

Chapter 1. Tourism trends and policy priorities

This chapter covers recent trends in tourism and associated developments in tourism governance and policy. It is based on responses to a policy and statistical survey of OECD member and partner countries. The chapter outlines the economic and social importance of tourism and sets out the role of governments in supporting a sustainable and inclusive tourism sector. Tourism policy priorities, reforms and developments are analysed with examples of country practices highlighted.

Tourism is a highly significant economic sector globally and locally, and provides real prospects for enduring and inclusive economic growth. The sector generates foreign exchange, drives regional development, directly supports numerous types of jobs and businesses and underpins many local communities. Recent trends point to continued strong growth around the world, and this chapter illustrates the leadership role that governments are playing to optimise the potential benefits, and mitigate the associated costs.

The sustainable development of tourism and the digital transformation of the sector are key issues facing policy makers. On these and other issues, policy makers recognise the need for co-ordinated responses across government, and to work closely with the private sector. The practical challenge that remains is to ensure that developments in local tourism destinations align with the policies set in place at national level.

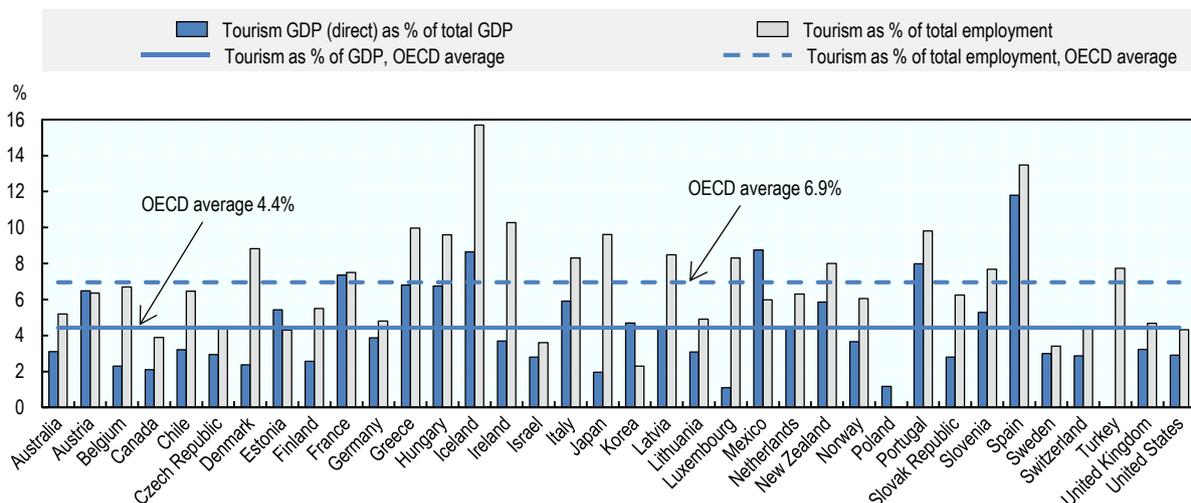
Recent Trends

Tourism is an important part of OECD member and partner economies, and a key sector within a growing services economy. On average tourism directly contributes 4.4% of GDP, 6.9% of employment (Figure 1.1) and 21.5% of service related exports to OECD countries.

Global tourism has steadily expanded for over six decades. Driven by strong global economic growth and new volume outbound markets, particularly from the Asia Pacific region, international tourist arrivals worldwide grew to over 1.4 billion in 2018, an increase of 5.6% on 2017. With international tourism arrivals growing ahead of the long term growth forecast, the threshold of 1.8 billion is now likely to be exceeded in advance of 2030.

Figure 1.1. Direct contribution of tourism to OECD countries

As percentage of GDP and employment, 2018 or latest year available



Note: GDP data for France refer to internal tourism consumption.

GDP refers to GVA for Canada, Chile, Denmark, Finland, Germany, Greece, Hungary, Israel, Italy, Latvia, Lithuania, Mexico, the Netherlands, New Zealand, Portugal, Sweden, Switzerland, United Kingdom and the United States.

GDP data for Korea and Spain includes indirect effects.

Source: OECD Tourism Statistics (Database).

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Table 1.1. International tourist arrivals in OECD and partner countries, 2014-18

	Type of indicator	2018	Average annual growth rate 2014 to 2018	Growth rate 2017 to 2018
		Thousand	%	
Australia	Visitors	9 072	7.8	6.0
Austria	Tourists	30 816	5.1	4.6
Belgium	Tourists	6 700	1.2	6.1
Canada	Tourists	21 153	6.3	2.4
Chile	Tourists	5 723	11.7	-11.3
Czech Republic	Tourists	14 283	7.6	4.5
Denmark	Tourists	12 749	5.6	2.6
Estonia	Tourists	3 226	2.5	-0.6
Finland ¹	Tourists	5 631	5.0	12.4
France	Tourists	89 322	1.6	3.0
Germany	Tourists	38 748	4.2	3.9
Greece	Visitors	33 072	8.0	9.7
Hungary	Tourists	14 905	10.1	5.7
Iceland	Tourists	2 344	23.8	5.4
Ireland	Tourists	9 273	8.0	6.3
Israel	Tourists	4 121	8.9	14.1
Italy	Tourists	61 567	6.1	5.7
Japan	Visitors	31 192	23.5	8.7
Korea	Visitors	15 347	2.0	15.1
Latvia	Tourists	1 946	1.4	-0.2
Lithuania	Tourists	2 825	8.2	11.9
Luxembourg	Tourists	1 018	-0.6	-2.7
Mexico	Tourists	41 313	8.9	5.1
Netherlands	Tourists	18 780	7.8	4.8
New Zealand	Tourists	3 686	7.4	3.7
Norway	Tourists	5 688	4.1	-2.7
Poland	Tourists	19 623	5.2	7.5
Portugal ¹	Tourists	22 817	11.9	7.5
Slovak Republic	Tourists	2 256	11.2	4.3
Slovenia	Tourists	4 425	13.4	10.9
Spain	Tourists	82 808	6.2	1.1
Sweden ²	Tourists	10 750	-6.8	-3.5
Switzerland	Tourists	11 715	6.3	5.2
Turkey	Tourists	45 768	3.5	21.7
United Kingdom	Tourists	36 316	2.7	-3.5
United States	Tourists	79 746	1.5	3.3
Brazil	Tourists	6 621	0.7	0.5
Bulgaria	Visitors	12 368	7.1	6.7
Colombia	Visitors	4 282	10.6	7.7
Costa Rica	Tourists	3 017	4.5	1.9
Croatia	Tourists	16 645	9.4	6.7
Egypt ³	Tourists	5 168	-26.8	-42.5
Indonesia ¹	Tourists	13 396	10.4	3.5
Kazakhstan	Visitors	8 789	8.5	14.1
Malta	Tourists	2 599	11.4	14.3
Morocco	Tourists	12 289	4.6	8.3
Peru	Tourists	4 419	8.3	9.6
Romania	Visitors	11 720	8.5	7.3
Russian Federation	Visitors	24 551	-0.9	0.7

	Type of indicator	2018	Average annual growth rate 2014 to 2018	Growth rate 2017 to 2018
		Thousand	%	
Serbia	Tourists	1 711	13.6	14.2
South Africa	Tourists	10 472	2.3	1.8
EU28			5.4	4.1
OECD members			5.5	5.0
World⁴		1 407 000	5.3	5.4

Notes: For more information, please see the country profiles.

Tourists: International tourist arrivals (excluding same-day visitors).

Visitors: International visitor arrivals (tourists and same-day visitors).

1. Average annual growth rate refers to 2015-18 for Finland, Indonesia and 2016 to 2018 for Portugal.

2. Data refers to 2014. No data is available since then due to a change in Border Survey methodology. Average annual growth rate refer to 2012-14. Growth rate refer to 2013-14.

3. Data refers to 2016. Average annual growth rate refer to 2014-16. Growth rate refer to 2015-16.

4. UNWTO data (World Tourism Barometer, Statistical Annex, January 2020).

Source: OECD Tourism Statistics (Database).

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Provisional data indicates that destinations worldwide registered around 1.5 billion international tourist arrivals in 2019, an increase of 3.8% year-on-year. This was the tenth consecutive year of sustained growth, but the more muted growth trend in 2019 reflects weakening economic growth, concerns about international trade and reducing consumer confidence. France, Spain, United States, China and Italy remain the world's top five tourism destinations, receiving more than a quarter (27%) of worldwide arrivals in 2018. China, the United States, Germany, the United Kingdom and France remain the top spenders as far as outbound tourism is concerned, responsible for 43% of global tourism expenditure (UNWTO, 2020).

OECD member countries continue to play a prominent role in the international tourism economy, accounting for more than half (56.9%) of total global arrivals in 2018. The average growth in international arrivals for OECD members was 5.0% in 2018, compared to 7.4% in 2017. While the OECD rolling four year average annual growth rate of 5.5% continues to exceeds the global average, following strong growth in recent years, the longer-term trend is of a slowdown in arrivals to the OECD relative to tourism worldwide.

Six OECD countries recorded double digit annual growth of inbound arrivals in 2018 – Finland, Israel, Korea, Lithuania, Slovenia, and Turkey – while a number of other countries reported record numbers, including Australia, Canada, Greece, Hungary, Ireland, Poland and the Slovak Republic. In contrast, Chile, Estonia, Latvia, Luxembourg, Norway, and the United Kingdom experienced reductions in international tourism arrivals. A breakdown of international tourist arrivals to OECD member countries and selected partner economies is provided in Table 1.1.

Globally, international travel receipts reached USD 1 462 billion in 2018, up from USD 1 352 billion in 2017. This equates to growth of 4.8%, and follows the overall trend in international tourist arrivals (Table 1.3). Global expenditures on travel have more than tripled since the turn of the century, rising to USD 1.5 trillion in 2018 and accounting for 7% of global exports in goods and services (UNWTO, 2019b, 2020). According to recent World Trade Organisation estimates, tourism is the fifth largest traded services sector (WTO, 2019).

OECD countries accounted for 61.1% of global travel receipts (exports) and 50.5% of global travel expenditures (imports) in 2018, similar to 2017. Twenty three OECD countries recorded a positive travel balance in 2018. Table 1.2 provides a summary of international travel receipts, expenditure, and the travel balance for OECD and selected partner economies.

Table 1.2. International travel receipts and expenditure in OECD and partner countries, 2017-18

Million USD

	Travel receipts		Travel expenditure		Travel balance	
	2017	2018	2017	2018	2017	2018
Australia	41 732	45 036	34 409	36 803	7 323	8 232
Austria	20 410	23 087	10 654	11 973	9 757	11 114
Belgium	8 360	8 911	15 481	18 517	-7 121	-9 606
Canada	20 329	26 346	31 845	34 455	-11 516	-8 109
Chile	3 383	2 956	2 304	2 333	1 079	623
Czech Republic	6 933	7 451	5 442	5 967	1 491	1 484
Denmark	8 498	9 101	9 793	10 490	-1 294	-1 389
Estonia	1 651	1 789	1 246	1 470	405	319
Finland	3 383	3 662	5 573	6 080	-2 190	-2 419
France	58 708	65 452	42 672	47 837	16 036	17 615
Germany	39 759	42 955	88 843	95 533	-49 084	-52 578
Greece	16 487	18 987	2 147	2 586	14 340	16 401
Hungary	6 174	6 924	2 449	2 648	3 725	4 276
Iceland	3 011	3 140	1 657	1 840	1 354	1 300
Ireland	5 603	6 182	6 552	7 401	-949	-1 219
Israel	6 810	7 245	7 057	7 668	-247	-423
Italy	44 123	49 236	27 674	30 082	16 450	19 154
Japan	34 054	42 096	18 189	20 216	15 866	21 880
Korea	13 368	15 319	31 691	31 973	-18 324	-16 654
Latvia	944	1 058	724	779	221	279
Lithuania	1 318	1 504	1 109	1 399	209	105
Luxembourg	4 546	4 993	2 984	3 222	1 562	1 771
Mexico	21 336	22 526	10 840	11 230	10 496	11 297
Netherlands	17 092	18 869	21 923	22 822	-4 831	-3 953
New Zealand	10 594	11 004	4 439	4 612	6 155	6 391
Norway	5 558	5 843	16 212	17 341	-10 654	-11 498
Poland	12 694	14 067	8 802	9 746	3 892	4 321
Portugal	17 523	19 878	4 611	5 504	12 912	14 374
Slovak Republic	2 916	3 199	2 395	2 627	521	572
Slovenia	2 843	3 192	1 490	1 640	1 353	1 552
Spain	75 143	81 473	22 100	26 785	53 044	54 688
Sweden	14 106	14 949	16 983	18 058	-2 877	-3 108
Switzerland	16 481	16 971	17 843	18 355	-1 363	-1 383
Turkey	22 478	25 220	4 823	4 595	17 655	20 625
United Kingdom	47 539	48 602	64 997	69 028	-17 458	-20 426
United States	210 655	214 680	134 868	144 463	75 787	70 217
Brazil	5 809	5 917	19 002	18 263	-13 192	-12 346
Bulgaria	4 045	4 416	1 684	1 857	2 361	2 559
Colombia	4 921	5 557	4 475	4 824	446	732
Costa Rica	3 656	3 773	1 044	982	2 612	2 791
Croatia	10 320	11 127	1 369	1 693	8 952	9 435
Egypt	7 775	11 615	2 160	2 667	5 615	8 948
Indonesia	13 139	14 110	8 289	8 772	4 850	5 338
Kazakhstan	2 135	2 255	2 560	2 687	-424	-432
Malta	1 722	1 819	467	512	1 255	1 308
Morocco	7 494	7 775	1 793	2 007	5 701	5 768
Peru	3 710	3 947	2 214	2 669	1 496	1 278
Romania	2 522	2 752	3 468	4 282	-946	-1 529

	Travel receipts		Travel expenditure		Travel balance	
	2017	2018	2017	2018	2017	2018
Russian Federation	8 945	11 486	31 058	34 271	-22 113	-22 785
Serbia	1 344	1 547	1 380	1 643	-36	-96
South Africa	8 810	8 985	3 255	3 400	5 555	5 585
EU28	438 637	479 083	750 885	813 859		
OECD	826 541	893 901	682 818	738 075		
World¹	1 352 000	1 462 000	1 352 000	1 462 000		

Note: For more information, please see the country profiles.

1. UNWTO (2020).

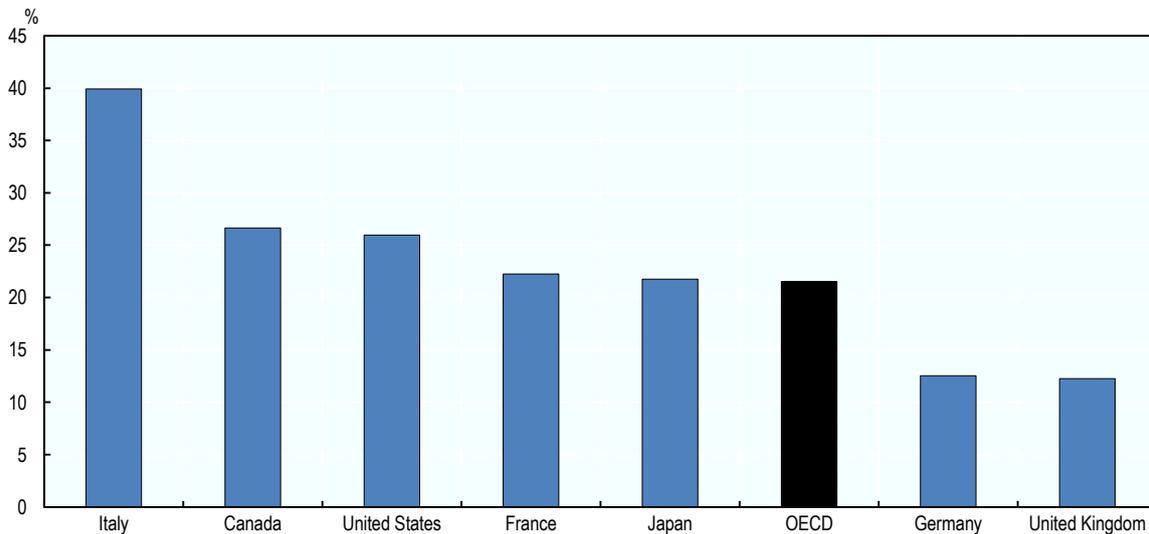
Source: OECD Tourism Statistics (Database).

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Tourism exports are economically important, as they generate value added in the economy, directly and indirectly. Analysing tourism from a trade in value added approach shows that tourism expenditures (using non-resident expenditure as a proxy) generate bigger impacts on the domestic economy than overall exports, and have significant impacts in upstream industries and in other countries.

Latest estimates from the OECD Trade in Value Added (TiVA) framework indicate that 89% of tourism exports generate domestic value added in OECD countries, compared with 81% for overall exports (Figure 1.3); the remaining share results in value created in other countries (imports). More than a third of the tourism value added generated in the domestic economy comes from indirect impacts, reflecting the breadth and depth to linkages between tourism and other sectors (OECD, 2019a).

Figure 1.2. Contribution of tourism to services exports, selected OECD countries, 2018

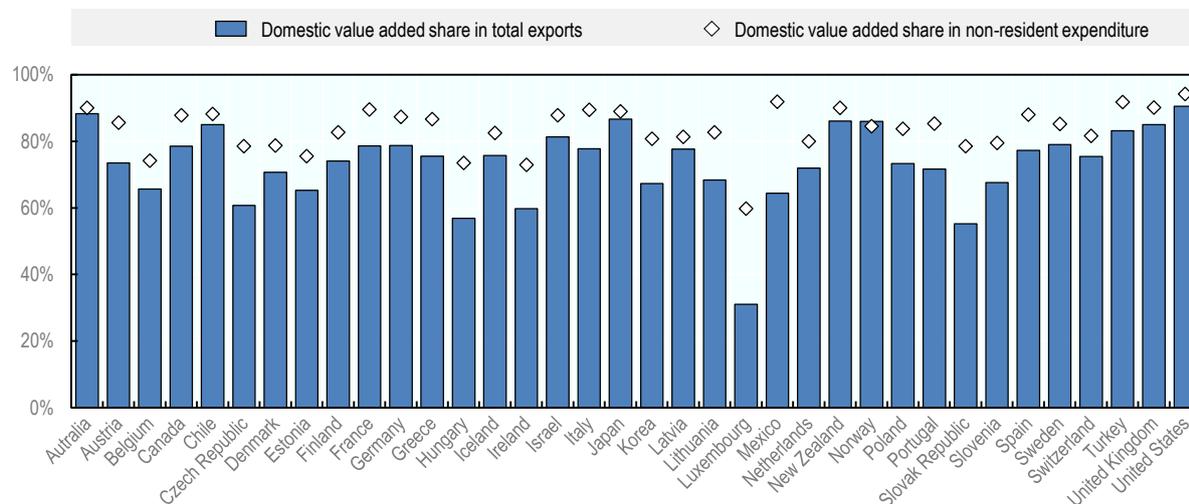


Source: OECD Trade in services by partner country (Database), extracted January 2020.

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Figure 1.3. Value added generated by tourism expenditure in OECD countries

Domestic value added/export ratio for non-resident expenditure and for total economy



Note: Non-resident expenditure as a proxy for tourism expenditure.

Source: OECD Inter-Country Input-Output, 2018.

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In other words, of the 89 cents of domestic value added generated by every USD 1 of tourism exports, 56 cents is directly generated while 34 cents comes from indirect impacts. Or, for every USD 1 of value added directly generated by tourism exports, a further 61 cents of value added is indirectly generated in upstream industries. On average, domestic and inbound tourism account for 75% and 25% of internal tourism consumption respectively. When combined, passenger transport (21%), accommodation (19%), and food and beverage (16%) account for well over half of total consumption (Figure 1.4).

The importance of domestic tourism varies considerably at country level. Domestic tourism is particularly significant in Australia, Canada, Germany, Japan, Mexico, Norway, the United Kingdom and the United States, where it represents over 70% of internal tourism consumption. In other countries such as Austria, the proportion of domestic and inbound expenditure is broadly equal. In contrast, inbound tourism, as a proportion of internal tourism consumption is more important in Estonia, Iceland, Poland, Portugal, and Slovenia where over 60% of all consumption is inbound related. Table 1.3 provides a breakdown of internal tourism consumption (domestic and inbound) for selected OECD member countries.

Global tourism arrivals have grown by almost 50% since 2010, an average annual growth of over 5%. The benefits of foreign exchange and the higher spending of international visitors has focused many governments towards increasing inbound arrivals, while demand has been supported by favourable economic conditions, decreasing travel prices, continued globalisation, liberalised and more comprehensive air transport services, and growth of digitally-enabled business models and platforms that allow consumers easier access to travel products and many new destinations (UNWTO 2019a; WEF 2019; IATA 2019).

While tourism growth is projected to continue, changing demographics, improved connectivity, technological innovations, and increased recognition of the need for this growth to be more sustainable and inclusive are likely to dramatically transform the face of tourism by 2040, representing a range of opportunities and challenges for destinations (OECD, 2018).

Table 1.3. Internal tourism consumption in OECD countries, 2018 or latest year available

	Reference year	Internal tourism expenditure	Domestic tourism expenditure	Inbound tourism expenditure
		Million USD, current prices	% share	
Australia	2017	109 884	74%	26%
Austria	2017	43 348	47%	53%
Belgium	2016	18 697	67%	33%
Canada	2018	78 891	78%	22%
Chile	2018	9 875	62%	38%
Czech Republic	2017	12 205	42%	58%
Denmark	2017	19 391	57%	43%
Estonia	2014	2 245	12%	88%
Finland	2016	12 617	69%	31%
France	2018	171 281	57%	43%
Germany	2015	293 020	85%	15%
Greece	..	..		..
Hungary	2017	7 291	31%	69%
Iceland	2017	4 747	26%	74%
Ireland	2007	9 278	46%	54%
Israel	2018	15 335	55%	45%
Italy	2015	124 635	57%	43%
Japan	2017	237 739	84%	16%
Korea	..	..		..
Latvia	..	..		..
Lithuania	2017	2 439	40%	60%
Luxembourg	..	..		..
Mexico	2018	167 448	83%	17%
Netherlands	2018	99 580	61%	39%
New Zealand	2018	24 618	59%	41%
Norway	2017	21 352	70%	30%
Poland	2015	15 432	37%	63%
Portugal	2017	29 488	31%	69%
Slovak Republic	2016	4 795	43%	57%
Slovenia	2017	4 719	30%	70%
Spain	2015	139 605	53%	47%
Sweden	2018	38 737	57%	43%
Switzerland	2014	33 483	46%	54%
Turkey	..	..		..
United Kingdom	2017	189 964	81%	19%
United States	2018	1 154 459	83%	17%
OECD average			75%	25%

Note: For more information, please see the country profiles.

Conversion from national currency to USD calculated using OECD annual average exchange rates for corresponding year.

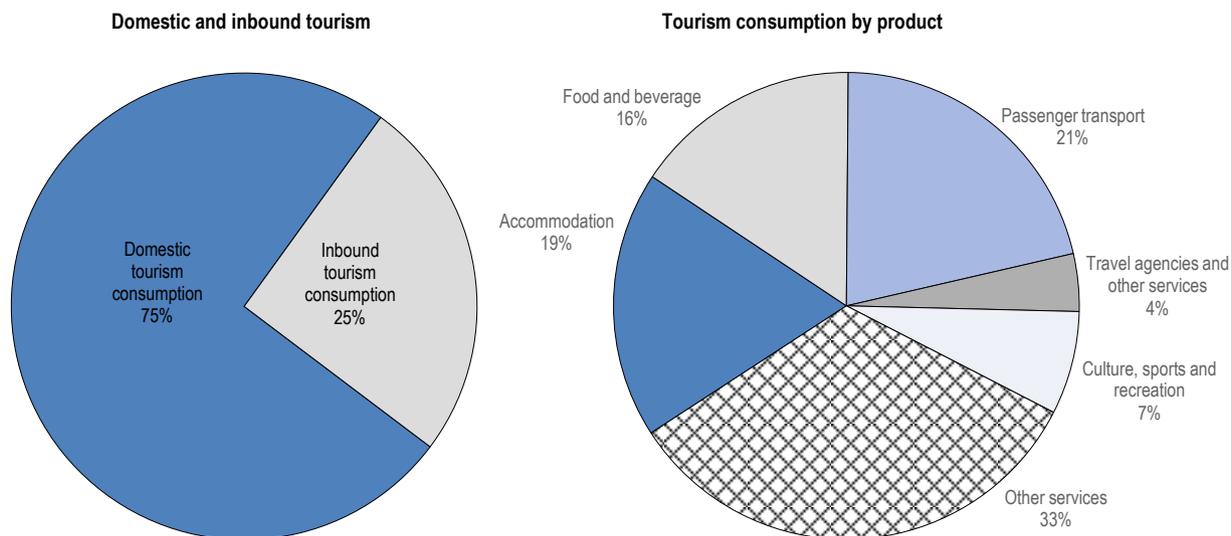
Tourism consumption is composed of tourism expenditure (monetary transactions), plus other transactions.

Source: OECD Tourism Statistics (Database).

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Figure 1.4. Internal tourism consumption, selected OECD countries

By type of tourism and product, 2018 or latest year available



Source: OECD Tourism Statistics (Database).

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Recent macro-economic forecasts, however, show steadily deteriorated prospects, amidst policy uncertainty and weak trade and investment flows. The global outlook is fragile - the OECD projects global GDP growth will remain around 3% for 2020-21, the weakest rate since the global financial crisis. Trade and investment are undergoing structural changes linked with digitalisation and the rise of services, as well as with geopolitical risks, while the majority of businesses have yet to harness the strong productivity potential of digital technologies (OECD, 2019b).

While unemployment is at record lows in many OECD economies, the productivity puzzle and low wage growth is hampering economic growth across many sectors. There is pressure for governments to ensure that all citizens have the choices and opportunities open to those in the top decile but policies need to catch up to support this objective. Tourism is a leading job creator, and can help provide a wide range of diverse jobs for people of all ages and skill levels not only in major cities, but also in remote, rural, coastal and other often economically fragile locations where alternative opportunities may be limited. Employment in hotels and restaurants grew by 45% from 1995 to 2015, some 30% higher than average growth across the economy, and second only to real estate renting and business activities (OECD, 2019c).

While the short-term picture is one of uncertainty, over the long term tourism is likely to continue to grow and become an increasingly important element in all OECD economies. However, the tourism landscape will be impacted by large-scale social, economic, political, environmental and technological trends, bringing new and often unseen challenges, threats and opportunities. Exploring the multidimensional implications of these trends is important to inform policy and shape the future of tourism.

The digital revolution is a prime example of key driver of tourism growth that is having a profound effect on the sector, changing the way people travel, and how services are delivered. Chapter 2, Preparing Tourism Businesses for the Digital Future, provides an overarching assessment of how digitalisation is transforming tourism business models and processes, and the integration of tourism SMEs into global value chains and digital business eco-systems.

Continued growth in visitor numbers raises important questions about how to best manage this growth, to benefit people, places and businesses. The over-riding priority for governments and increasingly society is to better look after the assets on which tourism depends. This is relevant to all destinations, but is a particularly pressing issue in destinations experiencing overtourism. Chapter 3, Rethinking tourism success for sustainable growth provides detailed insight into the steps being taken by countries and industry to more fully understand the impacts that tourism has in destinations, better manage increased tourism numbers, and promote more sustainable and inclusive tourism development.

Addressing these and other challenges faced by the tourism sector requires an integrated, forward-looking approach to policy formulation and implementation. Governments need new analysis, data and approaches that are calibrated to the fast-changing tourism sector. Tourism policy frameworks will need to be adapted to take account of and respond to these developments. At national level, co-ordination measures are well developed and long term strategies are in place in many countries to optimise tourism's economic and social benefits, while minimising its negative environmental impacts. The next challenge for many governments is to ensure that the policies and measures agreed at a national level can be consistently delivered at sub-national level, ensuring that local communities and the regions in which they are located can fully share the benefits of well-planned and managed tourism, and flourish in the longer term.

The governance of tourism

Tourism is of vital economic, social and cultural importance to many countries, and governments have a key role to play in shaping tourism development. Across OECD member and partner countries, a range of shared policy priorities are seen as central to the role of successful tourism administration. These include:

- Harnessing the potential of digitalisation and the application of new technologies.
- Promoting and delivering a greater level of sustainability and inclusiveness.
- Developing forward-looking tourism structures, policies and action plans to deliver on strategic objectives.
- Designing and implementing policy tools, co-ordinating and regulating the sector, and monitoring delivery.
- Ensuring effective country and place marketing.
- Creating a competitive and high quality tourism sector, encouraging entrepreneurship and stimulating business growth.
- Encouraging investment and improvements in the quality of the tourism offer, and the skills of people employed in the sector.

A range of other policy areas are important depending on the development stage of the sector, as well as the nature of the wider economy. These include: enhanced connectivity and investment in travel-related infrastructure and services; regional development and encouraging the active engagement of local communities; safety and security considerations; and the need to broadening tourism products to ensure that all visitors and communities can benefit from tourism. Ensuring that these benefits are greater than the burdens that can arise from significant tourist in-flows is an emerging theme now being proactively addressed by the governments of many countries, in co-ordination with the private sector and civil society actors (see also Chapter 3).

Effective national leadership and multi-level governance

Depending on the system of government, the importance of tourism in the economy, and the nature of tourism demand, governments have adopted a variety of approaches to ensure that the sector is successfully developed, promoted and regulated.

In institutional terms, responsibility for tourism is positioned within an economic ministry in around twenty OECD countries, closely linked with economic growth. This is particularly the case with Nordic and Baltic countries, but is also the situation in Chile, New Zealand, Poland, Portugal and Switzerland, for example. In Australia, tourism rests under the responsibility of the Foreign Affairs and Trade portfolio. While in France responsibility is shared between the ministry responsible for foreign affairs and the Ministry of Economy and Finance.

Box.1.1. Destination management organisations: country approaches

In **Iceland**, destination management plans were published for seven regions in 2018-19. The aim is to establish destination management organisations in each of these regions by the end of 2021, to improve the co-ordination of tourism priorities and regional development. With a wider mandate than the regional marketing offices currently operating in these destinations, the DMOs will act as a co-ordinating support unit for data collection, innovation, product development, skills, digitalisation, marketing and other functions.

In **Japan**, the Government is promoting the establishment and development of private sector-led destination management/marketing organisations, including with subsidies for staff costs and training. The Japanese DMO registration system was established in November 2015, and already established organisations play an increasingly central role in tourism-related regional development in collaboration with local governments.

In the **Slovak Republic**, local and regional DMOs are responsible for the development and promotion of tourism products. Created in 2010 under the Tourism Support Act, there are currently seven regional and 37 local tourism organisations operating in the country. These are co-funded by central government, with subsidies granted for marketing and promotion, product development, infrastructure support, activities of tourist information centres, educational activities, operation of reservation systems, supporting local activities to become part of tourism offer, strategic tourism documents, statistics, research, and the establishment of tourism quality systems.

Recent legislative changes in **Bulgaria** have led to the establishment of nine Regional Tourism Management Organisations responsible for tourism product development and marketing in each region. Membership of each DMO includes tourism associations, regional and municipal administrations, institutes, museums, scientific bodies and educational institutes.

Several countries, including Greece, Israel and Mexico, prioritise tourism with a separate ministry, which may also reflect the relative importance of the sector to the national economy. In other countries, tourism is connected to relevant policy areas covered within the same ministry, such as with culture in the case of Italy and Turkey, transport in the Slovak Republic, and regional development in the Czech Republic, or to a collection of related policy areas such as land, infrastructure and transport in Japan, agriculture and regions in Austria, or culture, media and sport in the United Kingdom. Another approach is linking tourism to prominent themes, such as innovation in Iceland.

The cross-cutting nature of the sector, together with the differing national contexts, means that there is no 'one size fits all' optimum place for tourism to be situated in national government structures. Wherever it is placed, tourism administration requires a sophisticated set of horizontal co-ordination measures across

national government departments and agencies to ensure that other parts of government, with either an interest in or influence over tourism, can be fully involved in its planning and development. The administration of tourism also needs to be co-ordinated vertically, taking into account the roles and activities of regional and local jurisdictions.

Typically, the governance of national tourism policy is overseen by a national tourism administration (NTA), led by a government-appointed minister and supported by a delivery agency implementing government policy. International marketing and promotion is frequently a key activity for the national tourism organisations (NTO), but the role can be wider depending on factors including the maturity of the tourism sector, the objectives of the underlying strategy, and the roles of other government bodies that influence the delivery of tourism policy.

Regional and local governments continue to play an important role in the development and management of tourism. Regional bodies often play both a strategic and delivery role, tasked with understanding the challenges of the tourism sector in their area and putting in place plans to address these challenges and develop tourism. Product development is usually a core responsibility, along with other roles relating to the delivery of local visitor information, research and quality accreditation. They may also be involved in domestic promotion, while overseas and country promotion is more usually the responsibility of national tourism organisations. In the case of Belgium, the regional authorities have full responsibility for tourism in their respective territories since 2014, including domestic and overseas promotion.

Delivery arrangements vary for tourism, including through the actions of regional bodies of central government and autonomous development agencies, some of which have a wider remit than tourism. Destination management organisations (DMOs) often play a leading role in developing tourism, working in collaboration with regional and local government, and increasingly have other related roles, such as inward investment promotion, and co-ordinating the management of all elements that make up a destination.

For example, the Vienna Tourist Board in Austria and Göteborg & Co in Sweden are responsible for implementing the long term strategies and short term action plans at the destination level, and this requires the delivery of a wide range of functions such as research and intelligence, strategic and operational planning, marketing and sales, visitor services, product development and management, events management, skills development and business support. In Poland, 16 regional tourism organisations and around 120 local tourism organisations at the level of cities and counties are responsible for tourism product development and marketing. They are composed of regional and municipal administrations and widely recognised tourism sector stakeholders.

Several national governments are consolidating or developing DMOs as part of their overall governance strategy (Box.1.1). In Romania, for example, work is underway to operationalise a new organisational structure for tourism based new DMOs at regional and local level agreed in 2018. DMOs operating at different levels have clearly defined roles, with strong involvement by the private sector. Regional DMOs, for example, have full autonomy for product development, marketing, human resources, event organisation and regulation of the sector in their region. Reforms in the Wallonia Region in Belgium have also led to the creation of new DMOs, with the role of managing marketing and co-ordinating territorial promotion in collaboration with the regional tourism body.

Also since 2018, the number of DMOs in Denmark is being consolidated from 80 to around 20 as part of a wider initiative to streamline the governance structures to develop stronger tourism destinations and encourage more coherent and impactful public efforts to strengthening Danish tourism (Box 1.2).

In a sector dependent on effective multi-level governance, it is important to clarify how responsibilities are assigned to different government levels, and that this process is explicit, mutually understood and clear for all actors. Due to the evolving nature of multi-level governance systems, a periodic review of jurisdictional responsibilities should be made to ensure flexibility in the system (OECD, 2019d).

Box 1.2. Simplifying the public tourism development system in Denmark

In 2017, the Ministry of Industry, Business and Financial Affairs conducted a mapping exercise of Denmark's tourism administration system. The study identified that the structures resulted in tourism development efforts being spread over many policy making levels, leading to an extensive overlap in marketing activity and impacting the co-ordination and effectiveness of other support activities. In 2018-19, the main policy initiative has been reforming the public tourism administrative system as part of a wider reform of Denmark's business support system. The purpose has been to create a simpler and more effective organisational structure and governance regime, which ensures stronger tourist destinations and more coherent and impactful public efforts to strengthen Danish tourism. In 2019, the Danish law relating to business support was amended, reducing administrative levels from three to two – national and decentralised - as well as minor changes to responsibilities and tasks.

- At the national level, the National Tourism Forum was established to lead and co-ordinate public sector policy in collaboration with the private sector, supported by the Danish Tourism Advisory Board. Four other organisations complete the national administration structures: VisitDenmark, the Danish Coastal and Nature Tourism, the Danish Business and Conferencing Tourism, and Wonderful Copenhagen, incorporating Danish City Tourism.
- As part of an agreement with Local Government Denmark, the number of destination management organisations at the decentralised level is being reduced from 80 to around 20. This consolidating process will be completed by the end of 2020. The decentralised DMOs role is to organise, co-ordinate and operate strategic local business support activities, which develop geographic areas in Denmark into strong and coherent tourist brands and destinations.
- A newly established Board for Local Business Promotion is responsible for grant funding to local tourism development activities

Co-ordination mechanisms to support integrated tourism policy approaches

Recognising the need to improve across-government collaboration on tourism relevant issues, many countries have developed measures to address this challenge. These range from structures established by legislation to more ad hoc initiatives. Vertical arrangements that connect national policy with regional and local delivery are also important.

A wide variety of co-ordinating bodies are used by governments, varying in terms of level of formality, seniority of involvement, scope of remit, and duration of existence, including:

- High level inter-ministerial committees, which focus on strategic priorities and may be overseen at the ministerial level, or by the Prime Minister or President.
- Inter-ministerial working groups, which focus on technical-level issues relating to tourism policy development.
- Round tables or “task-and-finish” groups, that focus on specific issues involving a number of ministries and other interests.
- Councils of Ministers involving different levels of government to ensure vertical co-ordination across national, regional and local levels.

Finland, for example, has a permanent whole-of-government Inter-ministerial Tourism Working Group, while Germany has formal co-ordination measures in place to ensure connection between state (Länder) and federal levels. In New Zealand, the Tourism Chief Executives' Group brings together the CEO's of relevant government agencies to co-ordinate tourism-related activities.

Box 1.3. Co-ordination mechanisms for tourism: country approaches

In **Chile**, new co-ordination mechanisms were established between the Ministry of Economy, Development and Tourism, and other key ministries to support tourism development, including:

- An Inter-sectoral Commission, led by the Cabinet of the President and the Ministry of Science, to co-ordinate actions for the solar eclipses of 2019 and 2020.
- A Board on Concessions in Protected Areas, with the ministries of Agriculture, Environment and National Properties, for the allocation of concessions for tourism in protected areas.
- An agreement with the Ministry of National Properties to develop to cultural heritage tourism, with the Ministry of Agriculture for the development of rural tourism, and with the Ministry of Sports, to promote adventure and sport tourism.
- A joint proposal with the Office of Indigenous Affairs, for the development of indigenous tourism.

In **Colombia**, the Superior Tourism Council was created in 2013, under legislation put in place to support more robust co-ordination of tourism programmes and projects. Thirteen ministries and other agencies relevant to tourism participate in the Council, to ensure a whole-of-government approach to tourism development. The Ministry of Commerce, Industry and Tourism also co-ordinates a series of planning activities with regional and local authorities, while Competitiveness Agreements are used to identify priorities for joint work among government entities over a three-year period.

In **France**, an Inter-Ministerial Tourism Council chaired by the Prime Minister was established in 2017 to co-ordinate action across six key priority areas for the development of tourism in the country: improving hospitality, security and service standards at border crossings as well as the modernising and promotion of the Qualité Tourisme™ label; co-ordinating the tourism offer to encourage international tourists to visit many different parts of France, with government support for new investment into product and quality through the France Tourism Development Fund; skills training to increase service quality and play a role in combating unemployment; continued support to digitalise the sector; and broadening access to holidays especially for people with disabilities.

Tourism Forum **Switzerland** has been developed to provide a platform for dialogue, co-ordination and co-operation across the sector. Working groups consisting of representatives of the private sector, cantons, communes, the national government and subject matter experts as required meet regularly, often on a temporary basis. At the Forum's main event in November each year, the results of the working groups are presented and the steps for the following year are discussed.

In the **United States**, the Tourism Policy Council is an inter-agency council established by law for the purpose of ensuring that the nation's tourism interests are considered in federal decision-making. Its major function is to co-ordinate national policies and programmes of federal agencies that have a significant effect on international travel and tourism, recreation, and national heritage resources. In addition, the Travel and Tourism Advisory Board is composed on industry representatives appointed by the Secretary of Commerce to advise on travel and tourism issues on an ongoing basis.

Other approaches include the entry into formal agreements, budget allocation (Japan) and revision of the underpinning legislation (Chile), as well as the establishment of fora, councils or other structures to develop policy, draft strategies and report on progress (Denmark, United States) (Box 1.3).

Bilateral agreements between the ministry responsible for tourism and other ministries are common. There is also a growing recognition of the benefits that can be derived by stronger linkages between particular ministries. For example, Greece has intensified co-operation between tourism and the agriculture and food sectors, while Finland has linked tourism to its new wider food strategy, having identified food as a growth

area for domestic tourism. Multi-lateral agreements to support co-ordination between a number of ministries, or for specific issues to be tackled, can be effective, as can cross-cutting sectoral plans agreed across government. This is the case in Mexico, for example, where the Tourism Sectoral Programme 2019-24 reflects not only the actions of the Ministry of Tourism, but also the co-responsibility of all relevant actors at national and sub-national level.

Cross-ministerial budget allocations have been adopted in Japan to support the work of the Ministerial Council for the Promotion of Japan as a Tourism-Orientated Country established in 2013 to unify government efforts on tourism. Budget allocations are transferred to the relevant ministries to implement tourism development measures, and are financed by an International Tourist Passenger Tax. While not a commonly used approach, this is another way for countries to improve co-ordination measures.

Other country examples include Croatia, where new management structures for the tourist board system recently came into force allowing financial incentives for regional tourist boards, changes to the roles of local and regional boards, and a refocused international marketing role for the national tourism organisation. Slovenia is also modernising its structures, redefining regional boundaries and prioritising lead destinations, alongside work to deregulate and privatise tourism attractions in public ownership.

These co-ordinating measures are supported by fora that involve the private sector, the civil society, and other stakeholders in both policy formulation and strategy development, although to differing degrees. The private sector is a key stakeholder in the development and co-ordination of tourism policy, and is essential to ensure that policy addresses the key challenges of the sector. This engagement may be led by peak industry bodies, combined with senior private sector representation on government-led groups.

In Australia, for example, an industry steering committee was established to report to Government on its vision for the future of the tourism in the development of the Australian Government's Tourism 2030 strategy, while in the United States, the Travel and Tourism Advisory Board is composed of industry representatives to advise on travel and tourism issues on an ongoing basis. Through the Tourism Advisory Committee in Belgium – Wallonia, public and private stakeholders make joint recommendations on tourism policy and strategy.

Countries are also taking steps to engage civil society in policy making, to take into account the needs of the local communities and the wider population. This is the case in Slovenia, for example, where the Strategic Innovation Development Partnership for tourism provides for the wide participation of interested stakeholders from civil society, together with the private and research and development sectors, to co-ordinate the digital transformation of tourism aligned to the Digital Slovenia 2020 Strategy. Similarly, consultation and engagement with civil society is prominent in the development and implementation of tourism strategies and plans in countries including Costa Rica, France, Denmark and Sweden.

Developing and implementing future-oriented tourism policies, strategies and plans

The implementation of long-term policies, strategies and plans is integral to achieving tourism growth which is both sustainable and inclusive. Countries need to have a clear strategic vision with well-articulated objectives, and adopt an integrated approach that brings together key stakeholders. Recent OECD work has also emphasised the importance of taking steps to future-proof these policies, for example by undertaking foresight or horizon scanning activities to detect changes likely to affect tourism, fostering a culture of innovation and change management within government, and ensuring policy makers have the capacity to make data-driven decisions to support the competitiveness of the sector (OECD, 2018c).

Countries are putting in place new tourism strategies to meet this challenge and reorient the approach to tourism development. The regular process of updating and renewing tourism strategies also provides a good opportunity for national tourism administrations to examine the wider environment in which tourism takes place, understand trends impacting tourism, and plan for the future.

Box 1.4. Federal Tourism Growth Strategy to 2025 in Canada

In May 2019, Canada launched a new Federal Tourism Growth Strategy. The Strategy sets out a new vision for tourism in Canada and aims to harness the opportunity that tourism presents for the Canadian economy while addressing certain challenges facing the sector. It is based on three central pillars: building tourism in communities, attracting investment and promoting public-private collaboration. Ambitious but achievable targets have been set to determine how well the Strategy is performing, and three metrics will help measure the economic impact:

- Grow total spending by tourists on goods and services, with an end value revenue target of CAD 128 billion in 2025, up 25% on 2018.
- Create jobs, with a target of 54 000 new jobs created by 2025, up 7.3% on 2018.
- Tourism GDP growth, with the aim of outpacing the national economic growth.

The Strategy also sets ambitious targets for the seasonal and geographic dispersal of tourist, with the aim of increasing by 1 million international tourist arrivals in winter and shoulder seasons, and aiming to grow spending outside Canada's top three major tourism regions, Toronto, Montréal, and Vancouver. It recognises the long-standing barriers to growing Canada's tourism sector are not easily overcome in the short term, and stronger partnerships with the private sector are needed to tackle those challenges over the long term. For this reason, an Economic Strategy Table for Tourism has been established. This is a new approach to develop high-growth and high-potential sectors, consisting of private sector leaders who set ambitious growth targets, identify sector-specific challenges and bottlenecks, and lay out an actionable roadmap to making the country an innovation leader.

Tourism strategies commonly cover either a five year or ten year timeframe. Almost half of the countries in this report have adopted a five year timeframe, with a further third opting for a ten year period, including Chile, Finland, Hungary, Japan, the Netherlands, Portugal, Spain, Sweden and the United States. Common themes covered include digitalisation, competitiveness, marketing, quality, skills and sustainability. Other issues gaining prominence include regional development, season extension, social and community involvement, investment and accessibility.

Box 1.5. Building expertise on long-term trends to inform tourism policy in Germany

In Germany, the Federal Ministry for Economic Affairs and Energy established a Centre of Excellence for Tourism to support the implementation of the Federal Government's tourism policy objectives by monitoring and analysing economic, technical and social developments in travel and tourism. An important part of its work is the special module entitled "Tourism 2030", which sees the Centre working closely with the private sector and academics to look at long-term scenarios and prospects for tourism in Germany. The Centre has an Advisory Board and a Supervisory Body whose membership includes representatives of major tourism associations. Tourism 2030 combines expertise on long-term trends, scenarios and prospects for tourism in Germany, and makes this knowledge available to relevant actors. The current changes in tourism are driven by such factors as digitalisation and the sharing economy, increasing mobility, the personalisation of travel, the influence of the growing number of older people on travel behaviour, and rising demand in developing countries for (overseas) travel due to increased prosperity. Other topics that the Centre is working on include sustainability, climate change, and terrorism and violence, which are having a growing effect on tourism.

Such strategies are a key tool for effective policy co-ordination, providing a common vision for the tourism development in the country. Related action plans dealing with short-term priorities and often specifying actions over a two-to-three year period are necessary to support implementation and provide the necessary flexibility to respond to opportunities and challenges as they arise. Canada, for example, has developed a comprehensive long-term federal strategy to provide a stable platform for sustainable and inclusive growth, while ensuring regular monitoring and the possibility of adaptation over time in response to changing realities (Box 1.4). Sweden's new long-term strategy is set to run until 2030 and is informed by the Visit the Future project, through which policy makers are working with industry to examining how economic and social changes are impacting tourism development, and identify innovative business responses.

Box 1.6. Travel to tomorrow – changing the tourism development paradigm in Flanders, Belgium

Over a period of 18 months, Visit Flanders and the Flanders Department of Foreign Affairs worked with tourism stakeholders to develop the vision “Travel to Tomorrow”. This initiative has reflected on the wider transformative power of tourism. In recent years, visitor and tourism revenue records have been regularly broken as Flanders, leading to new challenges and making it necessary to rethink and adjust tourism policy. This detailed exploration of how Flanders can reposition its tourism sector to provide a broader set of benefits and opportunities involved a highly participative, co-creative thinking methodology. This included listening to over 1 600 tourists and their experiences, to build up a picture that identified Place, People and Activities as key touchpoints and motivators to form the basis for a more positive version of tourism rooted in the authentic and personal.

Discussions questioned the current model, the need and tools for transformation, the importance of carrying capacities, the concept of place-keepers and the elements that lead to thriving communities. One important conclusion is that government cannot make transformation happen by policy, but can facilitate the transformation process by creating the frameworks, networks and knowledge sharing tools to support local people in redefining tomorrow's tourism. The vision translates in a set of prioritised policy actions including:

- Monitor whether, why and how locations flourish to continuously adjust the implementation of the policy, and map places to develop Flanders-wide narratives.
- Develop a strong narrative that resonates worldwide and impactful international campaigns that can be customised to encourage travel to Flanders without promoting mass tourism.
- Create the circumstances to improve the conditions for sustainable tourism business.
- Proactively bridge policy areas so to increase the impact of actions.
- Guarantee basic or higher quality to serve the needs of the flourishing destinations and their residents, entrepreneurs and visitors.

Due to the dynamics of such a fast moving sector, governments are also turning to more specific ways of keeping track of trends, to support the development of more agile, robust and forward-looking policies. Germany, for example, has established a centre for excellence to explore long-term scenarios and prospects for tourism (Box 1.5).

Similar approaches are also seen in Austria, Finland, Poland, Slovenia, Sweden and the United Kingdom. Such initiatives aim to promote focused and detailed research on key trends and applications, and inform a high quality, flexible policy response as a result.

Digitalisation, for example, is a key issue that has been driving change in tourism policies and plans. Finland, for example, has developed a Roadmap for Digitalisation of Finnish Tourism, which aims to build a nationwide digital ecosystem with key steps including data collaborations, integrating and promoting

product inventory, and ensuring multi-channel availability. The United Kingdom, meanwhile, is backing projects that test tourism applications in the augmented reality and virtual reality fields, and is also investing in a new independent Tourism Data Hub designed to transform the way tourism analytics and data are used. In the Wallonia Region in Belgium, the administration is financing digital facilitators, tasked with the objective of raising interesting for tourism providers in using digital technologies, and helping them in developing new quality products.

In the quest for truly future-proofed policies some administrations are re-examining the entire basis of the tourism development model, with a view to its reinvention at a destination level. This is the case for the Flanders Region in Belgium, for example, where the Travel for Tomorrow initiative is engaging stakeholders in a wider reflection on role of tourism in the economy and society with the aim of developing a common vision for the future (Box 1.6).

Other governments have put in place future policy measures that create a more rapid shift in direction. For example the Netherlands, operating within a longer term timeframe, has shifted tourism promotional resources from marketing to destination management with the twin goals of reducing environmental impact and encouraging regional development (Box 3.4).

Tourism budgets and funding

Tourism both contributes to government revenues, and also benefits from government expenditure through, among other things, investment in infrastructure, training and education, and heritage conservation. This is in addition to the more direct expenditures on tourism promotion and support to tourism destinations and businesses.

It is challenging to precisely identify the amount of financial support from government, given the multitude of funding streams and programmes as well as the variety of agencies that connect to the sector and different funding sources. Significant investment is also made at regional and local levels, while the private sector also contributes, often as partners in marketing campaigns or through match funding or co-financing arrangements for tourism development initiatives. Public funding also plays an important role in attracting private sector investment in tourism-related infrastructure.

A useful proxy that can, in part, indicate the level of government support for tourism is the funding directly allocated through the national tourism administration, and the budgets of the principal delivery agencies. Generally speaking, this funding supports both the responsible ministry and reflects the priorities in tourism strategies and plans. It is often led by expenditures on marketing and promotion, with an emphasis on generating foreign exchange income from overseas visitors.

Slightly over half of OECD countries report an increase in the central budget allocation for tourism, with the remainder either maintaining existing levels of funding, moving budgets between different agencies, or in the case of two countries making modest reductions. In several countries, over EUR 100 million is allocated annually through the central tourism budget, including Ireland, Israel, Mexico, New Zealand, Portugal and Spain.

Japan's tourism budget rose to JPY 71 billion in 2019, almost 3 times the previous year's budget. This follows the introduction of the International Tourist Passenger Tax as a permanent source of funding for tourism promotion. Revenues from the tax are put towards innovative and cost effective measures to develop the tourism offer and support tourism businesses, including enhancing immigration procedures, developing world-class tourist facilities, and creating new tourism content using regional tourism resources.

Other countries have also seen exceptional budget allocations in recent years. This is the case in Ireland, for example, where an additional EUR 7 million has been made available to the tourism agencies to mitigate the effects of Brexit on tourism.

A number of countries ring-fence taxes, fees or other charges, usually on inbound international visitors, to fund marketing or development activity and, increasingly, to provide the resources necessary to mitigate the impacts of tourism at the destination level, such as the recently introduced International Visitor Conservation and Tourism Levy in New Zealand (Box 1.9). Slovenia also has a visitor tax, a proportion of which funds tourism promotion. In Portugal, around half the national tourism organisation's budget is supported by a tax on gambling. Costa Rica, Croatia and Peru also levy entry charges on visitors that then is often used to support tourism agencies. In other countries, city taxes are levied, as is the case for Vilnius, Lithuania.

Tackling the policy priorities to shape the future of tourism

A number of important themes have been identified as current priorities common across countries. Sustainable tourism and digitalisation are critical for the successful development of tourism, and are priority areas for policy action (see also chapters 2 and 3). Governments also collectively view a variety of other subjects as having particular importance. These include regional development and dispersal, and allied to this ways to extend the season; developing the product and encouraging employment and skills.

As tourism continues to grow, measures to encourage regional development and disperse visitors to less developed areas is growing in importance, to relieve the pressures in highly visited destinations and spread the economic benefits of tourism more widely. Stimulating product development is an important function for government, to attract new kinds of visitors and even completely new markets more evenly throughout the year. Encouraging new and skilled workers into the tourism sector is a further area of policy action. Perceptions of work in the sector remain challenging and many tourism businesses struggle to fill vacancies with well qualified, motivated people. Higher education institutions often find it difficult to attract potential students towards tourism related courses and skills will continue to be a central issue in the years to come, to address labour needs and prepare the tourism workforce for the digital economy.

Moving from sustainable tourism plans to action

Tourism's potential as a driver for sustainable development, when built upon broad stakeholder engagement and sustainable development principles, is acknowledged in the [2017 OECD Policy Statement on Tourism Policies for Sustainable and Inclusive Growth](#). Governments have an important role to play to provide direction and support, but it is also increasingly recognised that this must be delivered in an integrated way, based sound policies, effective management and structures that involve the private sector and the many agencies and bodies, at all levels, whose activities can influence tourism performance and impacts.

Many governments have made recent progress by taking steps to embed sustainability principles in both tourism policy and related strategies. However, an ongoing challenge is the implementation of these strategies, to deliver on the agreed actions and aspirations (Box 1.7). Related to this, the involvement of the local community is increasingly seen as an important factor in the development of an inclusive and sustainable tourism sector. There is a growing interest in how to maximise the opportunities for local communities and retain more of the benefits of tourism in communities.

Some countries have adopted specific policies that have begun to change the model. Mexico, for example, is committed to moving to a balanced tourism development model that sustainably uses natural and cultural resources and spreads the benefits of tourism across the territory to boost local economies and support local communities. A similar approach is also being adopted to involve harder to reach indigenous communities in tourism development in Australia, Canada and Chile.

Box 1.7. Integrating sustainability in tourism policy: country approaches

In **Egypt**, a Tourism Reform Programme introduced in 2018 aims to achieve sustainable tourism through structural reform to strengthen the sector's competitiveness and ensure alignment with international standards. Designed as a policy framework with the UN Sustainable Development Goals at its centre, the five pillar strategy provides a comprehensive blueprint to address Egypt's tourism challenges: reforms to both institutions and legislation; marketing and promotion; infrastructure and development as well as a drive towards meeting the needs of the market through responsible tourism.

Finland's ambition to become the most sustainably growing tourism destination in the Nordic region by 2028 is underpinned by Finland's National Tourism Strategy 2019-28 - Achieving more together – sustainable growth and renewal in Finnish tourism. Four key priorities to promote sustainable growth and renewal of the tourism sector include: support activities that foster sustainable development, respond to digital change, improve accessibility, and develop an operating environment that supports competitiveness. One of the principal measures is to create, pilot and launch the Sustainable Travel Finland umbrella label, as a low threshold sustainable development tool for tourism destinations and businesses; a marketing communication tool for Visit Finland; and a label to identify sustainable travel businesses and destinations for both travel trade and consumers.

Ireland is undertaking a comprehensive audit into all aspects of sustainable tourism, including reviewing statistical tools, indicators and carrying capacities, international benchmarks, potential funding sources and cross-government co-ordination measures. This is part of a new two year Tourism Action Plan to support the implementation of the national policy framework People, Place and Policy: Growing Tourism to 2025.

In **Sweden**, a new long-term strategy is set to run until 2030. It aims to provide a coherent policy for sustainable tourism development, together with a platform to implement actions that meets both national and global challenges. Developed in co-operation with different ministries including Infrastructure, Environment, and Culture, it is also informed by the Visit the Future project, which has involved in-depth analysis of how economic and social changes are impacting tourism development, and the interlinkages with other sectors of the economy. Working closely with the tourism industry association, Svensk Turism AB, the initiative focuses on innovative business development supporting projects in tourism destinations, with pilots in two regions focusing on robotics, and smart lodging and food.

Other countries, such as Austria (Box 3.6), Greece and Sweden, have drawn on the SDGs to provide the foundations for action. Lithuania has teamed up with other countries around the Baltic Sea to identify how the SDGs can be applied in practice, with a first phase of the project focusing on the development of tools to measure sustainability performance. The Nordic countries are also working together under the recently launched Nordic Tourism Co-operation Plan 2019-23 to support sustainable tourism growth, in alignment with the SDGs (Box 1.8).

The majority of countries covered in this publication report having a specific policy, plan or strategy in place to support sustainable tourism. Good governance is a key component of these plans, with governments looking to develop innovative solutions. Japan, for example, has strengthened the internal governance of tourism with the establishment of the Sustainable Tourism Promotion Headquarters which includes in its remit the development of a Sustainable Tourism Index which encourages action at destination level.

Other priorities include strengthening the participation of the private sector, as well local communities and minorities in developing tourism policies, plans or strategies, while bio-diversity, energy conservation, and waste and water management were identified among the environmental policy priorities. A strong policy commitment to protecting cultural heritage is also reported.

Box 1.8. Nordic Tourism Co-operation Plan 2019-23

Denmark, Finland, Iceland, Norway, and Sweden have a long tradition of co-operating in various fields under the auspices of the Nordic Council of Ministers. In recent years, tourism has been actively placed on the agenda, leading to the development of the Nordic Tourism Co-operation Plan 2019-23 within the framework of the Nordic Co-operation Programme for Business and Innovation Policy 2018-21. The Plan is intended to strengthen Nordic tourism co-operation to support sustainable tourism growth in the region, in alignment with the 2030 UN SDGs. It identifies strategic areas of collaboration and establishes a structured co-operation between national policy makers and organisations in the Nordic countries, with the objective of developing and implementing tourism-related policies and projects. The Plan sets out four main objectives to:

- Increase the competitiveness of the tourism sector, through better regulation, comparable data provision, and dialogue with the tourism industry.
- Develop the Nordics as an innovative and smart destination, by strengthening digital capacity of SMEs and destinations, promoting innovation, and developing smart destinations.
- Support sustainable development and growth, with the development of a voluntary Nordic roadmap for sustainable tourism, and gathering best practices.
- Make the Nordics a more attractive and competitive destination, by investigating market possibilities in long-haul markets and strengthening the Nordic branding.

In New Zealand, for example, a new International Visitor Conservation and Tourism Levy has been introduced to provide the resources necessary to mitigate the impact of tourism at the destination level. The new NZD 35 levy on international visitors is forecast to provide some NZD 450 million over 5 years, to be invested in tourism infrastructure and conservation on an equal basis (Box 1.9). The private sector in New Zealand, meanwhile, has launched an industry-led Tourism Sustainability Commitment Initiative (Box 3.5).

When it comes to monitoring progress in achieving sustainable tourism outcomes, the picture is more mixed. There is not yet a consistent approach to the measurement of sustainable tourism. Around half of the countries report having a set of indicators in their national policy or plans to track progress towards the SDGs.

An ongoing area of work in many jurisdictions is to identify the most appropriate indicators and set out a framework in which these indicators can be effectively employed. In Costa Rica, for example, the Social Progress Index provides an adaptable system of indicators to fit the unique circumstances of each destination. Focusing on the well-being of local communities and other impacts of tourism, the framework helps to identify the steps needed to ensure tourism is a positive force for economic development.

At international level, the UNWTO's initiative on Measuring the Sustainability of Tourism aims to develop an international statistical framework for measuring tourism's role in sustainable development, including the economic, environmental and social dimensions. The European Tourism Indicators System (ETIS) for sustainable destination management, was designed to be: i) a management tool, supporting destinations who want to take a sustainable approach to destination management; ii) a monitoring system, to facilitate the collection of data and detailed information and enable destinations to monitor performance; and iii) an information tool, useful for policy makers, tourism enterprises and other stakeholders.

Box 1.9. International Visitor Conservation and Tourism Levy in New Zealand

Growth of visitors to New Zealand has put pressure on visitor infrastructure in the country, as well as on the natural attractions which are a core part of the tourism offer. Current funding models for visitor-related infrastructure are not fit for purpose, and this is compounded by the absence of a direct relationship between visitor numbers and revenue. It is often difficult to derive a revenue stream from these types of facilities and many goods and services used by visitors are not provided by the market. This often results in operating and investment costs falling on central or local government. In the case of local government, this can particularly put pressure on budgets and be unaffordable, especially where there are high numbers of visitors relative to the number of ratepayers. This is the case in the Queenstown-Lakes District, for example, where international visitors outnumber ratepayers by 34 to 1.

Government intervention is necessary to ensure that funding for conservation and tourism infrastructure is placed on a financially sustainable footing, with those who benefit from infrastructure and services provided are contributing meaningfully to costs. One policy response has been the introduction of the International Visitor Conservation and Tourism Levy, which was introduced following after consideration of different funding options which would balance the needs of the sector while ensuring those who benefit from the infrastructure contribute to financing the required investment. From 1 July 2019, with the exception of Australian citizens, all international visitors entering New Zealand will now be charged a levy of NZD 35, which is collected through the immigration system at the same time as with travellers pay visa or Electronic Travel Authority fees. The Levy is expected to raise NZD 450 million over 5 years. The Levy will be equally split between tourism infrastructure and conservation to finance conservation, infrastructure and systems. An investment plan has been developed.

Leveraging tourism as a catalyst for regional and rural development

There is an enduring policy commitment in many countries to utilise tourism as an engine for regional development. Tourism can be a powerful agent for positive change in communities where the opportunities for the development of other economic sectors may be limited. Such policy approaches can help spread the benefits of tourism away from capital cities, historic destinations and coastal areas to lesser developed, often rural areas.

Tourism can play an important role in improving the attractiveness and well-being of places, not only as destinations to visit, but also to live, work and invest. More specifically, tourism can provide benefits for urban and regional economies including diverse employment opportunities, support for the promotion of cultural authenticity and assets, opportunities for innovative small-scale business operations, and support for infrastructure-related development and maintenance. This is the ambition behind Mexico's plans to develop the Mayan Train, for example, which would see a 1 525 km tourist-orientated rail touring route through the Yucatán Peninsula.

The potential for tourism to be a driver of economic growth and development in regional areas is reflected in the institutional structures for tourism in some countries. In Sweden, for example, the Swedish Agency for Economic and Regional Development, Tillväxtverket, also has responsibility for tourism, while in the Czech Republic, the activities of the different regions are aligned by a regional co-ordinator to increase the competitiveness of the sector at regional level. Regional and municipal authorities are also active in developing tourism at regional and local level. In Morocco, for example, as part of the focus on developing regional tourism, governance structures are being adapted and upgraded to give decentralised services a greater role in the implementation and development of tourism in their respective territories.

In Spain, the Smart Tourism Destination Programme aims to improve planning, development and governance at destination level, to provide an engine for economic growth and a means to social equity in

regional areas (Box 1.15). The implementation of this programme is supported by a framework established in law to improve co-ordination between central government and the autonomous regions on tourism issues. Regional development is also a key objective of Turkey's 2023 Tourism Strategy, and is supported by a major marketing push to promote cities, regions and destinations around the country.

The creation of new tourism destinations can help diversify a tourism sector that may be over-reliant on seasonal demand and/or based on coastal assets and develop tourism in regional areas. While the influx of tourism spending and boost to jobs can have a positive impact on local economies, many local municipalities and destinations, often in remote or regional areas, lack the financial resources to develop the necessary infrastructure to meet the needs of locals and visitors, and deal with the impacts of tourism.

Box 1.10. Encouraging visitor dispersal to support regional development in Australia

Improving regional dispersal is a focus to grow the Australian tourism sector. While 43 cents in every tourism dollar is spent in regional Australia, regional dispersal remains challenging, particularly for international visitors. The Australian Government appointed an Assistant Minister for Regional Tourism in May 2019, who will travel to regional areas to meet with operators, regional tourism authorities, industry councils, state governments and other stakeholders to discuss first-hand the opportunities and challenges facing regional tourism. This will feed into the development of the Tourism 2030 strategy, of which regional tourism will form a key element.

Infrastructure is critical to regional dispersal and is one of five national investment priorities for Austrade's investment attraction work. The Australian Government has initiated a number of regional tourism infrastructure programmes to attract more tourists beyond major metropolitan areas:

- Providing funding for regional tourism infrastructure through the Building Better Regions Fund, which provided over AUD 70 million to support tourism-related infrastructure and community based projects in the first half of 2019.
- Investing in the future of the tourism industry through an AUD 50 million National Tourism Icons package, providing funding for tourism infrastructure and upgrades at five iconic destinations across Australia. The attractions which will provide a catalyst for developing tourism within those regions, creating jobs and helping to diversify local economies. They will help drive demand and become a 'must see' experience for both international and domestic tourists.
- Supporting the Indigenous tourism sector with the establishment of a new AUD 40 million fund to encourage the development of new and expanding Indigenous owned and operated tourism enterprises, many of which are located in regional and remote areas.

Complementing this, Austrade, Tourism Australia and all state and territory governments are progressing a five year Regional Tourism Infrastructure Investment Attraction Strategy. Initiated in 2016, this whole-of-Government partnership aims to increase international investment into hotels, resorts and attractions located in eight pilot regions across Australia. The Strategy addresses structural challenges where even though tourism demand is growing, there is a lack of quality accommodation and experiences to match the continuing growth in visitation.

In response, Hungary, for example, has identified a number of high priority tourism development areas with the greatest potential for attracting international visitors (Box 1.12), while Croatia has established a Tourism Development Fund to facilitate the development of public infrastructure in support of visitor attractions in less developed areas, and is taking steps to encourage new markets seeking different types of tourism experiences. Canada, meanwhile, recently introduced the Canadian Experiences Fund to support investment in remote and rural areas where other funding may be scarce and less attractive for the private sector. Consistent with the Rural Economic Development Strategy, the Fund is supporting the

development of tourism facilities, products and services that can extend shoulder seasons, provide new winter experiences and boost lesser known areas of the country, including trails, indigenous culinary experiences and winter activities (Box 3.10). Regional dispersal initiatives are key in spreading the economic benefits of tourism further afield and potentially reducing the load on existing high volume destinations. In Australia, for example, improving regional dispersal is a priority issue informing the development of the new Tourism 2030 strategy. The aim is to encourage international visitors to travel beyond major metropolitan and coastal destinations to visit lesser well known regional destinations to support regional communities, and grow the tourism sector overall. This builds on a focus in recent years to develop the tourism offer in these regions, through the Regional Tourism Infrastructure Investment Attraction Strategy (Box 1.10).

In some cases, this policy is also being applied to aid dispersal of tourism away from honeypot areas experiencing pressures from heavy visitor flows, an issue which has seen increasing policy and media attention in recent years. While such high concentrations of tourism are usually limited to a small number of well-known, mainly urban destinations, the desirability of spreading the load is accepted, with governments now developing specific measures to deliver the policy intention. This issue is further discussed in Chapter 3. The location, capacity, efficiency, and connectivity of transport also plays a significant role in how destinations physically develop, by influencing visitor mobility and experiences within destinations. Good accessibility is instrumental to the overall competitiveness of destinations, and is necessary to spread the benefits of tourism beyond major centres. The provision of suitable infrastructure and adequate means of transportation are fundamental requirements to facilitate the mobility of tourists (OECD, 2018c).

Many rural and particularly isolated tourism areas, with smaller populations and lower levels of year round travel demand, face additional challenges in the form of limited or no scheduled transport services from urban centres, and in providing and maintaining sustainable and seamless transport systems serving both locals and tourists. Enhancing co-ordination between transport, tourism and other related policy areas can improve visitor mobility to and within destinations, reduce bottlenecks, enhance visitor satisfaction, and help to secure the economic viability of local transport systems by servicing both residents and tourists (Box 3.12).

Measuring the impacts of tourism at a destination and regional level is of key importance to develop evidence-based measures. For this reason, the Korea Culture and Tourism Institute developed the Regional Tourism Development Index in 2015, in consultation with academic and statistical experts. Compiled every two years, the Index measures the tourism performance of municipalities, cities and towns, based on tourism-related data collected from 17 metropolitan municipalities and 152 cities and towns in Korea. The Index is a useful long term planning resource for city officials and promotes co-operation with a positive impact on local and regional attractiveness.

Developing the tourism product

Developing the tourism offer is one of the most important strategic priorities for countries. Clearly at the heart of a successful tourism sector, a high quality and diversified tourism product reflects a country's landscape, heritage and other assets, and is influenced and shaped by the demands of the consumer. Developing the tourism product and diversifying the tourism offer is a tool to promote economic growth, support regional development, lengthen the season and cater to new markets. A number of principles underpin successful tourism product development:

- An integrated approach that includes investment in supporting transport infrastructure and tourism services, as well as specific destination product.
- Long-term programmes with strategic objectives and a range of priorities that may change over time are more effective than short-term project-based initiatives.

- Strong sub-national partnerships are important for co-ordination and delivery.

Tourism routes and thematic products

The development of the tourism offer is linked with catering to increasingly sophisticated visitors, diversifying to new markets and spreading tourism in time and in space in many countries (Box 1.11). A case in point is the development of major new touring routes. Chile, for example, has defined ten national routes as part of its Routes Chile project, for example, while Brazil is similarly developing 30 strategic tourist routes covering 158 municipalities supported by a BRL 200 million programme. This is part of wider efforts by Brazil to stimulate regional development under its National Tourism Plan 2018-22 by drawing on local attributes such as crafts, culture, cuisine and community involvement, along with the designation of Special Areas of Tourist Interest to attract investment and a concessions programme for tourism service providers in national parks.

Box 1.11. Developing the tourism offer: country approaches

In **Hungary**, a number of high priority tourism development areas have been identified as having the strongest potential for scalable, highly profitable tourism to attract international visitors. The Kisfaludy is one of the destinations, and the Tourism Development Programme for the destination sets out a roadmap for developing the destination, its products and attractions. This will include facilities such as lakeside beaches and adventure park. Applicants for funds must comply with specific requirements relating to product development, training, promotional activities and collaboration with other local service providers. This will ultimately help the destination strengthen both its competitiveness and its sustainability. In parallel, Kisfaludy is benefiting from a new Accommodation Development Framework which seeks ultimately to develop over 30 000 rooms nationwide.

In **Norway**, a selection of hiking trails are being marketed as National Hiking Trails. The objective is to increase the sustainability of sensitive natural resources through proactive visitor management measures. Making the trails more robust and accessible has made them more attractive for travel and business activity. Local stakeholders such as municipalities and business communities are encouraged to develop similar solutions that facilitate and contribute to sustainable value creation.

In **Poland**, the Polish Tourist Brands project seeks to create and market tourism product packages to strengthen the tourism offer. Participating businesses that meet the criteria for managing and promoting a tourism brand are awarded the title Polish Tourist Brand, as well as benefited from participation in trade fairs and promotional events for reduced cost, assistance in organising familiarisation trips, and funding for promotional videos. In addition to supporting a coherent national tourism brand, the project aims to increase the attractiveness of regional destinations, extend the length of stay and support sustainable destination management, as part of Poland's Strategy for Responsible Development.

In the **Russian Federation**, an integrated approach to tourism development based on the entire visitor journey looks at all customer touchpoints, including the quality and availability of transport infrastructure, tourist services, the condition, quality and cost of services, as well as the attractiveness of the country's brand and individual tourism destinations. Measures to improve the quality of tourism infrastructure and product include: the modernisation and development of tourism infrastructure, closer partnerships between private and public sectors, clear monitoring frameworks, improving the quality of training, digital platforms, infrastructure and ensuring a wider range of high quality tourist services.

In Greece, national tourism policy aims to promote Greece as an attractive year-round destination by working closely with all regions to develop and promote innovative products, focusing particularly on new thematic tourism products and special interest tourism including cultural tourism, pilgrimage tourism,

cruises and yachting, diving parks, wellness and spas, medical tourism, meetings, incentive, conference and events (MICE), luxury tourism, city breaks, and Greek gastronomy. This policy has been formalised through the recently adopted Thematic Tourism Law.

The link between tourism and culture is well established and remains a strategic priority in many countries, with cultural and creative assets often drawn on to create tourism products and attract new audiences. Korea, for example, leverages K-Pop in its tourism marketing and development activities. Norway, meanwhile, recently launched a Strategy for Cultural Tourism, in consultation other ministries and state companies as well as representatives from the cultural sector and private sector.

Off-peak and less seasonally dependent products

Alongside policies to develop tourism products catering to new markets and developing new destinations, there is often a connected objective to spread tourism more evenly throughout the year with benefits that include increased productivity, better resource use, more stable employment and potential reductions in high concentrations of visitors during peaks.

Many countries that have successfully developed summer coastal or urban tourism destinations, for example, are now also looking to diversify and develop products that highlight new destinations and lesser known assets, as with the Greece example above. Major cities will often experience flatter seasonal peaks and troughs due to a diverse offer that caters for both leisure and business markets.

Sweden, for example, is experiencing a growing interest in winter tourism, with this positive trend driven by new consumers and innovative product development. Swedish Lapland has positioned itself as a leading winter-led wilderness destination drawing on the northern lights, an indigenous culture and innovative products, all of which is supported by a network of small tourism enterprises that are rooted in, and passionate about, the local environment. The ambition of the partners is on track to double tourism revenue over a ten-year period to 2020.

Diversification into less seasonally-dependent products such as health and wellness, or wine tourism is also a strategy being adopted to better fill off-season occupancy. Latvia, for example, is taking steps to diversify its offer to include business and medical tourism products, to counteract acute seasonal fluctuations.

Other factors however can influence such a policy, where off-peak access into destinations can be constrained by available air routes and tour operator schedules. Malta has doubled its route capacity over the last decade which has also supported significant uplifts in volumes during the shoulder periods.

Accessible tourism

Furthermore, governments are continuing efforts to widen access to tourism activities, with accessible tourism now mainstreamed in many countries. This is linked in part with demographic change, with the number of travellers aged over 60 years forecast to total 1.7 billion by 2040, up 89% on 2015 (OECD, 2018). There is also increasing interest in delivering a high quality welcome for all visitors.

A number of countries have increased investment in accessible facilities and services, with specific accessible tourism initiatives underway in Belgium, France, Germany, Hungary, Korea, Luxembourg, Turkey and the United Kingdom. Social tourism initiatives have also been developed in some countries, such as Hungary and Romania where travel vouchers for accommodation and other tourism services are awarded to public sector employees, with the aim of reducing seasonality and increasing domestic tourism.

Investment and finance supports to develop the tourism offer

A wide range of investment and financial mechanisms exist to support product development, including grants, financial supports and other subsidies to bring forward public and private sector developments.

Additionally, some countries offer supports for the privatisation of state assets or the rehabilitation of cultural assets. In Portugal, for example, the REVIVE programme aims to redevelopment cultural heritage sites that are in public ownership for tourism purposes (Box 1.12).

Countries are also committing public funding to stimulate investment in priority areas and strengthen the overall tourism offer in the country. In Ireland, EUR 2.5 million in grants are available for Immersive Heritage and Cultural Attractions that have the potential to grow tourism across Ireland and throughout the year. This initiative is part of the Platforms for Growth project, a four year programme to benefit tourism with EUR 150 million available in grants for capital investment in large-scale visitor attractions.

Some countries, such as the United Kingdom and Romania, have connected their product development funding closely to working with the industry to stimulate inbound tourism. In the United Kingdom's case, this has seen the deployment of a Discover England Fund supporting projects that develop and connect new bookable product from small businesses to inbound tour operators, as well as the establishment of the Tourism Exchange Great Britain (TXGB) which is a digital business-to-business platform connecting tourism suppliers to distributors around the world. TXGB aims to address small business market failure by enabling their connection to major distribution channels.

In some cases this funding is also targeted at developing basic supporting infrastructure for tourism development. In Iceland, for example, the National Infrastructure Plan and the Tourist Site Protection Fund work in tandem to improve tourism related infrastructure at natural and cultural tourist sites, both public and private, that are under pressure from tourism. A total of ISK 1.2 billion was made available for various projects in 2019.

Box 1.12. Redeveloping national cultural heritage for tourism purposes in Portugal

National heritage properties are an important part of the historical, cultural and social identity of Portugal and make a rich and distinctive contribution to the attractiveness of its regions, and the experience for tourists. The REVIVE programme aims to streamline the redevelopment of vacant properties for tourism purposes, to support regional development and lengthen the season. Under the programme, publicly-owned properties in low density and coastal regions are being opened up to private sector investment through concessions for their development and operation. The programme is run by a technical team that includes representatives from the Cultural Heritage Department within the Ministry of Culture, the Treasury and Finance Department within the Ministry of Finance, the National Defence Resources Department within the Ministry of Defence and the Portuguese Tourism Board within the Ministry of Economy, together with the close involvement of local municipalities. Safeguards exist to ensure that the plans put forward for each heritage property are suitable for both the property, and the development needs of each region. Concession contracts are awarded following an international tender procedure to ensure transparency, competition and promotion. Tourism-related uses, such as hotels, restaurants, cultural activities or other forms of entertainment, can stimulate new private sector investment to conserve the fabric of the heritage site and open it up to new audiences. At time of writing, a total of 11 properties have been granted exploration licenses for 4-5 star hotels, with a 50-year concession length. The Portuguese Tourism Board is actively involved in attracting investors through its official website, external services of the Ministry of Foreign Affairs in international strategic markets, and presence at international fairs.

Promoting skills development and employment opportunities

Tourism is an important job creator, and the sector is highly dependent on quality human resources to develop and deliver a competitive tourism offering. It provides a wide range of different job opportunities, from entry level to senior management roles, in different locations and branches of the sector. These jobs

support enterprises and destination development. They can also help to bring hard-to-reach people back into the workforce, reduce unemployment and open up opportunities for people of all ages and skills background. However, finding and retaining the right calibre of staff remains a challenge in the sector, and is compounded in some countries by demographic trends and other influences that reduce the available talent pool.

However, perceptions of tourism employment often do not align with reality in terms of the opportunities available and positive aspects of work in the sector, and competition can make tourism recruitment challenging, especially when combined with tight labour markets, high staff turnover and declining pipeline of trainees in some countries. Tourism-related education and training are a principal area of government intervention in many countries, to develop the required quantity and quality of skilled workers to deliver and maintain high quality service standards.

Policy measures seek to encourage greater numbers of (often young) people into formal tourism education or vocational training programmes meet the demand for skilled workers and upgrade the professionalism of the sector. These measures also seek to create career pathways and build skills and competencies for long-term individual and employer benefit.

Some countries, such as Portugal, directly operate hotel and tourism training schools and have specific programmes to encourage an entrepreneurial spirit and a culture of innovation amongst students. Other countries are taking steps to ensure training programmes are well targeted to meet the needs of industry, and develop the pipeline of skilled workers to fill the employment opportunities in the sector.

The Tourism Skills Centre Iceland, for example, is working with the formal school system to better adapt study programmes to the needs of the private sector, and to increase training within tourism companies in Iceland (Box 1.13). Latvia has also developed a life-long learning programme to increase the skills of entrepreneurs and the wider workforce.

Box 1.13. Addressing labour challenges with skills training in Iceland

In Iceland, tourism jobs are commonly filled by young people working in the sector on a temporary basis. Due to Iceland's small population and low unemployment rate, a growing proportion of these jobs rely on foreign labour. This is creating challenges, as without a highly skilled workforce, productivity, profitability and the destination's reputation can be compromised. Improving the skills, quality and professionalism in the tourism workforce is therefore a strategic priority. In 2017, the Government founded and financed Tourism Skills Centre Iceland, which has two major tasks:

- Influence and co-operate with the formal school system to better adapt current and future study programmes to the needs of the private sector: The Centre has engaged over 130 representatives to map and evaluate current study programmes and suggest improvements. The findings have been published, with suggestions to make the school system programmes more accessible, practical and based on the National Qualifications Framework system (competence levels). Work is now underway with major vocational schools and the Life-long Learning Centres to implement the report findings.
- Increase training within tourism companies in Iceland: The Centre works with the Life-Long Learning Centres to approach tourism companies in a systematic and strategic way to increase on-site training. A key goal is to measure the results of the training on company operational performance, such as staff turnover, social media ratings and staff satisfaction. In 2018, 40 training contracts involved over 70 companies and more than 2 000 employees in training (www.haefni.is)

In some countries efforts to develop a pipeline of potential employees start during secondary education. In Belgium Wallonia, for example, the Ulysses network lab is dedicated to providing tourism training in schools. The need to improve the image of employment in the sector and promote tourism as a real career option for younger people is a recognised challenge in other countries too, while countries have also adopted measures to make employment in the sector more attractive.

In Australia, the Skilling Australians Fund established by the Labour and Skills Roundtable provides ongoing funding for vocational education and training, including for tourism. The Roundtable is also delivering Tourism Employment Plans which outline tailored three-year strategies for a region to meet its specific labour and skills needs, in partnership with states, territories and the private sector.

In Croatia, meanwhile, an emergency measure exempting the hospitality sector from VAT on food and accommodation for seasonal workers was introduced to address acute labour shortages during the peak summer months, aimed at supporting tourism enterprises to offer higher salaries to attract workers. At the same time, regional competence centres serve as instruments to improve the quality of tourism and hospitality education and align training to the needs of the labour market. They are hubs for co-operation between tourism stakeholders, and to strengthen the competitiveness of human resources.

Box 1.14. Improving tourism labour supply in Finland

An examination of the Finnish employment statistics reveals that there are simultaneously people with tourism and hospitality training looking for work, and multiple vacancies in the sector. However, often the jobseekers do not have the skills and expertise required for the vacant tourism jobs. Other factors behind this labour supply gap may include: low wages, irregular, seasonal and physically demanding nature of tourism jobs, fall in the pipeline of students studying tourism and hospitality, and wider problems associated with lack of transport or reasonably priced housing options near the workplace.

In response, the Finnish Government launched the *Matkailudilli* programme in January 2018, to improve employment and recruitment prospects in the tourism workforce. During the two-year project measures were taken to boost the image of the tourism sector and work, strengthen co-operation between relevant stakeholders, and introduce a range of pilot projects. During 2018-19, over 30 pilot projects were launched to improve access to tourism employment as well as co-operation between public services and private recruitment agencies. This includes training programmes for job seekers, marketing campaigns aimed at potential employees (e.g. immigrants living in Finland), initiatives to employ workers from other sectors (e.g. forestry) during high tourism season, and digital platforms and training to alert people to vacancies. The results have led to greatly increased co-operation between relevant stakeholders, knowledge of tourism training and employment opportunities, increased national and international interest in the tourism jobs available, and improved understanding among the national employment services of sector circumstances, business needs and employee requirements. The results and best practices of the programme can be widely utilised in other sectors suffering from labour shortage.

In the United States, recommendations from the Travel and Tourism Advisory Board, which is composed of industry representatives, are contributing to work of the National Council for the American Worker, to develop and implement a strategy to prepare workers in the American economy for the jobs of the future. The Advisory Board's recommendations focus on supporting tourism workforce development, given record low unemployment and the emergence of new technology.

Digitalisation is having a profound impact on employment in the sector, compounding these challenges. Technology is reshaping the content and tasks of many occupations (OECD, 2017c). Workers in a digital tourism economy will need a different mix of skills, not just more skills, and significant investment by both employers and governments will be necessary to ensure the workforce is well-equipped to pursue future

jobs in the sector (OECD, 2018c). It is important that tourism policy strengthens the resilience and adaptability of labour markets so that workers and countries can manage the transition with the least possible disruption, while maximising the potential benefits for the sector (OECD, 2017b).

In Finland, the most important skills needs identified for tourism are digital-related, whether this be the management of virtual services, research and development of digital solutions, familiarity with the Internet of Things or the digital management of operations. The Roadmap for Digitalisation of the Finnish Tourism Sector aims to steer the sector towards greater digital competence, while the *Matkailudiili* programme was launched to improve the workforce's employment and recruitment prospects (Box 1.14).

In the United Kingdom, under a new initiative large technology companies will deliver targeted digital skills training to small tourism businesses in the planned Tourism Zones and the British Tourist Authority will provide business support to SMEs to ensure their websites are more accessible, as part of the recently introduced Sectoral Plan for Tourism (Box 1.18).

Maximising the potential of tourism

While Governments often focus first on the major themes of sustainability, digitalisation, regional development, skills and product development, a wide variety of other issues also typically require long term action. The diversity of the sector, its dynamic nature and its influence on other policy areas means policy action on, for example, regulating the new sharing economy, providing business support, encouraging investment, driving country image and marketing activity, stimulating higher quality services and improving transport connectivity. Governments themselves are also harnessing technology and digital solutions to improve the administration of tourism.

Mobilising digital solutions for more effective tourism administration

While digitalisation is a key priority to boost the productivity and growth potential of the tourism sector, new technologies are also pervading all aspects of policy making.

Box 1.15 Digitalising the tourism administration system in Croatia

A complex system of legislation, regulations and other requirements means that tourism service providers in Croatia connect with multiple parts of government to run their businesses. An estimated 60% of data submitted by tourism businesses is already available in the administrative registers of different public bodies. Streamlining the collection and processing of this data would make the system more efficient and ease the burden on tourism businesses. It would also result in efficiency improvements within the administration, and help to better understand the performance of the tourism sector. The Ministry of Tourism is tackling this issue via the implementation of the Croatian Digital Tourism - e-Tourism project. Supported by funding of EUR 7.3 million, this project is undertaken within the framework of the e-Croatia 2020 Strategy, which aims to transform the state information infrastructure. The e-Tourism project is focused on the development of eight linked public sector e-services in tourism, providing information for civil servants and linking the processing of several public bodies into an integrated system. This will improve communications between government and tourism stakeholders, increase the efficiency of the public tourism administration, reduce the time and cost of handling queries and reduce the level of error. The project will also increase the transparency of the public administration of tourism through the provision of up-to-date information to businesses and other suppliers in the tourism sector. By fully updating e-systems for tourism, the project will also act as an exemplar for other parts of the public sector.

Governments are using digital technologies to improve the administration of tourism by developing solutions to, for example, engage closely with tourism businesses, streamline data requirements, and make regulatory compliance easier.

Croatia is one country which has taken a comprehensive approach to redefining its tourism administration system, with an initiative that is transforming the national information infrastructure, including addressing the issue of multiple data sets and outdated technologies (Box 1.15).

Digital solutions are also being adopted by governments to develop statistical databases and indicators to build the evidence base and support policy and business decisions. Digital systems are often seen as an opportunity to reduce cost, offer more effective services, or develop ways to more accurately identify and manage the impacts of tourism.

Box 1.16. Digital governance solutions connecting public and private sectors: country approaches

In **Bulgaria** the Ministry of Tourism is currently developing an Integrated Tourist Information System. This is an electronic database containing information on a wide range of public and private sector tourism related stakeholders including tour operators, accommodation providers, and trade associations. This provides a single gateway for communication between national regional and local levels and will also ensure innovative and secure data transfer between institutions, allow more accurate monitoring and benchmarking, and better decision making at all levels.

In **Denmark** in 2017, VisitDenmark launched the TourismTech Datalake project to make better use of the global digitalisation and technology trends. This first national tourism related data strategy, with the concept of a 'data lake' as a central part, aims to collect data from tourism stakeholders, use these data for developing new tourism business models and create insights into what attracts international tourists to Denmark.

Estonia has plans to implement digital visitor registration by 2021-22, via an online information system operating in all accommodation establishments. The expected benefits for both tourism businesses and government include: a faster solution that reduces the administrative burden relating to registration and the handling of paper based data; simplified communication with the Government and Statistics Estonia; better quality data for monitoring and analysis to assist with destination management, marketing decisions and tourism flow management; and tourism businesses will receive updated data on tourist traffic and accommodation capacities, as well as detailed analyses to assist business decisions and improve competitiveness. Better and more up-to-date data will enable the Government to make informed decisions on the development of policy.

In **Sweden**, the Government has been proactive in reducing the regulatory burden for tourism businesses which due to their small size often find it difficult to meet regulations, especially given differing requirements, processes and demands across Sweden's 290 municipalities. In line with the Government's goals for simplified regulation and its Digital by Default principle for public administration, a cross-agency project entitled Serverat has taken on tourism businesses' data responsibilities and contacts with public authorities. Under the project, digital information services and guidance are developed based on the circumstances of the individual business. Simplification of permits and procedures which companies must complete in order to start or develop their business are the current focus of the programme. At present, 27 municipalities are fully linked to the project and more are working towards becoming integrated. The website www.verksam.se provides additional support to businesses with information drawn from several government agencies relating to preparing, starting and developing a successful business.

France, for example, has invested to bring together information available in many different regional product databases with the development of its national *DATAtourisme* system. This government-backed platform collects and harmonises information on tourism activities attractions and events from across the country and since 2017 makes the data accessible to users in a single location and in a single format, under open licence. The platform contains over 300 000 tourism-related entries from 12 regions and 90 departments, and can serve as a basis for designing tourism packages and many other requirements.

Lithuania is developing a similar product database while Hungary's National Tourism Data Supply Centre collects occupancy data from accommodation providers in order to develop a real-time picture, to support marketing planning and other research activity. Other countries also have plans for visitor registration systems, including Bulgaria and Estonia (Box 1.16).

Increased data and statistics opportunities, spurring from digitalisation, call for a strategic and long term approach to data provision planning. Such is the case in New Zealand, where the Tourism Data Domain Plan takes a strategic approach to building a long term picture of what statistics are required and identify the immediate priorities. The Plan recognises the opportunities for new sources of data including GPS-based location data, new types of data from phones, wearable devices, cars and new services such as peer-to-peer accommodation and transport. While such sources can make data collection more cost-effective, they can also be subject to issues around ownership, data protection and relevance.

Streamlining regulation of the sharing economy

Governments play a significant role in the regulation of many parts of the tourism sector, with a wide variety of policy measures to ensure compliance including licencing, standards, registration systems and sector-specific regulations. The international nature of tourism means that many regulations relating to transport are shared across countries or agreed across continents, and this can also impact related areas - such as the development of travel packages in Europe. Countries are also faced with the challenge of re-evaluating regulations that may not fit the digital age (OECD, 2019e).

The complexity of the regulatory environment has meant demands on tourism businesses grow over time and this can be burdensome, particularly for micro businesses. While tourism strategies are regularly updated, much of the underpinning legislation regulating the sector often remains in place for a longer period. These regulations often do not age well as technology, the economy and society progresses, and may unnecessarily or unintentionally impede progress. In the United Kingdom for example, it is estimated that there are over 70 separate regulations governing the provision of overnight guest accommodation. Elsewhere, spatial planning regulations have been identified as a barrier to tourism projects in Switzerland, where an examination is underway of ways to reduce cost of regulatory compliance and the administrative burden on tourism businesses.

One current issue for governments is if, and how, to regulate sharing accommodation activities, which have grown exponentially in recent years. There is growing evidence that these activities are negatively impacting the housing market in many large cities where housing rental stock for residents is often both scarce and expensive, and where the growing number of 'professional' operators letting entire properties via sharing economy platforms can reduce the availability of rental accommodation. Allied to this, these activities can also contribute to hollowing out communities and other impacts in terms of noise and disruption.

The issue for governments, which is often seen more acutely at the local level, is that the regulatory environment to protect consumers and ensure a level playing field with similar accommodation businesses is either not yet in place, or cannot easily be enforced. As a result, governments report plans to legislate or regulate further.

As much of the impact occurs in large urban destinations, city authorities have taken direct action where the legal framework permits. Greater London, for example, has a 90-day limit on short-term rentals but

enforcement remains difficult due to limited resources. In Berlin, registration has been a key requirement since 2018, while Madrid adopted a 90-day rule for certain districts of the city in 2019. The authorities in New York City, meanwhile, are in a long-running legal dispute to require two sharing economy platforms to regularly disclose host identity information to the authorities.

In some countries, action is being taken at regional level. This is the case in Canada, where the sharing economy is one of the areas of action under the Federal-Provincial-Territorial Tourism Strategy agreed by the Canadian Council of Tourism Ministers in 2016, reflecting the need for policy co-ordination across levels of government on this issue.

While urban and local governments have moved more quickly in response to the development of shared accommodation activities, steps are now being taken at national level in a number of countries to address this issue. In Japan, for example, the Private Lodging Business Act became law in 2018, requiring anyone operating a peer-to-peer accommodation rental business must notify the prefectural governor and register their interest (Box 1.17).

Box 1.17. Regulating the accommodation sharing economy in Japan

In recent years, peer-to-peer accommodation rental services have been rapidly increasing in number in Japan. These services are diversifying the accommodation supply, to cater to tourism needs and support tourism development in the country. However, these services also raise challenges, including issues linked with safety and hygiene, and problems with neighbours regarding noise and garbage. To address these issues, the Private Lodging Business Act came into effect in 2018, requiring those operating private lodging to notify and register their interest. Under the Act, individuals who intend to run a peer-to-peer accommodation rental business (operating 180 days or less a year) must notify the prefectural governor. The Act stipulates measures to properly manage the business and it outlines the registration procedure applicable not only for peer-to-peer accommodation rental-related businesses, but also for intermediaries that may act between guests and lodging providers. As of October 2019, there are 20 911 registered peer-to-peer accommodation rental businesses, 1 896 registered accommodation management companies for peer-to-peer rental services and 73 registered peer-to-peer accommodation rental brokerages, with the numbers for each category growing steadily.

The same year, France enacted the Law on Changes in Housing, Land Management and Digital Technology, known as the *ELAN Law*, to regulate shared accommodation activities. In areas significantly affected, municipalities are able to impose stricter restrictions on second-home rentals, and also limit the length of time which a primary residence can be rented to 120 days per year, a limit which is also imposed on platforms. The Government of South Africa is currently consulting on an amendment to the Tourism Act to define short-term rentals, create an instrument to determine thresholds, and seeking to differentiate between occasional and professional home rental providers.

Measures to regulate digital platforms more broadly also have implications for tourism. In Austria, for example, as of 1 January 2020, electronic online booking platforms and market places will be required to transmit transaction records to the competent tax authorities based on the transposition of an EU Directive due in 2021. Austria is also considering introducing a national registration system for tourist accommodation providers including the sharing economy.

Allied to this, efforts are underway in a number of countries to better measure the impact of sharing accommodation activities, which are not currently captured in the tourism statistics systems. The measurement of the sharing economy is important to understand its impacts on the tourism economy, and to give a fuller picture of the economic impacts of tourism.

The ability to collect accurate data on sharing accommodation activities is a challenge. Based on a data-sharing agreement with Airbnb, Visit Denmark has recently estimated bednights at private sharing economy platforms, which show growth of 43% over the three years since 2016. Bednights and spending data made by visitors at this type of accommodation is now included in the Danish Tourism Satellite Account. Eurostat is also investigating the potential of collecting data on short-stay accommodation from the sharing platforms to better monitor these activities. Administrative sources also offer potential, such as in Croatia where accommodation providers on the platforms are required to be registered for VAT.

Supporting entrepreneurship and stimulating business growth

The typical structure of the tourism sector is heavily skewed towards a high number of small, often micro-businesses, operating alongside a small number of very large businesses. Supporting entrepreneurship and stimulating business growth is thus a key focus for many tourism administrations, and is just as relevant for mature tourism economies as for emerging tourism economies experiencing rapid growth.

A wide range of policy interventions are adopted by countries to encourage the competitiveness and growth potential of tourism businesses. This includes supports aimed directly at business owners, including grants and investment programmes and a variety of training and educational schemes. In some cases these supports are targeted at tourism businesses, in other cases they are available to all businesses.

The Czech Republic recently launched a new grant scheme to support the marketing and product development activities of small tourism businesses, for example. Financial support instruments are also offered in Israel, where steps are also taken to actively encourage new entrepreneurs into the sector and stimulate the growth of tourism SMEs. As part of the ongoing update of Israel's National Tourism Outline Plan, steps are also being taken to reduce the regulatory burden for tourism businesses and remove barriers to tourism development, including easing land-use and planning permission rules constraining accommodation and other tourism developments in the country.

In Estonia, a network of regional development centres provide entrepreneurship and business development services, including advisory and training supports on starting and operating a business. Finland has a similar network of specialist centres that provide both financial and non-financial support to businesses, and also manage investment in local infrastructure. The improvement of entrepreneurship skills is a key area of focus for Lithuania also, particular to support rural and eco-tourism businesses.

Governments are also taking steps to improve the business environment and deregulate or simplify the regulatory framework to reduce the administrative burden on small businesses, which at times can be impacted by legislation primarily designed to regulate larger companies or other sectors.

The Swedish Government has been proactive in reducing the regulatory burden for small tourism businesses, while the specialist agency for Economic and Regional Growth, *Tillväxtverket*, also develops, implements and supports knowledge-based initiatives and activities to promote tourism development and entrepreneurship (Box 1.7).

In its new Plan T - Master Plan for Tourism, Austria recognises the importance of creating appropriate framework conditions for the tourism sector in areas like taxation and business succession and strengthening family-run and owner-managed enterprises by tailor-made financing and subsidy mechanisms as well as developing new financing mechanisms with a focus on equity (Box 3.6).

Accelerator and incubator programmes to encourage innovative new start-ups and digital-enhanced business models are another tool used by countries, including in France, Iceland and Portugal, along with measures to support the digital transformation of existing tourism businesses. Chile, for example, has a suite of initiatives to encourage tourism SMEs to adopt digital technologies, including training and advisory services.

A number of countries have also recently implemented tax reliefs to stimulate business and tourism growth – for example in 2018 Austria and the Slovak Republic reduced VAT/GST on tourism to 10%, while in 2020 Croatia reduced the VAT rate on food preparation and service activities to 13%. Some countries implement a reduced VAT rate on tourism services as a sector development measure, or to stimulate employment and activity in response to an economic downturn. Romania indicates that proposals to increase the VAT on tourism services is a concern to investors while Ireland reports that the reduced VAT rate in place in the period 2011-18 improved the sector's value for money rating and made investment in tourism more attractive. However, the overall cost-efficiency balance of reduced VAT rates should be carefully considered in comparison with other policy instruments.

Boosting productivity, innovation and investment

Productivity improvements to support tourism businesses and increase competitiveness is a focus in a number of countries. This is an ongoing challenge in the sector, linked with the intangible, perishable and heterogeneous nature of tourism services, and compounded by the fact that these services are frequently produced at the same time as they are consumed (OECD, 2012).

In New Zealand, lifting productivity in the sector is a key area of focus in the New Zealand Aotearoa Government Tourism Strategy, to deliver greater value from tourism, create higher value jobs and higher wages, and improve the economic sustainability of the sector.

Box 1.18. Boosting tourism productivity in the United Kingdom

The United Kingdom's Industrial Strategy is a long-term plan to boost the productivity and earning power of people across the country. As part of this strategy, in 2019 the Prime Minister announced a Tourism Sector Deal between government and industry, to boost productivity in the tourism and hospitality sector. Public sector commitments are matched by the private sector, with actions to:

- Develop a skilled workforce for the future, boost productivity and embrace digitalisation: including 30 000 apprenticeships each year, the introduction of new technical-based qualification for tourism ('T levels'), and an industry-led recruitment and retention campaign.
- Continue to be a leading hub for hotel investment, targeting over 130 000 additional bedrooms by 2025 (equivalent to 21% of the current stock), with 75% of these outside of London.
- Introduce Tourism Zones, bringing businesses and local organisations together to develop a co-ordinated strategy for growth and reduce the impact of seasonality. Areas selected will address market failure and barriers to productivity and develop a sustainable development plan.
- Support tourism SMEs. Technology companies, the national tourist board and other agencies will deliver a package of digital and other skills training to SMEs in Tourism Zones.
- Ensure the United Kingdom becomes the most accessible tourism destination in Europe by 2025, increasing the number of international visitors with disabilities by 33%.
- Create an independent Tourism Data Hub to allow organisations, including SMEs, to make the most of big data, understand activity and product preferences - and better tailor their services.
- Develop an International Business Events Action Plan to attract, retain, and grow the major business conferences that drive visitors outside of peak time.
- Make Travel easier. Increasing the use of automatic e-passport gates for visitors from Australia, Canada, Japan, New Zealand, Singapore, Korea and the United States, to reduce waiting times and improve the border experience.

The United Kingdom's Tourism Sector Deal sets out how government and industry will work in partnership to boost productivity, as well as develop the skills and support destinations to enhance their visitor offer. Developed under the framework of the UK Government's Industrial Strategy, the Tourism Sector Deal seeks to address productivity challenges at the sector-level, ensuring that the specific challenges linked to tourism can be fully addressed (Box 1.18).

Innovation is key to building a more productive and adaptable tourism economy. It has a fundamental role to play in improving sustainability and maximising the potential environmental, social and cultural benefits of tourism, as well as delivering new 'tourism technologies' that facilitate and enhance the traveller experience. However, low levels of innovation capacity among tourism SMEs is a recognised challenge, and hinders investment.

In response, countries have developed solutions to promote links between tourism and innovation agencies, growth hubs and business incubators (Box 1.19). Such arrangements recognise tourism's close connection to the consumer, and the digital economy as a preferred channel for tourism sales and distribution.

Box 1.19. New vehicles for innovation in tourism: country approaches

Luxembourg has encouraged and capitalised on innovation in the private sector by launching the Tourism Innovation Awards in 2018. The annual competition is open to small and medium-sized tourism businesses, to showcase and reward projects of innovative character and exceptional added value.

In **Portugal**, the NEST - Tourism Innovation Centre is the main pillar of the Tourism 4.0 initiative to drive the digital transition of the Portuguese tourism sector, and foster innovation and entrepreneurship. NEST was set up in 2019 to promote innovation and technology adoption in the sector's value chain, by supporting the development of new business ideas, encouraging experimentation and knowledge transfer, and building the capacity of entrepreneurs to integrate new technologies into their business operations. The main areas of activity include a digital academy for tourism start-ups, incubation and acceleration services, advising micro, small and medium-sized tourism enterprises, developing new products and prototypes, and advising on digital trends. Private sector partners include, BPI (Bank), Brisa - Autoestradas de Portugal, Google, Microsoft Portugal, Millenniumbcp (Bank), NOS (Telecom) and Turismo de Portugal.

In **Spain** the Smart Tourism Destinations Programme is supporting innovation in the way that destinations diagnose, plan and improve their tourism sector. The programme uses a structured appraisal and evaluation process that cover five strategic fields: governance, innovation, technology, sustainability and accessibility with potentially up to 400 different criteria / measures. The methodology has been adopted by a network of 57 destinations, with 28 of these working on Action Plans and 25 implementing specific projects on digitalisation or energy efficiency measures.

Entrepreneurial thinking and action are decisive factors for successful tourism. To address this **Switzerland** developed a set of initiatives including strengthening co-operation between tourism and Innosuisse, the Swiss Innovation Agency, which supports business creation. The aim is to ensure that Innosuisse's support is known and used by more tourism players. Another step to boost business creation is to use the Tourism Forum Switzerland as a platform for the promotion of start-up activities.

In Iceland, for example, where tourism sits within the Ministry of Industries and Innovation, a Startup Tourism accelerator programme encourages innovation in new tourism businesses, as well as the creation of more recreational opportunities within tourism and the distribution of tourism across seasons and around the country. It is jointly managed by the accelerator Icelandic Startups and the Icelandic Tourism Cluster, with the purpose of encouraging innovation in tourism and supporting new companies.

Portugal has established a Tourism Innovation Centre to promote entrepreneurship, tourism innovation and research, and to harness the innovative capabilities of a wide range of partners including universities, supporting knowledge transfer and application by tourism enterprises. A key focus of the Centre's activities is to support digitally driven innovation in tourism.

Austria has similarly put a major emphasis on digitalisation in its new tourism strategy Plan T – Masterplan for Tourism. A key measure is the establishment of the Next Level Tourism Austria future lab, which acts as a central innovation hub for the tourism sector. It will focus on complex technological applications and processes for enterprises as well as regions, and thus be a frontrunner to respond to societal and technological developments triggered by digitalisation.

Investment is essential to build a competitive and sustainable tourism sector. Countries are looking beyond the level of investment in tourism, and are taking steps to not just attract greater levels of inward investment, but also to influence the nature and location of this investment to meet a range of objectives and support wider policy aims.

In Israel, a new Promotion of Direct Foreign Investment directorate within the Ministry of Tourism has been created to among other things manage a ILS 156 million budget to provide investment incentives in 2018. In Chile, the Invest Tourism initiative maps investment opportunities across the territory, with the aim of diversifying the tourism offer and stimulating economic activity in regional areas. It is supported by programmes to upskill the workforce and support digital transformation of the sector.

There is also evidence of countries moving beyond investment attraction to focus on investment facilitation. This is the case for Australia and Greece, where the Special Service for the Promotion and Licensing of Tourism Investments with the aim to make it easier to make tourism related investment (Box 1.20).

Box 1.20. Supports for navigating the investment landscape in Greece

The establishment of the Special Service for the Promotion and Licensing of Tourism Investments aims to make it easier to make tourism-related investment in Greece. The Special Service operates as a one-stop-shop for potential investors who receive information and personalised support on the conditions, procedures and standards relating to the development of tourism facilities. It helps investors to navigate the complex set of regulations and requirements for tourism investment projects, ensures applications are processed in a timely and flexible way at all stages of the planning cycle, and tackles any administrative problems that may arise during the process. Over the period 2018-19, the Special Service licensed 12 new 4-and 5-star hotels totalling over 10 000 new rooms, and agreed extensions to 55 existing hotels adding a further 7 217 rooms. Projects relating to thermal tourism developments, mountain shelters, ski-centres and theme parks have also been approved, with a further 13 major integrated resorts in the pipeline for licencing approval. The Service has already made a demonstrable improvement to both the quality and the number of new tourism developments being brought forward to successful completion.

Evolving tourism marketing and promotion at home and abroad

The public sector has traditionally played a lead role in destination marketing and promotion activities, as the fragmented nature of the sector and small size of many tourism businesses makes it difficult for individual businesses to be visible to, and attract visitors from, remote tourism markets. More recently, countries have been exploring different tourism marketing models which draw on new funding sources, partnership opportunities, and governance arrangements, as well as developing digital strategies (OECD, 2017).

The receipt of foreign exchange and a positive impact on balance of payments means that promotion to overseas markets remains one of the principal roles for the majority of national tourism administrations and their respective national tourism organisations. As tourism flows continue to grow, the marketplace becomes more competitive as more countries invest in marketing activity to attract an increasingly unpredictable traveller who has numerous choices (Box 1.21).

The explosive growth in travel from the Asian continent has influenced the promotional strategies of many countries, as has the widespread use of digital channels in targeting and attracting visitors. Many national tourism organisations now prioritise digital channels over most other media, although some of this transfer is also a function of declining budgets.

Box 1.21. Forward-looking marketing strategies: country approaches

In **Korea**, a dedicated online platform and improved digital marketing strategies are planned to enhance the visitor experience for independent travellers. Recommended tour itineraries have been developed with an opportunity to purchase products.

Latvia's Tourism Marketing Strategy 2018–23 aims to address future tourism challenges by improving the image of Latvia, developing sustainable tourism, and fostering wise investments. Developed by the Investment and Development Agency of Latvia, the Strategy uses lifestyle segmentation to target potential visitors, such as dreamers, adventurers, open-minded tourists, in addition to prioritising marketing activity by country.

NBTC **Holland** Marketing uses a private-public partnership model to create the co-operation necessary to organise marketing programmes, enabling a variety of different partners to contribute budget and other investments around a shared goal. This includes public partners (national, provincial and municipal authorities or regional tourist boards), public-private partners (marketing and promotional organisations) and private partners (businesses in the visitor sector and related sectors) in the Netherlands and other countries.

Indonesia is devolving significant investment in branding and marketing using a range of innovative techniques, such as demand pricing to manage tourism flows and combining machine learning and big data techniques to identify key target markets and ensure precise targeting of promotional messages. The Ministry has developed a digital dashboard to monitor Indonesia's tourism reputation on social media on a daily basis, at national and destination level. In addition, mobile positioning systems are utilised to monitor the number and distribution of tourists. This information allows decision makers to better understand visitor flows and perceptions, respond to issues as they arise and make better informed marketing decisions.

A number of trends are evident in the last two years:

- The rapid move to digital sales and distribution has resulted in some countries looking at new solutions to enable their small and micro-tourism business sector to be more easily connected to major online travel agents and other intermediaries, as in France and South Africa for example.
- Countries with a more seasonal offer and an over-reliance on a limited number of high volume short-haul markets are seeking to diversify and expand into new markets or segments. This is both to increase the length of the season and to increase the demand for less popular destinations. Diversification can typically be based on cultural, heritage or urban products. Croatia, Greece and Turkey all have firm plans in this regard.
- There is a greater focus on the development of bookable products and experiences to attract overseas visitors as part of the upstream marketing mix which has translated into significant investment and specific programmes, as in for example Canada, Ireland and the United Kingdom.

- The effective use of artificial intelligence and big data in tourism marketing and promotion is in its infancy, but there is already significant investment in related applications for tourism. In Indonesia, for example, the competing destination marketing model is being used to combine machine learning and big data techniques are being used to target promotional messages to key markets.

Despite the move to digital, there is still place for more traditional promotional activities such as major trade shows, travel trade development, public relations and branding work that raises awareness irrespective of channel, particularly for many emerging destinations. Successful overseas promotion also demands that other elements of the tourism system are in place and operational, particularly reliable transport infrastructure, a liberalised visa regime and visitor services.

The size of direct tourism budgets now being applied to marketing to attract potential visitors may mean that some countries will need different solutions, such as partnering with neighbouring countries to remain visible in key overseas markets. This is already the practice for some countries, such as the tourism co-operation protocol signed by the Visegrad countries in 2019 which includes provision for joint marketing activities in China.

Many countries are also now giving greater prominence to marketing to their home markets, recognising that the volume of domestic tourism is often significantly greater than inbound tourism. Hungary, for example, is looking to use the domestic market as a way of spreading the benefits - extending the season and encouraging trips to lesser known destinations, while Indonesia has nationally prioritised key destinations for marketing and segmented the domestic market by origin.

Poland's long running See More campaign uses private sector partnerships to stimulate value-led trips by residents in key shoulder season weekends. Both Slovakia and Romania support a recreational voucher scheme to incentivise employees to spend their holidays in the country. In Slovakia's case this measure seeks to grow volumes of domestic trips.

Boosting quality and sustainability standards in tourism

Recent trends suggest countries are continuing to invest in existing tourism standards and quality schemes, as well as developing new criteria and schemes to in particular reflect environmental performance. While research has consistently shown that consumer reviews are considered more trustworthy than information provided by businesses themselves, recently the issue of accuracy of many online reviews has raised questions about the reliability of reviews, given practices to incentivise good reviews and suppress negative reviews, along with the emergence of fake reviews.

In this context, governments are looking to official certification schemes to denote the quality of facilities or services. Such standards also provide authorities with tools to support local businesses to improve their product and service quality, as well as the delivery of wider policies to improve the tourism offer, such as the accessibility of individual businesses.

For example, France continues to improve service standards through the development of its *Qualité Tourisme™* label, which is also open to businesses in the wider tourism value chain, while Croatia is putting in place regulations for mandatory classification of all types of accommodation facilities. Israel's quality standards, which are based on the widely used HotelStars system, are encouraged on a voluntary basis, seen as an important device to ensure quality transparency, while in Belgium the Wallonia Quality Destination encourages tourism businesses to improve the service offer.

Standards can provide a powerful hook to position a destination or country, when undertaken in an integrated and comprehensive manner. This has been the approach of the Slovenia Green certification scheme, which is a destination sustainability standard in Slovenia. It is supported by grants from the Ministry of Economic Development and Technology, and will shortly be complemented by a new quality standards certification scheme for individual businesses.

Environmental performance is also being assessed via new schemes in the Nordic region, where Finland is developing a Sustainable Travel Finland concept for both businesses and destinations to drive economic, socio-cultural and ecological sustainability in the tourism sector, while Norway had created a new Sustainable Destination certification scheme to enhance destination management. The Norway scheme is recognised by the Global Sustainable Tourism Council and targets progress on environmental, social and economic issues in the longer term. An eco-certification scheme in Malta is now mandatory for all new hotels in the country.

Improving seamless transport and connectivity

Managed effectively, transport and tourism synergies can improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of local transport systems and services by serving both residents and tourists. Ensuring that the medium- to long-term needs of the tourism industry are considered by governments as part of transport access and infrastructure planning can help to maximise and spread the socio-economic benefits of tourism more widely and manage visitor impacts over time (OECD, 2016).

International air access is fundamental to a vibrant tourism economy, particular for long-haul and island destinations. In Malta, for example, since 2006, the Government embarked on a strategy to increase the number of direct routes, with the number of routes more than doubling from 45 to 110 in the 12 year period to 2018. During this period, the number of overseas tourists has doubled with 2018 registering a record of 2.6 million compared to 1.3 million visitors in 2010. Ireland's Regional Co-operative Market Access scheme, meanwhile, promotes direct air and sea access with match funding from tourism stakeholders.

A key challenge in many countries with liberalised air services and a well-developed and competitive aviation sector is how to balance demand for increased airport capacity with the wider environmental impacts. It remains to be seen if these opposing policies can be delivered using pricing or other mechanisms. In a number of countries, tourism sits within the same ministry as transport, for example in Ireland, Japan and the Slovak Republic.

Improving internal connectivity also remains a priority for many countries, including to promote regional development and spread the benefits of tourism. Road infrastructure is vital in most countries with a developed tourism sector. However, road investment programmes may discount tourism use in favour of commuting and business use, making investment in remote areas more challenging.

The opportunities for cycling and walking for tourists once they reach their destination is increasingly recognised by local governments, with cycling and walking routes being prioritised in. Slovenia, for example, underpinning investment by way of the local accommodation tax. In Belgium, a network of accessible greenways have been established in the Wallonia region, together with a Welcome Bike label for businesses offering services to cyclists, while Ireland is reusing old railway lines to build greenways for cyclists and walkers, to aid rural development (Box 1.22).

Seamless travel remains a key challenge, and many countries are looking into finding innovative solutions to create enhanced experiences. The G20 Tourism Working Group has put seamless travel and improved traveller experiences on the agenda as a priority item for 2020. Technology has also been used in the development of biometric border systems with the United States having developed its Traveller Verification Service based solely on the use of comparisons of photographic data. Just before entry or exit, each international traveller's photo is taken, and the Traveller Verification Service compares the new photo with US Department of Homeland Security holdings, which include images from photographs taken during the entry inspection, photographs from US passports, US visas and other travel documents, as well as photographs from previous encounters with the Department of Homeland Security.

To facilitate seamless travel some countries are focusing on relaxing visa requirement. As well as a visa waiver programme, Brazil has raised the awareness of regulatory requirements to businesses, increased

air traffic capacity via deregulating the low-cost domestic airline network, and removed all import taxes on theme park products to stimulate the development of new visitor attractions.

High-speed internet access is also an important channel to increase connectivity, particularly in remote and rural areas. The Italian Ministry of Culture, for example, has recently signed protocols with the Ministry of Economic Development and the Government's digital agency for the creation of new digital services for tourism, including Wi-Fi and large bandwidth networks, to facilitate regional dispersal.

Box 1.22. Developing greenway cycling routes in Ireland

A greenway is an off-road routes for walkers and cyclists, and are often based on the reuse of old railway lines. The development of these routes has gained support from across government for the numerous benefits they bring to the tourism industry and local communities, as well as the contribution they make to rural development and the health of the nation. A long term strategy launched in 2018 provides a framework for the development of greenways across the country with the aim of increasing the number, length and regional spread of greenways over the next ten years. Funding of EUR 53 million has been secured for greenway projects to be constructed over the period 2019-21. In addition, a document outlining the criteria for projects to be funding under the scheme was published by the Department of Transport, Tourism and Sport. In June 2019, under the first tranche of funding under the scheme EUR 40 million of funding was announced for 10 new projects across 9 counties. This is expected to result in a significant increase in the number of people using greenways both as a visitor experience and as a recreational amenity. The strategy sets out guidance to project promoters and high-level criteria defining what makes a good greenway. These criteria are based both on research by the national tourism development authority, Fáilte Ireland, and actual experience on the ground of what either has worked, or not.

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