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## **“Sustainable Tourism” Report Executive Summary**

### **The Sustainable Tourism Report – Executive Summary**

Sustainable development seeks to balance human needs and the sustainability of natural resources by adopting a holistic approach that takes into consideration economic, environmental and social factors. Expected to play a central role in the Turkish business world in the near future, sustainable development occupies the top spot in TUSIAD’s agenda.

With this aim in mind, TUSIAD drafted “Vision 2050-Turkey,” which was influenced by the “Vision 2050” report commissioned last year by the World Business Council for Sustainable Development (WBCSD). The report laid out a roadmap spanning the next forty years and identified the necessary policies in need of implementation for having a sustainable Turkey by 2050. Currently, we aim to build on the Vision 2050-Turkey report by drafting a series of reports on the sustainability of those sectors that exercise significant influence on the Turkish economy. The “Sustainable Tourism Report,” the first of these initiatives, was created with the contributions of TUSIAD’s “Tourism Working Group” and the Sectoral Policies Department.

In 2012, travel and tourism’s direct contributions to global GDP reached \$2tr while providing 100m jobs. The World Travel and Tourism Council claims that in 2011 the travel and tourism industry produced 9,1% of global GDP while generating employment (direct and indirect) for nearly 260m people, which constitutes more than 8% of the world’s working population. These numbers show that tourism has been a global driving force guiding investment and economic development. In the next ten years, tourism’s contributions to the global GDP are expected to produce %10 of global GDP and reach \$10tr, which will provide jobs to nearly 356m people.

However, there are certain environmental costs that accompany tourism’s fast-paced global development. For example, tourism is estimated to produce %5 of all carbon emissions, which is expected to increase by almost 130% by 2035 if no peremptory action is taken. Moreover, climate change in the next twenty years is expected to have a major impact on tourism. Therefore, the UN has called on tourism firms to adopt sustainable tourism practices for minimizing tourism’s environmental costs, encouraging the efficient use of natural resources, and ensuring the social and economic sustainability of tourism companies and destinations. Fortunately, the UN’s

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advocacy has found resonance among tourism firms, which began initiating investments for making their services and products more sustainable.

With its huge potential, the tourism industry on the one hand makes significant contributions to the economies of both advanced and developing economies, while at the same time accentuating the economic, social, and environmental principles that lie at the core of the notion of sustainable development. Indeed, thinking about sustainable tourism independently from sustainable development is not conceivable. In fact, after its establishment in 2011 the “Tourism Working Group” defined sustainable tourism as its inaugural project, thereby directly contributing to the fulfillment of TUSİAD’s larger objectives centering on sustainable development. In June 2011, the “Tourism Working Group” first organized a workshop on sustainable tourism organized by the joint efforts of the Turkish Ministry of Culture and Tourism and the Department of Tourism and Hotel Management of Bogazici University. The proceedings of the workshop, which zoomed in on the social, economic, and environmental impact of tourism industry, were then expanded to form the contours of the “Sustainable Tourism Report,” which examines key themes such as organizational planning, enhancement of global competitiveness, availability of financial mechanisms, and potential hardships along the way.

The report emphasizes the necessity of comprehensive and thorough affirmation of the principle of sustainability by all actors involved in the tourism industry. Otherwise, rising population levels and continuous depletion of natural resources will result in tourism becoming one of the hardest hit sectors in the medium and long run. Just like many tourism destinations losing their indigenous characteristics, the Mediterranean basin, currently attracting more than a third of all tourists and amassing almost one quarter of all tourism revenues and bed capacity, is expected to be fully polluted by the end of the 21st century. The developing countries located around the Mediterranean basin, however, are particularly experiencing significant hardships in implementing a comprehensive sustainability program promoting the relevant economic, social, and environmental practices, largely due to an absence of sufficient financial resources, rapid population increases, and severe dependency on natural resources.

Aware of the financial burdens and extra costs accompanying sustainability, the “Sustainable Tourism Report” argues for governments to step up and encourage investors through incentive mechanisms for bringing about a smooth transition. Indeed, the segmented nature of the tourism sector, relative financial and organizational inflexibility of small and medium size enterprises, the direct relationship of sustainability with public administration given the latter’s investment in the use of air, water, cultural resources, and governments’ authority over the distributing of various incentive mechanisms delegate a significant share of the responsibility on governments in ensuring a timely transition to sustainable practices. Therefore, tourism companies and particularly small and medium sized tourism enterprises should be allowed to benefit from government support in refashioning their businesses according to sustainable models. TUSİAD’s report also calls for preparing the groundwork for coordinated and cooperative action among all involved parties to tourism including local communities, non-governmental organizations, the private as well as the public sector.

The sustainability report also claims that improvements in the sustainability of human, natural, and cultural resources enhance the competitiveness of a given country, sector, and firm. Competitiveness reports annually issued by the World Economic Forum (WEF) shows Turkey lagging behind in the “environmental sustainability” and “natural resources” indexes, while displaying average competitiveness in the “cultural resources” index, which is a function of the number of UNESCO cultural World Heritage sites, sports stadium seat capacity, and the number of international fairs and exhibitions in the country, as well as the strength of its creative industries exports. On the other hand, Turkey ranks 66th in the “Travel and Tourism: Regulatory Framework” pillar, which contains the environmental sustainability, security, and hygiene indexes. Turkey fares slightly better and stands at 55th place in the “Travel and Tourism: Business Environment and Infrastructure” pillar, which is an index of the quality of air and ground transportation infrastructure, price competitiveness, and the condition of tourism infrastructure. Finally, Turkey sits at 28th place in the “Travel and Tourism: Human, Cultural, and Natural Resources” category, where Turkey’s attractive geography and its possession of rich natural resources lift her up in the competitiveness index. Despite ranking in the top 10 in 2011’s most visited destinations, however, Turkey is placed only 50th in the 2011 competitiveness index.

Intensive efforts by the Turkish Cultural and Tourism Ministry in the recent years have paid off with the inclusion of several cultural artifacts in UNESCO’s list of World Heritage Sites, which improved Turkey’s standing in the global competitiveness index by lifting her up in the report’s “cultural resources” pillar. Nevertheless, the WEF report unmistakably shows that in order for Turkey to enhance its global competitiveness, considerable work needs to be done particularly with regards to environmental protection and sustainability.

The report also includes a section describing the sustainability programs put into practice in countries in competition with Turkish tourism. Particularly the sustainability programs put into effect in Mexico and Spain in the past twenty years are examined both at the local and national levels, which is expected to provide a roadmap for sustainability initiatives planned in Turkey. These examples demonstrate that sustainability requires long-term political commitment, in addition to the reliable and flexible financial mechanisms indispensable for sponsoring long-term plans. As the Spanish Calvia and Granada examples reveal, effective implementation of sustainable tourism demands the construction of a comprehensive knowledge base and routine reporting and follow-up mechanisms. Finally, these examples show that in order to base sustainable tourism on a permanent footing, all parties to tourism—central government, business owners, tourists, local authorities, NGOs, and service sector employees—need to act together in coordinated fashion.

Another topic that receives attention in the report is the “Turkish Tourism Strategy 2023” document and follow-up action plans drawn up by the Turkish Culture and Tourism Ministry. The “Turkish Tourism Strategy 2023” document places the main emphasis on sustainability, which is regarded as the central principle that is expected to propel Turkey’s tourism forward in its long-term growth and expansion plans. The tourism strategy document touches on key themes such as environmental protection,

elimination of regional inequalities, relief of environmental pressures generated by mass tourism, reduction of seasonal demand and promotion of alternative tourism practices. However, the action plans, designed for the implementation of these general aims on the ground, fall short on showing full commitment to sustainability and encouraging its application in tourism. The implementation, supervision, and evaluation of sustainable practices are not laid out in detail in the action plans, although they are critical for the internalization of the principle of sustainability. Therefore, TUSIAD's report points out the necessity for a closer engagement with sustainability when drafting future action plans dealing with the post-2023 period, which not only is expected to bring about the harmony between general tourism strategies and specific action plans, but also has the potential for effecting the much sought qualitative transformation of the tourism sector. Indeed, it is indispensable for the governing bodies to establish a harmony between the goal-setting strategy document and action plans laying out on-the-ground practices.

One of the largest predicaments Turkey's tourism faces is the seasonality of demand. Not only does it create enormous environmental pressure on local resources, but seasonality also prevents the formation of a permanent and educated workforce. Moreover, tourism's concentration on the summer season leads to a number of problems such as the use of capacity and efficiency during the rest of the year. Therefore, the sustainability report advocates the implementation of alternative tourism strategies for minimizing environmental pressures on local resources and maximizing capacity use throughout the year.

One other problem emerging out of the seasonality of demand is the inability to establish a qualified and regular workforce for the industry. Currently providing jobs to almost 9% of Turkey's registered employees, the tourism sector requires a permanent and qualified workforce in order to enhance its global competitiveness and attain the government's set goals by 2023. However, rather than remaining in the tourism sector having irregular cycle of work patterns due to the seasonality of demand, tourism employees tend to prefer other industries providing uninterrupted employment. Hence, TUSIAD's report argues the need for setting up an incentive mechanism that will assist and reward the enterprises that pursue a permanent employment policy even in regions highly affected from the seasonality of demand. It is believed that only such measures will generate a stable and regular workforce within the tourism industry. Additionally, this is also expected to provide an effective barrier against an informal economy and unfair competition plaguing the industry. Therefore, the report concludes by urging policymakers to revisit policies that privilege facilities approved by the Ministry and/or local governing bodies.