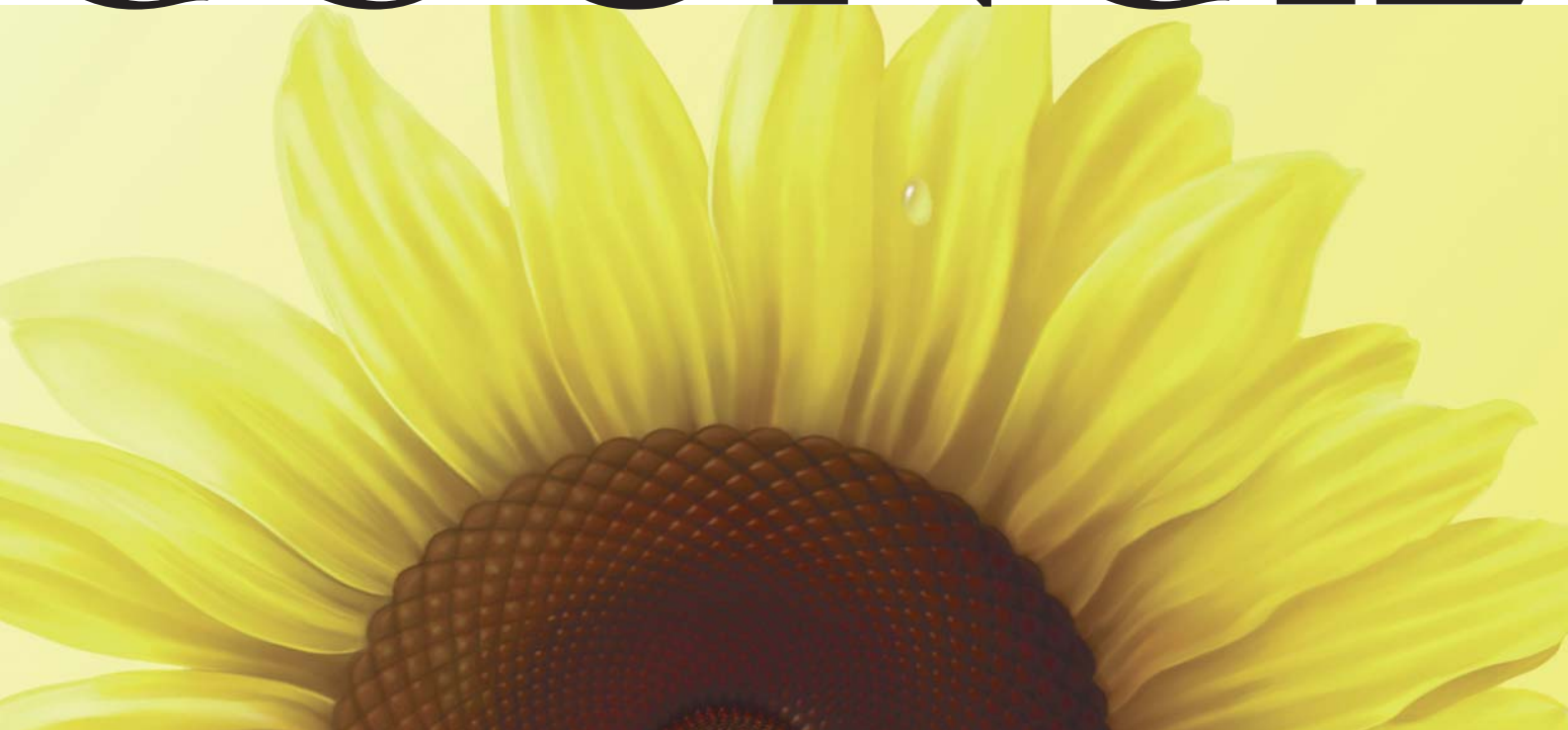


REALIZING THE
POTENTIAL

WORLD
TRAVEL &
TOURISM
COUNCIL



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INTRODUCTION

IN APRIL 2005 THE LEADERS OF THE WORLD TRAVEL & TOURISM INDUSTRY GATHERED IN NEW DELHI FOR THE 5TH GLOBAL TRAVEL & TOURISM SUMMIT ORGANIZED BY THE WORLD TRAVEL & TOURISM COUNCIL.

The location highlighted the engagement of the world Travel & Tourism industry in the adventure that the shifting pattern of the world economy represents. And by chance, the timing of the meeting added extra dimensions: it coincided with both a crucial Indo-Chinese Summit meeting and a historic breakthrough in travel links between India and Pakistan, across the troubled territory of Kashmir; and prompted by the tsunami that ravaged the fringes of the Indian Ocean only months before, it provoked a review of industry responses to external challenges to development.

So the discussions during the meeting focused on real issues in real places: the opportunities and constraints facing this region pulsating with change; the international implications of Asia's accelerating economic resurgence; the scope for Travel & Tourism to contribute more than just prosperity; and the sector's constant innovation and adaptation to cope with an evolving market and with episodes of insecurity, instability, and disaster in a rapidly changing world.

On such an ambitious agenda, opinions inevitably differed widely - and often sharply - among the national and international experts and executives, statesmen and economists, innovators and investors that took part in the meeting. Comprehensive solutions were not always found, but the debates all helped to clarify thinking and to identify needs.

One conclusion did, however, appear repeatedly from this review of the challenges posed by

geopolitics, technology, terrorism and disaster: the Travel & Tourism industry depends on an energy and vigour that can ultimately derive only from the creativity and imagination of the people who work in it.

The dynamism that has propelled the Travel & Tourism industry into its leading position in the world economy holds out huge potential for emerging nations and for the developing world. The WTTC New Delhi Summit provided some unique insights into how Travel & Tourism can contribute to unlocking that economic and social potential.

This Summit broke new ground. Its often hard-hitting exchanges tested broad concepts against harsh facts. And it demonstrated the WTTC readiness to confront new realities with a commitment to thinking ahead of the wave... We present this document as an attempt to capture the essence of the debates.



JEAN-CLAUDE BAUMGARTEN
President
World Travel & Tourism Council



VINCENT A WOLFINGTON
Chairman Emeritus
Carey International

Realizing the Potential

DISCOVERING INDIA

...rich potential...

INDIA, THAT INCOMPARABLE BLEND OF MILLENIA-OLD CIVILIZATIONS AND VIBRANT RECENT GROWTH, WAS UNKNOWN TERRITORY TO MANY OF THE TRAVEL & TOURISM INDUSTRY LEADERS THAT ATTENDED THE WTTC SUMMIT IN NEW DELHI. AS ALAN PARKER, CHIEF EXECUTIVE, WHITBREAD PLC, COMMENTED: "THERE IS NO DOUBT THAT THERE IS A MARKET OPPORTUNITY HERE".

Their discovery was well-timed. In addition to its beauty and its countless contrasts, this nation, with its population now approaching the billion mark, and an economy that is outperforming growth rates in most of the world, is bidding seriously to realize its own potential as a major regional and world power.

And as the country's President made clear in his inaugural address to the WTTC Summit, airlines have a presence in India.

Ambitious Travel & Tourism plans

"India plans to raise annual tourist arrivals from their current 3.7 million level to 15 million by 2010 and 25 million by 2015. Once a decision is taken to boost tourism arrivals, an integrated response is necessary to guarantee success... We have to plan for the multiple simultaneous requirements for promoting tourism in our country... Discovering India is a continuous process even in the 21st century."

The President of India
Shri APJ Abdul Kalam



ambitious growth in Travel & Tourism is a key component of India's plans.

The international tourism industry is already engaged in key sectors: Several WTTC Members such as Starwood, Shangri-La Hotels and Resorts, Marriott International, Inc, InterContinental Hotels Group Plc, Kuoni, Accor, Avis and most major

The Travel & Tourism development that India plans is "an opportunity for employment generation and equitable distribution of income."

The Indian Government has recently taken steps towards liberalization which go a long way in realizing the potential of the country's Travel & Tourism industry.

- automatically allowing foreign direct investment of up to 100 per cent in tourism and hotels
- approval for foreign technology agreements on easier conditions
- an autonomous open skies policy from October to May for the next three years, and wide access for charter flights
- relaxed cabotage for cruise boats

Renuka Chowdhury, Minister of Tourism, India

"We need to increase the wealth of our nation, to sustain our economic growth, to spread the benefits of Travel & Tourism to every corner of our country."

Lalit Suri
Chairman of the WTTC India Initiative and Chairman
Bharat Hotels Ltd



Vasundhara Raje, Chief Minister of Rajasthan

"Tourism can be positive for human resource development, environment, infrastructure, and forests and alleviate poverty and boost development."

Vasundhara Raje
Chief Minister of Rajasthan

...identifying impediments...

But to realize its potential, India still has to overcome formidable obstacles – as the WTTC Summit candidly identified. The heads of many of the world’s largest Travel & Tourism operations reached clear conclusions as they made their first acquaintance within India’s ‘Golden Triangle’ with jewels such as the Taj Mahal and some of its finest hotels: Travel & Tourism in India offers vast potential, but is hampered by uneven provision of essential services.

“There are lovely hotels in Rajasthan and Kerala. But no matter how wonderful the hotel is, to get there and to get out is hell!”

*Edouard Ettetdgui
Group Chief Executive
Mandarin Oriental Hotel Group*

“Without good tour guides, tour quality declines.”

*Ian Swain
President
Swain Tours*

“India’s planning has been faulty. There will be a severe problem in two years in our airports. We need a plan involving all industry sectors – hotels, tour operators, rail, airlines – and governments.”

*PRS Oberoi
Chairman
The Oberoi Group*



Stelios Haji-Ioannou, EasyGroup; Alan Parker, Whitbread Plc; Vasundhara Raje, Chief Minister of Rajasthan; Christopher J Rodrigues, Visa International; Edouard Ettetdgui, Mandarin Oriental Hotel Group and Ian Swain, Swain Tours

...seeking solutions...

President Abdul APJ Kalam recognized the need for partnership with specialists, and Indian tourism officials indicated their desire for collaboration with the international tourism sector to kickstart growth. “I need tour operators to bring people here,” said Vasundhara Raje, Chief Minister of Rajasthan.

WTTC participants showed unanimous readiness to assist in realizing India’s Travel & Tourism potential – but stressed that India must be ready to allow greater openness to foreign investors, and deliver reliably on government promises.

- Travel & Tourism in India in 2005 is expected to generate USD44.7 billion of economic activity (Total Demand), growing by 8.6 per cent per annum, in real terms, between 2006 and 2015.
- India’s Travel & Tourism Economy (direct and indirect impact) in 2005 is expected to account for 5.3 per cent of GDP and 24,265,500 jobs (5.5 per cent of total employment).
- Capital investment in India’s Travel & Tourism is expected to total US\$12.8 billion in 2005, rising to US\$33.3 billion by 2015

World Travel & Tourism Council 2005 Tourism Satellite Accounting Research – ‘Sowing the Seeds of Growth’

“Synergy in India should mean central state and private sector working together.”

*Lalit Suri
Chairman of the WTTC India
Initiative and Chairman
Bharat Hotels Ltd*

“More and cheaper aviation connections will allow India to develop its huge tourism potential. New planes, but airports too, and local infrastructure, and public-private cooperation in education and training and employment.”

*JW Marriott Jr
Chairman & CEO
Marriott International Inc*

“India is perceived by investors as complex. It needs a one-stop shop for rapid decisions – and the government needs to get traction on its declarations.”

*Sarmad Zok
Chief Executive Officer
Kingdom Hotel Investments*

“Don’t worry about not being able to instantly meet demand: that will come. Opening up the market has to start somewhere. We are on the brink of enormous change in India with liberalization of airlines.”

*Alan Burnett OBE
Head of UK & Ireland Sales & Marketing
British Airways Plc*

“India’s tourism will benefit from improving its many national treasures just as much as by improving its airports.”

*Akbar Al Baker
CEO, Qatar Airways & Chairman, Qatar Tourism Authority*

“The problem is that the states in India wish for management control, without having to invest themselves.”

Anonymous from Goa

“The Indian government will need to seriously address infrastructure challenges on roads and airports to attract tourism investment. Starwood has 30 hotels in China, but so far none here.”

*Barry Sternlicht
Chairman & CEO
Starwood Capital Group*



Realizing the Potential

A CHANGING WORLD

THE SUMMIT'S FOCUS ON INDIA PROVOKED QUESTIONS OF GLOBAL SCOPE, REFLECTING THE SEISMIC SHIFT IN CURRENT ECONOMIC, POLITICAL, AND DEMOGRAPHIC TRENDS.

...economic shifts...

The economic change underway is easy to perceive: Indian and Chinese growth outstrips that of leading developed nations. The predictable consequences are also easy to see. By 2025, current emerging economies will have attained predominance at world level. Political change is evident, too. In April 2005 India and China signed historic trade and cooperation agreements after decades of mutual hostility – establishing new links between two of the most populous and most rapidly growing nations in the world.

The economic axis of the world is being tilted by 'super growth' in India and China. But Latin America, the Middle East, and even Africa, also have the potential for similar evolution over the coming decades as the graphs below, presented by keynote speaker Roger Bootle at the Summit, show.

And developed economies are not condemned to a smaller share of the cake – despite widespread anxieties over relocation of businesses or floods of

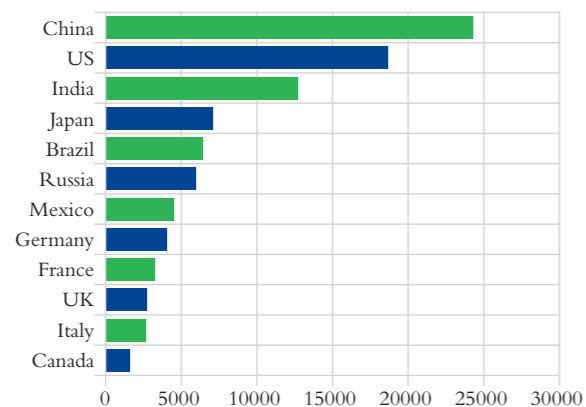
cheap imports. Instead, the change offers the potential for obtaining a slightly larger slice of a very much larger cake. And particular opportunities for growth exist in the Travel & Tourism industry.

A sustained shift towards growth-oriented policies is evident in other emerging economies too, awakening further expectations of an economic climate increasingly conducive to growth.

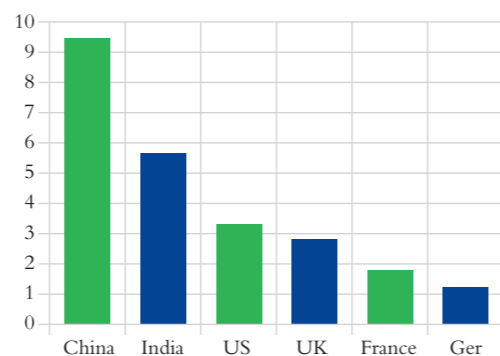
The Shifting Economic Axis of the World

“Western business people don't understand what's going on as Asia rises. We all benefit from expansion. The division between east and west and rich and poor is ending, and that is good news for the Travel & Tourism industry. As people get richer, Travel & Tourism will be one of the things that they will want to spend more on.”

Roger Bootle
Managing Director
Capital Economics



The G7 in 2025 GDP at purchasing power parities (US\$ billion 2000 prices)



Annual average GDP Growth (1993-2003 % y/y)



“Emerging markets are trendy but not a fad. Isolated political doctrines – such as communism – are giving way in the face of geopolitical change. As conflict moves from the physical domain to economics, there is a switch to changed styles of governance, with capitalist transparency and labour flexibility that nurture growth. And these insulated markets will benefit from growth over time, too.”

Sarmad Zok (left)
Chief Executive Officer
Kingdom Hotel Investments



“China has worked hard to develop roads and airports, but they are still not at a level that the travel market needs. ... At present the tourism sector is all state-owned. But the new message is that private and foreign firms can come in under China's new WTO commitments, to finance rail, road, and air infrastructure. There is a change in the government's role. It is divesting and privatizing. And the first companies to come in will be the ones that can derive the most benefit.”

Wang Ping (left)
Chairman
Chamber of Tourism Commerce
All China Federation of Industry Commerce



“The current rate of growth is sustainable – and the winners will be those that recognize the trends.”

Bill Waite
Managing Director, Consumer Growth
Corporate and leveraged Finance
CIBC World Markets Plc

“Everyone can't go on getting richer: that's too optimistic. Developed world growth is mediocre. But there is a benign investment climate in emerging economies.”

Anais Faraj (left)
Global Strategist
Nomura International plc

...seizing the synergy...

"Businesses must make business decisions; they should exercise a moral responsibility to destinations only where the figures stack up."

*James Hogan
CEO
Gulf Air*

"Airlines must respect their shareholders in their business decisions."

*Stelios Haji-Ioannou
Founder & Chairman
easyGroup*

"Forced synergy cannot take industry far. The best vehicle is market forces."

*Jonathan Linen
Vice Chairman
American Express*

"There is need for stability of legal systems as well as economic change."

*Henrik Bartl
Managing Director
Head of Real Estate
Structured Finance
Aareal Bank AG*

To grasp the opportunities and realize the potential waiting to be released, the political and business class in the developed world must show audacity, and reject siege-mentality calls for protectionism, argued WTTC participants. Instead of introspection, fearfulness and negativism, the changes should be welcomed and supported as offering new markets.

WTTC is constantly reviewing how best to support change in developing and emerging markets, based on a realistic assessment of Travel & Tourism's capacity to assist the process, while respecting the industry's own business imperatives.

There is strong - although not unanimous - support for liberalization of trade and enhanced competition. And there is acknowledgement of the role of bodies such as WTTC in bringing new definitions to tourism, and in promoting deregulation among governments still striving to adapt their policies to realize potential growth.

"Governments should be facilitators and coordinators, so that the market place can develop with the energy of the private sector."

*Glen Davidson
Senior VP Worldwide Travel Insurance & Related Services
American International Group (AIG)*

But it cannot be a one-way street. Helping emerging economies and destinations realize their potential has to be balanced with ensuring that the Travel & Tourism industry can continue to realize its own potential too. Real synergy means each side playing its own role to the full.

"We had an open hotel policy in Egypt, but no open skies. Then thanks to WTTC, we got aviation liberalization too - and real synergy. The next step is to liberalize airports."

*Elhamy El Zayat
Chairman & CEO
Emeco Travel*

"We all have the same objectives, even if different approaches. So there a more harmonious approach is needed, covering ground transportation, local government, tax authorities, airlines. It needs a clearer definition of tourism."

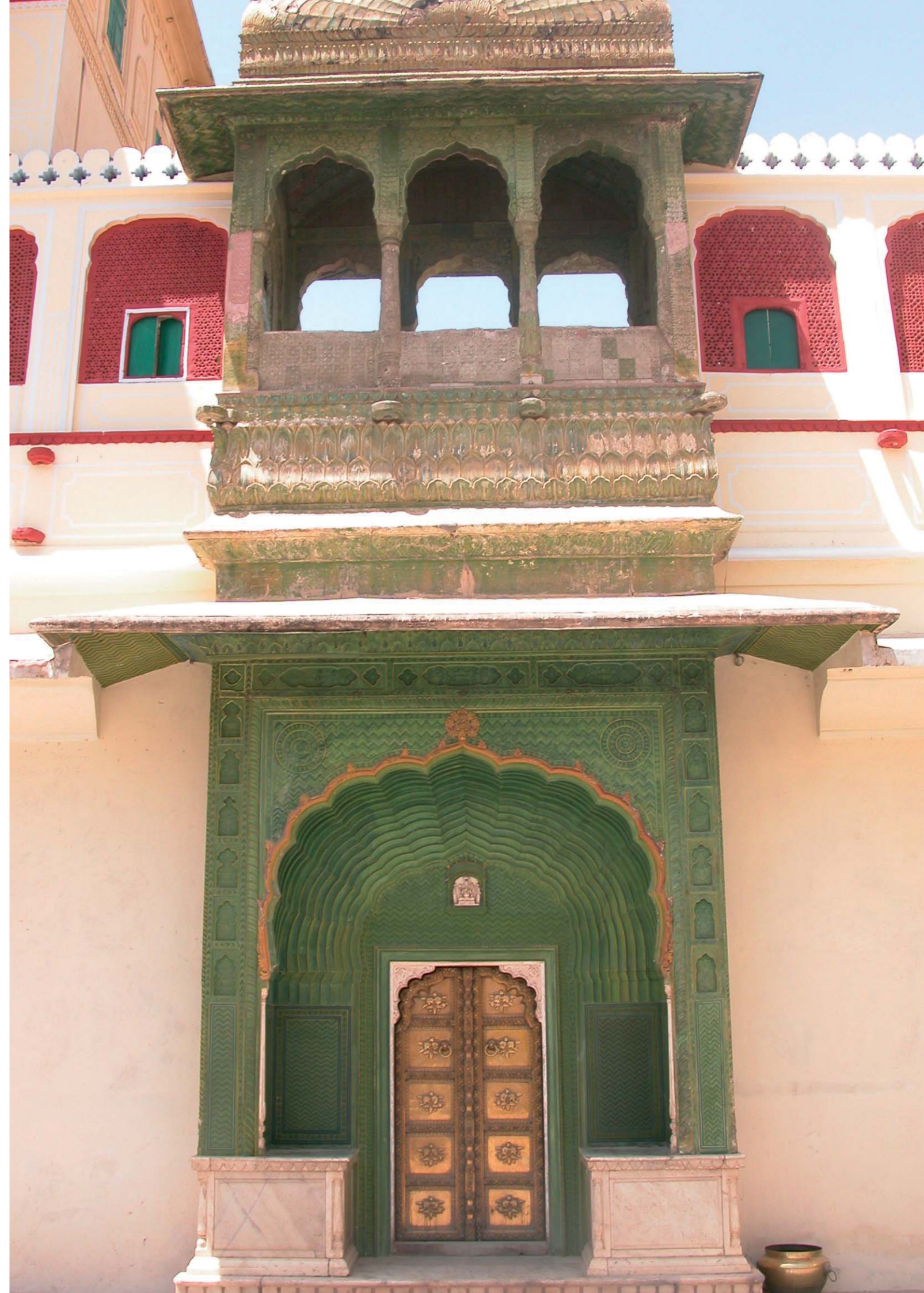
*Khaya Ngqula
President & CEO
South African Airways*

So backing for developing destinations can be a win-win scenario under the right conditions: but special pleading is not, of itself, an adequate criterion. Similarly, partnerships can make a valuable contribution, as long as they do not distort competition. And political changes in economic policy have to be accompanied by reliability of legal and administrative systems too.

What emerged clearly from the debates, however, is the urgent need for a new mindset, to adapt constructively to the new geo-politics, to identify the win-win scenarios, and to follow up the methods to promote them. A new balance has to be found between the roles of the public and private sector, between governments and business, to make it work.

"The way ahead is for the public and private sectors to each do what they do best - not the public sector running business, but regulating it, and the private sector doing its job of running business and providing quality service."

*Christopher Brown
Managing Director & Chief Executive
TTF Australia*



Realizing the Potential

MORE THAN ECONOMICS

...business serving people...

Even in this highly competitive market, the Travel & Tourism industry is aware that realizing its own potential for profit depends on keeping the trust of the people who deliver the service, and in making Travel & Tourism welcome additions to any economy. As the Summit participants demonstrated, the industry is also realizing its potential for social engagement.

Travel & Tourism is essentially people-driven – by personalities that create businesses on the basis of professionalism and leadership, but that realize their potential by serving people and communities and environments.

“The emotions a hotel employee experiences at work and the beliefs he or she has about the overall company are the strongest drivers of employee loyalty. ... The employee/employer relationship is conditioned by many factors: training, respect, rewards, compensation, trust... but in addition to all of these is pride. At Carlson, we know that our employees feel proud of what we do together... This is one of the reasons that Carlson has stepped up its support of meaningful social programs – through signing up to the code aimed at combating the exploitation of children for sexual purposes in Travel & Tourism, or as a co-founder of the World Childhood Foundation, whose mission is to help street children, or through support for efforts to

reduce waste and conserve water in our hotels, or through contributions to the tsunami relief efforts. We know our people want to contribute, and want to know that their company is as interested in doing good as doing well... Our financial responsibility goes beyond our own returns... to a great bottom line. We must be stewards of the environment, protectors of cultural heritage and concern ourselves with human rights... There is no divergence between corporate self-interest and the greater public good.”

Marilyn Carlson Nelson
Chairman & CEO
Carlson Companies

“We’re here to inspire people to do their jobs better – regardless of what nationality the company is... We didn’t lay off anyone during the intifada. We took the long-term view.”

Jean Gabriel Pèrès
President & CEO
Mövenpick Hotels & Resorts

“We sign contracts only with suppliers who can demonstrate they are actively working against child sex tourism. Our corporate social responsibility programmes won credibility only when we involved suppliers and employees in them.”

David Baffsky
Chairman
Accor Asia Pacific

“Community involvement is not a cost but an investment. Our responsibility is to manage properly, but also to put pressure on politicians and on our employees so that they manage properly too.”

Sebastián Escarrer
Vice Chairman
Sol Meliá

“It’s part of the DNA of our company to put more than 30 per cent of our profits each year into charity.”

Raymond Bickson
Managing Director
The Taj Group of Hotels

“There’s a whole ethos out there now about social responsibility, and that’s reflected throughout the sector.”

Tom Nutley
Chairman
Reed Travel Exhibitions

“Marriott does training for and employment of people with disabilities, including 5,000 people with Down’s syndrome placed across the US.”

JW Marriott Jr
Chairman & CEO
Marriott International Inc

TRAVEL & TOURISM IS MORE THAN ECONOMICS. THE SECTOR IS A FORCE FOR UNDERSTANDING AT NATIONAL, REGIONAL AND INTERNATIONAL LEVEL, AS A STEWARD OF THE WORLD’S ENVIRONMENT, AS A CUSTODIAN OF CULTURAL HERITAGE, AND AS A KEY FACTOR IN HUMAN DEVELOPMENT, FOR EMPLOYERS AS MUCH AS FOR EMPLOYEES. THE TRAVEL & TOURISM INDUSTRY IS ALREADY REALIZING ITS POTENTIAL TO DELIVER ON THIS PROMISE.

...a force for understanding and social development...



On the eve of the Summit, two buses advanced towards one another from each side of the divided territory of Kashmir, to change the course of history allowing contact between families and friends that had been separated for decades by tensions between India and Pakistan.

And, as Summit participants underlined, other neighbouring countries with pasts marked by conflict and tensions are being united by the common interest of tourism as an expression of an underlying common interest in working together.

As the Summit demonstrated, the social and economic benefits of Travel & Tourism flow through to the people at the receiving end – citizens in destinations, and entire populations who benefit from realizing their potential for growth and prosperity. Deepening private sector commitment can drive sustainable development and contribute to the dignity of the people and cultures it touches.

“At the World Economic Forum in Davos in 1998, I had the honour of introducing both Simon Peres and Yasser Arafat during a rare joint appearance. They came together to urge our industry to encourage travellers – 21st century Christian pilgrims, if you will – to come to Bethlehem to celebrate the millennium. Peace eluded them, and travellers did as well. Prime Minister Peres again attended the Forum this year, and in a private meeting he told me: “This time we WILL achieve peace in the Middle East, and when we do, we are counting on your industry to bring the tourism that will keep the peace... that will provide employment... and hope for young people who otherwise will be recruited by the terrorists.”

Marilyn Carlson Nelson
Chairman & CEO
Carlson Companies



“The efforts of the Travel & Tourism industry produce millions of opportunities for hope and well-being. Around the world new tourism is bringing more and more people onto the ladder of economic growth, and helping to break the chain of poverty...”

JW Marriott Jr
Chairman & CEO
Marriott International Inc

“At its best tourism exploits a convergence of interests – and its powerful trickle-down effect benefits not only the tourism sector and its clients, but also the populations in destinations.”

N K Singh (right)
Chairman of
Management
Development Institute
India

“In the places where tourists cross borders, soldiers vanish. Less than 24 hours ago, the world witnessed an extraordinary spectacle of a tourist bus with 29 travellers on board, rolling out for the first time in 57 years, across the Indo-Pakistan border between Srinagar and Muzaffarabad. There can be no more befitting example of détente through tourism as we gather here today to chart strategies for ‘Realizing the Potential of Tourism.’”

Lalit Suri
Chairman of the WTTC
India Initiative Chairman
Bharat Hotels Ltd

Realizing the Potential

AN EVOLVING INDUSTRY

...meeting the demands of diversity...

Respect for the diversity of the market-place leads each business and each destination to choose its own approach to realizing its potential, from pricing to branding, from security to adventure, from higher value to higher volumes.

The diversity of supply has to match the diversity of demand. Competition among new services, new business models, dynamic pricing and packaging of products, sharper product differentiation, and new partnerships provide a stream of new ways of satisfying these new appetites and new habits.

THE TRAVEL & TOURISM INDUSTRY CAN REALIZE ITS POTENTIAL IN A CHANGING WORLD ONLY THROUGH ALERTNESS AND A CAPACITY FOR CONSTANT INNOVATION. WHETHER PROVIDING QUALITY SERVICES FOR DEMANDING CLIENTS, CONTRIBUTING TO BROADER PROSPERITY, HELPING CONSERVE HERITAGE, STIMULATING DEVELOPMENT, ENHANCING SECURITY, OR REACTING TO NATURAL DISASTERS, SUCCESSFUL TRAVEL & TOURISM DEPENDS ON INTELLIGENCE AND IMAGINATION.

...the obligation to innovate...

The Summit demonstrated the ability to innovate that is the hallmark of the new professionalism in a sector in constant evolution.

An ever-growing volume of customers seek accommodation and experiences that match their varying tastes and resources. The burgeoning middle class in countries such as India and China offer new potential for international tourism and domestic demand. And realizing the potential of traditional markets means providing budget hotels in new or existing locations, sophisticated luxury holidays, adventure travel... Service enhancements for some mean giving choice over the type of pillow or hotel bedroom furnishings, for others it means the convenience of automated check-in. Airline passengers can choose new configurations of aircraft seating or pre-flight dining facilities, or take a budget airline to reach their private yacht or luxury villa.

"In 20 years time it's going to cost perhaps as little as \$10,000 for a space flight, opening it up to millions of people. This is a unique experience. Today only 450 people have been in space - and there are more billionaires than that on earth."

*Eric Anderson
President & CEO
Space Adventures*

"Travel has shifted wider than the carriage trade, so there are more people, and now more people making more choices about the consistent products they seek. At the same time, the more sophisticated travellers will also be looking for bespoke travel that matches their primordial nomadic and bohemian desires - and that's a different segment of the market."

Manvinder Puri, Vice President, The Americas, GHM Hotels



"There is increasing segmentation of the air travel market. The first class passengers are moving to private jets."

*Douglas Gollan
President & Editor in Chief
Elite Traveler Magazine*



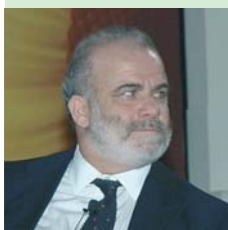
"You can no longer predict customers' behaviour. People fly low-cost to Portugal to stay in a five-star hotel. And not everyone wants to stay in luxury hotels: it's necessary to consider different types of traveller - the Chinese tourists leaving for the first time have different demands to retired Americans visiting Europe for the tenth time."

*Daniela Wagner
Managing Director
Octopustravel.com*



"Cruising has won clients because it is a consistent product offering a protected and relaxed way of seeing the world, for older customers, for US travellers unused to travel. They can safely and easily meet diverse fellow passengers from different countries and regions."

*Manfredi Lefebvre d'Ovidio
Chairman & CEO
Silversea Cruises*



"Asia has a unique opportunity to learn from what has been done well and done badly in a branding sense elsewhere in the world in the hotel sector. Long term success will only come from strong branding. You can build a great hotel but need to have consistency for the customer so he knows what to expect. There will be a lot of hotels in China. You will not be able to tell them apart. It's not just a matter of design - it's a question of operations, of what happens inside the hotel. And if you're in a brand you have to get everyone to work on it together. There is a need to continually surprise the customer. The goal is consistency

without boredom. Ultimately branding builds loyalty. To build a great brand you have to look at constant change - taking something that you do every day and making it better. You do not get this from customer surveys."

*Barry Sternlicht
Chairman & CEO
Starwood Capital Group*



"Success depends on focusing more on what tourists want; guaranteeing security, building on environment, culture and sustainable development, and marketing this, with a focus on quality."

*Dimitris Avramopoulos
Minister of Tourism
Greece*

"Qatar Airways has innovated with seats, beds, TV screen size... Innovation develops demand. More people are getting rich, and there is always big demand for scheduled quality. You have to keep innovating as your competitors catch up with you."

*Akbar Al Baker
CEO, Qatar Airways
& Chairman, Qatar Tourism Authority*

"Innovation is blurring traditional distinctions in the search for total customer service. Hotels now provide aircraft, ... Airlines are providing pre-flight dining or arrivals breakfast, and have ... qualified chefs and nannies on board, while hotels are customizing the choice of pillow, sheets, bathrobe, soap."

*Mary Gostelow
President, Gostelow Travel*

"We can't lie to consumers today - web information and reviews tells consumers what's what. So we have to get the bad stock out of the business, or risk damaging the brands. The total transparency that exists now means that it's what the consumer thinks that matters, not what we think about our product."

*Barry Sternlicht
Executive Chairman, Starwood Capital Group*

"Internet developments empower travellers and give confidence. Google mapping and gps and metasearch open up new possibilities."

*Philip Wolf
CEO
PhoCusWright Inc*

"Enhanced information availability, particularly on the web, reduces dependence on brands - brand loyalty is being replaced by price loyalty. Customers' buying behaviour is changing. But hoteliers aren't seeing this."

*Peter C Yesawich
Chairman & CEO
Yesawich, Peppardine,
Brown & Russell*

RESPONDING TO EXTERNAL CHALLENGES

RECENT EVENTS - AND NOTABLY THE INDIAN OCEAN TSUNAMI - NATURALLY IMPELLED THE SUMMIT TO TAKE ACCOUNT OF THE EXTERNAL CHALLENGES TO TRAVEL & TOURISM, RANGING FROM NATURAL DISASTER TO TERRORISM.

...reacting to disasters...

The Travel & Tourism industry has realized its potential in its response to disasters - deploying its resources for immediate on-the-spot assistance and for subsequent recovery.

Spearheading the sector's efforts to improve its reactive capacity, WTTC unveiled during the Summit a unique economic model to forecast the impact of disaster and estimate the speed of recovery. It demonstrates how public and private cooperation and effective joint planning can allow the potential for growth to be realized even against the inevitable if unpredictable background of disruptions from external events.

"A great deal is said about the immediate aftermath of a disaster, but it is just as important to consider what happens next, and what *should* happen next. We have looked at who gives governments the information on how to cope, on the scale of the impact, on what is needed for reconstruction. WTTC has tried to avoid answering where it cannot answer, but it has assessed major incidents, consumer confidence and the economic impact right along its chains of supply (even, for instance, in details like how 9/11 affected the butcher supplying the catering company that supplied the aircraft at

JFK), and all the other variables in post-disaster management. Our Crisis Forecasting Model is a tool to offer the best advice to governments on how to respond - on when it is right to focus on reconstruction, or on recommending destination promotion."

Richard Miller
Executive Vice President
World Travel & Tourism
Council



"As an assistance company we provide rapid response of medical and other support staff. And we don't always wait for events to happen: we made anticipatory assistance provision for the crowds that were expected at the Pope's funeral."

Frank O'Neill
Region Director Asia
Mondial Assistance
Group

"I would plead with the media not to respond prematurely to unchecked pieces of private information when reporting on crises."

Charlotte Sterling
Senior Vice President
Corporate Relations
Marriott
International Inc



"We have a responsibility to all stakeholders - but no crisis-management manual could ever prepare for the human tragedy in the tsunami."

David Baffsky
Chairman
Accor Asia Pacific (left)

"In recovery situations, brands shouldn't try to get ahead of the curve of natural grief. It is important to ensure the context is taken account of. There may be a need to correct, to bring things back on course, through further information and facts. And in some countries, official forces may be working to prevent the spread of information, or to distort it."

Christopher J Rodrigues
President & CEO
Visa International

...new challenges...

WTTC continues to focus on the new challenges of combating terrorism - a common venture for governments and the Travel & Tourism industry, but open to widely diverging views. Effective security is necessary, but has repercussions on the Travel & Tourism industry in particular, and on international relations in general.

In an age when technology is constantly leaping forward the Travel & Tourism industry also faces new unfiltered primary source information from virtually all challenges in responding in real time to emergencies and crises. WTTC showcased the views of leading commentators at its Delhi Summit - and conducted its own frank self-assessment.

The private sector's traditional reliance on government or media has to adapt as traditional near-monopolies on information are eroded in a more pluralist and more technological era. Now it must realize a new potential - coping with the limitless stream of immediate and

"We are focusing on creating the right economic conditions and on coordinating economic policy. And we are balancing border security with economic security and openness to tourism - and its working. We haven't seen a drop in tourism because of any new rules. There has been a 10 per cent fall in volume, but no drop in value."

Douglas Baker
Deputy Assistant Secretary for Service Industries,
Tourism & Finance
US Department of Commerce

"No-one is more conscious of terrorism than the Middle East, and I don't blame the US for their response to 9/11, but they are going a bit overboard with complex regimes for security."

Akbar Al Baker
CEO, Qatar Airways
Chairman, Qatar Tourism Authority

All sides must meet new demands on their capacity to act, to judge, to advise - and to maintain credibility of their public image. The authority of official information - such as travel advisory notes - is no longer unquestioned. And the management of information in post-crisis situations, including attempts to restore public confidence, requires new delicacy if the potential of the new information age is to be realized.

"The Travel & Tourism industry has a role and a responsibility to speak out. If you don't say it, we can't report it - and the absence of information risks erroneous interpretation."

Nik Gowing
BBC World

"Consumers will still rank official information higher than the media's - it's governments that write travel advisories."

Christopher Brown
Managing Director & Chief Executive, TTF Australia

"From participating in the WTTC Crisis Communications Committee telephone hook-ups I was better informed about the tsunami in the first five days after the event than the State Department."

Vincent A Wolfington
Chairman, WTTC and Chairman Emeritus, Carey International

"Governments are the last place to go for information - their role is to control information!"

Peter Greenberg
NBC Today Show
Discovery Networks'
Travel Channel

"Often governments don't know what's happening in crises. Someone with a \$300 camera can be as powerful as a government official. The change is making the media a primary source for analytic information, even for governments. And the media too face new challenges in coping with massive inflows of material that is undigested, raw, and often unbalanced and subjective."

Nik Gowing
BBC World

Realizing the Potential

MOVING FORWARD

THERE IS NO DOUBT ABOUT THE POTENTIAL FOR TRAVEL & TOURISM - BOTH AS A CATALYST FOR GROWTH IN DEVELOPING AND EMERGING ECONOMIES, AND AS ONE OF THE BRIGHTEST PROSPECTS IN THE BOOMING SERVICE SECTOR IN THE DEVELOPED WORLD.

But realizing that potential in a rapidly-changing world demands a new mindset - in geo-politics, in embracing innovation, in communicating effectively, in identifying the win-win scenarios and in finding ways to promote and achieve them.

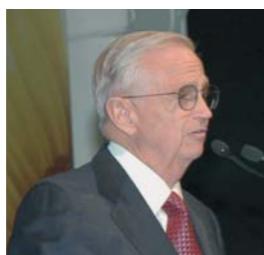
The WTTC Summit in New Delhi revealed clearly that Travel & Tourism is able to confront these challenges with confidence. It demonstrated a powerful combination of hard-headed business sense and the sharp perception of deeply felt needs.

At the same time, it also exposed the issues and areas where contrasting views will demand increasingly precise debate if the potential is to be fully realized. At the very least, it will require:

- clearer agreement on what constitutes successful partnership - and on the business conditions that must be respected if partnerships are to bring shared benefits rather than just empty labels.
- accurate evaluation country-by-country of where true potential lies, and of the expertise necessary to realize it.
- industry courage to recognize that longstanding economic assumptions are being invalidated by rapid change - and to translate that recognition into appreciation of the possibilities offered by new markets.

- continued industry determination to ensure its focus includes not only the people who enjoy its products and the people who work in the sector, but also the wider communities that it impacts on.
- the creativity and imagination to make the most of new opportunities for supply, and of growing demand from increasingly diverse and ever more discerning customers.
- the alertness to master technological challenges so they become allies rather than enemies of success.
- the foresight to minimize the down side of external threats, and the mature sense of solidarity to provide support in the face of disaster.

The Travel & Tourism industry is ideally placed to facilitate change in a constructive direction, promoting international understanding, and contributing to stability and security as much as to simple economics. Confronting squarely the challenge the 21st century offers, the sector has breathtaking opportunities for improving the quality of life right around the world.



"Our industry is driving historic change, as emerging nations reach a new level of prosperity and progress."

JW Marriott Jr
Chairman & CEO
Marriott International Inc

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