

Green Growth, Travelism, and the Pursuit of Happiness

GEOFFREY LIPMAN, *Beyond Tourism*

SHAUN VORSTER,¹ Ministry of Tourism, South Africa

Green Growth

In the past two years, since the last issue of this *Report*, the shift toward a "green economy" has accelerated significantly. The international community has increasingly recognized the need to deal coherently with today's global challenges of extreme poverty, massive economic volatility, and climate change while at the same time preparing for tomorrow's anticipated food, water, and energy crises—all of which are compounded by a dramatically increasing world population.²

The broad-scale response is to seek to limit global temperature increase to no more than 2 degrees Celsius above pre-industrial levels; to reduce dependence on fossil fuels while massively increasing use of renewables and linking energy technology with information technology; and to ensure inclusionary growth through technology, finance support, and capacity building while conserving essential biodiversity and ecosystem integrity. Achieving these goals over the next 40 years will require the decarbonization of consumption and production—essentially decoupling economic growth from carbon emissions.³

At a global level, the UN system, the Bretton Woods institutions, and the G-20 have all reiterated their commitment to green growth, thus intensifying research and implementation programs. Regional and other cooperative institutions, such as the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation organization (APEC), the African Union (AU), the Organisation for Economic Co-operation and Development (OECD), and the European Union (EU), have fully embraced this concept. Most importantly, national governments and their industry stakeholders are enthusiastically integrating the principles, practices, and enabling programs into policy actions.⁴

Travel & Tourism (*Travelism* for short) as a major economic and lifestyle driver will be an integral part of this process at global, regional, and local levels. However, because of its structural and institutional fragmentation, its engagement is less evident than that of other sectors, its impact is often undervalued, and its potential under-exploited.

Travelism could play a bigger transformational role than it now does. The sector *directly* represents some 5 percent of the global economy, with another 5 percent represented indirectly through its supply chain. In tourism-centric areas such as the Caribbean and the Indian Ocean, the share is dramatically higher. It represents a massive component of domestic demand in industrialized and emerging economies, as well as the largest service sector for developing countries generally and for Africa specifically. It engages billions of consumers, touches billions more through its marketing, and is a major lifestyle aspiration of people everywhere across the social, demographic, and geographic spectrum. And it creates jobs like no other sector—rapidly, in every

country, in rural communities as well as cities, and across the employment spectrum.

Given the volume of tourism activity in developing and emerging market destinations, Travelism also presents an opportunity for more equitable global economic growth, thereby promoting social inclusion. In general, developing countries are more dependent on tourism services exports, and to the degree that they have a competitive advantage in eco-tourism, it is a green services export.

The UN World Tourism Organization (UNWTO) has been highlighting this point in its Roadmap for Recovery initiative. So too have the T.20 Tourism Ministers.⁵

Travelism

But an equally important point is that, to fully capitalize on the sector's potential, it has to break out of its historic inclination toward siloed sectoral goals, policies, and institutional frameworks that in turn limit its value in green-growth decision making.

Simply put, in economic impact and operational terms, all travelers use booking systems that integrate transport, hotels, restaurants, travel services, and retail outlets. And they all require the same human resources, investment, and infrastructure. In terms of consumption and production, every journey uses a wide range of public and private suppliers, with combinations of the activities of the subsectors. Globalization and the Internet makes this joint product delivery and supplier cross-fertilization increasingly easy and increasingly integrated. A key issue is how to get multilateral institutions, public sectors, corporations, and trade bodies to rise above their important but nevertheless partial vision and see the value of a clear cross-sectoral approach to the jobs, development, trade, taxation, and climate response priorities.

The tourism and aviation sectors are dependent on each other as well as on global conditions for their prosperity. They are equally affected by archaic global legal frameworks that govern the air space and ownership of airlines, and are vulnerable to terrorism, pandemics (such as H1N1), natural disasters (such as the 2010 Ash Cloud), global exchange rate volatility, rising oil prices, and external economic shocks. They are also mutually enabling. Without aviation, many hotels would be virtually empty; and without tourism, many airlines would face unprofitable load factors.

The key point is that, because of their inter-connectivity and mutual dependence, Travelism and its constituting industries need greater convergence and closer collaboration. Key policies will have to be consolidated and/or aligned to ensure that the twin objectives of sustainable mobility and sustainable destinations are met. Convergence will enable the entire sector to coherently pursue a common agenda on

issues of shared impact and concern. This will be crucial in advancing the sector's relationship with governments; in multilateral forums or vis-à-vis other industries—for example, through non-tariff trade barriers such as visas and travel advisories; in regulatory reform; in global environmental governance; in safety and security issues; and so on. The mainstreaming of Travelism as a strategic-change sector at a global and national policy level could also assist to consolidate strategic green-growth initiatives within and outside the sector (e.g., with government departments responsible for economy, energy, finance, security, health, environment, climate change, and information communication technology).

Travelism could and should be compatible with a low carbon development trajectory and a key sector driving the shift to a green economy. It is more than compliance to avoid costly economic measures designed to punish untransformed industries in a carbon-constrained world in decades to come; it is also about market leadership, consumer satisfaction, and competitiveness. To quote Marthinus van Schalkwyk, Minister of Tourism of South Africa, "Industry would have to change the way it does business in a carbon-constrained world. I believe that, in far less than a decade, a low-carbon value chain for the tourism sector will be an increasingly important driver of competitiveness. Not only will industry in the near future be faced with changing preferences of consumers who want to travel responsibly, as well as increased shareholder activism, but, from the side of Government, they can also expect a much tighter regulatory framework on issues of the green economy."⁶

Once we accept the realities, we see that our opportunities far outweigh the challenges. The realities fall into three broad areas:

- First, the sector will need to mitigate its environmental impacts, as other sectors do. Ideally global emissions must peak and begin to decline within 10 to 15 years. Climate change holds the potential to disrupt tourism destinations at a macro-level, to affect the seasonality patterns at a local level, and hence to seriously influence competitiveness. Many small island states that depend heavily on tourism receipts do not have the capacity or resources to respond and are particularly exposed.
- Second, Travelism will need to adapt to unmitigated climate change in a way that reduces vulnerability—and in that process, green jobs could be created. Adaptation priorities include dealing with the effects of climate change on key environmental assets, especially on the ecosystems and conservation areas and marine resources that are most threatened, as well as on other ecosystem goods and services that support so many livelihoods.

- Third, Travelism must be at the forefront of the global climate response drive. The sector's overall carbon footprint—of some 5 percent of total global emissions—is far smaller than its overall socioeconomic contribution; it is also far smaller than that of many other sectors.⁷ Analysis has shown that the progressive reductions that governments are committing to, both domestically and internationally, are possible. Travelism's most visible component—air transport—has, through the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO), made groundbreaking commitments to reduce its emissions progressively until 2020, to seek carbon-neutral growth thereafter, and to aim for ambitious absolute reductions by 2050.⁸ Air transport is critical for global commerce and for the economies of the most vulnerable states. In this context, unfair discriminatory taxes imposed unilaterally are especially problematic—particularly those that pretend to support a needed response to climate change but are actually simply another means of collecting revenue for general budgets.

Opportunities will emerge as a result of incentive-supported innovation, technology deployment, and new market offerings that flow from climate change adaptation and mitigation policies and measures. These will include green entrepreneurship; job creation; and, very significantly, the green investment in tourism-related infrastructure in hotels, land transport, airports, parks, and conservation areas.

Huge indirect opportunities for Travelism will also be uncovered in the *general* push for sustainable low carbon cities, green building design, and green transport. Further opportunities will be found *specifically* in the energy efficiency retrofitting of accommodation establishments and other hospitality infrastructure, the scaling up of renewable energy sources, and improved waste management. Similarly, there will be increasing investment in green tourism product offerings and nature-based tourism, and in biodiversity-based businesses and the maintenance of ecological infrastructure, including parks, wetlands, and coastal preservation. These opportunities will increase as Travelism engages in carbon offsetting and trading schemes.

Along with these increased opportunities, and because of the multiplier effect that cascades through interrelated value chains in the economy—including the 80 percent of the sector that is composed of small, medium, and micro enterprises—a green revolution in the Travelism sector could be a catalyst for green growth and transformation in the broader economy.

Gross national happiness

That transformational role may be even more significant as a result of the work of the Stiglitz Commission, launched by President Sarkozy of France in 2008 to look beyond GDP as a measurement of socioeconomic well-being.⁹ The Commission's report suggests the importance of also considering "quality of life" and "sustainability" in broader balance sheets of the common good.

Stiglitz suggests that we can learn much from the Kingdom of Bhutan, where the metrics for prosperity include gross national happiness—a measure that looks beyond the material to the spiritual and other nonquantifiable values. These include "values that are not traded in markets and not captured by monetary measures such as cognitive evaluations of one's life, happiness and satisfaction, that cannot be considered as resources with imputable prices, even if individuals do make trade-offs among them."¹⁰

It is not difficult to see how an activity such as Travelism could be a high-value-added sector in this kind of new measurement approach.

At one level, the sector adds to its well-established wealth and jobs creation impact with the social good it creates through people-to-people understanding, as well as the community well-being it creates, particularly in poor and emerging markets.

At another level, its environmental sustainability also has a huge untapped potential. Unlike manufacturing or extractive sectors, many of Travelism's negative impacts can be fixed with quite simple shifts in operator, consumer, or host destination processes. Moreover, tourism's well-known conservation contribution is already significant and could be easily ramped up—particularly with incentives from climate, trade, or development funds.

Finally, in this context of contributing to a country's gross national happiness, Travelism is at the heart of trade and leisure, which are arguably two of mankind's most fundamental vehicles for creating well-being and happiness. Travelism is the primary vehicle of delivery of leisure, and an important driver of inclusive and shared economic growth and social development.

Capitalizing on the new paradigm

It is clear that a careful balancing act will be required as the world moves down the green growth path, when new factors such as human happiness/well-being and sustainability begin to be reflected in public- and private-sector policy decisions, and as Travelism is coherently engaged.

It is also clear that, in this evolution, the classic "triple bottom line" of economic, social, and environmental balance is evolving to become a "quadruple bottom line" in order to fully reflect the green growth paradigm, particularly the game-changing climate dimension. This is the dimension that Maurice Strong, the father of the

sustainable development movement, has called “the potential Armageddon if we don’t face it down.”¹¹

This is why we must progressively accelerate our attack on Travelism’s carbon footprint—to optimize carbon abatement without compromising growth, poverty alleviation, and sustainable development; to internalize all costs; and to remove market distortions. We need to transform “classic tourism” dominated by considerations of growth and market share into “smart tourism” that is also inclusive, clean, green, ethical, and customer- and quality-orientated. This in turn will ensure that the sector becomes a market leader in the green growth paradigm and its related green jobs, investment, trade, and development.

Notes

- 1 Views expressed in this chapter are those of the author and do not necessarily reflect those of his institutional affiliation.
- 2 Since 2008, the idea of a “Green New Deal” to place the global economy on a lower carbon growth trajectory, to increase the share of green sectors in global GDP, to create green jobs and decent work through new investment in game-changing technologies/natural infrastructure and, at the same time, to address multiple challenges by accelerating the fight against climate change, environmental degradation, and poverty has gained much traction (UNEP 2009a, b).
- 3 See Friedman 2008.
- 4 The 2010 G-20 Seoul Summit committed “to undertake green growth and innovation oriented policy measures to find new sources of growth and promote sustainable development.” They also committed to support “country-led green growth policies that promote environmentally sustainable global growth along with employment creation while ensuring energy access for the poor” and recognize the importance of investment in energy efficiency, clean energy technologies, resource efficiency, green cities, and low carbon transport as part of the transformation to a “sustainable green growth.” See G20 2010.
- 5 “. . . growing an economically, environmentally as well as socially sustainable travel and tourism sector on an ethical basis can play a meaningful role to stimulate growth, create jobs, develop infrastructure and rural economies, promote trade, alleviate poverty, and particularly facilitate development in the least developed and emerging economies.” T.20 Tourism Ministers 2010.
- 6 Van Schalkwyk 2010.
- 7 OECD 2010; IPCC 1999; UNWTO/UNEP/WMO 2008.
- 8 ICAO 2010a, b; IATA 2009, 2010a, b, c.
- 9 Stiglitz et al. 2009. The aim of this report was to identify the limits of GDP as an indicator of economic performance and social progress, to consider additional information required for the production of a more relevant picture, to discuss how to present this information in the most appropriate way, and to check the feasibility of measurement tools proposed by the Commission. The output is designed to provide a template for every interested country or group of countries.
- 10 Stiglitz, et al. 2009, pp. 16, 144.
- 11 Strong 2009.

References

Friedman, T. L. 2008. *Hot, Flat, and Crowded: Why We Need a Green Revolution—and How It Can Renew America*. New York: Farrar, Straus and Giroux.

- G20. 2010. *The G20 Seoul Summit Leaders’ Declaration, 11–12 November 2010*. Available at http://www.unep.org/greeneconomy/Portals/30/docs/seoul_g20_final_communique.pdf (accessed December 12, 2010).
- IATA (International Air Transport Association). 2009. *A Global Approach to Reducing Aviation Emissions*. Available at http://www.iata.org/SiteCollectionDocuments/Documents/Global_Approach_Reducing_Emissions_251109web.pdf (accessed December 12, 2010).
- . 2010a. *Annual Report 2010: International Air Transport Association*. Presented at the IATA 66th Annual General Meeting, Berlin, June. Available at www.iata.org/pressroom/Documents/IATAAnnualReport2010.pdf (accessed December 12, 2010).
- . 2010b. *Aviation and Climate Change*. September. Geneva: IATA.
- . 2010c. *A Global Framework for Addressing Aviation CO₂ Emissions: Frequently Asked Questions*. Background paper prepared for the ICAO 37th General Assembly, June 16–18, 2010, Montreal, Canada.
- ICAO (International Civil Aviation Organization). 2010a. *Consolidated Statement of Continuing ICAO Policies and Practices Related to Environmental Protection: Climate Change*. Resolution A37-19, adopted at the ICAO 37th General Assembly, June 16–18, Montreal, Canada. Available at http://www.icao.int/env/A37_Res19_en.pdf (accessed December 12, 2010).
- . 2010b. Submission by the International Civil Aviation Organization (ICAO) at the 33rd Session of the United Nations Framework Convention on Climate Change (UNFCCC) Subsidiary Body for Scientific and Technological Advice (SBSTA33) (30 November to 4 December 2010 – Cancun, Mexico), agenda item 6(a) “Emissions from fuel used for international aviation and maritime transport.” FCCC/SBSTA/2010/MISC.14. Available at http://www.icao.int/icao/en/env2010/Statements/sbsta-33_Item-6a.pdf (accessed December 12, 2010).
- IPCC (Intergovernmental Panel on Climate Change). 1999. *Summary for Policymakers: Aviation and the Global Atmosphere*. A Special Report of IPCC Working Groups I and III. Geneva: Intergovernmental Panel on Climate Change.
- OECD (Organisation for Economic Co-operation and Development). 2010. Report on Sustainable Tourism Development and Climate Change Issues and Policies, presented at the 84th Session of the Tourism Committee (CFE/TOU(2009)14), 86th Session of the Tourism Committee (CFE/TOU(2010)10), October 20–21, Israel.
- Stiglitz, J. E., A. Sen, and J.-P. Fitoussi. 2009. *Report by the Commission on the Measurement of Economic Performance and Social Progress*. Available at http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf (accessed December 12, 2010).
- Strong, M. 2009. “Facing Down Armageddon: Our Environment at a Crossroads.” *World Policy Journal* 26 (2): 25–32.
- T.20 Tourism Ministers. 2010. T.20 Joint Communiqué adopted at the 1st T.20 Tourism Ministers’ Meeting, Johannesburg, South Africa, February 22–24, 2010. Available at <http://www.tourism.gov.za:8001/TSME/t20-docs/TMSE%20final-opt.pdf>.
- UNEP (United Nations Environment Programme). 2009a. Davos: A Green New Deal for a Post-Crisis World. Press release. Available at <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=556&ArticleID=6057&l=en> (accessed December 12, 2010).
- . 2009b. “A Global Green New Deal – A Policy Brief.” *Policy Brief*, March 2009. United Nations Environment Programme. Available at http://www.unep.org/pdf/A_Global_Green_New_Deal_Policy_Brief.pdf (accessed December 12, 2010).
- UNWTO/UNEP/WMO (World Tourism Organization/United Nations Environment Programme/World Meteorological Organization). 2008. *Climate Change and Tourism: Responding to Global Challenges*. Available at <http://www.unwto.org/sdt/news/en/pdf/climate2008.pdf>.
- Van Schalkwyk, M. 2010. Speech delivered by Mr Marthinus van Schalkwyk, Minister of Tourism of South Africa, at the Opening of the Travel Corporation 2010 International Conference. October 4, Cape Town. Available at http://www.southafrica.net/sat/action/media/downloadFile?media_fileid=32030.