Seventy-fourth session
Salvador de Bahia, Brazil, 2-3 December 2004
Provisional agenda item 14(a)

AFFILIATE MEMBERS

(a) Report of the Chairman

Note by the Secretary-General

In the following document, the Chairman of the Affiliate Members reports on the activities carried out by the Affiliate Members Committee since the seventy-third session of the Executive Council.
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I - AN OVERVIEW OF WORLD EVENTS IN 2004

A clear return to growth...

The world is experiencing a recovery whose effects are already being seen in the world economy and felt by governments and businesses as well as organizations such as the WTO and its Affiliate Members.

Over the past decade, tourism has experienced strong growth overall despite the negative impact of incidents linked to security or to health safety that severely burdened some destinations in different regions of the world. These same destinations or regions are now showing strong growth. Tourism has demonstrated its resilience as one of the fastest-growing industries and a leading creator of employment in this global world.

Global economic growth has been exceptional in 2004. It is expected that this trend will continue, with growth in the United States, Japan, Canada and Europe, as well as exceptional growth in China and India. Prospects are better for South America, while the Middle East and Russia are enjoying huge increases in national income through petrodollars.

...but with various conditioning factors:

Energy prices

Economic growth is leading to potential supply problems with regard to raw materials, and energy in particular. Energy prices are likely to rise sufficiently to cause changes in patterns of air travel, as people will be encouraged to switch from long-haul to short-haul flights due to greater increases in long-haul seat prices. Prices will induce travellers to stay closer to home and the total number of tourists will be affected by the increase in prices. However, travel and tourism will continue to be preferred leisure activities, whose aspirational qualities may even be enhanced.

As always, there are still concerns that the economic recovery of the United States and Japan is fragile, that the economy in China will overheat, that Europe is losing its competitiveness so fast that economic growth will not be sustained. However, on balance, the outlook is positive.
Inflation

With economic growth comes the risk of inflation, which in turn leads to higher interest rates. In many originating countries individuals are highly indebted, so higher interest rates lead to less disposable income.

Instability of currencies

Very marked changes in the relative value of currencies have led to changes tourists' destination choices. It is unclear what the relative values of the major currencies will be for 2006-2007. The forecast is for more volatility rather than stability in exchange rates.

Competition among transport carriers and accommodation providers

Competition for tourists will intensify. Countries with a comparative advantage in labour costs will be able to attract tourists to hotels, while in other destinations uneconomic hotels will leave the market. Tourists from the main originating countries are now using a mix of accommodations: hotels, apart-hotels, apartments, time-share, fractional ownership, and ownership of condominiums or villas. This in turn is leading to the development of a varied selection of things to see, do, and buy. In the corporate sector, meetings are seen as a cost-effective marketing and internal communications tool, leading to more use of hotels. However, overall, it is not clear what consumer motivations and preferences are going to be.

The intensification of competition is leading to marked improvements in the quality of products in emerging markets.

Demographic changes

Demographic changes are going to have an increasingly negative effect on tourism spending from most of the major originating markets. This is not likely to impact the 2006-2007 planning period. However, the prospect of diminishing pensions, the need to save and the wish of children not to see their parents suffer in old age is likely to have an impact on tourism spending.

However, the demographic profile of international tourists from emerging markets is likely to be younger with different motivations and interests.

Availability of leisure time

Increasing prosperity has led to increasing amounts of paid holiday time. However, there are indications that working time is being increased in Europe and more people are not taking all the holiday time they are entitled to. It is also not clear what is going to happen to holiday allowances in some of the key emerging markets. With both partners working, there appears to be a trend towards more frequent and shorter holidays decided upon at the last moment. Consumers appear to want to minimize the cost of travel to be able to spend more freely at the destination.
Consumer confidence and consumer perception of safety issues

There is no indication that consumers do not want to travel. In fact, there are increasing signs that consumers have begun to better assess the real risks of being involved in a terrorist incident. However, ever since tourists have been targets, some tourists have sought to choose lower-risk options. This has put significant pressures on tourism suppliers to provide a secure environment for tourists in accommodations, transport, restaurants, museums, and other tourist sites at destinations. These security considerations apply to criminality as well as to terrorism.

Disease and general sanitation have become high on the list of concerns of tourists. Relatively new diseases such as SARS and AIDS, as well as long-standing scourges such as malaria, cause people to reflect on their choice of destination. Issues such as clean water, and hygiene in kitchens, the lack of which can lead to dysentery, act as significant disincentives to travel.

Political instability, wars and the understandable concern as to whether certain nationals will be welcome, affect the shape and direction of global tourism.

As important as the facts of safety and security is the perception of them. The media plays a crucial role.

Social and environmental issues as perceived by consumers

Tourism has environmental and social impacts (as well as economic impacts). It is right that tourism should play an active role in achieving the millennium goals. Tourism can help towards the elimination of poverty. Tourism needs to be aware of how to respond positively to the Kyoto agenda and manmade elements of climate change. Right or wrong, natural disasters are increasingly blamed on climate change.

Natural disasters can lead to changes in investment decisions and tourists' willingness to visit an area. Pollution can ruin destinations so appropriate preventative measures need to be put in place. Tourism can use scarce resources that are needed by the host community.

The host community can become antagonistic towards tourism if their needs are not properly considered and if they cannot share in the economic benefits of tourism. Disseminating best practice codes for hosts and also for visitors in sensitive areas contribute to preservation.

There are pressures for equity in terms of gender, culture, age, language, and other criteria to bridge social divisions. There are also pressures for tourism to be open to people of limited means and accessible to disabled persons.

For both visitors and residents, the quality of the tourism experience can be markedly improved by managing capacity and minimizing congestion in time and space.
Use of technology

Technology impacts every area of tourism: health, transport, energy, energy saving, engineering, sewerage, architecture, security, sales, distribution, promotion, information, hospitality and so on. Understanding these impacts is vital to future success in the sector.

The quality of market information owes much to Information and Communication Technologies, which have also provided commercialization channels making it possible for small and medium-sized enterprises to access markets at a very low cost.

Governments should promote active policies aimed at reducing and eliminating the digital divide and thus bridge economic, cultural or technical and infrastructure limitations that may deprive communities or individuals of access to tourism.

The perception of tourism among stakeholders

Tourism in most countries has little political clout, and there is little overall awareness of the contribution tourism makes towards GDP, jobs, foreign exchange, foreign direct investment and conservation, quite apart from its role in raising the quality of people’s lives. This has been a failure of the private sector and the public sector. The image of tourism needs to be improved among governments, consumers, investors, and staff. Valid tourism statistics are vital tools with which to tell the story of tourism.

Strong, coordinated communication, on a sustained basis, with the media and the stakeholders is essential.

There is a permanent need for a public-private partnership in order to identify goals and rewards, share knowledge, finance infrastructures and implement general promotion policies.

Barriers to tourism

Apart from safety and security, the barriers to tourism that need to be resolved are: travel advisories, visas, availability of trained/untrained staff, consumer protection, transport infrastructure, airline stability and access to the market/destination, lack of funding agencies, as well as insufficient means of transport around the world. The legal and tax framework for tourism are often confused and lead to inappropriate legislation, regulation and taxation. The result can be loss of competitiveness or market distortions between tourism suppliers that comply with the rules and those that do not.

Human resource development
As a sector with comparatively low levels of productivity, it has proved very difficult to attract and retain people within the sector. If they are trained then they can find higher-paid jobs in other sectors. The image of the sector is not strong; it is difficult to determine career paths for the able and the ambitious. As a sector it is seen to be both managerially and operationally weaker than some other sectors.

The focus needs to be on enhancing managerial skills and attitudes, as well as on projecting a positive image of the sector as a source of a satisfying career.

Governments, companies, and schools are not only responsible for ensuring access to best practices but also for meeting the expectations of tourists and tourism. There is a need to extend adequate training to some professions related to tourism in tourist areas.

II. MEMBERSHIP STUDY

As reported at the 73rd Executive Council session, Tourisme Montreal and the Université du Québec à Montréal (CIFORT), in cooperation with the Secretariat of the WTO Committee of Affiliate Members and the support of the SG, has conducted a survey on the evolution of WTO affiliation. Observations will be made and solutions will be put forward which will lead to marketing proposals that target both current and potential members with a strategic global plan of action that should be completed by the end of 2004.

III. NEW ACTIVITIES BY THE COMMITTEE OF AFFILIATE MEMBERS WITH REGARD TO ITS STRATEGIC OBJECTIVES

With a view to promoting dialogue among governments and public-private Cooperation, the WTO Committee of Affiliate Members adopted, during its meeting, the following actions:

(a) The Business Council of the Affiliate Members held the Leadership Forum of Advisers, in Palma de Mallorca on 24-25 September in collaboration with the Tourist Authority of that region of Spain. A summary of the Forum’s conclusions is available at the Affiliate Members section of the WTO website. The Forum was attended by sixty-five industry leaders from 22 countries, some of them Affiliate Members. At this time of change, a meeting of the Forum was more necessary than ever. The industry noted that the overall situation of the market was good and that economic activity and tourism consumption were in good health.

(b) The Tourism Policy Forum on “Tourism’s Potential as a Sustainable Development Strategy” was held on 19-21 October 2004 in Washington, United States, organized by the Education Council of the Affiliate Members in cooperation with the George Washington University. It attracted 400 participants among delegates and observers.

(c) The Conference on New Models for Destination Management and Marketing Structures was organized in Larnaca, Cyprus, on 21-22 October 2004. It attracted 250 participants from 28 countries.
III. 1  Information and Communication Technologies

1. (a)  Dissemination of the impact of the application of new technologies in the tourism sector and the dissemination of practical guidelines.

The Third Seminar on "New Technologies Applied to Tourism" is being organized to be held on 27-28 May 2005, in Bogotá, Colombia, in cooperation with Affiliate Member COTELCO, the hotel association of Colombia.

1. (b)  Further development of guidelines, tools to improve implementation and development of e-business in the tourism sector.

A Benchmarking Scheme for Consumer Websites for Destinations continues to be developed in cooperation with IFITT. The study on Benchmarking Scheme for Destinations Web Sites will be presented before the end of 2004.

IV.  NEW RESEARCH STUDIES

IV. 1  Manual on Congestion Management at Sites

The Business Council, in association with the WTO Sustainable Development of Tourism Department, has produced this study that will provide concrete guidance on the management issues linked to the problems of congestion at cultural and natural sites, as well as in important historic quarters of cities, to be published in English by the end of 2004, and in Spanish and French in 2005, on the initiative of the WTOBC. This publication, including ten success case studies, has been widely demanded by DMO and Business Council members.

IV. 2  The Business Council of the Affiliate Members is preparing, in collaboration with Reed Exhibitions, ICCA and other relevant BC members a study on Business Tourism (Meetings, Incentives, Conventions, Exhibitions), to be completed in 2005.

IV. 3  The Handbook on Cooperation and Partnership in Tourism published in 2003

This 2003 publication "Cooperation and Partnerships in Tourism - A Global Perspective" published in French and English, is now translated into Spanish and will be published by the end of 2004.

IV. 4  The WTO publication on "Tourism Signs & Symbols", has been translated to Greek and will be published, at no cost for WTO, by our Affiliate Member SETE, the Association of Greek Tourist Enterprises.

V.  OTHER IMPORTANT CONCERNS AND PROJECTS
The Board of the Committee of Affiliate Members has made the firm decision to use the new structure: Business Council, Education Council and Destination Council (replacing the Destination Management Task Force Group), to further improve relations among the different affiliated circles: Education, Destinations and Business. The Board also works closely with the Human Resources Development Department, the Quality Support and Trade in Tourism Department and all the other technical departments and regional representations of WTO in areas where Destinations, Business, and Education members are present, which should produce synergies that benefit the whole sector under the auspices of WTO and its Committee of Affiliate Members.

Organization of a WTO Seminar on "Congestion Management", in cooperation with Affiliate Member FITUR on 27 January 2005, in Madrid, Spain.

The Secretariat of the Committee of Affiliate Members is working with the WTO Regional Representation for the Americas in the preparation of the seminar on "Gastronomy and Tourism: A Solid Route to Promote Heritage", to be held in April 2005 in Rio de Janeiro, Brazil.

A conference on the challenges of urban tourism could explore in 2005 the management of cultural sites, business tourism, and special-interest tourism taking place in cities, in Istanbul, Turkey.

VI. MEMBERSHIP

The brochure, the information booth at international marketing events, and the revised version of the Website have all proven to be valuable instruments in raising the profile of the WTO Committee of Affiliate Members. More open and regular communication with members, by supplying them with minutes of Board or Council Meetings and asking for their active participation in issues like the reports on the market situation, serves to improve relations with Members.

Efforts have been directed at improving the Affiliate Members private section Web solution, which has been redesigned. An extranet solution for members only is being implemented and is in use.

VII. PARTICIPATION OF THE WTO AFFILIATE MEMBERS COMMITTEE AND COUNCILS AT OTHER CONFERENCES, SEMINARS, PRESENTATIONS AND MEETINGS

- Participation at the Workshop on Tourism and Environment, Forum of Barcelona, Spain, 14 July 2004.


- Course on: "Tourism activity in rural development: Current assessment and future prospects" Lecture on "The contribution of the ICTechnologies to the development of rural tourism", organized by AECIT Asociación Española de Expertos Científicos en Turismo and the Centre for the Mediterranean Studies of the University of Granada, Guadix, Granada, Spain, 13 September 2004.


- Affiliate Members Steering Committee Meeting, Palma de Mallorca, 25 September 2004.


- International Federation for Information Technologies in Travel and Tourism, Board and Working Group Meeting WTO/IFITT on Benchmarking Scheme, Amsterdam, the Netherlands, 30 September-1 October 2004.

- Meeting World Committee for the Code of Ethics, Madrid, Spain, 4-5 October 2004.


- Conference ISO TC 145 on Public Information signs and symbols WG1,2,4. Lysaker, Oslo, Norway, 18-20 October 2004.

- Harmotem Consortium Meeting, 21-22 October, Vienna, Austria, on normalization of digital content.


- Lecture "Global Trends and Challenges in World Tourism", 13th Nordic Symposium on Tourism and Hospitality Research, Aalborg, Denmark, 4-7 November 2004.

- EXCOM, Executive Committee Meeting of the Board of Protect Children from Sexual Exploitation London, United Kingdom, 7 November 2004.

- Meeting of the Board of Protect Children from Sexual Exploitation, London, United Kingdom, 8 November 2004.