's official Road Map for Tourism 2015-2020 have been implemented to improve the management and distribution of tourists around Iceland:

● A Route Development Fund has been established to encourage direct international flights to other airports in the country,

● Destination Management Plans are being prepared that take into account the distribution and management of tourist flows in each of the seven regions,

● Reforms to the Tourist Site Protection Fund together with a new 12-year National Infrastructure Plan for the Protection of Nature and Sites of Cultural and Historical Value, to improve infrastructure and encourage new developments in less visited areas,

● New legislation that allows local authorities to apply parking fees in rural areas in order to better control tourist numbers at popular sites and for maintenance,

● Revision and coordination of official tourist information provision to improve quality of service and the safety of visitors.

Other initiatives have been implemented to help manage the impact of tourism on the local community and environment. These include new legislation on home sharing, which aims to help level the playing field in the short-term rentals market, and raising the accommodation tax, which will provide additional funds for infrastructure at tourist sites around the country. In addition, Funding for various research projects e.g. on tourism carrying capacity, the formulation of sustainability indicators and a market segmentation exercise that aims to help increase rates of return in the sector.

Regional and local destination plans

A significant dimension of many national tourism policies is the increasing emphasis on regional and local destinations as the location for planned and integrated action. A number of countries have been implementing programmes based on selected local destinations, identified on account of their tourism potential or economic need. This is seen as an effective way of focusing resources and harnessing stakeholder engagement. Some examples are listed in Box 1.7.

Destinations, in turn, require their own policies and plans in order to achieve successful, well supported and integrated tourism development. Frameworks and guidelines for this can be provided from central government. An example is the programme of Destination Management Plans in Iceland, referred to in Box 1.6, which are joint policy statements

> **Box 1.7. Destination frameworks providing a focus for tourism policy and action**
>
> In **Chile**, work is underway to improve the management and sustainability of 10 selected destinations to improve industry competitiveness and increase opportunities for participants in the tourism value chain.
>
> In **Hungary**, four priority tourism areas have been nominated. In each, the steps are to: define the area; prepare a destination management plan and programme; and establish a new destination brand.
>
> In **Mexico** a new programme, Zones for Sustainable Tourism Development, has been launched, based on destination plans implemented with local governments in selected destinations.
>
> In **Slovenia**, the country has been divided into four macro-destinations for the development of tourism, each with a distinctive theme and identified potential.
>
> In **Sweden,** five destinations participated in the Sustainable Destination Development Initiative, undertaking actions to establish new products and to improve quality, sustainability, skills and knowledge sharing.

intended to steer growth and development, define stakeholders' roles and specify actions and resources.

Destinations have also been the recipients of various forms of support and assistance in the delivery of their plans and in the execution of development projects and other initiatives. The Tourism Infrastructure Fund in New Zealand provides one example (Box 1.4), another is the *Valorizar* programme in Portugal (Box 1.8). In the United Kingdom, the Discover England Fund provides project funding of GBP 40 million between 2016/17 and 2019/20 to stimulate international visits to destinations across England.

> **Box 1.8. *Valorizar* – Enhancing destination value in Portugal**
>
> The *Valorizar* Program aims to support investment and enhance the quality and value of Portugal as a tourist destination. The programme was created specifically to address the challenges associated with reducing seasonality and achieving a more balanced distribution of demand throughout the country. With an annual budget of EUR 30 million, *Valorizar* provides financial support for the regeneration and rehabilitation of public spaces for tourism purposes, the development of new tourism products, and leverage value from Portugal's unique cultural and natural heritage.
>
> *Valorizar* comprises three funding programmes:
>
> ● Enhancing tourism value in the interior – supporting development of tourism offer in the inland regions of Portugal and increasing their attractiveness,
>
> ● Accessible tourism – promoting adaptation of the tourism offer enabling Portugal to become a tourist destination increasingly accessible to all,
>
> ● Wifi projects in historical centres – enhancing the visitor experience in destinations and promoting innovation.
>
> By June 2017, *Valorizar* had supported over 100 projects, representing investment in excess of EUR 64 million.

Development and marketing of distinctive products and destinations

Successful tourism depends on the provision of tourism products and destinations that provide attractive, stimulating and satisfying experiences in line with market trends and visitor expectations. It also relies on their effective and efficient promotion. These requirements are well understood. Countries engage in many actions to identify the needs of established and new source markets, identify and develop tourist offers based on distinctive themes and experiences, and run effective and creative marketing campaigns.

This activity also needs to deliver on identified strategic objectives and priorities. Particular emphasis has been placed by many countries on the need to enhance competitiveness through the distinctiveness of the offer, to spread interest and spending to less known areas, and, most especially, to address seasonality and gain more business at different times of the year. The strategic attention given to digitalisation also plays a strong part in the tactical actions pursued.

Strategic and thematic approaches to products and destinations

Many countries point to their cultural and natural heritage as lying at the heart of their visitor appeal. Policy demands that these precious assets are conserved in their own right as well as in the interests of tourism. Various actions are also being taken to gain further market advantage from them, especially to more evenly spread visitor spending geographically and throughout the year.

A recurring theme is the development of more opportunities focusing on nature based tourism, wilderness areas and outdoor activities. A number of countries, including Canada and Chile, have active programmes to strengthen their destination image through links to their national parks. Walking and cycling are seen as providing important market opportunities in many countries with very different terrain and landscapes. Projects include the further extension of *Nga Haerenga*, the New Zealand Cycle Trail, and additions to that country's set of Great Walks, promotion of the award-winning walks network in Luxemburg, the development of cycle trails in Israel, and the continued development of the European cycle route network – *Euorvelo*. Nature-based tourism has proved to be successful as a sustainable development tool in rural parts of Romania and other countries in Central and Eastern Europe and it is strongly supported in their policies.

More widely, rural and community-based tourism has been encouraged in various destinations, partly to create distinctive alternative visitor experiences but also to support local livelihoods. In Germany, an ongoing project entitled "The destination as a stage: How can cultural tourism make rural areas successful?" has received considerable interest and has been extended to six regions, which are coached to function as role models for others. By bringing people involved in culture and arts together with destination management professionals the project aims to develop unique and lasting cultural brands, create resilient networks of relevant stakeholders, and identify sustainable financing schemes. In Peru, an initiative has focussed on strengthening the use of local produce and handicrafts in the tourism supply chain (Box 1.9), and in South Africa the Department of Tourism is developing a framework for "precinct development" with an emphasis on townships and rural tourism.

A number of countries have sought to further diversify their tourism offer by focusing on additional and alternative markets that enable them to strengthen occupancy in the low season and attract higher spending visitors. Health and wellness tourism is being pursued or expanded for these reasons in various countries, including Mexico, Latvia, Lithuania and

> **Box 1.9. Strengthening local tourism supply chains in Peru**
>
> The inclusive development initiative *Al Turista, Lo Nuestro* promotes the direct incorporation of local products (agricultural, livestock, fishery, handicrafts, etc.) in the provision of tourism services. It aims to promote tourist supplies that incorporate quality regional services and products purchased directly from local entrepreneurs into the tourism value chain.
>
> The Ministry of Foreign Trade and Tourism has undertaken studies and initiatives on the market demand, the offer and business proposition, and relevant aspects of heritage, complemented with a diagnosis of the gastronomic offer of possible communities to benefit, in order to start a process of capacity building, promotion and marketing.
>
> The initiative has benefited producers in four Peruvian regions (Cusco, Arequipa, Puno, and Ica) with the participation of rural associations, producers and tourist service providers. In 2018, the initiative will be implemented in four new regions of the northern Peru (Tumbes, Piura, Lambayeque and La Libertad) contributing to the economic recovery of the citizens affected by the *El Niño* coastal phenomenon.

Turkey, where the Ministry of Culture and Tourism has selected three Thermal Tourism Development Regions to implement pilot projects.

The development of alternative and distinctive products can influence investment in individual businesses and thematic groupings in all parts of a country. Distinctive products and thematic visitor experiences may also be created from particular types of landscape and associated cultural heritage. An example is the new creation of a desert tourism product in and around the Negev in southern Israel (Box 1.10).

> **Box 1.10. Developing the desert product in Israel**
>
> The Israeli desert has a vast historic significance and provides many opportunities to promote tourism and the well-being of all desert residents, but the "Desert Tourism" product is at an early stage of commercial development in Israel. Most incoming tourists to Israel tend to follow a classic route through Jerusalem, Tel Aviv and the north, with an itinerary that rarely includes the areas of Negev (desert), Eilat and the Arabah (known in Hebrew as Arava, to the south of the Dead Sea basin). While local initiatives have increased the scope of tourist services in these areas in terms of accommodation, catering, art and training, many of these products are not yet available to incoming tourists, due to poor access, a lack of information available in foreign languages and an absence of essential tourism services such as outdoor water sources and shaded rest areas. The Israel Ministry of Tourism is working to create a desert product based on the new Ilan Ramon airport, which will brand and market the desert area, including new routes in a rich variety of locations throughout the desert, developing new tourism sites and upgrading existing ones.
>
> The goal of this project is to increase the number of tourists from abroad who land in Eilat and position it as a tourism hub in the region, increase their stay in the southern regions, and contribute to reducing seasonality.

For similar reasons, events are highly valued attractions. As key drivers of demand, they act as catalysts, animators and image-makers for both business and leisure travel. The close links between major events and tourism are clearly recognised by many cities, regions and

countries that have identified event tourism as a specific priority within long-term tourism strategies (e.g. Australia, Canada, the Czech Republic, Denmark, Estonia, France, Ireland, Japan, Korea, Latvia, New Zealand, Portugal, Slovenia, Spain, Switzerland, Turkey and the United Kingdom), with many devoting considerable resources to develop, attract and support major events in order to enhance destination attractiveness and competitiveness, and spread the benefits of tourism to regional areas (OECD, 2017a). Business and conference tourism has been identified as a policy priority in certain countries, addressing both supply and demand as in the example from Luxembourg (Box 1.11).

Box 1.11. **A comprehensive approach to the MICE market in Luxembourg**

The government of Luxembourg has highlighted the importance of conference and business tourism for the Grand Duchy and the need to improve coordination in this segment and raise external visibility. With this in mind, in 2015 the MICE Luxembourg cluster was established by the Ministry for the Economy.

Based on a SWOT analysis of the sector, a common MICE strategy has been developed, setting out the main approach to development, defining markets and targeting clientele, and describing the promotional tools to be used. Alongside the cluster's technical committees, the government is working with the sector to implement a number of development projects, including a timetable for MICE events, business quality guidelines, and a Green Meetings project designed to promote and showcase ecologically responsible events.

The flagship promotional project is the prestigious biennial "Meet Luxembourg" event, introduced in 2016 to invite potential MICE clients from target markets, present the advantages of Luxembourg as a destination, and bring together supply and demand.

The ultimate goal is to create a national conference bureau for the MICE sector. In addition to serving as a single point of contact, the bureau will play a key role in Luxembourg's economic promotion linked to priority sectors of the economy which have been identified as particularly fruitful sectors for conferences and events.

Effective marketing and promotion

Tourism marketing is a primary function of National Tourism Organisations. Marketing activity tends to be informed by general tourism policies and strategies although sometimes separate Marketing Strategies are prepared. Recent trends in the approach to marketing that are generally apparent but specifically illustrated in different countries include:

● Awareness of the rapid growth and future potential of a number of emerging markets, especially China, but also some other countries primarily in Asia. Almost all countries, in all continents, have identified opportunities in these markets and have built them into their strategies.

● Recognition of the need to maintain diverse source markets in order to avoid over-dependency and risk from unexpected downturns in certain markets. This is particularly referred to in the marketing policies in Turkey and the Philippines but is widely applicable.

● A growing interest in seeking to identify and attract high-end, independent markets. Spain, for example, is focusing on the "cosmopolitan" segment, who might be described as having an interest in culture, art, unique experiences, gastronomy and shopping. Korea is targeting new independent Chinese travellers, with simplified visa processes.

● An increasing focus on digital strategies, with digital platforms opening new partnership opportunities and routes to market with reduced costs compared to traditional marketing approaches.

While there is downward pressure on public sector funding for marketing, budgets have been broadly maintained, partly reflecting the extremely competitive nature of the global tourism market. Nevertheless, the need to further develop opportunities to leverage and stimulate private sector funding for destination promotion is widely recognised and pursued. Challenges for countries include how to identify commercial partnership opportunities, effectively demonstrate the reach, impact and effectiveness of value-in-kind contributions, and increase recognition of in-kind benefits as a relevant form of return-on-investment (OECD, 2017b). Some countries have shown flexibility in boosting resources for marketing in response to rapid changes in circumstance – for example an emergency fund for the promotion of tourism was established in France in the face of a market downturn following the terrorist attacks in 2016.

Box 1.12. Developing and promoting regional brand experiences in Ireland

In an innovative response to declining visitor numbers and market share in the West of Ireland, where tourism is a vital contributor to local economies, Fáilte Ireland has developed distinctive regional branding experiences. The Wild Atlantic Way was developed in 2014 as a new experience and presents the West Coast of Ireland as a compelling international tourism product of scale and singularity. Within this over-arching brand, individual destinations and businesses can trade collectively in the international marketplace with much greater visibility and clear messaging. In the early stages of development, international visitors had low awareness of the Wild Atlantic Way prior to arrival, despite indicating very positive experiences on the ground, however, following international marketing efforts, awareness increased significantly. In 2015, Fáilte Ireland set out a strategy, implementation framework and programme for sustainable implementation of the Wild Atlantic Way over the period 2015-2019.

Building on the success of the Wild Atlantic Way, Fáilte Ireland developed further experience brands in 2015. Ireland's Ancient East was developed building on international consumer research and preliminary brand development work undertaken by Fáilte Ireland, in collaboration with trade partners. This resulted in a distinctive "story-based" approach, ensuring that the experience of Ireland's culture, history and heritage is brought to life by the stories found at its tourism offerings. Also in 2015, Fáilte Ireland launched a new brand for Dublin – A Breath of Fresh Air, together with a destination marketing campaign focused on Great Britain, Germany and France.

These regional branding experiences have proved very successful and contributed to increased visitor numbers to the regions covered. They continue to gain traction internationally and are central to Ireland's overseas marketing effort.

A particular area of creativity in tourism marketing has been in the identification and promotion of new destination brands. In Russia, re-branding has involved engagement of local residents in order to raise awareness and support for the brand. Sub-national branding, partly linked to newly identified or prioritised areas of tourism development and involving new product concepts and offers to support the brand, has been a strong feature in some countries. Examples include the Netherlands, where they have recognised that as

a country the tourist offer is made up of a number of small key cities, and have adopted a "HollandCity" branding & marketing strategy, and Poland, with the House of Polish Tourism Territorial Brands, and the success of culture and corridor-based experience brands in Ireland (Box 1.12).

Creative marketing initiatives and campaigns have been adopted in some countries that have picked up on strategic policy priorities including the need to promote visits out of season, as in the Croatia 365 campaign, and developing cross-border partnerships such as Visit Arctic Europe, and utilising social media to tap into the high-growth markets. Promotional activity continues to involve traditional tactical approaches such as working with travel agents and tour operators, engagement with travel media and journalists and attendance at travel shows. However, on-line marketing and sophisticated use of social media are now at the forefront of most tourism marketing campaigns. For example, Destination Canada's Millennial Travel campaign aimed to leverage social media channels (e.g. Instagram, Facebook, Pinterest, Twitter and YouTube) to build awareness and interest in visiting Canada, by being present where travellers are speaking with other travellers and supporting the conversation through content distribution.

Indeed, many NTOs are placing digital at the core of their methodology. For example, VisitDenmark, Destination Canada, and NBTC Holland Marketing, are seeking to build new partnerships with online tour operators (OTAs) and other digital platforms such as Airbnb, while Visit Portugal has adopted a 100% digital approach across all marketing activities (OECD, 2017b).

A focus on digitalisation

The digital revolution has had a profound and ongoing impact on tourism. It presents both opportunities and challenges for destinations and individual tourism businesses, who need to fully embrace new technology if they are to remain competitive. This is well recognised in tourism policies and strategies. While all countries are taking relevant action, some have commissioned studies or prepared specific plans and programmes on digitalisation in the tourism sector, including Austria (Box 1.13), Bulgaria, Croatia, Denmark, Italy, Korea, Mexico, Russia, Spain, Switzerland and Turkey.

Box 1.13. A Digitalisation Strategy for Austrian Tourism

Digitalisation is transforming the tourism sector at a rapid pace, with strong implications on both, demand and supply. In view of an active role in this process, the Ministry of Science, Research and Economy together with the Austrian NTO and the Federal Economic Chamber launched a digitalisation strategy for Austrian tourism in September 2017. The strategy has been developed in an open innovation process with the involvement of many stakeholders (national and regional, industry experts from tourism, technology and the creative economy, universities and research, etc.) and pursues three strategic objectives i) to shape digital change ii) to strengthen the innovation capacity of enterprises and iii) to create skills and processes for digital transformation. The strategy defined 22 measures to meet these objectives including nationwide coverage of broadband technology, good information and co-operation structures for data management, support for digital innovation in SMEs, as well as for the development of digital skills for the sector.

Source: Ministry of Science, Research and Economy.

There are two main areas in which digitalisation is having a profound impact on actions to develop, manage and market tourism. The first is in the process of communicating with tourists. There are various dimensions of this that countries are having to address, including: all forms of web-based presentation of marketing messages and information; effective use of social media in influencing choice and sharing experiences through personal exchange but also via commercial channels; the growing importance of customer generated rating of tourist facilities; the increasing dominance of Online Travel Agents in handling travel purchases, with significant impact on business performance; and the rapidly growing use of mobile technology in delivering instant information to visitors during their stay. A further aspect of digitalisation is the opportunity it presents for new and highly creative ways of enhancing the visitor experience, including the growing use of virtual reality (Box 2.3), not only in the interpretation of attractions but also to add new dimensions to branding and marketing, such as in the Spirit of Scotland campaign in the United Kingdom.

The second major impact of digitalisation is in opportunities it presents for handling transactions and in the capturing and processing of information and data on tourism supply and demand. This can include use of new data sources and larger volumes of more complex data. Work in this area in the tourism sector is still in its infancy. A number of countries are embarking on new projects for the systematic handling of digital information, such as the Integrated Tourist Information System in Bulgaria and the Data Tourism project in France. An example of an integrated approach is the eVisitor platform in Croatia (Box 1.14).

Box 1.14. **A national online information and management platform for Croatia**

In 2016, the Croatian National Tourist Board (CNTB) established eVisitor as a central platform for tourism data management. A comprehensive database of over 160 000 accommodation providers enables online check-in and check-out by all businesses as well as tourist offices (national/regional/local) across Croatia. Today, eVisitor is used not only by the CNTB and industry players but also by the Ministry of Administration, the Ministry of the Interior, Customs Administration and Inspection Services, the Central Bureau of Statistics, and other stakeholders involved in shaping, improving, and monitoring the tourism sector.

All accommodation service providers register guests directly via the web interface, irrespective of the device, browser or operating system. eVisitor automatically compiles the guest booking and calculates the accommodation fees, reducing the need for additional administrative effort or the review of documents in paper form. All data is available with no extra cost in real time with the appropriate authorisation. Participants have access to complex reports, which can contain one or more criteria including length of stay, location, gender, age, country of residence, type of facility, destination etc. This creates a synergistic effect for all Croatian tourism stakeholders and contributes to ensuring their competitiveness.

The system supports the sharing of information for the purpose of monitoring, reporting, statistical and marketing evaluation, and planning. As well as processing, analysing and reporting real time data, the system controls the collection of tourist taxes. The service has been carefully designed to benefit both local and county tourist boards as well as accommodation providers.

In their digital strategies for tourism, countries will need to find ways to fill the various gaps that are likely still to exist in their systems. These include any infrastructural and connectivity deficiencies, for example the provision of fast broadband network, easy access to wifi while travelling, and the removal of barriers caused by high roaming charges. A number of projects have focused on the need to enhance digital skills and access to technology by small tourism businesses. Capacity building amongst stakeholders is a key part of the programme to expand digitalisation of tourism in Austria, for example.

The all-encompassing nature of digitalisation has led to this issue generally becoming more central to the way that destinations are perceived, planned, managed and identified. The concept of a "Smart Destination" has be gaining traction, defined as an innovative tourist destination using state-of-the-art technology for its sustainable development. The world's first International Congress on Smart Destinations was held in Spain in 2017, where the concept is being pursued through a Smart Destinations Project (Box 2.4).

Supporting a competitive, sustainable, and inclusive tourism industry

Countries in all parts of the world face common challenges in overcoming barriers to the competitiveness of the tourism sector and in strengthening its resilience and sustainability. Essentially this is all about improving openness and the flow of visitors, knowledge and resources. Key priorities, reflected in policies and actions on the ground, lie in the fields of improving transport, strengthening accessibility in all its forms, improving quality, stimulating investment and business performance, and expanding skills, careers and employment opportunities in tourism.

At the same time, it is widely recognised that tourism, when built upon broad stakeholder engagement and sustainable development principles, can contribute to more inclusive growth through the provision of employment and economic development opportunities in both urban and rural areas. It can also raise awareness of cultural and environmental values, and help finance the protection and management of protected areas, and the preservation of biological diversity. In recognition of tourism's potential to advance the universal 2030 Agenda for Sustainable Development, 2017 was declared International Year of Sustainable Tourism for Development.

Improving transport and seamless connectivity, reducing barriers to travel

Efficient transport infrastructure and services are essential to maintaining the flow of visitors that provides the lifeblood of the tourism sector. To be successful in developing their tourism economy, countries must establish good connections to existing and potential source markets and provide convenient, efficient and enjoyable ways for visitors to move around within the destination. Seamless travel involves the removal of all kinds of unnecessary impediments, be they physical, economic, legal or administrative or resulting from poor perceptions, insufficient information and failure to provide the necessary encouragement, assistance, security and welcome. Key factors to enhance the visitor experience include: good accessibility; efficient visa and customs processing; convenient multimodal transport options to access destinations; efficient connections between interregional and local modes; integrated ticketing; multilingual user information and way-finding; and; ease of access for travellers with limited mobility (OECD, 2016).

Complex visa and entry procedures are well proven inhibitors of travel. Despite heightened security concerns in many parts of the world, countries have continued to

introduce swifter and more user-friendly processes. The United States has further expanded the use of trusted traveller programmes, self-service kiosks, improved signing and queuing systems and other technological advances in arrival processes at ports of entry. In the United Kingdom, driving continuous improvement is one of five top priorities in the Government's Tourism Action Plan. France has set lower minimum times for the delivery of visas to ten new countries in 2018 and for clearance at entry points. Russia has relaxed its visa requirements for selected short tours of up to three days. Improvements in visa processes and other aspects of travel facilitation can be assisted by bilateral agreements, such as those negotiated between China and many countries, including Australia (Box 1.15), New Zealand, the United States and the 28 member countries of the European Union.

Box 1.15. **Streamlining access for high growth markets in Australia**

Australia has progressed reforms to streamline visitor visa processing in key source markets. These include: trialling a 10 year multiple entry visitor visa for eligible Chinese nationals and three year multiple entry visas for nationals from India, Thailand, Viet Nam and Chile; online lodgement for applicants from China and India; and trialling a user-pays fast-track processing option in China, India and the United Arab Emirates.

The Australian Government recognises China as an important driver of tourism growth. The Approved Destination Status (ADS) scheme is a bilateral arrangement between the Chinese Government and a destination country that establishes a regulatory framework for Chinese tourists to undertake group leisure travel to that country. The tourism relationship between Australia and China is supported by a Memorandum of Understanding (MOU) on tourism cooperation in areas such as marketing and supply side issues such as labour and skills development, investment, research and infrastructure. Under the MOU, an annual Australia-China Tourism Dialogue is held to report on the status of activities and determine future areas of cooperation in the tourism sector. 2017 was designated as the China-Australia Year of Tourism.

Liberalisation of air transport continues to be actively pursued in various destinations. A number of countries have active programmes to secure new routes, such as Australia, Brazil, Greece, Iceland, and Israel. The importance of working with local airport authorities on route development and the tangible growth that can be achieved as a result is demonstrated in Malta (Box 1.16).

The focus on tourism transport is by no means limited to air connectivity. Some countries have been pursuing initiatives to improve a range of different infrastructure and services. Improving multi-modal air, land and sea based transport networks is a key priority in the Philippines. In the United Kingdom, a key government priority for tourism is to make it easier for international visitors to explore beyond London by rail, bus and coach. In New Zealand, the government releases a Government Policy Statement (GPS) on land transport to signal government priorities that influence transport investment decisions across the country. Tourism was emphasised in the draft GPS 2018 to ensure that roads and supporting infrastructure used by visitors were fit for purpose. The draft GPS 2018 is currently being reviewed to ensure it reflects current government priorities.

Provision of infrastructure to help visitors travel and explore is not only motivated by a desire to improve connectivity and growth. A number of countries, including Austria, Italy

> **Box 1.16. Promoting strategic air connectivity to Malta**
>
> Given the small size of its domestic tourism market, Malta's tourism industry almost exclusively depends on foreign inflows for its sustained wellbeing and profitability, which in turn relies on air transport. Travellers from European short-haul markets are increasingly choosing destinations that are accessible with direct flights, ideally more than weekly, from the airport closest to their place of residence. The Malta Tourism Authority has recognised the strong relationship between growth of inbound tourism and the number of routes and seat capacity, and this is now an important pre-requisite for its marketing activity.
>
> In response, Malta has embarked on a strategy to increase the number of direct air services, which have risen from around 45 in 2006 to over 92 in 2016. This significant increase contributed to record growth in tourism volume, overnights and expenditure in almost every year of this period.
>
> The Malta Tourism Authority has developed a strong and synergetic relationship with the island's only international airport, Malta International Airport. These two organisations share market intelligence, devise joint strategies and complement each other's activities to ensure the efficient use of resources and maximise returns.

and Slovenia, have been pursuing mobility projects based on walking, cycling and the use of public transport, partly as attractive tourism products in the their own right but also in line with policies to reduce traffic congestion and the carbon footprint of tourism related travel. In Italy, 2016 was designated as the year of Italian paths (*I Cammini d'Italia*) with the objective of enhancing the value of cultural routes, assisted by improved information and marketing.

Expanding domestic tourism and providing access for all

There is considerable variation between countries in the relative importance of the domestic market to the tourism economy. In many developed countries it can be many times more valuable than the international market in terms of total visitor spend. Various countries are looking to increase domestic tourism, recognising its importance in strengthening business performance and securing profitability. A strong domestic market can reduce the risk of over-dependence on some international markets which can be more volatile. It may also help to address seasonality, although in some countries domestic tourism is in fact more seasonally peaked. There are also sustainability arguments for pursing the domestic market, which may generate lower transport-related carbon emissions per visitor, although this is not often recognised in policy.

Countries that have reported particular themes and initiatives in the domestic market include Chile, Germany, Italy, Korea, France, Mexico, Poland, Slovakia, South Africa, Turkey, the United Kingdom and the United States. Some have engaged in general marketing campaigns, such the "Let's All Travel Through Mexico" promotion which, in addition to encouraging domestic tourism, also aims to promote the diversification of products and reduction of seasonality. The "Poland See More – Weekend at half price" campaign was developed by the Ministry of Sport and Tourism and involves a wide range of attractions, activities and accommodation providers coming up with offers on chosen weekends. In Turkey, the Ministry of Tourism is focusing on growing domestic tourism by giving support to appropriate fairs and events; it also works in co-operation with the Association of Turkish Travel Agencies, through an "early reservation campaign" offering low prices for domestic visitors making reservations four to seven months in advance.

Some initiatives to promote domestic tourism are not only undertaken for economic purposes but are also closely linked to policies that aim to provide all local residents with opportunities to have holidays irrespective of their personal circumstances, as part of a social tourism agenda. This can involve the provision of subsidised offers aimed at particular groups and work to incentivise, improve and promote the provision of highly accessible facilities. Some country examples are provided in Box 1.17.

Box 1.17. **Tourism for all: Country approaches**

In **Belgium-Flanders** the policy to make tourism available to all Flemings has led to work in three areas: making Flanders a leading family-friendly heritage destination; expanding the Holiday Participation Centre as a leading reference point for people with budgetary and care needs; and providing high quality accommodation for a range of disadvantaged groups.

In **Chile**, three programmes have been established to provide opportunities shaped to the needs of different segments. The Third Age Vacation Programme promotes internal off-season tourism to seniors, retirees, pensioners and people with reduced capacity, through a government subsidy that reduces the cost of tour packages. The Study Tour Initiative is aimed at students in educational establishments receiving state subsidies. The Family Tourism initiative provides vacation opportunities for vulnerable families based on all-inclusive packages in certain regions.

In **France**, promoting access to holidays, and especially for families, seniors and people living with a disability, represents both a social objective and a factor in enhancing the competitiveness of destinations. The *Tourisme et Handicap* brand certifies sites (hotels, restaurants or other tourism provider) that develop a tourism offer adapted to people with a disability, including the provision of reliable information. To date, more than 5 500 sites have been labelled. The *Destination pour Tous* brand values the tourist and service offer of an entire territory that guarantees accessibility throughout the entire travel chain, as well as the financial accessibility of the offer.

In **Germany** accessibility for all remains a tourism policy priority, including the provision of comprehensive and reliable information concerning barrier-free offers available for people with disabilities. Such information can also benefit senior people and families with small children. The "Tourism for All" project is funded by BMWi to support the creation of a nation-wide labelling and certification system including a central database. Licence holders, such as state tourism organisations and supra-regional service providers, will be able to link their digital marketing platforms to the database, providing an incentive for the industry to invest in accessible tourism and create a self-financing system based on licence and certification fees.

In **Korea** a vacation support plan seeks to ensure that employees of SMEs take adequate vacation leave. It involves a pre-paid debit card that is 25% funded by government, 25% by the employer and 50% by the employee.

Strengthening business performance, regulation, quality and investment

Policies to improve the competitiveness of tourism need to give significant attention to the performance and quality of tourism businesses and the level of investment in the sector. This is partly about improving the overall business environment, but also includes actions to identify and promote quality and to provide various forms of incentive and support.

A number of countries have been taking action to reduce the regulatory burdens relating to the operation of tourism businesses and making investments, sometimes as part of wider legislative change in the sector. Brazil has been reviewing 118 proposals to modernise its tourism law; Malta has undertaken a major exercise to ensure that its regulatory framework is better equipped to react and adapt to the rapid change in the sector; and Slovakia has undertaken a study of regulatory impacts on tourism businesses, especially SMEs, leading to actions to reduce them. In Greece, a systematic exercise has led to a new framework for tourism legislation (Box 1.18).

Box 1.18. A consolidated framework for tourism legislation in Greece

A comprehensive project, focusing on the "Codification of Tourism Legislation" in Greece was recently completed and set in operation. The project brought together all the legislation and regulations pertaining to tourism from 1914 to the end of 2016, with the purpose of reducing administrative-regulatory barriers, improving the business environment, and thereby promoting transparency and increased investment in the tourism sector.

The regulations of existing tourism legislation were consolidated and systematically classified so that all tourism stakeholders could be aware of the provisions in force. The following framework was used for legislation covering:

● Organisational Structures of Greek Tourism – central and regional tourism entities and services, including public and private bodies and associations,

● Tourism enterprises with infrastructure – all types of accommodation, tourist attractions, leisure complexes etc.,

● Other tourism enterprises and activities – e.g. specific forms of tourism transport and retailing,

● Tourism professions and education – tourism training bodies, vocational schools, tourist guide training schools etc.,

● Contractual relations in tourism – all laws relating to contracts and matters such as hotelier/customer relations, timeshare etc..

The major outcomes of the project are a consolidated legislative framework presented through a free access platform to Greek citizens, businesses and tourism stakeholders, which provides clarity over the required procedures and documents for each administrative action, and dramatically reduces search and retrieval times.

The ongoing rapid development of informal tourism services, especially online accommodation platforms, has led to the establishment of many additional micro businesses in the sector. In many countries this has been welcomed and sometimes it has helped to address an under-supply of accommodation. However, actions are now being taken in various destinations to regulate this form of tourism in order to reduce any unfair competitive advantages, ensure the welfare of tourists and local residents, and address negative impacts on the local housing market. This has included a comprehensive study in Germany, new laws on the registration of furnished rentals in France in areas where housing is scarce, and new regulation of private lodgings in Japan (Box 1.19).

Another area of action and intervention concerning the operation of tourism businesses is the setting of standards and their use to indicate levels of quality and to serve as an incentive for improvement. Quality certification and grading schemes, usually voluntary,

> ### Box 1.19. **Regulating private lodgings in Japan**
>
> The informal renting of accommodation in private houses has been rapidly expanding in Japan, as in many other countries. This is seen as an opportunity for developing the private economy, increasing short-term stays, overcoming problems arising from the limited supply of hotels and meeting the needs of an ongoing growth in demand. However, regulation is required to ensure that this activity meets public health standards and does not create issues with local residents. Previously, lodgings in Japan were required to register as "ryokans" (traditional Japanese inns or guesthouses) under the Hotel Business Law, but many new private lodgings were operating without permission. Therefore, a Private Lodging Business Act was introduced in June 2017.
>
> This new law defines a set of rules for operating a private lodging. It provides for notification and registration systems specifically for operators of private lodging businesses and for agencies that act as intermediaries between the guests and the operators. Governments are currently making preparations for enforcement, including the development of operational rules and ordinance limiting such business at the regional level. Enforcement of the Act will begin in June 2018.

have been significantly impacted by the advent of customer generated reviews and ratings. However, various countries have adapted and further expanded their schemes, sometimes embracing customer evaluation and also linking them to the delivery of advice to SMEs. New quality service schemes have been introduced in the Czech Republic, Slovakia and Luxembourg, and France is taking action to modernise its *Qualité Tourisme* label.

In addition to improving the business environment, there are various examples of where governments have supported more direct intervention to promote investment and the performance of tourism businesses through funding, fiscal measures and other forms of assistance. These include major investment projects as well as support for SMEs. A set of examples that illustrate the range is provided in Box 1.20.

While the programmes and initiatives referred to above relate principally to investment, financial measures have also been taken in some countries to benefit businesses by stimulating tourist spending. In Korea, a Tour Card has been introduced that provides international visitors with discounts on transport, attractions, shopping, dining and entertainment, and a Tax Refund Automated System, and Immediate Tax Refund Policy enables swift tax refunds and the purchase of certain items exclusive of tax. In Latvia, VAT on accommodation has been reduced to below the generally pertaining level to enhance the competitiveness of the sector.

As outlined in Chapter 3, *Towards Investment and Financing for Sustainable Tourism*, in order to fulfil tourism's potential as a driver of the transition to a green economy, and contributor to sustainable and inclusive growth, governments will need to take steps to further promote and mainstream investment and financing for sustainable tourism development. Policy options include, taking steps to: promote access to finance for sustainable tourism investment projects of all sizes; incentivise the transition to low carbon, climate resilient investments and encourage more responsible business practices in tourism; build capacity and better coordinate actions across government; and improve data and analysis on finance and investment in sustainable tourism development.

> **Box 1.20. Supporting tourism businesses and promoting investment: Country approaches**
>
> In **Australia,** a partnership between Tourism Australia and Austrade has led to a programme with various components: a Major Project Facilitation service assists selected projects with navigating approvals processes as well as providing information and pursuing solutions to investment barriers; a Senior Investment Specialist works with states and territories to bring strategically important investment opportunities to fruition and to promote reinvestment; and the Tourism Demand-Driver Infrastructure programme funds projects that support the priorities of state and territory governments.
>
> In **Austria**, the Austrian Bank for Tourism Development provides favourable loans and encourages new business start-ups. A subsidy programme supports innovative flagship tourism projects and a bi-annual Tourism Innovation Prize is awarded. Various other initiatives encourage tourism businesses to invest and the crowdfunding platform "we4tourism" has been established.
>
> In **Italy**, the tax credit system "Art Bonus Decree" has been refinanced with EUR 460 million until 2020 with special regard to the refurbishment and modernisation of tourism establishments.
>
> In **Peru** the *Turismo Emprende* programme provides grants for the improvement and expansion of established businesses and the creation of new enterprises that include aspects of conservation, sustainable use and economic development. In addition, a tool called the "Single Window of Tourism" uses electronic media to streamline the administrative procedures relating to tourism investment.

Addressing labour supply challenges and improving sector skills

Labour shortages and the availability of skills in the tourism sector have been identified as a major challenge that is high on the policy agenda of many countries in all parts of the world (Australia, Austria, Brazil, Canada, Egypt, France, Greece, Latvia, Mexico, Peru, Philippines, Poland, Slovakia, Slovenia, Sweden, Turkey, and the United Kingdom). For some countries, insufficient availability of human resources, notably in the hospitality sector, act as an inhibitor to growth. For others, poor service quality due to unskilled staff is a particular challenge.

This situation has led to the creation of a range of programmes and specific activities to address these problems. Sometimes new structures have been established for this purpose, involving relevant parts of government and industry representatives, such as the Tourism and Hospitality – Labour and Skills Roundtable in Australia and the Labour Skills Committee for the Tourism Sector in Peru.

The following actions are being pursued by different countries, designed variously to influence both employees (existing and potential) and businesses:

- The establishment of new training programmes, which may be subsidised. These may be aimed at different skill levels and types of business, as in Brazil (Box 1.21).
- Undertaking comprehensive reviews of future employment profiles and training needs in the sector (Peru).
- Initiatives to encourage employers to provide training. Examples include the provision of incentives for businesses in Greece to help unqualified employees to gain more skills, and a policy to boost apprenticeships in the United Kingdom.

> **Box 1.21. Improving tourism service quality in Brazil**
>
> In April 2017 the Ministry of Tourism of Brazil launched a package of measures called "Brazil + Tourism" to boost the development of tourism in the country. An important element was a programme to provide practical skills training for young people and adults to improve the quality of service for tourists, involving different forms of delivery at a basic and more advanced level, based on national partnerships with the Ministry of Education and others, including:
>
> - A scheme providing 10 000 opportunities for technical courses in areas such as travel agency, restaurants, events, tour guiding, lodging, leisure, and bar work. The vacancies were distributed regionally based on the demands presented by the States.
> - A programme for frontline tourism professionals, which offers free vocational courses based on distance learning for adults and young people over 15 years.
> - A training platform aimed at small entrepreneurs, such as street and kiosk vendors, which provides them with easy access to courses in hospitality and tourism service. Its content can be accessed by mobile devices – such as smartphones and tablets.
> - A higher-level programme, provided in co-operation with the United Kingdom, offers scholarships for technical and undergraduate students for three months of foreign language training in hospitality techniques, based in international schools of excellence (*www.pqi.turismo.gov.br/*).

- Reviewing and changing the structure of tourism qualifications, certification and the accreditation of courses, to better address the current situation (Egypt, Latvia, Peru, Turkey).
- Raising awareness and promoting interest in tourism as a career. In Austria, an initiative has been launched to increase the attractiveness of jobs in the sector that includes career guidance in schools for teachers, pupils and parents. A student competition on tourism has been organised in secondary schools in Slovakia.
- Increasing the capacity of institutions and businesses to deliver training. In Turkey this has included train-the-trainers programmes and strengthening consultancy support.

One of the reasons for labour shortages in the sector and the difficulty in recruiting staff is to do with negative perceptions of the sector as a long-term career option, driven largely by the quality of jobs on offer, in terms of pay and conditions. This needs to be addressed in some countries. Problems can extend to matters such as affordable housing and travel to work. The latter issue is recognised in Mexico where the physical plan for the redevelopment of the resort destination of Los Cabos includes a "Great Employers" programme that pays attention to workers' housing needs and their quality of life.

Following the sustainable tourism agenda

Many countries in their policies refer to the need to pursue sustainable development and to commit to the social, economic and environmental agenda of sustainable tourism. This requires tourism development and management to take account of current and future impacts on the global and local environment and local communities as well as the long term resilience of the sector.

Sometimes the attention paid to sustainable tourism is influenced by wider national or global policies. In Norway, for example, a new policy on infrastructure has placed a

special emphasis on reducing greenhouse gas emissions from transport, with implications for tourism. Worldwide, the declaration by the UN of 2017 as the Year of Sustainable Tourism for Development has raised the profile of these issues, including the relationship between tourism and the 17 Sustainable Development Goals (SDG), and in particular SDGs 8, 12, and 14 (Box 3.5). Some countries have made formal commitments during the International Year, including Mexico, where tourism authorities, private sector representatives, academia, environmental organisations, and international NGOs have signed a National Commitment on Sustainable Tourism for Development.

A range of different actions are being pursued to put policy on sustainable tourism into practice, including:

● Enhancing knowledge and monitoring of sustainability impacts in the sector. Croatia has launched a new Observatory for this purpose. In Costa Rica a new Social Progress Index is being used to monitor the well-being of local people in tourist destinations (Box 1.22).

● Maintaining environmental or sustainability certification schemes for tourism businesses. Growth in participation in schemes has been reported in some countries, such as the Green Star scheme in Turkey. In Italy an integrated approach has been adopted with a new hotel classification scheme that includes a special focus on sustainability and accessibility.

● A growing movement to certify and recognise local destinations for their sustainable practices. Examples include initiatives in Spain (Box 2.4), Sweden, Colombia and Germany).

● Supporting the take-up of environmentally friendly technology and operations in tourism, as in the Philippines and Germany.

● Utilising investment and finance instruments to support capacity building, and to promote the uptake of green energy and reduce greenhouse emissions. In Mexico, there is an initiative targeting the hotel sector (Box 3.6); while in Chile, the *Foco Destino* programme builds capacity at the local level to boost sustainable tourism development (Box 3.9); and the German Hotel and Restaurant Association energy and climate mitigation campaign has been recognised as a good example of an industry-based approach to promote energy efficiency awareness and sensitivity (Box 3.10).

The above measures may be supported by promotional activity and used to underpin a destination's brand. In Slovenia, programmes of sustainability certification are being pursued for businesses and destinations, initiatives are promoting green investment in businesses and infrastructure, and the country is being positioned as "green, active and healthy".

Ensuring security and contributing to peace

In the last two years the close relationship between tourism, peace and security has become more visible in global and national tourism policies. This was identified as one of five key themes for the International Year of Sustainable Tourism for Development, 2017.

A number of countries have taken steps to strengthen security in transport operations, border controls and main visitor sites and destinations. For example, the United States took action to strengthen security measures applied to all commercial inbound flights, including more effective screening measures. It is seeking co-operation with international partners in this approach, leading to a global raising of standards. At a supra-national level,

> ### Box 1.22. **A Social Progress Index for tourist destinations in Costa Rica**
>
> The Social Progress Index (SPI) was launched in March 2016, when Costa Rica became the first country to measure social progress in all its 81 cantons. The SPI allows Costa Rica to measure the well-being of people in tourist destinations, serving as an indicator to better promote and establish public-private partnerships, and to foster social progress and inclusive and sustainable economic growth.
>
> A key aspect of the project is the use of new methodologies to measure the sustainability of destinations. The knowledge gained from the SPI initiative stimulates the participation of local communities and has helped to develop a road map to strengthen tourism's role as a driver for development and a contributor to the country's efforts to meet the SDGs.
>
> This project enables the design of tailor-made indicators that can better reflect the integral and multidimensional nature of tourism and the particularities of each territory, considering the different types of tourist areas, their degree of development and other aspects that influence the evolution of the sector and its orientation towards sustainable development.
>
> This project has been developed through a strong multi-sector collaboration between the government, the private sector and civil society.

and in line with the Schengen Borders Code, several Schengen Area (the largest free travel area in the world) members have temporarily reintroduced border control at internal borders in response to identified threats to public policy or internal security, such as the secondary movement of irregular migrants, and persistent terrorist threats.

While maintaining and improving security standards is a high priority for the sector, there is also increasing recognition of tourism's role as a force for mutual understanding and peace. A culture of peace through tourism can be fostered through experiencing other cultures, guest-host interactions, sensitive interpretation of relevant themes and historical sites, and cross-border interaction. More generally, as an agent for potentially rapid sustainable development in post conflict areas, tourism can help to establish the conditions for peace to grow. An example is the linking of peace and tourism in Colombia's National Development Plan (Box 1.23).

> ### Box 1.23. **Tourism as a force for peace in Colombia**
>
> Following the years of conflict in Colombia, The Strategy of Tourism, Peace and Coexistence has been developed in response to National Development Plan aims to build an educated, equitable, and peaceful society.
>
> In order to develop tourist destinations in the territories affected by conflict, the Ministry of Trade, Industry and Tourism has prepared the strategy involving four pilot territories: Ciudad Perdida (Magdalena), Sierra de la Macarena (Meta), Golfo Urabá – Darién (Chocó, Antioquia) and Valle de Sibundoy and Mocoa (Putumayo). In these areas, tourism is seen as i) a tool of transformation towards a culture of peace, ii) contributing to sustainable development and the empowerment of the communities, and iii) providing a catalyst to develop other industries. The main objective of this program is to use tourism to rebuild the social fabric and culture of the territories, developing value chains and improving the quality of life of the host communities through responsible and sustainable practices.

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