

Geoffrey Breeze – Resort Development Organisation (RDO), Marbella

Theme: “Purpose beyond Profit” - 11 September 2017

40-minute keynote with slides

Synopsis: “Purpose beyond profit”. *Economic development. Sharing cultures. Building mutual understanding. Driving a more peaceful world – that’s what people who work in tourism do every day. But in this, the United Nations International Year of Sustainable Tourism for Development, the World Travel & Tourism Council sets out the conditions under which Travel & Tourism can best contribute to this sustainable development. But it’s not a one-way street. We need governments to act to support tourism in very specific ways – and here’s how*

Ladies and Gentlemen - Good afternoon

My name is Geoffrey Breeze and I’m honoured to be amongst the speakers addressing you today who are – and I quote from the prospectus for this conference - “eager to share their wisdom and inspire you”.

Well, I shall do my best! But as the first speaker after an excellent lunch my priority will be just to keep you awake!

My theme today is: “*Purpose beyond Profit?*”

If you work anywhere in the Travel & Tourism sector, you work in the greatest business on earth. - and a business which, if directed properly, can be “quite profitable”. But what sets Travel & Tourism apart is its enormous potential to do good in this world, or – if it oversteps the mark, to do harm.

The process of determining how Travel Tourism develops and grows is a responsibility which we in the private sector must share with Governments and civil society

As former UN Secretary General, Kofi Annan said: “The United Nations once dealt only with Governments. By now we know that peace and prosperity cannot be achieved without partnerships involving Governments, international organisations, the business community and civil society. In today’s world, we depend on each other.” [Davos, January 1999]

The World Travel & Tourism Council was founded 27 years ago by a handful of Chief Executives of global businesses so our sector could talk to governments around the world with a single voice, get a fair deal for the sector, and promote the principles of sustainable development.

Today the Members of the Council are the Chairman, Presidents, and Chief Executives of over 150 the world’s largest and most influential Travel & Tourism businesses.

From airports to airlines, car hire to cruise lines, hotels to tour operators, travel agencies to technology suppliers, WTTC’s membership represents every major sector, in every part of the world.

Together, all our Members, whoever they are, focus on:

- the economic and social importance of Travel & Tourism
- The economic wealth we generate
- The jobs we create
- Our contribution to creating peaceful societies.

Let’s start by looking at the numbers – and all the numbers and research reports I’m going to talk about are freely available on WTTC’s website.

Globally, our sector is in good shape.

Every year at the end of March, WTTC publishes definitive research on the economic impact of our sector across 185 countries and 25 regions.

According to this year's research, Travel & Tourism grew by 3.3% in 2016, generating US\$7.6 trillion in Total GDP worldwide. This is equivalent to 10% of global GDP when the direct, indirect and induced impacts of Travel & Tourism are considered.

And that is one of the most positive features of the Travel & Tourism sector from an economic point of view – each Dollar, Euro or Yuan spent on tourism generates more than **double** that amount of positive economic effect in the rest of the economy.

So when we speak of the DIRECT economic effect of Travel & Tourism, that includes only direct spending by tourists for tourism services and products such as accommodation, recreation, transportation, and other related sectors.

- The INDIRECT effect measures the supply chain impact of buying – everything from computers to National Tourism marketing – whatever is needed to support and promote the sector
- and the INDUCED impact measures the money spent in the local economy by employees working in jobs supported by tourism both directly and indirectly.

Adding together the direct, indirect, and induced impacts shows the TOTAL economic impact of Travel & Tourism.

Travel & Tourism supported a total of 292 million jobs in 2016, which is now 1 in 10 of all jobs on the planet.

REMEMBER THAT - 10% of global GDP and one in ten of all jobs on the planet.

Travel & Tourism's impact includes people travelling for both leisure and business, domestically and internationally.

In 2016, 77% of all travel spend was as a result of leisure travel, and 23% from business travel.

Domestic travel generated 72% of the sector's contribution to GDP versus international travel – which the economists also call “foreign visitor spending” - at 28%

Travel & Tourism is an export sector, attracting foreign spending to a country in the form of international visitors. In 2016, global “foreign visitor spending” accounted for almost 7% of total world exports, and 30% of total world service exports.

Our research also shows that globally the Travel & Tourism sector employs more people than automotive manufacturing, mining and financial services combined.

Worldwide, the companies and organisations which make up our sector employ:

- twice the number of people financial services
- four times more than banking
- and seven times more than automotive manufacturing

Travel & Tourism's direct contribution to GDP grew by 3.1% in 2016. This was faster than the global economy which grew at 2.5%, meaning that for six consecutive years, the Travel & Tourism sector has outperformed the global economy.

The direct contribution of Travel & Tourism to employment grew by 1.8% in 2016 meaning almost 2 million net additional jobs were generated directly by the sector, and a total of around 6 million new jobs created as a result of total direct, indirect and induced activity. This means that almost 1 in 5 of all new jobs created in 2016 worldwide were linked to Travel & Tourism.

At country level, amongst the fastest growing Travel & Tourism economies in 2016 and buoyed by strong inbound international visitor spending were places like Azerbaijan – with a 46% increase - Mongolia with 24%, and Iceland, at 20%. These emerging tourist economies grow even faster than fast growth global economies like India and China – up by 8%.

At country level, direct Travel & Tourism GDP growth outpaced economy-wide GDP growth in 116 of the 185 countries covered by this research, And G20 countries whose Travel & Tourism performed better than the economy as a whole in 2016 include Australia, Canada, China, India, Mexico and South Africa.

WTTC forecast that direct Travel & Tourism GDP will grow by 3.8% in 2017. This will be higher growth than in 2016, higher growth than the global economy, and despite the impact of terrorism, refugees, continuing economic troubles and a growing sentiment among some politicians to close borders, not open them.

Continued solid growth at a global level is expected across the main economic indicators of GDP contribution, job creation, investment and visitor exports, with visitor exports making an especially strong contribution.

But a key challenge for Travel & Tourism in 2017 will be a general slowdown in consumer spending power which will impact consumer spending on Travel & Tourism. The combination of higher inflation caused by recovering oil prices, rising debt servicing costs as interest rates rise, and a slowdown in job creation across the globe is curbing global spending power, which is expected to grow at the weakest rate for eight years in 2017.

With the dollar strength expected to persist, 2017 is forecast to be another strong year for the USA, with growth of 5.4% in outbound Travel & Tourism spend expected. The most likely beneficiaries of this strong growth will be other North American destinations such as Canada and Mexico as well as Caribbean and Mediterranean destinations.

In China, after 7 consecutive years of annual growth of more than 20%, outbound spending is expected to cool slightly, yet remain very strong by international standards, with growth of 12.0% expected in 2017.

The depreciation of sterling is expected to have led to a substantial slowdown in outbound Travel & Tourism spending growth from the UK, from 8.0% in 2016 to a contraction of 4.2% in 2017. The markets most likely to suffer as a consequence are European destinations and longer-haul travel to the USA.

I am sorry to have inundated you with statistics – but these are extraordinary numbers which demonstrate the huge importance of Travel & Tourism and why governments need to prioritise maximising the long-term growth of our sector.

By far the most important institutional relationship in global Travel & Tourism is the one between the private sector companies, represented by WTTC, and the world's governments, represented by the United Nations World Tourism Organization - "UNWTO".

This relationship has been pivotal and demonstrates public/private partnership at the highest levels globally. One of our most important joint initiatives is the "Global Leaders for Tourism" Campaign.

Through the campaign we present an Open Letter to Heads of State and Government worldwide, underscoring the importance of Travel & Tourism. We have very direct conversations with these leaders about the 4 or 5 key things that they must understand about our sector – and they accept this letter in acknowledgement of the relevance of Travel & Tourism as a strategic pillar for job generation and the expansion of their economy.

To date 90 countries have accepted the Open Letter, and there are many examples of significant policy changes that have happened as a result of these meetings with Heads of State and Government.

With UNWTO, we have created the Global Travel Association Coalition, or “GTAC”, which serves as a coordination body amongst eight international institutions to ensure that we all speak with one voice and act in unison on the common issues.

This power of Travel & Tourism to make a profound difference to people’s lives has been recognised for many years. It is why the very best governments put Travel & Tourism right at the heart of their economic and political strategies.

But it has also been recognised by the United Nations General Assembly through its designation of 2017 as the “International Year of Sustainable Tourism for Development”.

At the opening ceremony of the International Year in Madrid earlier this year, United Nations Secretary-General, Antonio Guterres, said this about Travel & Tourism.

- Economic development
- Sharing cultures
- Building mutual understanding
- Driving a more peaceful world.

That, ladies and gentlemen, is the power of what we all do every day. And it is also what WTTC promotes every day.

The Council Members recognise the unique role of this sector to change lives. To mark the start of the International Year of Sustainable Tourism for Development, we have launched our own manifesto which describes the conditions under which Travel & Tourism can best contribute to this sustainable development.

First, we need people to be able to travel.

We believe passionately that travel makes the world a better place. For many years, WTTC has campaigned for improved visa processes to allow tourists to cross international borders as efficiently as possible, while still respecting the rights of sovereign states to manage security and immigration concerns. So, for Travel & Tourism to thrive, we need people to travel.

The movement of people is fundamental to the activity of Travel & Tourism, but there are many cases where people are not welcomed because of their beliefs or sexuality, or not able to access travel due to a disability, and increasingly where barriers to travel are imposed with enhanced security.

Using widely-available technology, biometric information, pre-travel screening and global cooperation on intelligence sharing we believe that the right of any sovereign state to protect its borders can be made fully compatible with the right of people to cross international borders safely and efficiently for business and leisure tourism purposes.

The right for “Freedom to Travel” . . .

It is this theme of freedom to travel which has become so prominent in the past couple of years or so, and it is the one which we grapple with most. So, I'd like to dwell on it for a moment. Let's start with the facts.

Resolving the implications for Travel & Tourism of a world dealing with heightened security is the biggest single challenge we face. And we must be seen to be part of the solution

Meetings such as this one provide a very important forum for helping the sector formulate effective responses and ensure that the sustainable growth of the sector continues, despite the near-daily bad news on our screens and in our newspapers

So far, Travel & Tourism is showing remarkable resilience. At the macro level, terrorism has had little impact on global business and leisure travel in 2016 [the sector grew 3.3%]. But the new data shows that in countries where attacks have happened, visitor exports have suffered:

In Europe, there were contractions in inbound tourism spending: Belgium -4.4%, France -7.3% and Turkey -22% following attacks last year.

And these declines are starker when compared with the expected growth in these countries.

In North Africa too, tourism visitor exports declined again in 2016 [-16%]:

Egypt in particular is suffering from the impact of terrorism activity followed by persistent travel advisories. Inbound visitor spending continued to contract in the country, and the country's Travel & Tourism GDP is now 50% below the 2008 peak level.

The conclusion is that people don't stop travelling. Instead they seek out places which are considered safer. As a sector, we cannot be complacent that this will always be the case - and the actions of the Trump Administration in the United States show that some countries can and will prioritise absolutely security above the economic and social contribution of Travel & Tourism.

We heard something similar from David Cameron, ex-Prime Minister of the United Kingdom at WTTC's Global Summit in Bangkok earlier this year.

He bluntly told us that although governments recognise the economic and social importance of our sector, we are ALWAYS outbid around the Cabinet table by the politics and perceptions of security.

To combat this, we need to work with Government on four issues:

- Integrate private sector tourism companies into all security planning
- Implement electronic visas to enhance security, using biometrics and technology
- Create crisis response plans, which encompass a cohesive media response
- Increase intelligence sharing across borders, as terrorists do not respect borders

There may also come a time when we need to educate some of our politicians on the real risks of travel: Industry figures estimate that any one person has a one in six million chance of being involved in a hijack and a one in seven million chance of dying in a plane crash – if you fly every week of the year.

And, by contrast the Huffington Post informs us that domestically 737 Americans died last year falling out of bed – and 11,737 Americans were the fatal victims of gun crime.

[Greg Baer, the mathematician, also computed that the average American was 106 times more likely to date a super-model than die in a terrorist attack. And if – like me – you've come to the realisation that the former for me is now highly unlikely, it's some consolation to know how small is the chance of the latter's happening is as well.]

As a sector we have work to speak with one voice and act in unison. Through meetings such as this, we will ensure that our combined voice is heard and the much-cherished principle of freedom to travel is preserved.

The second major requirement, if Travel & Tourism is to contribute to sustainable development, is for governments to allow successful businesses to flourish by implementing Policies for Growth.

We believe it is the responsibility of governments to put in place the conditions which allow Travel & Tourism businesses to operate effectively, and for the private sector and governments to work together to ensure the sector's resilience. This means:

- All government departments working together, with support from the Head of State or Government
- Implementing the right policies and regulations to support the sustainable growth and resilience of the sector
- And, increasing investment in the infrastructure, people and systems which support our development.

This public/private partnership and decision-making across government is so critical. We have seen one government department spend millions attracting visitors, while another government department introduces an arrivals tax on those same visitors. We have seen one government department promote open skies and commerce, whilst another one has the task to protect its national carriers against competition.

Government policies touch Travel & Tourism in a number of areas, often outside the remit of the Tourism Minister. WTTC has raised awareness of the impacts of such policies on the sector's development in a range of areas:

In Taxation: Back in 2012, WTTC researched the proportion of taxation paid by the industry in the USA, compared to other sectors. Direct Travel & Tourism taxes in the US represented 3.2% of all taxes collected in 2012. By comparison, Travel & Tourism GDP was then 2.7% of the US economy – meaning that Travel & Tourism was being taxed at a higher rate than the average of the economy by 0.5 percentage points, or a 15% premium.

As a result, WTTC developed its 'Principles of Intelligent Taxation' to guide policy makers in their decision making, as well as a model to forecast the impact of a proposed tax. This has been used to guide decision making in France, Jordan, and Thailand.

To guide decisions on infrastructure investment: WTTC has undertaken research in the Americas, Europe, and Southeast Asia to highlight countries where investment needs are strongest in terms of developing new infrastructure and reinvesting in existing infrastructure.

WTTC has also undertaken research to understand and address the human capital challenges facing the sector. A study on the *Undergraduate Perceptions of a Career in Travel & Tourism* found that awareness of the opportunities offered were low, and where perceptions did exist they were negative. In 2014 we published a study on *Global Talent Trends and Opportunities for Travel & Tourism* which identified a global skills gap for the industry that could cost up to 14 million jobs over the subsequent ten years. The study also identified enablers which governments and industry can consider in order to address the skills gap challenge.

And lastly, a key element of WTTC policy is to address coordination and communication challenges for tourism within government structures. In 2015 WTTC published '*Governing National Tourism Policy*' which identifies best practice in co-ordination models.

Through regular ministerial dialogues and Global Summit discussions, WTTC campaigns on all these issues as a means to improve Government policy making for Travel & Tourism.

Finally, if Travel & Tourism is to become sustainable, we will need responsible practices.

The United Nations deliberately designated 2017 as the International Year of SUSTAINABLE Tourism for Development.

We must recognise the impacts that climate change will have on our sector and on our world. We must start planning for those impacts, and putting in place strategies to minimise our own contribution. We need to ensure that the growth of our sector – forecast at 4% a year for the next decade – does not come at the cost of destinations and the people, cultures and environments which support them.

We see some of the world's most iconic tourism sites – such as the Great Barrier Reef – under threat due to the impacts of climate change and others – such as the Taj Mahal – needing to manage overwhelming tourist demand.

And we must ensure that our sector remains resilient in the face of ever-increasing and unpredictable shocks, from terrorist attacks and political instability, to health pandemics and natural disasters.

We call this **Tourism for Tomorrow**, and it recognises the responsibility of the whole sector to ensure that it benefits the people, places, and environments in which it operates.

For this issue of sustainability is one most of us have embraced for many years and can be ignored by no-one.

The adoption of the *United Nations Sustainable Development Goals*, coupled with the *Paris Climate Agreement*, means that countries now have a moral AND legal responsibility to pursue sustainable development and alleviate climate change.

If industries and companies do not themselves take steps to contribute towards the alleviation of greenhouse gases, it is likely they will be forced to do so. That's why last September's agreement at the ICAO General Assembly to develop a global carbon offsetting scheme for aviation was so important. The scheme is not perfect. But, at a time when other sectors are doing their bit, it is vital that aviation stood up to be counted. To demonstrate that it is taking responsibility for its contribution to climate change.

The world is certainly more unpredictable than it was a few years ago. So sometimes we need to do more. We need to lead by example. This is not just in our capacity as business leaders, but as individuals. The following WTTC campaign has been running this year:

Is it too much to ask? Is it too much to ask that Travel & Tourism leads the way in transforming our world? That it is our sector making the difference? Our sector leading the world in the eradication of poverty, cleaning up the oceans, and protecting natural habitats? Making the world a better, more peaceful place?

No. It is not too much to ask. Travel & Tourism can transform our world. It is transforming our world.

Each of us can and should make decisions about our personal travel which make a contribution towards sustainable travel. But the **most important** contribution each of us can make is through how we run our businesses. What we do adds \$7.6 trillion to the world's economy each year - One in ten dollars of global GDP, one in ten jobs in the world.

Unique among other sectors, we employ people in every single corner of the world. In the busiest cities on earth, and the most remote islands and coasts. In places where Travel & Tourism may be your passport out of poverty or the only job on offer. The jobs created and sustained by Travel & Tourism are not just about economic self-sufficiency, but about self-worth and self-determination.

This is the story which WTTC tells every day.

Tourism is highlighted as a driver of three of the United Nations 17 “Sustainable Development Goals”, but it has a role to play in all of them. The message is clear: travel is a major stimulus in transforming our world.

Throughout the last two decades our sector has shown great resilience in the face of man-made and natural threats. But the world in which we operate is increasingly complex and challenging. So it is even more important that we actively engage in global discussions, to ensure that our voice is heard and our needs are considered.

The right of people to cross borders is being challenged on an unprecedented scale. The refugee crisis in North Africa is posing a serious risk to the principle of free movement of people within the European Union. Despite resistance to his travel ban, President Trump and his advisers seem determined to prevent citizens of specific countries from entering the United States –the world’s largest Travel & Tourism economy.

We fully support the right of any sovereign state to protect its borders, but suspending travel based **only** on a person’s nationality or their origin is wrong. The fear engendered, by dividing us into races or religions, destroys the notion that each human being is unique. I believe wholeheartedly that closed borders lead to closed minds; that travel makes the world a better, a more peaceful place; and that human encounters across cultures change us for the better. Travel is not for a privileged few.

And I am not alone in this opinion:

The world and its astonishing beauties are for everyone - regardless of their nationality, gender, religion, sexual orientation or age. Our sector must be accessible to all.

At the same time, we need to ensure that we earn the right to operate our businesses, by taking responsibility for what we do and how we do it.

For us this means asking some hard questions: As a sector with much of our activity around the coast, how would we cope with rising sea levels and the pollution of the oceans? How do we, how should we, manage demand for scarce tourism resources, such as Machu Picchu, the Great Wall of China, and Angkor Wat? What can we do to prevent a backlash against tourists in cities such as Venice or Barcelona? How do we plan for the recruitment, training and retention of the 80 million new people that our businesses will need in the next 10 years?

Ladies and gentlemen, our world is being transformed and we need to change with it.

We have a unique opportunity to tell our story. The designation of 2017 as the International Year of Sustainable Tourism for Development. This recognises the power to transform our world:

- An engine of economic growth
- A driver of sustainable development
- A contributor to peace and mutual understanding - a force for good in the world

Ladies and Gentlemen: I believe passionately in Travel & Tourism as a force for good in the world.

If you, like me, believe that our business has this noble purpose beyond profit, then give consideration to joining the World Travel & Tourism Council, and adding your voice to the other Chief Executives who make up the Council.

My name is Geoffrey Breeze – geoffrey.breeze@wttc.org. If you have any questions about the work of the World Travel & Tourism Council, or how you could apply to join the Council, please do get in touch with me.

And thank you all for listening.

[end]