A World of Tourism: Optimism and Challenges

By Dr. Richard Kelley

This past Tuesday, September 27, many around the world marked World Tourism Day, one of the “official days” recognized by the United Nations. This year’s observance focused on the theme, “Tourism – Linking Cultures,” to highlight the visitor industry’s role in bringing the cultures of the world together and promoting global understanding through travel. However, a glance at almost any newspaper, magazine or television newscast tells me that, if tourism – “the keeper of the culture” – is to promote global understanding, it has a big job ahead of it in today’s turbulent world.

Armed conflicts are burning across the globe, from drug cartel battles in Mexico to struggles for freedom in Libya, Syria and Yemen. The European Union’s banking system is on the brink of collapse and few banking systems or economies around the world can be called healthy. Some are even questioning the ability of China to keep up its current rate of growth.

There are some bright spots.

- Aircraft manufacturer Boeing reports “passenger air traffic rose 8 percent in 2010, after declining about 2 percent in 2009. The persistent resilience of air travel is expected to sustain 6 percent growth in 2011 and keep the growth rate at or above the historical trend through the middle of the decade.”
- While attending the recent Hotel Investment Conference in Phoenix, Arizona, I detected a real surge of optimism among attendees. Lenders suggested they are interested in financing both new hotel construction and purchases of existing properties.
- PKF Hospitality Research reports that in the overall U.S. market, Revenue Per Available Room (RevPAR) is expected to be 7.2 percent higher this year and to rise an additional 7.3 percent in 2012. This must be kept in perspective, however, as average room rates at many hotels across the nation are still below pre-recession levels.
- Speakers at the annual China-U.S. Tourism Leadership Summit held September 24-26 in Kona, on Hawai‘i Island, forecast a surge in Chinese visitors to the United States, up to 5 million annually by 2015, if the United States can improve its visa and immigrations/customs systems.

In the meantime, we need to keep the Obama administration from raining on tourism’s parade.

The World Travel & Tourism Council, of which Outrigger is a member, reports that President Obama is proposing to raise $25 billion over 10 years through increases in Aviation Passenger Security (APS) fees. It is planning to divert the lion’s share of the increased revenue to general government operations and NOT to passenger security. APS is currently levied at between $2.50 and $5.00. Under the proposals, the current range will be replaced with a minimum fee of $5.00, with annual 50-cent increases from 2013 to 2017, reaching $7.50 in 2017.

At a recent Washington, D.C., interview following meetings on Capitol Hill, WTTC President and CEO David Scowsill said, “We fully support the U.S. administration’s efforts to reduce its debt burden, but do not believe it is good economics to raid $25 billion from an industry that is a driver of growth and recovery at a time when President Obama is keen to create millions of jobs through the $450 billion American Jobs Act. “Travel & Tourism currently contributes more than $1,300 billion or 9 percent of total U.S. GDP, generates 9 percent of its total exports and supports 15 million jobs.

“Taxes on Travel & Tourism tend to do more harm than good economically – as higher charges discourage high-spending visitors. Indeed, the U.S. administration recognizes that each and every visitor contributes $4,000 to the economy.

“WTTC believes that this plan has a laudable objective but it is confused and likely to be counterproductive. We urge the Obama administration to send this plan back to the drawing board with instructions to promote an industry which will drive economic recovery and job creation – not damage it.”

I totally agree.

Travel & Tourism offers great opportunities for economic growth, for preserving the many, diverse cultures of the world, and for building understanding among nations. Let’s work together to keep it that way!