REPORT OF THE SECRETARY-GENERAL

Note by the Secretary-General

The Secretary-General reports to the General Assembly in the attached document on the situation of and outlook for world tourism and on the resulting challenges for those with responsibility for it.

A supplement to this report will take stock, shortly before the Assembly, of the situation of the World Tourism Organization.
REPORT OF THE SECRETARY-GENERAL

Midway through my third term of office, I have the honour to present to the General Assembly a report constructed around two focal points:

- a brief summary of the situation of international tourism based on the latest data available at this time, leading to a debate on the characteristics – new, to my way of thinking – of the sector's growth;

- a vision of the challenges that I believe world tourism and our Organization will face in the years ahead.

I. SITUATION OF INTERNATIONAL TOURISM

1. Results for 2006

World tourism confirmed in 2006 that it has been in a new, historical phase in its growth for the past three years. In 2005 it broke the barrier of 800 million international arrivals and last year achieved the figure of 842 millions (+ 4.9 per cent).

That represents growth, over a three-year period, of more than 20 per cent accounting for 150 million extra visitors, more than what a region like the Americas receives in a year.

All regions advanced in 2006, the poorest among them, Africa, achieving the strongest growth (+ 9.8 per cent), as in the previous year. It gives us pleasure to report this and, in particular, the vigorous expansion of sub-Saharan Africa (+ 11.2 per cent). We are encouraged, too, by the still excellent results of Asia-Pacific (+ 7.8 per cent) and by the good performance again of the Middle East (+ 3.9 per cent), in spite of the terrible upheavals this region is experiencing.

Among the remarkable developments of 2006 is the performance of India which, with a growth rate of 13 per cent, has doubled that of China (+ 6 per cent), even if, of course, the two destinations are still far apart in absolute terms (India recording 4.4 million arrivals and China 49.6 million). China is, in fact, now very close to the United States of America (50.9 million arrivals) and, after coming fourth in the world ranking for arrivals, displacing Italy, should move up to third place this year or by 2008 at the latest.

The poor performance of the United States which, in spite of the weakness of the dollar against the euro, still falls short of its 2000 level, is proof, if proof were needed, of the intensity of the trauma caused by the events of 11 September 2001 (9/11) and of the country's persistently negative image abroad because of the difficulty it has in receiving foreign visitors in the best conditions while maintaining the level of security that the national authorities insist upon.
Another striking feature of 2006 is the improved performance of the Mediterranean region and the euro zone, notwithstanding the relatively high value of this currency on the exchange markets. This is reflected in the satisfactory progress of western Europe (+ 5 per cent) and of southern Europe (+ 4.4 per cent), while eastern European destinations are experiencing virtual stagnation (+ 1.4 per cent) although, to be fair, this follows a period of very strong growth.

It is worth noting that among the traditional top destinations of Europe, countries like Portugal, Spain, Italy and Germany posted good results in 2006, the latter two countries benefiting from the effects of the Olympic Games and the Football World Cup, although Turkey experienced a slight downturn after two very favourable years.

What is more, the foreign earnings that these arrivals generated rose considerably to a total of 735 billion dollars, 57 billion dollars more than in 2005.

For the first time receipts in the Asia-Pacific region (153 billion dollars) equalled those of the Americas (21 per cent of the world total for each of the two regions), coming behind Europe (378 billion dollars, or 51 per cent of the total). In 2006 China dislodged Great Britain from fifth position in the ranking of international tourism receipts, behind the United States, Spain, France and Italy.

2. **Outlook for 2007**

The panel of 250 international experts who contribute to the information of UNWTO and to the preparation of its Barometer predicted, at the beginning of this year, a slight flagging in the pace of growth. Nevertheless, the pace picked up in the first half of the year, and in the first quarter of 2007 international arrivals rose at an annual rate of 6 per cent, i.e. 15 million more arrivals than in the first quarter of 2006. This means that arrivals for the year as a whole may well surpass the 4 to 4.5 per cent rate of increase initially forecast and even outstrip that of the previous year.

This favourable outlook must be seen within the context of the forecasts for the global economy and international trade as a whole.
The International Monetary Fund (IMF) confirms its forecast of 4.9 per cent growth this year for the world economy as a whole. The present slowdown of the United States economy should be moderate and not have ripple effects on other regions. For 2008 the IMF predicts that the global economy will continue to expand at the same rate, i.e. 4.9 per cent, which means that we would see, for the fifth year in a row, a rate well above the long-term average. The IMF still expects particularly strong growth in the emerging markets and developing economies. The World Trade Organization (WTO), for its part, is slightly more cautious about the prospects for international trade in 2007. This year trade in goods should grow at the slightly slower rate of some 6 per cent compared to 8 per cent in 2006, a year typified by a vigorous expansion of exports ranking second among the best results since 2000.

It may therefore be said that so far 2007 has been most auspicious both for international tourism and for the world economy and trade as a whole and that only a major global event, such as an avian flu pandemic, would be capable of reversing the trend in our sector.

3. Towards another kind of growth

It would be a mistake to consider that, after a period of difficulties and crises marked, between 2001 and 2003, by 9/11, conflicts, terrorism, health concerns and natural disasters, international tourism has returned to its previous rate of growth and that everything is as it was before. Like the global economy and society, tourism has changed and continues to change under the pressure of its environment.

It must be borne in mind that 2006 was the hottest year on record for the world as a whole. It was also the year when the price of a barrel of oil rose to 73 dollars, before falling back to 50 dollars, when the value of the dollar dropped below 1.30 to the euro and when the US housing market suffered a severe setback. Such upsets could not but have consequences for the travel and tourism industry. In July, with the barrel of oil above 74 dollars, the pound sterling at 2 dollars and the euro at 1.38 dollars, in many respects 2007 is reproducing the same characteristics, in spite of the dramatic shifts in climate in the opposite direction in various parts of the world.

The world tourism industry has entered a new phase in its growth; but it is a different kind of growth – more moderate, more robust and more responsible.
More moderate, because it is unlikely that we shall again see the double-digit growth rates of the past, or the spectacular leaps of 2000 and 2004. Because of the potential reservoirs that the great emerging countries of Asia represent, the market should be continuously fed by flows of extra travellers, though not to excess. The access to holidays and leisure of the middle classes and families of young entrepreneurs from the emerging countries of Asia and the high propensity to travel of the baby boomers of Europe and North America, now retired or approaching retirement, are the two powerful engines that are today impelling world tourism. With regular inputs from these two sources, increases in arrivals of some 4 per cent a year should become the norm, enabling the figures announced by UNWTO in 1995 to be attained, i.e. 1.1 billion international arrivals by 2010 and some 1.6 billion by 2020.

It will be a more robust growth because businesses, consumers, governments and international institutions like UNWTO are now better able to anticipate the shocks and respond more effectively to crises. The market is proving more resilient; it reacts in a more muted and rational way than in the past; travellers are better informed and more prepared to make allowances; and they place security concerns among other considerations in choosing their destinations. After each crisis, the reaction is stronger and things return to normal more quickly.

Lastly, growth should become more responsible because greater consideration will be given to the congestion it causes and to the negative external effects that accompany it. In particular, tourism is increasingly perceived not only as the victim but also as the agent of climate change and of the decline of biodiversity, two ills that, with air transport, it helps to exacerbate through its own development and, to a certain extent, its excesses. Our sector must cut its emissions; it must also adapt, as it is progressively realizing.

The main thing is that there is plenty of good news in 2007, because the development of tourism means, first and foremost, the progress of society, the creation of jobs and the alleviation of poverty. But it is becoming increasingly clear that expansion cannot continue indefinitely in that way simply because, as the stockbrokers say “poplars grow but do not reach the sky”. In this new phase of expansion in which everything suggests we are already firmly established, a heavy duty rests on the shoulders of public and private decision-makers in the tourism sector – that of being more energy-efficient and more sparing with natural resources and of making the sector more sustainable and, in the end, more socially responsible.

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II. TEN MAJOR CHALLENGES

This new kind of growth presents ten major challenges that will have to be met by both our industry managers and the World Tourism Organization:
A more accurate assessment of tourism's economic importance through the satellite account;

The prevention of risks, the removal of obstacles to travel and the uneasy marriage between security and travel facilitation;

Introduction of the new management, information and communication technologies;

The desirable liberalization of trade in services while respecting sustainable development goals;

The control of congestion at sites and infrastructure resulting from the constant increase in visitor flows;

Climate change;

Tourism's contribution to poverty alleviation and job creation;

The need to take account of the cultural and social impact of tourism development;

Emphasis on the value of tourism's contribution to understanding between peoples and to the promotion of a culture of peace;

The necessity of good governance and of a harmonious public-private sector partnership.

1. A more accurate assessment of tourism's economic importance through the satellite account

A faithful record of tourism's economic impact from the standpoint of consumption, the creation of added value, investment, contribution to gross domestic product, foreign trade and job creation may be identified as the number one priority for stakeholders in world tourism. For one simple reason: this record – which is the tourism satellite account (TSA) – conditions the efficacy with which all other issues can be handled.

Everyone is aware of the lack of credibility from which the tourism industry has suffered for a long time, owing to the inadequate macroeconomic measurement of its true importance. Everyone feels the need for a common language of analysis that not only incorporates but also surpasses the one developed in 1991 in the field of statistics, a language that allows for the comparability and aggregation of data on an international basis. Everyone is now convinced that the TSA, the conceptual methodological framework of which was adopted by the Nice Conference in 1999, is the measurement tool that was hitherto lacking – a tool capable of both guiding decision-makers in their strategic choices and of satisfying the need for knowledge and the thirst for recognition expressed by the world tourism industry.
It is when implementation of the TSA becomes widespread that the economic importance of the sector will be fully realized. This will benefit ministers and public tourism officials within their own countries, elected officials in tourism areas and all those with responsibility for tourism in enterprises and professional associations.

For the TSA, recognition came in March 2000 with the decisive approval of the Nice conclusions and recommendations by the United Nations Statistical Commission on the joint proposal of UNWTO, OECD and EUROSTAT in a collective approach that had received the support of institutions like the International Labour Organisation (ILO) and the World Travel and Tourism Council (WTTC). Today, the International Monetary Fund (IMF) is preparing to take these definitions on board. Tomorrow we shall introduce them into the discussions of the World Trade Organization.

But the approval of the United Nations was a point of departure just as much as the outcome of a process. After the success of the conferences held at Vancouver, Canada in 2001 and at Iguazú (Argentina-Brazil) in 2005, much still remains to be done to ensure that the TSA passes from theory into practice and from concept to tool. Some 75 countries are doing so with our support, and in the future we must be able to present simpler macroeconomic indicators, based on the TSA definitions, but less sophisticated in their preparation, in response to the desire of governments to have at their disposal, within a reasonable period of time and at moderate cost, appropriate tools for measuring aggregates and monitoring economic trends.

We must also advance on four fronts: improving the existing statistical definitions and classifications, which it should be possible to achieve at the meeting of the United Nations Statistical Commission in March 2008; analysing in greater depth the impact of tourism at regional and local levels; evaluating more precisely tourism’s contribution to the creation of direct and indirect employment, a technically complicated task that UNWTO has undertaken in cooperation with ILO; and sharpening knowledge of the tourism balance of payments in agreement with IMF. The continuing dissemination of the TSA and its further development, to which a new major conference will be devoted in 2009, should be given high priority in the programme of work for the next budgetary cycle, which is submitted to this Assembly for approval.

2. The prevention of risks, the removal of obstacles to travel and the uneasy marriage between security and travel facilitation

World tourism, in common with society as a whole, has now lived for six years in a climate of uncertainty and insecurity. The 9/11 drama, conflicts, terrorism, health crises, natural disasters – it has been spared nothing. In particular, the number of terrorist attacks has risen, and they continue to target travellers, airliners and airports, or tourist facilities. Foreign visitors have become the routine quarry of terrorist groups seeking publicity for their deplorable acts. And yet the market has resisted and rebounded. It has not collapsed because the desire for holidays and travel is so deeply entrenched in our post-industrial societies.
Coupled with a number of other factors, the period of crises we have just gone through has had the effect of speeding up changes in the industrial fabric, especially in the hotel sector, which has attracted keener interest from the large international investment funds (a particularly spectacular example being the recent purchase of Hilton by Blackstone), and in tour operating where numerous mergers have taken place. The most remarkable transformation of all, however, has been in air transport with the emergence of the low-cost airlines, first in North America and Europe and later in Asia.

On the demand side, as a consequence of these upheavals, certain qualitative changes that were already under way have become more pronounced, as observed, for example, in the continuous shortening of summer holidays (above all in Europe where they were the tradition) and the growing number of short breaks, leading to the gradual blurring of the distinction between holidays and leisure activities, the curtailment of incidental expenditure during stays, and the trend towards last-minute reservations and cancellations encouraged by use of the Internet.

Against this background, non-tariff barriers to travel have in recent years become more important than actual economic, monetary or commercial obstacles. The main difficulties today have more to do with apprehension about a possible terrorist attack during a trip, the increase in security constraints, health risks including the prospect of an avian flu pandemic transmissible from man to man, the tightening of rules on visas, restrictive immigration practices and the unreasonable proliferation of travel advisories issued by governments, which the General Assembly learned about at its Dakar session and on which it expressed itself in strong terms.

As the Executive Council has proposed, it would be desirable for the Assembly to discuss whether it would be advisable for UNWTO to undertake the preparation of an appropriate legal instrument to handle problems of this kind and to encourage the facilitation of tourist travel. Unlike many specialized agencies of the United Nations, UNWTO does not have an international convention that could underpin such action, the Global Code of Ethics for Tourism not having this capacity, notwithstanding its importance and the stir it has created. Such an initiative could take up some of the elements of the so-called draft Budapest Convention of 1988, though undoubtedly with less ambitious aims. Several provisions could draw on instruments developed on a regional basis (by the European Union, for example) or by institutions like the International Civil Aviation Organization (ICAO). The question of travel advisories would naturally be included in such an instrument, if the Assembly were to take the view that its preparation should be undertaken.
Ever since 11 September 2001, UNWTO has unfailingly shown solidarity with those of its Members that have been victims of these crises, whatever their origin: natural disasters like the tsunami of December 2004, the 2005 hurricanes in the Caribbean, the 2003 SARS outbreak in Asia, and terrorist acts. With the resources we were able to mobilize, we made a decisive contribution to the revival of the tourism industry in four of the countries affected by the tsunami (Thailand, Indonesia, Maldives and Sri Lanka). Additional budgetary resources were released by our General Assembly at its 2005 session to help destinations prepare for risks more effectively and, more particularly, to cope with a possible avian flu pandemic, and, at its seventy-eighth session, the Executive Council adopted a plan of action that the Secretariat, restructured for the purpose, has undertaken to implement. Permanent contact has been maintained with the World Health Organization (WHO) and the United Nations Coordinator for Avian Flu, which has provided substantial financial assistance for completing the preparations. An online communication portal has been set up with National Tourism Administrations and a network of fourteen major private partners. Simulation exercises (in France, Indonesia and Mexico) have been carried out or are planned. There must be no slackening of effort or vigilance because the threat is ever present.

However, besides – and rightly so, perhaps – the global crisis that a flu pandemic would cause if it ever happened, as things stand at present there is nothing at all that seems capable of inhibiting overall movement. The need to travel for purposes of leisure, business, health or even religion is now so deeply rooted in today’s society that it tends to solidify tourism demand, conferring on our industry the ability to surmount all the obstacles it meets on the path to growth.

In spite of all the ups and downs, then, the predictions of our 2020 Vision published in 1995 have on the whole been borne out, and we can be satisfied with the technical quality of our past work. Given this success, it is proposed that we undertake a new long-term forecasting exercise up to the year 2030, which will be based on the discussions due to take place at the first of the technical round tables of this General Assembly session and be one of the priorities of our next programme of work in the area of marketing. It will undoubtedly confirm that the upward trend will be sustained in the long term.

It is therefore incumbent on the World Tourism Organization to support this expansion and, in cooperation with other institutions, such as WHO, Interpol, ICAO, IATA and the Airports Council International, to make the security concern, so far as possible, compatible with freedom to travel without being dissuaded by excessively burdensome constraints. This is the tenor of our initiative, named SAFE, presented to ICAO. It will above all continue to be one of the overriding concerns of international travel in the coming years.
3. **Introduction of the new management, information and communication technologies**

The economist Schumpeter had already shown that technical advances are spread by large waves of innovation. It is plain to see that one innovation is rapidly revolutionizing our sector. At the last annual Conference of IATA, held at Vancouver, Canada in June 2007, the message was clear: *Electronic ticketing is at 80 per cent. If you are still travelling on a paper ticket, frame it and donate it to your local museum. It will soon be a historic relic.*

The new technologies, because of the incomparable vastness of the information they convey, the simplification of procedures they permit and the tremendous freedom they give the consumer by allowing him direct and individual access to the services on offer, are changing the face of the present-day tourism industry.

Communication costs are plummeting. Global Distribution Systems (GDS) form the various configurations of air transport alliances. New kinds of enterprise are emerging, such as “virtual travel agencies” whose turnover is rocketing; other, more traditional, companies are forced to specialize or merge; still others have to adapt or cease operating while, for their part, the airlines, tour operators and hoteliers sell an increasing share of their supply of seats, packages or rooms direct over the Internet. The emergence of low-cost airlines is, as everyone knows, closely associated with use of the Internet for seat reservations and the introduction of electronic ticketing. The use of e-tickets will very soon become the norm, and new technologies will be introduced that will link individual mobile communication tools to means of payment.

Destinations and operators face a great challenge. Depending on whether or not they can prove their capacity to use these techniques and their ability or inability to place themselves effectively online, they stand either to gain a remarkable competitive edge or to suffer a handicap from which it would be well nigh impossible to recover.

A competitive edge, because access to the end consumer becomes infinitely faster and much cheaper. Far-off destinations, specialist operators or individual producers in the developing countries, as well as in countries with a longer industrial tradition, are therefore afforded opportunities they would never have dreamed of. Provided they can master the new multimedia, telecommunication and Internet skills, they can make a detailed presentation of their products and, above all, market their services direct, whereas, owing to insufficient resources, the traditional marketing and distribution processes and, in particular, the maintenance of a network of official or commercial representations abroad were beyond their reach.
A competitive edge, or a virtually insurmountable handicap, because the inequality in mastery of the new technologies has created a new gulf, whose existence was at the heart of the discussions of the World Summit on the Information Society at Tunis in 2005, organized by the United Nations. That is why we must act together to ensure that all tourist destinations, beginning with those of the developing countries with the least financial resources and technological capacity, are offered the chance of bridging the digital divide and adapting to the information age. By signing a strategic cooperation agreement with Microsoft in 2006, UNWTO has made a specific commitment to this goal and intends to see to it that the region with the greatest need, Africa, benefits as a priority. One of the missions of our Business Council is to help disseminate the new technologies to those who are at present lagging behind: small and medium-sized enterprises and destinations in the least developed countries (LDCs), in particular.

4. The desirable liberalization of trade in services while respecting sustainable development goals

Let us start with a simple observation: everyone is interested in developing tourism exports. It is primarily the Third World countries that are, on the whole, beneficiaries of the international tourism trade in that they achieve a surplus in their tourism balance of payments in relation to the industrialized countries and may use those surpluses to fund their development and reduce their foreign debt. But those same industrialized countries also benefit for two reasons: first, because tourism enables them to meet the aspirations of their consumer-citizens to travel abroad more freely and easily; and second because their large enterprises, multinationals in particular, have everything to gain from cheaper travel, from being able to establish themselves in foreign markets with greater ease and, as a corollary, from the possibility of exporting their engineering or that of their subcontractors to those markets and of concluding contracts for the management or operation of hotels.

In these circumstances, and within the framework of the international negotiations on trade in services under way, UNWTO must reaffirm its commitment to as complete a liberalization as possible of the sector under the Doha Development Agenda that is coming to an end, notwithstanding the difficulties the Agenda has encountered since the withdrawal of certain major partners from the discussions. WTO must continue to work with the World Trade Organization, especially under its Aid for Trade initiative. It is important to work on eliminating all the obstacles, especially the non-economic and non-tariff ones, that still inhibit trade in this area. Tourism, in essence a freedom activity that knows no boundaries, has everything to gain by conquering new spaces that are as extensive as possible.

The 2006 figures confirm that, so far as income is concerned, tourism outperforms agricultural and textile exports in world trade, but the latter receive far more attention from WTO negotiators. Why, then, is tourism not given a place more in keeping with its importance in the effort of liberalizing international trade?
This concern is by no means at odds with the task of ensuring that the liberalization of tourism, with its cultural, social and environmental dimensions, is controlled and that observance of a number of rules, such as those laid down by the Global Code of Ethics for Tourism, is a requirement established from the outset.

It stands to reason that the sustainable development of tourism must be regarded as the corollary of its greater liberalization, an obligation imposed by the continuous increase in visitor numbers and the pressure they exert on the environment. Since 2002, which was declared by the United Nations as International Year of Ecotourism and was also the year of the Johannesburg Summit on sustainable development, WTO has persisted in delivering this message. It is in the interest of the industry itself that, in an increasingly liberalized and open world economy, all is not sacrificed to the quest for short-term profit and that future generations are, in turn, offered the chance to discover the natural and cultural heritage that we ourselves have been bequeathed and that, in the long run, constitutes the bedrock of tourism development.

5. The control of congestion at sites and infrastructure resulting from the constant increase in visitor flows

With 165 million international arrivals in 1970, some 800 millions in 2005, and between 1.5 and 1.6 billion predicted for 2020, the growth of the world tourism industry is not tending towards any asymptote, and there is no evidence of saturation of demand, at least not at world level. At the same time the practice of tourism is becoming more widespread; it is globalizing. In 1950 the top fifteen destinations in the world absorbed 97 per cent of foreign visitor arrivals; in 1970 they attracted no more than 75 per cent and in 2006 only 55 per cent.

Many consider such exponential growth, which no region is now untouched by, unacceptable. Already the world air transport scene, transformed by global alliances between airlines and new entrants, is badly affected by crowded skies and the congestion of airport infrastructure owing to the spectacular increase in traffic and sometimes to poorly controlled deregulation as well. Already the physical environment, monuments and sites, as well as host communities whose social and cultural structures are at the mercy of the anarchic development of certain areas or the unbridled exploitation of certain destinations. Wherever pressure builds up, especially in forest and vulnerable coastal and mountain areas, there are signs of rejection. These reactions are bound to increase with a doubling of international visitor flows between 2005 and 2020.

There are a great many examples that demonstrate the often delicate balance between development and conservation. When UNWTO makes a plea for the southwest coast of the Dominican Republic, on the border with Haiti, to be opened up to tourism on a reasonable and limited scale, it endeavours to reach an acceptable compromise between the aspirations of those that, based on what they have achieved elsewhere in the island, make a legitimate case for the ambitious development of a very poor area with no other employment opportunities, and those that demand, just as convincingly, that the existing nature reserve and its remarkable biodiversity should be preserved in their entirety.
That is why UNWTO's Strategic Group identified, as one of the main concerns for future years, the increasing congestion of transport infrastructure, as well as of tourist town centres, cultural monuments, museums, areas surrounding nature reserves and other sites attracting large numbers of visitors (particularly, but not exclusively, UNESCO World Heritage Sites).

Pressure-relieving solutions do exist: prolonging the season by institutional measures (staggering of school holidays, work-schedule planning, etc.) or well-devised marketing policies, observance of the sustainability indicators developed by UNWTO, better management and physical planning of sites, use of the new technologies for facilitating visits, and so forth.

After the shock of 11 September 2001 and three years of uncertainty, tourism again entered an expansion phase three years ago. An increase of 10 per cent was recorded in 2004, 5.5 per cent in 2005 and 4.9 per cent in 2006, performances that will no doubt be more or less matched in 2007. This resumption of growth confirms tourism's resistance to external shocks and crises, but it does again bring environmental concerns in its wake. This should surprise or offend no one.

The facts must be faced: the resumption of strong growth, probably lasting, means that we must increasingly strive towards a form of tourism that is more sustainable and more sparing with natural resources, space and energy and include this effort in our priority choices for the period 2008-2009 and subsequent years.

6. **Climate change**

UNWTO is not just discovering climate change.

We have for a long time been convinced that there are few activities, apart from agriculture perhaps, that are as dependent on the weather as tourism.

In 2002 UNWTO convened the first international conference on *Tourism and Climate Change* in cooperation with several United Nations agencies. The conference was hosted by the Government of Tunisia at Djerba in April 2003. The resulting Djerba Declaration called on governments, the private tourism sector, the United Nations agencies, international financial organizations and bilateral bodies to participate in the process and in international agreements dealing with climate change and to take effective measures to adapt to and attenuate the effects of warming in the tourism sector.
Four years on, and the international community, from the G-8 to the United Nations, is mobilizing its forces faced with the prospect of global warming, and tourism cannot be absent from the debate or from the action being undertaken. The strategic direction document submitted to the General Assembly during this session, entitled *Tourism development and climate change: understanding, anticipating, adapting, participating in the common effort* draws attention to the increasing interactions between tourism and global warming. It underlines the resulting risks for the world tourism industry, the need for it to adapt and the obligation it has to reduce its emissions.

The interactions between tourism development and changing weather patterns are diverse and, therefore, complicated: they form a complex web inasmuch as they are related, like climate change itself, to phenomena that are partly natural and partly the result of human behaviour.

Global warming is a major challenge for a leading industry that cannot escape its effects because, even if the emission of greenhouse gases were suddenly to stop – which no one can really expect – the inertia of the system is such that, in view of the volume of what has already been discharged into the atmosphere, warming will persist for several decades. Even if it were possible to control and slow down the process, not only the tourism industry but also, through it, the world economy as a whole would, in any event, face a formidable challenge.

To be sure, the outlook is not entirely bleak. It is, for example, probable that some seaside resorts will be able to prolong their seasons because the higher sea and ambient temperatures will make beach tourism possible at times of the year when it would hitherto have been more or less ruled out. But the negative considerations far outweigh the positive ones. Tourism is first and foremost undoubtedly a victim. Four areas in particular are affected: small islands and coastal areas; access to water and desertification; forests and biodiversity; and snow and glaciers.

In these four cases, it is vital for tourist destinations to anticipate changes and draw the right conclusions. There are partial solutions. Alternatives may often be proposed. Diversification of the tourism product with an expanded range of outdoor and indoor activities is generally the best possible way of avoiding over-dependence on the vagaries of the weather. But this is a long-term task which must be approached carefully and prepared beforehand; it is not easy to carry it through successfully at the level of destinations, because they would need to modify economic flows, introduce new technologies, undertake and intense training effort, invest in developing different products, conduct innovative marketing policies to prolong the season and, above all to foster a change of attitude among the public authorities, entrepreneurs, host communities and consumers.

But tourism is not only a victim; it is also a significant agent of the change under way; it contributes by its very existence and, it has to be admitted, by its own excesses to the warming process.
Its contribution has still not been properly assessed, only that of air transport (some 2 to 3 per cent of greenhouse gas emissions) being more or less known. A first overall estimate will be presented to the General Assembly based on the research we are now conducting jointly with the United Nations Environment Programme. But it should be borne in mind that a photographic snapshot based on current data is far from sufficient. In particular, the contribution to global warming of the transport of people travelling for leisure or tourism purposes is undeniably on the increase, because they are not prepared to forgo their travel for the sole purpose of not polluting.

There are partial responses: progress in the insulation of accommodation establishments and in use of the new energies; the search for alternative solutions among the various forms of transport; introduction of less polluting technologies for surface and air transport; more efficient handling of air traffic and of the movement of aircraft on the ground; more widespread use of carbon sequestration techniques and of carbon offsets; increasing the use of biofuels in spite of their limitations; and participation of transport in the cap and trade mechanisms introduced under the Kyoto Protocol. Taken as a whole, these are still however far from providing a solution to the problem.

There is a major consideration that should be our guide: a global phenomenon, tourism is intimately linked not only to that other global phenomenon, climate change, but also to another great challenge that is at least as important – poverty alleviation. It would be a mistake to adopt an over-simplistic approach and allow concerns about climate change to obscure from view any other priority and, in particular, the plight of the most disadvantaged populations. We already know that these populations, especially in Africa where the ability to adapt is at its weakest, will inevitably be the first victims of global warming; they would become victims for a second time if visitors were to stay away from the destinations where they live and thus deprive them of the economic contribution of tourism.

Four watchwords should guide the tourism industry and UNWTO in their approach: understand the nature of the interactions and what is at stake; anticipate changes; adapt to the new environment that is emerging; and react by participating in the common effort of the international community.

This is what we intend to do this year with the second International Conference on Tourism and Climate Change, to be held at Davos in October, and the Ministerial Summit due to take place in London immediately before the Assembly. This strategy fits naturally into the common effort of the United Nations system, an effort that will find particular expression in a Summit of Heads of State and Government to be held in New York on the eve of the General Assembly of the United Nations and in December at the major conference to be held under the auspices of the Intergovernmental Panel on Climate Change (IPCC) in Bali, Indonesia.
7. **Tourism’s contribution to poverty alleviation and job creation**

Poverty reduction has become one of the most pressing challenges of our time. Poverty cannot be summarized as inadequate income alone; it is a complex, multidimensional problem, closely linked to such factors as sickness, illiteracy, infant mortality and environmental degradation, among many others. Tourism not only creates activity but also encourages the fight against poverty because minimum environmental and sanitary standards must be met in order to be in a position to receive visitors.

The process has begun, and we must encourage it. In the past decade, the annual rate of increase in tourist arrivals and receipts in the developing countries (in the broad sense) has been above the world average. In 2006, they received some 331 million visitors and 221 billion dollars in receipts. Over the period 1995-2006 the share of the developing countries in the world total rose from 33 to 39 per cent for arrivals and from 22 to 30 per cent for receipts, figures proving their competitive advantage. Between 2000 and 2006 arrivals rose by an average annual rate of 3.5 per cent in the world as a whole, 6 per cent in the developing countries and 10.9 per cent in the least advantaged. The poorer the country, the faster its tourism sector grows, and not only because it starts from a lower point.

Everywhere in the developing countries tourism is analysed as a highly labour-intensive industry which provides increasing outlets for the enterprises supplying it with products or services. Contrary to popular belief, in most of the developing countries tourism receipts far exceed any “leakages” they may create in the form of induced imports or repatriation of profits.

The ripple effects are especially strong for local agriculture and fishing, and even the building industry. A major conference held by UNWTO at Teheran in May 2006 revealed the immense reservoir of jobs that tourism had the power to develop in the craft sector. With the advance of microcredits, this sector is an ideal breeding ground for private initiative. It serves as a support for the opening up of the market economy and the expansion of small and medium-sized enterprises. In poor rural areas, it is often the only alternative to subsistence farming which is on the decline. The 2006 meeting of the United Nations Economic and Social Council (ECOSOC) showed that only the service sector and, within it, tourism in particular can replace farming jobs in rural areas, jobs whose number has fallen by 10 per cent worldwide in ten years. In villages tourism is often the only activity that can create jobs, especially for women, young people and members of indigenous communities. This is particularly true of Africa on the periphery of nature reserves.
Similarly, from country to country it is clear that the foreign earnings from tourism make an essential contribution to the balance of payments, reducing foreign debt and avoiding dependence on a single export sector, usually an undervalued commodity subject to fluctuating prices.

Even the poorest economies benefit from tourism’s contribution. Though still low, the income generated by tourism in the least developed countries leapt between 1990 and 2006 from 1 to 6 billion dollars. There was a doubling of receipts between 2000 and 2006. Tourism has become the second source of foreign earnings in 47 of the 50 LDCs, oil being the principal resource in three of them.

For all these reasons WTO must continue to convey the message close to its heart since 2002: “Wherever tourism advances, poverty retreats”.

These and other considerations were brought to the fore in 2001 at the Brussels Conference on the Least Developed Countries and, the following year, at the Johannesburg World Summit, where much emphasis was placed on the tourism sector. It was with this in mind that UNWTO undertook to set an example, on a scale consistent with its means, by setting up in 2002 a special programme for the most disadvantaged countries of sub-Saharan Africa, now in its second phase, and by launching, in 2003, its ST-EP initiative for alleviating poverty through the sustainable development of tourism.

ST-EP is an original mechanism based on interaction between projects specially intended for poor communities in LDCs and other countries or regions with a very low per capita income and simultaneous research to prepare specific development methodologies, giving priority to ecotourism and cultural tourism resources in landlocked rural areas and to sustainable tourism in small islands. The ST-EP Foundation, based at Seoul with the assistance of the Republic of Korea, is now operational, and the strategic cooperation established with the Netherlands Development Organization (SNV) has reached cruising speed. Other partners, such as Italy and France, have undertaken to join in this initiative. Forty-seven ST-EP projects are at present under way, half of them in Africa.

This year the United Nations is taking stock of the progress, at midpoint, towards the Millennium Development Goals. The Secretary-General, Mr Ban Ki-moon, reports: “... our collective record is mixed (...) there have been some gains, and (...) success is still possible in most parts of the world. But (...) much remains to be done.” It is clear that tourism has contributed to these advances in the Asian countries, which will achieve the Goals. Why, then, does confidence in tourism not extend farther, especially to Africa, where tourism has already proved itself but has not yet become the harbinger of development that it could be if the international community granted it the necessary priority?
8. **The need to take account of the cultural and social impact of tourism development**

The cultural and social impact of international tourism on host communities is, in many respects, both remarkable and positive. At once a manifestation and an agent of increasingly widely shared cultural behaviour and consumer habits, tourism promotes the unity of the social fabric of a country and helps to integrate those who could feel excluded from it. In promoting encounters and dialogue between visitors and hosts, it fosters the mutual knowledge and recognition of individuals and groups alike, at the level of both national communities and international exchanges.

It is no less true that the liberalization of the tourism trade and its increasing globalization call for a reaction owing to the cultural and social excesses to which they lead. There can be no possible justification, in the name of freedom of trade, for allowing the irremediable dilapidation of great cultural sites, the degradation of historic monuments owing to visitor overload, the standardization and dwindling quality of traditional folk products and handicrafts, the precariousness of seasonal employment, the unlimited use of employees uprooted to the periphery of resorts, the intensive, low-paid work of very young minors, or organized sex tourism involving children.

When TUI buys an entire mediaeval hamlet in Tuscany and its 12th century church to build accommodation for 3,200 beds and a golf course, and when Starbucks, reacting to the dissatisfaction expressed, closes the café it opened in the heart of the Forbidden City of Beijing, have we not reached the limit of endurance of the most basic cultural heritage under the pressure of tourism? But several questions come to mind immediately: would not the Tuscan hamlet of Castelfalfi, now uninhabited, have remained in its state of abandonment without the investments of the major German tour operator? Would the 3,000 jobs have otherwise been created in a rural area? And where would the resources come from to restore the Forbidden City, or the temples of Angkor in Cambodia or of Borobudur in Indonesia if not from tourist visits?

It was this strong feeling of respect for host communities and the sites visited that the member countries of UNWTO expressed when, at our General Assembly at Santiago, Chile in 1999, they approved the Global Code of Ethics for Tourism, which was presented the following year to the General Assembly of the United Nations and whose purport, so far as the private sector is concerned, may be compared to that of the Global Compact of the United Nations.

The instrument of implementation of the Code, the World Committee on Tourism Ethics, is now operational. It met recently at Bangalore, India and in Madeira (Portugal) and is making progress in setting up a mechanism for the settlement of disputes. At the current session, the General Assembly will be required to examine the work carried out by the World Committee on Tourism Ethics and to decide on its new membership for the next four years. Supported by the Global Code, UNWTO focuses its efforts on encouraging a more sustainable, responsible and sensitive form of tourism.
It was in the same spirit now expressed in the Code that, after our General Assembly session in Bali in 1993 and through a resolution adopted at Cairo in 1995, we had the courage to broach the difficult issue of the sexual exploitation of children in the tourism industry, thereby setting an example for other international institutions. It is with the same determination that we shall, through the Task Force whose creation we championed, continue the fight to which institutions like the European Union, UNESCO and UNICEF have rallied.

9. **Emphasis on the value of tourism’s contribution to understanding between peoples and to the promotion of a culture of peace**

One thing has become crystal clear in recent years: tourism can only flourish in a safe and peaceful environment. An attack against tourists, a kidnapping of visitors or an armed conflict on the eve of a tourist season deals a severe blow to tourism in the countries concerned.

Tourism needs peace in order to flourish and, by the same token, it is itself a harbinger of peace on two counts. First, because the direct contact, without intermediaries, that it permits between visitor and host is invaluable: how can a person feel enmity for someone he knows personally, has played host to or has visited? Second, because both the destinations and the tourism operators in a given region are linked by a specific commonality of interests and destinies around shared development projects: why oppose one another when peace benefits everyone and conflict no one?

By cooperating with institutions like the Organization of the Islamic Conference or the Arab League, by including tourism in the “dialogue of civilizations”, by convening a meeting of our Commission for the Middle East at Beirut in April 2007, in a still wounded Lebanon, we seek to make tourism an instrument of dialogue and stability in this troubled part of the eastern Mediterranean and the Middle East. By helping to strengthen tourist exchanges between the two parties of the Korean Peninsula, by pursuing common development projects in Central America and Central Asia, such as the joint project with UNESCO on *The Silk Road*, as well as in sub-Saharan Africa on the subject of cross-border nature reserves, by consolidating the internal peace restored in countries previously torn apart, such as Cambodia and Rwanda, we are endeavouring, throughout the world, to link economic development with the lessening of social inequalities, as well as to relieve tensions between countries and improve understanding between communities.

In the coming years, UNWTO will have a duty to continue to promote, through tourism, a culture of peace.

It is in the same spirit that, in connection with the United Nations initiative *The Alliance of Civilizations*, a first *International Conference on Tourism, Religions and Dialogue of Cultures* is convened at Cordova, Spain, in October 2007. It should serve to examine the complex relations between these three subjects from the standpoint of their economic, social, cultural and ethical dimensions.
10. **The necessity of good governance and of a harmonious public-private sector partnership**

A first *White Paper* published by UNWTO in 1997 emphasized that the world of tourism, in all its diversity, is changing. Information and communication technologies are remoulding it, liberalization and globalization are gathering pace at a time when destinations are striving to set a value on what makes them different, new stakeholders are appearing, new balances are being sought and new configurations are emerging. Civil society communicates easily and freely via the Internet. On the occasion of major international meetings, civil society takes the floor, sometimes noisily, to demonstrate its intention of becoming a direct player in international relations. Tourism development, especially from the ethical and environmental standpoint, does not escape its questioning either.

Privatization, public-private partnership, decentralization of responsibilities to local and regional authorities and the increasingly important role of non-governmental organizations (NGOs) are now the watchwords of the tourism industry, especially in the developed countries of Europe and North America. New balances are being struck between national tourism administrations, which are refocusing on their strategic missions, and destinations, which are asserting themselves as major partners in the international competition. In most of the developing countries themselves, governments no longer wish to take on the direct management of hotels or travel agencies and undertake to withdraw from them. In many countries, regions or major tourism and conference cities, joint ventures are set up, enabling budgets to be combined, the number of promotional activities in foreign markets to be reduced and the quality of destinations to be promoted. UNWTO encourages such efforts aimed at improving the governance of the sector and disseminates the results of the most successful experiences. It reported on the progress made in a second *White Paper* presented to the General Assembly at Dakar.

This research is essential for one simple reason. Tourism may be compared to a chain composed of links — links that have a name: travel facilitation, environment, social and taxation systems, safety and security, educational system, transport infrastructure and quality of hospitality, among others. If one of these links breaks and the chain falls apart, the image of the destination is affected, and the tourism product does not meet the consumer’s expectations. The suppliers of tourism services, public and private alike, are numerous and varied. That is why the management of tourism, a multidisciplinary industry that is transversal in relation to others, must be shared among many stakeholders in a coordinated and consistent manner. This means that action must of necessity be interministerial and partnership-led, the keys to the sector’s success in a complex world where the competition grows ever keener. This twofold necessity and that of involving parliaments more closely in tourism policy were emphasized in the Declaration adopted on conclusion of the Fifth Forum of Parliamentarians and Local Authorities, held at Hammamet, Tunisia in June this year immediately after the last session of our Executive Council.
The action begins at local level, where the visitor is received. This is because the destination’s quest for excellence, the measurement of performance and the progress made in competitiveness by improving quality must be encouraged by our institution and be given a prominent place in its programme of work.

The establishment of the World Center of Excellence for Destinations of Montreal (CED), on the initiative of the Affiliate Members and with the support of the Government of Canada and that of the Province of Quebec, provides the Organization with a tool enabling it to continue what it had already begun with the creation of a Destinations Council.

It is important that the establishment of the Center of Excellence for Destinations be wholly consistent with UNWTO’s overall action and not give rise to differences in approach or duplication of effort. It was with this proviso that the Executive Council approved the establishment of the CED and authorized the signature of the agreement between the Center and the Organization, which is submitted to you for ratification. A group of pilot countries has been chosen to test this new policy, which will subsequently be extended to all the Members. Eventually, all destinations that so wish should be able to participate in this quest for excellence, and those situated in countries without the necessary means would benefit from the support of UNWTO.

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The ten challenges identified above, which, in my view, await the world tourism industry are consequently those that our Organization will have to face, at least for the rest of this decade and during the next.

These challenges correspond, for the most part, to the main themes identified two years ago in our second White Paper presented at Dakar. They underlie our medium-term policy, as reflected in our 2010 Vision. Their scope will however reach far beyond 2010, that is to say the programme of work for 2008-2009 and the second part of the Secretary-General’s term of office. But if the Members accept the analysis proposed, they will find in this document a guide for the future work of our Organization in the medium and long terms.