

# World Economic Forum Travel & Tourism Competitiveness Index

## Highlights

**Switzerland** takes the leading position in the TPCI rankings. Switzerland is an extremely safe country, with excellent health and hygiene indicators, as well as environmental regulation that is among the most stringent and effective in the world. And in a country that has some of the most well regarded hotel management schools in the world, the quality of the country's human resources is second to none, ensuring an adequate supply of high quality staff for the industry. The air and ground transport and tourism infrastructure are also among the best in the world, making it very easy and comfortable for visitors to move around the country. Further, the country's natural and cultural resources are among the richest in the world (the country is home to six World Heritage sites, and much protected land area). Switzerland is one of the only high-income countries, together with Spain, that is among the top ten countries with regards to the prioritization of travel and tourism. All of this comes together to make Switzerland a very attractive place to develop the travel and tourism sector.

**Austria** and **Germany**, ranked 2<sup>nd</sup> and 3<sup>rd</sup>, respectively, are among the top three countries, together with Denmark, regarding the quality of environmental regulation, and they are among the top four in terms of safety and security in the country, with very low crime and violence, and reliable police services. And most strikingly they hold the top two spots in the area of natural and cultural resources attributable to several World Heritage sites in both countries (especially in Germany), and large nationally protected national parks and such areas. Germany is rated as doing better with regards to the quality of transport infrastructure, particularly ground transport infrastructure, where it is rated number one, whereas Austria's tourism specific infrastructure is rated as the best in the world, ahead of Germany.

The **United States** is ranked 5<sup>th</sup> in the index. The US is among the top three of the 124 countries covered regarding natural and cultural resources, with a large number of World Heritage sites (20 of them), as well as in the percentage of protected land area, making the country an attractive destination. The country also has an excellent infrastructure and business environment for Travel & Tourism, ranked number one in the overall subindex: it has the most well-developed air transport infrastructure in the world, by a significant margin, as well as excellent tourism infrastructure. The country's human resources also get excellent marks (ranked 5<sup>th</sup> overall). It should be noted, however, that hiring foreign labor is highlighted as difficult (ranked 43<sup>rd</sup>), and this is an area of concern due to the seasonality of much of the tourism labor force.

**France**, the most travelled to destination in the world, is ranked just outside the top-ten at 12<sup>th</sup> place. The country's strengths lie in areas such as natural and cultural resources (with for example 30 world heritage sites, among the highest in the world), the quality of the air and ground transport infrastructure (both ranked 4<sup>th</sup>), and health and hygiene (9<sup>th</sup>). However, these strengths are offset by weaknesses, such as the country's policy rules and regulations (ranked 40<sup>th</sup>), and the general attitude of the French towards visitors (ranked a very low 122<sup>nd</sup> overall).

**Spain**, a country that has seen an impressive increase in tourism over the years, is ranked 15<sup>th</sup> overall, just behind France within Europe. Spain's strengths can be traced to its excellent tourism infrastructure (ranked 2<sup>nd</sup>) and air transport infrastructure (ranked 7<sup>th</sup>), as well as excellent natural and cultural resources (with the second highest number of World Heritage sites in the world – second only to Italy). And Spain is notably ranked 3<sup>rd</sup> overall with regards to the prioritization of the travel and tourism sector by the country, the top ranked European country in this area, demonstrating the recognition within Spain of the importance of the sector as an important driver of economic growth.

**Italy**, the country with the highest number of World Heritage sites in the world ranks a mediocre 33<sup>rd</sup> in the TPCI ranking. The country is strongly assessed for its cultural aspects, and its very good tourism infrastructure. However, Italy's T&T competitiveness also suffers from several weaknesses, which bring the overall rating down. This includes policy rules and regulations, where it ranks a dismal 70<sup>th</sup>, below most European countries due to very strong foreign ownership restrictions, and rules governing FDI. Further, the government is not seen to be prioritizing the sector (ranked 92<sup>nd</sup>).

Within Asia, **Hong Kong** is the highest ranked country (6<sup>th</sup>), followed closely by **Singapore** (8<sup>th</sup>). These economies have excellent infrastructure: the ground transport infrastructure of both are assessed as among the top three in the world, and their air transport infrastructure also gets high marks. They also have top notch human resources, providing healthy and well educated people to work in the sector. With regards to the policy environment, they hold the top two places out of all countries, with regulatory environments that are extremely conducive to the development of the travel and tourism industry (policies facilitating foreign ownership and foreign direct investment, well protected property rights, few visa restrictions). Further, they are among the safest countries of all assessed with regards to crime and security issues. Hong Kong is unsurpassed with regards to the quality of health and hygiene, and Singapore is ranked second with regards to the overall prioritization of travel and tourism.

**Australia** is ranked 13<sup>th</sup> overall, just ahead of **New Zealand** (14<sup>th</sup>). Both countries are characterized by excellent natural and cultural resources, with much nationally protected land area and in the case of Australia, many World Heritage sites as well (16, placing the country 12th). And given the importance of the natural environment for much

of their leisure tourism, it is notable that they also have stringent environmental regulations. Further, both countries are characterized by a relatively strong prioritization of the tourism sector, and effective destination marketing campaigns.

**Malaysia**, ranked 31<sup>st</sup>, has good ground transport infrastructure, and excellent price competitiveness, ranked 2<sup>nd</sup> overall on this indicator, with low ticket taxes and airport charges, low comparative fuel prices, and a favourable tax regime. The country is perceived as quite safe (24<sup>th</sup>), although health and hygiene indicators lag behind many other countries in the region, with in particular a low physician density. The country's policy environment is measured as relatively conducive to the development of the sector (ranked 26<sup>th</sup>), and the government is prioritizing travel and tourism, with one of the highest travel and tourism fair attendances in the world (ranked 2<sup>nd</sup>), and an excellent evaluation for its destination marketing campaigns (ranked 6<sup>th</sup>).

**Thailand** is ranked 43<sup>rd</sup> in the TTCl, just behind Korea (ranked 42<sup>nd</sup>). Thailand benefits from a very friendly attitude towards tourists (ranked 6<sup>th</sup>), and the sector is indeed prioritized by the government (ranked 14<sup>th</sup>) with, similar to Malaysia, excellent destination marketing campaigns and an effort to ensure national presence at major travel and tourism fairs internationally. However, important weaknesses remain, particularly regarding the quality of transport and tourism infrastructure, both of which remain relatively underdeveloped.

**India** is ranked 65<sup>th</sup> overall. The country has some clear strengths, mainly linked to cultural endowments, ranked a very high 7<sup>th</sup> overall with regards to the number of World Heritage sites in the country, and its famously welcoming attitude towards foreign travellers. The country also benefits from excellent price competitiveness, ranked 6<sup>th</sup> overall, with low ticket taxes and airport charges and low prices in the economy as a whole. And with regards to the policy environment, property rights are indeed well protected, and foreign ownership is authorized, although the stringency of visa requirements places India a very low 106<sup>th</sup> overall. However, the tourism infrastructure remains underdeveloped. Further, despite government and industry efforts to promote the country abroad (India is ranked 4<sup>th</sup> with regards to tourism fair attendance), and the exposure given to recent promotional campaigns, the assessment of marketing and branding to attract tourists remains mediocre (ranked 59<sup>th</sup>).

**China** is ranked 71<sup>st</sup> in the TTCl. Although China is ranked 3<sup>rd</sup> in terms of World Heritage sites, and 11<sup>th</sup> in terms of price competitiveness, it has a policy environment that is not at all conducive for T&T development (ranked a low 97<sup>th</sup>), with property rights that are not sufficiently protected, strong foreign ownership restrictions and stringent visa requirements. Environmental regulation also gets low marks, with the government not seen to be prioritizing the development of the sector in a sustainable way. China has a relatively good air transport infrastructure (ranked 36<sup>th</sup>), and ground infrastructure which is ranked 45<sup>th</sup> overall. However, tourism infrastructure remains highly underdeveloped (ranked 113<sup>th</sup>). There are also some safety and security concerns (83<sup>rd</sup>), as well as issues related to health and hygiene (84<sup>th</sup>), with a low physician density and access to improved sanitation and drinking water which is low by international standards.

**Barbados**, at 29<sup>th</sup>, is the highest-ranked country in the Latin America and Caribbean (LAC) region. Barbados is ranked 2<sup>nd</sup> overall with regards to national tourism perception, with a positive attitude towards tourists, and the value of tourism in the country. The government is prioritizing the sector to a very high degree (ranked 2<sup>nd</sup>), spending a high percentage of GDP on the sector, and ensuring quality destination marketing campaigns. Further, the country has a regulatory environment that is quite conducive to the development of the sector, with low visa requirements, and very open bilateral Air Service Agreements.

**Costa Rica**, ranked 41<sup>st</sup>, is second in the LAC region. The country's strengths are in the area of natural resources, ranked 12<sup>th</sup> on the percentage of nationally protected land areas. Its policy environment is very conducive to the development of the sector (ranked 17<sup>th</sup>), with open bilateral Air Service Agreements, low visa requirements and an environment that welcomes foreign investment. However, safety and security remains a concern (67<sup>th</sup>). And while tourism infrastructure is quite well developed (36), ground transport infrastructure remains highly underdeveloped (93<sup>rd</sup>), particularly roads and ports, making travel in the country somewhat difficult.

**Mexico**, in 49<sup>th</sup> place, gets quite high marks for its natural and cultural resources (ranked 29<sup>th</sup>) with nationally protected areas and a large number of World Heritage sites. This "natural attractiveness" is reinforced by a relatively good policy environment for the development of travel and tourism, ranked 33<sup>rd</sup> overall with low visa requirements, and low foreign ownership restrictions, for example. Mexico also has relatively well developed air transport infrastructure (32<sup>nd</sup>), although its tourism infrastructure (47<sup>th</sup>) and ground transport (62<sup>nd</sup>) get lower marks. And its price competitiveness is ranked a low 85<sup>th</sup>, in particular due to high ticket taxes and airport charges. Safety and security is also a major concern for the country, with high levels of crime and violence.

**Brazil** is ranked 59<sup>th</sup> overall. The country benefits from some excellent cultural and natural resources. And the air transport network gets relatively high marks (28<sup>th</sup>), as well as measures of the dedicated tourism infrastructure (also 28<sup>th</sup>), such as the presence of major car rental companies. However, the general ground transport network remains underdeveloped with the quality of roads, ports and railroads ranked 96<sup>th</sup>, 88<sup>th</sup> and 81<sup>st</sup> respectively. Safety and security also continues to be of serious concern, ranked 90<sup>th</sup> overall, as is the case in a number of countries in the region. More generally, the overall policy environment is not particularly conducive to the development of the sector, ranked 75<sup>th</sup>, with, for example, highly stringent visa requirements, and foreign ownership restrictions.

Among countries in the Middle East and North Africa (MENA) region, the **United Arab Emirates (UAE)** ranks highest, at 18<sup>th</sup>, well ahead of the second ranked country, Israel at 32<sup>nd</sup> place. While UAE ranks quite low with regards to natural and cultural resources (80<sup>th</sup>), it makes up for this with a number of strengths in other areas measured by the index. For example, national tourism perception is rated 3<sup>rd</sup> in the world, with an extremely positive attitude towards foreign travellers, and pride in the value of the country for tourism. The country also does very well with regards to price competitiveness, ranked 8<sup>th</sup> in this area, despite a very high price level, due to low ticket taxes and airport charges, low taxation more generally, and low fuel price levels in the country. The UAE's infrastructure also gets good marks, particularly air transport infrastructure, ranked a very high 8<sup>th</sup> out of all countries assessed. The government is seen as prioritizing the sector strongly (ranked 4<sup>th</sup>), and carrying out very effective destination marketing campaigns (ranked 1<sup>st</sup>).

**Egypt**, a country so rich in cultural heritage, ranks a low 58<sup>th</sup> overall in the TTCI. And this is despite a number of clear strengths beyond the cultural richness. Egypt has excellent price competitiveness, ranked 5<sup>th</sup> overall with low comparative prices overall, including fuel prices. Further, the government is prioritizing the sector, with relatively high government spending on travel & tourism and ensuring the country's presence at major tourism fairs. This level of prioritization is reflected in some policy areas such as the favourable policy on visa requirements. On the other hand, the country's infrastructure is underdeveloped, particularly tourism infrastructure (85<sup>th</sup>). An upgrading of the quality of the country's human resources available to work in the sector, ranked 69<sup>th</sup>, would also improve the country's overall travel and tourism competitiveness.

**Mauritius** is by far the most competitive country in the sub-Saharan Africa region with regards to Travel & Tourism, ranked 39<sup>th</sup> overall. The general attitude of the population to foreign travellers is quite welcoming, and this is buttressed by great support by the government, which demonstrates the greatest prioritization of the industry of all countries analyzed. The country's tourism infrastructure is quite well developed, with a high concentration of hotel rooms and many major car rental companies operating in the country. On the negative side, the policy environment could be improved, ranked a low 63<sup>rd</sup> in this area due to foreign ownership restrictions and rules on foreign direct investment, as well as a visa regime that could be simplified to allow foreign tourists to enter the country with less hassle.

**South Africa** is the region's second-strongest performer, ranked 62<sup>nd</sup> in the TTCI. The country is endowed with a significant number of World Heritage sites, and infrastructure in the country is also relatively well developed, particularly air and ground transport infrastructure. Some aspects of the regulatory environment are conducive to the sector's development, such as the excellent protection of property rights and visa requirements that are not extremely onerous. And the country is assessed as carrying out very effective destination marketing. However, there are also some areas of weakness that have brought down South Africa's overall ranking. Safety and security is of serious concern (ranked 95<sup>th</sup>), as well as health and hygiene, where it is ranked 82<sup>nd</sup> overall, with a low physician density, as well as concerns with regards to access to improved sanitation and drinking water.