

## World Tourism Forum Lucerne

### 2<sup>nd</sup> Think Tank

2-3 March 2014



### Content

Overview & Conclusions	page 2-3
Background	page 4
Discussion	page 5-7
Impressions	page 8-10
Press Release	page 11-12
List of participants	page 13



## Overview & Conclusions

The 2<sup>nd</sup> World Tourism Forum Lucerne Think Tank met in Lucerne on 2-3 March 2014. It again gathered some 30 government and industry decision makers and thought leaders, as well as young movers&shapers.

Martin Barth General Manager of the Forum welcomed participants, noted the success of the first Think Tank on hyperconnectivity and indicated that this is a unique framework for high level informal exchanges on key issues facing the travel & tourism sector.

The Chairman, Professor Geoffrey Lipman presented a background paper written with Professor Shaun Vorster, exploring infrastructure investment and evolving public / private funding prospects in the travel and tourism sector.

The Think Tank explored a wide variety of issues, with a broad consensus that:

- It is vital to build on the increasing top government recognition of the sector by alerting them to the dramatic economic consequences of failing to keep pace with essential infrastructure demand. This involves not only the “hard” infrastructure for transport, intermodal connectivity and green growth, but also the “soft” infrastructure of well-trained people to provide the essential support services for smooth tourism flows, as well as visitor and community wellbeing.
- The powerful industry messages about the importance of travel and tourism now need to ensure that key enabling government departments dealing with finance, investment, facilitation, transport, construction, security and the like, see how sustainable growth of travel and tourism can strongly support their own priorities.
- This should be extended to other important regional and international bodies dealing with trade, economics and social inclusion. The World Bank Group, regional and bilateral aid donors need to be alerted to the real potential of travel and tourism to contribute to their development support programs.
- The different sectors in the travel and tourism value chain have recognized the need for green growth transformation. But to the extent that there are patterns of disconnect from mainstream industry initiatives, this should be addressed and a greater degree of co-ordination and harmonization of standards and targets will become increasingly important.
- We also need more data on the interrelationship of infrastructure investment, and sustainable travel and tourism growth – against the background of a rapidly changing value system, where the customer will increasingly focus on quality, experiences and sustainability.
- There is a strong need to intensify the use of Public Private Partnerships to increase investment activity while reducing risk.



In summing up the discussions, the Chairman said that the key point is that we were able to agree on the importance of balancing the evident benefits of continuous growth with the equal need for sustainability and the pivotal importance of finding substantial new investment in our vital infrastructure to make this happen. The central message is that our sector can provide massive societal benefits if we grow wisely, but we need infrastructure investment now and we need to be creative in developing public and private sector coalitions to secure the funds to make it happen.

Martin Barth said that we are delighted that this unique gathering, that engages Ministers and CEOs, financial experts as well as young industry talent in long term thinking, can play a role in the essential reshaping of the sector. There are few better places in the world than Lucerne to provide the right atmosphere for these exchanges. With the full backing of all participants, we plan to institutionalize this as a leading Think Tank of the industry.



## Background

The working paper made the following points:

- T20 Tourism Ministers in 2013, noting growth forecasts agreed “To seek enabling policy frameworks to support needed investment in infrastructure & human resources”.
- Forecast annual growth of over 3% in arrivals to 2030 - emerging markets 4.4%. International arrivals up from 1 billion in 2012 to 1.8 billion by 2030. Domestic some five to six times that. By 2030, our share of global employment will grow from 8.7% to 11.2%: GDP contribution from 9.3% to 10.9%.
- Its global 2013 capital investment was US\$800 billion (4.7% of total investment) - projected to grow in nominal terms to US\$3.2 trillion (4.9% of total) by 2030.
- This will need significantly scaled-up capacity of hard and soft infrastructures with evolving public / private sectors roles. And reduction in barriers inhibiting more efficient public investment, increased private investment & public-private partnerships.
- With a more mobile, growing population, urbanisation and super-connectivity as dominant features, low carbon outputs, climate adaptation and diligent control of waste, water and other resource impacts are increasingly critical.
- To move outside of traditional decision-making silos, with cross-cutting government, industry and civil society engagement and the mainstreaming of the sector in strategic economic development, sustainability and investment policies.
- To mobilise investment for adequate hard and soft infrastructures against the backdrop of government austerity & budget deficit reduction, by sourcing new capital investment, leveraging PPPs and determinedly addressing market and/or public sector barriers.
- To facilitate connectivity through improved transport, communications & border-crossing.
- To adapt to new technology-driven supply and demand chains and ensure that well trained people and reskilled workers will come on-stream, with a focus on green jobs.
- To secure fair and reasonable taxation regimes that do not discriminate against the sector, or unnecessarily hinder its sustainable growth.
- To put ‘green’ on the same page as ‘growth’ in strategic tourism and related hard and soft infrastructure development policies.
- To transition to a more inclusive balance sheet approach by implementing new metrics for sector-wide, long-term socio-economic and environmental costs and benefits.

To enhance the sector’s capacity to increase its beneficial role in a hyper-connected world with accelerating transformation focused on social inclusion and green growth.

The detailed background paper can be found on [www.wtflucerne.org](http://www.wtflucerne.org).



## Discussion

### **Given increasing 'mainstreaming' – how do we take the message that tourism is a 'force for good' to the finance, environment, development and investment communities?**

- There is a challenge in mainstreaming a fragmented, disparate socio-economic sector, whose name suggests leisure and which has, by design, operated apart from other sectors on key triple bottom line and issues. The term "tourism" sends an unclear message to stakeholders and policy makers and makes it more difficult to show the strength of the value and supply chains – particularly the business and trade elements.
- We have succeeded in creating increased recognition of the size and scale of the sector over the past 2 decades, but there is a need for new messages more attuned to changing societal values – with an increasing emphasis on destination values. Too often we are preaching to ourselves.
- It is also important to recognize the socio-economic contributions and strengths of other leading industrial sectors – particularly when looking long term and focusing on infrastructure. Alliances with both established and fast growing players outside of travel & tourism would be smart and would help to reduce sectoral exposure/risk.
- The importance of linking travel and tourism policies, programs and data flows with broader trade strategies and benefits was emphasised. Reference was made to the role of the newer emerging nation organizations like ASEAN and the African Union where Tourism is more readily seen as a strategic priority. Also the big transpacific and transatlantic trade initiatives should be targeted.
- It will be necessary to building creative coalitions from the private sector to advance the mainstreaming of travel & tourism. There was some discussion on how to enhance efforts across industry groups, Particular note was also taken of the role of the World Economic Forum, with its cross sectoral Davos and Regional Summits, Global Agenda Council and Competitiveness Index. Also the need to strengthen supply and service chain collaboration was emphasised, as well as providing bottom of the pyramid engagement.
- The difficulty of engaging government inside such coalition frameworks was noted given that they are often the target of coalition politics or lobbying.
- There was also a reference to the value of speaking with clear broadly agreed messages – rather than seeking to speak with a single voice or a single organization. It also needs simple understandable messages coupled with best practice examples.
- The importance of spreading the recognition of the core societal value of Travel & Tourism to the public – particularly the travelling public was emphasised.



**Given global change dynamics and surging demand growth – how do we mobilise timeous public and private investment in hard and soft infrastructure at the scale required?**

- The importance of joined up government thinking, outside traditional tourism and transport silos, to secure new financing for the sector’s hard and soft infrastructure was noted. Ministers of Finance, Planning, Environment and Security will be key players.
- There is a need to persuade governments to create the right enabling systems for private sector investment and to minimise unreasonable bureaucratic constraints. The frameworks for construction and operations are overlapping but different.
- The capacity of the World Bank Family to support Travel and Tourism infrastructure was noted – the time is right for new initiatives. These will ultimately be driven by national requirements.
- There is untapped potential from new public sector enabling vehicles such as emergency guarantee Insurance frameworks, the new BRICS Development Bank etc.
- There are significant opportunities for new financing from both public and the private sectors, given the very low levels of ODA support, relative to socio-economic returns, as well as the comparatively untapped and much greater private funding flows.
- Private players in infrastructure development are mostly outside our sector silo, are powerful and well organized. Financing partners are similarly positioned. Again this is an area where creative coalitions could be valuable and where the travel & tourism socio-economic story needs to be more effectively told.
- Impact Investment, linking csr, philanthropy and sustainability / green growth focused projects with strong returns can provide major revenues in the coming years.
- There is a need for a global approach to securing funds to leverage the strength and contribution of the sector as a whole and to look for partners active within the World Economic Forum, UN Global Compact, and International Chamber of Commerce etc.



**Given the *triple-bottom-line* + imperative – how do we implement systems that fully account for the economic, social and environmental benefits and impacts of travel and tourism, and that deliver green (i.e. resource-efficient, low-carbon, climate-resilient and socially-inclusive) infrastructure investment?**

- There is a major challenge with political short term focus, when infrastructure needs long term vision and commitment. This is compounded when governments change.
- The important role that cities generally and megacities specifically will play in green growth and in infrastructure provision cannot be overstated – both for mass transit and intermodal transport, as well as the vital soft infrastructure support systems.
- The reality is that growth is a major driver of societal benefits but the fundamental need to couple that with sustainability as a starting point and not an afterthought.
- There is a need for new metrics that go beyond the traditional international arrivals / revenues, or even gdp/ jobs / investment and include impacts. This means linking tourism satellite accounts with environmental satellite accounts.
- Climate will be a game changing factor – particularly response to weather impacts. Next year's UN Sustainability and Climate Summits are new global adjustment points.
- The importance of the total green growth syndrome includes biodiversity conservation, where Travel and Tourism often plays a central role and where we could link effectively with major campaigns on wildlife, heritage and culture.

In concluding, Think Tank participants agreed that the exchange had been extremely valuable and quite different from day to day pressurised consideration of issues. They recommended that it continues as an annual event.

## Impressions











## Press Release

### **To achieve full economic benefits from travel and tourism's growth we must get more creative investment in sustainable infrastructure now – says World Tourism Forum Lucerne's annual Think Tank.**

**Lucerne, 3 March 2014** - The World Tourism Forum Lucerne's Think Tank met for the second time on 2-3 March. It gathered 30 leading industry policy and decision makers, from government and the industry, as well as representative young talents from the sector. These included Taleb Rifai, Secretary-General UNWTO; Marthinus Van Schalkwyk Tourism Minister South Africa; Alan St. Ange, Tourism and Culture Minister Seychelles; Gerald Lawless, CEO Jumeirah Group; Samih Sawiris, Chairman and CEO Orascom Development Holding; Franck McCosker, General Manager Microsoft; Paul Griffiths, CEO Dubai International Airport and Elhamy El-Zayat, Chairman Egyptian Tourism Federation.

The Forum's General Manager Martin Barth said "We are delighted that this unique gathering, that engages Ministers and CEOs, financial experts as well as young industry movers&shapers in long term thinking, can play a role in the essential reshaping of the sector. There are few better places in the world than Lucerne to provide the right atmosphere for these exchanges. With the full backing of all participants, we plan to institutionalise this a leading Think Tank of the industry."

The Think Tank considered the issue of travel and tourism infrastructure investment against the background of a paper from its chair Professor Geoffrey Lipman and Professor Shaun Vorster, which focused on the potential gap between travel and tourism infrastructure investment and its forecast growth rates.

The Think Tank explored a wide variety of issues, with a broad consensus that:

- It is vital to build on the increasing top government recognition of the sector by alerting them to the dramatic economic consequences of failing to keep pace with essential infrastructure demand. This involves not only the "hard" infrastructure for transport, intermodal connectivity and green growth, but also the "soft" infrastructure of well-trained people to provide the essential support services for smooth tourism flows, as well as visitor and community wellbeing.
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- We also need more data on the interrelationship of infrastructure investment, and sustainable travel and tourism growth – against the background of a rapidly changing value system, where the customer will increasingly focus on quality, experiences and sustainability.
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Professor Lipman in summing up the discussions said “The great thing is that we were able to agree on the importance of balancing the evident benefits of continuous growth with the equal need for sustainability and the pivotal importance of finding substantial new investment in our vital infrastructure to make this happen. The central message is that our sector can provide massive societal benefits if we grow wisely, but we need infrastructure investment now and we need to be creative in developing public and private sector coalitions to secure the funds to make it happen.”

#### **About the World Tourism Forum Lucerne Think Tank**

The World Tourism Forum Lucerne Think Tank is a highly focused, top level and strategic body. It allows selected leaders around the world to reflect on the big challenges for the industry and to address them in out of the box “game-changing” ways. The Think Tank is part of World Tourism Forum Lucerne. World Tourism Forum Lucerne is a professional interdisciplinary platform which offers decision-makers in business, government, science and finance an overview of current topics and trends in the tourism industry. It is the only international platform where leading decision makers and emerging young talents in the industry have the opportunity to interact as part of a next generation programme. The World Tourism Forum Lucerne is supported by an international Advisory Board under the chairmanship of Reto Wittwer (President and CEO, Kempinski Hotels). The next World Tourism Forum Lucerne will take place from 22-24 April 2015. [www.wtflucerne.org](http://www.wtflucerne.org)

#### **For further information:**

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## List of participants

	Last Name	First Name	Function	Company	Country
1	Barth	Martin	General Manager	World Tourism Forum Lucerne	Switzerland
2	Chiesa	Thea	Director, Head of Aviation, Travel and Tourism Industries	World Economic Forum (WEF)	Switzerland
3	Craigs	Martin	CEO	Pacific Asia Travel Association (PATA)	Thailand
4	Deillon	Robert	CEO	Aéroport International de Genève	Switzerland
5	Ellingsgaard	Oda	Young Talent	Korn/Ferry (Schweiz) AG	Switzerland
6	El-Zayat	Elhamy	Chairman	Egyptian Tourism Federation	Egypt
7	Guevara	Gloria	Former Minister Tourism Mexico and President of CGB Partners		Mexico
8	Griffiths	Paul	CEO	Dubai International Airport	United Arab Emirates
9	Kilbourn	Frank	Chairman of the Board	South African Tourism Board (SAT)	South Africa
10	Lawless	Gerald	President and Group Chief Executive Officer	Jumeirah Group	United Arab Emirates
11	Lipman	Geoffrey	President International Coalition of Tourism Partners	Chair of greenearth.travel	Belgium
12	Makhubela	Kingsley	Director-General	National Department of Tourism	South Africa
13	Marano	Helen	Government and Industry Affairs Directors	World Travel & Tourism Council	United Kingdom
14	Mathis	Pascal	Mover&Shaper	Google Switzerland	Switzerland
15	McCosker	Franck	General Manager	Microsoft	United Kingdom
16	Mendiratta	Anita	Lead Consultant, CNN T.A.S.K. Group	CACHET Consulting	South Africa
17	Messerli	Hannah	Senior Private Sector Development Specialist/Tourism	The World Bank	USA
18	Meyer	Andreas	CEO	Schweizerische Bundesbahnen SBB	Switzerland
19	Pearce	Brian	Chief Economist	IATA	Switzerland
20	Platzer	Casimir	President	IH&RA	Switzerland
21	Poonoosamy	Vijay	Vice President International & Public Affairs	Etihad Airways	United Arab Emirates
22	Rifai	Taleb D.	Secretary-General	UNWTO World Tourism Organization	Spain
23	Sawiris	Samih	Chairman	Orascom Development Holding SA	Egypt
24	Scanlon	John E.	Secretary-General	CITES	Switzerland
25	St.Ange	Alain	Minister of Tourism	Ministry of Tourism	Seychelles
26	Tae	Eunji	Young Talent	UNWTO	Spain
27	Twynam	Ben	Principal, Consumer at Korn Ferry	Korn/Ferry International	United Kingdom
28	Van Schalkwyk	Marthinus	Minister of Tourism	Ministry of Tourism, Republic of South Africa	South Africa