

# Executive Summary

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The past few years have witnessed many storms in the Travel & Tourism (T&T) industry. These have ranged from mounting concerns about terrorism in several regions to the high cost of fuel and lower tourism-based spending linked to the current economic downturn. In this context, this third edition of *The Travel & Tourism Competitiveness Report* is being released at a time when the industry finds itself at a crossroads with regard to how to address these diverse and mounting challenges.

Yet, despite the current difficulties, the Travel & Tourism sector remains a critical economic sector worldwide and one that provides significant potential for economic growth and development internationally. A growing national T&T sector contributes to employment, raises national income, and can improve a country's balance of payments. The sector is thus an important driver of growth and prosperity and, particularly within developing countries, it can play a leading role in poverty reduction.

Given the importance of the T&T sector, four years ago the World Economic Forum, together with its Industry and Data Partners, embarked on a multi-year research effort aimed at exploring various issues related to the T&T competitiveness of nations around the world. This year's *Report* is published under the theme of "Managing in a time of turbulence," reflecting the many difficulties the industry presently faces, which must be overcome to ensure strong sectoral growth going into the future. This is particularly captured by the topics covered by the analytical chapters, which will be described below.

## The Travel & Tourism Competitiveness Index

Despite the overall importance of developing the T&T sector, many obstacles at the national level continue to hinder its development. In this light, The Travel & Tourism Competitiveness Index (TTCI) has been developed to measure the many different regulatory and business-related issues that have been identified as levers for improving T&T competitiveness in countries around the world. Through detailed analysis of each pillar and sub-pillar of the Index, businesses and governments can address the challenges to the sector's growth.

The TTCI has been developed within the context of the World Economic Forum's Industry Partnership Programme for the Aviation, Travel and Tourism sector.

The Index was developed in close collaboration with our Strategic Design Partner Booz & Company and our Data Partners Deloitte, the International Air Transport Association (IATA), the International Union for Conservation of Nature (IUCN), the World Tourism Organization (UNWTO), and the World Travel & Tourism Council (WTTC). We have also received important feedback from a number of key companies that are Industry Partners in the effort, namely Abercrombie & Kent, Airbus, Bombardier, British Airways, Carlson, Emirates Group, Etihad Airways, Hertz, Jet Airways, NetJets Europe, Silversea, Swiss International Airlines, and Rolls-Royce. Several thought leaders from these organizations have also contributed insightful papers addressing various aspects of T&T competitiveness, which are described below.

The TTCI aims to measure *the factors and policies that make it attractive to develop the T&T sector in different countries*. It is based on three broad categories of variables that facilitate or drive T&T competitiveness. These categories are summarized into the three subindexes of the Index: (1) the T&T regulatory framework subindex; (2) the T&T business environment and infrastructure subindex; and (3) the T&T human, cultural, and natural resources subindex.

Each of these three subindexes is composed in turn by a number of pillars of T&T competitiveness, of which there are 14 in all. These are:

1. *Policy rules and regulations*
2. *Environmental sustainability*
3. *Safety and security*
4. *Health and hygiene*
5. *Prioritization of Travel & Tourism*
6. *Air transport infrastructure*
7. *Ground transport infrastructure*
8. *Tourism infrastructure*
9. *ICT infrastructure*
10. *Price competitiveness in the T&T industry*
11. *Human resources*
12. *Affinity for Travel & Tourism*
13. *Natural resources*
14. *Cultural resources*

Each of the pillars is, in turn, made up of a number of individual variables. The dataset includes both hard data and Survey data from the World Economic Forum's

annual Executive Opinion Survey. The hard data were obtained from publicly available sources, international organizations, and T&T institutions and experts (for example, IATA, the IUCN, the UNWTO, the WTTC, UNCTAD, and UNESCO). The Survey is carried out among CEOs and top business leaders in all economies covered by our research; these are the people making the investment decisions in their respective economies. The Survey provides unique data on many qualitative institutional and business environment issues, as well as specific issues related to the T&T industry and the quality of the natural environment. The exact methodology underlying the construction of the TTCI is described in Chapter 1.1.

### The Travel & Tourism Competitiveness Index rankings 2009

Table 1 shows the overall ranking for the 133 countries included in this year's TTCI, comparing this year's ranking with that of last year, showing all countries ranked together. The table shows that the top three countries in the overall ranking remain the same as last year, with three European countries—Switzerland, Austria, and Germany—continuing to lead the way in T&T competitiveness.

Tables 2–5 show the rankings in a regional context, grouping countries into the following four regional groups: the Americas, Europe, Middle East and Africa, and Asia Pacific (including Central Asia). We discuss a selection of countries from each region to provide a sense of the results and how they are interpreted at the national level. More countries are discussed in detail in Chapter 1.1.

#### Europe

Table 2 shows the rankings for just European countries, with the first column showing the rank within the region, and the second column showing the overall rank out of all 133 countries included in the index this year. As the table shows, Switzerland is ranked first out of all countries in the 2009 TTCI, followed by Austria and Germany, the same top three countries for the past three years.

**Switzerland** is a country rich in cultural and natural resources, including an impressive number of World Heritage cultural and natural sites for a country of its size. A large percentage of the country's land area is protected (ranked 16th), and the natural environment is assessed as being among the most pristine in the world (ranked 9th). This natural heritage is buttressed by a strong national focus on environmental sustainability: Switzerland is ranked 2nd overall on this pillar, based on strong and well-enforced environmental legislation and with a particular focus on developing the T&T sector sustainably.

Switzerland is not only an attractive leisure tourism destination but is also an important business travel hub, with many international fairs and exhibitions held in the country each year. Staffing of the industry is also facilitated by the availability of qualified labor to work in Travel & Tourism (ranked 3rd), perhaps not surprising in a country with many of the best hotel management schools. Added to these strengths is Switzerland's excellent ground transport infrastructure (ranked 1st worldwide), with top-quality roads and railroads and an excellent domestic transport network. Also well assessed is the specific tourism infrastructure (ranked 7th), with readily available hotel rooms and automated teller machines (ATMs) for cash withdrawals. Such high-quality infrastructure makes a tourist's stay in the country easy and comfortable, an experience that is reinforced by the high level of general safety and security (ranked 8th).

**Austria** is ranked 2nd in Europe and out of all countries in the TTCI, a ranking attributable to its rich cultural resources, with eight World Heritage cultural sites and with many fairs and exhibitions catering to business travelers. The natural environment is also well assessed, along with the country's focus on environmental sustainability (ranked 9th). In addition, Austrians are perceived as open and welcoming to foreign travelers. Austria's tourism infrastructure is assessed as second to none, with abundant car rental facilities, hotel accommodations, and ATMs. Other strengths include Austria's assessment as one of the safest countries in the world (ranked 6th) and its excellent health and hygiene levels (ranked 5th).

**Germany**, ranked 3rd out of all countries, is also characterized by abundant cultural resources, ranked 4th worldwide for its 32 World Heritage cultural sites and 2nd for the number of international fairs and exhibitions held in the country. The country's infrastructure is among the best in the world, ranked 5th for the quality of its ground transport infrastructure and 7th for its air transport infrastructure. In addition, Germany gets somewhat better marks than Switzerland and Austria for the policy rules and regulations affecting the T&T industry: it is ranked 17th in this area, with transparent policymaking, well-protected property rights, and bilateral Air Service Agreements that are assessed as open.

**France** moves up this year by six places, ranking 4th out of all 133 countries. France attracts tourists with its rich cultural heritage (ranked 4th for the number of World Heritage cultural sites and 7th for creative industries). The country also hosts many international fairs and exhibitions (ranked 5th), thereby attracting business travelers as well. France's ground transport infrastructure is among the best in the world (ranked 3rd), with the quality of roads and railroads particularly well assessed, as well as its air transport infrastructure (ranked 5th). The country's improvement is in part attributable to a stronger perceived prioritization by the government of the sector and increased marketing of the country

**Table 1: Travel & Tourism Competitiveness Index 2009 and 2008 comparisons**

Country/Economy	2009		2008	
	Rank/133	Score	Rank/130	
Switzerland	1	5.68	1	
Austria	2	5.46	2	
Germany	3	5.41	3	
France	4	5.34	10	
Canada	5	5.32	9	
Spain	6	5.29	5	
Sweden	7	5.28	8	
United States	8	5.28	7	
Australia	9	5.24	4	
Singapore	10	5.24	16	
United Kingdom	11	5.22	6	
Hong Kong SAR	12	5.18	14	
Netherlands	13	5.09	18	
Denmark	14	5.08	13	
Finland	15	5.07	12	
Iceland	16	5.07	11	
Portugal	17	5.01	15	
Ireland	18	4.99	21	
Norway	19	4.97	17	
New Zealand	20	4.94	19	
Cyprus	21	4.92	24	
Belgium	22	4.92	27	
Luxembourg	23	4.92	20	
Greece	24	4.91	22	
Japan	25	4.91	23	
Czech Republic	26	4.86	30	
Estonia	27	4.83	26	
Italy	28	4.78	28	
Malta	29	4.77	25	
Barbados	30	4.77	29	
Korea, Rep.	31	4.72	31	
Malaysia	32	4.71	32	
United Arab Emirates	33	4.57	40	
Croatia	34	4.54	34	
Slovenia	35	4.53	36	
Israel	36	4.50	35	
Qatar	37	4.49	37	
Hungary	38	4.45	33	
Thailand	39	4.45	42	
Mauritius	40	4.43	41	
Bahrain	41	4.42	48	
Costa Rica	42	4.42	44	
Taiwan, China	43	4.40	52	
Tunisia	44	4.37	39	
Brazil	45	4.35	49	
Slovak Republic	46	4.34	38	
China	47	4.33	62	
Latvia	48	4.31	45	
Lithuania	49	4.30	47	
Bulgaria	50	4.30	43	
Mexico	51	4.29	55	
Montenegro	52	4.29	59	
Puerto Rico	53	4.27	46	
Jordan	54	4.25	53	
Panama	55	4.23	50	
Turkey	56	4.20	54	
Chile	57	4.18	51	
Poland	58	4.18	56	
Russian Federation	59	4.14	64	
Jamaica	60	4.13	57	
South Africa	61	4.10	60	
India	62	4.09	65	
Uruguay	63	4.09	61	
Egypt	64	4.09	66	
Argentina	65	4.08	58	
Romania	66	4.04	69	
Dominican Republic	67	4.03	63	

  

Country/Economy	2009		2008	
	Rank/133	Score	Rank/130	
Oman	68	4.01	76	
Brunei Darussalam	69	3.99	n/a	
Guatemala	70	3.90	68	
Saudi Arabia	71	3.89	82	
Colombia	72	3.89	71	
Georgia	73	3.89	72	
Peru	74	3.88	70	
Morocco	75	3.86	67	
Azerbaijan	76	3.84	79	
Ukraine	77	3.84	77	
Sri Lanka	78	3.82	73	
Botswana	79	3.81	87	
Macedonia, FYR	80	3.81	83	
Indonesia	81	3.79	80	
Namibia	82	3.77	93	
Honduras	83	3.77	75	
Trinidad and Tobago	84	3.75	74	
Syria	85	3.73	94	
Philippines	86	3.73	81	
Gambia, The	87	3.72	84	
Serbia	88	3.71	78	
Vietnam	89	3.70	96	
Albania	90	3.68	92	
Armenia	91	3.65	89	
Kazakhstan	92	3.65	91	
Moldova	93	3.64	98	
El Salvador	94	3.63	97	
Kuwait	95	3.63	85	
Ecuador	96	3.62	86	
Kenya	97	3.60	101	
Tanzania	98	3.59	88	
Suriname	99	3.54	95	
Zambia	100	3.53	107	
Senegal	101	3.50	108	
Guyana	102	3.50	109	
Nicaragua	103	3.49	99	
Venezuela	104	3.46	103	
Mongolia	105	3.46	100	
Kyrgyz Republic	106	3.45	113	
Bosnia and Herzegovina	107	3.44	105	
Cambodia	108	3.43	112	
Tajikistan	109	3.41	114	
Ghana	110	3.40	n/a	
Uganda	111	3.38	110	
Libya	112	3.38	104	
Pakistan	113	3.33	111	
Bolivia	114	3.33	106	
Algeria	115	3.31	102	
Madagascar	116	3.28	118	
Malawi	117	3.27	n/a	
Nepal	118	3.25	116	
Mali	119	3.19	119	
Benin	120	3.18	120	
Zimbabwe	121	3.17	117	
Paraguay	122	3.16	115	
Ethiopia	123	3.15	121	
Mozambique	124	3.12	123	
Cameroon	125	3.09	126	
Burkina Faso	126	3.08	124	
Mauritania	127	3.07	122	
Nigeria	128	3.02	125	
Bangladesh	129	3.02	127	
Côte d'Ivoire	130	2.99	n/a	
Burundi	131	2.98	128	
Lesotho	132	2.92	129	
Chad	133	2.52	130	

Note that one country covered last year, Uzbekistan, is not included this year because of a lack of Survey data.

(Cont'd.)

**Table 2: The Travel & Tourism Competitiveness Index: Europe**

Country/Economy	SUBINDEXES								
	OVERALL INDEX			T&T regulatory framework		T&T business environment and infrastructure		T&T human, cultural, and natural resources	
	Regional rank	Overall rank	Score	Rank	Score	Rank	Score	Rank	Score
Switzerland	1	1	5.68	1	6.01	1	5.49	2	5.54
Austria	2	2	5.46	4	5.91	6	5.22	7	5.24
Germany	3	3	5.41	13	5.56	3	5.44	9	5.22
France	4	4	5.34	8	5.67	7	5.22	11	5.13
Spain	5	6	5.29	29	5.29	8	5.21	5	5.36
Sweden	6	7	5.28	12	5.57	14	5.04	8	5.23
United Kingdom	7	11	5.22	28	5.29	11	5.07	6	5.30
Netherlands	8	13	5.09	22	5.44	9	5.08	17	4.75
Denmark	9	14	5.08	10	5.59	10	5.08	28	4.57
Finland	10	15	5.07	5	5.82	25	4.69	21	4.71
Iceland	11	16	5.07	3	5.92	17	4.93	39	4.37
Portugal	12	17	5.01	15	5.52	24	4.74	16	4.78
Ireland	13	18	4.99	7	5.73	22	4.79	32	4.45
Norway	14	19	4.97	9	5.64	19	4.84	36	4.42
Cyprus	15	21	4.92	25	5.35	13	5.05	37	4.38
Belgium	16	22	4.92	21	5.45	32	4.56	20	4.73
Luxembourg	17	23	4.92	20	5.47	16	4.97	42	4.30
Greece	18	24	4.91	18	5.49	27	4.66	27	4.58
Czech Republic	19	26	4.86	16	5.50	36	4.41	24	4.67
Estonia	20	27	4.83	17	5.50	21	4.81	47	4.19
Italy	21	28	4.78	46	4.96	26	4.68	22	4.71
Malta	22	29	4.77	11	5.58	31	4.58	52	4.15
Croatia	23	34	4.54	43	5.02	37	4.32	43	4.28
Slovenia	24	35	4.53	38	5.13	33	4.53	61	3.94
Hungary	25	38	4.45	26	5.35	42	4.06	59	3.95
Slovak Republic	26	46	4.34	34	5.20	54	3.78	55	4.05
Latvia	27	48	4.31	32	5.22	43	4.04	86	3.68
Lithuania	28	49	4.30	30	5.27	46	3.98	89	3.65
Bulgaria	29	50	4.30	56	4.74	48	3.96	46	4.20
Montenegro	30	52	4.29	50	4.86	66	3.57	35	4.43
Turkey	31	56	4.20	63	4.60	60	3.73	44	4.28
Poland	32	58	4.18	72	4.44	68	3.53	29	4.56
Russian Federation	33	59	4.14	79	4.35	61	3.70	38	4.37
Romania	34	66	4.04	61	4.68	64	3.61	77	3.83
Georgia	35	73	3.89	33	5.20	99	2.84	92	3.64
Ukraine	36	77	3.84	62	4.66	72	3.37	103	3.50
Macedonia, FYR	37	80	3.81	69	4.46	75	3.29	87	3.67
Serbia	38	88	3.71	78	4.35	80	3.20	96	3.57
Albania	39	90	3.68	77	4.38	104	2.76	66	3.89
Armenia	40	91	3.65	58	4.70	105	2.75	102	3.51
Moldova	41	93	3.64	67	4.53	95	2.95	110	3.43
Bosnia and Herzegovina	42	107	3.44	96	4.11	93	2.96	124	3.25

through participation in a larger number of international tourism fairs. Ensuring the sustainable development of the sector is also a significant priority for the government, with France ranked a high 4th on this pillar, with strong and well-enforced environmental legislation.

**Spain** is ranked just behind France within Europe, at 6th place overall. Spain is ranked 1st out of all countries for the richness of its cultural resources, with many World Heritage sites, a large number of international fairs and exhibitions, and significant sports stadium capacity. Spain's tourism infrastructure is ranked 1st internationally, with many hotel rooms, car rental facilities, and

ATMs; its air transport infrastructure also gets good marks (ranked 10th). The government prioritizes the sector significantly, and the country makes strong efforts to attract tourists through strong destination-marketing campaigns and by ensuring Spain's presence at many international tourism fairs.

**Greece** is ranked 18th in Europe and 24th overall, with a stable performance compared with last year. The country benefits from rich cultural resources (ranked 23rd), excellent health and hygiene (ranked 19th overall), and top-notch tourism infrastructure (5th). Greece is ranked a very high 3rd in terms of the

country's overall prioritization of Travel & Tourism. Further, there is a strong national affinity for tourism compared with many other European countries, including a generally open and positive attitude toward tourists (16th). The country's overall ranking is held back, however, by its policy rules and regulations that are not entirely supportive of the sector's development (ranked 57th), with stringent rules governing foreign direct investment (FDI), and with foreign ownership restrictions, as well as significant time and cost involved in starting a new company. Another area of weakness is the country's ground transport infrastructure, which is less efficient than in many other European countries (the quality of railroads and ports being of particular concern).

**Italy**, despite being endowed with the most World Heritage cultural sites in the world, ranks only 21st within Europe and 28th overall (the same rank as last year). As well as its cultural richness, Italy's strengths lie in areas such as the health and hygiene of the country (27th), its air transport infrastructure (27th), and especially its excellent tourism infrastructure (3rd). However, it faces a number of challenges that bring its overall rating down. These include policy rules and regulations, where Italy ranks 71st (even lower than last year) because of its very strong foreign ownership restrictions (ranked 106th) and rules governing FDI (122nd). Further, the government is not seen to be prioritizing this sector (107th), which is so important to the overall economy. In addition, ground transport infrastructure requires upgrading, there is insufficient focus on developing the sector in an environmentally sustainable way, and there are some safety and security concerns in the country (82nd).

### The Americas

Table 3 shows the regional rankings for the countries in the Americas. As the table shows, **Canada** is the highest-ranked country in the region, ranked 5th out of all 133 countries and with an improvement of four places allowing it to overtake the United States this year for the top regional spot. Canada's natural resources constitute a key strength, with the country's nine World Heritage natural sites placing it 4th internationally. Its cultural resources are also a strong point, with many international fairs and exhibitions in the country and strong creative industries in particular. Canada's air transport infrastructure is ranked 1st out of all countries, and it also gets good marks for its tourism and ICT infrastructure, facilitating the online T&T environment. Canada's policy environment is very conducive to the development of the sector (ranked 5th, up three places from last year), and the government is seen to be more strongly prioritizing the sector than last year. For more details on Canada's T&T competitiveness see Box 2 in Chapter 1.1.

**The United States** is ranked 2nd in the Americas and 8th out of all countries, down one position from last year. The country places 2nd for the overall business environment and infrastructure and 1st for the country's human, cultural, and natural resources. In particular, the United States has an excellent air transport infrastructure (ranked 2nd) and high-quality tourism and ICT infrastructure. Its natural resources are ranked 1st out of all countries, with many nationally protected areas and many World Heritage natural sites, although a perception exists that the environment is not being sufficiently protected (ranked 106th for environmental sustainability). Safety and security, ranked 122nd, is also of concern: as well as worries about crime and violence, the country has one of the highest death rates from road traffic accidents out of all countries covered (ranked 125th).

**Barbados** is ranked 3rd in the region, at 30th overall, down one place from last year. Barbados is ranked 2nd overall for the country's affinity for Travel & Tourism, with a positive attitude toward tourists and toward the value of tourism in the country. The government is prioritizing the sector to a very high degree (ranked 2nd), spending a high percentage of GDP on the sector and ensuring effective destination-marketing campaigns. Further, the country has a regulatory environment that is quite conducive to the development of the sector, requiring few visitors to have visas to enter the country and with open bilateral Air Service Agreements.

**Costa Rica** is ranked 4th in the region and 42nd overall, up two places from last year. The country gets excellent marks for its natural resources (ranked 6th), with several World Heritage sites, a high percentage of nationally protected areas, and its very diverse fauna. Given the importance of the natural environment for the country's tourism industry, it is notable that it ranks a high 27th overall for environmental sustainability, an area of measurable improvement since last year. However, safety and security remains a concern (72nd). Further, although its tourism infrastructure is well developed (33rd), with a strong presence of major car rental companies and abundant hotel rooms, ground transport infrastructure requires significant upgrading (103rd), particularly roads and ports, making travel in the country somewhat difficult.

**Brazil** is ranked 5th in the Americas and 45th overall, having seen an improvement of four places since last year. The country is ranked 2nd out of all countries for its natural resources and 14th for its cultural resources, with many World Heritage sites, a great proportion of protected land area, and the most diverse fauna in the world. This is buttressed by a focus on environmental sustainability (ranked 33rd). However, the ground transport network remains underdeveloped, with the quality of roads, ports, and railroads ranked 110th, 123rd, and 86th, respectively. Safety and security continues to be of serious concern, ranked 130th overall, just behind South



**Table 3: The Travel & Tourism Competitiveness Index: The Americas**

Country/Economy	SUBINDEXES								
	OVERALL INDEX			T&T regulatory framework		T&T business environment and infrastructure		T&T human, cultural, and natural resources	
	Regional rank	Overall rank	Score	Rank	Score	Rank	Score	Rank	Score
Canada	1	5	5.32	23	5.41	4	5.36	10	5.19
United States	2	8	5.28	57	4.70	2	5.47	1	5.67
Barbados	3	30	4.77	19	5.47	29	4.62	45	4.21
Costa Rica	4	42	4.42	48	4.94	55	3.77	31	4.54
Brazil	5	45	4.35	95	4.12	69	3.53	4	5.40
Mexico	6	51	4.29	80	4.34	62	3.66	13	4.87
Puerto Rico	7	53	4.27	44	4.99	41	4.10	84	3.71
Panama	8	55	4.23	53	4.80	56	3.77	53	4.14
Chile	9	57	4.18	49	4.87	58	3.76	64	3.92
Jamaica	10	60	4.13	51	4.85	57	3.76	80	3.76
Uruguay	11	63	4.09	45	4.98	74	3.33	57	3.96
Argentina	12	65	4.08	74	4.40	70	3.51	41	4.34
Dominican Republic	13	67	4.03	54	4.75	71	3.46	68	3.88
Guatemala	14	70	3.90	81	4.32	81	3.20	48	4.17
Colombia	15	72	3.89	91	4.18	88	3.08	34	4.43
Peru	16	74	3.88	89	4.24	92	2.96	33	4.43
Honduras	17	83	3.77	83	4.31	87	3.08	63	3.92
Trinidad and Tobago	18	84	3.75	100	4.04	51	3.82	112	3.38
El Salvador	19	94	3.63	73	4.42	83	3.19	123	3.28
Ecuador	20	96	3.62	103	4.01	97	2.91	62	3.93
Suriname	21	99	3.54	110	3.86	91	3.01	79	3.76
Guyana	22	102	3.50	94	4.14	111	2.68	88	3.66
Nicaragua	23	103	3.49	98	4.05	101	2.79	93	3.63
Venezuela	24	104	3.46	122	3.63	86	3.12	91	3.65
Bolivia	25	114	3.33	127	3.33	110	2.70	58	3.96
Paraguay	26	122	3.16	116	3.74	130	2.44	122	3.30

Africa and Russia. The country also suffers greatly from a lack of price competitiveness (91st), attributable in part to high ticket taxes and airport charges in the country, as well as high prices and high taxation more generally. Further, the overall policy environment is not particularly conducive to the development of the sector (ranked 95th), with discouraging rules on FDI and much time required for starting a business.

**Mexico** is ranked just behind Brazil in the regional ranking at 6th place and comes in at 51st place overall, an improvement of four places. Mexico gets quite high marks for its natural resources (ranked 18th), and this is an area where it has shown an improvement since last year, with one more natural World Heritage site added in the interval. The country's cultural resources are also very rich (20th), with 26 World Heritage cultural sites, several international fairs and exhibitions, and strong creative industries. These inherent strengths are reinforced by the overall prioritization of the sector in the country (35th), with country-level participation at many T&T fairs and effective marketing and branding campaigns for attracting tourists. Some areas requiring attention are the tourism infrastructure (49th) and, especially, the ground transport infrastructure (84th). In addition, Mexico is ranked a low 77th for its price competitiveness, due especially to very high ticket taxes and airport

charges (ranked 126th overall). Health and hygiene issues remain to be tackled (ranked 74th), and, in particular, safety and security continues to be a major concern, ranked 126th with high levels of crime and violence, a police force that cannot be relied on to provide protection from crime, and many deaths from road traffic accidents.

### Asia Pacific

Table 4 displays the regional ranking and data for the Asia Pacific region. As the table shows, **Australia** is the highest-ranked country from the region, ranked 9th overall, down five places since last year. Australia is ranked 4th for its natural resources, with the most World Heritage natural sites worldwide, many known species in the country, and a pristine natural environment. Given the importance of the environment for much of its leisure tourism, it is notable that the stringency and enforcement of its environmental regulations are well assessed. Given the country's distance from other continents and the related importance of domestic air travel to overcome the large distances between major sites, its competitiveness is also buttressed by excellent air transport infrastructure (ranked 3rd) as well as good general tourism infrastructure (ranked 9th). Australia also benefits from the strong government prioritization of

**Table 4: The Travel & Tourism Competitiveness Index: Asia Pacific**

Country/Economy	OVERALL INDEX			SUBINDEXES					
	Regional rank	Overall rank	Score	T&T regulatory framework		T&T business environment and infrastructure		T&T human, cultural, and natural resources	
				Rank	Score	Rank	Score	Rank	Score
Australia	1	9	5.24	27	5.31	15	5.01	3	5.42
Singapore	2	10	5.24	6	5.77	5	5.25	23	4.69
Hong Kong SAR	3	12	5.18	2	5.93	12	5.05	30	4.55
New Zealand	4	20	4.94	14	5.55	30	4.62	25	4.65
Japan	5	25	4.91	40	5.10	20	4.83	15	4.81
Korea, Rep.	6	31	4.72	41	5.06	35	4.45	26	4.64
Malaysia	7	32	4.71	42	5.03	38	4.24	14	4.86
Thailand	8	39	4.45	70	4.46	40	4.14	19	4.74
Taiwan, China	9	43	4.40	75	4.40	18	4.87	65	3.92
China	10	47	4.33	88	4.24	59	3.73	12	5.01
India	11	62	4.09	107	3.88	63	3.65	18	4.74
Brunei Darussalam	12	69	3.99	99	4.04	47	3.96	60	3.95
Azerbaijan	13	76	3.84	47	4.95	84	3.19	111	3.40
Sri Lanka	14	78	3.82	86	4.27	73	3.34	71	3.85
Indonesia	15	81	3.79	113	3.77	79	3.24	40	4.36
Philippines	16	86	3.73	85	4.27	89	3.07	70	3.86
Vietnam	17	89	3.70	92	4.15	85	3.12	76	3.83
Kazakhstan	18	92	3.65	60	4.69	96	2.93	121	3.32
Mongolia	19	105	3.46	90	4.19	107	2.72	106	3.48
Kyrgyz Republic	20	106	3.45	76	4.39	124	2.49	105	3.48
Cambodia	21	108	3.43	111	3.80	113	2.64	74	3.84
Tajikistan	22	109	3.41	84	4.30	117	2.58	117	3.37
Pakistan	23	113	3.33	124	3.59	94	2.95	108	3.46
Nepal	24	118	3.25	119	3.66	120	2.53	97	3.57
Bangladesh	25	129	3.02	130	3.16	103	2.78	130	3.11

the tourism sector and effective destination-marketing campaigns. The drop in rank since last year can be traced in large part to a perceived weakening of the prioritization of the sector in the country, a poorer assessment of the ground transport infrastructure, and weakening price competitiveness.

Australia is followed in the regional ranking by **Singapore**, which is ranked 10th overall, entering the top 10 this year and up by six places since last year. Singapore benefits from excellent transport infrastructure, with ground transport infrastructure and air transport infrastructure ranked 4th and 15th, respectively. Singapore also benefits from its top rank out of all countries for the quality of its human resources to work in the country. With regard to the policy environment, it also ranks 1st, with rules and regulations that are extremely conducive to the development of its T&T industries (policies facilitating foreign ownership and FDI, well-protected property rights, few visa restrictions). Further, it is among the safest countries of all assessed with regard to crime and security. Singapore is ranked 2nd for the overall prioritization of Travel & Tourism, an area of improvement since last year. The country's tourism and ICT infrastructure has also seen a measurable improvement since last year.

**Hong Kong** is ranked 3rd in the region and 12th overall, up two places since last year. Hong Kong's transport infrastructure is even better assessed than Singapore's, with ground transport and air transport infrastructures ranked 2nd and 13th, respectively. Hong Kong gets relatively good marks for cultural resources, with many international fairs and exhibitions held in the country and strong creative industries. Hong Kong's policy environment is rated second only to Singapore, and shows a strong prioritization of the tourism sector (ranked 8th). Like Singapore, Hong Kong is extremely safe from crime and violence (ranked 5th), and the country is unsurpassed for its quality of health and hygiene, where it ranks first internationally.

**New Zealand** is ranked 4th in the region and 20th overall. The country benefits from its rich natural resources, with several World Heritage natural sites (ranked 16th) and a very pristine natural environment (ranked 3rd) protected by strong and well-enforced environmental legislation. The overall policy rules and regulations in the country are conducive to the development of the sector (ranked 10th), with transparent policymaking and among the least time and lowest cost required to start a business of all countries. Although the country's ground transport network remains somewhat underdeveloped, the air transport infrastructure gets

excellent marks (ranked 11th), and both the tourism and ICT infrastructures are quite good by international standards. New Zealand also benefits from high-quality human capital (ranked 17th) and a very safe and secure environment overall (15th).

**Japan** is ranked 5th regionally and 25th out of all countries in the TTCI, with excellent marks for its cultural resources (ranked 10th), attributable to its 14 World Heritage cultural sites, the many international fairs and exhibitions held in the country, and its rich creative industries. The ground transport infrastructure is among the best in the world (ranked 8th), especially railroads, and Japan continues to be a leader in the area of education and training (ranked 12th). However, Japan ranks third from the bottom for the affinity of the country for Travel & Tourism (131st), and the sector is not perceived to be a priority for the government (ranked 83rd).

**Malaysia** is ranked 7th regionally and 32nd overall, with its rich natural resources (ranked 21st) and good ground transport infrastructure (ranked 28th). The country also benefits from excellent price competitiveness (ranked 4th), with low comparative hotel and fuel prices, low ticket taxes and airport charges, very competitive hotel prices, and a favorable tax regime. Malaysia's policy environment is assessed as highly conducive to the development of the sector (ranked 9th), and the country is prioritizing Travel & Tourism; it markets the country at many international tourism fairs (ranked 1st) and also has an excellent evaluation for its destination-marketing campaigns (ranked 12th). With regard to weaknesses, health and hygiene indicators lag behind those of many other countries in the region, with, in particular, a low physician density (placing the country 94th).

**Thailand** is ranked just behind Malaysia in the region at 8th place and 39th overall, up three places since last year. It is endowed with rich natural resources and a strong affinity for Travel & Tourism (ranked 24th and 22nd, respectively), with a very friendly attitude of the population toward tourists (ranked 13th). This is buttressed by the sector's strong prioritization by the government (ranked 12th) with, similar to Malaysia, excellent destination-marketing campaigns and good price competitiveness. However, some weaknesses remain: despite the prioritization of the sector by the government, some aspects of the regulatory environment—such as stringent foreign ownership restrictions, visa restrictions for many travelers, and the long time required for starting a business in the country—are not particularly conducive to developing the sector (ranked 62nd). In addition, given the importance of the natural environment for the country's tourism, environmental sustainability should be a greater priority (ranked 99th).

**China**, ranked 10th regionally, has seen the largest rank improvement of all countries this year, moving up by a remarkable 15 places to 47th overall. China has been building on a number of clear strengths: it is

ranked 7th for its natural resources, with many World Heritage natural sites and fauna that is among the richest in the world. It is ranked 15th for its cultural resources, with many World Heritage cultural sites, many international fairs and exhibitions held in the country, and creative industries that are unsurpassed. Moreover, the country is ranked 20th in price competitiveness and 28th for the overall prioritization of the sector. In addition, China has a relatively good air transport infrastructure (ranked 34th). However, there are some weaknesses pulling the country's ranking down. China has a policy environment that is not conducive for T&T development (ranked 87th), with strong foreign ownership restrictions and visa requirements for most visitors. Furthermore, policies related to environmental sustainability get low marks (105th). There are also some safety and security concerns (116th), as well as issues related to health and hygiene (91st), with access to improved sanitation and drinking water that is low by international standards. Ground transport infrastructure gets middling marks (55th), and its tourism infrastructure remains underdeveloped (ranked 80th), with few hotel rooms available and few ATMs, although on a positive note tourism infrastructure has seen a marked improvement since last year.

**India** is ranked 11th in the region and 62nd overall, up three places since last year. As with China, India is well assessed for its natural resources (ranked 14th) and cultural resources (24th), with many World Heritage sites, both natural and cultural, rich fauna, and strong creative industries in the country. India also has quite a good air transport network (ranked 37th), particularly given the country's stage of development, and a reasonable ground transport infrastructure (ranked 49th). However, some aspects of its tourism infrastructure remain somewhat underdeveloped (ranked 73rd), with very few hotel rooms per capita by international comparison and low ATM penetration. Further, despite government and industry efforts to promote the country abroad (India is ranked 1st with regard to tourism fair attendance) and the exposure given to recent promotional campaigns, the assessment of marketing and branding to attract tourists remains average (ranked 53rd). Another area of concern is the policy environment, ranked 108th, with much time and cost for starting a business, bilateral Air Service Agreements that are not assessed as open, and visas required for most visitors.

### Middle East and Africa

Table 5 shows the regional ranking for the Middle East and Africa region. As the table shows, **The United Arab Emirates (UAE)** is ranked 1st in the region this year, 33rd overall, up seven places since last year, overtaking Israel and Tunisia. While the UAE is not endowed with rich natural and cultural resources (117th and 84th, respectively), it does very well in several other areas captured by the Index. For example, the country is char-



**Table 5: The Travel & Tourism Competitiveness Index: Middle East and Africa**

Country/Economy	SUBINDEXES								
	OVERALL INDEX			T&T regulatory framework		T&T business environment and infrastructure		T&T human, cultural, and natural resources	
	Regional rank	Overall rank	Score	Rank	Score	Rank	Score	Rank	Score
United Arab Emirates	1	33	4.57	39	5.12	23	4.79	78	3.81
Israel	2	36	4.50	37	5.13	39	4.21	51	4.16
Qatar	3	37	4.49	35	5.16	34	4.48	75	3.83
Mauritius	4	40	4.43	24	5.39	44	4.04	69	3.86
Bahrain	5	41	4.42	55	4.75	28	4.64	67	3.88
Tunisia	6	44	4.37	31	5.26	49	3.87	56	3.97
Jordan	7	54	4.25	36	5.15	67	3.55	54	4.05
South Africa	8	61	4.10	82	4.31	52	3.81	49	4.17
Egypt	9	64	4.09	52	4.84	65	3.59	73	3.84
Oman	10	68	4.01	59	4.69	53	3.80	99	3.54
Saudi Arabia	11	71	3.89	104	4.01	45	4.02	90	3.65
Morocco	12	75	3.86	64	4.59	78	3.27	83	3.73
Botswana	13	79	3.81	66	4.55	76	3.29	95	3.60
Namibia	14	82	3.77	71	4.45	77	3.27	94	3.60
Syria	15	85	3.73	68	4.48	82	3.20	100	3.53
Gambia, The	16	87	3.72	65	4.56	90	3.06	98	3.55
Kuwait	17	95	3.63	109	3.87	50	3.85	128	3.16
Kenya	18	97	3.60	93	4.15	100	2.81	72	3.84
Tanzania	19	98	3.59	102	4.03	118	2.56	50	4.17
Zambia	20	100	3.53	87	4.26	115	2.64	85	3.69
Senegal	21	101	3.50	101	4.03	108	2.71	82	3.75
Ghana	22	110	3.40	105	3.94	102	2.78	104	3.49
Uganda	23	111	3.38	115	3.75	114	2.64	81	3.76
Libya	24	112	3.38	97	4.07	109	2.71	114	3.37
Algeria	25	115	3.31	108	3.88	98	2.84	127	3.22
Madagascar	26	116	3.28	112	3.79	106	2.74	119	3.32
Malawi	27	117	3.27	106	3.91	131	2.43	107	3.47
Mali	28	119	3.19	114	3.76	126	2.48	120	3.32
Benin	29	120	3.18	117	3.66	121	2.52	116	3.37
Zimbabwe	30	121	3.17	125	3.57	125	2.49	109	3.43
Ethiopia	31	123	3.15	128	3.27	112	2.65	101	3.52
Mozambique	32	124	3.12	120	3.66	129	2.45	125	3.24
Cameroon	33	125	3.09	126	3.54	132	2.36	115	3.37
Burkina Faso	34	126	3.08	118	3.66	122	2.52	131	3.05
Mauritania	35	127	3.07	123	3.61	127	2.47	129	3.14
Nigeria	36	128	3.02	132	3.10	116	2.59	113	3.38
Côte d'Ivoire	37	130	2.99	131	3.12	123	2.50	118	3.35
Burundi	38	131	2.98	129	3.17	119	2.53	126	3.24
Lesotho	39	132	2.92	121	3.64	128	2.45	133	2.66
Chad	40	133	2.52	133	2.83	133	1.93	132	2.80

acterized by a positive attitude toward foreign travelers (10th) and is also seen as very safe from crime and violence (ranked 14th). The UAE's infrastructure also gets good marks, particularly its air transport infrastructure, which is ranked a very high 4th out of all countries assessed (up one place since last year). The government is seen as prioritizing the sector strongly (ranked 3rd), carrying out very effective destination-marketing campaigns (ranked 1st) and ensuring the presence of the country at major T&T fairs internationally. An area of clear improvement since last year is in the rules and regulations, which have been adjusted to better support the sector's development, with the UAE moving up from 81st place last year to 53rd this year.

**Israel** is the second-ranked country in the region, at 36th overall, showing a stable performance since last year. The country's human resources base is well evaluated (29th), providing healthy and well-trained people to work in the T&T sector. Further, its infrastructure is quite well developed compared with those of other countries in the region, especially its ICT infrastructure. Israel's rules and regulations, ranked 39th, are conducive to the development of the sector, with low foreign ownership restrictions and visas required from few countries, although it requires much time to set up a business in the country (ranked 91st). But although Israel gets excellent marks related to health and hygiene (ranked 14th), safety and security continues to be a

major concern, placing the country at 73rd, primarily related to concerns about terrorism (ranked 129th).

**Qatar** is ranked 3rd in the region and 37th overall, directly following Israel in the full ranking. Qatar benefits from an extremely safe and secure environment (ranked 9th), high-quality human resources in the country (ranked 22nd for human capital), good tourism infrastructure (28th), and excellent air transport infrastructure (20th), in line with its increasing role as an air transportation hub. In order to further improve the country's T&T competitiveness, efforts should be made to upgrade its ground transport infrastructure (ranked 59th), more focus should be placed on environmental sustainability (69th), and further efforts should be made to improve the policy and regulatory environment (ranked 47th)—in particular, by facilitating more foreign direct investment and easing visa requirements for entering the country.

**Mauritius** is the fourth highest ranked country in the region, at 40th overall. Mauritius is ranked 1st out of all countries for the overall prioritization of the sector, with high government spending on the tourism industry (ranked 3rd), ensuring excellent destination-marketing campaigns to attract tourists (ranked 2nd), and ensuring the country's presence at many international tourism fairs. Along similar lines, Mauritius is ranked 3rd for its overall affinity for Travel & Tourism, with the sector representing an important part of the economy and the general attitude of the population to foreign travelers being extremely welcoming. The country's tourism infrastructure is well developed by regional standards, and the policy environment is supportive of the development of the sector (ranked 13th). Mauritius also benefits from price competitiveness (ranked 26th), with relatively low prices overall and taxation that is not overly burdensome, although this would be improved through lower ticket taxes and airport charges, and more competitive hotel prices. Safety and security levels are also good by regional standards (ranked 40th), and are on a par with countries such as Germany and Hungary. In terms of challenges, although the government is seen to be making an effort to develop the industry in a sustainable way (ranked 13th), this effort could be backed up by more stringent environmental regulations (ranked 61st).

**Tunisia** is ranked 6th among Middle East and African countries and 44th overall, down five places since last year. Tunisia benefits from a strong assessment of the prioritization of Travel & Tourism (15th)—similar to top-10 ranked countries such as Austria and Canada—with high government spending on the sector, effective destination-marketing campaigns, and attendance at several major international tourism fairs. Further, unlike some other countries in the region, Tunisia is perceived as relatively safe from crime and violence (ranked 31st). In addition, price competitiveness is a positive attribute, ranked 7th, with competitive hotel prices, low fuel lev-

els, reasonable taxation, and low prices more generally. On the other hand, health and hygiene remains an area of concern (75th), with a relatively low physician density and a low concentration of hospital beds. The country's ICT infrastructure also remains underdeveloped (ranked 77th). This is an area that has seen a deterioration since last year.

**South Africa** is ranked 8th in the region and 61st overall, with a stable performance since last year. South Africa, together with Mauritius, make up the two sub-Saharan African countries in the top half of the overall ranking. South Africa is ranked a high 22nd for its natural resources and 45th for its cultural resources, based on its many World Heritage sites, its rich fauna, its creative industries, and the many international fairs and exhibitions held in the country. South Africa also benefits from price competitiveness, with reasonably priced hotel rooms and a favorable tax regime. Infrastructure in South Africa is also well developed for the region, with air transport infrastructure ranked 43rd and a particularly good assessment of railroad quality (37th) and road quality (40th). Overall, policy rules and regulations are conducive to the sector's development (ranked 36th), with well-protected property rights and few visa requirements for visitors. However, there are also some areas of weakness that have brought down the country's overall ranking. Safety and security is of serious concern (ranked 128th), as is the level of health and hygiene, where South Africa is ranked 94th as a result of its low physician density and concerns about access to improved sanitation in particular. Related to this, health indicators are extremely worrisome. South Africa's life expectancy is low, at 51 years, placing the country 120th overall, a ranking related in large part to the very high rates of communicable diseases such as HIV/AIDS. Improving the health of the workforce is of urgent concern for the future of the T&T sector, as well as for all sectors in the economy.

**Egypt** directly follows South Africa in the regional ranking at 9th place, ranked 64th overall, up two places from last year. The country is rich in cultural heritage, with seven World Heritage cultural sites and several international fairs and exhibitions held in the country. In addition to its cultural attributes, it benefits from excellent price competitiveness, ranked 1st out of all countries, with competitive hotel prices, low fuel costs, and low prices more generally. Further, there is a strong national prioritization of the sector (ranked 9th), with the government ensuring both relatively high spending on Travel & Tourism and the country's presence at major tourism fairs. On the other hand, Egypt's infrastructure needs improvement, particularly its tourism infrastructure (74th), its ground transport infrastructure (79th), and its ICT infrastructure (84th). A focus on improving education and training in the country, ranked 83rd, would also improve the country's overall T&T competitiveness.

**Kenya**, a country long famous for its tourism attributes, is ranked 18th regionally and 97th overall, up four places since last year. Kenya is ranked 25th for its natural resources, with two World Heritage natural sites and its rich diversity of fauna. Tourism is a strong priority within the country (ranked 12th on this pillar), with high government spending on the sector, effective destination-marketing campaigns, and country presence at several international fairs and exhibitions. In addition, there is a strong focus on environmental sustainability in the country (ranked 16th), which is particularly important for Kenya given the sector's dependence on the natural environment. On the downside, the policy environment is not at present conducive to the development of the sector (ranked 90th), with bilateral Air Service Agreements that are not open, insufficiently protected property rights, and much time and cost required for starting a business. In addition, infrastructure remains underdeveloped and health and hygiene levels require improvement. Finally, the security situation in the country remains a significant hindrance to further developing the sector (ranked 121st).

The country profiles in Part 2 of this volume provide details on the competitiveness of all 133 economies included in this year's TTCI.

### Exploring issues of T&T competitiveness

As well as the TTCI analysis described above, the *Report* also features several excellent contributions from T&T industry experts that deal with issues directly related to T&T competitiveness. Several chapters focus on particular aspects of the present challenges facing the industry, providing suggestions on how to overcome them.

In their chapter "Endangered Growth: How the Price of Oil Challenges International Travel & Tourism Growth," Jürgen Ringbeck, Amit Gautam, and Timm Pietsch of Booz & Company describe how 2009 might go down in history as a "make or break" year for the Airline, Travel and Tourism sector. As the authors point out, the historically high price of crude oil in the summer of 2008, of US\$147 per barrel, highlighted the vulnerability of the sector to oil prices. As the authors point out, while an oil price of US\$100 per barrel was considered ruinous only a few years ago, the industry has now suffered through much higher prices than previously envisaged. And while prices have dropped significantly from the summer 2008 high, the mid-term expectation is for higher prices, requiring all players in the sector to adapt their behavior accordingly.

The authors assume a high oil price scenario over the long term in order to highlight the expected changes in consumer behavior and the competitiveness of several destinations under such a scenario. In this context, the chapter discusses the dramatic structural changes a high oil price imposes on airlines, travelers, and destination countries, which in addition must be

navigated during a period of shifting or even declining travel demand. In providing a view on endangered T&T economies, the chapter also explores potential ways of coping with such a change.

As they explain, although each country must address its particular challenges individually, it is possible to identify some overarching methods of coping in a world of fundamental change. These include improvements to the operational efficiency of facilities and infrastructure within countries, the reduction of access costs, rebranding and repositioning of destinations, and leveraging funding from the international community to prepare for change. These improvement areas are intended to help national policymakers to address some of the severe challenges they are presently facing in their efforts to harness Travel & Tourism as a lever for improving general economic wellbeing.

In their chapter "The Importance of Public-Private Partnership in the Current Downturn," Amir Girgis and Ufi Ibrahim from the WTTC express confidence in the long-term prospects of the T&T industry, despite the present difficulties. They note that although there are many uncertainties as to how long the current crisis will continue, and how deep its impact will be on disposable incomes and business and consumer confidence in different markets, past experience has shown that Travel & Tourism always rebounds from cyclical downturns—sometimes even stronger than before.

However, the authors stress that in order to address the challenges as effectively as possible and to find solutions to overcome them, it is more critical than ever for the public and private sectors to work together. In particular, public-private sector dialogue and partnership can help to encourage a supportive policy framework for Travel & Tourism, in turn helping to stimulate demand at challenging times such as the present, thereby ensuring that Travel & Tourism continues to generate employment and stimulate economic growth, as well as contributing to the alleviation of poverty in emerging economies.

The authors give some examples of successful public-private partnerships, highlighting the essential need for such partnerships across the globe and the multiple benefits associated with healthy ones—something that will be especially relevant as the T&T sector confronts the challenges ahead. The authors conclude by noting that partnership and dialogue can lead to an improved tourism product, promoting increased competitiveness, and that, in particular, the creation of national tourism organizations can be important stepping stones in the right direction for improving these partnerships.

In "How Well Does the Travel & Tourism Competitiveness Index Explain Differences in Travel Intensity Among Countries?" Selim Ach and Brian Pearce of IATA study the relationship between the number of passengers traveling to and from a given country and the results of the Travel & Tourism

Competitiveness Index (TTCI). Their aim is to understand how well the TTCI captures the key drivers of Travel & Tourism, and therefore the contribution of the sector to the economic success of a country.

The authors begin by showing that highly ranked countries in the TTCI tend to attract a higher number of air passengers than lower ranked countries. Based on an analysis of the data and the theoretical relationships among the various factors, the authors have developed an econometric model to assess these relationships. This model provides an initial quantification of the link between the number of passengers and a country's TTCI score.

The results of their analysis show that the tourism competitiveness factors making up the TTCI are strongly related to the total number of passengers arriving at and departing from a given country. Taking into account the population by country, the econometric analysis also demonstrates that the GDP per capita of the destination country, as well as the average distance required to reach that particular country, are the two other significant factors.

The authors conclude that efforts dedicated to improving the overall TTCI performance (by implementing an efficient regulatory framework; investing in infrastructure; improving price competitiveness; or improving its human, cultural, and natural resources) are likely to increase the total number of passengers to and from a given country. This econometric model thus provides a tool to simulate the effect of a particular policy on the number of air passengers by upgrading either the TTCI score or that of one of the subindexes or pillars. They note that, although further work is necessary to refine the analysis, it already provides a sense of the potential impact of improving the provision of key drivers of air Travel & Tourism. And this, in turn, could be expected to enhance the wider economic benefits brought about by the development of this important sector.

In "Capturing the Visitor Economy: A Framework for Success," Alex Kyriakidis, Heather Hancock, Simon Oaten, and Rashid Bashir of Deloitte describe how, in the present global economic downturn, it is more important than ever for countries to sustain and maximize the benefits of tourism. They explain that to do so, policymakers must understand the economic impact of tourism and to design and implement policies that will enable them to realize its full benefits. To this end, the authors analyze, from a public-sector perspective, the economic contribution of tourism to the wider society and explore a framework for capturing what they call the "visitor economy."

As the authors explain, the visitor economy in each country consists of two components: the direct contribution of tourism and the indirect contributions from other sectors that rely on, or support, tourism. They analyze these components and also consider the contribution

made by the visitor economy to broader public policy objectives such as regeneration, social and economic inclusion, enhancing skills and employment, and attracting enterprise and investment as well as strengthening international ties.

They explore how tourism interacts with and contributes to the wider economy and society, highlighting the economic impacts (direct and indirect) of tourism as well as the key drivers, policy barriers, and market failures. They highlight those factors that can be most effectively leveraged by the industry and by policymakers, as well as more uncontrollable factors that represent specific and unusual pressures on the sector.

The authors conclude by noting that in these turbulent economic times the focus should be on longer-term, supply-oriented strategies over which policymakers can exert greater influence and realize long-term value. Specifically, visitor economies demonstrating adaptability, developing deeper domestic tourism supply chains, and focusing on higher-value "quality and skills" investments while building diversity into the destination will benefit the most.

In their chapter "Tourism Price Competitiveness," Peter Forsyth of Monash University and Larry Dwyer of the University of New South Wales review the literature on what they describe as "an essential component in the overall tourism competitiveness of a country or a destination." The fact that price is one of the most important factors in decisions about whether, and where, to undertake trips is reflected in one of the key pillars of the TTCI. Indeed, measures of tourism price competitiveness of countries or destinations (such as individual regions or cities) form part of more general work on destination competitiveness.

The authors explain that, given its importance, many have developed or used indicators of tourism price competitiveness, although the indicators vary considerably. Different indicators shed light on different aspects of competitiveness, and the measures that are most useful for a purpose depend on what questions are being explored. The authors explore several of the different indicators aimed at measuring tourism price competitiveness, describing the strengths and weaknesses of using each of them.

Specifically, some of the key aspects that influence which indicators should be used are the need for accuracy and tourism-specific detail versus timeliness; the need for cross-country (or cross-destination) comparisons of the prices tourists are actually paying; the need for estimates of changes in relative price competitiveness over time; and the need to provide overall summary measures of a country's price competitiveness at a point of time or changes in it over time. The specific measure used will therefore depend on the particular analytical and practical need.

In their chapter "National Competitiveness Council: Setting Up the Egyptian Travel & Tourism

Competitiveness Council,” Ashraf Ibrahim of the Egyptian Travel & Tourism Competitiveness Council (T&TCC) and Heba Ali Zayed of the Egyptian National Competitiveness Council (ENCC) begin by describing the logic behind creating an Egyptian Competitiveness Council five years ago, a private sector-led nongovernmental organization that aims to enhance Egypt’s competitiveness. The rest of the chapter then explains how this infrastructure has been used to set up an Egyptian T&TCC, focused specifically on enhancing the competitiveness of the T&T industry, a sector so crucial for Egypt’s economic development.

As the authors explain, the objective of the T&TCC is to bring together stakeholders from the T&T sector to review sector developments, discuss challenges, and propose solutions for enhancing the industry’s international competitiveness. The Council carries out awareness raising (both within and outside the sector), advocacy, and mobilizing efforts in cooperation with other stakeholders. Specifically, the T&TCC played an important role in disseminating this information and bringing key issues from *The Travel & Tourism Competitiveness Report 2008* into the spotlight within Egypt over the past year.

The authors see the T&TCC as an essential tool for tracking and monitoring national progress within Egypt’s T&T sector by providing a closer look at specific deficiencies and obstacles that must be overcome. Based in part on the challenges identified within the T&TCC, the T&TCC has developed an action plan for the coming year. The three main initiatives identified as top priority are focused on human resource development, institution and capacity building for industry advocacy, and environmental sustainability.

The authors conclude by noting that the Egyptian experience is not unique and similar efforts could be replicated in other countries in order to improve the performance of national T&T sectors with the goal of boosting economic growth and prosperity.

In “Navigating Yet Another Perfect Storm: The Promise of Sustainable Travel & Tourism,” Thea Chiesa of the World Economic Forum begins by describing the many challenges facing the T&T industry at the beginning of the 21st century. These range from the threat of terrorism, pandemics, and natural disasters to volatile fuel prices and, more recently, the credit crunch and economic recession across much of the world. As she notes, given the high correlation between business cycles and tourism growth rates, it is understandable that consumers are presently reducing leisure travel and businesses are scaling back their travel budgets. As a result of this contraction in consumer demand, the T&T industry will likely face consolidation and an increase in the number of industry bankruptcies.

As the author explains, this is not all bad news. On the positive side, the current financial crisis could encourage airlines to lobby governments to further

liberalize markets through the adoption of global Open Skies agreements and the removal of current ownership and control restrictions, which currently hinder the airlines’ ability to consolidate on a truly global scale. Many agree that airline industry consolidation would be beneficial by allowing for economies of scale and increased functional synergies.

Chiesa goes on to discuss how, in order to thrive, or even survive, in this period of uncertainty and change, both the T&T industry and destinations themselves will need to approach the challenges in a holistic and systemic manner. This would allow innovative ideas to emerge, new directions to be taken, new alliances to be forged, and profits to be reaped. Current events are reshaping the financial and industrial world, and the role of institutions and government. Together with concurrently evolving consumer behaviors toward climate change, water consumption, and food production, these factors all provide ample opportunity for innovation. More specifically, the T&T industry can take advantage of this current period of uncertainty to form increased collaboration among all actors of the T&T value chain as well as innovative partnership across different industries and create new ways of doing business. She discusses a number of promising innovative partnership ideas identified by the Forum’s Aviation, Travel & Tourism community in order to illustrate these opportunities.

The author concludes by noting that the Forum will continue to engage the industry’s key stakeholders in a collaborative dialogue on addressing the barriers to implementing some promising new cross-industry partnerships for carbon abatement that have been identified by the community.

In “Strengthening the Travel & Tourism Competitiveness Index,” Geoffrey Lipman and John Kester of the UNWTO discuss the characteristics they would like to see integrated into the T&TCC in the coming years. The authors welcome the initiatives to improve and broaden the base data and particularly to incorporate new environmental criteria and information. They are also very supportive of the new emphasis on presentation of data by regions. Yet they ask whether the Index remains entirely relevant “in a world of short-term stimulus actions and parallel, longer-term shift to a green economy, coherent with global development and climate imperatives.”

The authors describe how ecotourism and greater environmental sustainability of the T&T sector, more generally, will be important for tourism competitiveness going into the future. They therefore feel that greater integration of these concepts into the T&TCC would reflect the realities of government, industry, and market shifts. To this end, they note that the UNWTO will hold an open global discussion forum on these matters in the second half of 2009.



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## References

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