

IESE Hosts 1st Tourism Summit

FRANCE, ITALY AND SPAIN JOIN FORCES TO ATTRACT LONG-HAUL TOURISTS

France, Italy, and Spain are to support tour operators that organize the group itineraries of long-haul tourists in order to increase overall travel within their borders. The proposal is based on the Mediterranean countries' common tourist assets of well-preserved cities, cultural heritage and gastronomy. The trio of nations is to launch a promotional campaign to support the scheme.

On top of the sharp contraction in the global economy, industry players and tourism authorities were keeping a keen eye on the spread of swine flu at the event in May. Spain's Deputy Minister for Tourism, Joan Mesquida, told participants that there were no signs of tourists canceling trips to the country because of the virus so far. Spain and the U.K. had the highest number of confirmed cases, outside the Americas.

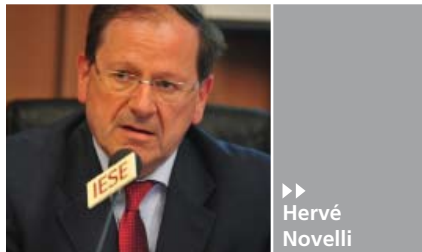
The disease impacted the tourism summit, though, in that Mexico's Minister of Tourism, Rodolfo Elio Zondo, was unable to attend in accordance with the five-day national shutdown announced by President Felipe Calderón a few days earlier. Elio Zondo was due to participate in the panel discussion on investment in tourism in times of crisis.

Other participants included Egypt's Minister of Tourism, Zoheir Garranah; France's Deputy Minister of Tourism, Hervé Novelli; Russia's Deputy-Head of Tourism, Igor Eremin and Javier Rodríguez-Mañas, general secretary of **Turespaña**, the government agency responsible for promoting Spain abroad.

Innovation critical

The panel members all reported that tourism to their countries was bearing up despite the crisis. The panelists were also unanimous on the need for investment and innovation to support the industry. As the panel's moderator, Sergio Arzeni of the **OECD**, commented, "In times of crisis, it is fundamental that investment in innovation is not abandoned because it will provide a route out of the crisis."

Egypt's Zoheir Garranah described some of the innovative investments rolled out by his ministry in response to the crisis. For



example, tour operators report that vacationers are booking later than ever due to the economic uncertainty. In response, the Egyptian government is offering a form of insurance for charter flights to the country, to underwrite the risk of not filling the plane. Garranah stressed that Egypt, with some 13 million tourists per year, is a minnow compared to markets such as Spain. But the industry is crucial to its economy: it provides 11 percent of GDP and is growing at a burgeoning rate - tourist numbers rose by 25 percent in 2008 compared to the year-earlier period and is set to continue to grow in 2009.

Currency concerns

In comparison, the more mature tourist market of Spain is likely to face stiff challenges this year. The U.K. is one of the

country's key markets, but sterling's slide against the euro could dissuade Britons looking for a low-cost beach holiday. **Turespaña's** Rodríguez-Mañas reported a 3 percent drop in British visitors in 2008 compared to 2007.

On the other hand, Rodríguez-Mañas reported that of those that did visit in 2008, average spending per British tourist rose by 7 percent. The hike is a positive indictment of the Spanish government's long-standing policy to target the high-end of the market by promoting the country's cultural and sports attractions, he said.

Another well-established tourist destination, France, has seen a slowdown in visitor numbers, Hervé Novelli indicated. But the country has been formulating a response for slightly longer because tourism was already showing signs of weakness prior to the global economic slowdown, he said.

Upgrades on tap

Besides the joint scheme with Spain and Italy, France has introduced a number of initiatives such as creating one central tourism promotion agency, in order to boost visibility overseas. The country is also reclassifying all its hotel ratings to bring them into line with international standards, as well as providing funds for staff training, renovations to accommodation and restoration of historic buildings.

Over the last few years, an increasing number of Russians have vacationed overseas. But the collapse of the country's currency, the ruble, may convince more people to holiday closer to home this year. Igor Eremin told participants that the government has been working to make its tourist destinations more attractive for national and overseas visitors.

Eremin said the government has moved to stimulate investment in tourism by creating economic development areas in destinations such as the Black Sea, Lake Baikal and Stavropol's thermal springs. Besides providing tax breaks for those keen to invest in the destinations, the government has simplified the paperwork necessary and created a one-stop office for developers.