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## Report of the Secretary-General

### **Introduction**

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1. The present report to the 57th Meeting of the UNWTO Commission for the Americas addresses the following subjects:
  - A. Global Tourism Trends;
  - B. Mainstreaming Tourism in the Global Agenda;
  - C. Management Vision and Priorities; and
  - D. Administrative and Financial Matters.

### **A. Global Tourism Trends**

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2. **Overview on the year 2013:** Despite a fragile global economic recovery, particularly in the Eurozone, and important geopolitical shifts, international tourist arrivals grew by 5% in 2013 to reach 1,087 million. Emerging (+4.8%) and advanced economies (+5.2%) grew at the same pace.
3. **By region,** demand for international tourism was strongest in Asia and the Pacific (+6%), Africa (+6%) and Europe (+5%). The leading sub-regions were South-East Asia (+10%), Central and Eastern Europe (+7%), Southern and Mediterranean Europe (+6%) and North Africa (+6%).
4. Preliminary data on **international tourism receipts for 2013** indicates that the growth in receipts has followed closely that of arrivals. With a projected growth rate of 5% in real terms (local currencies, constant prices), international tourism receipts are estimated to have reached US\$ 1,159 billion in 2013 up from 1,078 billion in 2012. An additional US\$ 218 billion was recorded in receipts from international passenger transport, bringing the total exports generated by international tourism in 2013 to US\$ 1.4 trillion.
5. Among the **top ten tourism destinations, receipts** were up by double-digit growth rates in Thailand (+23%), in Hong Kong (China) and Macao (China) (+18% each), the United Kingdom (+13%) and the USA (+11%). Receipts in Spain, France, Italy and Germany grew between 1% and 5%. China on the other hand, saw its tourism receipt decline by 2%.
6. As per **outbound tourism as measured by international tourism expenditure**, among the ten most important source markets in the world, Russia and China clearly stand out. China, which became the largest outbound market in 2012 with an expenditure of US\$ 102 billion, saw an

increase in expenditure of 26% to a total of US\$ 129 billion in 2013. The Russian Federation, the 5th largest outbound market worldwide (US\$ 54 billion), reported a 25% growth while Brazil (US\$ 25 billion) became part of the ten top source markets by expenditure in 2013, with a growth rate of 13%.

The performance of key advanced economy source markets was comparatively more modest, with the exception of Australia with a 9% growth. France (+5%) recovered from a weak 2012; the United States, Germany, the United Kingdom, and Canada grew between 2% and 4%. By contrast, Italy reported a 1% decline in outbound expenditure.

7. **International tourism in the Americas in 2013:** International tourist arrivals in the Americas were up by 3% in 2013, an increase of 5 million over 2012, to reach a total of 168 million. Results in Central America (+4%) were above the average of the region, those of North and South America around the regional average (+3%) while in the Caribbean (+2%) growth was somewhat slower.

Receipts from international tourism in the Americas grew stronger than arrivals (+6% as measured in real terms) to reach a new record of US\$ 229 billion, US\$ 16 billion more than in 2012. Growth was stronger in North America (+8%) than in the other sub-regions – receipts in Central and South Americas grew by 3% and in the Caribbean by 2%.

8. **International Tourism in 2014:** UNWTO forecasts international tourist arrivals to increase by 4% to 4.5% in 2014, again above its long-term forecast of +3.8% per year between 2010 and 2020. The UNWTO Confidence Index, based on the feedback from over 300 experts worldwide, confirms this outlook with prospects for 2014 higher than in previous years.

Regional prospects are strongest for Asia and the Pacific (+5% to +6%) and Africa (+4% to +6%), followed by Europe and the **Americas** (both **+3% to +4%**). In the Middle East (0% to +5%), prospects are positive yet volatile.

Considering that the current document was prepared in May 2014, a verbal update will be provided to the 57<sup>th</sup> Meeting of the UNWTO Commission for the Americas.

## B. Mainstreaming Tourism in the Global Agenda

9. The '**UNWTO/WTTC Open Letter on Travel and Tourism**' campaign has advanced substantially during 2013 and the initial months of 2014. The campaign, a joint initiative by UNWTO and the World Travel and Tourism Council (WTTC), comprises the presentation of an Open Letter to Heads of State and Government worldwide, seeking their acknowledgement of the relevance of tourism in facing today's global challenges and their support for policies that stimulate the growth of the sector. Between 28 February 2011, when President Felipe Calderón of Mexico first received the Open Letter and the **end of April 2014, 61 leaders joined the Campaign**.
10. Out of the 60 Heads of State and Governments who received the Open Letter, **10 are from the Americas** (by date of acceptance): Mexico, Colombia, Jamaica, Peru, Argentina, El Salvador, Guatemala, Uruguay, Paraguay, Dominican Republic and Bahamas. This year, the Secretariat expects to deliver the Open Letter to the Heads of State of three countries: Chile, Bolivia and Paraguay.
11. The Secretariat also continued to work within the **United Nations system** and with **other international and regional organizations** such as regional development banks **to move tourism higher on the sustainable development agenda**. In this regard, it is important to highlight

UNWTO's engagement in the Post Rio+20 UN process, in the build-up to the post-2015 Sustainable Development Goals (SDGs) as well as in the development agenda through the support to the Official Development Aid (ODA) Working Group created by the 95<sup>th</sup> Executive Council. In the **Americas**, the Secretariat has reinforced its collaboration with the Inter-American Development Bank (IDB) and the Organization of American States (OAS).

## C. Management Vision and Priorities

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12. As defined in the *UNWTO White Paper*, there is a recognized need to balance short-term market challenges with long-term sustainable development principles; this need should become an integral part of global and national tourism policies and strategies, and thus of UNWTO's work.

13. **Competitiveness:** In this framework, the short-term challenges of travel facilitation, taxation and connectivity have been identified as **key policy issues** to be addressed by the Organization. In this regard, the following work has been carried out by the Secretariat.

- a) **Travel facilitation:** Recognizing that travel facilitation can reap immense economic benefits with increased tourism demand, UNWTO has continued to advance the visa facilitation agenda, namely among the T.20 Ministers, the APEC and ASEAN Leaders and the Silk Road Tourism Ministers.

The T.20 Ministers, gathered in London in November 2013 to debate the progress on visa facilitation policies among the G20 economies, following the 2012 Los Cabos Declaration wherein G20 Leaders recognized the "role of travel and tourism as a vehicle for job creation, economic growth and development" and committed to work on "travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth", agreed to continue placing visa facilitation as a priority in the aim of stimulating economic growth and generate more jobs through of tourism.

Following the presentation of the joint UNWTO/WTTC report on *The Impact of Visa Facilitation in APEC Economies* at the APEC High Level Policy Dialogue on Travel Facilitation held in Bali, Indonesia, APEC Leaders' endorsed in their final Declaration travel facilitation "as a way to promote tourism and facilitate business, by making travel more accessible, convenient and more efficient while also safe and secure". Leaders called for increased partnerships to ease visa procedures and to leverage new technology as appropriate to the visa regime of each economy.

A new report published by UNWTO and WTTC, and presented on the occasion of the ASEAN Tourism Forum (ATF) 2014, shows that improving visa processes in the ASEAN countries could generate an extra 6 to 10 million visitors by 2016.

To support UNWTO's advocacy in this area, the following reports on travel facilitation were published:

- Tourism Visa Openness Report: Visa facilitation as means to stimulate tourism growth, UNWTO (August 2013)
- The Impact of Visa Facilitation in the APEC Economies, UNWTO/WTTC (October 2013)
- Tourism Visa Openness Report – T.20 edition, UNWTO (November 2013)
- The Impact of Visa Facilitation in ASEAN Member States, UNWTO/WTTC (January 2014);

- b) **Taxation:** The Secretariat continues to advocate for intelligent taxation, raising awareness of the need to evaluate the economic impact of the raise or introduction of new taxes on travel and tourism. In this regard, a pilot project on an econometric model to assess the impact of changes in fiscal policies in tourism was completed in cooperation with WTTC.
- c) **Connectivity:** Considering that 51% of all international tourists arrive to their destinations by air, the Secretariat has also continued to work on the promotion of connectivity, particularly in terms of air transport, with the aim of raising awareness of the importance of a closer relationship between tourism and aviation policies as to ensure mutual benefits.

The issue was the theme of the General Debate at the 20th Session of the UNWTO General Assembly and other Ministerial Meetings during 2013 – the 2013 UNWTO/ATM Ministerial Forum, *Tourism and Aviation: Building a Common Agenda for Growth*, held in Dubai (UAE), the 2013 UNWTO/WTM Ministers' Summit at the World Travel Market in London (UK) and two Ministerial Roundtables held in the Americas in 2014 (Dominican Republic and Jamaica).

UNWTO will continue to place this issue as a priority in its Programme of Work through several initiatives, including the forthcoming publication of the UNWTO/PATA/TPO report on the linkages and synergies between aviation and tourism in Asia which looks specifically into the development of aviation infrastructure, especially in 2<sup>nd</sup> tier hub cities and its impact on tourism and the organization of a Meeting of the Ministers of Tourism and Air Transport of Africa, to be held in cooperation with the International Civil Aviation Organization (ICAO) in October 2014.

14. **Sustainability:** The Secretariat continued to focus on advancing the overarching priority of UNWTO's work – sustainability in all its three pillars – through various initiatives. UNWTO continued to promote the establishment of sustainable tourism observatories under its auspices in various Member States, namely in Greece, the inclusion of tourism in the global agenda of the post Rio+20, namely in the 10 Year Framework of Programmes on Sustainable Consumption and Production (10YFP), the sustainable development of tourism in Islands and tourism and biodiversity, among others.

Furthermore, the following priority areas have been identified:

- a) **Tourism and Culture:** The links between tourism and culture and the coordination work within the Secretariat to advance this important agenda will be further strengthened in close cooperation with UNESCO. In this regard, a series of activities and events will be developed during 2014 which will culminate in the 1<sup>st</sup> UNWTO/UNESCO International Conference on Tourism and Culture to be held in Cambodia in 2015; and
- b) **Tourism's Ethics and Corporate Social Responsibility:** The Secretariat has advanced in the promotion of the implementation of the Global Code of Ethics for Tourism (GCET) during the period under review. With the objective of widening the implementation of the Code by the private sector, the campaign of the **Private Sector Commitment to the Global Code of Ethics** has been reinforced. As of May 2014, the Private Sector Commitment to the *UNWTO Global Code of Ethics for Tourism* assembles 243 signatories spanning over 35 countries of which 86 signatories from Americas: Canada (1), Costa Rica (60), Dominican Republic (11), Ecuador (1), Mexico (11), Uruguay (1) and one regional Association (1).

The promotion and implementation of the Code, in close cooperation with the World Committee on Tourism Ethics, will be one of the priority axes within the UNWTO Programme of Work.

15. To achieve a more effective implementation of the UNWTO Programme of Work and attain the strategic vision and objectives set above, the Secretary-General has together with the revised structure of the Secretariat (organizational chart in Annex I), created additional mechanisms to articulate the work of the Secretariat and answer to two challenges of very different nature, though with strong interconnections:
  - How to improve, in an efficient and integrated manner, the relations with Full, Associate and Affiliate Members; and
  - How to comply with UNWTO's normative role, following a consensual research strategy and ensure the highest quality of UNWTO's products and services.

Taking into account the above challenges, three internal committees, were created as follows:

- Members Relations Committee
- Research and Publications Committee
- Host Country Relations Committee

#### **D. Administrative and Financial Matters**

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16. Despite the zero nominal growth, preliminary information on the **financial implementation for the year 2013** indicates that the **closing of year has been balanced at 12,924,000 euro** according to the approved regular budget expenditure plan complemented with some **2,007,349 euro from voluntary contributions**. The final 2013 financial information will be presented to the Programme and Budget Committee Meeting (12-13 May 2014) following the approval of the 2013 accounts by the auditors and thereafter to the 98<sup>th</sup> session of the Executive Council.
17. The Secretariat has noted with appreciation efforts made by the large majority of Member States to keep current on their financial obligations and, in some cases, to advance the payment of accumulated arrears, particularly in the current economic context. Without the continuous financial means provided by its Members, it would not be possible for the Organization to operate adequately.
18. Regarding the **financial situation for 2014**, the Secretariat has elaborated a plan of expenditure based on prudent financial estimates to present to the Programme and Budget Committee Meeting (12-13 May 2014) and thereafter to the 98<sup>th</sup> session of the Executive Council.
19. The Secretariat welcomes the decision of the 20<sup>th</sup> General Assembly to modify the policy of zero nominal growth of the Organization's budget sustained for several years, which was putting severe constraints on the capacity of the Secretariat to appropriate delivery on its Program of Work.
20. The Secretariat continues highly committed to strengthen the efforts in raising **extra-budgetary funds** for technical cooperation activities as well as for other programmes and would like to recall all Member States that as reported to the 19<sup>th</sup> session of the General Assembly, UNWTO is recognized as an ODA Eligible Organization for Bilateral Aid, which means that funds channelled through UNWTO for projects in ODA eligible countries can now be considered as an official development assistance amount. The Secretariat continues to work with the DAC Committee of the OECD in order to transform UNWTO a fully-fledged ODA eligible international organization with the support of the ODA Working Group.

21. Effective January 1<sup>st</sup>, 2014, the UNWTO has modified its accounting principles to **IPSAS**. This change has major implications on the methodology and work practices followed by the Organization on the recording of its accounts

### **D.2 Administrative Matters**

22. In view of the objectives of improving working conditions in the Organization, and pursuant to decision of the Executive Council, an **Ethics Function** at UNWTO has been implemented.
23. In the area of **Human Resources**, five vacancy announcements were released, all of which have been filled – Programme Chief, Human Resources; Senior Programme Assistant, Regional Programmes for Africa; Senior Programme Assistant, Regional Programme for the Middle East; Senior Programme Assistant, Fairs and Special Field Projects; and Programme Assistant, Affiliate Members Programme. In addition, following the completion of the selection process announced in the previous report, the post of Regional Director for Africa has been filled.
24. Once again, the Organization invites its Members to avail themselves of the existing **capacity-building scheme** whereby Members may propose to loan one of their officials to the Organization, on a non-reimbursable basis. This arrangement would formally be done through an Agreement. The existing procedure would call for these requests to be channelled through the respective Regional Programmes.

### **D.3 Legal and Procurement**

25. In the area of **legal and contracts**, the **UNWTO Basic Documents** have been revised and updated to reflect all amendments approved by the Governing Bodies of the Organization since their last publication in 1994 and to include new *Basic Documents* that constitute the main legal framework of UNWTO. The new edition of the *UNWTO Basic Documents* has been presented to the 20th session of the General Assembly and active follow up is being made with Members for their ratification of legal instruments related to the UNWTO.
26. In the area of **procurement**, the **Detailed Financial Rules** have been revised to align them with UN procurement standards and practices. A **procurement manual, templates for contracts and other bidding documents** are finalized together with a procurement implementation plan to apply progressively the new rules to the procurement activities of the Organization.

