



**PRELIMINARY REMARKS BY FRANCESCO FRANGIALLI,
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**SIXTH INTERNATIONAL FORUM
FOR PARLIAMENTARIANS AND LOCAL AUTHORITIES**

Cebu, Philippines, 22-25 October 2008

Madam President of the Republic of the Philippines,
Mr. Speaker of the House of Representatives of the Philippines,
Mr. Secretary of Tourism of the Philippines,
Honourable Ministers,
Distinguished Members of Legislative Assemblies Parliamentarians,
Honourable Local Authorities,
Excellencies,
Ladies and Gentlemen,

The Forum that opens today in Cebu is the sixth convened by the World Tourism Organization specifically for parliamentarians and local authorities. It is the second time that we find ourselves in this part of the world, following the edition held in Bali twelve years ago. Please allow me, on your behalf, to thank the host country, in particular Madam President of the Republic of the Philippines, who honours us with her presence, and Secretary of Tourism Mr. Joseph Durano for his hospitality. Once again, the Philippines welcomes the UNWTO with unflagging warmth and generosity! I recall that it was in Manila, in 1980, that the famous Declaration which prefigured the Global Code of Ethics for Tourism of 1999 was adopted. At this time, as I prepare to step down from my duties as Secretary-General, I also remember that it was likewise in your capital, in 1997, where I was proposed for this post, on the occasion of a session of our Executive Council.

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Ladies and Gentlemen,

The World Tourism Organization, a specialized agency of the United Nations, is above all intergovernmental in nature. Following the recent membership of Norway, it now has 154 member countries, and another country from your region of the world, Vanuatu, will be joining us next year. However, it is our vocation to be open at the same time to all the actors of the tourism sector: enterprises, universities, professional and labour associations, non-governmental organizations, and also local authorities. I am pleased, in this regard, to welcome to this Forum numerous municipal and regional officials. It is important for us to work not only with our natural and usual partners who are the ministers and officials in charge of national tourism administrations, but also with local officials and representatives of the legislative branch.

Privatization, public-private partnership, decentralization in favour of local and regional authorities, the growing role of non-governmental organizations (NGOs), are now the watchwords of the tourism industry, in particular, but not exclusively, in the case of the developed countries of Europe and North America. We are also seeing this here in Asia. 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 international competition that is now globalized. Mixed structures are being created, making it possible to pool budgets, to reduce the number of promotional actions in foreign markets and to promote the quality of destinations.

The action begins at local level, where the visitor is received. This is why the search for excellence and good governance through the measurement of actual performance opens up the path to higher quality and to enhanced competitiveness. This pursuit should be encouraged by our Institution and constitutes a priority of its programme of work.

The creation of the Centre of Excellence for Destinations of Montreal (CED), at the initiative of our Affiliate Members and with the support of the Government of Canada and that of the Province of Quebec, provides our Organization with an instrument that enables it to augment what it has already undertaken through the creation of a Destination Council. The quest for excellence at the local level will be one of our major aims for the coming years.

The role of destinations, but also the role of legislative assemblies.

There are many countries where specific "tourism" groups have been constituted within national parliaments, and in the majority of cases such groups are composed of representatives from different regions and of varied political stripes. This is also true of the European Parliament and other multilateral bodies.

Tourism is a field where convivial relations and the spirit of cooperation prevail over ideological or partisan divisions. There are no right-wing or left-wing tourism policies; there are simply policies that work and others that do not. This is why it is with great pleasure that I welcome today the parliament members and other prominent figures of highly diverse origins and sensibilities, from 68 countries, who have joined us on the occasion of this Forum. I am convinced that this same spirit of understanding and dialogue will preside over our debates in Cebu.

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Ladies and Gentlemen,

This Forum is being held under circumstances that are far from normal.

The global economy is going through the most severe period of turbulence since the Second World War. The international financial crisis that is shaking the markets is having an increasing impact on what is called “the real economy”. The short-term outlook is not good, and the collapse in July of the Doha Round of negotiations of the World Trade Organization made it impossible to send the message of confidence to the markets that many were expecting. Two crucial sectors of consumption of American and European households – housing and cars – have already been directly affected.

The crisis we are experiencing has four principal dimensions: the collapse of the North American real estate market, which has had repercussions in countries such as Great Britain, Ireland and Spain; the weakening of major banking and financial institutions owing to persisting doubt regarding the value of the assets carried by a number of them (not a day passes without the bad news that an establishment believed to be solid finds itself in critical condition or that two others have merged in the hopes of surviving); the collapse in stock markets, especially in North America and Western Europe – but also in Asia, once again, and in the Middle East – some of which have lost between 30 and 50 per cent of their market capitalization since the beginning of the year; and lastly, the fluctuations in the price of oil, which spiked to approach 150 dollars a barrel, before going down again quite substantially to under 80 dollars, as well as price increases, at least temporary, in commodities, especially agricultural products, at the origin of the food crisis that many developing countries have suffered, especially in Africa. All of this has been accompanied by a general rise of inflation, which only the looming recession seems capable of reining in.

The markets are nervous, anxious, and no measure, for the time being, has appeared capable of reassuring them. If the same apprehension were to take hold of bank depositors, a leap into the unknown cannot be discounted.

The growth of the world economy has already slowed down; it is not expected to exceed 3.9 per cent this year, after 5 per cent in 2007. Evidence of this slowdown can already be seen in the 35 per cent drop in commodity prices (agriculture, energy, metals, etc.) over the past three months. The International Monetary Fund (IMF) has just heavily revised downward its forecasts for 2008 and 2009; pulling back its growth expectations for 2009 to 3 per cent.

The major developed economies have been affected one after another. Most of them have passed the “stagflation” stage, and several have already tilted clearly into recession; for the industrialized countries, the IMF forecasts “zero growth” in 2009. The economies of the emerging countries, although they continue to grow substantially, are no longer doing so at the same rate as before. Only the oil producing countries (Russia, the Gulf States, among others) are still enjoying a fast pace of growth owing to the high price of their exports; but Russia, also, has been battered, and the economic decision-makers of Dubai are themselves worried. The developing countries, and in particular the least developed countries – which have already suffered over the past months the twofold impact of the price rises in both oil and basic foodstuffs – are very likely to be hit by a second blow that would inevitably result from a slowdown in worldwide activity that will lower demand for their export products.

As early as the beginning of 2008, the UNWTO has taken into account the possibility of such a dire scenario along with its consequences for the tourism industry, and began to prepare for it. A little more time is however required before we can ascertain for sure whether there was a reversal of trend in the middle of the year.

As it happened, during 2007 and the first few months of 2008 tourism has shown an astonishing capacity to react, and demand has remained steady. Thus, international tourism receipts amounted to 856 billion dollars last year, representing a 5.6 per cent increase with respect to 2006. For the first several months of 2008, worldwide arrivals grew at a still-satisfactory pace, which nevertheless appears lower with respect to the particularly strong performance of 2007.

The reversal of trend for our sector will have begun with the summer holidays in the countries of the northern hemisphere. There are various indications that dwindling purchasing power has led European and American consumers to spend less in holiday destinations and to change their behaviour. The major American and European airlines have been experiencing a marked slowdown in traffic growth and lower load factors since the beginning of summer. The Barometer of the UNWTO's panel of 280 experts, which up until then maintained favourable views of the sector's situation, now shows a perceptible loss of confidence regarding the short-term outlook.

We are worried, but we are not giving in to panic.

Experience teaches us that tourism is resilient. The need to go on trips, to take holidays, is too strong in our post-industrial societies for people to stop travelling. During periods of economic downturn, the demand for leisure perhaps manifests itself in other forms, but it remains intact for the most part. For this reason, tourism is less vulnerable than other economic sectors to the fluctuations of the current situation; it dampens their impact; but there is no denying that there is a certain stage of deterioration of the situation beyond which tourism too will begin to suffer. When purchasing power is curtailed by unchecked inflation, when the cost of transport goes up, and when the burden of servicing real estate debts skyrockets, regardless of the adjustments that households can resort to in order to "save" their holidays, there is a limit to their capacity to adapt. It may be the case that the stage in which it is tourism's turn to be affected is already here; but on the other hand, a sharp downturn in growth means lower energy needs, a fall in the price of gasoline, and a return to more acceptable air transport and automobile costs.

All in all, if we take the algebraic sum of these counteracting tendencies, tourism should be seen as a mitigating factor of the economic crisis that is poised to follow the financial crisis. In *"The Animals Stricken with the Plague"*, La Fontaine wrote: *"Although not all would die, all were smote"*. International tourism will undoubtedly be affected, but it is our conviction that it still has a bright future ahead of it!

Last week in Madrid, our Executive Council took decisions to make modifications in our programme of work that could mitigate the shock and help our member countries successfully navigate this difficult passage.

Ladies and Gentlemen,

Prior to the worsening of the recent financial crisis, we witnessed the birth of a tourism industry that is more mature, that is beginning a new phase in its growth – growth that is more moderate, more robust and more responsible. Today's turbulences are very likely to accentuate these trends.

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.

Growth will be more robust because businesses, consumers, governments and international institutions like the UNWTO are now better able to anticipate shocks and respond more effectively to crises. The market is demonstrating increased elasticity; it reacts in a more muted and rational way than in the past. Travellers are better informed; they have learned to make allowances and place security concerns among other considerations in choosing their destinations. Following each crisis, response capabilities become stronger and the return to normality comes more rapidly.

Lastly, growth should become more responsible as the different actors take greater account of congestion issues and negative impacts on the environment. It is becoming increasingly clear that expansion cannot continue in the same way indefinitely. A heavy responsibility rests on the shoulders of public and private decision-makers in tourism: that of making, despite the crisis we are entering, this new historical phase of development more economical in its use of energy and natural resources, more sustainable, and in the final analysis, more in line with the spirit of solidarity among people and nations.

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Ladies and Gentlemen,

In spite of the crisis that is leading us to give priority to short-term concerns, we need to address two important challenges that condition the longer-term future of our industry: climate change and extreme poverty.

A phenomenon of tourism's magnitude cannot remain without consequences for the climate, on account of the greenhouse gas emissions generated by trips and stays, representing some 5 per cent of worldwide emissions. But, in turn, the warming caused by humanity's major activities – industry, agriculture, accommodation, transport – profoundly alters the conditions of tourism development. Tourism contributes to global warming, but it is also its victim at the same time.

As early as 2002, the UNWTO took stock of the problem and in the following year it convened the First International Conference on Climate Change and Tourism in Djerba, Tunisia, in cooperation with several United Nations agencies. Since then, this priority has become central for our industry.

We must proceed quickly. The report by Nicholas Stern has established this beyond any possible dispute: if it is hard to act today, it will be more so tomorrow; and the cost of inaction would be manifestly much higher than the cost of acting. Look at what is happening in this part of the world: tropical storms and typhoons are becoming more frequent due to higher sea temperatures; helped along by the *El Niño* oscillation phenomenon, smoke from burning tropical forests darken the skies of Indonesia and Malaysia, while Australia is struck by drought. The coral of the Great Barrier Reef is suffering. With a one-degree-Celsius rise in seawater temperature, coral bleaching begins; two degrees and coral reefs die off and certain leisure activities are affected. Beyond this, the very existence of entire swathes of our industry would be threatened.

We must find avenues of research and instruments of action that will enable our tourism industry to adapt and diversify, with the twofold aim of surviving climate change and progressively decreasing its contribution to global warming.

This is what we have endeavoured to do with the second International Conference on Climate Change and Tourism held one year ago in Davos, and then with the Ministerial Summit in London, and at our General Assembly in Cartagena de Indias in November 2007. This strategy forms part of the collective undertaking of the entire United Nations system. The UNWTO made tourism's message heard, as expounded in the Davos Declaration, during the large conference organized under the aegis of the Intergovernmental Panel on Climate Change (IPCC) of the United Nations, in Bali in December. It will continue to follow the process, which will go from Bali to Copenhagen at the end of next year, in the hopes that there, a new multilateral instrument will be adopted to succeed the Kyoto Protocol after 2012, and which could be joined by major partners that at this time have not yet committed themselves to the common effort.

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Tourism is intimately linked to the global phenomenon of climate change, but we also know that it is in a position to contribute to surmounting another challenge that is at least equally important for the world's population: the fight against extreme poverty.

These two problems are correlated, and are partly in conflict with each other. Pressure is mounting in certain developed countries where defenders of the environment are advocating abstaining from foreign travel in order to reduce carbon dioxide emissions. They say: "Don't fly from Europe to the Philippines, and you will save four to six tonnes of carbon!" We cannot accept this overly simplistic approach to the problem. A country like the Philippines, which received 3 million foreign visitors last year, and captured some 5 billion dollars in receipts, would be one of the first victims of such a short-sighted policy. We should not forget that in 2007, tourism contributed nearly 300 billion dollars in foreign exchange income to developing countries and emerging economies. It has created in these countries numerous jobs, both direct and indirect –jobs that should not be lost but rather multiplied.

This is why the UNWTO established its ST-EP initiative, which has launched its initial activities aimed at encouraging sustainable tourism to eliminate poverty, particularly in the least developed countries. A foundation for the purpose of supporting the common effort has been created in Seoul with the support of the Government of the Republic of Korea. More than 60 ST-EP projects are currently being executed in Africa, Asia and Latin America. I am convinced that the ST-EP initiative has considerable potential for growth. It may well represent a change in the scale of the future action of the UNWTO in favour of developing countries. Our message for the coming years will be: wherever a predisposition for tourism development exists, it will be possible to push back extreme poverty.

Ladies and Gentlemen,

The heads of State and Government gathered together several weeks ago in New York for the opening of the United Nations General Assembly heard what Secretary-General Ban Ki-Moon had to say. He expressed his concern over a central issue. At a time when the leaders of the developed countries are preoccupied above all with saving their large financial institutions and protecting their citizens from the consequences of the real estate crisis and the reduction of their purchasing power, it is essential that they do not forget the commitments they have taken on vis-à-vis the rest of the world. However serious the monetary and financial problems may be, the responses to them should not be made at the expense of the commitments assumed in terms of public international aid in order to achieve the Millennium Development Goals by 2015, and in particular, the goal of cutting poverty in the world by half.

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Madam President of the Republic,
Ladies and Gentlemen,

This is the moment for this Forum to study the successful strategies undertaken by States, destinations and businesses to advance our industry, but also to analyse the challenges that have come about as a consequence of our own progress as a successful economic sector.

These challenges include, among others, the need, highlighted by the seminar held here yesterday, to better understand the economic importance of tourism through the tourism satellite account, the inescapable duty to manage the cultural and social effects of tourism development, and the necessity of reinforcing risk prevention, for example, in order to be prepared for a possible avian flu pandemic. Such a development would be much worse for the sector than the SARS epidemic that Asia had to face in 2003, in response to which we gathered together in a crisis meeting in Manila in order to mitigate its impact.

To conclude, the special focus of our Forum will be to look at how tourism should be governed: What tools are at the disposal of public decision-makers? What is the specific role of parliaments? What advantages – and what constraints – result from the decentralization, quite extensive in many cases, of responsibilities in this sector? How can the necessary interministerial coordination be established? And lastly, what are the means for fostering effective public-private partnership in this domain? These are all difficult but fascinating questions.

I wish you a very fruitful and interesting Forum.

Thank you.