

World Tourism Organization
Market Intelligence and Promotion Section
Madrid, November 2001



Special Report, Number 18

Report prepared for:

Travel and Tourism Recovery Committee, First Meeting
Sunday 11 November 2001
World Travel Market London

Tourism after 11 September 2001:
Analysis, remedial actions
and prospects
(updated November 2001)

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Summary and main conclusions

Liberty and the desire to travel will conquer the fear of terrorism.

Analysis

- ✓ In the last fifty years, tourism has been adversely affected by a widely differing range of problems – natural disasters, serious social conflicts, wars, economic crises and terrorism. From experience of all these problems, the tourism industry has developed a **capacity to adapt and survive**. What has been clearly proven is that tourism has an extraordinary **resistance** and an ability unmatched by any other industry to overcome crises. In its expansion international tourism has shown considerable fluctuations in growth rate. Nevertheless, since the start of the time series in 1950 worldwide it has not experienced a single year of significant decrease.
- ✓ In 2000 international tourism grew at an exceptional rate of 7.4 per cent to reach a total of 699 million international tourism arrivals. In the decade from 1990 to 2000 international tourism as measured in arrivals grew at an **average rate of 4.3 per cent a year** despite the Gulf War, the conflicts related to the disintegration of Yugoslavia, and the Asian financial crisis.
- ✓ The September 11th terrorist attacks have had a more dramatic impact than any other crisis in recent years. The United States of America (USA) was attacked within its own territory, more terrorist attacks are feared, and the military response has the potential to last a long time and to spill over into other areas in an unpredictable way. This has generated hesitation and a certain **fear of travelling**, at least in airplanes and in some countries, and an atmosphere of **uncertainty**, made worse by the **weak international economic context** and a fall in consumer and investment confidence.
- ✓ The first reaction from tourists was to return home as quickly as possible. Then followed a wave of **cancellations**, especially of long-haul trips from North America, from some Asian countries, and from Western Europe. This phase passed quickly, and now, at the end of October, the industry is reporting a gradual recovery, but with some late booking behaviour, overall **weakness in new reservations** and a **tendency to postpone** the decision to travel.
- ✓ This crisis has had a severe impact on **long-haul tourism**, on **carriers**, especially air transport, on **hotels**, and on the **business travel** sector. Destinations which depend significantly on US traffic have suffered disproportionately. The results, on top of an already weakening economic situation, have been business closures, reduction of capacity, reduced working hours, and job losses.
- ✓ Although the whole sector is suffering from the current situation, **not every destination and every part of the industry has been as badly affected**. Travel in the same region (80 per cent of all international arrivals) and domestic tourism, travel by road and rail

(50%), and individual trips seem to have resisted the crisis much better or even benefited. A special resistance can also be found in segments with a strong motivation, e.g. sports, culture, social tourism and rural tourism.

- ✓ **Reservations worldwide are estimated to be 12 to 15 per cent down at the end of October.** However, the situation varies from region to region and from activity to activity. Specific sectors like air transport and top end accommodation are facing a more substantial decrease in demand.

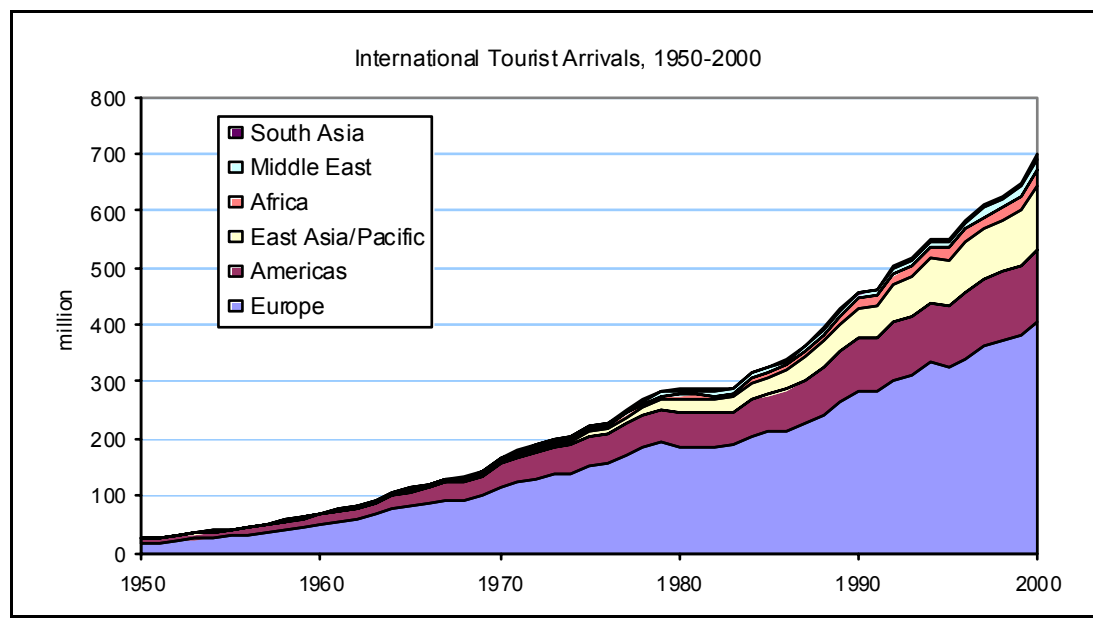
Remedial actions

- ✓ The reaction of many governments has been measures to **preserve the industry's operational capacity**, which will clearly be needed when recovery comes in a few months' time. These measures can be summarised as follows:
 - ◆ Assistance to businesses in the worst affected sectors
 - ◆ Confidence building measures for the industry and promotional activities aimed at consumers
 - ◆ Modification of operational plans
- ✓ An important part of the actions taken by governments and by the industry has been aimed at rebuilding **consumer confidence**, taking the necessary measures to **enhance security**, and communicating this to the public.
- ✓ In situations of uncertainty **consumers often react irrationally**. They tend to rush into unjustified generalisations associating incidents such as the attacks of 11 September with a whole culture or religion. Such attitudes aggravate the consequences of the terrorist attacks in destinations which had absolutely no involvement. This unreasonable but very real consumer behaviour calls for an **immediate response communicating the true facts**. Public and private sector leaders have a major responsibility in this regard.
- ✓ On the other hand, **states have a right and a duty to inform their nationals of the circumstances and possible dangers** they may encounter when travelling abroad. However, as stipulated in the *Global Code of Ethics for Tourism*, it is their **responsibility to issue such information without prejudicing in an unjustified or exaggerated manner the tourism industry of the host countries or the interests of their own outbound operators**. The contents of travel advisories should therefore be discussed beforehand with the authorities of the host countries and with the professionals concerned; recommendations formulated should be strictly proportionate to the gravity of the situations encountered and confined to the geographical areas where the insecurity has arisen; and such advisories should be qualified or cancelled as soon as a return to normality permits.
- ✓ In general, stakeholders are stressing the **importance of increasing communication** with the press or directly with the public as one of the best ways to minimise the effects of the crisis and overcome them. A **pro-active approach** is recommended **providing an adequate, honest and transparent flow of information in order to maintain and increase the credibility of the travel and tourism industry**. As a means of counteracting the existing negative stream of news, it is important to send positive messages and to create events.



1. Introduction

Tourism is an astounding success story. In the current negative climate, it is easy to forget the extraordinary progress which this industry has made over the last fifty years. Despite natural disasters, economic crises, conflicts, terrorist incidents, despite the Gulf War, Chernobyl, Kosovo, and unrest in the Middle East, worldwide tourism has consistently kept growing. What other industry could boast such a record?



Source: World Tourism Organization (WTO)

Even this year, it still looks as though modest growth will be achieved. The first eight months showed growth between 3 to 4 per cent, and this followed an excellent 2000 in which growth reached 7.4 per cent. The World Tourism Organization has provisionally revised its estimate for 2001 downwards following the 11th September attacks to around 1 per cent.

Key to this resilient performance is an ongoing shift in customer attitudes – for many, tourism is no longer a luxury, it is a necessity; indeed, in some European countries particularly, the process has gone further and tourism is in essence a right. With attitudes developing along these lines, and with latent growth potential from so many emerging areas, the World Tourism Organization's estimated long-term growth rate of 4.1 per cent a year for the period up to 2020 could still prove to be a conservative forecast, despite the depressing headlines of today.

The events of September 11th did of course impact severely on tourism in the short-term and will have an effect in the medium term. However, impacts will vary a great deal for different forms of tourism. Except for the immediate loss of part of the business, the most apparent effect will be a redistribution of tourism flows. Tourists may temporarily cut back on long-haul travel in favour of destinations in neighbouring countries and domestic travel. In times of crisis, travellers prefer closer and more familiar destinations which have for them a safer image. People will change their habits, but there is no reason to believe from the evidence gathered so far that they will stop travelling. Indeed the mood in the United States itself with regard to the right to travel is defiant.

Tourism has successfully weathered many crises, has adapted to them, and has kept prospering. We think it will continue to do so. However, the impact of the attacks on the Twin



Towers was undeniably traumatic with incessantly repeated and powerful visual images, and the first ever paralysis of air traffic USA wide. The fact that passenger planes –a key part of the tourism system– were used as weapons greatly increased the psychological damage. Moreover, since the subsequent war on terrorism is likely to be fought on many fronts and over a long timescale, the industry may well need more help and recognition than ever before to come through this particular crisis. It is at times like this that leadership from governments, from industry associations, and from international organisations like the World Tourism Organization is so vital.