



DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY

SWISS TOURISM POLICY - BACKGROUND REPORT

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Summary

This background report, prepared by the Swiss Delegation, describes Switzerland's tourism policy. The report, which uses the new "framework for reviewing national tourism policies" adopted by the Tourism Committee in October 1999, was drawn up on the basis of an external analysis carried out by the Business Studies School (HEC) of the University of Lausanne for the Tourism Service of the Secretariat of State for Economic Affairs (SECO). It describes the aims, strategies and instruments of Swiss tourism policy, the areas in which the government intervenes and the partnerships set up with the tourism industry. The sustainable development of Swiss tourism is discussed in an additional chapter.

Supplementing the report, there will be a note summarising the concept of Swiss tourism from a policy-making standpoint.

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SWISS TOURISM POLICY - BACKGROUND REPORT

(Note by Switzerland)

Introduction

Switzerland is a perfect example of a developed tourist country. For several centuries now, Switzerland has been a highly-rated destination, especially amongst those with the requisite purchasing power. As early as the XVIIIth century, the beauty of the Alps was being admired by travellers from all over Europe. In the XIXth century, it was mainly British visitors who enjoyed discovering Switzerland and who were the first to make the ascent of the Alpine peaks. The Germans, keen to find cooler weather in the heat of summer, became frequent visitors as of the early XXth century. These developments were furthered by a whole series of innovations such as the rail system and rack railways, luxury hotels and winter sports, all of which resulted in there being a genuine winter season. Switzerland can justifiably be said to be the birthplace of modern tourism.

Overview

1. At SF 54 361 (some \$ 33 000) in 1999, Switzerland's per capita GDP is one of the highest in the world. Real GDP growth was 3 per cent annualized in the fourth quarter of 1999. What is more, the rate of unemployment was 2.1 per cent. At 1.4 per cent, inflation is low. The resident population numbers 7.2 million¹.

2. Switzerland has a long tradition of tourism, the latter having for two centuries been one of the country's foremost export sectors. In 1999, tourism receipts showed a surplus of about SF 1 billion. The main product has always been the Alps, but town and congress-centred tourism has also gained considerably in importance, particularly in Zürich and Geneva.

3. Switzerland's geographical location is unique, with the Alpine range, several large lakes, the Jura and many other natural assets. The climate favours winter sports, but also summer tourism, with regions such as Ticino and Lake Geneva enjoying very mild climates. There is considerable tourism infrastructure, with 5 000 km. of railways, 3 international airports and a highly developed road network. Winter tourists have at their disposal, *inter alia*, thirteen rack railways, 50 funiculars, 600 cable-car sections, 1200 ski tows, the highest cable-car in Europe and over 5 000 kms. of cross-country ski trails. All ski resorts are linked in with the rail and public transport system².

4. Tourism is the third biggest export sector behind electronic machinery and appliances and chemicals. Tourism is, for example, appreciably bigger than the watch and clock industry. International tourism receipts totalled SF 11.4 billion in 1998, while total exports brought in SF 114 billion. So tourism accounts for precisely 10 per cent of total exports. The number of arrivals was 12 569 014, while there were some 68.2 million recorded overnight stays. Also in 1998, total tourism receipts accounted for 5.3 per cent of GDP, with foreign tourism representing 3 per cent of GDP³.

¹ Source: Federal Statistical Office (OFS).

² Source: "La Suisse et le tourisme", *Suisse Tourisme* 1995.

³ Source: "Le tourisme suisse en chiffres", Swiss Tourism Federation (FST); OFS.

5. Tourism is vital as a driving force behind growth and employment in Switzerland. One person in eleven, for example, is directly or indirectly employed in tourism and, in all, more than 300 000 jobs are generated by tourism in Switzerland. In 1998, tourism directly employed 239 000 people, of which 101 791 were foreigners. The large proportion of foreigners is attributable to the lower than average wages in the sector. In 1998, Switzerland had 5 900 hotels⁴.

6. Domestic tourism is of great importance economically, receipts reaching SF 9 billion in 1998. Out of the total number of overnight stays recorded, 36 million concerned persons domiciled in Switzerland.

7. Apart from the Swiss themselves, overnight stays by foreign visitors can be broken down as follows: Germany (14.2 million), the Netherlands (2.7 million), the United Kingdom (2.2 million), and the United States (2.1 million). Internationally, Switzerland was in 12th position in 1998 in terms of receipts and in 15th position in terms of arrivals. Switzerland thus accounts for 1.8 per cent of world tourism receipts. Its receipts are divided geographically between mountain resorts (39 per cent of overnight stays), the lake regions (22 per cent) and the major towns (17 per cent), with the other areas accounting for the remainder⁵.

8. Since 1991, Swiss tourism has been going through a long recession from which it is now beginning to emerge. Total overnight stays, for example, fell from 78 million in 1991 to 66.6 million in 1997, before picking up slightly in the last two years. Despite a booming world market, the number of nights spent in Switzerland has stagnated because of increased competition, the emergence of new destinations and a currency which has often been too strong. Another problem has been the increase in the cost of overnight stays, mainly as a result of the introduction of VAT at 6.5 per cent in 1995, although the hotel trade did benefit from a reduced rate of 3 per cent. In 1999 VAT went up to 7.5 per cent in general and to 3.5 per cent for the hotel business.

9. Since the early 1990s the breakdown of tourist visitors has changed somewhat, the share of German tourism remaining stable while that of Italian tourism has diminished a little. The Asian countries' share has grown over the period, and particularly that of Japan.

10. Outbound tourism has enjoyed almost continuous growth for some years. Between 1992 and 1998, for example, spending abroad by the Swiss rose from SF 8.7 to 10.4 billion, i.e. an increase of 20 per cent. Over the same period, the surplus on receipts fell from SF 2.8 to 1 billion. Still over the same period, Swiss tourism expenditure in Switzerland rose from SF 8.5 to 9 billion, i.e. a 6 per cent rise. The Swiss would therefore seem increasingly keen on travelling abroad rather than staying in Switzerland. Their preferred destinations are France (3.8 million arrivals), Spain (1.6 million), Italy (1.3 million) and Germany (0.9 million)⁶. Even so, domestic tourism remains substantial.

11. Lastly, it has to be noted that Switzerland has a big comparative advantage over its competitors, not only because of its long tradition where tourism is concerned, and its magnificent scenery, but also because value added in Swiss tourism is the highest in the world. Value added per employee was SF 92 100 in 1991, while for the same year it was 79 000 in France, 65 400 in Italy and 53 700 in Spain⁷.

⁴ Source: FST, OFS.

⁵ Source: FST.

⁶ Source: SECO.

⁷ Source: Report on Tourism Policy, 1996.

Swiss tourism policy

12. Tourism can help a country to achieve not just its economic objectives, but also its social and environmental aims. Tourism, particularly in a country with a tradition like Switzerland's, can have an especially beneficial effect on employment and economic growth. In countries with a tradition of tourism, there can be no doubting the strategic importance of a tourism policy. So the aim must be to guarantee framework conditions that help the sector to develop in a positive manner. Government incentives are needed, in particular because of the market setbacks and high transaction costs in tourism production and marketing.

13. Nowadays, tourism policy needs a clear and self-contained strategy setting out planning and development principles. The latter must allow framework conditions to be put in place, together with a genuine programme of encouragement aimed at stimulating and backing viable initiatives stemming from the private sector. It is, therefore, vital to provide support for innovation and co-operation, especially as regards promoting tourism.

Objectives of Swiss tourism policy

14. It is vital that a country like Switzerland should have an explicit tourism policy; yet, in the interest of allowing freedom of competition and letting the market regulate itself, any such policy has to be confined to improving general conditions in the sector and encouraging tourism. The prime objective of Switzerland's new tourism policy is to increase the country's competitiveness as a destination.

15. The foundations of Swiss tourism policy are to be found in the *Conception suisse du tourisme*⁸, a report dating from 1979, but which is still relevant. It has served as the basis of tourism policy for two decades, but with the technological and economic changes coming in in the 1990s, it has become necessary to reshape tourism policy.

16. Switzerland's new tourism policy was outlined in the *Rapport sur la politique du tourisme de la Confédération*, which was submitted to the Federal Chambers on 29 May 1996. The strategies described below stem directly from the said report, but a number of new strategies and instruments have been introduced since.

*Tourism policy strategies*⁹

17. Create favourable conditions:

- **Working to create greater acceptance of tourism:** the attitude of the native population is essential to the quality of the tourism product. It is a matter of encouraging the Swiss to overcome the critical attitude they may have towards tourism.
- **Promoting innovation:** adapting to the new challenges of international competition involves having the necessary financial resources for research and development and for advising tourism companies. Supply needs to be modernised and demand stimulated by adopting an innovative approach.

⁸ *Conception suisse du tourisme, Rapport final, Commission consultative fédérale pour le tourisme*, Bern, August 1979.

⁹ Source: *Rapport sur la politique du tourisme*, 1996.

- **Improving international framework conditions:** Switzerland's interests need to be defended on the international scene, in particular by encouraging the liberalisation of tourism and blocking, for example, foreign exchange restrictions. Also, it is important to facilitate capital transfers and investment, while at the same time co-operating with other countries.

18. Bolster market presence

- **Enhancing Switzerland's brand image:** stimulating demand by means of improved communication. For visitors, brand image is a guarantee of quality. Service providers are called upon to work together under the banner of the destination - tourism's competitive unit.
- **Developing strategic products:** this means moving from individual services to integrated products, acting under the destination heading while at the same time monitoring shifts in demand.
- **Improving service quality:** tourism services in Switzerland are relatively expensive. To ensure an excellent price/quality ratio, high quality has therefore to be guaranteed. Again, it is a matter of seeing further than individual quality and focussing on the overall quality of the destination.
- **Promoting the use of telematics:** ensuring Switzerland's place on the electronic markets, particularly Internet. Switzerland has to be promoted as a destination in such a way that the customer can at any time and from anywhere access precise information on Swiss tourism.

19. Increase the attractiveness of the destination

- **Developing human capital:** with the creation of tourism schools and a federal diploma for tourism specialists, today's young people can specialize in this area. It is vital to improve the image and prestige of such courses, so as to ensure the sector's future.
- **Attracting an enthusiastic labour force:** in view of the difficult working conditions and often mediocre wages, there are too few native job-seekers, which is why Switzerland makes substantial use of foreign labour. In order, however, to instil a native service culture, it is important to rationalise repetitive and boring tasks and improve the image of the sector so as to increase the share of native labour.
- **Promoting structural change where accommodation is concerned:** give the hotel trade the necessary business advice so as to encourage rationalisation and co-operation and thereby enhance the sector's profitability.
- **Increasing the value of infrastructure:** the high level of development is one of Switzerland's assets. Existing infrastructure needs to be maintained and improved.
- **Physical planning and ensuring the sustainable development of the countryside:** guaranteeing the safeguard of the countryside, which is Swiss tourism's main asset. The quality of the environment has to become one of the main pillars of Swiss tourism.

Encouraging tourism

20. The government can play an active role in creating and maintaining real competitive advantages where tourism is concerned. To achieve this means effectively promoting Swiss destinations and strengthening co-operation, not just as regards marketing, but also as regards developing the products themselves. What Switzerland has to offer cannot be completely reinvented since the image, installations and equipment and organisational network have all been in place for a long time. It is, however, possible to promote Switzerland as a destination which is unique in its way and to develop new products (service provision package).

21. This shift in position will inevitably mean being innovative with regard to both the range of services and also the marketing message. Co-operation between service providers, working in harness to promote their country, is also a necessity. Horizontal co-operation, for example, can result in economies of scale and hence lower costs and prices, while vertical co-operation can promote convergence towards the country's aims as a destination.

22. What Switzerland has to offer is often considered in part to be old, boring and out-of-date, hence the importance of adapting the product to the new market conditions in order to improve its competitiveness. Switzerland has to continue to guarantee that all its products are of the best possible quality. Swiss tourism cannot be reinvented since the comparative advantages remain the same: idyllic scenery, attractive infrastructure, an environment that is intact and highly skilled staff. This being the case, it is vital to back innovative projects and encourage tourism companies to work together.

The instruments of tourism policy

23. Federal policy influences the development of tourism in a number of ways, both direct and indirect. Achieving tourism policy objectives means implementing the instruments thereof in a co-ordinated manner. The 1996 *Rapport sur la politique du tourisme de la Confédération* described a number of instruments, and others have come into being since.

Research and development

24. As part of its activities, the Tourism Service of SECO carries out sectoral research in tourism. The Service also commissions outside surveys and studies and introduces genuinely innovative measures in the area of research and development.

- **The report assessing Swiss tourism at international level (1999):** The said report compares Swiss tourism regions with 8 competing neighbouring regions and establishes, in particular, that Swiss tourism has experienced several slack years, above all during the period 1990 to 1998. The main cause was the unfavourable trend in the determinants of demand, i.e. the Swiss franc which was too high and economic stagnation in Switzerland and in certain tourism-generating countries. In addition, there was an increase in the price sensitivity of demand to which the tourist trade failed to adapt¹⁰.
- **The introduction of tourism forecasts (1999):** A private company was mandated to develop a forecasting model for Swiss tourism, and thanks to the model it is now possible to make short and medium-term forecasts. For example, overnight stays in hotels are forecast to

¹⁰ *Schriftenreihe BWA: Internationaler Benchmark Report für den Schweizer Tourismus.*

increase by 2.5 per cent in 2000, while demand originating in the United States and Asia is expected to pick up in the medium term¹¹.

- **Introduction of a Swiss tourism prize (2000):** The Tourism Service, the Swiss Tourism Federation and the *Société suisse des hôteliers* have worked together to create the Swiss tourism prize, the object of which is to reward innovative tourism projects. The prize is, in a way, an addition to *InnoTour*.
- Creation of a tourism satellite account in the national accounts (2001).
- Observatory of Swiss tourism (2002).

International co-operation

25. Underlying international tourism is a fundamental right, namely freedom of movement. However, that right does not in itself ensure travel since it is still necessary to have the means and the opportunity to import and export foreign currency. Then there are other travel obstacles to be avoided, such as visas. For a small country like Switzerland, the aim must also be not to become marginalised with respect to Europe, but on the contrary to find ways to co-operate and open up. There are no formal bilateral tourism agreements, Switzerland being more concerned with multinational agreements.

- Right of decision and participation in the development and implementation of the programme of work of the World Tourism Organization.
- Participation in the work of the OECD's Tourism Committee.
- Co-operation with neighbouring countries in the framework of the Alps Convention.
- Informal co-operation with third countries.

Promoting demand¹²

26. A number of measures have been taken with the object of improving the marketing of Switzerland as a tourist destination and of making that promotion more professional. There is, *inter alia*, a need to create new strategic products.

- Management by objectives: results-oriented business model.
- Development of a Swiss brand image.
- Offensive on the quality front.
- Promotion by segment, advice with regard to supply.

¹¹ Source: BAK economic research SA.

¹² Source: *Rapport sur le tourisme*, SECO.

- Creation of a central information and booking agency (Swiss Destination Management SA).
- Creation of an Internet site: “My Switzerland.com”.

Suisse Tourisme

27. The State agency responsible for tourism marketing , *Suisse Tourisme*, has set as a target for the period 2000-2004 the winning back of the market positions lost. The aim is to reach 80 million overnight stays between now and the end of the said period¹³, and that target is scheduled to be achieved by means of a five-pronged strategy:

- **Brand image:** enhance the brand by promoting the image of Switzerland as an advantageous country for demanding guests.
- **Products:** develop new grouped, inter-branch and inter-regional services.
- **Markets:** step up the impact on key markets and develop future markets.
- **Distribution:** improve information, advice and booking arrangements for Switzerland’s new customers.

28. To implement these strategies, the Confederation has granted SF 190 million in financial assistance for the period 2000-2005 (66 per cent of the total budget). Compared with the previous financing period, the Federal contribution has increased by 11 per cent. Also, *Suisse Tourisme* recently set up “Switzerland Destination Management” (SDM), a private distribution company which will be responsible for selling tourism products, while Internet sites such as www.myswitzerland.com have been set up to ensure Switzerland’s presence on the Internet as a tourist destination.

InnoTour

29. To encourage innovation and co-operation in tourism, a Federal order creating a new instrument called *InnoTour* was voted in October 1997. The object is to modernize the structures of tourism supply by reducing bureaucracy to a minimum. Under the scheme, promoters of innovative tourism projects can apply for financial assistance from the State, though a number of conditions have to be met. The project has to:

- be genuinely innovative
- be confined to the key areas of tourism supply
- abide by the principles of sustainable development
- help to improve the employment situation
- serve as a model that can be imitated
- be 50 per cent financed by the promoters themselves
- be implemented by several companies jointly.

¹³ Source: message on the financial assistance granted to *Suisse Tourisme* for the period 2000-2004.

30. *InnoTour* gives priority to projects which yield economies of scale and synergies, help to resolve structural problems, have a positive impact on the frequency of visits and profits and which affect regions and branches that are highly dependent on tourism. An initial SF 18 million were made available to set up *InnoTour*, for the period 1997-2001.

Encouraging credit to the hotel trade and tourism infrastructure

31. The hotel and catering sector is an essential component of tourism infrastructure, which is why the Confederation continues to promote the activities of the *Société suisse de crédit hôtelier* (SCH), which provides advice and loans for renovation work and new building in the sector. Also, the Federal Act on aid to investment in mountain regions (LIM) has for many years ensured that backing is available for tourism development projects that are vital to those mountain communities which have no other economic activity than tourism. In all, 54 regions, accounting for two-thirds of the territory of Switzerland, qualify for LIM aid.

- Assistance and advice to the hotel trade and modernisation of the hotel stock
- Improvements to tourist resort infrastructure and development of the tourism potential of rural regions.

The objectives of tourism policy and related areas

32. A number of policy areas have an indirect bearing on tourism, one example being taxation. In October 1996, Parliament adopted legislation lowering the VAT rate applying to the accommodation sector and thereby putting tourism on the same footing as other export industries. The reduced rate, which is currently 3.5 per cent, has been extended through 2003. Another concern will be to apply favourable conditions when casinos are introduced to Switzerland in the near future. Effective and targeted physical planning is a necessity if Switzerland is to enjoy development which is both sustainable and tourism-friendly. That policy is to be based on the *Conception Paysage Suisse*. Tourism depends on its traditional scenery, and the amount of new building needs to be limited. Switzerland is liable to be particularly hard hit by the greenhouse effect because tourism depends on the one hand on mobility, which generates pollution, and on the other hand on its scenery which is its main tourist attraction. Higher temperatures will, however, result in the glaciers melting and a shift in the snow line in the mountains. So energy, agricultural and transport policies have an indirect impact on tourism. The majority of these objectives, laid down in the 1996 Report on Tourism, have now been achieved.

- Taxation of tourism aligned on the export economy
- Reasonable taxation on casinos when these are introduced
- A relaxed and flexible attitude towards the development of tourism
- Implementation of the *Conception Paysage Suisse* with respect to tourism
- Support for global ecological management
- Promotion of innovations conducive to environment-friendly structural change
- Development of the “Swiss Travel System”.

Areas of State intervention and sharing of responsibilities

The federal authorities

33. Tourism policy is based on the economic articles of the Federal Constitution.

34. At State level, the authorities responsible for tourism policy are Parliament, the government and the administration which deal with the legislative, governmental and administrative side, respectively. Where Parliament is concerned, the *Groupe pour le tourisme et les transports* comprises more than one hundred members of Parliament. It is an informal group, the main task of which is to inform its members about questions relating to tourism and transport. Members are free to vote how they wish in Parliament, but in fact frequently opt in favour of tourism.

35. It is the Federal Council that deals with tourism policy proper. Also, there is a *Commission consultative pour le tourisme* which gives its opinion on important tourism questions. The *Commission* also oversees co-ordination between the departments, cantons and economic affairs. The responsibilities that the said co-ordination involves fall to the Tourism Service, which body also has the task of promoting tourism and implementing tourism policy. Overall co-ordination between the federal and cantonal authorities is in the hands of the *Conférence des ministres de l'économie des cantons*.

The Tourism Service

36. National tourism administration in Switzerland exists in the form of a Tourism Service which is part of the Secretariat of State for Economic Affairs (SECO)¹⁴. Within the *Promotion de la place économique* group, it co-operates closely on regional policy and the promotion of the export market and industry. The Tourism Service is responsible for:

- laying the foundations of tourism policy and preparing the tools with which to promote it;
- overseeing the National Tourism Office and the *Société suisse de crédit hôtelier*;
- integrating tourism policy into accompanying policies;
- co-operating with intergovernmental organisations and third countries;
- ensuring public/private partnerships;
- acting as the secretariat of the parliamentary *Groupe pour le tourisme et les transports* and the Federal Council's *Commission consultative pour le tourisme*.

¹⁴ Formerly the *Office fédéral de l'industrie, des arts et métiers du travail* (OFIAMT).

Public law bodies under the Confederation

Suisse Tourisme (ST)

37. According to the Federal Act on the Swiss National Tourism Office, of 21 December 1955 (1 July 1995 update), the purpose of the National Tourism Office is to encourage demand for trips and holidays in Switzerland. The Federal Act, together with the Order of 22 November 1963 (1 July 1995 update) concerning the National Tourism Office, defines the tasks and functioning of the National Tourism Office, also called *Suisse Tourisme* (ST). *Suisse Tourisme*'s responsibilities are:

- To analyse market trends and advise operators on designing services that meet market and ecological demands;
- To prepare and circulate promotional messages;
- To make use of and organise promotional events, and provide services for the media;
- To inform consumers about tourism products;
- To help operators with their marketing activities;
- To assist with product marketing;
- To co-ordinate access to the market and co-operate with other organisations and companies with an interest in the country's brand image¹⁵.

38. In addition, *Suisse Tourisme* adapts its activities to the requirements of the market and collaborates with the other public and private tourism organisations and with interested parties. It lays down the criteria for joint campaigns and collects the funds needed to prepare them. It comes under the supervision of the Federal Council, that supervision being exercised by the Tourism Service, under the Federal Department for Public Economic Affairs. *Suisse Tourisme* has its headquarters in Zürich, but there are offices in various countries in the world¹⁶.

39. *Suisse Tourisme*'s receipts come, first, from the Confederation's contributions and, second, from members' contributions (eg. the federal railways or Swisscom) and commercial activities. The overall annual budget has for several years been some SF 50 million, of which 38 million (66 per cent) are provided by the Confederation¹⁷.

40. *Suisse Tourisme* works with regional and local tourism agencies on promotional activities. Also, many of the said agencies are members of *Suisse Tourisme* and are therefore involved in the latter's financial operations. The cantonal and communal agencies are supported financially by the cantons and communes, which are thus individually responsible for promoting themselves as tourist destinations. The

¹⁵ Source: Federal Act concerning the Swiss National Tourism Office of 21 December 1955 (1 July 1995 update).

¹⁶ Source: Order concerning the Swiss National Tourism Office of 22 November 1963 (1 July 1995 update).

¹⁷ Source: Message of 19 May 1999 on financial aid to *Suisse Tourisme* from 2000 to 2004.

cantons provide their tourism agencies with SF 39 million per year (1998), and the communes with SF 133 million (1998)¹⁸.

Société suisse de crédit hôtelier (SCH)

41. The Federal Act on encouraging lending to the hotel trade and holiday resorts resulted in the creation of the *Société suisse de crédit hôtelier* (SCH) which has its headquarters in Zürich. The role of the SCH is to promote the renovation and purchase of hotels in Switzerland, to which end it grants loans. The hotel business is the backbone of tourism, but the investment involved is very considerable. Also, there is a problem of profitability. The Swiss hotel network requires constant modernisation, and at the same time has to cope with seasonal and economic fluctuations. To enable it to maintain and build up a high quality network of hotels, the SCH has since its creation received interest-free loans from the Confederation totalling SF 140 million. In addition, it has guaranteed several hundred million Swiss francs in loans, mainly by cantonal banks¹⁹. Two-thirds of this investment are for the renovation of existing hotels.

42. As an economy measure for the Confederation, its lending to the SCH has not been increased since 1998. Although the effect of these savings measures has been minimized thanks to the low interest rates in force in recent years, a solution still has to be found to ensure that this vital policy instrument survives. The Tourism Service is in the process of assessing the SCH in order to find lasting solutions.

Public-private partnership

Swiss Tourism Federation (FST)

43. The Swiss Tourism Federation (FST) is an umbrella organisation which on the one hand defends the interests of tourism at the policy-making level, and on the other provides advice regarding products and services. For example, 1998 saw the launch of the “*Suisse à vélo*” project which resulted in the creation of hundreds of kilometres of cycle track throughout Switzerland. In the first year of its existence, “*La Suisse à vélo*” helped to generate some 340 000 overnight stays²⁰.

44. As an association under private law, but with a service contract with the Tourism Service, the FST is largely financed by its 700 members’ subscriptions and, in addition, receives a contribution from the Confederation. Additional revenue is generated by the designing of new products and services. The FST collaborates with twelve other bodies, including other umbrella organisations such as *GastroSuisse* and the *Société suisse des hôteliers* (SSH) (Swiss company of hoteliers).

Société suisse des hôteliers (SSH)

45. The objectives of the SSH may be reduced to a single common denominator: “The aim of the association is to maintain and improve - through joint action - the quality of service, competitiveness and prestige of the Swiss hotel trade in general, and of member establishments in particular. The SSH seeks to

¹⁸ Source: Message of 19 May 1999 on financial aid to *Suisse Tourisme* from 2000 to 2004; *Institut des services publics et du tourisme*, University of Saint-Gall.

¹⁹ Source: Message of 6 May 1987 concerning the revision of the Federal Act on encouraging lending to the hotel trade and holiday resorts, SECO.

²⁰ Source: FST - 1998/99 Annual Report.

promote a Swiss hotel business which is independent, varied and conscious of the level of quality it needs to provide". The history of the SSH and that of Swiss tourism are linked by a longstanding tradition. The shared striving after a level of quality recognized internationally - quality for the benefit of hotel guests, is associated throughout the world with the names of localities and of Swiss hotels. The SSH was founded in 1882. It provides a sound foundation and a wealth of experience which will enable Switzerland's hotel business to meet the challenges of tomorrow.

46. The quest for greater transparency in the hotel business gave rise, in 1979, to a classification system that gives both customers and hoteliers indicators as to the level of comfort and service and how rooms are fitted out. The SSH carries out regular checks using standard criteria. On the basis of these criteria, hotels are ranked between 1 and 5 stars, or as *relais de campagne SSH* or *apparthôtel/maison d'appartements SSH*, mountain inn or chalet and low-service. Category U (unique) is for hotels which cannot be graded according to the usual standards. In addition, two projects entitled *Normes 2000* and the *label de qualité du tourisme suisse* (quality label for Swiss tourism) will in future make not only for an improved classification, but also an advance in terms of quality of service in Swiss hotels.

47. To fulfil its role as a provider of information, the SSH has set up an official public relations and media service and also produces numerous publications, in particular the *Guide suisse des hôtels*, a new edition of which comes out every year and which is widely circulated throughout the world. "*Hotel + tourismus revue*" is at present the country's leading review for hotels, restaurants, tourism and leisure activities. It is also the official publication of a large number of associations and institutions in the tourism sector²¹.

GastroSuisse

48. *GastroSuisse*, which was founded in 1891, has some 20 000 member hotels and restaurants in Switzerland. It deals at national level with information, training and the defence of catering trade jobs from the policy-making standpoint. It actively supports its members via a range of services, in particular advisory. It collaborates with other organisations, such as the FST and the SSH, on tourism publications and the defence of tourism.

Areas in which the State does not intervene

49. There are many aspects of tourism with which the Confederation is not involved. There are no price controls in tourism, apart from the laws on competition in general, which are mainly designed to prevent the creation of cartels and other illicit practices. Nor does the State intervene in the grading of hotels, that being the prerogative of the SSH.

50. Where outbound tourism is concerned, the State does not oversee travel agencies or other companies such as tour operators. The latter are free to operate as they wish, there being no federal licence for travel agents, for example. That said, the consumer is protected - notably by the Federal Act of 18 June 1993 on package holidays. The said Act guarantees the consumer a certain number of rights, in particular if a trip is cancelled by the operator, or does not take place, or if the latter goes bankrupt²². It also obliges the organiser to be transparent and to abide by the information given.

²¹ Source: paragraphs 42-44, SSH (Internet site); SECO.

²² Source: Federal Act on package holidays, of 18 June 1993.

51. The State does not in principle cover the deficits of tourism organisations. The latter act independently and, with the exception of *Suisse Tourisme* and the SCH, are private law organisations.

Links with the tourist industry

52. Switzerland's tourism policy is designed to be highly market-oriented, with the result that the object is not to regulate the market, but rather to encourage competitive and sustainable tourism development by creating framework conditions favourable to the industry. To this end, public/private partnership structures have been put in place.

53. The said partnership involves extensive co-operation between the different actors via the Swiss Tourism Federation (FST), the Tourism Service (a member of the FST management committee), the *Société suisse de crédit hôtelier* (SCH) and the other tourism associations and organisations. The FST, for example, is represented on *Suisse Tourisme* and also collaborates with the Tourism Advisory Committee, while *Suisse Tourisme* and the SCH are also represented on the Tourism Advisory Committee. This arrangement ensures almost perfect transparency and an effective partnership system.

Creating favourable framework conditions

54. In order to put in place a framework likely to help develop the competitiveness and quality of Swiss tourism, several measures have been taken in the last few years. Amongst them are a number of innovative projects regarding quality, which have received *InnoTour* aid.

55. Two major initiatives on the quality front have had Confederation support in the last two years. The first is *Normes 2000*, launched by the SSH. The idea is to set up a classification system which does not gauge solely the "hardware" of the hotel trade (i.e. the normal star system), but takes account of service quality and the human touch - the real criterion of quality in tourism. The Confederation has put SF 400 000 into backing this project.

56. The second initiative, launched by the FST, relates to a quality label for Swiss tourism. The idea is to train people in tourism companies as quality managers. Once trained, these people are able to initiate thinking along the lines of "Total Quality Management" in the company where they work, and in this way can help the company to obtain the quality label. In 1998/99, more than 200 establishments had already obtained the label and more than 1 500 quality managers had been trained. The Confederation has provided SF 500 000 of aid for this initiative.

57. A product that has received aid under the heading of *InnoTour* is the "*Suisse à vélo*" project already mentioned above. The product, which has been highly successful, was set up by the FST.

Threats hanging over the tourist industry

58. Swiss tourism is suffering from a number of ills, having fallen behind its direct competitors in ways that are apparent at various levels.

59. First, Switzerland's hotels and tourism infrastructure are, in part at least, becoming old and outdated, with the result that massive investment is required for infrastructure renewal in the short and medium term. Thanks to measures such as *InnoTour*, it is now possible to give a fillip to the creation of new products and to projects designed to improve the situation.

60. Second, the quality of tourism services is not on a par with best practice in this respect so that, in order to ensure constant development in tourism, especially in a small country like Switzerland, it is becoming vital to target qualitative rather than quantitative growth. A number of projects now under way are designed to achieve just such an improvement.

61. The dangers associated with a Swiss franc that is too strong do still remain, although the situation has improved in recent years. Wages in the HORECA sector, which are the highest in the world, are relatively low compared with average wages, so that tourism-related jobs are not highly thought of. As a result, staff are frequently unskilled and foreign, which has a negative impact on service quality. If this situation is to change for the better, the image and structure of training has to be improved.

62. Following the recession of the early 1990s, the banks have been less ready to lend. Previously, they would willingly lend 80 per cent of the capital needed, but in many cases the ratio is now no more than 50 per cent. In the hotel business, it is becoming difficult to obtain the resources needed to invest. Coupled with the profitability problem that hotels are suffering from, the lack of funds means that State aid to the hotel trade is a vital instrument of tourism policy. The State needs to give some thought to providing the funds needed to widen the capital base of this highly indebted sector.

Sustainable development of Swiss tourism

63. Swiss tourism depends on the countryside and scenery, the former being attractive and relatively intact and lending itself well to a variety of leisure activities. Also, its main markets are nearby - a major competitive advantage which obviously needs to be developed.

64. The paradox is that the tourist wants the countryside to be intact, but at the same time wants to find high quality infrastructure during his holidays. So a balance has to be found between the damaging and the positive effects of developing a tourist place of interest.

65. In addition to over-development, there is the problem of the harm done to the environment in certain tourist areas. Although the objectives of tourism are often defined in quantitative terms, it is obvious that the scarcity of factors of production such as people and the countryside does act as a constraint on the growth of tourism. So qualitative growth is necessary in order to ensure sustainable development. The aim must not be to develop mass tourism but quality tourism; this can easily generate more revenue, and at the same time be less harmful to the environment.

66. Twenty years ago already, *La conception suisse du tourisme* set out the environmental objectives of tourism policy. It established the need to be able to keep areas intact over the long term, to observe the ecological constraints and to take account of the environment in the context of physical planning. *La conception suisse du tourisme* was genuinely innovative, talking about the need for compatibility between economic, social and environmental considerations. It was the first time that anyone had talked about sustainable development (though without using that actual term, which was first seen in the Brundtland Report of 1987).

67. Despite some relative successes, much remains to be done. As is witnessed by the damage to the forests (proportion of trees with more than 25 per cent unexplained loss of foliage) which increased from 10 per cent in 1985 to 25 per cent in 1995²³. So approximately a quarter of Switzerland's trees are diseased. Another danger is global warming. According to climate projections, the greenhouse effect will cause average temperatures to rise by 2 C between now and 2050, with repercussions for Switzerland, and

²³ Source: OFS.

for the tourist industry in particular, which could be substantial. For example, the raising of the permafrost limit will mean that high-altitude ground that at present remains permanently frozen, will no longer be in that state. The result, *inter alia*, will be increased rock falls and landslides.

68. The snow line could be some 300 metres higher, which would be difficult for medium-altitude ski resorts. Also, the melting of the glaciers, which will lose some 90 per cent in volume, will result in radical changes in the landscape. River levels will be high for longer and the frequency of extreme events, such as storms, flooding and landslides will increase considerably²⁴.

69. The Confederation plays a very active role as regards the protection of the environment and sustainable development, Switzerland undertaking at the Rio Summit in 1992 to formulate and apply sustainable development strategies. The Confederation's aim is to incorporate sustainability in all policy-making areas. Following the creation in 1993 of a *Comité interdépartemental Rio*, a report entitled "*Développement durable en Suisse: progrès de la réalisation*" was submitted to the Federal Council in February 1996. In 1997, the Federal Council approved the strategy entitled: "*Développement durable en Suisse (plan d'action)*".

70. According to the Federal Council's strategy, Switzerland is aiming at a tax reform between now and 2001. This will involve: doing what is necessary to take better account of external costs in the ecological and social field; improving information on products so as to encourage consumption that is conducive to sustainable development; stabilising the level of consumption of fossil energy agents (and CO₂ emissions) at the 1990 level, and reducing it by 20 per cent between now and 2020; introducing agricultural reform and other measures along the same lines.

71. A number of supplementary measures have accompanied the new strategy. The *Conception Paysage Suisse*, for example, is a contribution towards Agenda 21, as defined in Rio. At legislative level, responsibility for the proper application of national environmental legislation lies with the cantons, but the environment is in fact largely governed by federal laws. The most important of these are the Act on the protection of nature and the countryside, of 7 October 1983²⁵, the Act on water conservation, the Act on land use and physical planning, the Act on hunting and the forestry Act.

72. Internationally, Switzerland has taken a stance by ratifying the Convention on Climate Change and the Convention on Biological Diversity. It co-operates actively in international organisations. In order to encourage the sustainable development of the whole Alpine range, the Swiss Confederation has ratified the Convention on the Protection of the Alps (Alps Convention), together with the resulting tourism protocol. In addition, a large number of university institutes, nature conservation organisations and state bodies are working on the sustainable development question. Entire national research programmes (PNR) have been set up for the environment, such as PNR25 "town and transport" and PNR41 "environment and transport". A priority environmental programme (*PP Environnement*) has dealt with 120 projects since 1992 and brought out 1200 publications.

²⁴ Source: *Office fédéral de l'environnement, des forêts et du paysage: L'environnement en Suisse*.

²⁵ The latest revision came into force on 1 July 1997.

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