SEVENTH ITEM ON THE AGENDA

Other questions

(b) Informal Meeting on the Hotel and Tourism Sector: Social Impact of Events Subsequent to 11 September 2001 (Geneva, 25-26 October 2001)


2. The Informal Meeting considered a briefing paper prepared by the International Labour Office which noted the unprecedented scale of the events’ negative impact on global tourism markets, especially international tourism and related sectors. It highlighted the following findings six weeks after 11 September – a fall of 30-40 per cent in demand for all tourist-related travel services in the United States; although there were signs of recovery in domestic and intraregional tourist travel demand in Europe and Asia, demand for long-haul tourism travel, and especially transatlantic and trans-Pacific tourism, remained the weakest element. These events had sharply exacerbated an already poor employment situation, with job losses, especially in the United States, likely to exceed 10 per cent in the months to come.

3. The Informal Meeting reviewed the impact of the events and the social partners formulated recommendations concerning operational measures for overcoming the crisis which could be considered by governments, the social partners and the ILO. The report of the discussion, together with the Chairperson’s summary of the Informal Meeting is appended to this paper.

4. The Committee on Sectoral and Technical Meetings and Related Issues may wish to recommend that the Governing Body authorize the Director-General to communicate the report of the discussion and the Chairperson’s summary:

   (a) to governments, requesting them to communicate these texts to the employers’ and workers’ organizations concerned;

   (b) to the international employers’ and workers’ organizations concerned; and
(c) to the international organizations concerned.

5. The Committee on Sectoral and Technical Meetings and Related Issues may wish to recommend that the Governing Body request the Director-General to bear in mind, when drawing up proposals for the future work of the Office, the recommendations made by the social partners for action by the ILO, as reflected in the Chairperson’s summary of the Meeting.


Points for decision: Paragraph 4;
Paragraph 5.
Report of the discussion

I. Introduction

The Meeting opened with introductory remarks by Ms. Sally Paxton, Executive Director of the ILO’s Social Dialogue Sector, who expressed appreciation of the efforts of participants to be able to attend this meeting from various parts of the world at very short notice. It had been a priority for the ILO to respond favourably and urgently to the calls of the social partners to examine solutions to the catastrophic effect of the events of 11 September. Participants were being asked to jointly analyse the problem and look for solutions through social dialogue, identifying common ground among employers, workers and governments in this informal discussion, and looking at how the ILO might provide assistance. A starting point for discussions would be a background paper prepared for the Office which drew on data from a variety of sources to prepare an inventory of the initial impact on hotels and tourism, to provide some indication as to future projections, and to draw lessons from previous comparable problems for the industry. The main aim was to promote effective and informal discussion with participants on the issues raised.

The Chairperson of the Meeting, Mr. Jean-Jacques Elmiger, Ambassador, representative of the Government of Switzerland, and Chairperson of the ILO Governing Body 1999-2000, noted that everyone had been marked by the events of 11 September – this Meeting was an expression of solidarity with those who had suffered as a result of that catastrophe, which would identify particular issues for this sector and their social and economic implications. The rapid response capacity of the ILO to such events had been reinforced recently, and this was an excellent example of organization and cooperation among the social partners through the ILO. One area to identify was the specific role of the ILO in addressing these events, and more generally in maximizing the ongoing usefulness of the contribution of the Sectoral Activities Department in this sector.

II. Presentation of the briefing paper and general discussion

Graham Todd, Travel Research International, gave a presentation that looked at the lessons of history, but bore in mind that the catastrophe was unprecedented. There had already been an economic downturn, but the events of 11 September reinforced this, and had hit the hotel and tourism sector particularly hard. While it had occurred only six weeks ago, some preliminary data were already available. It was important to stress that there is not a homogeneous single travel market, but a variety of segments – international travel for business and leisure, and the much larger domestic travel market. It was necessary to
disaggregate the market, understanding that it is very diverse. The nearest equivalent to the present crisis in the industry was the Gulf War, which stalled the travel market in 1991, with only 1 per cent growth in that year, compared with 7 per cent in the years before and after – i.e. there had been a loss of one year’s growth. His survey mainly covered the United States, Japan, Germany and the United Kingdom as markets, and some other selected destinations, such as Australia, Thailand and specifically affected areas. There had been a huge 9 per cent drop in overseas travel (excluding to Mexico and Canada) by American tourists in 1991, a 22 per cent fall to Europe, 3 per cent to Asia and so on. Most journeys were usually intraregion rather than intercontinental.

The Tienanmen Square events in 1989 had cut travel by 25 per cent from the United States, and by 7 per cent from Europe; China’s tourist trade took two years to recover, at a time when it should have been experiencing huge growth (from a very low base). Events in Egypt, and problems at the same time in Turkey in November 1997, had seen a 13 per cent fall in arrivals at Egyptian airports – a 75 per cent cut in Japanese tourists, and smaller declines in demand from other regions – but the Egyptian industry recovered very rapidly following effective measures by Government, tour operators and others, to rebuild the country’s tourist image and potential.

In the present crisis, the four key markets for international travel have shown the following so far: 30-40 per cent cut in US tourism, and a 30 per cent cut in transatlantic travel. It was expected that it would take 2-3 years for recovery to come about. There had been major problems for the Bahamas, the Cayman Islands, Aruba, Florence, Venice, Stratford-upon-Avon and other specific destinations popular with American tourists. There had been a major decline in Japanese tourists travelling to Hawaii and Guam, the dominant clients in their market. German tourists had cancelled travel to the United States and the Middle East, but other travel destinations had recovered within three weeks. German transatlantic demand was already weak prior to 11 September. British demand for transatlantic flights had seen a 26 per cent fall, and a 7 per cent decline for other long-haul destinations.

Australia and Thailand had embarked on tactical advertising about the safety of their countries, but had cancelled advertising campaigns in the United States. The Chief Executive Officer of the Marriott chain of hotels stated during the recent United States Senate hearings that 50 per cent of jobs had been lost or gone part time. Club Med had closed some seasonal villages to adjust to the downturn. There had been a collapse of the US aviation market, and devastation of its hotel trade. The “best case scenario” for the future was based on nothing getting worse from now on – and the “worst case scenario” could be imagined as escalating conflict, extending to other regions.

The tourist industry in Florida, the East Coast of the United States and California were under great threat – especially for lack of British demand (40 per cent) and Japanese cancellations. The outlook for the European industry was not as pessimistic. Africa’s tourist trade might gain slightly at the expense of the Middle East in the European market, while Asia would be dependent on Japanese demand. Parts of the Caribbean were dependent on the United States market, but the remainder should retain their European market.

WTTC predicted a 10 per cent drop in business that would cause the loss of 8.8 million jobs. Tourism had high fixed costs, and labour was its easiest variable cost to cut. Major casualties, along the lines of the Swissair debacle, were to be expected in the industry over the next 12 months.

The American tourism market was very dependent on levels of confidence, and this was one of the first examples of terrorism on American soil.
Different speakers cautioned against generalization. In advancing practical proposals, it needed to be recognized that no single solution fitted all. Ron Oswald, General Secretary, International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Association (IUF), indicated, for instance, that some of his union’s affiliates reported no impact from the 11 September events, while others, such as those in Australia, noted little direct effect or even potential positive consequences on their local industry. The United States was clearly the epicentre of the crisis, and while job loss figures variously advanced could not yet be confirmed, those cited by the CEO of Marriott Hotels were frighteningly close to the ones provided by their own US trade union affiliate. Job losses in the Mexican hotel industry were currently estimated at 20,000.

The representative of the Government of Egypt observed that the 11 September incidents were indeed unprecedented. Consequently, any comparison with the impact of previous events that had only had local – not universal – implications was not pertinent. It was also important to look at the tourism market as separate segments. Egypt hoped to promote recovery by focusing on domestic and regional tourism, extending its promotion campaign into some European countries. However, businesses in the sector were laying off a large number of workers; there were concerns that if the situation continued more than 20 per cent of the sector’s current jobs would be lost. The issue was how business relief should be financed, as well as how companies might be persuaded to retain workers.

The representative of the Government of Barbados supported the observations of the previous speaker, highlighting problems with figures. There was a serious problem in the Caribbean hotel industry related to low-occupancy rates, and operators had already been embarked on promotion exercises. However, for Barbados, as for other Caribbean countries in general, a distinction had to be made regarding travel originating from the US or from Europe. As the capacity of governments to respond financially to the industry’s problems was restricted by World Trade Organization obligations, creative approaches that took this factor into consideration were needed.

Mr. Todd agreed there were few historical examples to draw from, and it would be a struggle to convince governments to assist, especially as the tourism industry rarely spoke as one.

The representative of the Government of Brazil noted the lack of data in the document for regions such as Latin America and Eastern Europe. He believed the worldwide picture might become clearer later. Perhaps overall data were presently negative, but might be positive for some regions due to destination substitution. Tourism in Brazil and Argentina, which depended mostly on European travellers might also recover faster.

The representative of the Government of Spain agreed with the point made in paragraph 77 in the briefing paper, although it was difficult to determine the relative effects of terrorism and recession. She noted that the effects might be felt in a dissimilar manner, with some regions, countries and enterprises even benefiting from the crisis. Affected enterprises might also be tempted to lay off more employees than warranted. Whatever the case, government efforts to assist industry must be based on an objective evaluation of the different causes of the ongoing crisis, and supranational organizations, such as the European Union, needed to look at the effects of any financial assistance on established competition standards.

The representative of the Government of Sri Lanka reported that his country was already grappling with the effects on tourism of an attack on its own airport before 11 September. All developments brought with them both threats and opportunities. Industry actors in Sri Lanka had been forced to come together and speak with one voice, taking
steps to improve standards, diversify and upgrade different segments of the market and to
develop new tourism products. An increase in both domestic and intraregional tourism was
seen as an insurance against the decline of international visitors.

Mr. Todd explained the omission of regions, such as Latin America, in the briefing
paper as due to lack of time. It had been necessary to focus on the largest and most
prominent regions in terms of tourism. Most tourism in Latin America was intraregional,
but recent events might in fact represent an opportunity for carefully targeted marketing.
There had, for instance, been a recent increase in visitors from the United Kingdom to
North Eastern Brazil. He noted that cutting prices to stimulate demand could be justified if
it allowed recovery of fixed costs, but that such a strategy was not sustainable.

A Worker participant from Malaysia thought that the minimum wage issue needed to
be tackled, observing the importance of the service charge as an element in take-home pay
in his country. Employers kept basic salary deliberately low, and so service charge income
represented a predominant component of workers’ pay which could lead to hardship when
tourist activity was low. Since the service charge was also not taken into account in
calculating separation payments, it meant even greater difficulties for retrenched workers.
During previous crises, such as the effects of haze on tourism in the region, employers had
refused to respond to workers’ requests for assistance to cushion the effects on livelihoods.

The representative of the Government of France believed that although air transport
was already in crisis and that there would be automatic knock-on effects on the hotels and
tourism sector, there were more questions than answers. Job losses – what was called
technical unemployment – had already been noted. Action was needed to reduce the period
people would be out of work as a result of the impact of 11 September.

The representative of the European Commission provided a document prepared by his
agency on the impact. EU concern was to obtain the maximum information possible, and
had participated in a number of similar meetings to the one organized by the ILO. The
impact in the EU was as yet neither excessive in volume nor was it considered likely to be
lengthy. As such the Commission was not in favour of extending specific aid to the sector,
but would follow the situation as it evolved.

A Worker participant from Barbados stressed the importance of US-originated
tourism to the economies of the Caribbean region, and in particular that of his country. The
industry had already been experiencing a weakening as a result of the economic downturn
in the US before the events of 11 September, and efforts for a market repositioning, aimed
at increasing the number of visitors from Europe, had been under way. There had been
frantic reactions to 11 September, including heavy cancellations, and governments had
brought the social partners together to suggest solutions. In Barbados, a crisis committee
had been set up to meet regularly to examine developments. Meanwhile, workers were
agreeable to putting all issues on the table for transparent discussion, but were determined
to guard their gains.

Mr. Oswald stressed the importance of separating pre-existing problems from the
impact of the crisis, which had, nonetheless, focused attention on systemic industry issues,
including lack of government investment and failure to recognize the strategic importance
of the sector in the economy as a whole. There was also a need to systematically consider
the problems workers in the industry face as a result of seasonality and uncertainty. It was
hoped that the current appalling situation might encourage the parties towards a common
ground. It was also hoped that, within the ILO, the industry would also return to its former
position with corresponding resources to match.
The representative of the Government of the United States reported on the various proposals put forward by his Government to address the employment impact of the events. These included: a back-to-work package; temporary extension of unemployment benefits to 26 weeks; US$3 billion to help displaced workers; US$11 billion to States to help unemployed workers; and an airlines stimulus package to mitigate the effects of a four-day total closure.

Mr. Todd highlighted the unique ability of European travellers to choose from a range of means of transport, while air travel was often the only choice for non-domestic travel in most of the rest of the world. Although France had the highest number of visitors in the world, for instance, most came by land. The impact of developments in tourism were felt across the entire services sector, the fastest growing component of economies around the world and a major contributor to GDP.

Alain-Philippe Feutré, Chief Executive Officer of the International Hotel and Restaurant Association (IH-RA) also representing the Syndicat Français de l’Hôtellerie, noted the heavy industry investment. Because SMEs represented about 90 per cent of the industry worldwide, reduction in clientele resulted in cashflow problems. Another point worth considering was the importance of international tourism even where the internal market represented the dominant segment of the tourism industry. While France had greater domestic than international tourism, for instance, visitors from the United States or Japan spent much more than the locals on a per capita basis. Should international business not return to previous levels soon, therefore, many companies were in danger of disappearing.

The representative of the Government of Sri Lanka felt that training and education should be organized in partnership with the private sector. Efforts should aim at creating alternative activities which allowed tour operators to complement rather than compete against each other in periods of economic downturn.

Mr. Oswald noted that informality sometimes led to candour: workers were prepared for a constructive dialogue, or “partnership” as some might call it, and would engage the other side in good faith. However, he had learnt from 32 years’ experience as a union member that partnerships often only arose at moments of crisis. He hoped that the Meeting would be the beginning of mutual understanding and continuing partnership throughout the industry in the future.

The representative of the Government of France reported on short-term steps that had been adopted to assist affected travel and tourism enterprises in France. As a first step, provision had been made for partial unemployment benefits to be paid. In addition, working hours and working days were being adjusted to cater for reduced enterprise activities as a substitute for lay-offs, with the State providing compensation for the income loss. Varying demands had been received from hotels and tourism, catering and air transport enterprises for partial unemployment benefits. A third element related to co-financing of training. While training is always useful, most SMEs did not want to assume the extra burden it represented. In difficult times, however, co-financed training, which avoided interruption of the employment contract during the training period, could be a useful way of maintaining employment levels.

The social partners, supported by the representatives of the Governments of the United States, Barbados, and the Chairperson in his capacity as the representative of the Government of Switzerland, considered it important for another meeting to be organized within the next six months to review developments. A year would be too long to make any useful contribution to tackling the problems arising out of the crisis, and the proposed length of time was sufficient to enable a clearer picture of the impact to emerge. As an
additional measure, the social partners called for the restoration of ILO resources dedicated to the sector to their previous levels. The representative of the Government of Barbados endorsed the views calling for an early follow-up meeting. She observed that while the Office’s plans to establish Web-based one-stop sectoral shops would be useful in continuing to provide information on industry developments, this could not be a substitute for physical meetings. It was important that countries have a forum to exchange their experiences regarding effective responses to the crisis, pointing to measures put in place by Egypt in this regard as having provided very helpful lessons.

III. Discussion on recommended measures to respond to the crisis

The third session opened with Ms. Paxton reading out the text of the employer/worker paper entitled Recommendations by the social partners for measures to be taken by governments, the ILO and the social partners in response to the crisis following the events of 11 September 2001. The text is reproduced below:

**Recommendations by the social partners for measures to be taken by governments, the ILO and the social partners in response to the crisis following the events of 11 September 2001**

For government action

1. Recognize to a still greater degree the critical role that the hotel and tourism sector plays in the economy and afford it an appropriate place in national strategic economic planning.

2. Organize widely supported campaigns and projects to promote tourism in general. Develop additional tourism strategies, including strategies relating to domestic and intraregional tourism, to moderate the negative effects of the cyclical nature of tourism in many countries.

3. Adopt policies aimed at increasing the number of people for whom tourism opportunities are available, including special provisions to encourage those on lower incomes to engage in tourist activities.

4. Encourage consultation amongst the social partners at national and local levels in the hotel and tourism sector to mitigate the negative effects of the crisis and promote tourism in general.

5. Respond to joint approaches by employers’ and workers’ organizations\(^1\) in the sector to initiate temporary measures to reduce costs (including a review of all tourism-related taxation) during the crisis period. Such measures should be enacted in a transparent manner and their impact should be monitored by tripartite structures charged with the task of ensuring that the measures meet the principal objective of maintaining employment and acceptable conditions for the operations of the industry.

6. Assist employers’ and workers’ organizations\(^1\) in setting up education and training programmes principally designed to retain employees within the industry and enhance their

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\(^1\) Primarily trade unions.
opportunities for a secure future in the industry. Such training should be at no cost to employees. In particular, provide state-supported education and training opportunities where possible as an alternative to unemployment, noting that state investment in such training might involve overall costs not necessarily higher than the cost of providing for an unemployed worker in the sector.

7. Allocate significant funding to assist the sector and its workers who suffer temporary or permanent loss of employment and income as a result of any downturn in tourism.

8. Approach relevant international financial institutions (IFIs), and specifically the World Bank and the International Monetary Fund, to provide the necessary resources on favourable terms to those countries which are unable to meet the commitments described above from within their own national budgets.

For action by employers’ and workers’ organizations

1. Recognize the value of national-level and local-level joint approaches by the social partners to respond to issues arising from the current tourism crisis based on the following principles:
   - commitment by the social partners to seek mutually agreed ways to extend employment, avoid and limit employment losses and, wherever possible, to prioritize the reintegration of workers facing short-term job loss as a result of the crisis;
   - the development of joint and agreed approaches to governments calling for action to reduce the impact of a decline in economic activity as a result of the crisis.

For action by the ILO

1. Support calls for direct intervention from relevant IFIs, and specifically the World Bank and the International Monetary Fund, to provide the necessary resources on favourable terms to those governments which may be unable to take the necessary practical action because of constraints within their own national budgets.

2. Cooperate with all relevant international bodies active in the tourism sector to continue to assess the evolving impact of the 11 September events and subsequent related developments on tourism. Such cooperation might include convening future informal review meetings such as that held on 25-26 October 2001.

3. Ensure proper dissemination to all parties active in tourism of relevant information, both that arising from this process and that available to the ILO in general. In particular, such information should include positive examples of action that successfully avoids employment losses in the industry and preserves the continuing well-being of the sector.

4. Based on its policy and mandate of seeking inclusive social dialogue, encourage the full participation of the social partners in consultations relating to the crisis (for instance in the framework of the growing number of national tourism crisis management structures).

5. Implement the conclusions of the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector (Geneva, 2-6 April 2001), particularly those relating to putting in place national systems for training and

\[\text{2 Primarily trade unions.}\]
skill development, especially in poorer countries. This again might require approaches to the IFIs for practical support to such countries.

6. Organize ILO education programmes for workers and employers, specifically targeting the hotel and tourism sector, particularly those aimed at facilitating such activities in SMEs.

7. Take urgent and appropriate measures to implement the resolutions adopted by the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector (Geneva, 2-6 April 2001), in particular the resolution concerning measures to promote employment in the hotel, catering and tourism sector during the low season, including vacation programmes for senior citizens. Amongst other things, this resolution called upon the Director-General of the International Labour Office, in close cooperation with pertinent employers’ and workers’ organizations, to conduct a comparative study on measures to promote employment in the sector during the low season and to assess, in collaboration with the World Tourism Organization, the impact of such programmes on the different types of tourism.

8. Ensure adequate resources, including staff resources, for this strategically important and – barring short-term crises – growing sector of economic activity and employment. Such resources should be clearly identifiable within the ILO’s administration and should be at least at the level that existed when the Hotel and Tourism Branch (HOTOUR) was in place and fully staffed.

Mr. Oswald recognized and applauded the good faith and openness shown by the employers in the discussions that had brought that document about. He did not wish to repeat his comments from the previous day, and regretted that the constraints on preparing the paper had meant that a few details needed to be tidied up.

Mr. Feutré reiterated that he shared the positive appreciation of the working environment that had characterized the discussions between the social partners, in a spirit of mutual appreciation.

The Chairperson asked for government comments on the section of the recommendations referring to government action.

(a) Comments on recommendations about government action

The representative of the Government of Egypt thanked the social partners for their recommendations, and found the ideas contained in them relevant and useful. In paragraph 7 on funding, it might be appropriate to ask governments to allocate significant funds for national tourism promotion.

The representative of the Government of France noted and appreciated the success of the social dialogue that had taken place at the Meeting and in the closed discussions between Workers and Employers – the results were mostly positive, but she felt that there would be some problems with paragraph 5 – the idea of generalizing assistance to the hotel and tourism sector was inconsistent with some of the arguments expressed in the Meeting, and it should be remembered that some segments of the industry were suffering greatly

3 Primarily trade unions.
from the crisis while others were actually benefiting from it. She therefore found it to be paradoxical to suggest general rather than specifically targeted aid.

The representative of the Government of Sri Lanka noted that his Government had already taken specific measures – “Buy one, get one free” promotions in hotels that would allow two guests to stay for the price of one, an overseas-oriented project called “Bring a friend home”, Friends of Sri Lanka promotions on a variety of issues, including wildlife, ecotourism, and so on. The Government already had a three-year strategic plan to increase yields, and was also making loans to the tourist sector. The Government was not favourable to providing financial aid to the (privately owned) tourist sector, and would be asked for assistance by other parts of the privately owned economy if it did. The Government was also active in promoting hotel training.

The representative of the Government of the United States commended the excellent job done by the social partners in preparing the document – and thought that their recommendations would be most beneficial when they were least intrusive on governments – he observed that paragraphs 2 and 3 were saying the same thing, and suggested dropping paragraph 3 – especially its second point on “including special provisions aimed to encourage those on lower incomes to engage in tourist activities”. He wondered what governments could do to encourage low-income people to take holidays. Paragraph 8 on approaching the relevant international financial institutions worried him. It was ministries of finance rather than those of labour or tourism that dealt with them, and perhaps the phrase should express those ideas differently. Governments did not need to be told to take such action, and the World Bank and the IMF also knew the problems of these industries particularly well. In addition, he was concerned by points 1 and 5 of the ILO action section, both of which addressed approaches to the international financial institutions (IFIs) – these did not strengthen the Meeting’s message.

Mr. Feutré responded to the comment of the representative of the Government of Egypt about funding for the promotion of tourism by noting that it was referred to in paragraph 2 rather than paragraph 7. He agreed that the ILO should not directly approach the World Bank and the IMF, but thought that the social dialogue in this Meeting and before it indicated the value of the suggestions being made, and he hoped that some governments will open their eyes to the recommendations, while not taking them as being obligations.

Mr. Oswald endorsed those views on the worker-employer paper; he was not asking governments to endorse the paper, but rather to hear the comments of Worker and Employer representatives. The non-prescriptive nature of the paper was a global view of possible suggestions on the measures that could be taken. He was not calling for across-the-board cuts in taxation, but rather a targeted approach to those employers and workers in greatest need or difficulty. He had the greatest respect for the role of governments and their views on this issue.

Mr. Elmiger confirmed that the Governments’ comments would be reflected in the report – and he invited governments to confirm their positions.

The representative of the Government of Barbados thanked the social partners for their excellent work, and Mr. Oswald for his comment that the recommendations were not prescriptive – it should be left to governments to decide which policies to take up and which conditions applied to them.

The Chairperson noted the presence of the ILO’s Director-General, Mr. Somavia, and remarked that this confirmed his keen interest in this important Meeting. Mr. Elmiger then
asked for government comments on the section of the recommendations referring to ILO action.

(b) **Comments on recommendations about ILO action**

The representative of the Government of Egypt thought that the first suggestion was very valid and important, because financial support was needed to promote tourism and give support to the private sector and to employees. Developing countries needed ILO support in making approaches to the IFIs, and he had noted the World Bank’s report on tourism’s most-affected countries and the assistance they would need. Based on his experience at meetings in the WTO, he considered that the ILO should take greater account of the indirect and secondary employment effects of tourism – which represented perhaps two or three times as much as the core workforce itself. There should be pilot projects on developing methodologies on the employment effect of the hotel, catering and tourism sector – in normal and crisis times, especially in developing countries.

The representative of the Government of Sri Lanka suggested that the ILO could develop new curricula for hotel schools – renewing existing training programmes and looking at new employment-generation schemes and areas – product diversity, addressing crisis, etc.

Mr. Elmiger noted the high level of agreement among the participants, and invited the Director-General of the ILO to speak.

Mr. Somavia was pleased to be able to participate in this important Meeting and to express his concern about the huge difficulties of the hotel and tourism sector, which makes a key contribution to the global economy, employing 207 million people. He endorsed the comment made by the representative of the Government of Egypt. The sector was at the heart of the global economy, in good times and bad, and this sector, like others, was very important for the ILO, which needs to establish perspectives on what should be done at the sectoral level worldwide. He felt that the social partners and governments required a positive way through the crisis, rather than a reactive approach. This should be aiming to obtain a productive, expansionary response within the context of sound macroeconomic policy. There was clearly a commonality of interest between workers and employers on this issue. Nobody knew how long and deep the recession would be – but it was certainly expected to continue well into late 2002. This Meeting had been a very creative and necessary initiative by the social partners, discussing this issue informally so soon after the tragic events of 11 September 2001. It was important that the participants should choose their own follow-up action. He greatly appreciated that the social partners and governments had chosen the ILO as the appropriate forum and venue. After all, the ILO was the house of social dialogue, making tripartism work rather than throwing things at each other – consensus-building, cohesive rather than divisive work and dialogue, that can accommodate difficult and complex issues. This kind of meeting showed that when people talk of real economic issues, the ILO has to be heard, because the real life of the economy was among employers and workers, and how they responded to policies. The ILO’s strength on workers’ rights, economic policy, social dialogue, social protection and so on were reflected in the fact that the real actors in the world of work were present here, not in the IMF and the World Bank. The ILO was a space for dialogue, but specifically on labour and social issues – it was the right place to meet. The Meeting had examined and commented on a range of recommendations, soon after the beginning of the crisis, and the ILO was available to provide further assistance and follow-up on the crisis as it developed – the house was at its constituents’ disposal, and he thanked the Government, Worker and Employer representatives for their contributions.
Mr. Elmiger recognized that this had been an innovative meeting that closely reflected the ILO’s new direction and what was feasible for the ILO’s 22 sectors in this regard. He gave a brief comment on the progress achieved – the discussions, the joint paper, the key points and issues list, and his résumé of the situation.  

Two additional points regarding employment impact studies and review of national training programmes in relation to crisis situations were added to the recommendations for ILO action.

Mr. Feutré felt that it was a pity that they had not been given these two suggestions earlier, and did not want to add these to the social partners’ list of recommendations. He also thought that the social partners must be involved in any evaluation of training policies, and were often in a better position to do this than outsiders – he was somewhat shocked at the idea that had been suggested.

Mr. Elmiger thought that the ILO should look at this, but recognized that it would need to be in the interests of serving the training needs of employers and workers more effectively, not criticizing existing policies.

Mr. Oswald believed that the Chairperson’s points were useful, saw the ILO suggestions as being pertinent, and was willing to consider them within the same type of collaboration and dialogue as had been seen until the present being the norm in the follow-up to this Meeting.

Ms. Paxton promised to keep participants informed about ILO action on this issue, and expected news from them on developments that would be of interest to the ILO.

Before declaring the Meeting closed, Mr. Elmiger thanked the participants, the ILO staff, Mr. Todd and others for their work on the background document and on the Meeting.

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4 The Chairperson’s summary is attached to this report.
Chairperson’s summary

Government, employer and worker experts from the hotel and tourism sector attended the Informal Meeting on the Hotel and Tourism Sector: Social Impact of Events Subsequent to 11 September 2001. The Meeting was called by the Director-General of the International Labour Office on 25 and 26 October 2001 at ILO headquarters in Geneva, for two days of intense discussions on the impact the crisis was having on the industry. All comments made by the participants will be reflected in the report of the Meeting. In addition, the participants highlighted the following.

The impact

- The events of 11 September were unlike any other shock experienced by the industry to date. Earlier events had localized or regional impacts. The 11 September events had a worldwide impact, affecting the industry at the national and global levels.

- The crisis drew attention to the contribution which tourism makes to national and global economies. It is a major employer and an important contributor to the GDP of many countries. It provides both direct and indirect employment to a range of related sectors, from personal services to commerce workers. The hotel and tourism sector provides a major route for the socially excluded to enter the workforce and employs a large proportion of vulnerable groups such as women, migrant and young workers.

- The hotel and tourism industry was already experiencing severe structural and systemic difficulties before the 11 September events. It has been affected by the global economic downturn. The 11 September events have posed a double threat: the short-term shock of sharply reduced demand due to a loss of consumer confidence; and the longer term and potentially more profound impact of the economic downturn.

- There is no single travel market; thus, it is important to disaggregate and analyse the impacts. The impact is different for different regions of the world and for different countries, depending on the importance of tourism for the economy and whether they are destination or origin countries, or both. While at present the strongest impact is being felt in the United States, the effects are not the same for all countries. There can therefore be no “one size fits all” approach, and innovative local solutions need to be explored.

- No official data are available yet, but the information provided by the industry suggests that the impact on business and employment is severe and potentially catastrophic. The tourism economy employs 207 million people worldwide, which is
equivalent to 8 per cent of global employment. The total estimated job loss could be at least about 8.8 million. In some countries, such as the United States, this could rise to 50 per cent.

- Small and medium-sized enterprises (SMEs) represent more than 80 per cent of the industry in many countries and lack the resources to survive a prolonged downturn.

Overcoming the crisis

The experts focused on the operational aspects at both national and international levels and elaborated recommendations addressed to all the actors. The list of recommendations is not exhaustive, neither is it binding; for example, it leaves governments the choice of the most appropriate measures at national level.

**Recommendations by the social partners for measures to be taken by governments, the ILO and the social partners in response to the crisis following the events of 11 September 2001**

For government action

1. Recognize to a still greater degree the critical role that the hotel and tourism sector plays in the economy and afford it an appropriate place in national strategic economic planning.

2. Organize widely supported campaigns and projects to promote tourism in general. Develop additional tourism strategies, including strategies relating to domestic and intraregional tourism, to moderate the negative effects of the cyclical nature of tourism in many countries.

3. Adopt policies aimed at increasing the number of people for whom tourism opportunities are available, including special provisions to encourage those on lower incomes to engage in tourist activities.

4. Encourage consultation amongst the social partners at national and local levels in the hotel and tourism sector to mitigate the negative effects of the crisis and promote tourism in general.

5. Respond to joint approaches by employers’ and workers’ organizations in the sector to initiate temporary measures to reduce costs (including a review of all tourism-related taxation) during the crisis period. Such measures should be enacted in a transparent manner and their impact should be monitored by tripartite structures charged with the task of ensuring that the measures meet the principal objective of maintaining employment and acceptable conditions for the operations of the industry.

6. Assist employers’ and workers’ organizations in setting up education and training programmes principally designed to retain employees within the industry and enhance their opportunities for a secure future in the industry. Such training should be at no cost to employees. In particular, provide state-supported education and training opportunities where possible as an alternative to unemployment, noting that state investment in such

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1 Primarily trade unions.
training might involve overall costs not necessarily higher than the cost of providing for an unemployed worker in the sector.

7. Allocate significant funding to assist the sector and its workers who suffer temporary or permanent loss of employment and income as a result of any downturn in tourism.

8. Approach relevant international financial institutions (IFIs), and specifically the World Bank and the International Monetary Fund, to provide the necessary resources on favourable terms to those countries which are unable to meet the commitments described above from within their own national budgets.

For action by employers’ and workers’ organizations

1. Recognize the value of national-level and local-level joint approaches by the social partners to respond to issues arising from the current tourism crisis based on the following principles:
   - commitment by the social partners to seek mutually agreed ways to extend employment, avoid and limit employment losses and, wherever possible, to prioritize the reintegration of workers facing short-term job loss as a result of the crisis;
   - the development of joint and agreed approaches to governments calling for action to reduce the impact of a decline in economic activity as a result of the crisis.

For action by the ILO

1. Support calls for direct intervention from relevant IFIs, and specifically the World Bank and the International Monetary Fund, to provide the necessary resources on favourable terms to those governments which may be unable to take the necessary practical action because of constraints within their own national budgets.

2. Cooperate with all relevant international bodies active in the tourism sector to continue to assess the evolving impact of the 11 September events and subsequent related developments on tourism. Such cooperation might include convening future informal review meetings such as that held on 25-26 October 2001.

3. Ensure proper dissemination to all parties active in tourism of relevant information, both that arising from this process and that available to the ILO in general. In particular, such information should include positive examples of action that successfully avoids employment losses in the industry and preserves the continuing well-being of the sector.

4. Based on its policy and mandate of seeking inclusive social dialogue, encourage the full participation of the social partners in consultations relating to the crisis (for instance in the framework of the growing number of national tourism crisis management structures).

5. Implement the conclusions of the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector (Geneva, 2-6 April 2001), particularly those relating to putting in place national systems for training and skill development, especially in poorer countries. This again might require approaches to the IFIs for practical support to such countries.

2 Primarily trade unions.
6. Organize ILO education programmes for workers and employers, specifically targeting the hotel and tourism sector, particularly those aimed at facilitating such activities in SMEs.

7. Take urgent and appropriate measures to implement the resolutions adopted by the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector (Geneva, 2-6 April 2001), in particular the resolution concerning measures to promote employment in the hotel, catering and tourism sector during the low season, including vacation programmes for senior citizens. Amongst other things, this resolution called upon the Director-General of the International Labour Office, in close cooperation with pertinent employers’ and workers’ organizations, to conduct a comparative study on measures to promote employment in the sector during the low season and to assess, in collaboration with the World Tourism Organization, the impact of such programmes on the different types of tourism.

8. Ensure adequate resources, including staff resources, for this strategically important and – barring short-term crises – growing sector of economic activity and employment. Such resources should be clearly identifiable within the ILO’s administration and should be at least at the level that existed when the Hotel and Tourism Branch (HOTOUR) was in place and fully staffed.

After discussion and an explanation given by the Chairperson, the following two points were added to the list for ILO action:

- undertake studies on employment impacts, national pilot studies and quantitative methodologies for evaluating and assessing the employment impact;
- review and evaluate, in consultation with the social partners, existing national training programmes in relation to present-day needs and crisis situations.

3 Primarily trade unions.