



## Responding to a Turbulent Economy and a Changing Climate Moderators' Conclusions – H. Zaazou & Professor Geoffrey Lipman

- The conference was held against a background of recognition of the Global Summit agreements on long term structural change on climate and development as well as the all consuming tsunami of economic recession, financial malaise, credit crunch, stockmarket turmoil and crumbling confidence of business and consumers.
- It was also recognized that the discussions would reflect a snapshot of the recent past and the expected future: where the landscape is changing instantaneously around the Tourism Sector – in many ways beyond our control and in some areas where we can collectively or individually ameliorate aspects of this situation.
- In this context UNWTO has created a Resilience Committee to track the fast changing developments – macroeconomic, microeconomic and sector impacting; to develop scenarios: to identify good practice and to share it fast.
- H.E. Zohair Garrana, Minister of Tourism of Egypt has been designated as chair of the Committee and in describing the current situation of Egypt and the region he underscored his commitment to drive the work of the Committee to urgently and practically support the sector. He confirmed that the most urgent priority is to deal with the massive macroeconomic uncertainty and the market consequences. He also stressed the importance that his Ministry gave to the other theme of the conference concerning the climate agenda and announced the decision of the Government to declare Sharm el Sheikh a Tourism Earth Lung as a demonstration project to increase tourism while reducing its carbon footprint.
- UNWTO's Secretary General echoed these themes and referred to SARS, the Tsunami and 9/11 as examples of industry resilience after crises. While the current situation was more uncertain, until mid 2008 traffic had held up well at levels close to 5% globally but since then deterioration had been observed and prospects continued to worsen. He anticipated positive growth this year, was more sanguine about 2009 but continuingly strongly positive about the longer term. He stressed the importance of industry collaboration and of governments ensuring that tourism was appropriately recognized in economic stimulus packages and trade facilitation. He noted particularly the increased vulnerability of developing countries and the need for specific support for their tourism, which is an economic and development lifeline.
- In setting the scene the co-moderator Professor Geoffrey Lipman likened the challenge to three dimensional chess where intensive actions in the hyper-dynamic 2008 economic game must also strengthen the 2015 development game and the 2050 climate game. He said that the Resilience Committee would help support this with real-time rolling forecasts, shared good practice, fast communications & personalised information access for UNWTO Members. Hisham Zaazou, the co-moderator amplified on the announcement concerning the Sharm el Sheikh Earth Lung, noting that this reflected an understanding with the Prime Minister himself that climate neutrality is the future, that customers are moving in that direction over time and that Egypt is determined to be a part of the leadership in this sector. Sharm el Sheikh can be an important model.

- Looking at **Current Realities**, the speakers explored the macroeconomic turmoil on the sector at large and specifically in relation to hotels, tour operators, and general competitiveness. Amongst the conclusions suggested were:
  - The need to keep figures under constant review and to make flexibility in response an imperative.
  - The logic of green initiatives to reduce dependence on fossil fuel and spur positive economic stimulation, as well as long term restructuring.
  - The imperative of finding innovative sources of forecast information and of responding rapidly to new realities. Figures drawn from GDS research suggesting a worsening aviation booking situation called for rapid re-evaluation of current assessments of the last half of 2008 and the first half of 2009.
  - The possibility of non economic crises in the region adding to the problems caused by economic turbulence – and the importance of having a contingency response plan in place that provides fast accurate public information. Egypt is a very good example of planned thoughtful response helping tourism to rebound.
  - The importance of streamlining decisions in the public and in the private sector, as well as in enhancing collaboration between them to protect markets
  - The opportunity to change established practice and to reduce non essential cost.
  - The value of targeted, strengthened promotion – particularly increasing marketing budgets and collaborating for regional promotion.
  - The dangers of drastic price reduction as a means to stimulate business when market confidence is declining rapidly.
  - The potential for innovative approaches to branding using integrated new media approaches and institutional collaborative advertising
  - The concept of including tourism in general government stimulus packages because of its high export and job delivery capacity.
  - The possibility for creative fiscal instruments for tax moratoria and rollback.
- On the question of **Climate Solutions**, a keynote address by Dr Mustaffah Tolba, the former Director of UNEP pointed to the definitive conclusions of the IPCC and the economic consequences highlighted in the Stern Report. He said that there were no alternatives to urgent adaptation, mitigation and use of new technology to meet evolving global norms. He complimented UNWTO for its Davos Declaration Process and called for faster, stronger implementation, emphasising private sector leadership for change.
- Speakers looked at the impact of the phenomena on the sector generally and on Egypt specifically, noting:-
  - The fragmented nature of tourism increases the complexity of rapid response – and the requirement for coherent action across the sector.
  - The useful measurement work on carbon footprints by UNWTO/UNEP and the multi-stakeholder enhancement under review by the World Economic Forum



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- The pioneering concept of the Tourism Earth Lung by Sri Lanka, which helped rally local market support as well as international branding. And the positive implications of a Sharm el Sheikh model.
- A series of transport, hotel and service initiatives that could be replicated to help the industry across the region respond to climate change and reduce costs.
- The uncertainty surrounding carbon offsets and emission trading regimes
- The likelihood of better consumer take-up of offsetting schemes if the industry could present them in an appealing “shared responsibility” way or by incentives.
- The opportunities for clean, green niche players at all levels in the product range.
- The critical importance of new technology and of innovative government and private sector programs to accelerate its implementation
- The potential value of looking at the cumulative climate reduction aspirations of tourism input components (eg construction techniques and technology) when looking at sectoral footprint reduction.
- Various aspects of UNWTO's work can help members in the region including:
  - The knowledge base on climate & workshops for capacity building
  - Broader risk analysis and crisis management activities
  - Specialized support for energy reduction and use of renewables in small and medium hotels
- The importance of academic and business collaboration to look at solutions to major challenges such as climate change at the local level and to help policymakers take better quality decisions. Looking at the Sharm el Sheikh Marine Park as a potential model for such collaboration
- The advantage of promoting climate neutral tourism through collaborative e-Tourism initiatives which promote and brand sustainable communities, engage enterprises and build capacity.
- The opportunities to strengthen tourism brands through media focused research, analysis and marketing.
- There was an extremely spirited and constructive discussion with representatives of the banking community covering the following points
  - The genuine uncertainty around the unfolding global economic and financial system and the need to avoid short term palliatives as it evolves dynamically.
  - The prudence of the Egyptian banking regulators and operators that had insulated the system to some degree from the worst excesses.
  - The openness of Egyptian bankers to consider good financially sustainable tourism projects.
  - The value added of green tourism projects with emphasis on climate solutions.
  - The positive potential for an Egyptian Tourism Climate Response Fund, the value of a White Paper to explore the best way to implement it and the importance of collaboration with UNWTO to produce it urgently
- The 175 participants from 26 countries and 14 organizations expressed thanks to the Ministry of Tourism of Egypt & UNWTO.

Conference for Middle East & Mediterranean Region  
Sharm el Sheikh Egypt, November 23 & 24 2008