

WORLD TOURISM FORUM LUCERNE

Venue for CEOs

»» Expert Statements

»» **Resorts**

The key words for the future of the hotel industry are cooperation and integration.

Samih Sawiris

»» **Railway**

To wake up after travelling on a night train and discover Barcelona, Paris or the Venice lagoon is really magic.

Guillaume Pépy

Since the TGV Est offers a fast connection from Switzerland to Paris, we have experienced a boom in bookings.

Andreas Meyer

»» **Growing Markets**

Jordan was ranked 15th in Safety and Security by the WEF. This makes Jordan safer than most destinations in the world.

Akel Biltaji

»» **Tour Operating**

For many people, intensive experiences and encounters will become more important. This includes responsible and sustainable travel.

Peter Rothwell

22 - 24 April 2009
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The Secret of Success for Big Projects in the Hotel Industry

Samih Sawiris, Chairman and CEO
Orascom Development Holding SA

Your resort project in Andermatt is doing well. What is the secret of your success?

In Switzerland you can only consider launching a project of this kind if you have the backing of a large majority of the population. Potential opponents have lots of possibilities and can use democratic obstacles to delay a project indefinitely until it collapses. In this sense Andermatt was ideal for us. Indeed, we were the ones who were invited and so we didn't have to force anyone to do anything. With transparency and co-operation right across the board we also ensured that environmental organisations, which can often figure as opponents, were favourably inclined from the very outset. They were able to have a say in the matter, and because they were involved right from the start, it was easy for them to say "yes" later on.

How important is clear and honest communication?

I believe that if you're not open about the way you communicate you eventually get your fingers burnt by giving your opponents an opportunity to spread false stories. It's much better to put everything on the table, accept any criticism and then make changes to the project where necessary than not to declare anything at all in the mistaken belief that "as long as they don't know, they won't complain".

How important is co-operation with the other service providers at the resort, for instance cable-car operators?

Nowadays it is crucial to co-operate with the partners at a destination. What often happens in practice, however, is that the

ambitions of the partners involved are not all on the same level, and so there are conflicts of interests. It often takes a lot of time and effort until everything is settled, and the work carried out together may perhaps never come to bear. Often, people end up pulling in different directions. In our case it's essential that we always have a large share of participation in the cable cars and hotels that we build, so that all the interests are always on the same side. It corresponds in principle to the model of a holding company.

What do you think the hotel landscape will be like in the year 2030? Will individual establishments still have a chance?

It's going to be more and more difficult for anyone to operate on their own. Our industry is almost certain to undergo consolidation. The typical individual family-owned establishment will give way to jointly operated businesses. Ideally they will still be run by families, but they will be co-operating in one way or another, for instance at the level of purchasing, marketing or reservations. Joint ventures and integration are set to be the keywords of the future.



Short Biography of Samih Sawiris

Samih Sawiris graduated from the Technical University of Berlin in 1980. He is Chairman and CEO of Orascom Development Holding (ODH), which currently develops a luxury resort in the Swiss mountain village of Andermatt. Sawiris worked for Orascom Hotels & Development, a leading integrated town developer and manager. Its best known project, El Gouna on the Red Sea, was awarded four "Green Globe 21" certificates for its environmental qualities. Sawiris recently started a low income housing project in Egypt.



High Speed Intercity Connections: The Future of the Railway Industry

Guillaume Pépy, Chairman SNCF and
Andreas Meyer, CEO SBB

Air France and KLM have announced that in future short-haul flights will be replaced by train operations rather than flights. Would such a trend be an opportunity or a new form of competition for traditional rail operators?

Andreas Meyer: I'm convinced this trend will give new momentum to railway companies. Through bilateral co-operation agreements European railways will be able to gain even more ground on air travel. There is still a great deal of synergy potential in the way in which overarching travel offers are planned and controlled by road, by rail and by air – for the benefit of our customers. What's more, rail travel is climate-friendly and contributes in a significant way to sustainable development.

In future high-speed trains will bring European cities much closer together. Will this benefit city tourism?

Andreas Meyer: Absolutely. Our leisure subsidiary RailAway has already recorded a sharp increase in demand for European city packages. Paris for instance has been booming since the launch of the TGV-Est route between Basel and Paris in June 2007, which has cut the journey time from 4 hours and 50 minutes to 3 hours and 30 minutes. Capacity rates are above 80%, with a market share of 65% compared with road and air travel. And passenger figures from the Basel-Mulhouse Euroairport to Paris have practically halved over the same period. These are clear signs that rail travel is becoming more and more important in Europe – also where city tourism is concerned.

Guillaume Pépy: *Day trips by train from one European capital to another are becoming the norm for tourists and business people alike, thanks to shortened travel times, improved in-station and on-board services, and the appeal of going from city centre to city centre, as opposed to highway driving, or going to out-lying airports. We even start to notice patterns of commuters living in one country and going to work daily in another one by high-speed train. Both our companies are among the founding members of the Railteam alliance, where we develop solutions to facilitate all aspects of international high-speed train travel between European cities. Today, the Railteam network map looks more like a subway map on the scale of a continent than a map of distant cities and countries.*

As a mobility provider, what are you doing to increase your market share on European city links?

Andreas Meyer: Depending on the segment, rail travel has all trumps when it comes to journey times of up to four hours. This is where we can make the most of our competitive edge, with railway stations right at the centre of European cities. This means we need to keep on speeding up existing links. It's something we've already achieved between

Switzerland and Paris. The opening of the Gotthard base tunnel along the north-south axis will be another quantum leap. To further improve their competitive position, railways also need high-performance rolling stock and customer-orientated services across the board – from the information point to bookings and the quality of the service during the journey itself. What's also very important for Switzerland's appeal as a location is linking up quickly with the European high-speed rail network, for instance cutting the journey time between Zurich and Munich by one hour, to 3 hours and 15 minutes by 2015 – or sooner if possible.

When are the SNCF and the SBB going to build their first Maglev train?

Guillaume Pépy: *SNCF is not a wheel-on-rail train manufacturer and much less a maglev system builder. When a decision had to be made for the first high speed line in France between Paris and Lyon, many studies were carried out in order to compare the TGV and the Aérotrain. Aérotrain was not a magnetic sustentation based system since it was powered by a wind turbine. However, Aérotrain and maglev are similar: both technologies require an elevated track, and both are faster than*

the high speed train. In the end, the Aérotrain was defeated by the TGV because of the TGV's interoperability with the conventional network. This allows to serve the city centre and to offer direct trips to the customer to or from cities located far beyond the high speed line. Thus the traffic volume can be higher because of easy seamless door-to-door trips. When speaking of Maglev versus wheel-on-rail we must not forget that on a 3-hour route like Paris-Marseille the market is on the train and not in the air, although the TGV is slower than the airplane. Speed is not the only feature providing commercial appeal. Moreover, the Maglev is by far a more expensive investment than the wheel-on-rail system.

Andreas Meyer: As a rule, launching a new technology involving a fundamental change of system is very time consuming and costly. What's more we face great challenges when it comes to developing the current rail system further. We're expecting a more than 50% growth in demand in passenger traffic by 2030, and more than 60% in freight traffic. So it's going to get increasingly cramped on our trains and on our network. New financing solutions need to be found for investments in new rolling stock and to eliminate capacity bottlenecks in infrastructure. So from that point of view the construction of a maglev system with extremely long lead times is of little use to us.

How will hotel trains and night trains perform in the future?

Andreas Meyer: Hotel trains and night trains are set to face growing competition from increasingly short journey times on daytime connections. However the market potential for a high-quality night product remains, even in the future. But what's important is that our customers are able to board their train conveniently in the evening, that they're well looked after during the journey, and that they arrive well rested in the morning.

Guillaume Pépy: *Night trains are definitely a niche market with a future, because they allow customers to save time (arrivals and departures from city centres) and money (on hotel nights). We also notice an increasing demand for quality trains and sustainable transport. Therefore, our main purpose is to give good value for money, from security to on-board services. The development of the high speed network, especially in France, Spain and Italy, makes many cities more accessible and creates more possibilities of combined trips (high speed + night trains). Finally, the "magic" of night trips will remain a good selling argument, especially for long journeys. To wake up and discover Barcelona, Paris or the Venice lagoon is really magic.*



Short Biography of Guillaume Pépy

Guillaume Pépy was the driving force behind the creation of Railteam, and he was also instrumental in setting up the international rail operators Eurostar, Thalys, Lyria, and Elipsos, among others. He has been working as a senior executive in the French railways company for more than 15 years, holding many positions from Strategy Director to Passenger Director. For the past 5 years, Pépy was Chief Executive Officer of SNCF. In 2008, Guillaume Pépy was appointed as Chairman of SNCF. He is also Chairman of Eurostar and non executive director of Keolis.



Short Biography of Andreas Meyer

Andreas Meyer graduated as a lawyer from the University of Freiburg (Switzerland). He holds the degree of a lawyer and an MBA from INSEAD, Fontainebleau (France). Before taking over as CEO of the Swiss Federal Railways (SBB) in 2007, Andreas Meyer served for the German Railways as Chairman of urban transports (DB Stadtverkehr GmbH) and as a member of the Executive Board. Previously, he worked for ABB (Switzerland) and for Babcock Rohrleitungsbau (Germany). Andreas Meyer is married and father to three children.



The Promotion of Jordan as a National Challenge

Akel Biltaji, Chairman, Tourism and Heritage Committee, Jordan

How do you convince customers that Jordan is a safe place for tourists from Europe and the United States?

The safety and security of Jordan have never been an issue, as Jordan is a safe destination and enjoys a high level of stability. The issue that we suffer from is the wrong perception of Jordan's safety and security due to its location within an area of conflict. We try to overcome this by showcasing testimonials from visitors and journalists who visit Jordan and are already promoting how safe and secure Jordan is and that "it is even safer than home". In addition, we pursue to promote Jordan as a vibrant meetings and event destination. Jordan was ranked 15th in Safety and Security by the World Economic Forum. This makes Jordan safer than most destinations in the world.

What role do you think should a federal government play in the formation of destinations?

With the limited resources that we have in Jordan, the government plays a vital role in ensuring that the right Infrastructure is in place.

1. Air Transport Infrastructure:

New expansion plans will increase the capacity of the Queen Alia International Airport to 9 million in 2011. The King Hussein International Airport in Aqaba is being upgraded, and an airport north of the Dead Sea is being designed to avail accessibility to the Jordan Valley Region.

2. Ground Tourism Infrastructure:

There are many Tourism Projects covering 5 Governorates in Jordan supported by Grant projects.

3. Ground Transport Infrastructure:

Many projects are being realised to enhance the transport network in Jordan. All major tourist sites enjoy very easy access with well developed infrastructure and road network, which is a key success factor for the tourism industry.

What are the most important points in your cooperation with airlines?

Airlines are partners and share the same interest of increasing the number of visitors. We meet with major airlines flying to

Jordan on a regular basis and discuss with them figures and trends. We also promote all carriers that fly to Jordan on our websites. With regards to Royal Jordanian, our national carrier, we meet constantly and share tourism facts and trends and co marketing activities. We depend heavily on RJ's offices in promoting Jordan in countries where we do not have any presence. RJ is our partner and is always a major component in the Travel and Tourism Fairs we participate in. Royal Jordanian has a permanent seat at the Jordan Tourism Board.



Short Biography of Akel Biltaji

Senator Akel E. Biltaji was born in Gaza, Palestine, in 1941. After working for the Arabian American Oil Company, he joined the Royal Jordanian Airlines in 1969, where he served as Senior Vice President. From 1997 until today, Akel Biltaji has worked for the State of Jordan in different positions related to tourism and the promotion of his country abroad. He is a member of the House of Senate and represents his country in a number of international conferences, including the World Economic Forum.



The Future lies in Responsible and Sustainable Travel

Peter Rothwell, CEO Kuoni

What sort of impact will the financial crisis have on travel?

There can be no doubt that the crisis is having an impact on every industry – and the travel industry is no exception. However, people will still travel even when times are difficult. They will postpone other acquisitions such as home furnishings and furniture, cars or expensive accessories before they cancel their holidays.

Which factors will have the greatest impact on travel patterns worldwide in the years to come?

What's increasingly important for more and more people is to enjoy intense experiences or encounters on their travels. That includes responsible, sustainable travel. In fact Kuoni has just launched a programme that features exclusive travel in harmony with both nature and the individual. I also believe that consumers will become even more aware of

quality, and that goes for cost-effective package holidays, too. We have noticed for instance in the Swiss market that our guests have stopped choosing one or two-star hotels. They want to spend their holidays in 4 and 5-star hotels that offer the best possible value for money. And so we've adapted our offer accordingly to reflect the growing quality awareness of consumers.

Does it make sense for a tour operator to operate its own aircraft?

The airline market has changed dramatically over the past few years. It's during difficult economic times in particular that tour operators have to be as adaptable as possible. Today we benefit from the fact that we do not operate our own aircraft. We buy seat quotas for our customers from airline companies whenever we need them, which means we do not have to take any risks to keep our

own – inadequately sized – fleet in the air.

What is the tour operator sector doing to make mobility more sustainable?

Corporate responsibility is something we take very seriously. Ecology and sustainability are topics that we debate right up to the highest board level. Kuoni now has a very comprehensive CR strategy. It focuses

not just on ecological issues but also on the protection of children, working conditions and water resources. We run and support various projects of this kind all over the world. In terms of mobility, in most of our source markets we can offer our customers the possibility of offsetting the carbon footprint made by their air travel.



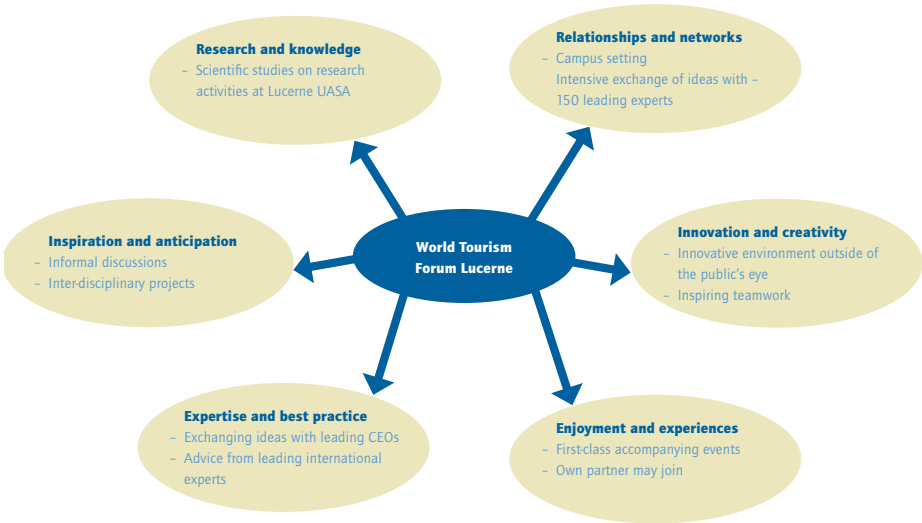
Short Biography of Peter Rothwell

Peter Rothwell began his career with Thomson Holidays in 1982, where he worked in several positions. In 1995, he started as Managing Director at Airtours Holidays and was later appointed to the Board of Airtours. In March 2001, Peter Rothwell returned to the Thomson Travel Group. In a restructuring, he became the Chief Executive of TUI Northern Europe, and from 2004 also Managing Director of TUI UK. From 2006, he was COO and board director of TUI AG. Peter Rothwell has been CEO at Kuoni since January 2009.

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