



MULTI-YEAR EXPERT MEETING ON

Trade, Services and Development

9th session

4–6 July 2022, Hybrid (online and Palais des Nations, Room XVII), 2.30–4.30 p.m. CEST

Session 2. The potential for diversification towards and through digitally deliverable services

Statement by

Ms. Sandra Carvao, Director, Market Intelligence and Competitiveness, World Tourism Organization



UNITED NATIONS
UNCTAD

*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

UNCTAD Multi-year Expert Meeting on Trade, Services and Development
DRAFT intervention in the debates

Sandra Carvão, Director, Market Intelligence and Competitiveness, World Tourism Organization (UNWTO)

Tourism – From Crisis to Transformation

2020 will go down in history books as the year the planet was put on a standstill. As a sector built on the mobility and interaction among people, tourism was among the sectors most affected by the pandemic. In 2020, the number of international tourists went back to levels of 30 years ago, with businesses and livelihoods around the world severely impacted. This was particularly hard for developing countries as well as for women and youth, for whom tourism is a leading source of employment and income.

With 1.5 billion people travelling internationally in 2019, tourism export revenues amounted to USD 1.7 trillion, equivalent to 7% of overall exports of goods and services. The direct economic contribution of tourism reached USD 3.5 trillion, or 4% of world GDP.¹ As we close two years of an unparalleled crisis, the direct economic contribution of tourism, was still down at USD 2.1 trillion in 2021 and the total value of tourism exports at USD 713 billion.

Yet, while vaccine equity remains a challenge, the progress that has been made on vaccination, alongside increased coordination among governments, has resulted in a significant easing of travel restrictions² and rising consumer confidence.

The latest issue of the *UNWTO World Tourism Barometer*³ shows international tourism is recovering at a strong pace. Arrivals increased 182% year-on-year in Q1 2022 to an estimated 117 million. Despite the strong rebound, international tourism remained 61% below 2019 levels. Recovery is expected to consolidate throughout 2022, as more destinations ease restrictions and pent-up demand is unleashed. Based on better than expected results as well as booking trends, UNWTO revised its outlook for 2022 upwards, with international arrivals now expected to reach 55% to 70% of 2019 levels this year.

The Russian offensive on Ukraine has had a limited direct impact on overall results so far. However, the conflict is causing a major economic shock exacerbating already high oil prices and inflation, and disrupting international supply chains, with higher transport and accommodation costs. Inflation and workforce shortages are growing challenges.

As recovery consolidates, it is essential that tourism takes this crisis as an opportunity to accelerate the transformation towards a future built on competitiveness, inclusion, sustainability and strong governance that incorporates the lessons learned from the pandemic.

¹ World Tourism Organization (2021), The Economic Contribution of Tourism and the Impact of COVID-19, UNWTO, Madrid, DOI: <https://doi.org/10.18111/9789284423200> .

² By mid-June, 49 countries worldwide had removed all COVID-19 related travel restrictions. – See UNWTO/IATA Destination Tracker – Easy Travel <https://www.unwto.org/tourism-data/unwto-iata-destination-tracker-easy-travel>

³ World Tourism Organization (UNWTO), World Tourism Barometer, Volume 20, Issue 3, May 2022, <https://www.unwto.org/unwto-world-tourism-barometer-data>

- Competitiveness – Investing in new products and experiences that cater for changing travelers’ needs, including nature-based and community engagement experiences, support the digitalization of the sector, particularly for Small and Medium Enterprises (SMES) which account for over 80% of the businesses, promote open skies and visa facilitation policies and financing for infrastructure, mainly in the area of connectivity, including digital connectivity.
- Inclusion – Working towards greater women empowerment, inclusion of local communities in tourism development, improvement of work conditions and addressing the informality in the sector as well as advancing education and skills.
- Sustainability – Accelerating climate action in tourism through strong actions and commitment to halve emissions over the next decade and reach Net Zero emissions as soon as possible before 2050. Investing in measurement, decarbonization and regeneration.
- Governance: Promote a whole of government approach to tourism development and management that is based on national and national-local coordination; advance public-private partnerships and community empowerment towards a model of Public-Private-Community Partnership. Create new mechanisms of multilateral coordination to increase tourism competitiveness and sustainability while building crisis preparedness

Prior to the crisis, Least Developed Countries (LDCs) received 36 million international tourists. In 2021, that value stood at 5 million. While international tourism recovered to -61% in the first quarter of 2022 globally, arrivals in LDCs were still down at -79%, reflecting the need to accelerate the removal of travel restrictions and supporting countries in coming back stronger and more competitive. This means building LDCs tourism related regulation, governance, skills, market access, digitalization and infrastructure to ensure LCDs benefit full of tourism recovery and accelerate transformation.