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1. Summary of proceedings

Francesco Frangialli, Secretary-General, World Tourism Organization

There are many lessons to be learned from the tourism crisis of the past two years. There is a new awareness of the importance of the industry. When thousands of firms and jobs disappear then one realizes how important the sector is and also how vulnerable it is.

Trends that were already underway have been accelerated by the crisis. It created a more volatile and fluid market with postponing of travel, late booking, last minute cancellations. It also speeded up alliances and mergers, especially in air transport.

It has pointed out the need to be able to better assess and measure the situation. We have the Tourism Satellite Account and one of our priorities is training statisticians and central bank people to manage it. But we need other indicators, as well.

One last lesson is the need for partnership and cooperation when there is a crisis. That is why this committee was formed. As long as we are within a crisis this committee is very useful, but we hope that when we get back to a situation of normalcy we will be in a position to merge this committee with the WTO Marketing Committee.

We need to know how to react when a crisis occurs. It can be any kind of crisis, an oil spill or health problems such as the recent SARS epidemic. No matter what the cause of the crisis, they often call for very similar reactions by tourism officials. By meeting here in Beijing, WTO is giving a strong signal that not just China but all of Asia is on its way to recovery.

One of our remaining is the issuance of travel advisories –with SARS we now also have the World Health Organization issuing travel advisories. I think it is justified that governments should try to protect their citizens, but WTO in the Global Code of Ethics for Tourism has a number guidelines on how they should be applied. WTO as a specialized agency of the United Nations will now be in a better position to influence governments on the issue of travel advisories.

Dr. Dawid De Villers, WTO Deputy Secretary-General

The Recovery Committee was set up at the last General Assembly in Seoul and Osaka just weeks after the events of September 11th, 2001. The purpose was to assess the situation and share information to help the industry manage and overcome the crisis. The first meeting was held a few weeks later at World Travel Market. The most recent meeting in ITB last year was infused with urgency due to the impending war in Iraq and was attended by 40 ministers.

The consensus of that meeting was that it is not a time to despair, no one doubted the underlying strength of the industry and its ability to recover from adversity.

The committee has created a valuable media platform. There was a need for more complete and balanced information and it provided a source of positive and transparent information. We believe that the reports presented to the committee helped rebuild confidence.

Cooperation was the recipe for success in overcoming a crisis and it has been repeated over and over again in this committee. It also underlined the importance of national tourism administrations and countries that had a strong national tourism presence had an easier time managing the crisis.

WTO's Crisis Guidelines emphasized the need to be prepared and they have proved especially useful to small and medium-sized enterprises. WTO is ready to assist when assistance is needed.

Augusto Huéscar, WTO Chief of Market Intelligence

WTO's World Tourism Barometer is made up of three parts: Data on the very recent evolution of the sector; an assessment of experts from the entire world of the past four months and what they expect for the next four months; and economic data useful for interpreting the results, usually from the International Monetary Fund.

Tourism results up to August 2003 show that after a period of deep crisis there is some recovery, although it is uneven around the world. Since June there has been a rapid increase in tourism in the Middle East, Caribbean, South Asia and South America.

Recovery in Europe has been uneven.

In Asia, countries that were the engines of international tourism were affected at least until May, fortunately they are recovering and beginning to show satisfactory trends. In July, August and September the increase in India was higher than 20 per cent.

In Africa there have been notable increases in Morocco, Tunisia and South Africa. Not as big as recent years, but around 5 per cent.

The group of 140 experts we consulted from all around the world show a clear optimism for the next few months based on the strong promotional campaigns currently being carried out. Some of them even think that there is too much promotion going on, creating unnecessary competition among destinations.

The overall economic outlook by the IMF is more positive than in recent years, there is more confidence than before by consumers and private firms but there is not yet a great increase in jobs, although the employment rates are slowly starting to increase and this will affect the tourism recovery.

Deborah Lührman, WTO Consultant

[See section 2.1 for slides presentation of Ms. Lührman]

WTO has prepared a booklet called *Crisis Guidelines for the Tourism Industry* which gathers together all of the expertise of the Recovery Committee. The guidelines have been presented over the past few months in seminars on crisis management in South Asia, East Asia-Pacific and the Middle East.

Activities that have proven to work in overcoming a crisis can be grouped into six categories: communications; familiarization trips; domestic tourism; fiscal measures; special events; and partnerships.

- Communications is key to any image rebuilding that needs to take place following a crisis. It needs to take place quickly, frequently and in an open and transparent manner of several different levels –with the travel trade, the media and directly with the consumer.
- Fam Trips offer one of the best ways to correct an image problem, by bringing in journalists and tour operators to see for themselves the true situation following a crisis.
- Domestic tourism is essential for keeping hotels and restaurants in business during and immediately following a crisis period.
- Fiscal measures are usually necessary to cope with a crisis and can include reduced landing fees at airports, elimination of taxes, extension of low interest loans, reduction of museum entry fees, and even subsidies for charter flights.
- Organization of special events is useful in re-establishing a sense of normalcy and business as usual following a crisis. They can be events such as rock concerts or sporting matches.
- Finally, cooperation on many different levels is needed to overcome a crisis. The Middle East is currently one of the fastest growing tourism regions of the world due to intra-regional Arab tourism agreed among the Middle Eastern countries.

Among the areas of work that remain for the Recovery Committee are: dealing effectively with travel advisories; working more closely with the insurance industry and developing crisis management policies with the airlines.

**Liu Shijun, Assistant Director-General for Marketing and Communication
China National Tourism Administration**

Some of the post-SARS measures taken by CNTA to help speed the recovery include: a promotional tour led by Chairman He to Japan and the opening of an office in Korea in August. A series of high-profile special events have been organized beginning with the ASEAN tourism ministers meeting in August, the WTO General Assembly in October, and the upcoming travel fair in Kunming with 1,500 hosted buyers. It is part of the "seeing is believing" campaign.

CNTA has signed a collaboration agreement with the Beijing Olympic Organizing Committee to promote the 2008 Summer Olympics through tourism and tourism through the olympics. The theme for next years promotional campaign is "Catch the lifestyle".

**Francisco Madrid, Under Secretary for Tourist Planning.
Secretariat of Tourism of Mexico**

[See section 2.2 for the written text of Mr. Madrid's speech]

This was supposed to be the year that recovery from 9/11 gave way to renewed growth in tourism. But preparations for the war in Iraq, the war itself, SARS and other factors have created a perfect storm, making 2002 probably the most challenging year in the history of tourism promotion.

At the start of the crisis both inland and border tourism fell. In 2003, border tourism is down more than 20 per cent due to increased security at the US border, but the number of inland tourists has increased by 4.9 per cent and we expect to earn a record US\$ 9.3 billion from international tourism. We are going to finish 2003 with 19 million arrivals.

Our crisis strategy can be best described as a "back to basics" approach. First, we concentrated on building our large domestic market, which represents 80 per cent of tourism GDP. This year we focused on the US market, but we thought there was no point in advertising during the war so we emphasized the closeness with the US market with the campaign "Mexico closer than ever". This campaign has proved successful.

Two emerging trends could become worrying in the near future. One is the risk of advertising and promotion saturation in many markets as every country steps up its campaigns in order to maintain market share. So many countries are desperate that they go beyond normal limits of marketing. The other trend, and closely related, is the growing pressure on prices and on profit margins which could force a number of less efficient firms out of business and cause the loss of jobs.

Christopher Brown, Chief Executive Officer, Australia Tourism Task Force

I would like to congratulate the government of Indonesia for the way it responded to Bali. It moved very quickly to improve security and to restore the markets by putting together an international consultancy cabinet. Now, in the Asia Pacific region we are looking at recovery rather than crisis.

In the case of war in the Middle East, our concern is on long-haul markets and places that are very dependent on arrivals by air. So we would implore all governments to seek the right balance between security and the commercial realities of keeping passengers moving.

We would also like to emphasize the role of event tourism. People need a reason to travel even more during times of uncertainty. The Cricket World Cup in South Africa, the Rugby World Cup coming to Australia, and the Olympic Games in Athens next year are very important now, because these are the kind of events that make people break out of their uncertainty. The role of event tourism—be it religious, sporting, or business—has taken on a greater resonance in the current uncertain travel environment.

From the private sector viewpoint, once again I would implore governments: Please don't consider the opportunity for more taxes at this time. Your industry is hurting like it has never hurt before, and there is a creeping mood around the world—particularly in aviation—for governments to take this opportunity to raise taxes. It is simply the worst type of public policy response that can take place.

We are all going to suffer for the next few months to a year, but we have to see this as a recovery process. Build up a pent up demand. Keep the marketing going, keep the product development going, keep pricing in place so that when the uncertainty is behind us, we can rebound and we can be the vehicle for governments to restore their economies.