3. Report of the Secretary-General

Introduction

1. The present report to the 39th Meeting of the UNWTO Commission for the Middle East addresses the following subjects:
   A. International Tourism in 2013 and 2014;
   B. Mainstreaming Tourism in the Global Agenda;
   C. Priorities and Management Vision for 2014-2015; and
   D. Administrative and Financial Matters.

A. International Tourism in 2013 and 2014

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 (+4.5%) and advanced economies (+5.4%) grew at the same pace.

3. By region, demand for international tourism was strongest in Asia and the Pacific (+6%), Africa (+5%) 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. The growth in international tourism receipts followed closely that of arrivals in 2013. With an increase of 5% in real terms (local currencies, constant prices), international tourism receipts 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. 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) climber to the ten top source markets by expenditure in 2013 for the first time, 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 while the United States, Germany, the United Kingdom, and Canada grew between 2% and 4%. By contrast, Italy reported a slight 1% decline in outbound expenditure.

6. **International tourism in the Middle East in 2013**: International tourist arrivals in the Middle East remained stable in 2013 at 52 million, while receipts from international tourism were down by 2% to US$ 47.3 billion.

7. **International Tourism in 2014**: UNWTO forecasts international tourist arrivals to increase by 4% to 4.5% in 2014, again above the long-term forecast of +3.8% per year between 2010 and 2020. The 5% growth registered in the first two months 2014 confirms this outlook as does the UNWTO Confidence Index.

2014 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.

*The current assessment was prepared in July 2014 based upon the April Issue of the UNWTO World Tourism Barometer; a verbal update will be provided to the 39th Meeting of the UNWTO Commission for the Middle East.*

**B. Mainstreaming Tourism in the Global Agenda**

8. The Secretariat continues to promote the ‘UNWTO/WTTC Open Letter on Travel and Tourism’ campaign. 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 February 2011, when President Felipe Calderón of Mexico first received the Open Letter, and the end of June 2014, 63 leaders have been presented with the Open Letter, out of which three from the Middle East (by date of acceptance): Bahrain, Jordan and, Qatar.

9. The Secretariat also continued to work within the United Nations system and with other international and regional organizations 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 95th Executive Council. In the Middle East, the Secretariat has reinforced its collaboration with the League of Arab States (LAS) and the Arab Tourism Organization (ATO), particularly in the development of an action plan for the implementation of the Arab Tourism Strategy.

**C. Management Vision and Priorities**

10. 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.
11. 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 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)
- 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 half 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 2nd 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.

12. **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 1st UNWTO/UNESCO International Conference on Tourism and Culture to be held in Cambodia in February 2015;

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 June 2014, 272 companies and associations from around the world have signed the Private Sector Commitment to the Code of Ethics. These signatories include enterprises from Armenia, Bahrain, Costa Rica, Cote d'Ivoire, Egypt, Denmark, Ecuador, France, Germany, Hong Kong (China), Indonesia, Lithuania, Mexico, People's Republic of China, New Zealand, Australia, Poland, Republic of Korea, Romania, The Netherlands, Tunisia, Turkey, Spain, Sweden, Uruguay, Bulgaria, The Philippines, Azerbaijan, Qatar, Chile, and Dominican Republic as well as four regional associations from Latin America and Europe.

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.

c) **Destination Management and Quality**: In addition to the above three key policy issues and in line with UNWTO’s normative role, the scope of the former Programme of Destination Management has been modified with the aim of enhancing quality at tourism
destinations. With the support of the Tourism and Competitiveness Committee, it will, on one hand, provide general and specific guidance in destination competitiveness and quality and, on the other hand, disseminate useful practices.

13. **Affiliate Members**: Building solid alliances with non-governmental organizations and especially with the private sector, is of strategic importance in creating the conditions for competitive and sustainable tourism worldwide. The UNWTO Affiliate Members Programme offers many opportunities in this regard, such as:
- Establishing new and effective models for public-private partnerships
- Building innovative initiatives through pilot projects and prototypes which promote knowledge exchange
- Setting a network of research, innovation and education institutions as a unique space for knowledge generators to share and disseminate their work

To maximize this potential, it is important to further enhance the integration of the Affiliate Members in the Organization’s Programme of Work. In order to achieve this goal, several actions are being put in place, including the creation of the Member Relations Committee that includes the Regional Programmes and the Affiliate Members Programme (see point 13).

14. 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, three internal committees, were created as follows:
- Members Relations Committee
- Research and Publications Committee
- Host Country Relations Committee

**D. Administrative and Financial Matters**

15. The Secretariat notes 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.

16. Regarding the **financial situation for 2014**, and as reported to the 98th Executive Council (document CE/98/3(II)(b)), a plan of income and expenditure has been prepared by the Secretariat following the approved appropriations and forecast income, according to which total income has been estimated at euro 12,756,000 and expenses limited to 12,756,000.

17. The Secretariat welcomes the decision of the 20th General Assembly to modify the policy of zero nominal growth of the Organization’s budget sustained for several years, which was putting severe constrains on the capacity of the Secretariat to appropriate delivery on its Program of Work.
18. 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 19th 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.

19. Effective January 1st, 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

20. 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.

21. 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.

22. 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

23. 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.

24. 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.