

“Investing in Tourism’s Sustainable Future” UNWTO, WTTC and WTM Ministers Summit 2021

Introduction

Around the world, extreme weather is becoming the new normal. Deadly flooding, heat waves, wildfires, and drought: the number of extreme events experienced during 2021 make clear the need for urgent action. The climate emergency is real and poses an existential threat to societies in both developed and developing countries.

With the broadest value chain of any sector, touching on almost every part of society, travel and tourism has a unique ability – and a responsibility – to lead positive action on climate change. At the World Travel Market 2021, UNWTO will be joined by WTTC to unite sector leaders and top thinkers to examine tourism’s sustainable future and the essential role targeted ‘green investments’ will play in achieving this.

Background

The COVID-19 pandemic continues to have a major impact on global investments. While in 2020 foreign direct investment (FDI) fell by 35% overall, levels within the tourism sector plummeted by around 73%. ¹According to WTTC data, capital investment² in travel and tourism fell from US\$986 billion in 2019 to US\$693 billion in 2020, representing a 29.7% drop. This has placed many projects around the world on hold, ranging from work on hotels and attractions to vital infrastructure initiatives and projects designed to make tourism more sustainable. This curtails the benefits that tourism can produce far outside of the sector itself.

As UNWTO and WTTC have stressed, the pandemic has provided a chance to rethink and realign travel and tourism. It is not enough to return to ‘business as usual’. The crisis has shown the need for all destinations to better adapt to the new reality. It has also shown the greater social awareness and raised consumer expectations regarding sustainability and highlighted the need to seize the opportunities that future trends

1 fDi Intelligence Financial Times and the World Tourism Organization (2021), Tourism Investment 2020, Global greenfield investment trends in tourism, Financial Times, London

2 CAPITAL INVESTMENT: Includes capital investment spending by all industries directly involved in Travel & Tourism. This also constitutes investment spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment, as well as restaurants and leisure facilities for specific tourism use. This is consistent with total tourism gross fixed capital formation in table 8 of the TSA: RMF 2008

will bring. These include the need for resource efficiency, renewable energy and smart buildings, and the further growth of the circular economy, among other opportunities.

Sustainable investments can help advance strategic large regional projects. Investment can also stimulate entrepreneurship and innovation to help advance the 2030 Agenda for Sustainable Development. All of this will meet heightened public sensitivity regarding lasting entrepreneurial commitments and social responsibility, with tourism motivated by its potential to lead by example in efforts to grow back better.

Both UNWTO and WTTC have identified investments in the sector as key priority, both in response to the crisis caused by the pandemic and further into the future. As a Specialized Agency of the United Nations, UNWTO works alongside governments, businesses, international organizations and International Finance Institutions, as well as the World Association of Investment Promotion Agencies (WAIPA), to strengthen the capacities of its Member States to take measures to safeguard, attract and promote tourism investment both during and after the pandemic. WTTC works with travel and tourism's private sector to create an effective enabling environment for investments, including through travel facilitation and smart taxation, and by helping businesses and destinations build growth and resilience through greater diversification.

As travel and tourism restarts, investment in the sector is needed. But more than this, green investments, targeted at decarbonizing and improving sustainability across the sector, are essential to build resilience and contribute to vital climate action. The benefits of such green investments will be felt far outside of the sector itself.

Objectives and Intended Outputs

The objective of the session is to explore how the sector can facilitate and promote greater investment in tourism. Specifically, it will consider how this investment can be targeted so that it not only drives growth and recovery but lays the foundations for greater inclusiveness, resilience, and sustainability. Finally, it will explore how can the multilateral system can support the sector better.

The event will provide a high-level platform for leaders from both the public and private sectors, including both governments and international finance, to outline their visions and ideas. It will also address key challenges such as:

- Why are government-led ease of doing business reforms so important?
- What can be done to make tourism more attractive to investors, particularly the tourism sectors of developing economies?
- What can the multilateral system provide to support tourism transformation and decarbonization?