



UNWTO ROADMAP

Contents:

ITB Inaugural Address.....	pp. 2-6
Roadmap for Recovery Outline.....	pp. 7-10
2nd Meeting of the Tourism Resilience Committee – Summary.....	pp. 11-13





UNWTO CALLS ON TOURISM STAKEHOLDERS TO JOIN ROADMAP FOR RECOVERY

Berlin, Germany, 11 March 2009 - In opening this year's ITB Travel Trade Show (11-15 March, Berlin), Taleb Rifai, Secretary-General ad interim, underscored that "tourism means trade, jobs, development, cultural sustainability, peace and the fulfilment of human aspirations. If ever there was a time to get this message out loud and clear, it is now, as we meet at a time of overriding global uncertainty, but also of immense possibilities", Mr. Rifai said. He urged the G-20 leaders to take note of this message and to include tourism as a key component of their economic stimulus programmes and the Green New Deal. His keynote speech addressed the challenges and opportunities of the tourism sector in a time of global economic challenge.

REMARKS BY MR. TALEB RIFAI, SECRETARY-GENERAL A.I. OF THE WORLD TOURISM ORGANIZATION, AT THE OPENING OF THE ITB Berlin, Germany, 10 March 2009

Prof. Dr. Norbert Lammert, President of the German Bundestag
Dr. zu Guttenberg, Federal Minister of Economy and Technology
Klaus Wowereit, Governing Mayor of Berlin
Dr. Jürgen Rüttgers, Prime Minister of North Rhine-Westphalia
Dr. h.c. Fritz Pleitgen, Chairman, RUHR.2010
Klaus Laepple, President, German Tourism Industry Federation
Raimund Hosch, President & CEO, Messe Berlin GmbH
Ladies and Gentlemen,

It is a pleasure and an honour, on behalf of the UNWTO and the world tourism industry, to pay tribute to Messe Berlin for bringing us together again this year to celebrate this unique global phenomenon that we call tourism. We know that tourism means trade, jobs, development, cultural sustainability, peace and the fulfilment of human aspirations. If ever there was a time to get this message out loud and clear, it is now, as we meet at a time of overriding global uncertainty, but also of immense possibilities.

Ladies and Gentlemen,

Today, world leaders tell us that we are facing the biggest challenge of the past half-century:

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- There is the immediate crisis consisting of a credit crunch, economic disarray, mounting unemployment and recessionary reduction in market confidence, with no telling—for now—how long it will last.
- Coupled to the crisis are the long-term systemic imperatives of climate-change response, job creation and poverty alleviation.
- This situation puts unrelenting pressure on our customers, our employees, and our markets, driving us to radically alter our existing policies and practices.

Over the last few decades, our industry has experienced various setbacks, and faced severe natural and man-made crises. Through it all, the industry demonstrated a remarkable resilience and always came out stronger and healthier. Indeed, resilience has become synonymous with our industry. This juncture, however, seems to be different. This crisis is truly global and its parameters are unclear. We need a different mindset.

Ladies and Gentlemen,

History shows that the biggest challenges provide the biggest opportunities. The same world leaders that have differed in the past on so many issues are now engaged side by side in the battle. They are working together in ways that would have been unimaginable at any time in the past, to coordinate and collaborate on their economies, their response to climate change and their development agenda. We in the tourism and travel sector can and must play our part. To do this we need what I will call “A Roadmap for Resilience”.

First: We must approach the situation with realism. Our markets started to deteriorate in mid-2008. While UNWTO figures show international arrivals hit a record 924 million last year and annual growth of 2%, the second half of the year tracked the monthly decline in macroeconomic results and forecasts. Arrivals experienced negative growth of -1% during last six months of 2008. The same is true of international receipts: record highs till mid-2008 but rapidly declining second-half growth. This is an indication of the trend forecasted for the current year. This is the reality.

Second: We must take every action to shore up our own defences, so that we can weather the storm and emerge intact on the other side when the good times return—as they surely will. We must maintain and preserve, in as much as we can, our valuable structures and trained workforce.

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Third: We must also recognize that the measures we need to take now—urgently but precisely—will require unusual action. The complex, interconnected and dynamically unfolding nature of this crisis makes it unpredictable. The future operating patterns for global economies will be vastly different from the past: the very nature of consumerism will change and so will our markets and our prospects. It is the time to revisit our existing structures, policies and practices. It is time for innovations and bold action.

Fourth: In taking these measures we must make use of every advantage. We must harness the immense power of technology and modern communications including the Internet to reduce costs, operate with new efficiencies and manage risk in an environment of uncertainty and constant change.

Fifth: We can benefit by putting the tried and tested model of public-private partnership on the front burner to navigate through the turbulence and beyond. We need to identify best-practice economic and operational models and help embed them in markets around the world. And we need to fight the worst practices like excessive taxes and complex regulation that increase our costs and reduce the value of our products. It is time for solidarity.

Sixth: Lastly—and this I pledge—the UNWTO will provide both leadership and support:

- as a vehicle for industry collaboration and public-private exchange,
- as a source of trusted data, analysis and research,
- as a policy mechanism, and
- as the central voice for tourism within the UN family, which is increasingly the mechanism of choice for responding to global challenges.

Ladies and Gentlemen,

Last year, as the challenges began to unfold, we established a “**Tourism Resilience Committee**” to provide a framework for better market analysis, collaboration on best practices and policymaking. It will meet here at ITB in two days to assess the short-term realities, to consider immediate responses and to chart strategy. It will be a continuing focal point for crisis response for the tourism sector around the world.

The Committee will hold a pivotal meeting at our own Assembly in Kazakhstan in October 2009, when we will have a much better view of the way

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forward and where tourism ministers from all countries, as well as representatives of all stakeholders will be present.

Ladies and Gentlemen,

I want to seize this occasion to publicly invite leading decision-makers from the private sector and industry organizations to join us, to help chart the way forward, in conjunction with organizations like the OECD, the World Economic Forum, CTO, ETC, PATA, WTTC, IATA, IHRA and their counterparts at the regional and national levels. As Benjamin Franklin famously said: “We must, indeed, all hang together, or assuredly we shall all hang separately.”

We must reinforce our position as a primary economic stimulus and job creator and again put that message in bold letters on the desks of economy ministers and world leaders.

We must be at the heart of stimulus packages because the jobs and trade flows generated by a strong tourism sector as well as business and consumer confidence in travel can and will play a big part in bouncing back from recession.

We must convince decision-makers that spending on tourism promotion can pay massive returns across entire economies because visitors are exports. This is no time to retract and retrench.

We must also be at the forefront of the transformation to the Green Economy contributing with carbon-clean operations, jobs in environment management and energy-efficient building. In this respect, I refer you to the outstanding study released last month by my colleague Achim Steiner, Executive Director of UNEP, detailing how this “New Economic Deal” can work.

Finally and most importantly, **we must** do this in a way that helps the poorest countries develop their economies faster and seriously respond to climate change, in line with our Davos Declaration Process. Our commitment—the UN’s commitment—to Africa must remain firm. Enlarging their air transport networks, increasing their revenues, upgrading their technology, enhancing their skills and obtaining financing in an increasingly climate-neutral world... these are not optional, they are imperative.

In this regard, I must congratulate ITB Berlin for its “ITB Berlin Convention” on market trends and innovation. The emphasis it placed on Corporate Social Responsibility, including the holding of its first CSR Day, is timely and crucial. You are right in that CSR is not just the issue of the day, but

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rather a fundamental business premise for long-term economic success and competitiveness.

In conclusion, I hope you share our vision of the opportunity that the present adversity offers and the “Roadmap for Recovery” that I have sought to lay out today. We call on all tourism stakeholders to join us. It will not happen without leadership and good management—not crisis management but opportunity management.

Thank you.

Contact information:

Assistant Secretary-General & Spokesperson: Geoffrey Lipman

Media Officer: Marcelo Risi

T: +34 91-567-8178 / +34 91-567-8100 / F: +34 91-567-8218

comm@UNWTO.org - www.UNWTO.org

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World leaders tell us that we are facing the biggest challenge for half a century:

- the immediate crisis of a credit crunch, economic disarray, mounting unemployment and recessionary reduction in market confidence – with an indeterminate end;
- putting unrelenting pressures on our customers, our employees, our markets, our policies;
- coupled with the long term systemic imperatives of climate change and poverty alleviation.

Tourism, though resisting better than some sectors, has not been immune. Our markets started to deteriorate in mid 2008. While UNWTO figures show international arrivals hit a record 924 million last year and an annual growth of 2%, the second half of the year show a clear decline tracking the macro-economic deterioration. The same can be expected of international receipts – record highs but rapidly declining second half growth. And that pattern is continuing in 2009.

Over the last few decades, our industry has experienced various setbacks, and faced severe natural and man-made crises. Through it all, we have demonstrated a remarkable resilience coming out stronger and healthier. Resilience has become synonymous with Tourism. This time is different. This crisis is truly global and its parameters are unclear. We need a different mindset.

UNWTO is proposing to the sector a new **Roadmap for Recovery**, with the following elements:

1. Be realistic

The crisis is real, significant and transforming. We must take every action to shore up our own defences, so that we can weather the storm and emerge on the other side when the good times return – as they surely will.

2. Embrace change in markets, demand and operating dynamics

We must recognize that the measures we need to take now – urgently but precisely – will require unusual action because of the complex, interconnected and dynamically unfolding nature of this crisis. The future operating patterns for global economies will be vastly different from the past: the very nature of consumerism will have changed and so will our markets and our prospects. It is time for innovations and bold action.

3. Harness the power of technology

As we take these measures we can gain advantage if we exploit the immense power of technology and modern communications including the internet – to reduce cost, operate with new efficiencies and manage risk in an environment of uncertainty and constant change.

4. Boost Public/Private Partnership

We can benefit by putting the tried and tested model of public/private partnership on turbo charge to navigate through the turbulence and beyond. We need to identify best practice economic and operational models and help embed them in markets around the world. And we need to fight the worst practices like excessive taxes and complex regulation that increase our costs and reduce the value of our products.

5. Remind the world that Travel means Jobs, Infrastructure, Trade and Development

We must reinforce our position as a primary income and jobs creator and again put that message firmly on the desks of economy ministers and government leaders.

6. Help the poorest grow tourism, fight climate change & advance development

We must ensure that developing countries grow their economies faster and seriously respond to climate change – in line with UNWTO Davos Declaration Process. Our commitment to Africa must remain resolute. Growing their flights, revenues, technology, skills and financing in an increasingly climate neutral world. This is not an option... it is an imperative.

7. Put Tourism and Travel at the core of Stimulus Packages & the Green New Deal

- We must be at the heart of stimulus packages – because the jobs and trade flows from a strong tourism sector, as well as business and consumer confidence in travel, can play a big part in any bounce back from recession. And here we must convince decision makers that spending on tourism can pay massive returns across entire economies because visitors are exports.
- We must also be at the forefront of the transformation to the Green Economy – contributing with carbon clean operations, jobs in environment management and energy proofed building.

History shows that the biggest challenges provide the biggest opportunities. Today world leaders are working together in ways that would have been unimaginable at any time in the past, to coordinate and collaborate on their economies, their climate response and their development agenda.

We must do the same.

UNWTO is charting a **Roadmap for Recovery** which will be finalized at its General Assembly in October this year in Kazakhstan.

We want to send a strong message to government leaders that **Travel means Jobs, Infrastructure, Trade and Development** and urge them to **put Tourism & Travel at the core of Stimulus Packages and the Green New Deal.**

UNWTO invites all tourism stakeholders to join us.

As Benjamin Franklin said. “We must all hang together – or we will hang separately”.

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UNWTO will provide Leadership and Service

- For industry collaboration and public private exchange
- For trusted Market Intelligence
- For policy formulation via its Tourism Resilience Committee (TRC)
- For promoting tourism in the UN family and the International Community

The Economic Situation and Its Impact on Tourism

- The economic situation kept deteriorating since the First Meeting of the Committee in January, as confirmed from data just released by the World Bank.
- World economy is expected to contract for the first time since World War II with all major source markets already in or entering recession. Emerging economies, which initially seemed to be more resilient, increasingly facing the impact of the ongoing global economic crisis as many of them depend on exports which have gone dramatically down as advanced economies stalled.
- In the tourism sector, UNWTO market monitoring shows that the decline in international tourism witnessed in the last months of 2008 has, as expected, continued into the first months 2009 in most destinations.
- Analysis of data on net air bookings by Amadeus - domestic and international (more than 1 billion air net bookings originated in more than 200 countries) confirms the decline in major source markets:
 - January 2009 recorded 20 million worldwide net air bookings less compared to the same month in 2008.
 - All source markets net bookings are expected to show double digit declines from February to May 2009 except for Middle East/Africa.
- Data on outbound markets expenditure in terms of credit cards as provided by Visa show that most markets are in decline in the first months of 2009. Expenditure from the USA is nonetheless not so depressed as expected, showing that the market keeps travelling but to closer destinations.
- In the airline sector, according to the report presented by Booz & Company, 2009 might be worse than 2001 (The 9/11 year) for the airline sector as demand continues to decline. At the same time, there is a growing risk of increased regulation as airlines face tougher times. The airline industry is at a crossroad. With the opportunity for accelerated consolidation / deregulation with the risk of high regulation and nationalisation.
- In the accommodation sector, the International Hotel and Restaurants Association (IHRA) points out that RevPar went negative last year and is still negative in 2009. It predicts a decline in occupancy worldwide during 2009 and major hotels chains expect a fall in profits during this year. Construction of new projects will be delayed as bank lending remains tight. Capital investments will be held for better days even if the funds have been allocated.

The Way Forward - Public and private response to the crisis

- A series of responses were presented by representatives of Bahamas, China, Jamaica, Maldives, Thailand & the German Travel Industry (BTW). These can be clustered as:

Tourism Resilience Committee 2nd meeting. Summary and Conclusions

- **Fiscal Policy:** Participants stressed the importance of governments not imposing extra taxation at this moment. Many destinations, such as Thailand, China or Bahamans, have presented examples of stimulus which include the reduction of landing fees (a critical competitive factor as air capacity is key) and tax reductions for tourism businesses;
- **Monetary Policy:** Recognizing that one of the major constrains to tourism enterprises, namely SME's, at the moment is liquidity and access to credit Thailand for example has designed a special credit program for tourism companies;
- **Travel Facilitation:** visa waiver programs such as the ones being implemented by Bahamas aiming at the countries in Central and Eastern Europe
- **Marketing:** Promotional activities are being increased and directed in most destinations to nearby markets and to the domestic market.
- **Clear Communications** of both the realities and the opportunities was underscored with an emphasis on UNWTO action to provide good timely data and best practice response.

UNWTO Road Map for Recovery

- UNWTO is promoting a new **Roadmap for Recovery** and a message to world leaders highlighting the sector's potential to contribute to economic recovery. This is a three part plan stressing parallel action on: a) Resilience b) Stimulus c) Green Economy
- The key issue is that travel means jobs, infrastructure, trade and development - exactly the issues that world leaders are emphasising in coordinated recovery.
- The seven point **Roadmap** is:
 - **First** be realistic: following the market closely and adapting continually
 - **Second** embrace change in the marketplace & operations.
 - **Third** harness technology: particularly ICT and social networks;
 - **Fourth** boost Public Private Partnerships (PPPs);
 - **Fifth** push travel's economics: stressing jobs, infrastructure, trade & development
 - **Sixth** help poor countries, who will suffer most and need transformational support for climate change and development imperatives;
 - **Seventh** "Put Tourism and Travel at the core of Stimulus Packages and the Green New Deal".
- **UNWTO will elaborate this strongly in the next months, in the context of government response to the crisis, starting with the G20 Meeting in April 2009. It will invite sectoral leaders to consider medium and longer term actions at its Assembly in Kazakhstan in October.**

Conclusions

- Economy continues to deteriorate further and the crisis is truly global.

Tourism Resilience Committee 2nd meeting. Summary and Conclusions

- Tourism demand has already started to suffer - 2009 will be significantly impacted
- Global crisis requires global response. The sector must act together, rapidly and with determination, First movers will be better positioned to mitigate the impacts.
- It is crucial to remove all obstacles to travel, especially taxation or over regulation.
- The sector must continue to invest in infrastructure, human resources, promotion and in adding product and service value..
- The key point is that travel means jobs, infrastructure, trade and development.
- Many countries are developing stimulus measures to mitigate the effects of the crisis on tourism realizing that it can be a key driver of economic recovery. Others should follow suit. All governments should support the *Roadmap for Recovery*.
- The Core Group of the TRC will meet within 45 days in Cairo to ensure that this matter is kept under continuous review