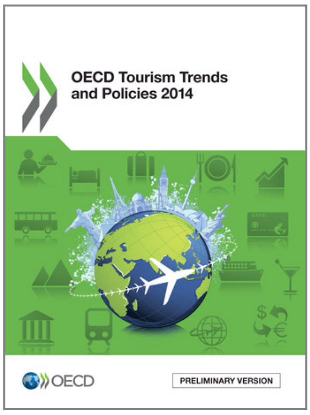
OECD *Multilingual Summaries*
OECD Tourism Trends and Policies 2014

Summary in English



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In OECD countries, tourism is big business, directly accounting for 4.7% of GDP, 6% of employment and 21% of exports of services.

International tourist arrivals surpassed 1 billion in 2012 and are forecast to reach 1.8 billion by 2030. OECD countries play a leading role in global tourism, accounting for around 57% of international tourist arrivals and growing by 3.6% in 2012. Growth in international arrivals to the OECD has slowed in recent years and countries are losing market share.

Major emerging tourism economies are experiencing rapid tourism growth, outperforming OECD and global averages and changing the structure of the global tourism market. China in particular is a leading growth engine and this is expected to continue in the coming years with the projected expansion of the Chinese economy.

Domestic tourism is very significant to the tourism economy and represents around 78% of tourism consumption in OECD countries. Together, domestic and international tourism are capable of supporting employment and adding local value. Active tourism policies are essential for advanced tourism economies to prosper in the global tourism economy.

"OECD Tourism Trends and Policies 2014" provides an in-depth analysis of tourism trends and policy developments in 48 OECD member and partner countries. Based on a 2013 country survey, the report highlights key reforms in tourism organisation and governance. It also focuses on issues high on the national and international policy agenda, including travel and visa facilitation as well as the evolving relationship between taxation and tourism.

The role of government in tourism policy is evolving, with a greater focus on competitiveness, value for money, and sustainable growth. Tourism policy is also becoming more complex, with a wider range of policies influencing, and influenced by, tourism.

Countries are looking for ways to remain competitive and maximise the economic and other benefits of tourism growth. Governments are looking to make travel as easy and efficient as possible; the challenge is to encourage legitimate travellers while delivering on economic, security and other national policy priorities.

The global financial and economic crisis has led to increased pressure on public budgets supporting tourism development such as marketing, infrastructure and environmental protection. Tourism taxation provides governments with funding to help support public investment, but at the same time tax reductions can help stimulate tourism growth

Tourism policy priorities

- Tourism policies and planning are becoming more country-specific and taking a longer-term view. They are also more dynamic in nature, adjusting to decreasing budgets, shifts in tourism markets and demographic change.

- Countries are reforming tourism governance to better address complex inter-ministerial challenges. There is also a move to integrate tourism more into national economic plans given its ability to create jobs, promote regional development, and generate export revenue.
- Countries are implementing new financing models and partnerships to relieve pressure on tourism budgets and encourage a higher level of co-operative or industry participation, particularly in marketing activities. They are also increasing their scrutiny of National Tourism Organisation activities, rationalising policy delivery functions and programmes, and focusing more on source markets as well as new technologies and social media.
- At the same time, there is a growing awareness of the importance of domestic tourism, its ability to provide a stable source of revenue in uncertain times, as well as more inclusive benefits through the promotion of social tourism, which is accessible to all. Many countries are taking measures to stimulate the domestic market.

Travel facilitation, tourism and growth

- G20 countries have recognised the role of travel and tourism as a vehicle for job creation, economic growth and development and have committed to work towards developing travel facilitation initiatives. In Europe, new estimates indicate that 6.6 million travellers from six key target markets were lost due to the visa regime in 2012, equating to EUR 5.5 billion in direct GDP contribution.
- Governments have implemented a variety of approaches to facilitate travel, from streamlining visa processing and changing visa requirements to introducing other forms of travel authorisation and improving border processes such as evisa, visa on arrival, automated border processing, and trusted traveller programmes.

Taxation and tourism

- There has been a general increase in tourism-related taxes, fees, and charges in recent years, including those associated with air travel, those with an environmental focus, and incentives for investment and spending.
- The rationale for specific tourism-related taxation varies from country to country. Apart from contributing to general tax revenue and supporting public investment in tourism development, other common purposes include: cost recovery for passenger processing and environmental protection; encouraging visitor spending and job creation; and funding promotional activities.
- Many countries have introduced reduced rates of consumption tax for tourism-related activities – focusing primarily on hotels and restaurants – to boost tourism and stimulate employment in the sector, or tourist/VAT refund schemes to encourage visitor spending.
- Industry is concerned by the sheer number of levies payable by tourism operators, what they see as regular increases above inflation and the lack of a clear link with the cost of service delivery, which results in many taxes raising more than their stated objectives.
- The OECD will continue to work with countries to better understand how tourism-related taxation affects the international competitiveness and attractiveness of destinations.

Key recommendations

- Greater coherence across government policies is needed to boost tourism and economic growth. Policies such as innovation, transportation, taxation, service quality and visas influence people's desire to travel and the competitiveness of destinations.
- Governments should focus more on evaluating the tourism policies, given the widespread pressure on public finances in many countries. More detailed monitoring, evaluation and analysis, of existing taxes and incentives for example, would give policy makers the tools to implement evidence-based policies to support the long-term sustainable growth of the tourism industry.
- Governments and the tourism industry need to develop skills to keep pace with market developments. Digital and social media require a major shift in approaches to marketing, promotion and service delivery, including tailored marketing to individual consumers and learning how to communicate with digitally-aware tourists.
- Closer alignment is needed between transport and tourism policy and sustainable energy policies at national and international level, given the heavy reliance of tourism on air travel and the risks associated with climate change

- Measures that identify and facilitate high volume, low risk legitimate travellers to move more freely and efficiently should be adopted, targeting constrained resources where they are most needed to secure borders and meet economic, security and other needs.

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