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Global Travel, Tourism, and Hospitality as a Strategic Sector for Development and Security

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Travel, tourism, and hospitality (TT&H) is one of the fastest-growing sectors in the world, contributing more than [10 percent](#) of the global gross domestic product (GDP) and responsible for [1 in every 10 jobs](#) worldwide. The travel and tourism economy directly encompasses a wide range of activities such as sightseeing, cultural experiences, natural landscape attractions, amusement parks, the arts, entertainment venues, conferences, and other leisure or business activities. When the full impact of the industry on economies is considered, then it is clear that the industry is interdependent with an even broader range of sectors—all aspects of infrastructure and suppliers potentially benefiting everything from road, sea, and air transport to energy, waste management, agribusiness, and construction. The industry continues to grow in nearly every corner of the planet, despite natural disasters, terrorism, and political instability. By 2028, according to the World Travel & Tourism Council, the industry is forecast to contribute close to [12 percent](#) to global GDP (\$12.4 trillion) and generate [413.5 million jobs](#) (11.6 percent of total jobs) worldwide.

Given the importance of this sector, the United Nations (UN) 70th General Assembly declared 2017 the [International Year of Sustainable Tourism for Development](#), to raise awareness of the economic, social, cultural, and environmental impacts of tourism and highlighting how it can reinforce the [Sustainable Development Goals](#) (SDGs). Beyond the economic impacts, tourism can help promote cultural diversity and heritage preservation, environmental protection and conservation, mutual understanding, and peace and security. By 2030, the activity must sustainably manage [1.8 billion tourists](#), committed to improve resource efficiency, environmental protection, and biodiversity protection and restoration.

On the flip side, the sector also faces certain challenges such as seasonality, economic leakage, ensuring labor rights and standards, protecting against human trafficking, and sustainably managing disproportionate resource consumption. Given the broad range of challenges, every destination needs to approach the travel and tourism industry strategically and holistically, especially to advance economic and

national interests, as well as the SDGs. To ensure sustainability and mitigation of adverse impacts, public-private partnerships that include civil society are critical. How are different countries approaching this multipronged strategic role of the industry? What new opportunities could countries leverage in this area, beyond economics? How are the negative aspects of the industry being addressed? These are some of the key questions that stakeholders face when deciding policy and business issues. When addressed in a way that involves stakeholders from multiple sectors, the industry can be a critical source of development and thus economic security, as well as political security.

Travel and Tourism as a Strategic Sector for Economic Growth and Global Competitiveness

Countries are using the economic, social, environmental, and cultural value of their TT&H sector to help position themselves more competitively in the global economy. China, for example, has used its travel and tourism sector as a way to both develop its economy and connect with the rest of the world to its advantage. The Chinese tourism market has been the [fastest-growing inbound and outbound market](#) in recent years due to increasing incomes, supportive government policies, and [relaxed restrictions](#) on outbound international travel. China is the [largest source of outbound travel](#) in the world, with [120 million](#) Chinese tourists reaching different foreign destinations: 1 in 10 international tourists are now Chinese. The Chinese outbound market is estimated to continue growing in the long run and Chinese tourists will continue to be significant spenders in the U.S. and other markets. China is also a major competitor in terms of [international arrivals](#), with inbound tourists in China generating [\\$125 billion](#) in revenues in 2017. TT&H sustains [10 percent](#) of employment (or almost 80 million jobs in 2017) in China and the sector will continue growing by 3.5 percent on average each year to reach more than 116 million jobs in 2028 (14.7 percent of total employment).

China is positioning itself as a world leader in TT&H, while assisting its neighbors along the way, investing in neighboring countries' infrastructure through its Belt and Road Initiative ([BRI](#)). China has already strategically combined its TT&H strategy with its BRI. These initiatives are being used [geopolitically](#) by laying out intercontinental infrastructure like ports, highways, railways, and pipelines. Moreover, China is working on "soft" infrastructure, such as trade and investment agreements that complement these efforts and further expand its leadership role in the world. Taking advantage of TT&H, BRI allows [tourists to experience ancient trade routes](#) that span Eurasia and hold historic and cultural significance for relations between the East and the West. China is capitalizing on its rich attractions (e.g., The Great Wall) and making inbound travel more appealing. Chinese outbound and inbound tourism also helps promote Chinese culture and norms, further leveraging this sector as a soft -power tool to increase China's influence in the world.

Travel and Tourism as a Tool for Stabilization and Post-Conflict Reconstruction

Countries coming out of conflict should also view the sector more strategically, as an activity that can attract investments, generate employment, and contribute to stabilizing their country. Although tourism may be one of the first sectors impacted by conflict, it can also serve as a tool for relatively rapid post-conflict reconstruction. Rwanda is an example where tourism has been a key sector for recovery post-conflict.

International development and humanitarian organizations helped Rwanda bounce back as a main tourist attraction and [gorilla tourism](#), its key tourism attraction before the civil war, reemerged rapidly. After the conflict ended, Rwanda experienced an annual GDP growth rate of [8.6 percent](#) from 1995 and 2008.

During this period, agriculture and tourism were identified as key sectors for development. [The Office of Tourism and National Parks](#) (ORTPN) played an important role in Rwanda’s prompt TT&H recovery. ORTPN received substantial financial support via high national park fees, government subsidies, and grants from international partners and donors, and was able to improve and develop new tourism infrastructure and marketing strategies.

The U.S. Agency for International Development (USAID) was active in supporting tourism as a key economic development sector in Rwanda. Serving as another crucial force in Rwanda’s recovery, USAID, with Washington, D.C.-based SW Associates, along with help from the [Rwanda Development Board](#), implemented the [Nyungwe Nziza](#) (“Beautiful Nyungwe”) Project from 2010 to 2014, focused on conservation and ecotourism. The Nyungwe Nziza Project, along with other similar projects, promoted an influx of foreign direct investment, which attracted [airlines](#) such as Qatar Airways and Turkish Airlines and also hotel chains such as [Marriott](#). [Travel and tourism](#) became a priority sector over a decade ago and today the World Bank considers Rwanda as one of the [leading business tourism destinations](#) in East Africa, especially increasing its share of the [Meetings, Incentives, Conferences, and Exhibitions](#) (MICE) market. Business tourism encompasses business-related travel and helps provide first-hand exposure to the new and improved states—formally thought of as conflict states. According to the World Bank, since Rwanda’s inception into the [MICE market in 2014](#), Rwanda has hosted over 40 international conferences and generated revenues that exceeded [\\$37 million in 2015 and \\$47 million in 2016](#). Although the official numbers are not out for 2017, revenues from all business tourism were projected to reach \$64 million. The road to [changing Rwanda’s image](#) and establishing it as desirable destination took years of investment and international support.

Travel and Tourism as a Jobs Generator and Outlet for Disadvantaged Youth

The sector can also be used strategically as a stabilizer for the economy and especially as an avenue for disadvantaged youth. Given that many regions of the world, mostly Middle East and North Africa and sub-Saharan Africa have young populations, ensuring their employment will be key in promoting more-stable and prosperous societies.

TT&H spans many knowledge areas and skill sets, requiring a vast and diverse array of jobs. It provides opportunities for youth—nearly [one-third](#) of the [108 million employees](#) in the tourism sector are between the ages of 16 and 24 years. The types of [jobs](#) available for youth in the sector include information services, transportation, business and hotel accommodations, food services, retail, tour guides, and front-desk operators, to name a few. TT&H is considered a “people industry,” so developing good [interpersonal skills](#)—which are transferable—is key to job security. Many of the jobs in the sector cannot be substituted by artificial intelligence or robots for now, and require both basic and advanced [social skills](#). TT&H depends heavily on direct personal contact, an important part of the tourist experience.

Moreover, this sector provides an avenue for workers employed in the informal economy to enter the formal economy, which helps upgrade their skills and employment quality. This is a particularly important incentive for youth who remain a vulnerable demographic in the developing world. Youth in fragile and post-conflict states are particularly susceptible to violence, poverty, and societal marginalization, which require a counter-effort of keeping them in schools and creating economic opportunities. In these same states, the TT&H sector has the potential to contribute and promote stability and peace through youth job creation.

In the Republic of Gambia, for example, where tourism is now the country's most significant foreign currency [earner](#), the World Bank instituted the [Growth & Competitiveness Program](#) in 2010, which linked tourism training to formalized enterprise establishment. This program trained 1,235 full-time students in tourism and hospitality skills, while they also learned to set up their own businesses. The [Youth Career Initiative](#) (YCI) is a partnership of hotel chains including Marriott, Hyatt, Four Seasons, Radisson, Taj, and Hilton that aims to bring disenfranchised youth into training and eventual employment in the hotel industry. Founded in [1995](#), the program has had over [4,000 students](#) pass through in the past decade alone. In 2014, the Hilton hotel franchise instituted a large entrepreneurial [program](#) for disadvantaged youth and has reached nearly [500,000 young people](#). Of YCI participants, 85 percent have gained employment or returned to education. [Hyatt](#) hotels have supported this program since 2008 in countries including India, Mexico, Brazil, and Jordan. Other Hyatt programs include “100,000 Opportunities Initiative” that hire young Americans from areas with high unemployed youth and the “Hands On Education” partnership on vocational training and job placements for individuals with intellectual and physical disabilities. Through these and similar initiatives, the private sector and multilateral organizations have proven pivotal in employing and providing skills to youth in the sector, filling a labor and hospitality education shortage in the industry and generating lifelong opportunities for youth.

Travel and Tourism as a Force of Good for Protecting Indigenous Groups, Culture, and the Environment

Finally, there is a triple bottom line that can be attained through sustainable tourism: promoting business, fostering community benefits, and preserving the environment. TT&H is unique because a large part of tourism involves sightseeing, which is not a typical “consumer product” and is therefore not owned by anyone in the traditional sense. The beaches and tropical rainforests visited by tourists are shared and need protection and conservation. The overuse or misuse of natural resources can destroy them. The destruction and exploitation of natural resources and cultural heritage is to be avoided at all costs because it is a lose-lose scenario. For example, local communities lose because their natural endowments are depleted or completely lost; whereas TT&H potential is lost in that area so future generations cannot enjoy the same attractions.

The [United Nations World Tourism Organization](#) (UNWTO) promotes [sustainable tourism](#), which is “tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.” Adopting a sustainable approach to tourism offers greater rewards for business and benefits local communities in tourism destinations, all while preserving the environment. Economically and environmentally, the pressure for sustainable tourism is dire. Both travelers and the TT&H sector must espouse a sustainable approach to tourism. The UNWTO estimates that cultural tourism accounts for roughly [40 percent](#) of all international tourism globally; and within the United States alone, about [81 percent](#) of tourists are considered cultural tourists. Tourists worldwide find great enjoyment in visiting the ruins of ancient civilizations, such as the Egyptian pyramids, the Roman Colosseum, and the ruins of the Incan Empire in Machu Picchu, Peru. In addition, tourists are attracted to experiencing ancient cultural traditions that live on through indigenous groups. There are also many environmental landmarks that attract tourists every year, such as the Amazon rain forest in South America and the Great Barrier Reef along the coast of Australia. Promoting the protection of culture and the environment runs parallel with promoting growth for the TT&H sector. Tourism depends on cultural and natural heritage.

Moreover, indigenous people are a valuable part of the TT&H sector because they bring ancient cultures and tradition to life. Today, indigenous people are estimated to make up a mere [5 percent](#) of the world's population but disproportionately make up [15 percent](#) of the world's poor. It is estimated that indigenous people occupy 25 percent of the world's surface but safeguard an impressive [80 percent](#) of the world's remaining biodiversity. Indigenous communities share a cultural relationship with their natural resources and ecosystems—their central productive asset is commonly environmental capital. A type of sustainable tourism is [ecotourism](#), which is defined as “responsible travel to natural areas that conserves the environment and improves the well-being of local people.” Ensuring that TT&H can maintain its ecotourism requires preservation of the environment. For instance, [the Amazon rainforest](#) is a driver of tourism in South America and is well managed by indigenous people. Effective management of the rainforest generates new wealth and opportunity for their communities.

Due to historical instances of exploitation of indigenous people, [guiding principles](#) have been developed to address this issue. The guiding principles ensure that indigenous groups receive credit for their traditional knowledge, are provided decent work, and maintain stewardship of their heritage, to name a few. It is important to ensure that TT&H does not contribute to the exploitation of indigenous groups but rather supports and lifts indigenous communities into the larger tourism value chain.

How can TT&H be carefully planned to ensure the protection of indigenous people, as well as preservation of the environment and cultural heritage? The United Nations Educational, Scientific and Cultural Organization (UNESCO) established [World Heritage Sites](#), in part to preserve the world's legacy by recognizing and protecting invaluable landmarks. Moreover, [conservation projects](#) promote the preservation of the environment (also local communities), natural resources, and biodiversity. Applying the SDG principles to tourism, especially to conservation and heritage preservation, harnesses the power of sustainable tourism and its resources to improve tourism standards and best practices; increases environmental awareness and conservation; and increases income diversification. As an example, the [Management of Aquatic Resources and Economic Alternatives Project](#) in the Caribbean was a four-year sustainable tourism project that brought together regional allies to protect and effectively utilize the coastal and marine resources and ecosystems. An example of cultural preservation was accomplished for indigenous communities in Mexico, namely the [Boquillas, Jaboncillos, and Norias communities](#). These indigenous people are nestled in the U.S.-Mexico border and offer rich history and unique culture that tourists find appealing. In addition, their proximity to Big Bend National Park made it a popular destination thanks to the beautiful surrounding landscape. A [plan](#) was developed by Solimar International, the U.S. National Park Service (NPS), and the Mexican National Commission of Natural Protected Areas to re-attract tourism to this region, preserve local culture, and conserve natural resources, while generating income for communities. These are only some of the many examples of how carefully planned tourism can benefit the locals by preserving the environment. TT&H has been and will continue to be used to promote cultural preservation and protect indigenous people. Greater awareness of these initiatives can help accelerate the positive impacts.

Yet Many Challenges in the Sector Need to Be Addressed

Although there are many economic, environmental, cultural, and social benefits to the tourism sector, there are also challenges that remain and must be addressed. This includes workplace harassment, lack of year-round opportunities (i.e., jobs may be seasonal), poor working conditions with no benefits, and a lack of career opportunities to grow the skills beyond the basics of the position. For example, it is unfortunate that [Thailand](#) benefits economically from tourists who seek to [sexually exploit](#) local people, including

women and children. Awareness of [sexual exploitation among children](#) is especially important to address because they are among the most vulnerable groups.

Following the [World Conference](#) against the Sexual Exploitation of Children in 1996, many awareness programs and communication channels were [created](#) to address this problem. For example, the [Tourism Child-Protection Code of Conduct](#) (“The Code”) is the world’s first and only voluntary set of business principles that travel companies can implement to prevent child trafficking. The Code enhances awareness, offers tools, and provides support to travel companies to help train the travel industry to detect and prevent potential abuse.

Complementary to this effort, [ECPAT International](#) is a nonprofit that promotes local civil society organizations and coalitions with one common goal—to end the sexual exploitation of children around the world. In January 2017, Marriott International [announced](#) their partnership with ECPAT-USA and signed The Code. Tangibly, this means that Marriott has adopted mandatory training in spotting human trafficking for its on-property workforce across more than 6,500 properties in 127 countries and territories. To date, Marriott has trained more than [225,000](#) of its employees to become vigilant against child trafficking.

In terms of economic challenges, TT&H has a highly competitive, [price-sensitive industry](#), which can often mean limited economic impacts on destinations. Investments tend to flow where visitors are already going, thus public investment is the required catalyst for newer and revived destinations. Moreover, the industry is a favorite for taxation since most visitors are not constituents of the destinations they are visiting. Taxes can impact pricing and competitiveness and cause price increases. Prepayment for destination packages at origin limits the amount of local economic impact. For example, many resort packages for the Caribbean are prepaid and all-inclusive, thereby limiting the amount of local spending in the destination.

Some other challenges are “political” barriers to entry and have a negative impact on the TT&H. Negative perceptions of a country, often the result of media coverage of political events in the country and the region, can discourage visitors. [The Arab Spring](#), for example, [caused tourism in Egypt to drop](#) from 14 million in 2010 to 5.2 million in 2016. Terrorism and political instability are certainly factors, but the negative effects that stem from perceptions of the destination as “unsafe” and “unstable” endure for much greater periods than the events themselves.

Looking Ahead: The United States and Global Travel, Tourism, and Hospitality

In the United States, TT&H is a key generator of jobs and economic growth and the sector will continue to expand in the next 10 years. In 2017, TT&H’s total contribution to GDP was close to [8 percent](#), supporting more than 13 million jobs (or 9 percent of total U.S. employment). Moreover, in 2017, visitor exports made up [6.6 percent](#) of total exports, whereas investments made up [4.6 percent](#) of total investments. Worldwide the United States ranks first—in *absolute* rankings of global travel and tourism’s direct contribution to GDP, total contribution to GDP, and investment.

Although the United States is both a top spender and earner in the TT&H sector, the sector is generally not a policy priority as one of the various tools in an overarching U.S. economic and security policy framework. The United States, along with other countries, can foster and support initiatives that seek to overcome negative aspects of the TT&H sector. This includes preventing workplace harassment, improving working conditions (i.e., providing benefits), and generating opportunities that assist TT&H employees in growing their skill set beyond the basics of their positions.

Given the growth, the contribution to GDP, and the ability to meet future youth bulge demands, TT&H needs to be elevated as a key industry comparable to others such as energy, infrastructure, manufacturing, and information communication technology (ICT). The United States has one of the most competitive TT&H industries in the world and can utilize its strengths and know-how including a business-friendly environment, strong ICT readiness, and qualified human resources to assist developing countries seeking to utilize their TT&H as a strategic sector for growth. The TT&H sector has the potential to contribute to strategic issues, including alignment with national interests, stabilization and citizen security, as well as cultural and environmental preservation. Though there are both opportunities and challenges associated with the sector, the United States is well positioned to leverage its expertise in the sector. Addressing the challenges will maximize opportunities and benefits for the United States and other TT&H destinations.

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