

PART I

Chapter 1

Tourism trends and policy priorities

This chapter covers recent trends in tourism and associated developments in government policy. It is based on OECD member and partner countries' responses to a policy and statistical survey. Recent trends in tourism are identified. The chapter outlines the economic importance of tourism and sets out the role of government in its promotion and development. The linkage between tourism performance and overall economic growth and the impact of the global economic crisis are considered. Tourism policy priorities, reforms and developments are analysed and country practices are highlighted.

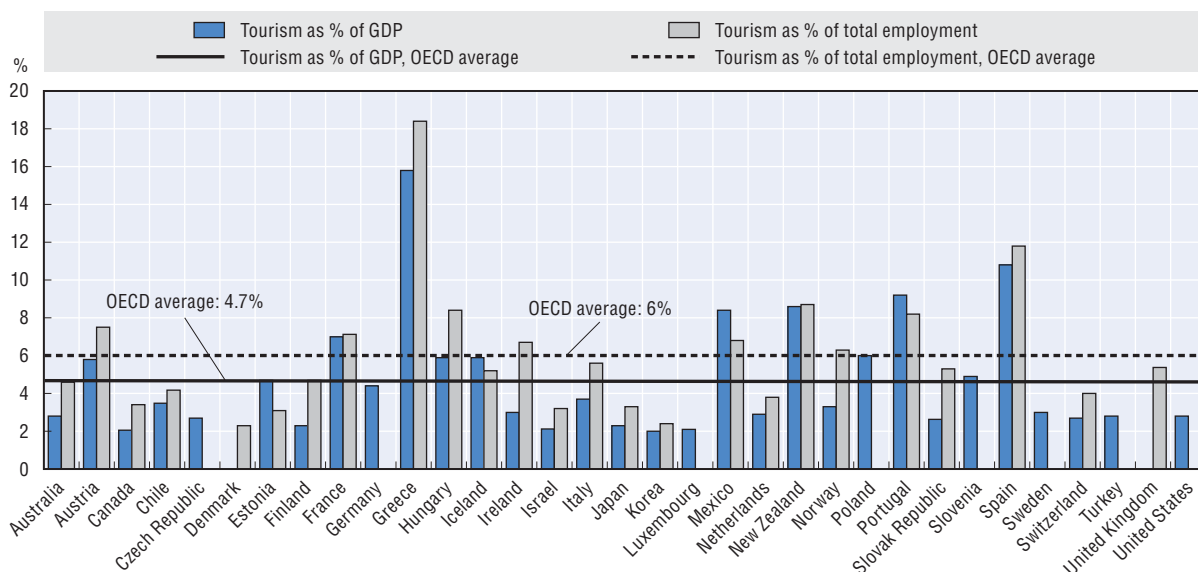
The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Tourism trends

Tourism is a big business worldwide. Tourism is a key services export for many economies around the world and contributes to job creation and regional economic development. The latest available data shows that in OECD member countries, tourism directly contributes, on average, around 4.7% of GDP and 6% of employment (Figure 1.1) and 21% of exports of services. If we consider the total impact of tourism, including direct, indirect and induced impacts, tourism represents around 9% of GDP and employment.

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

As percentage of GDP and employment, 2012 or latest year available



Data refer to direct and indirect impacts for Greece, New Zealand, Poland and Spain.

Source: Country data, OECD data processing.

StatLink <http://dx.doi.org/10.1787/888932985618>

While the number of international tourists exceeded one billion for the first time in 2012, that number is expected to increase to 1.8 billion by 2030. The World Tourism Organization (UNWTO) long-term forecast – *Tourism Towards 2030* – envisaged an annual average growth in tourism arrivals of 3.3% over the period 2010 to 2030. Actual performance up to and including 2013 suggests that this forecast remains broadly on track.

OECD member countries play a leading role in international tourism, representing 57% of global arrivals in 2012. International arrivals to the OECD area increased by 3.6%. Over the period 2008-12, the average annual growth in international arrivals to the OECD was 1.9%, below the global average of 2.8%. A breakdown of international tourist arrivals for OECD members and selected non-OECD economies is provided in Table 1.1.

Table 1.1. **International tourist arrivals, 2008-12**

Type of indicator	2012	Average annual growth rate 2008 to 2012	Growth rate 2011 to 2012	
	Thousand	%		
Australia	Visitors	6 141	2.4	4.5
Austria	Tourists	18 907	2.6	4.8
Belgium	Tourists	6 198	1.6	2.0
Canada	Tourists	16 344	-1.0	2.1
Chile	Tourists	3 554	7.0	13.3
Czech Republic	Tourists	9 452	-1.7	4.8
Denmark	Tourists	3 297	-7.5	4.7
Estonia	Tourists	2 744	7.2	3.0
Finland	Tourists	4 226	4.2	0.8
France	Tourists	83 013	1.2	1.8
Germany	Tourists	30 410	5.1	7.3
Greece	Visitors	15 518	-0.7	-5.5
Hungary	Tourists	14 878	4.1	9.2
Iceland	Visitors	673	7.6	18.9
Ireland	Tourists	6 035	-4.6	0.2
Israel	Tourists	2 886	3.0	2.3
Italy	Visitors	76 293	1.9	0.6
Japan	Visitors	8 368	0.1	34.6
Korea	Visitors	11 140	12.8	13.7
Luxembourg	Tourists	905	0.8	3.5
Mexico	Tourists	23 403	0.5	0.0
Netherlands	Visitors	11 680	3.7	3.4
New Zealand	Tourists	2 484	1.0	-1.4
Norway	..	..	..	..
Poland	Tourists	14 840	3.4	11.2
Portugal	Tourists	7 685	2.0	3.7
Slovak Republic	Tourists	1 528	-3.6	4.7
Slovenia	Tourists	2 156	2.4	5.8
Spain	Tourists	57 701	0.2	2.7
Sweden	Tourists	10 914	..	9.6
Switzerland	Tourists	8 566	-0.1	0.4
Turkey	Tourists	35 698	4.6	3.0
United Kingdom	Tourists	29 282	-0.7	-0.1
United States	Tourists	66 969	3.7	6.8
Argentina	Tourists	5 585	4.4	-2.1
Bulgaria	Tourists	6 541	3.1	3.4
China	Tourists	57 725	2.1	0.2
Croatia	Tourists	10 369	4.6	4.5
Egypt	Visitors	11 500	-2.6	17.3
Former Yugoslav Republic of Macedonia	Tourists	351	8.3	7.3
India	Tourists	6 580	5.7	4.3
Indonesia	Visitors	8 044	6.6	5.2
Latvia	Tourists	1 435	-3.9	-3.9
Lithuania	Tourists	1 900	4.2	7.0
Malta	Visitors	1 444	2.8	2.0
Romania	Tourists	1 653	3.1	9.1
Russian Federation	Visitors	28 168	4.5	13.0
South Africa ¹	Tourists	9 188	9.4	10.2
EU28			1.5	2.8
OECD			1.9	3.6
World		1 035 000	2.8	4.1

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 the period 2009 to 2012.

Source: Country data, UNWTO (world) and OECD data processing.

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International tourism receipts hit a new record in 2012, reaching an estimated USD 1 078 billion – up 4% in real terms from 2011 (UNWTO). In 2012, OECD countries accounted for approximately 59% of world travel receipts and 54% of world travel expenditure. Table 1.2 provides a summary of international travel receipts, expenditure, and balance for OECD members and selected non-OECD economies.

Hotel capacity in the OECD area has risen on average by 2.7% between 2008 and 2012 (Table 1.3). The growth has been particularly strong in Japan, Poland, Turkey and Chile. Over the same period, capacity very slightly decreased (less than 0.5%) in Australia, Ireland, Israel and New Zealand.

Tourism demand closely tracks economic conditions. When economies grow, levels of disposable income also increase, resulting in higher spending on travel and tourism. The global economic crisis since 2007 has impacted heavily on tourism. Apart from depressing overall tourism demand, the crisis has shifted tourism flows with less long haul travel from major European source markets and an international trend for more holidays to be taken closer to home. Changes in the relative value of major currencies have taken place, impacting in turn on the relative competitiveness of destinations. For many tourism consumers, fewer holidays are being taken because of less discretionary spending and there is also a greater emphasis on value for money. For tourism producers, there are pressures on profit margins, a greater emphasis on reducing costs and an incentive to embrace new technologies and innovation to gain market advantage.

Unemployment in the Euro area exceeded 12% in October 2013, with the number of people out of work rising above 19 million. Government austerity programmes across Europe have contributed to economic hardship and provoked widespread public discontent, especially with more than half of young people without jobs in Greece and Spain. However, various economic indicators signal improvements in growth in major OECD economies (OECD, November 2013).

Despite the impact of the global economic, financial and social crisis and other external shocks (including adverse weather, natural disasters, political turmoil and rising oil prices), the tourism industry continues to prove its resilience by sustaining moderate growth levels over the period 2011-13. Tourism is adjusting to the changing market and economic conditions in different parts of the world.

Tourism growth continues to be stronger in the emerging economies in the East and the South compared to the advanced economies that are mainly represented by OECD member countries. The trends in 2012 underline this development, with growth in arrivals in Asia/Pacific of 7% compared to 3% in Europe.

Significant shifts in inbound/outbound markets and market share are expected over the period 2010-30. The share of international arrivals to the emerging economies will surpass that to the advanced ones. The rate of average annual growth of arrivals to emerging economies is forecast to be 4.4% – double the rate for the advanced economies (UNWTO). South Asia will be the fastest growing region and North East Asia the fastest growing sub-region, while North America will be the slowest. Already figures for 2012 show China in third place with the Russian Federation and Malaysia in ninth and tenth place in the top ten arrival markets.

In the case of outbound tourism, average annual growth in trips over the period to 2030 will be 17 million for Asia Pacific, 16 million for Europe, 5 million for the Americas, 3 million for Africa and 2 million for the Middle East. UNWTO analysis for 2012 shows

Table 1.2. **International travel receipts and expenditure, 2011-12**

Million USD

	Travel receipts		Travel expenditure		Travel balance	
	2011	2012	2011	2012	2011	2012
Australia	31 486	31 546	26 719	27 493	4 767	4 053
Austria	19 833	18 895	10 469	10 054	9 364	8 841
Belgium	13 096	13 013	20 507	20 189	-7 411	-7 176
Canada	16 800	17 402	33 323	35 058	-16 523	-17 656
Chile	1 875	2 139	1 651	1 821	224	318
Czech Republic	7 671	7 039	4 553	4 297	3 118	2 742
Denmark	6 344	6 129	10 005	9 600	-3 662	-3 471
Estonia	1 247	1 226	805	795	443	430
Finland	3 816	4 140	4 868	4 803	-1 052	-663
France	54 678	53 553	44 844	39 067	9 834	14 486
Germany	38 785	38 160	85 771	83 388	-46 987	-45 227
Greece	14 603	13 419	3 150	2 369	11 453	11 050
Hungary	5 629	4 841	2 485	1 968	3 144	2 872
Iceland	748	845	741	782	8	64
Ireland	3 981	3 697	7 423	6 758	-3 441	-3 061
Israel	5 304	5 493	3 838	3 752	1 467	1 740
Italy	42 943	41 188	28 613	26 355	14 330	14 832
Japan	11 277	15 039	27 191	28 074	-15 913	-13 034
Korea	12 525	14 231	19 934	20 101	-7 408	-5 870
Luxembourg	4 464	4 606	3 717	3 707	747	899
Mexico	11 869	12 739	7 832	8 449	4 037	4 291
Netherlands	14 352	13 735	20 603	20 077	-6 251	-6 341
New Zealand	5 579	5 394	3 442	3 715	2 137	1 680
Norway	5 232	5 359	16 074	16 867	-10 841	-11 508
Poland	10 683	10 938	8 462	8 758	2 221	2 180
Portugal	11 324	11 058	4 134	3 785	7 190	7 272
Slovak Republic	2 426	2 299	2 178	2 160	247	139
Slovenia	2 746	2 685	1 135	943	1 610	1 742
Spain	59 812	55 642	17 167	15 304	42 645	40 338
Sweden	10 421	10 363	15 264	15 478	-4 843	-5 114
Switzerland	17 100	15 979	13 657	13 802	3 443	2 177
Turkey	25 054	25 653	4 883	4 094	20 171	21 559
United Kingdom	35 069	36 613	50 998	51 473	-15 929	-14 860
United States	115 552	126 214	78 229	83 451	37 323	42 763
Argentina	5 212	4 732	5 352	5 713	-141	-981
Bulgaria	3 691	3 774	1 240	1 314	2 451	2 460
China	48 464	50 028	72 585	101 977	-24 121	-51 949
Croatia	8 454	8 979	808	947	7 646	8 031
Egypt	10 441	9 046	2 083	2 399	8 358	6 647
Former Yugoslav Republic of Macedonia	240	234	113	111	127	122
India	17 708	17 972	13 699	12 342	4 008	5 630
Indonesia	8 554	9 121	6 308	7 173	2 246	1 948
Latvia	698	722	740	674	-42	48
Lithuania	1 220	1 361	797	901	423	460
Malta	1 266	1 271	332	340	934	930
Romania	1 417	1 467	1 957	1 833	-541	-366
Russian Federation	11 328	10 759	32 902	42 798	-21 575	-32 039
South Africa	9 515	9 996	5 283	4 069	4 232	5 927
EU28	383 263	373 388	354 327	338 611		
OECD	624 325	631 272	584 664	578 785		
World	1 041 000	1 078 000	1 041 000	1 078 000		

For more information, please see the country profiles.

The conversion from national currency to US dollars has been calculated using IMF annual average exchange rates for the corresponding year.

Source: Country and IMF data, OECD data processing.

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Table 1.3. **Hotel capacity and occupancy, 2008-12 or latest available**


Units		Capacity per	Total capacity	Average annual	Annual growth	Hotel occupancy
		1 000 inhabitants	available	growth rate	rate	rate
		2012	2012	2008 to 2012	2011 to 2012	2012
				%		%
Australia	Bed places	27.4	632 452	-0.2	-0.3	42.3
Austria	Bed places	70.3	594 841	0.6	0.1	39.2
Belgium	Bed places	15.9	175 478	0.7	0.5	..
Chile	Bed places	10.1	175 613	5.0	12.1	28.3
Czech Republic	Bed places	25.5	271 427	1.3	3.7	35.8
Denmark	Bed places	15.5	86 619	4.4	1.5	40.0
Estonia	Bed places	24.5	31 590	1.5	0.8	45.1
Finland	Bed places	22.9	123 979	1.0	1.5	40.0
France	Bed places	19.4	1 238 644	0.3	0.8	60.3
Germany	Bed places	22.0	1 817 567	1.1	0.2	39.9
Greece	Bed places	69.3	771 271	1.9	1.0	48.3
Hungary	Bed places	17.1	170 592	2.5	0.1	30.8
Iceland	Bed places	65.3	21 032	3.0	5.6	37.6
Ireland	Bed places	36.9	166 961	-0.3	10.0	42.0
Israel	Bed places	16.6	126 608	-0.3	0.2	54.5
Italy	Bed places	37.1	2 252 636	0.8	0.0	40.2
Japan	Bed places	26.0	3 307 957	15.2	-0.7	36.4
Korea	Rooms	..	77 045	3.4	2.9	65.2
Luxembourg	Bed places	27.9	14 629	0.5	-4.4	29.9
Mexico	Bed places	10.9	1 321 092	2.3	1.4	53.2
Netherlands	Bed places	13.0	216 824	2.2	1.4	45.5
New Zealand	Rooms	..	87 695	-0.5	1.0	48.9
Norway	Bed places	37.4	186 675	4.4	4.8	35.4
Poland	Bed places	6.7	256 869	6.9	5.2	33.0
Portugal	Bed places	27.9	296 321	2.0	2.5	39.5
Slovak Republic	Bed places	22.0	119 630	2.3	9.1	26.8
Slovenia	Bed places	23.8	49 291	0.5	0.0	42.6
Spain	Bed places	39.3	1 838 958	2.2	0.3	52.1
Sweden	Bed places	24.0	228 387	1.2	1.4	38.0
Switzerland	Bed places	33.9	271 168	0.1	-1.0	40.8
Turkey	Bed places	9.1	667 379	5.8	7.7	51.5
United Kingdom	Bed places	22.6	1 410 580	4.4	-0.4	48.0
United States	Rooms	..	4 900 642	1.5	0.5	61.4
Argentina	Bed places	14.8	608 217	3.0	1.0	32.3
Bulgaria	Bed places	35.9	261 159	2.2	8.1	37.8
China	Bed places	1.9	2 677 400	-2.3	3.5	59.5
Croatia	Bed places	36.4	156 792	-1.0	1.3	37.3
Egypt	Bed places	5.1	412 108	-0.6	-1.5	40.0
Former Yugoslav Republic of Macedonia	Bed places	7.1	14 864	8.0	6.6	17.8
India	Bed places	0.2	257 542	16.4	38.8	55.3
Indonesia	Bed places	2.5	627 754	4.6	7.5	62.7
Latvia	Bed places	13.1	27 067	4.8	-1.2	24.6
Lithuania	Bed places	8.6	26 114	5.8	7.5	28.1
Malta	Bed places	89.9	38 325	-0.5	-2.1	56.1
Romania	Bed places	12.4	270 172	3.4	8.7	27.1
Russian Federation	Bed places	4.0	573 300	7.1	14.4	31.0
South Africa	Rooms	..	70 900	1.2	0.6	47.3
EU28	Bed places	30.5	12 995 613	1.5	0.8	
OECD	Bed places	27.3	28 973 833	2.7	0.5	

For the total, one room counts for two bed places.

All data for Iceland, Ireland, Italy, Korea, Poland, Turkey, the United Kingdom, Latvia, Lithuania and Malta refers to 2011, and for India and the Russian Federation to 2010.

Occupancy rate data for Greece, Hungary, Romania and South Africa refers to 2011, for Latvia and Lithuania to 2010, and for India to 2008. Occupancy rate data for France, Mexico, China and Egypt refers to rooms, and for the United States to bed-places.

Source: World Tourism Organization, OECD data processing.

StatLink  <http://dx.doi.org/10.1787/888932985694>

China in first place for outbound tourism with revenues of USD 102 billion – a spectacular increase of 37% on 2011 – boosted by rising disposable incomes, a relaxation in restrictions on foreign travel and an appreciating currency. Chinese spending on tourism is now eight times what it was 12 years ago, with a move away from group to independent travel. The Russian Federation is now the fifth most important source market for outbound tourism in revenue terms. In the case of India, outbound visits are expected to grow to 20 million by 2015, up from 8 million in 2006.

The trend is towards shorter trips, either domestic in nature or closer to home and a search for more authentic experiences. Travellers are also getting older with the number aged over 55 now at 23%. Holidays remain by far the main reason for taking an international trip (71%) ahead of business travel and visiting friends and relatives (IPK). More people are flying rather than using their car or other means of transport.

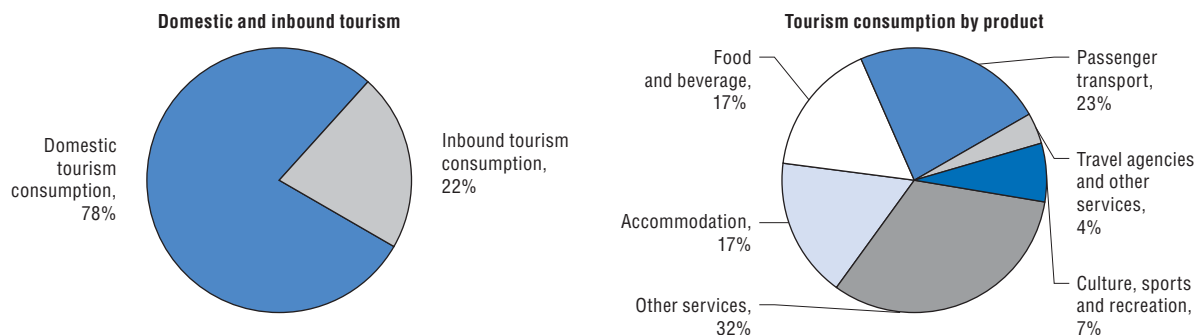
Domestic tourism is very significant to many OECD members. Data for 2012 or the latest available year indicated that domestic tourism represents 78% of internal tourism consumption, and inbound tourism 22% (Figure 1.2). Table 1.4 provides an analysis of internal (domestic and inbound) tourism consumption for selected OECD and non-member economies. In six OECD countries, namely Canada, Germany, Japan, Mexico, the United Kingdom and the United States, domestic tourism consumption represents more than 80% of internal consumption. Considering the main products and services consumed by tourism demand (domestic and inbound), passenger transport represents the largest group (23%), followed by accommodation and food and beverage (17% each), and culture sports and recreation (7%).

Demographic change is one of the external factors that will shape tourism demand and development in the medium to longer-term. The world population is estimated to increase from 6.9 billion in 2009 to 8.3 billion in 2030. However this growth will not be evenly spread. The European population is forecast to reduce by 1% and will include a greater proportion of people aged over 50. Asia will see a growth rate of 18% driven by China and India – each estimated to represent just under 20% of the world's population. The Americas will see a population growth rate of 17% driven by South America.

The propensity for international travel is estimated to increase from a rate of 11.5 to 20 per 100 people by 2030 with life expectancy continuing to rise worldwide (IPK). An older cohort of international travellers is likely to impact on holiday taking, affecting patterns of

Figure 1.2. **Internal tourism consumption**

By type of tourism and product, OECD average



Source: Country data, OECD data processing.


StatLink  <http://dx.doi.org/10.1787/888932985637>


Table 1.4. **Internal tourism consumption, 2012 or latest year available**

	Reference year	Internal tourism consumption (ITC)	Domestic tourism consumption	Inbound tourism consumption
		Million USD, current prices	As % of ITC	
Australia	2012	110 325	76	24
Austria	2012	40 657	47	53
Belgium	..	..	..	..
Canada	2012	81 815	80	20
Chile	..	..	..	..
Czech Republic	2011	11 793	45	55
Denmark	2011	15 357	59	41
Estonia	2009	1 888	12	88
Finland	2012	19 228	71	29
France	2012	191 503	66	34
Germany	2010	341 520	86	14
Greece	..	..	..	..
Hungary	2008	6 703	37	63
Iceland	..	..	..	..
Ireland	2007	9 278	46	54
Israel	2012	9 574	50	50
Italy	..	..	..	..
Japan	2011	269 438	95	5
Korea	..	..	..	..
Luxembourg	..	..	..	..
Mexico	2011	129 359	88	12
Netherlands	2010	41 578	77	23
New Zealand	2012	18 961	59	41
Norway	2009	16 788	71	29
Poland	2010	7 312	39	61
Portugal	2008	21 933	41	59
Slovak Republic	2008	4 716	46	54
Slovenia	2009	4 532	36	64
Spain	2008	177 081	51	49
Sweden	2012	40 649	61	39
Switzerland	2008	33 654	57	43
Turkey	..	..	..	..
United Kingdom	2011	199 965	83	17
United States	2011	872 366	83	17
OECD average			78	22
Argentina	..	..	..	..
Bulgaria	..	..	..	..
China	..	..	..	..
Croatia	2012	10 650	16	84
Egypt	2011	14 748	17	83
Former Yugoslav Republic of Macedonia	..	..	..	..
India	..	..	..	..
Indonesia	2011	27 189	67	33
Latvia	..	..	..	..
Lithuania	2010	1 865	48	52
Malta	..	..	..	..
Romania	2007	7 700	77	24
Russian Federation	..	..	..	..
South Africa	2011	23 832	59	41

For more information, please see the country profiles.

The conversion from national currency to US dollars has been calculated using IMF annual average exchange rates for the corresponding year.

Source: National Tourism Satellite Account, OECD data processing.

StatLink  <http://dx.doi.org/10.1787/888932985713>

travel, including frequency, length of stay and demand for products. This will, in turn, impact on communications strategies by National Tourism Organisations (NTO) and private companies. Older people are likely to be more resistant to marketing that is specifically targeted to their age and more likely to be receptive to communications that are not age dependent. There will also be an increase in intergenerational travel with the emergence of the “vertical” family (i.e. a family with more tiers – grandparents and great grandparents – but fewer people in each generation) and an associated demand for new, customised tourism offerings.

Transport developments impact on patterns of air access. Air travel remains the principal means of transport for international tourists. The aviation sector is cyclical in nature and, traditionally, civil aviation was regarded as inherently loss-making and requiring government subsidy. The low cost airline model has changed that worldwide, enabling carriers that successfully embrace the model to make profits consistently over a long number of years.

The significant rise in oil prices over the past five years has impacted heavily on the transport sector and is associated with a consolidation of airlines and air services. This includes consolidation among long-haul carriers that often have their origins in traditional flag carriers and also among short-haul carriers or the short-haul components of traditional flag carriers. Other pressures on air access include the impact of the worldwide recession on the propensity to travel by air, airport charges, government travel taxes and security and other measures that make air travel a less attractive proposition. To compensate for rising costs and a relative softening of demand, airlines seek to keep load factors high and extract maximum ancillary revenues from passengers while keeping the base ticket price as low as possible.

On long-haul routes, new players are entering the market place and expanding their range of services and destinations to serve new source and destination markets. Long-haul service providers are refocusing their proposition on the quality of their product offering and good onward connectivity to other destinations. Many are exiting short-haul routes or hiving them off into separate enterprises. On short-haul routes, successful low cost carriers are showing flexibility in adapting their route network rapidly to where opportunities are greatest, both to open up new markets and capture traffic available as a result of the failure of other airlines or their departure from a route.

The past three decades have seen air travel increase at an annual average rate of 5.2% compared with 3.4% for land/sea. By 2030, 52% of all travel will be by air. The impact of climate change will continue to exert pressure in the medium-term for more sustainable transport, with pressure for reduction in carbon emissions focused on air travel in particular. However experience in the operation of the EU carbon credits system suggests that unilateral action is difficult to successfully implement. This, in turn, is putting pressure on airlines, aircraft manufacturers and national and international air regulatory bodies to deliver greater fuel efficiency in design and service operation.

Visitors are demanding more individual and authentic experiences and are relying more heavily on technology to plan and enhance their trips. In general, consumers are continuing to focus on their personal financial circumstances, remaining very conscious of prices and value for money. The image and stability of destinations remains of critical importance.

Digital technologies and social media are impacting on tourism in significant and sometimes unanticipated ways. The Internet has clearly established itself as the main platform to buy travel, accounting for 54% of bookings – well ahead of travel agencies, which have slipped back to 24% (IPK). More widespread access to the Internet across the globe has shifted the balance of power from the providers of tourism services to consumers and facilitated a move to self-guided holidays and independent travel, even in more remote tourist regions.

Consumers have access to a wide range of information sources when choosing a holiday destination or an accommodation or service provider. The perception of “trusted sources” of information has shifted from NTOs and service providers to networks of self-appointed and often anonymous reviewers. People are relying more on personal information and recommendations from commercial and social media and are using mobile technology to access information, products and services before and during their trips.

In the coming decade it is anticipated that there will be significant improvements in access to cheap high speed Internet, even in the more remote areas of emerging economies. This opens up possibilities for the creation of sophisticated mobile device applications to access information on the move. In general, the trend is away from using desktop and laptop computers towards increasingly sophisticated smart phone and tablet devices. These serve as a social media communications platform, camera, real time provider of feedback and up to date information on tourism destinations, products and services and a convenient means of downloading travel information.

At a sectoral level, the cruise industry continues to prosper although profit margins are under pressure from pricing mark-downs, fuel costs and declining on board spend. Adventure travel is also a growing niche market, both in soft as well as hard adventure, as part of a trend towards self-discovery and authentic travelling experiences. Medical tourism is on the rise as well, with estimates of a market value between USD 40 and USD 60 billion and annual growth rates of up to 20% (IPK).

Having regard to the general trends outlined above, the context for tourism policy is an evolving one, affected as it is by a wide range of developments. This requires governments to review and make adjustments to their policies and plans so that they continue to be relevant and effective in supporting growth and competitiveness.

Tourism policy priorities

Most governments are developing active and innovative policies to improve competitiveness and support the sustainable development of tourism. In Chapter 1 of *OECD Tourism Trends and Policies 2012*, the rationale for tourism policy was set out in the context of the fragmented nature of the sector, requiring co-ordination of government actions at the national and sub-national level, as well as linkage with private sector businesses that both compete and co-operate with one another. Government actions impact on tourism in a variety of areas. These include:

- Providing infrastructure.
- Controlling or managing tourism attractions such as national parks, forests and heritage and cultural centres.
- Regulating markets such as aviation.
- Setting quality, training and environmental standards.

- Ensuring border security and developing visa policy.
- Stimulating tourism growth and investment.

In many countries, the full competence for tourism does not lie with central government as there is a significant role to be played in tourism governance at a sub-national or provincial/state level.

Governments at a national, regional and local level play an important role in the delivery of the tourism product. Spheres of involvement include promotion, marketing and helping to develop transport services. They also include stimulating emerging niche markets as well as supporting SMEs in financing, human resource development and the use of technologies. A “whole of government” approach is increasingly seen as an essential component of a supportive government framework, including when dealing with the impact of crises and disasters affecting the industry.

As the tourism industry in a country develops and matures, so too does the nature of effective policy intervention. Historically a common pattern for government in the early development stage involves broad responsibilities for planning and promoting tourism and, in some cases, operating commercial businesses. Later, as the industry matures, government intervention is most likely to involve action in co-ordination at national and sub-national level. As a country develops its tourism industry, the policy focus shifts from maximising visitor numbers and receipts, to the creation of conditions for competitive tourism businesses and regions. This change has meant that today, in advanced OECD country destinations, government policy tends to focus more on creating the competitive environment for sustainable development as part of an overall planning and policy function, rather than active engagement in the tourism sector (Box 1.1).

Box 1.1. Government roles in tourism policy

- Setting national tourism policy.
- Determining and allocating the tourism budget.
- Setting an appropriate legislative framework.
- Overseeing the administrative structures for policy delivery.
- Assessing and influencing wider government policies impacting on tourism.
- Putting in place appropriate research, statistical and evaluation programmes.

Governance and strategic direction

Most countries have multi-annual tourism policies and plans in place to develop the tourism sector and to give direction and focus to government policy at national and sub-national level. Perhaps not surprisingly, there is remarkable continuity in the content and areas of policy attention across countries, with a common emphasis on marketing, product development and investment, workforce training, quality and innovation and a more integrated approach across government.

Since 2010, many tourism policies and plans have either been updated or re-oriented (Australia, France) or new plans have been developed (Austria, Canada, Chile, Croatia, the Czech Republic, Estonia, Italy, Japan [Box 1.2], Malta, Mexico, Norway, Portugal, the Slovak Republic, Spain, Switzerland, the United Kingdom, the United States [Box 1.3]) to take account of changes in the industry marketplace or to reflect new government priorities.

Box 1.2. Action programme to position Japan as a tourism destination

As one of the “three arrows” – three core policies to revitalise Japan’s economy – the government of Japan launched a new growth strategy “Japan Revitalization Strategy” in June 2013. The growth strategy acknowledges tourism as one of the major policy areas to stimulate economic growth, and sets the goal of generating JPY 4.7 trillion in consumption and 1 million in employment through tourism by 2030.

In June 2013, the Ministerial Council on Tourism hosted by the Prime Minister decided on a new tourism strategy “Action Programme towards the Realisation of Japan as a Tourism-oriented Country”. The tourism strategy emphasises the need for a “whole of government” approach to achieve the goals, and identifies four priority policy areas to be addressed:

- Develop and market “Japan Brand”:
 - ❖ Integrated government action to promote Japan Brand as a destination.
- Travel facilitation:
 - ❖ Visa requirements for Association of Southeast Asian Nations (ASEAN) relaxed in July 2013.
 - ❖ Improvement of air access.
- Improvement of standards for welcoming tourists:
 - ❖ Immigration and emigration procedures.
 - ❖ Transportation access through integration of tourism and transport policies.
 - ❖ Foreign language signs and wi-fi connection.
- Promotion of meetings, incentives, conferences and exhibitions (MICE).

Box 1.3. United States National Travel and Tourism Strategy

President Obama issued an Executive Order on travel and tourism in January 2012 that called for a Task Force on Travel and Competitiveness, chaired by the Secretary of Commerce and the Secretary of the Interior, and charged the Task Force with developing a National Travel and Tourism Strategy. The National Strategy sets an ambitious but achievable goal of increasing American jobs by attracting and welcoming 100 million international visitors, who are estimated to spend USD 250 billion annually by the end of 2021. The Strategy also encourages Americans to travel within the United States and its territories to see all that the US has to offer.

To meet these goals, and to ensure that the United States is creating conditions for growth, the Task Force identified five key areas for the United States to address:

- Promoting the United States as never before.
- Enabling and enhancing travel and tourism to and within the United States.
- Providing a world class customer service and visitor experience.
- Co-ordinating across government.
- Conducting research and measuring results.

The National Strategy is being implemented through the Tourism Policy Council, the interagency forum established by law to co-ordinate federal policies and programmes related to travel and tourism.

The improvement of the competitiveness of the destination in the global market is a main driver in many countries' tourism strategies. Key areas of competitiveness such as tourism prices, visa policy rules or tourism regulations are addressed with a view to increasing the attractiveness of the destination for consumers, and to lifting the burden on tourism enterprises and enabling markets to function more effectively.

In April 2013, OECD countries adopted a set of "Indicators for Measuring Competitiveness in Tourism". This work aims to guide governments in their analysis of tourism competitiveness over time and to advise them in their policy choices.

According to the World Economic Forum *Travel and Tourism Competitiveness Report*, OECD countries constitute 18 of the Top 20 ranked countries in terms of competitiveness. The 2013 Report highlights the potential of the travel and tourism industry to boost economic resilience and job creation, but warns that environmental sustainability remains a key concern for the future. Initiatives such as smart visa policies are seen as critical for the industry to maintain growth momentum.

The general similarity in the approaches being adopted across countries, and the measures contained in their tourism policies and plans, are noteworthy. This raises issues as to how dynamic, robust and fit-for-purpose such approaches are in light of the rapidly changing environment in terms of markets, demography, consumer needs, advances in technology and constrained tourism budgets.

A whole of government approach is necessary. Tourism as an area of government policy is subject to an unusual level of change in departmental/ministry configuration and in the period covered by this report there has been further evidence of realignment of departmental/ministerial responsibility for tourism and its closer integration into national economic plans.

Increasingly, the tourism portfolio is being consolidated in economics ministries, although in other cases it is grouped with transport, culture or sport. In Greece and in Malta, a separate Ministry of Tourism was established in 2012 whereas in Denmark policy functions have reverted to the Ministry of Business and Growth from Visit Denmark. Innovation has been identified as a priority in policy development, perhaps best reflected in the incorporation of the tourism portfolio in the new Ministry of Business, Innovation and Employment in New Zealand and the new Ministry of Industries and Innovation in Iceland.

Over the past few years, there have been many examples where tourism has been more closely integrated into national economic plans (Australia, Ireland, Japan, Mexico [Box 1.4], the Netherlands, New Zealand, Spain) with a growing recognition of its potential contribution to job creation, regional development and foreign revenue earnings. Australia has identified tourism as one of four government priorities for foreign investment attraction (www.tourisminvestment.com.au).

In some countries, there has been an integration of national marketing agencies across economic areas such as trade, tourism and enterprise (Iceland, the Netherlands, Slovenia) in order to optimise the value and impact of all international marketing activity.

The complexity of institutional structures in place in many countries to implement tourism policy, while understandable given the number of stakeholders involved, is very striking. This raises issues as to the level of commitment to rationalising such structures to promote maximum policy coherence and effectiveness.

Box 1.4. Mexican government tourism cabinet

The President of Mexico has acknowledged that tourism is one of the economic activities with the greatest potential for growth in the coming years with significant capacity to generate development and employment. Mexico's National Tourism Policy is cross-governmental, aligning all levels of government as well as actions and budgets of federal agencies that impact on the sector. To co-ordinate these efforts, the President has created a Tourism Cabinet, chaired by him, including sectoral stakeholders in order to incorporate visions from the private and public sectors in the development of national policy.

The Tourism Cabinet serves as an instrument for public policy planning. It is a co-ordination mechanism for government to increase management capability and to facilitate the implementation of tourism sector priorities.

In order to achieve its objectives, eight working groups discuss and prepare policy recommendations on the following topics: planning and institutional co-ordination; connectivity and infrastructure; registration, quality and certification of tourism services; investment facilitation and financing; travel facilitation; effective promotion; comprehensive security for tourism, and innovation, competitiveness and tourism product development.

The Tourism Cabinet comprises the Ministers of the Interior; Foreign Affairs; Finance; Environment and Natural Resources; Economy; Communications and Transport; Agriculture, Urban and Rural Development; the Federal Executive Counsel and the Chief of the Presidential Office. The Ministry of Tourism heads its secretariat. In addition, more than twelve government agencies participate in the working groups.

The Tourism Cabinet will drive an ambitious agenda of cross-cutting projects that not only will result in the attraction of more tourists but will also increase the economic return of the sector, reaffirming tourism as a driver of sustainable growth.

Source: www.sectur.gob.mx.

Budgetary pressures on national and regional governments in many countries – in particular in Europe – arising from the global economic crisis, have resulted in reduced tourism budgets in many cases. Cuts have been made in core tourism budgets, for example in Croatia, Ireland, Israel, the Netherlands, Romania, Slovenia, Spain and the United Kingdom. These budgetary pressures have also led to greater emphasis on accountability and performance evaluation.

New models for tourism marketing are being sought that relieve pressure on government funding and encourage a higher level of co-operative or industry participation. This has led in turn to new financial models for marketing and greater scrutiny of the functions and programme activities of NTOs, together with a rationalisation of policy delivery functions and programmes (Denmark, Ireland, the United Kingdom) with fewer bodies and reduced functions in areas such as industry regulation. In addition, more effective use of new technologies is being exploited within national tourism policy frameworks.

The pace and extent of adjustment required within NTOs to address current challenges in terms of reduced budgets, market shifts and technological change remains a concern given the risk of institutional inertia and a continuation of “business as usual”. While there is evidence of awareness of the impact of social media and technology on consumer behaviour, there is limited indication of innovative approaches being adopted by NTOs to address these developments. To accommodate such trends, the role of the NTO must be a constantly self-critical and evolving one.

In marketing, there are some long-standing examples of successful public-private arrangements (Austria, Canada, Sweden). For example in Sweden, the budget of Visit Sweden is financed on a 50/50 basis by industry while 25% of the Austrian National Tourism Organisation is funded by the Chambers of Commerce. These arrangements are being extended to other countries (Croatia, Iceland, the United Kingdom, the United States). Other examples of public-private partnerships are emerging in the area of investment in tourism product (Austria, the Slovak Republic). However, other countries have been less successful in entering such partnerships due to the lack of strong industry structures and the high number of SMEs in the sector. Relatively few successful models for co-operative marketing programmes between government and industry have been identified. This raises concerns about the commitment and enthusiasm on both sides to come up with mutually acceptable and workable models.

Some countries have moved to minimise the impact of cuts on marketing activities through a tighter focus on target source markets or niches (France, Poland, Spain), through the establishment of co-operative campaigns with industry (Austria, Spain, Sweden, the United Kingdom) or through greater use of new technological media. In other countries, funding requirements have been supplemented by receipts from tourism-related taxes (Australia, Croatia, the United States) or through the use of EU Structural Funds in the case of newer Central and Eastern European Union member states.

As the tourism industry matures and consumer protection laws become more widespread, the case for traditional heavy forms of regulation of tourism services becomes less persuasive in many countries. Moreover the impact of social media and new technologies means that consumers have access to readily available information and comment on major tourism consumables such as accommodation, dining and attractions. This has led to many countries engaging in a process of reviewing regulation relating to tourism services and activities.

In recent years, several countries have accelerated deregulation programmes (Belgium Flanders, Greece [Box 1.5], Israel, the Netherlands, Spain, the United Kingdom) – in particular relating to travel agents, guides and classification of accommodation. In the Netherlands, the United Kingdom and some other countries, deregulation is being pursued as an integral part of overall enterprise policy designed to reduce the regulatory burden on industry. In Australia, regulatory reform has been pursued jointly by the Commonwealth, states and territories to address regulatory impediments to investment in the supply of short-term accommodation and other tourism products in capital city and regional areas.

Tax reductions can help to stimulate tourism growth. Taxation is an instrument of government policy that impacts on tourism and is discussed in greater detail in Chapter 3. Developments in taxation in recent years include VAT reductions and tax refund programmes to help stimulate tourism growth, the allocation of revenues from certain taxes to underpin tourism budgets and controversy surrounding the impact of travel taxes. There was a high profile VAT reduction on restaurants by France some years ago. More recently, significant VAT reductions were applied to certain tourism services in Hungary, Ireland and Sweden and are considered further in Chapter 3. In the case of Korea, commencing in 2014, foreign visitors who pay hotel charges themselves, will be reimbursed for the 10% VAT charged on room stays. Receipts from room taxes, passenger movement charges (Australia, the United States) and gambling taxes (Portugal) are being used to underpin tourism budgets in certain countries. In other countries (Germany, Spain,

Box 1.5. Development of an updated institutional legal framework for Greek tourism

One of the four principles of the Greek National Tourism Strategy is the development of an updated institutional and legal framework for tourism services. In 2012 there has been a series of legislative regulations to bring this about including:

- Recognition of thermal springs and the licensing of thalassotherapy and therapeutic centres.
- Establishment of Greek National Tourism Organization (GNTO) Special Service for Promoting and Licensing Tourism Enterprises, a “one-stop-shop” service for tourism investments.
- Simplification of the licensing procedure for tourism enterprises.
- Introduction of a new form of integrated tourism investment, the Complex Tourism Accommodation, which includes 4 or 5* hotel accommodation, special tourism infrastructure (conference centres, golf courses, spas, etc.) and tourist residences (villas).
- Liberalisation of the tourist guide profession.
- Simplification of procedures and the abolition of limitations concerning the operation of travel agencies and rent-a-car agencies.

the United Kingdom) controversy has surrounded the imposition and levels of air travel taxes, leading to charges by the airlines and tourism industry representative bodies of adverse damage to inbound tourism flows.

Effectiveness of policy interventions and delivery structures

Some countries are developing more sophisticated measures to assess tourism spend. Pressure on tourism budgets and public intervention measures worldwide has placed a greater emphasis on policy evaluation and impact assessment. There are moves, both at a national level and internationally, to develop more sophisticated performance measures for tourism spending and to move away from simple indicators such as tourism numbers, revenues and bed nights. The objective is to allow a more robust monitoring of tourism policies and plans over time.

Developing effective evaluation models is still a work in progress in many countries, given the difficulties in assessing tourism impact, because it is influenced by so many external factors. The challenges involved in evaluating the effectiveness of marketing spend, in particular, are well known, although market share analysis, brand awareness tracking and *ex ante* market and consumer surveys are increasingly being used. A number of countries (Australia [Box 1.6], Finland [Box 1.7], Japan, Spain, the United States) are taking measures to improve the flow of data and statistics on tourism at national and sub-national level and to enhance measures of effectiveness.

OECD work on the *Evaluation of Tourism Policies and Programmes* reviews evaluation initiatives and provides a basis for future approaches to evaluation of tourism policies and programmes to be conducted in a way that allows greater comparability across different measures and builds a body of practices and evidence to develop capacity and capabilities in each country.

Box 1.6. Australian Tourism Scoreboard

The annual *State of the Industry Report*, published by Tourism Research Australia, on behalf of the government, includes a Tourism Scorecard and an overview of the performance of the Australian tourism industry compared to the previous year. The 2013 Scorecard has been further refined from earlier editions, in tracking progress against the specific international and domestic demand-side growth targets as outlined in the Tourism 2020 policy. It also includes supply-side indicators for international and domestic aviation capacity, accommodation room supply and the number of jobs in tourism.

Box 1.7. Indicators to measure the efficiency of the Finnish Tourist Board

A survey of the efficiency of tourism marketing by the Finnish Tourist Board was carried out in 2012. The objective was to identify indicators for more reliably assessing the efficiency of the Board's activities. Other elements explored in the survey were the development of Finland's capability in tourism, a benchmarking of the resources of the Board in comparison with certain reference countries and the effectiveness of marketing measures. In order to adequately evaluate the efficiency of the Board's activities, monitoring information on the entire supply chain was required, the nature of the marketing measures carried out and the achieved outputs and impacts. New indicators are now being used in the performance agreement for 2013 between the Ministry of Employment and the Economy and the Finnish Tourist Board.

Building on the OECD Committee's work in this area, the commitment to and expertise in professional evaluation of effectiveness of tourism policies needs to be enhanced in the light of widespread pressures on the public finances in many countries.

In a number of mature tourism destinations (Spain, the United Kingdom, the United States), countries are also seeking to strike a balance between the role and value of national and regional brands on the one hand and promotional activities by industry service providers on the other to optimise marketing effectiveness. A growing share of national tourism budgets are being deployed to areas other than marketing to promote the emergence of new regional destinations, niche product areas and innovation (Box 1.8). As this regards quality assurance and training, the trend towards deregulation is freeing up resources for alternative activities, and facilitating a shift towards more co-operative activities with industry.

Digital technologies and social media

Developments worldwide in established social media platforms, such as Twitter, Facebook, YouTube and the China-based social media site Weibo along with the influence of sites such as TripAdvisor, have shifted the source of advice and information to a loose but powerful online community often with local knowledge of tourism products and services. This has created powerful platforms for immediate feedback from tourists that service providers can find difficult to handle. The pace of change is rapid with new platforms and Apps coming on stream daily.

Box 1.8. Maximising the benefit of the New Zealand Cycle Trail

The New Zealand Cycle Trail (NZCT) project was established in 2009 for the purpose of creating jobs and stimulating regional economies through additional tourism. Along with the government's investment of NZD 50 million, the commitment of the local communities generated a further NZD 30 million of co-funding towards the construction of 19 "Great Rides". More than 2 500 kilometres of diverse and predominantly off-road trails showcase the best of New Zealand's landscape. In April 2013, the New Zealand Cycle Trail was recognised as one of the best cycle trails in the world at the International Trails Symposium in Arizona. A further two trails have since been added and two more are under construction, making a total of 23 Great Rides. NZCT has since expanded to include on-road cycle touring routes, with the long-term aim of developing a nationwide cycle network to enable locals and international visitors to explore all of New Zealand by bike.

By the end of 2013, the governance of the NZCT will be transferred from the Ministry of Business, Innovation and Employment to New Zealand Cycle Trail Inc (NZCT Inc.). The strong commercial focus of this independent, membership-based organisation will help NZCT to realise its full potential over the longer term and maximise the benefits it can bring to regional New Zealand. This includes, for example, raising New Zealand's profile as a premier cycle tourism destination, attracting high value tourists, and spreading visitor flows and expenditure throughout the regions.

The growing importance of social media and digital technologies on tourism has required a major shift in the approach to marketing and promotion by NTOs as they move away from traditional forms of print and media advertising to embrace these platforms. The power and influence of the online travel agents and their linkages to Internet providers has been a subject of some controversy and the true "objectivity" of anonymous online reviews is the subject of debate and criticism by service providers. Nonetheless, the increased use of social media by tourists is being recognised by policy makers and specific policy responses are being developed to address the issues emerging.

All key stakeholders in tourism will need to develop the competencies to cope with emerging digital and social media shifts. The scale and pace of these developments creates challenges for national and regional tourism organisations and tourism enterprises to keep abreast of developments and continually update their marketing strategies, including online strategies. This will include, but not be limited to, developing techniques to tailor marketing messages and tourism experiences to the individual consumer, learning how to relate to an emerging young demographic of tourists who are "digital natives" and harnessing the interest generated by "virtual tourism". A particular emphasis will be required on developing the capacity for effective marketing and use of social media among tourism service providers at local levels. To maximise the potential of these developments will also require continued progress by governments on reduced data-roaming charges worldwide or alternative mechanisms to facilitate local Internet access at modest cost such as widespread free wi-fi.

Already some countries have stepped up support programmes to ensure that tourism service providers embrace new technologies and become more proficient in their use. For example, Australia has developed a National Online Strategy for Tourism. The traditional role of the Tourist Information Centre has also come under scrutiny as more and more information becomes available on smartphones and other mobile devices. The role of these offices is likely to change over time to enabling digital and self-service access to information. Portugal is supporting the presence of tourism companies on the web (Box 1.9).

Box 1.9. E-Tourism in Portugal

In 2011, Turismo de Portugal launched a project to establish a co-operative network for R&D in tourism, 2011-13, in order to mobilise the capacity of universities for tourism research. This project aims to boost the potential impact of an R&D agenda on the sustainability and competitiveness of tourism. The network has been promoting various activities (workshops, seminars, etc.) that bring together companies and the scientific and technological community, facilitating the generation of new business ideas.

One spinoff from this Network is Tourism Enterprise on the web, a new project that will bring together tourism companies and associations, Regional Tourism Boards and technology providers to help develop the companies' web presence. This project will evaluate the technology maturity of tourism business, disseminate best practice and stimulate network collaboration targeting specially SMEs.

The European Commission has also funded the development of a new web-based platform to facilitate social tourism in Europe as part of the CALYPSO programme (Box 1.10).

Box 1.10. CALYPSO social tourism platform in Europe

CALYPSO is a European Commission initiative that improves the lives of underprivileged citizens across Europe by helping youth, families facing difficulties, seniors or people with disabilities to go on holidays, while at the same time helping local economies to extend the tourist season. The CALYPSO exchange model promotes off-season tourism in particular in regions where tourism is well developed but highly seasonal, gives less known, small and emerging destinations the opportunity to promote themselves to a broader range of European tourists and encourages longer-lasting employment in the tourism industry by making it possible to extend jobs beyond the peak season.

The European Commission has funded the development of a new platform for tourism service providers and organisations. Professionals can offer their services to these organisations at a special price, mainly during the low season. They will in return benefit from low booking fees. The project was led from 2012 to 2013 by the International Social Tourism Organisation (ISTO). The platform will be run by a European non-profit organisation.

Source: www.ecalypso.eu/steep/public/index.jsf.

The potential contribution of the new technologies to address pressures on national tourism budgets is being increasingly recognised in the context of its ability to provide data to facilitate analysis of consumer wants and needs – grounded in qualitative and quantitative research – to underpin value for money in government tourism budgets.

Transport and travel facilitation

The impact of travel authorisation and visa policy on tourism is discussed in greater detail in Chapter 2, building on the work of the OECD Tourism Committee in its 2013 Report on *Facilitating Travel for Growth*. The importance of striking a balance between security and adequate border protection on the one hand and ease of travel on the other is being increasingly recognised and has been acknowledged by G20 Ministers at a meeting in

Mexico in May 2012. Together with recognition of the need to facilitate the growth in tourism from new and emerging markets, this has led to visa liberalisation and innovation in entry policies at national and transnational levels.

Governments are progressively aligning their marketing strategies, visa and aviation policies to stimulate growth from emerging markets. A number of countries have re-oriented their marketing strategies and visa arrangements to stimulate growth from the key emerging source markets of China, India and the Russian Federation (Australia, France, New Zealand, Poland, the United States). China is now the second most important market in terms of visitor arrival numbers for both Australia and New Zealand whereas the growing importance of the Russian Federation is being acknowledged in policy changes in countries such as Croatia, Egypt, Finland, Israel and Poland.

There are many examples of visa liberalisation and innovation over recent years, both at national and transnational levels (Australia, Ireland, Japan, Korea, Mexico, New Zealand, Poland, the United Kingdom, the United States). These developments have been prompted, in part, by the high growth in tourism flows from the BRIC countries and the need to distinguish tourist travel from other visa requirements. Examples include reduced bureaucracy, bilingual sites/documentation, reduced information requirements and the introduction of multi-entry visas, visa waivers and reduced or no charges for tourist visas. There is also evidence of a greater use of technology with, for instance, the use of permits and e-vouchers in the case of Poland, on-line e-visitor visas free of charge in the case of Australia or automatic immigration clearance system – the Smart Entry Service – in the case of Korea.

The advantages of transnational agreements such as those applying in the Schengen area and for Australia/New Zealand, as well as moves to create a common visa travel area between the United Kingdom and Ireland, are worthy of particular note.

From a tourism policy perspective, the challenge of aligning aviation and tourism policy is to ensure that policy on airport charges, government travel taxes, visas and tourism marketing and promotion stimulates competition for and supply of air services from tourism source markets. Where national or sub-national authorities directly own airports, they can negotiate directly with airlines and provide stimulus packages to encourage growth. Where airports are private or independent bodies, governments tend to focus on creating a regulatory framework for airport charges and other taxes that stimulates growth.

The general perception is that trends in international travel are closely aligned with the economic cycle and grow in line with GDP. There are indications however that the correct combination of policies can grow air travel, in particular, disproportionately to GDP.

A number of countries (Canada, Israel, Korea, the United States) have reaffirmed their “open skies” policies to facilitate greater connectivity and air access. Israel recently signed an “Open Skies” agreement with the European Union. It is expected that the implementation of the agreement in the coming years will reduce flight costs, increase Israel’s competitiveness and the number of incoming tourists. Canada’s “Blue Sky” policy for facilitating international air travel – has led to new or expanded agreements with nearly 80 countries and is aligned with their strategy to speed up access to visas, enhance passenger convenience and improve the welcome to visitors on arrival in Canada. Korea has signed, as of December 2012, air services agreements with 93 countries and conducted open skies agreements with 27 countries for the deregulation of passenger traffic rights.

While ease of travel is essential for tourism purposes, the heavy reliance of tourism on air travel is a concern given risks associated with climate change. This points to the need for a closer alignment between transport and tourism policy and sustainable energy policies at national and international level.

Domestic tourism

Countries are stimulating domestic demand to counter over-reliance on international tourism. The impact of the global economic crisis on tourism has made many countries more aware of the value and contribution of domestic tourism, leading to re-focussed efforts on stimulating domestic holidays and “staycations”.

A number of countries are focusing specifically on stimulating domestic demand, (Hungary, Indonesia, Korea, Romania, South Africa, Spain, the United Kingdom and the United States). The United Kingdom for instance has set itself the goal of increasing the proportion of UK residents that holiday in the United Kingdom to match those that holiday abroad. South Africa has recognised that there is lack of a travel culture amongst South Africans, especially in the case of previously disadvantaged communities. As a result a Domestic Tourism Growth Strategy has been developed, the objectives of which are to increase domestic tourism revenue and volume, to improve measures and efforts aimed at addressing seasonality and equitable geographical spread (Germany, Box 1.11), and to enhance a culture of tourism/travel among South Africans. To encourage more domestic tourism, Korea in 2014 will introduce a “Replacement Holiday Plan” under which employees will receive an extra day off when a public holiday falls on a weekend, providing an average 1.1 additional vacation days a year. China has also agreed on a plan to provide paid holidays starting in 2020.

In some countries, the need to support tourism demand and address seasonality also has a strong social dimension. This is the case in France, where the National Agency for Holiday Vouchers (ANCV) implements a policy of social tourism. The objective is two-fold: to reduce inequalities in access to holidays and leisure, and to enable participation by the greatest number possible. ANCV has two tools at its disposal:

- Holiday vouchers intended for private and public sector employees – in 2012, 3.8 million employees benefited (or 9 million people including their families), with vouchers totalling EUR 1.4 billion issued.
- Other programmes targeting the four key audiences of single parent families, young adults, people with a disability and the elderly. In recent times actions directed at young people have intensified.

Box 1.11. Tourism prospects in rural Germany

Completed at the start of 2013, the “Tourism prospects in rural areas” project is one of the most important tourism policy projects launched by the federal government. Tourism is especially important for jobs and income particularly in rural areas, which are often structurally weak regions. With a practical guide and ten complementary, detailed short reports, the project makes a key contribution to making rural areas more appealing for tourists. A nationwide road show will present the results of the projects at ten local events. In this connection, workshop sessions will be held with key players in the tourism industry, public tourism professionals and representatives from the political and administrative arena to discuss and improve upon the project results.

Rejuvenation of the tourism offer

A number of new and revised tourism policies and plans have focused on identifying niche market areas of comparative advantage in order to enhance competitiveness and maximise investment in marketing and product development (Bulgaria, Finland, Lithuania, the Slovak Republic, Turkey). This process has been accelerated given the growing consumer interest in customised and authentic holidays and changes in visitor expectations and demographics.

Policies at national and regional level are increasingly focusing on identifying, nurturing and investing in product development experiences that emphasise unique selling points for particular destinations. Steps are also being taken to avoid the degradation of the tourism product, in particular in popular “must see” resorts. A favoured policy approach is to help spread the benefits of tourism more widely in countries by active regional dispersal measures, focused on identifying and promoting new tourism centres and niche products, and extending the tourism season. In addition, many countries have a policy objective of stimulating investment in the tourism sector through specific investment and financing initiatives.

Growth in niche areas such as cruise tourism, activity and adventure holidays, seniors travel, health tourism, culture and heritage, rural tourism, food and wine and gay and lesbian has been at higher levels than traditional holidays, leading to greater market and product segmentation in policy initiatives. Major events and sports tourism has become a particular target market (Argentina, Brazil, New Zealand, Poland, Ukraine, the United Kingdom). New niches such as health tourism (Hungary, Korea), diaspora tourism (Ireland [Box 1.12], Scotland), industrial sites and memorial tourism (Belgium, France [Box 1.13]) and route tourism (Europe [Box 1.14], Mexico) are also evident.

Box 1.12. The Gathering, Ireland 2013

In 2012 the Irish government launched *The Gathering Ireland 2013* – Ireland’s biggest ever tourism initiative – taking place throughout 2013. Over 70 million people worldwide claim Irish ancestry. Throughout 2013, Ireland is extending a welcome to those who have moved away, their relatives, friends and descendants and inviting them home to gatherings in villages, towns and cities. Communities throughout Ireland are showcasing and sharing the very best of Irish culture, tradition, business, sport, landscape, food and the uniquely Irish sense of fun. The initiative provides an opportunity for those with ancestral links and an affinity for Ireland to play a part in – and benefit from – efforts to revive the economy.

This year-long celebration of festivals, events and other gatherings around the country is providing support for the tourism industry during 2013 as well as a legacy impact for future years. The target is to generate 325 000 incremental visitors in 2013 and to leave a legacy of community structures and engagement with tourism that will benefit the sector in the longer-term. Indications from the Irish tourist industry are that *The Gathering* is working well and is having a real effect on people’s interest in visiting Ireland. The success of the initiative is backed up by the latest tourism statistics, with encouraging signs for visitor numbers from North America, and Mainland Europe supported by significant growth in transatlantic air access for the peak summer period.

Box 1.13. Industrial and commemorative tourism in France

In France there has been a focus on the development of new niche sectors such as industrial and commemorative tourism, tapping into the growing attraction of cultural and heritage tourism and learning experiences. Some five thousand enterprises are already open to the public, welcoming some 10 million visitors in areas such as energy, agri-tourism, cosmetics and arts and crafts. This has prompted the creation of a new public/private initiative – l'Association de la Visite d'Enteprise – which has established, for the first time, a website to categorise enterprises open to the public.

Another emerging niche area is memorial tourism, with more than 6 million visitors in 2010 to fee-paying sites, over half of which were international tourists. Beginning in 2014, France will be a focus for the international commemoration of sites for the centenary of the First World War and the 70th anniversary of the Normandy landings. In order to enhance accessibility to the sites and to improve their management, the French government has launched a supporting initiative in association with Atout France and the relevant regional authorities.

Box 1.14. European Cultural Routes

The Council of Europe and the European Commission collaborate to help the development of European Cultural Routes. The Council of Europe certifies some Routes, monitors their quality and trains their managers with the financial support of the EU. The European Commission provides seed money to link local success stories into a large, more visible and more attractive tourism product. It also advertises Routes in collaboration with the European Travel Commission and through specific actions at major trade fairs.

These Routes invite tourists to discover how Europeans co-operate and compete since ancient times, creating great emotions and artefacts. Their rich diversity makes them particularly attractive: from pilgrimage routes such as the Camino of Santiago de Compostela or Via Francigena, to Mozart ways; from the Limes – the border of the Roman empire – to the Vikings route or the liberation of Europe by the Allies during the Second World War; from the Olive Tree route to the Hanseatic merchant route. The rich European industrial past and future is not forgotten. The European Route of Ceramics, for example, shows how innovation coming from Asia was welcome and enriched by entrepreneurs in Faenza, Italy, Delft, the Netherlands, Stoke-on-Trent, the United Kingdom or Selb in Saxony, Germany for tableware but also for space exploration.

OECD work on *Food and the Tourism Experience* analysed food experiences in a wide range of countries and regions around the world. The study develops new knowledge on the relationship between food experiences and tourism that can stimulate the development of appropriate clusters, support mechanisms and marketing and branding activities. The potential for developing food tourism is being recognised in a number of countries (Australia, Austria, Denmark, France, Ireland, Italy, Korea, Norway, Portugal, Romania, Spain). In Austria a number of initiatives have been introduced. These include “Genuss Region Österreich” (www.genuss-region.at/) which focuses on specific local products for each region and a large number of regional events and a new site for wine tourism (www.diereisezumwein.at/) which was launched in August 2013 by the Austrian Wine Marketing Board.

In order to further stimulate synergies between tourism and gastronomy, the European Commission funded the development of a new portal providing information on gastronomic events in Europe. The portal helps tourists from Europe and abroad to add a gastronomic dimension to their trips and is hosted by the European Travel Commission (www.visiteurope.com/home.aspx).

Sustainable tourism and innovation

Sustainable growth has three elements – economic, environmental and social – and requires an appropriate balance between the three. Many environmental sustainability elements have already been mainstreamed in economic policy at national level through support for energy conservation, recycling and the adoption of environmental best practice. Hotel and other tourist accommodation providers have shown themselves to be at the vanguard of adoption of environmental best practice. Such trends may be expected to continue. Customer demand for sustainable and eco-friendly tourism products is expected to grow but eco-tourism as a significant stand-alone niche sector has been slow to develop.

Customer demand for sustainable and eco-friendly tourism products is expected to grow. The *Report on Climate Change and Tourism Policy in OECD Countries* contains an assessment of the current situation with a review of the state of policy making on tourism and climate change and provides recommendations to address the mitigation and adaptation challenges that the tourism sector faces. National governments are key actors, particularly in regulating and taxing greenhouse gas emissions and creating incentives for carbon reductions. The role of international organisations such as the United Nations Environmental Programme (UNEP) and regional and industry based initiatives is also important. The report concludes that current policy, with few exceptions, is inadequate for the scale of the challenge, both on mitigation and adaptation, and sets an agenda for further research and development.

The *Report on Green Innovation in Tourism Services* builds on the OECD Innovation Strategy that identifies five principles that can help governments to use innovation as a tool to improve economic performance, address societal challenges and enhance welfare. These principles include empowering people to innovate, unlocking specific projects, creating and applying knowledge, using innovation to address global and social challenges and improving the governance and measurement of policies for innovation. A number of countries have adopted innovative approaches to tourism to help improve competitiveness and sustainability (Austria [Box 1.15], Germany, Iceland, Korea, New Zealand, Norway, Spain, Switzerland).

While innovation in product and service delivery in tourism is widely identified as a policy priority, the search for successful models of public policy intervention to facilitate such innovation continues. Innovation must become a matter of routine for tourism businesses with “process” innovation becoming increasingly important to help bring down costs, leading to quality improvements, lower prices and increased profitability. A whole of government approach is needed to maximise synergies and reduce duplication in supports.

The “10 Year Framework of Programmes on Sustainable Consumption and Production” (Box 1.16), reaffirmed at the United Nations Conference on Sustainable Development (Rio+20) is also relevant in this context.

Box 1.15. Innovations Million subsidy in Austria

In Austria, a strong focus has been put on innovation in tourism. New measures introduced from 2012 onwards include a biannual award organised in co-operation with the *Länder* dedicated to innovative best practice under a specific topic, with project financial support for the winner. Product innovation workshops are organised by the Austrian National Tourism Organisation, and there are increased subsidies available for innovation. One such subsidy is the Innovations Million which supports innovative flagship tourism projects based on stakeholder co-operation at the level of the destination, and for which a one million euro budget is available each year. The selection of projects follows a call for proposals, which are evaluated by a jury of experts. In 2012, seven such projects were awarded funding for product development, distribution and communications.

Source: www.bmwffj.gv.at/Tourismus/Tourismusfoerderung/Seiten/Innovationsmillion.aspx.

Box 1.16. 10 Year Framework of Programmes on Sustainable Consumption and Production

Promoting sustainable patterns of consumption and production is one of the three overarching objectives of, and essential requirements for sustainable development, reaffirmed at the 2012 United Nations Conference on Sustainable Development (Rio+20). Countries strengthened their commitment to accelerate the shift towards sustainable patterns of consumption and production in both developed and developing countries with the adoption of the 10 Year Framework of Programmes on Sustainable Consumption and Production Patterns (10 YFP) in the Outcome Document “The Future we Want”.

The 10 YFP is a global framework of actions to enhance international co-operation. Sustainable tourism, including ecotourism, is included as one of the five initial programmes, through bringing together existing initiatives and partnerships working in similar areas, building synergies and co-operation between stakeholders to leverage resources towards mutual objectives and minimising duplication of effort.

The 10 YFP includes a secretariat, a UN Interagency Co-ordination Group, a small Board, National and Stakeholders Focal Points and a Member State Body to receive reports.

Source: www.unep.org/10yfp.

Skills and human resources

Governments recognise the potential of the tourism sector to help address the unemployment challenge. At a time of unprecedented high unemployment, especially in Europe, there is still evidence in many countries of skills shortages in the tourism sector (Box 1.17). However in a small number of countries, such as Australia, the challenge is the reverse, with shortages due to low unemployment levels and a workforce seeking to establish careers in other sectors of the economy.

Most countries have recognised for many years the importance of education and training in tourism policy. There has been a range of policy responses to stimulate general interest in careers in hospitality. These include supporting enterprises to improve recruitment and staff retention, improving the quality of jobs and the professionalisation of the sector through, for example, career progression and facilitating formal training programmes in educational institutions and within enterprises themselves (Box 1.18).

Box 1.17. Addressing skills gaps in Slovenia

As part of its new Tourism Development Strategy, 2012 to 2016 – Partnership for Sustainable Slovenian Tourism – the Slovenian Tourism Administration, in partnership with the relevant Chambers of Commerce, the National Institute of Vocational Education and Training and the Training and Employment Service of Slovenia, have organised workshops, seminars, media campaigns and ad hoc labour exchanges to address skills gaps in the workforce.

One of the policy measures is the creation of a public private system for gaining practical experience and training by selected employers through subsidising scholarships given to the students by private companies. The Tourism administration also initiated the establishment of a “schools hotels” network where pupils can obtain practical experience. To support human resource development, an expert working group has been established including parties representative of the Ministry of Labour and Social Affairs and Economic Development and Technology and the Trades Unions.

Box 1.18. Country initiatives in tourism education and training

The Canadian Tourism Human Resource Council (CTHRC) works with businesses, educators, government agencies, and other stakeholders to identify and address common human resource issues in the sector. Together with its provincial/territorial partners, the CTHRC is responsible for the stewardship of the national system of competency standards and professional certification for tourism sector occupations. Through its *emerit* brand, the CTHRC also offers a vast array of training and consulting solutions that promote tourism careers and inform business practices in order to support enhanced visitor experiences through quality service and hospitality.

Through *Tourism 2020*, the Australian government is responding to labour and skills shortages. In 2011, the largest body of research ever conducted to profile the tourism labour force, the Australian Tourism Labour Force Report, highlighted that an additional 56 000 people were needed to fill tourism vacancies by 2015. The Report found that around half of all tourism businesses in Australia were experiencing recruitment, retention and skills shortages and targeted regional solutions were needed to respond to these issues. State and territory Tourism Ministers identified eight employment “hot spots” in regions experiencing the most acute pressures. The Australian government is working across government and industry to deliver eight Tourism Employment Plans (TEPs) as one of its cornerstone strategies. The TEPs better connect businesses to government programmes and develop regional capacity to support ownership of the TEP. This includes the development of short and long term strategies as part of a three year plan to improve access to training and workforce planning, improve recruitment and retention, the use of non-traditional labour and improved promotion and recognition of career pathways. A supportive TEP Guide and Advisory service have also been implemented by the Australian government to support other regions develop their own TEPs or use strategies to come out of the pilots to benefit a region.

The Egyptian Tourism Workforce Development project involves a mobile training approach where trainers target their audiences in specific geographical regions. The project involves a focus on improving skills and providing better levels of service and food safety in line with international best practice, the creation of a specialist unit to lead the process and the introduction of a programme to improve supervisory and managerial skills in hotels and restaurants. The programme is being delivered in 12 tourism regions by mobile regional hospitality master trainers.

The identification of continuing labour and skills shortages in many countries at a time of historically high unemployment, particularly youth unemployment, raises issues as to the recognition of and value placed on employment in tourism and hospitality and how this might be enhanced.

The *OECD Report on Education and Training for Competitiveness and Growth in Tourism* examines good practice and challenges in the development of education and training in the hotel and restaurant sector. The report sets out good practice education and training policies and programmes that support a more attractive labour market and business environment in tourism, allowing the industry to maintain a sufficient and highly qualified workforce and hence support productivity improvements in the industry. It looks at mechanisms to increase productivity and to address labour shortages and the role of migrant workers.

External shocks

Tourism is more vulnerable to external shocks than many other economic sectors. Tourism is particularly sensitive to the impact of natural disasters, wars, terrorism, political unrest, civil disturbances and human and animal health scares. While post-analysis shows that such events have resulted in reduced tourism demand in the short-term, the ability of the sector to bounce back has been particularly striking as consumers become more immune and desensitised to such events. What is clear from analysis of tourism flows over time is that the propensity to travel remains strong. In policy terms, contingency planning for such eventualities is improving and is increasingly being built into national tourism policies and plans.

Best practice for coping with external shocks – as exemplified in the case of New Zealand (Box 1.19) and Japan (Box 1.20) in the aftermath of major earthquakes – includes close market monitoring of impact on tourism flows, provision of accurate and timely information to travellers, co-ordination within national emergency planning, appropriate diplomatic actions as well as adjustments in marketing activities. The value of a post-event impact assessment to generate awareness of damage to tourism can be particularly beneficial. Safety and security policies are necessary to protect tourists and are increasingly valued by travellers. However it is also important that any restrictions on the movement of people arising from such shocks are in accordance with best international guidelines and advice to avoid needless disruption based on unfounded risks or fears.

Box 1.19. Crisis management in New Zealand

The Visitor Sector Response Group, which was set up to ensure the welfare of affected visitors following the February 2011 Canterbury earthquake, has since evolved into the Visitor Sector Emergency Advisory Group. The group, which comprises representatives from tourism industry bodies and government agencies active in the visitor sector, will plan its response to future emergencies that impact on international visitors to New Zealand. The group will be activated when incidents occur or threats emerge that could impact on the visitor sector, such as events that affect the welfare and disrupt the travel plans of overseas visitors and attract significant inaccurate media coverage that could damage New Zealand's reputation as a destination. Members of the group will make use of their international networks to disseminate accurate and timely information offshore. They will also work to mobilise the sector's domestic resources to assist with national and local responses during emergencies.

Box 1.20. Boosting tourism after the Great East Japan Earthquake

The Great East Japan Earthquake in March 2011 severely affected both domestic and inbound tourism in Japan. In the immediate aftermath of the earthquake, concerns about safety in Japan, with some countries discouraging their citizens from visiting the country, resulted in a severe impact on the number of foreign visitors.

To recover domestic and inbound tourism, the government of Japan took the following actions:

- Provision of accurate information on the situation in Japan, especially in Fukushima.
- Circulation of information on radioactive monitoring through a webpage and messages from distinguished personalities overseas.
- Launch of "Share your WOW! Japan Photo Contest".
- Launch of "Destination TOHOKU Campaign" especially in heavily affected areas.
- Designation of 30 tourist zones in the Tohoku region, and provision of tour products interpreting local history and lifestyle.
- Strengthening of tourism promotion in target foreign markets.
- Invitations to foreign travel agents and oversea media.
- Hosting International Summit.
- Provision of site visits to the earthquake hit areas.

Although issues remain to be addressed such as rumors based on lack of accurate information, inbound tourism to Japan is showing remarkable recovery. In the first half of 2013, the number of foreign visitors to Japan reached its highest level, and is estimated to meet the goal of 10 million foreign visitors to Japan in 2013.

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