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### Report of the Secretary-General

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#### Introduction

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1. This report summarizes the main issues related to the recent developments in the tourism sector as well as to UNWTO activities since the last report to the 88th session of the Executive Council (June 2010). This report was prepared in August 2010; however it includes reference to activities planned for the months of September and October 2010 in order to provide the 89th session of the Council the most comprehensive information possible.

2. The present report briefly addresses the following subjects:

- A. The latest developments in the tourism sector including the first results of international tourism in 2010;
- B. The current effort of UNWTO to mainstream tourism in the global agenda and promote the *Roadmap for Recovery*;
- C. The main activities of the POW 2010/2011 carried out since the 88th session of the Executive Council (June-October 2010); and
- D. The administrative and financial matters.

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#### A. International Tourism 2010: Recovery Underway

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3. International tourism results 2010: As advanced in the last Report to the Executive Council results of tourism performance in 2010 suggest that recovery is underway and even at a faster pace than initially expected. Following one of the toughest years for the tourism sector (international tourist arrivals declined by 4.2% in 2009 to 880 million and international tourism receipts reached US\$ 852 billion (611 billion euros) corresponding to a decrease in real terms of 5.7%), data for the period January-June 2010 shows a clear improvement.

4. Based on data available at the end of August, worldwide, international tourist arrivals increased by 7% between January and June 2010. This growth was largely driven by emerging economies expanding at 8% compared to 6% in advanced economies. Growth rates slowed in April as a consequence of the closure of European airspace due to the ash cloud following the eruption of the Icelandic volcano, but was particularly strong in May (+10%) and June (+8%). Data available for July indicates that growth is set to continue at a steady rate. (An update on 2010 results, including data for July and August, will be provided to the Council during the 89th session).

5. Though there is a clear improvement, this growth must be considered with caution as it compares with a very weak period of 2009 (international tourist arrivals decline by 8% in the period January-June 2009). On the whole, international tourist arrivals totalled 421 million during the first six months of 2010,

up 7% on 2009, but still 2% below the value of the record year of 2008, with 428 million arrivals in the same six months.

6. International tourism receipts are expected to lag somewhat behind arrivals in many destinations. Following major shocks, volume (arrivals) tends to recover faster than income (receipts) as travellers travel closer to home, for shorter periods of time and seek value for money, while on the supply side increased competition has been driving prices down. This was also the case following the Asian economic and financial crisis and after the 2001 September 11 terrorist attacks.

7. **Regional Outlook 2010:** International tourist arrivals grew in all world regions during the first six months of 2010 but growth was very uneven from one to another. Asia and the Pacific (+14%) and the Middle East (+20%), where results were already positive in the second half of 2009, have lead growth in the first half of 2010. Results of the Middle East must be taken with caution though as they compare to a very depressed first half of 2009. Growth was rather weak in Europe (+2%) as a consequence of a slower economic recovery and the closure of the region's airspace during a week in April. Africa (+7%), the only region to grow in 2009, maintained the momentum during the first half of 2010 while in the Americas (+7%) results confirm recovery.

8. **Forecast for 2010:** UNWTO maintains its current forecast for international tourist arrivals in 2010 at +3% to +4%. Nonetheless, current growth rates as well as an overall improvement in the global economic situation – latest IMF forecasts estimate world economy to grow by 4.6% in 2010 following a decline of 0.6% in 2009<sup>1</sup> – suggest that end-year results are likely to be closer to 4%, and may even exceed it (an updated forecast will be published by the end of October in the *UNWTO World Tourism Barometer*).

9. Nevertheless, serious challenges remain. Unemployment continues to be a major cause of concern and, as anticipated to the Council in June, it is now clear that public deficits represent a clear challenge, especially in Europe. These have led to the phasing-out of stimulus packages, the implementation of austerity measures and the rise in taxation in several advanced economies which are leading outbound markets, and many of which still need to consolidate their economic recovery. The tourism sector itself is being confronted with increased taxation, namely in the air transport industry. UNWTO continues to caution against the potential adverse effects of one-sided decisions on taxation which might harm the tourism sector.

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## B. Mainstreaming tourism in the global agenda and the promotion of the *Roadmap for Recovery*

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10. Maximizing on the opportunity brought by the activities undertaken in the framework of the recovery from the economic crisis, the Secretariat has continued to work to position tourism on the global agenda as a sector that can deliver on jobs, economic growth and development.

11. In this respect, the Secretariat has progressed with the promotion and dissemination of the *Roadmap for Recovery*. The Secretary-General has presented the *Roadmap* to 12 heads of state and government at meetings held between May and October 2010 with H.E. Mr. Emomali Rahmon, President of the Republic of Tajikistan (May); H.E. Mr. Ahmed Ouyahia, Prime Minister of Algeria (May); H.E. Mr. Leonel Antonio Fernández Reyna, President of the Dominican Republic (May); H.E. Mr. Samdech Hun Sen, Prime Minister of Cambodia (May); H.E. Mr. José Mujica, President of Uruguay (June); H.E. Mr. Luis Federico Franco Gómez, Vice President of Paraguay (June); H.E. Mr. Michael Saakasvili, President of Georgia and H.E. Mr. Nikoloz Gilauri, Prime Minister of Georgia (June); H.E. Mr. Abd Al-Rab Mansur Hadi, Vice-President of Yemen (June); H.E. Mr. Abhisit Vejjajiva, Prime-Minister of Thailand (July); H.E. Haris Silajdžić, Chairman of the Presidency of Bosnia and Herzegovina (July); His

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<sup>1</sup> International Monetary Fund (IMF), World Economic Outlook (WEO), July 2010

Majesty King Abdullah II of Jordan (August); and H.E. Jadranka Kosor, Prime Minister of Croatia (August).

12. Moreover the positioning of tourism a driver of economic growth and development has been the focuses of the Conference on Tourism as a Key Driver for Socio-Economic Development in Asia and the Pacific, held in the framework of the 22nd Joint Meeting of the UNWTO Commission for Asia and the Pacific (May 2010) as had been the case with the Seminar on Tourism Governance in Times of Crisis: Conjunctural and Structural Policies, held in the framework of the 51st meeting of the UNWTO Commission for Europe (April 2010).

13. In addition, the T.20, a member-driven initiative fully supported by UNWTO, has continued to reinforce the promotion and dissemination of the core messages of the *Roadmap* and pursue the objective of mainstreaming tourism in the global agenda. Following the first meeting of the T.20 held in Johannesburg at the end of February, which focused in tourism's contribution to the economic stimuli required for the global recovery and the longer-term 'green' transformation, the T.20 is set to meet in Buyeo, Republic of Korea in October 2010. The second meeting focuses on the potential role of the T.20 in facing current global challenges of economic recovery and development as well as on policy measures and joint action, particularly in relation to tourism's contribution to job creation, development and trade.

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**C. Report on the implementation of the general programme of work for 2010-2011 (May 2010-October 2010)**

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14. A number of activities have been implemented since the 88th session of the Executive Council. The report on the Implementation of the Organization's Programme of Work 2010-2011 presented to the Programme Committee in September, provides a comprehensive description of the activities carried out between May and October 2010.

15. Events: Among the events carried out in the period May-October 2010 are worth highlighting:
- The Fourth Workshop of the UNWTO Statistics Capacity-Building Programme for Africa (South Africa; August 2010). The Programme is now completed and has provided training to over sixty participants from NTAs, National Statistic Offices and Central Banks from English speaking African countries. A similar Programme will be conducted from 2011 for the French speaking African countries;
  - The UNWTO/ETC/ECM International Seminar on Demographic Change and Tourism (Austria, September 2010);
  - The Fourth UNWTO/PATA Forum on Tourism Trends and Outlook (China, September 2010);
  - The World Tourism Conference: Tourism Success Stories and Rising Stars, 2010 (Malaysia, October 2010);
  - The Fifth International Meeting on the Silk Road (Uzbekistan, October 2010) which marks the re-launch of the Silk Road project with a dedicated programme within the UNWTO Secretariat;
  - The Regional Seminar on Tourism Contributing to Poverty Reduction (Burkina Faso, October 2010); and
  - The Fourth International Conference on Responsible Tourism in Destinations (Oman, October 2010).

Other UNWTO seminars and workshops have taken place, the detail of which are presented in the corresponding report (CE/89/4 (a)).

16. 2010 World Tourism Day (WTD) – Tourism and Biodiversity<sup>2</sup>: In the framework of the UN Year of Biodiversity, the 2010 WTD raised awareness of the close relationship between tourism and

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<sup>2</sup> Information and recourses: [www.unwto.org/worldtourismday](http://www.unwto.org/worldtourismday)

biodiversity. The official WTD celebrations were hosted in China on 27 September in partnership with the China National Tourism Administration (CNTA) and the PATA, with many other events taking place around the world. Official 2010 WTD activities included a) an High-level Dialogue on Tourism, Biodiversity and Sustainable Development on the 27 September in China; b) a global yearly WTD photo competition; c) an online campaign to promote 'inspiring stories' on tourism & biodiversity'; and d) the publication of two reference reports on tourism and biodiversity: a *Background Paper on Tourism and Biodiversity: Achieving Common Goals Towards Sustainability* and a *Practical Guide for the Development of Biodiversity-based Products*.

17. Reports and Studies: As knowledge-based organization UNWTO has continued to conduct several research projects. In the period May-October 2010 several reports and studies were published as an output of this activity. Among these it is worth highlighting, a part from the reports on tourism and biodiversity above-mentioned the following studies:

- *Demographic Change and Tourism*,
- *Budgets of National Tourism Organizations*,
- *Manual on Tourism and Poverty Alleviation*,
- E-zine on *Tourism and the MDGs* prepared as UNWTO contribution to the Global Compact Leaders Summit held in June in New York; and
- *Policy Paper on Aviation GHG Emissions* produced for UNWTO's participation at ICAO's General Assembly.

18. Many other publications and studies are under preparation and scheduled for publication up to the end of 2010. Among these it is worth mentioning:

- the *Green Economy and Tourism Report* within the Green Economy Initiative, in collaboration with UNEP;
- the reports on the *Middle East and the Japanese Outbound Markets* in collaboration with the European Travel Commission (ETC);
- the *Handbook on Product Development* also in collaboration with ETC;
- the report on *Tourism and Cultural Intangible Heritage*;
- the *Handbook on Strategic Marketing Planning* in collaboration with the UNWTO.Themis Foundation, to be complemented with an online blended course; and
- two handbooks on risk and crisis management: a *Handbook on Communication in Times of Crisis* and a *Handbook on Market Research in Times of Crisis*.

19. Tourism towards 2030. UNWTO's Programme on Tourism Trends and Marketing Strategies has gone through a comprehensive review of the long-term trends project Tourism Towards 2030. As for previous long-term trends publications, most notably the *Tourism 2020 Vision* that has become a worldwide reference in terms of international tourism forecast for UNWTO members, the international tourism community, media and the public at large, this project will make long-term quantitative forecasts available at a global and regional scope. It will also be enriched with analyses of key tourism-related indicators and factors, which will shape international tourism demand and supply in the next two decades.

20. Having left behind the very difficult and irregular years 2008-2009, renewed priority will be given to the project and a revised timeline has been outlined agreeing that the coming year presents the appropriate conditions for presentation and publication of the study. Aim is to present the final World Report at next year's General Assembly, and the final Regional Reports at the respective Regional Commission meetings in 2012. Deadlines have been set in a relatively distant future to grant sufficient time for member consultation, finalisation, editing and publishing of the reports according to UNWTO's quality standards. The remainder of 2010 will be used for producing an approved draft of the World Report that can be shared first with stakeholders in the Secretariat and then submitted for consultation and feed-back to Members in the Regional Commission meetings in the first half of next year.

21. The preparations towards a preliminary study on tourist/consumer protection in times of crisis:

- As requested by the 88th session of the Executive Council, the preparations towards a preliminary study on tourist/consumer protection in times of crisis is presented to the 89th session of the Council (CE/89/8); and
- the debate of this agenda item will be complemented by a draft document presented by H. Navarro from the Ministry of Tourism of Costa Rica, whose work and engagement on this important issue we would like to commend.

22. Technical cooperation and development assistance: Major technical cooperation projects are currently underway in some 30 Member States covering all regions, including:

- eleven projects in the framework of the Spanish MDG Achievement Fund (MDG-F) in America, Europe, Africa and Middle East;
- 37 ST-EP projects: the complete 2010 ST-EP portfolio is composed of 49 projects and amounts to USD 7.3 million made available through the generous contributions of the ST-EP Foundation, SNV, the Italian Government, AECID, KOICA, IUCN Netherlands, the Flemish Government, the Ramsar Swiss Fund for Africa and UNWTO. At the moment from the 49 projects 37 are undergoing, three have been finalised and nine are to be started shortly; and
- eight technical cooperation projects in Middle East, Asia and Africa with six more expected to be launched in near future.

Detailed information is provided in annex I of document EC 89/4 (a)

23. Direct support to Members in the area of risk and crisis management:

- Greece and Thailand: UNWTO has deployed efforts in supporting the tourism sector in Greece and in Thailand (official visit by the Secretary-General including meetings with public and private sector tourism representatives as well as with the media);
- Haiti: UNWTO Secretariat has continued its coordination activities within the UN networks aiming at contributing to the recovery of the Haitian economy, highlighting the importance of tourism in this process namely through the participation in the *First Plenary Session of the International Coordination Committee for the Safeguarding of Haitian Cultural Heritage*, UNESCO Headquarters, France (July 2010) as well as in the *World Summit on the Future of Haiti*, Dominican Republic (June 2010).

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#### D. Administrative and financial matters

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24. As presented in the Secretary-General's Management Strategy at the last General Assembly (A/18/14) and subsequently discussed at the 88th session of the Executive Council (CE/88/5(a) and CE/88/7), a prudent expenditure policy, coupled with enhanced coordination and control mechanisms, is being applied by the Secretariat.

25. An update of the financial situation of the Organization as of end July 2010 is provided in document CE/89/5(a). Commitments and payments as of end-July stand at 92% (10.8 million euro) of the allotment target (11.8 Million euro).

26. Concerning regular budget, available income from contributions is as of end of July 2010 some 2% below last year's (about 250,000 euro), driving total available income for the 2010 to be some 3% lower than initially anticipated (about 400,000 euro, over and above the initially estimated income shortfall of 700,000 euro). This situation is attributable to economic and financial difficulties experienced by Members in satisfying contributions. While the Secretariat has implemented a restrictive yet effective program of work since the beginning of the year with respect to the approved program and budget, further reductions are not advisable in order not to reduce further services to Members and to continue

addressing emerging priorities.

27. Projects financed by Voluntary Contributions continue to expand significantly the Organization's Program of Work. The amount collected as of end of July 2010 reached some 3.4 million euro.

28. As part of the customary overview of administrative, financial and statutory matters, the Secretariat intends to keep Members informed on developments related to the Host Country project for Headquarters Building, as described in document CE/88/7.

29. As advanced to the 88th session of the Executive Council, the conversion into a programme-based structure has been finalized. The new structure is based on three categories of programmes: **Regional Programmes** covering those activities undertaken by the Organization to discharge its mandate in response to Members' needs; **Operational Programmes** covering activities directly linked with priority areas of the mandate of the Organization at any given time; and **Support Programmes** which respond to logistical and administrative needs, and deliver services to the other programmes (the complete list of programmes is included in annex II of document CE/89/5(a)).

30. The Secretariat has also advanced with the process of standardization of UNWTO deliverables and services. In this sense a UNWTO Technical Product Portfolio has been produced compiling standardised, yet flexible, technical cooperation products on a wide range of topics such as a) Policy Planning and Economic Development, b) Human Resource Development, c) Product Development, Marketing & Promotion and d) Statistics and Quality Standards.

31. Following the presentation and discussion of the first draft of the White Paper at the 88th session of the Executive Council, a second draft is now presented to the Council. The second draft incorporates the outcome of the debate held during the 88th session as well as the comments received since by the Secretariat from some twenty countries.

32. The new structure of the Secretariat as well as key strategic issues for the Organization are set forth in detail in the second draft of the White Paper submitted to the present session of the Executive Council (CE/89/7).