
Highlights of The Travel & Tourism Competitiveness Report 2008

Switzerland is number one in the Travel & Tourism Competitiveness Index (TTCI) 2008, followed by Austria and Germany, the same as in the TTCI 2007. Switzerland is rich in cultural and natural resources, and includes an impressive number of World Heritage cultural and natural sites for a country of its size. A large percentage of the country's land area is protected (12) and the natural environment is assessed as being among the most pristine in the world (10). This natural heritage is buttressed by a strong national focus on environmental sustainability: Switzerland is ranked second overall on this pillar, based on strong and well-enforced environmental legislation, with a particular focus on developing the T&T sector sustainably.

As well as being endowed with features that make it an attractive leisure tourism destination, Switzerland is also an important business travel hub, with many international fairs and exhibitions held in the country each year. Staffing of the industry is also facilitated by excellent education and training (4), perhaps not surprising in a country with many of the best hotel management schools. Added to these strengths is Switzerland's excellent transport infrastructure (5), with top-quality roads and railroads and an excellent domestic transport network. Also well assessed is the tourism infrastructure (7), with readily available hotel rooms and ATMs for cash withdrawals. Such high-quality infrastructure makes a tourist's stay in the country easy and comfortable, an experience that is reinforced by the high level of general safety and security (6).

Austria ranks 2nd in the TTCI 2008, attributable to its rich cultural resources, with eight World Heritage cultural sites, and many fairs and exhibitions catering to business travellers. The natural environment is also highly valued, along with the country's focus on environmental sustainability. In addition, Austrians are perceived as extremely open and welcoming to foreign travellers (3). Austria's tourism infrastructure is assessed as second to none, with abundant car rental facilities, hotel accommodations and ATMs. Other strengths include Austria's assessment as one of the safest countries in the world (3) and its excellent health and hygiene levels (4).

Germany, ranking 3rd, is also characterized by abundant cultural resources: the country ranks 3rd with 31 World Heritage cultural sites, and 2nd for the number of international fairs and exhibitions held in the country. Germany's infrastructure is among the best in the world (3) for the quality of its ground transport infrastructure and for its air transport infrastructure (7). In addition, Germany gets better marks than Switzerland and Austria for policy rules and regulations affecting the T&T industry: it ranks 6th in this area, with policies encouraging foreign investment and open bilateral Air Service Agreements.

Spain and **France** also place among the top 10, with Spain in 5th and France in 10th position. Both countries benefit from their rich cultural resources, ranked 2nd and 4th worldwide, respectively, for their number of World Heritage cultural sites. Both have built up excellent infrastructure: France's ground and air transport infrastructure are among the best in the world, and Spain's tourism infrastructure is ranked number one internationally. The Index shows that France's policy rules and regulations are more conducive to developing the sector than Spain's, while Spain's labour market makes finding qualified labour easier there than in France, which is ranked a low 86th in this pillar.

The United States ranks 7th. The country is number one for overall business environment and infrastructure. It ranks 2nd for the country's human, cultural and natural resources. In particular, the United States has an excellent air transport infrastructure (2) and high-quality tourism and ICT infrastructure. Its natural resources are ranked 2nd worldwide, with many protected areas and many World Heritage natural sites, although a perception exists that the environment is not being sufficiently protected (100 for environmental sustainability). Safety and security (119) is also of concern; as well as some concerns about safety from crime, the country has one of the highest rates of road traffic incidents of all the countries covered.

Italy, despite being endowed with the most World Heritage cultural sites in the world, ranks a low 28th in the TTCI 2008 ranking. As well as its cultural richness, Italy's strengths lie in areas such as the health and hygiene of the country (19) and its excellent tourism infrastructure (4). However, it faces a number of challenges that bring its overall rating down. These include policy rules and regulations, where Italy ranks 57th because of its very strong foreign ownership restrictions (102) and rules governing FDI (109). Further,

the government is not seen as prioritizing the sector (97). In addition, ground transport infrastructure requires upgrading, and there are some safety and security concerns in the country (81).

Australia is the highest ranked country in Asia and Oceania. The only one in the top 10, it ranks 4th, just behind Germany and ahead of Spain. Australia ranks number one worldwide for the number of World Heritage natural sites, and 5th for its cultural resources. Given the importance of the natural environment for much of its leisure tourism, it is notable that the stringency and enforcement of its environmental regulations are well assessed. Given the country's distance from other continents, and the related importance of domestic air travel to overcome the large distances between major sites, its competitiveness is also supported by excellent air transport infrastructure (3), as well as a good general tourism infrastructure. Australia also benefits from the relatively strong government prioritization of the tourism sector and effective destination-marketing campaigns.

Within the region, Australia is joined in the top 20 by **Hong Kong** (14th) and **Singapore** (16th). These economies have excellent infrastructures: their ground transport infrastructures are among the top two in the world, and their air transport infrastructures also get high marks. They also benefit from well-qualified labour to work in the sector, both ranking among the top four in this area. With regard to the policy environment, they hold the top two places of all countries, with rules and regulations that are extremely conducive to the development of their T&T industries (policies facilitating foreign ownership and FDI, well-protected property rights and few visa restrictions). Further, they are among the safest countries of all assessed with regard to crime and security. Hong Kong is unsurpassed for quality of health and hygiene, and Singapore ranks 5th in the overall prioritization of travel & tourism.

Japan ranks 23rd in the TTCI 2008, with good marks for its cultural resources (14) attributable to its many World Heritage cultural sites and international fairs and exhibitions held in the country). The ground transport infrastructure is among the best in the world, especially railroads, and Japan continues to be a leader in education and training. However, Japan ranks 3rd from the bottom for the affinity of the country for travel & tourism (128). The sector is also not perceived as a priority for the government (87).

Malaysia ranks 32nd, with its rich natural resources (18) and good ground transport infrastructure. The country also benefits from excellent price competitiveness (3), with low comparative hotel and fuel prices, low ticket taxes and airport charges, and a favourable tax regime. Malaysia's policy environment is measured as highly conducive to the development of the sector (12), and the government is prioritizing travel & tourism; it also has an excellent evaluation for its destination-marketing campaigns (7). With regard to weaknesses, health and hygiene indicators lag behind those of many other countries in the region with, in particular, a low physician density (93).

Thailand ranks 42nd in the TTCI 2008. It is endowed with rich natural resources and a strong affinity for travel & tourism (both 20), with a very friendly attitude of the population toward tourists (10). This is bolstered by the sector's strong prioritization by the government (12) with, similar to Malaysia, excellent destination-marketing campaigns and strong price competitiveness. However, some weaknesses remain: despite the government's prioritization of the sector, some aspects of the regulatory environment – such as stringent foreign ownership restrictions, visa restrictions for many travellers, and the long time required to start a business in the country – are not particularly conducive to developing the sector (52).

China ranks somewhat lower, at 62nd. China has much clear strength: it ranks 3rd for its World Heritage natural sites and 5th for its cultural sites, demonstrating the rich cultural and natural heritage of the country. In addition, the country ranks 17th in price competitiveness. However, there are some weaknesses pulling the country's ranking down. China has a relatively good air transport infrastructure (36) but ground transport infrastructure gets middling marks (61) and its tourism infrastructure remains highly underdeveloped (119), with very few major international car rental companies operating in the country, few hotel rooms available and few ATMs. In addition, China has a policy environment that is not conducive to T&T development (ranked a low 89th, just ahead of Mozambique) with property rights that are not sufficiently protected, strong foreign ownership restrictions and visa requirements for most visitors. Furthermore, policies related to environmental sustainability get low marks (110), with the government not seen as prioritizing the development of the sector in a sustainable way. There are also some safety and security concerns (121) as well as issues related to health and hygiene (99), with access to improved sanitation and drinking water low by international standards. However, on a positive note, China does seem to be prioritizing the sector to a certain extent (36), with active participation in most international tourism fairs.

India ranks 65th overall. As with China, India is well assessed for its natural resources (13) and cultural resources, with many World Heritage sites, both natural and cultural. The country also benefits from good price competitiveness, ranked 20th overall, despite somewhat high comparative hotel prices. India also has quite a good air transport network (35), particularly given the country's stage of development, and a reasonable ground transport infrastructure (39). However, the tourism infrastructure remains somewhat underdeveloped (80), with very few hotel rooms per capita by international comparison and low ATM penetration. Further, despite government and industry efforts to promote the country abroad (India is ranked

22nd in tourism fair attendance) and the exposure given to recent promotional campaigns, the assessment of marketing and branding to attract tourists remains mediocre (51). Another area of concern is the policy environment (102), with much time and cost required to start a business, bilateral Air Service Agreements not assessed as open and visas required for most visitors.

Indonesia ranks lower, at 80th overall. In terms of strengths, Indonesia ranks 26th for its natural resources, with several World Heritage natural sites and the richness of its fauna, as measured by the known species in the country. Further, the country ranks number one overall on price competitiveness in the T&T industry because of very reasonable hotel prices, low ticket taxes and airport charges, favourable fuel prices and overall relatively low prices. In addition, it ranks 11th for the national prioritization of travel & tourism. However, these strengths are held back by weaknesses such as underdeveloped infrastructure, including to a certain extent air transport (61) and, especially, ground transport (98) and tourism infrastructure (109). There are also some concerns related to safety and security, particularly lack of trust in police services and the prevalence of road traffic accidents.

Barbados is the highest-ranked country in the Latin America and Caribbean region, at 29th overall. Barbados ranks 2nd overall for the country's affinity for travel & tourism, with a positive attitude towards tourists and the value of tourism. The government prioritizes the sector to a very high degree (2), spending a high percentage of GDP on the sector and ensuring effective destination-marketing campaigns. Further, the country has a regulatory environment that is quite conducive to the development of the sector, requiring few visitors to have visas to enter the country, and with open bilateral Air Service Agreements.

Costa Rica, ranked 44th, is second in the region. The country gets excellent marks for its natural resources (7) with several World Heritage sites, a high percentage of protected areas and the country's very diverse fauna. Given the importance of the natural environment for the country's tourism industry, it is notable that it ranks a reasonably high 32nd overall for environmental sustainability. However, safety and security remains a concern (66). And, although its tourism infrastructure is well developed (29), with an excellent presence of major car rental companies and abundant hotel rooms, ground transport infrastructure (113) requires upgrading, particularly roads and ports.

Brazil ranks 49th overall. The country ranks 3rd of all countries for its natural resources and 12th for its cultural resources, with many World Heritage sites, a great proportion of protected land area and very rich fauna. This is supported by some focus on environmental sustainability (37). However, the ground transport network remains underdeveloped in regard to roads (110), ports (116) and railroads (87). Safety and security continues to be of serious concern, ranking 128th, just behind Pakistan and Russia. The country also suffers greatly from a lack of price competitiveness (92), attributable in part to high ticket taxes and airport charges in the country. More generally, the overall policy environment is not particularly conducive to the development of the sector (95), with discouraging rules on FDI and much time required to start a business.

Chile ranks 51st. The country has rich cultural resources, with five World Heritage cultural sites, and holds several international fairs and exhibitions. In addition, policy rules and regulations are conducive to the development of the T&T sector (18), with few foreign ownership restrictions, a liberal visa regime and open bilateral Air Service Agreements. By regional standards, the country also benefits from good safety and security (36). However, Chile's T&T competitiveness would be strengthened by upgrading transport and the tourism infrastructure and a greater focus on developing the industry in an environmentally sustainable way.

Mexico, in 55th position, gets quite high marks for its natural and cultural resources (both 25) with many World Heritage sites. This is reinforced by the overall prioritization of the sector in the country (31), with country-level participation at many T&T fairs and effective marketing and branding campaigns to attract tourists. Some areas requiring attention are the tourism infrastructure (49) and, especially, the ground transport infrastructure (82). In addition, Mexico ranks a low 83rd for price competitiveness, due in particular to very high ticket taxes and airport charges (124 overall). Safety and security also continues to be a major concern (122) with high levels of crime and violence, a police force that cannot be relied on to provide protection from crime and many road traffic accidents.

Venezuela, despite its top-10 status for its endowment of natural resources, ranks much lower than most other countries in the region, at 103rd. Among the significant weaknesses are a lack of safety and security (125), a low prioritization of the tourism industry (123), and the lowest rank of all countries in overall national affinity for travel & tourism (130). In addition, infrastructure needs upgrading, particularly ground transport infrastructure (112). The policy environment is also not very conducive to the development of the T&T sector. Property rights are not well protected in the country, and FDI is also not encouraged (both these indicators are ranked second to last, at 129; in both cases just ahead of Zimbabwe).

Israel is the highest ranked country in the Middle East and North Africa region, at 35th overall. The country's human resources base is well evaluated (20), providing healthy and well trained people to work in the T&T sector. Further, infrastructure is quite well developed compared with those of other countries in the region, especially its ICT infrastructure. Israel's regulatory environment (30) is conducive to the development of the

sector, with well protected property rights and low foreign ownership restrictions. And the country's environmental regulation also gets relatively good marks in terms of both stringency and enforcement. But although Israel gets excellent marks in health and hygiene (8), with one of the highest physician densities in the world, safety and security continues to be a major concern, placing the country at 60th, primarily related to concerns about terrorism (127, only ahead of Colombia, Sri Lanka and Nepal).

Tunisia ranks 39th, with an excellent assessment of the prioritization of travel & tourism (8) – similar to countries such as Spain and Switzerland – with high government spending on the sector, effective destination-marketing campaigns and attendance at most major international tourism fairs. Further, unlike some other countries in the region, Tunisia is perceived as relatively safe from crime and violence (25), including terrorism. In addition, price competitiveness is a positive attribute, ranked 13th, with very competitive hotel prices, reasonable fuel levels and reasonable taxation, although ticket taxes and airport charges are comparatively onerous. Health and hygiene also remains an area of concern (75), with a relatively low physician density and low concentration of hospital beds.

The United Arab Emirates (UAE) also ranks among the top third of all countries at 40th, close behind Israel and Tunisia. While the UAE is not endowed with rich natural and cultural resources (108 and 90, respectively), it does very well in several other areas captured by the Index. For example, the country exudes an extremely positive attitude towards foreign travellers (6) and is also seen as very safe from crime and violence (14). The country also does comparatively well with regard to price competitiveness, ranked 28th in this area, despite a very high price level. This is the result of very low ticket taxes and airport charges, generally low taxation and low fuel price levels in the country. The UAE's infrastructure also gets good marks, particularly its air transport infrastructure, which is ranked a very high 5th of all countries assessed. The government strongly prioritizes the sector (4), carrying out very effective destination-marketing campaigns (1) and ensuring the presence of the country at major T&T fairs internationally. On the other hand, rules and regulations could be adapted to better support the sector's development, which is ranked 81st overall because of foreign ownership restrictions, visa requirements for many visitors, and much time and cost required to start a business.

Egypt, a country rich in cultural heritage (with six World Heritage cultural sites), ranks 66th overall in the TTCI 2008. In addition to its cultural attributes, it benefits from excellent price competitiveness, ranking 2nd, just behind Indonesia. This is attributable to overall low comparative prices, including for fuel and hotel rooms, as well as relatively low ticket taxes and airport charges. Further, there is a national prioritization of the sector, with the government ensuring both relatively high spending on travel & tourism and the country's presence at major tourism fairs. On the other hand, the country's infrastructure is somewhat underdeveloped, particularly its tourism infrastructure (79) and ICT infrastructure (87). An upgrading of the quality of the country's human resources available to work in the sector (82) would also improve the country's overall T&T competitiveness.

Morocco ranks 67th, just behind Egypt. Morocco also receives a good evaluation for its cultural resources, ranking 19th for the number of World Heritage cultural sites in the country. In addition, the government is seen as prioritizing the development of the sector, and its policy rules and regulations are indeed somewhat supportive of the industry (40), with a favourable visa regime and relative ease to set up a business in the country. The government is also making efforts to develop the T&T sector in a sustainable way, protecting the natural environment. To improve the industry's competitiveness further, efforts should be made to improve health and hygiene levels and upgrade the educational system, as well as make further improvements to the country's transport and tourism infrastructure.

Mauritius is the highest-ranked country in sub-Saharan Africa at 41st overall, 19 places higher than South Africa, the second-ranked country. The Mauritian government is unsurpassed in terms of prioritization of the sector, with very high government spending on the tourism industry (3) and ensuring excellent destination-marketing campaigns to attract tourists (8). Along similar lines, Mauritius is ranked 3rd for the country's overall affinity for travel & tourism, with the sector representing an important part of the economy and the general attitude of the population to foreign travellers being extremely welcoming. The country's tourism infrastructure is quite well developed, particularly by regional standards, with a high concentration of hotel rooms and many major car rental companies operating in the country. Mauritius also benefits from price competitiveness (19), with relatively low prices overall and taxation that is not overly burdensome. By regional standards, safety and security levels are also very good (33) and are on a par with those of countries such as Canada and the Netherlands. In terms of challenges, there are some areas that could be addressed to improve Mauritius' competitiveness. For example, some aspects of the policy environment could be made more advantageous, such as easing up on foreign ownership restrictions and more open bilateral Air Service Agreements. And, although the government is seen to be making an effort to develop the industry in a sustainable way (9), this could be backed up by more stringent and clearer environmental regulations (50).

South Africa, the region's second-strongest performer, ranks 60th and is the only other country in the region within the top half of the rankings. The country ranks a high 21st for its natural resources and 40th for its

cultural resources based on its many World Heritage sites, its rich fauna and the many international fairs and exhibitions held in the country. South Africa also benefits from price competitiveness, with reasonably priced hotel rooms and a favourable tax regime. Infrastructure in South Africa is also well developed, particularly for the region, with air transport infrastructure ranking 40th and a particularly good assessment of road quality (38). Overall, policy rules and regulations are conducive to the sector's development (36), with well protected property rights and few visa requirements for visitors. The country also gets good marks for environmental sustainability (35). The government prioritizes the development of the T&T sector as a whole, through, for example, effective destination marketing (21). However, there are also some areas of weakness that have brought down the country's overall ranking. Safety and security is of serious concern (123), with the costs of crime and violence in particular ranking a low 125th. The country also has weaknesses in health and hygiene, where it is ranked 82nd as a result of its low physician density (91) and concerns about access to improved sanitation (84) and drinking water (75). Related to this, health indicators are extremely worrisome. South Africa's life expectancy is very low, at 48 years, placing the country 117th overall, a ranking related in large part to the very high rates of communicable diseases such as HIV/AIDS. This is clearly an area requiring urgent attention to ensure the continuing availability of human resources for the T&T sector, as well as all sectors in the economy.

Botswana ranks 87th overall in the TTCI 2008. The country, known for its beautiful natural parks, ranks 31st of all countries for its natural resources, with much protected land area (10) and a lack of environmental damage. The country also benefits from excellent price competitiveness, where it is ranked 6th because of low ticket taxes and airport charges (14) and a favourable tax regime in the country (17). However, Botswana does face some challenges that lead to its rather low overall ranking. The policy regime is not extremely conducive to the development of the sector. Although the country does not have an onerous visa policy (21), the country's bilateral Air Service Agreements are not evaluated as open (100) and much time is required to start a new business (108 days, positioning the country at 121). Further, Botswana's transport infrastructure is somewhat underdeveloped, as well as its tourism infrastructure, with a low hotel room concentration (71) and a limited presence of international car rental companies (74). There are also some concerns in health and hygiene, attributable to a very low physician density (102) and very limited access to improved sanitation (108). Associated with this, the greatest comparative weakness relates to the health of the workforce, where life expectancy of just 35 years places the country last of all 130 countries, in a tie with Lesotho. Botswana has the highest HIV prevalence rate of all countries covered.

Tanzania, ranking 88th just after Botswana, is a country with some impressive strengths. The country is number one worldwide for natural environment, with several World Heritage natural sites (10) and so much protected land area as to place the country 4th on that indicator. This is supported by an important focus on environmental sustainability (29), particularly as it pertains to the development of the T&T industry. There is also a general affinity of the population to travel & tourism (28), and it is clearly seen to be an overall national priority (33). On the other hand, the policy environment could be more supportive of the development of the sector, by ensuring more open bilateral Air Service Agreements (106), pursuing a less stringent visa policy for visitors (67), ensuring better protection of property rights (94) and making it less costly to start a business (99). Other issues of concern: security levels in the country; the health of the workforce where improvement is needed as in most countries in the region, upgrading the educational system and improving all types of infrastructure on which T&T is dependent.

Looking further down in the rankings, **Zimbabwe** ranks 117th overall. This is a low ranking for a country with such natural endowments as the famous Victoria Falls. Indeed, Zimbabwe ranks 33rd for natural resources overall, with a number of World Heritage natural sites, much protected land area and rich fauna. Despite these strengths, which have attracted tourists to Zimbabwe over the years, the Index mainly highlights the country's weaknesses in all of the other areas. The policy environment is among the worst in the world (128), with rock-bottom assessments for laws related to FDI and property rights (both ranking 130). Safety and security is also a major concern, with high crime and violence and lack of trust in the reliability of police services to provide protection from crime (123), reflecting the general breakdown in law and order in the country in recent years. There are also concerns related to human resources, with low enrolment rates in primary and secondary education by international standards, and among the worst health indicators in the world: life expectancy is just 37 years (128). Better governance will be imperative to get the country back on track for improved T&T competitiveness.