Tourism and air transport - common issues -

International Air Services Negotiation Conference (ICAN)
Durban, South Africa
9 December 2013

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Executive Director
UNWTO
The World Tourism Organization (UNWTO)

- A specialized agency of the United Nations (UN) and the leading international organization in the field of tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how.

- plays a central and decisive role in promoting the development of responsible, sustainable and universally accessible tourism, paying particular attention to the interests of developing countries.

- Intergovernmental organization with membership includes 162 countries and territories and over 400 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

- Encourages the implementation of the Global Code of Ethics for Tourism, with a view to ensuring that member countries, tourist destinations and businesses maximize the positive economic, social and cultural effects of tourism and fully reap its benefits, while minimizing its negative social and environmental impacts.


www2.unwto.org/en/content/who-we-are-0
Tourism Towards 2030

Long-term research
2012: for the first time over one billion international arrivals in one year
International tourist arrivals to reach 1.8 billion by 2030
Asia and the Pacific will gain most of the new arrivals

source: World Tourism Organization (UNWTO) ©
South Asia to have the fastest growth (%)
NE Asia to have the fastest growth (abs.)
NE Asia to be the most visited subregion in 2030

International tourism by (sub)region of destination

source: World Tourism Organization (UNWTO) ©
Europe to continue to lead in int’l arrivals per 100 of population

International tourism by (sub)region of destination

<table>
<thead>
<tr>
<th>Region</th>
<th>1995</th>
<th>2010</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>114</td>
<td>81</td>
<td>62</td>
</tr>
<tr>
<td>Southern Medi. E.</td>
<td>103</td>
<td>47</td>
<td>20</td>
</tr>
<tr>
<td>Northern Europe</td>
<td>80</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>Caribbean</td>
<td>48</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>Central/Eastern Europe</td>
<td>36</td>
<td>47</td>
<td>63</td>
</tr>
<tr>
<td>Middle East</td>
<td>25</td>
<td>27</td>
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</tr>
<tr>
<td>Southern Africa</td>
<td>9</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Oceania</td>
<td>46</td>
<td>28</td>
<td>40</td>
</tr>
<tr>
<td>Central America</td>
<td>9</td>
<td>28</td>
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<tr>
<td>North Africa</td>
<td>8</td>
<td>19</td>
<td>15</td>
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<tr>
<td>South-East Asia</td>
<td>8</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>North America</td>
<td>6</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>North-East Asia</td>
<td>6</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>South America</td>
<td>3</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>East Africa</td>
<td>3</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>West and Central Africa</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>South Asia</td>
<td>2</td>
<td>6</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: World Tourism Organization (UNWTO) ©
Asia and the Pacific, the Middle East and Africa to increase their shares
Africa to grow much above world average (2010-2030)

Average annual growth (2010-30):
- Global: 3.3%
- Africa: 5.0%

Source: World Tourism Organization (UNWTO) ©
Asia and the Pacific to be also the outbound region to grow the most

Outbound tourism by region of origin

International Tourist Arrivals generated, million

<table>
<thead>
<tr>
<th>Region</th>
<th>1980</th>
<th>1995</th>
<th>2010</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>6</td>
<td>12</td>
<td>30</td>
<td>90</td>
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<tr>
<td>Americas</td>
<td>71</td>
<td>110</td>
<td>160</td>
<td>265</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>25</td>
<td>88</td>
<td>204</td>
<td>541</td>
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<tr>
<td>Europe</td>
<td>169</td>
<td>308</td>
<td>509</td>
<td>832</td>
</tr>
<tr>
<td>Middle East</td>
<td>6</td>
<td>10</td>
<td>37</td>
<td>81</td>
</tr>
</tbody>
</table>
No major change in share by purpose of visit

International tourism by purpose of visit

source: World Tourism Organization (UNWTO) ©
Travel between regions continues to grow slightly faster than within the same region.
Emerging / developing to surpass advanced destinations before 2020

Inbound tourism, advanced and emerging economies

source: World Tourism Organization (UNWTO) ©
Air transport will continue to gain market share but at a slower pace
What if assumptions change?

Tourism Towards 2030: global projection and sensitivity analysis

- Actual data 1980-2010
- Transport costs continue to fall (scenario 3)
- Central projection
- Faster rising cost of transport (scenario 2)
- A slower-than-expected economic recovery and future growth (Scenario 1)

source: World Tourism Organization (UNWTO) ©
Breakthroughs in airplane capabilities give airlines additional choices to improve service

2006
777-200LR
London to Sydney nonstop
240 passengers
19.5 hours

1990
747-400
1 stop**
23 hours

1975
747-200
2 stops
26 hours

1965
707-320
6 stops*
1.5 days

1955
Super Constellation
7 stops
2.5 days

1939
Flying Boat
32 stops
10 days

*All flight times are approximate
**Source data: Qantas timetables. Qantas.com.au

Courtesy of Boeing
Cost of air transport has strongly decreased

Wages vs airfares

time taken to earn the lowest Sydney-London return airfare

Weeks

...and we keep on flying
Visa facilitation
UNWTO and partners working closely with stakeholders to move agenda forward

A number of meetings have taken place and three reports have been prepared taking stock of and analysing the current situation:

For more information and download of reports, see http://rcm.unwto.org/en/content/facilitation-tourist-travel
Visa facilitation: striking a balance

Visas provide essential functions
- security
- immigration control
- limitation of stay and activities
- reciprocity
- revenues

Benefits of openness
- tourism, but also:
- doing business
- trade and investment
- infrastructure development
- attracting and retaining talent
- education, cultural exchange and ‘soft diplomacy’

=> however ... visas can be a constraint to int’l travel and its benefits
World Population Affected, 2008-2013

Request for traditional visa decreased from 77% to 64%
2013 Openness Index

Dark blue 0-10, Light blue 11-23, Yellow 24-39, Light green 40-69, Dark green 70-100

World Tourism Organization | a specialized Agency of the United Nations
2013 Status – Openness Score

Africa

Americas

Asia and the Pacific

Europe

Middle East

World Tourism Organization | a specialized Agency of the United Nations
2013 Status – Most Open Destinations

- Africa: North Africa (50) and West Africa (20)
- Americas: Caribbean (41)
- Asia and the Pacific: S.E. Asia (50)
- Europe: Oceania (50), South Asia, Europe, Northern Europe, Western Europe, Central/Eastern Europe, Southern Europe, and MIDDLE EAST

World average: 30
Destinations Improving Visa Procedures, 2010-2013

195-180 Improvements
- Niue
- Micronesia
- Palau
- Sao Tome and Principe
- Djibouti
- Haiti
- Mozambique
- Azerbaijan
- Rwanda
- Guinea-Bissau

179-128 Improvements
- Burundi
- Togo
- Cape Verde
- Mali
- Uganda
- Guyana
- Lao (P.D.R.)
- United Arab Emirates
- Kenya
- United Republic of Tanzania

127-75 Improvements
- Ecuador
- Bolivia
- Macao
- Armenia
- Sri Lanka
- Georgia
- Nicaragua
- Montserrat
- Tajikistan
- Mauritius
Drivers of Change

• 44 destinations significantly facilitated the visa process (20 or more countries improved)

• Between 2010 and 2013 visa requirements were facilitated for 5,930 destination-source market pairs

• Significant changes (20 or more) were predominant

• Most common change was visa on arrival (60% of all changes)
87 States Represented at the 1963 Conference

Afghanistan, Algeria, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Cambodia, Cameroon, Canada, Ceylon, Chad, Chile, China, Colombia, Congo(Leopold-Ville), Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Republic, El Salvador, Federal Republic of Germany, Finland, France, Greece, Guatemala, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Japan, Jordan, Kuwait, Lebanon, Liberia, Libya, Luxembourg, Madagascar, Mali, Mexico, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, San Marino, Saudi Arabia, Senegal, Somalia, Republic of South Africa, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.
States agreed:

“Governments should extend to the maximum number of countries the practice of abolishing, through bilateral agreements or by unilateral decision, the requirement of entry visas for temporary visitors.”
Visa Facilitation in G20 Economies

• 5% to 25% international tourist arrivals growth
• Up to US$ 206 billion in tourism receipts
• Up to 5.1 million additional jobs by 2015
Mexico G20 Leaders’ Declaration

The G20 Leaders recognized at their June 2012 Summit in Mexico the role of tourism as “a vehicle for job creation, economic growth and development”

and, furthermore, they committed themselves to “work towards developing travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth.”
Visa Facilitation in APEC Economies

• 9% to 13% international tourist arrivals growth
• Between US$ 62 billion and US$ 89 billion in tourism receipts
• 1.8 million to 2.6 million additional jobs by 2016
Areas of opportunity for visa facilitation: Recommendations

- **Improve delivery of information** (Availability and reliability of information – multiple languages, useful information)
- **Facilitate processes** to obtain visas (Tackle bottlenecks such as personal interviews, needed documents, wait times etc.)
- **Differentiated treatment** to facilitate tourist travel (For means of transportation (e.g. cruise ship passengers) or specific geographical areas or ports of entries)
- **Institute eVisa programmes or visa upon arrival** (If exempting from entry visa is not possible)
- **Establish regional agreements** (To move freely between member countries once admitted by one of them)
51% of international tourists arrive at their destination by air → air transport and tourism are closely interconnected

Opportunity for open skies policies and increased cooperation between tourism and aviation authorities
Openness of bilateral Air Service Agreements

Index measuring the average openness of Air Service Agreements

[0 = most restricted, 38 = most liberal] | 2011 or most recent

Index measuring the average openness of Air Service Agreements
[0 = most restricted; 38 = most liberal] | 2011 This index measures the weighted average openness of all bilateral Air Service Agreements (ASAs) concluded by International Civil Aviation Organization (ICAO) signatories as registered in ICAO’s World’s Air Services Agreements (WASA) database (2010 update). The weights are the bilateral scheduled passenger traffic taking place under each ASA. Regulatory data come from ICAO’s WASA database and traffic data were obtained from IATA.

Sources: World Trade Organization, based on ICAO and IATA data
Taxation

Pieter Brueghel the Younger
*Paying the Tax (The Tax Collector)*
oil on panel, 1620-1640
This index measures the relative cost of access to international air transport services based on the level of airport charges, passenger ticket taxes, and value-added taxation. It reflects the costs associated with a narrow-body and a wide-body passenger plane arrival and departure at the major international airports in each country. Charges include landing, terminal navigation, and passenger and security charges as listed in the IATA Airport and Air Navigation Charges manual. Ticket taxes applicable to international travel were applied as described in the IATA List of Ticket and Airport Taxes and Fees manual. Per-passenger charges were calculated by applying a 75 percent load factor to a typical seating configuration of each type of aircraft. Value-added taxes (VATs) were calculated based on an average ticket price for each country, applied to half of the departing passengers, because the VAT is normally charged only on itineraries originating in the country concerned. A higher score indicates a lower level of charges and taxes.

Source: International Air Transport Association, SRS Analyser
Taxation

- Trend to impose taxes on tourism and tourists
- Higher taxes tend to translate into higher prices for international and domestic tourists
- Tourists are not voters in destinations but ... create the jobs for the voters
- Export sector competing with the exports of other countries
- Tourism uses public goods, hence must contribute with its fair share
- Intelligent taxation, avoiding secondary negative effects
- Leisure tourism shows higher price sensitivity
Thank you very much for your attention!

World Tourism Organization (UNWTO)

www.unwto.org
Tourism Towards 2030

• A broad research project in continuation of UNWTO’s work in the area of long-term forecasting initiated in the 1990s.

• Objectives:
  – **Assist** UNWTO Members in formulating policies and long-term strategic plans
  – **Provide** a global reference on tourism future development
  – **Reinforce** UNWTO’s role in agenda setting for tourism-related subjects
  – **Constitute** a reference for UNWTO strategic documents, programme of work and activities

• Central in the study are the projections for international tourism flows in the two decades 2010-2030
  – Data series on international tourist arrivals as reported by destination countries are used as the key indicator, taking into account subregion of destination, region of origin, mode of transport and purpose of visit for the period 1980-2010
  – The quantitative forecast is based on a causal econometric model with international tourist arrivals as the dependent variable and as independent variables growth of Gross Domestic Product (GDP), a proxy for traveller affluence and business travel potential, and also cost of transport
Changes in markets: general

- Further diversification of tourism products, although some forms of tourism might reach saturation
- Demographic changes:
  - aging population
  - change in composition of families
  - Immigration / emigration
- Growth in VFR
- Increase in independent travel and ‘do it yourself’
- New opportunities offered by
  - Low cost carriers: broadening of market
  - Internet: facilitating flexibility and transparency
- Use of non-hotel accommodation and 2nd home
Changes in markets: shrinking world

- Continued growth of demand and supply
- Proliferation of destinations and source markets
- Increase in participation and trip frequency
- Also further away, within region and interregional:
  - Trips to other regions grow at faster pace (5.4% a year between 1995-2020) than within own region (3.8% a year)
- A truly global market has developed
  - Economic Integration/Globalisation
  - Cost of transport going down or growing at slower pace than accommodation and other costs
  - On the supply side: many destinations with ambitious expansion plans
  - Intensified competition
Outbound tourism to be highest in Europe and still low in Asia and Pacific

Outbound tourism by region of origin


Source: World Tourism Organization (UNWTO) ©
Tourism Towards 2030 in one page

- *Tourism Towards 2030* shows that there is still a great potential for further expansion in coming decades; emerging as well as established destinations can benefit from this trend and opportunity, provided they shape the adequate conditions and policies with regard to business environment, infrastructure, facilitation, marketing and human resources.

- Along with opportunities, challenges also arise in maximising social and economic benefits and minimising negative impacts.

Long-term tourism growth pattern: more moderate, sustainable and inclusive.
The Least Restrictive Destinations

Openness: 100
- Cook Islands
- Dominica
- Micronesia
- Niue

Openness: 99-80
- Haiti
- Macao (China)
- Philippines
- Georgia
- Hong Kong (China)
- Mauritius
- Turks and Caicos Islands

Openness: 79-70
- Fiji
- Guyana
- Montserrat
- Seychelles
- Saint Vincent and the Grenadines
- Vanuatu
- Rwanda
- Ecuador
- Mali
- Cape Verde
- Guinea-Bissau
- Mozambique
- Nepal
- Togo
- Uganda
- Timor-Leste
- Samoa
- Tuvalu
- Palau
- Maldives
- Comoros Islands
- Madagascar
- Djibouti
Reciprocity
Selected Economic Blocs
• **Open reciprocity** of 65% is **above** world average of 16%

• **Mutually closed policies** are **below** world average of 36%
Open Reciprocity, 2013
(among members and between members and non-members)

- Schengen Area: 100% among members, 25% between members and non-members
- ECOWAS: 99% among members, 1% between members and non-members
- OECD: 83% among members, 23% between members and non-members
- ASEAN: 78% among members, 14% between members and non-members
- G20: 65% among members, 20% between members and non-members
- CAFTA-DR: 43% among members, 22% between members and non-members
- SADC: 42% among members, 8% between members and non-members
- APEC: 40% among members, 20% between members and non-members
- NAFTA: 33% among members, 18% between members and non-members
- PAFTA: 18% among members, 1% between members and non-members

World Tourism Organization | a specialized Agency of the United Nations
Open Reciprocity, 2013
(among members and between members and non-members)

16% World average
Tourism in the global agenda

- **G20** recognizes for the first time Travel and Tourism as a vehicle for job creation, economic growth and development, and commits to work towards developing travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth. (G20 Declaration - June 2012)

- **Rio+20** recognizes the significant contribution of sustainable tourism to the three dimensions of sustainable development, its linkages to other sectors and its capacity to create decent jobs and trade opportunities.