



Top Countries for Sustainable Tourism

Embracing a Green Transformation for Travel Recovery



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Top Countries for Sustainable Tourism

Embracing a Green Transformation for Recovery in Travel

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Introduction

As new variants of COVID-19 emerge, recovery for the travel and tourism industry becomes less linear. Travel bans, restrictions and new health protocols still pose challenges and the pandemic unveiled flaws and limitations in volume-driven tourism models. Instead, social and environmental values will be at the core of new strategies. As destinations around the world slowly begin to reopen while protecting local communities and preserve livelihoods, there is a growing awareness among consumers, businesses and governments for the need to prioritise not only profit but people and the planet.

Domestic tourism can help with recovery in the short to mid-term, but radical change will be essential in building resiliency and agility to futureproof the sector. Using the United Nations (UN) Sustainable Development Goals (SDGs) as a blueprint, travel and tourism businesses are joining forces to declare a climate emergency. Sustainable transformations will play a significant factor in the future to ensure businesses and communities can thrive in a post-COVID age.

Euromonitor International developed a Sustainable Travel Index to help destinations and travel businesses shift to more sustainable and purpose-driven tourism models. Each country was analysed across seven key pillars which make up sustainable tourism.

Sustainable Travel Pillars



These pillars look at 99 countries through the lens of environmental, social and economic sustainability, country risk as well as sustainable tourism demand, transport and lodging. Overall, 57 data indicators — each weighted according to the level of direct or indirect relevance — are used to derive the final index ranking to determine the comparative performance of countries. Through case studies, we aim to bring the rankings to life, highlighting best practice examples.

Sustainable Travel Index Rankings 2020

	Rank 2020
Sweden	1
Finland	2
Austria	3
Estonia	4
Norway	5
Slovakia	6
Iceland	7
Latvia	8
France	9
Slovenia	10
Switzerland	11
Lithuania	12
Croatia	13
Czech Republic	14
Ireland	15
Germany	16
Belgium	17
Denmark	18
Netherlands	19
Portugal	20
Poland	21
Bolivia	22
New Zealand	23
Canada	24
Spain	25
Belarus	26
Hungary	27
Romania	28
Australia	29
Ukraine	30
Peru	31
Greece	32
North Macedonia	33
Italy	34
USA	35
Malta	36
Panama	37

	Rank 2020
Serbia	38
Bulgaria	39
United Kingdom	40
Georgia	41
Chile	42
Jordan	43
Cyprus	44
Israel	45
South Africa	46
Uruguay	47
Argentina	48
Ecuador	49
Bosnia and Herzegovina	50
Laos	51
Cameroon	52
Japan	53
Brazil	54
Taiwan	55
China	56
Oman	57
United Arab Emirates	58
Myanmar	59
Algeria	60
Costa Rica	61
Kazakhstan	62
Tunisia	63
Colombia	64
Russia	65
Turkey	66
Jamaica	67
Mozambique	68
Azerbaijan	69
Bahrain	70
Tanzania	71
Saudi Arabia	72
Uzbekistan	73
Cambodia	74

Source: Euromonitor International from official sources

	Rank 2020
Mexico	75
Thailand	76
Hong Kong, China	77
South Korea	78
Lebanon	79
Maldives	80
Sri Lanka	81
Kuwait	82
Fiji	83
Macau, China	84
Malaysia	85
Qatar	86
Kenya	87
Dominican Republic	88
Guatemala	89
Nigeria	90
Egypt	91
Indonesia	92
Singapore	93
Philippines	94
Morocco	95
Vietnam	96
Mauritius	97
India	98
Pakistan	99

Source: Euromonitor International from official sources

Sustainable Travel Leaders — Scandinavia and Europe Set the Pace

Scandinavia is exemplary in its engagement and awareness of sustainability, where 65% of travel businesses already have implemented a sustainability strategy according to Euromonitor's Voice of the Industry Sustainability Survey (July 2020).

The European Union (EU) is driving a strong sustainability agenda through its European Green Deal. Launched in 2019, the region aims to be carbon neutral by 2050 and meet the Paris Agreement targets by 2030. Post-pandemic, the region is doubling down on its digital green transformation for a more stable and resilient recovery, where the Eurozone experienced a steep recession of -9.4% in 2020. Some government bailouts stipulated sectors like aviation are likely to adopt more sustainable practices.

The top 20 leading countries in the Sustainable Travel Index are in Europe. Sweden was ranked first, followed by Finland and Austria. Just outside the top 20 are New Zealand, Bolivia and Canada who made good progress in the sustainable transport and lodging pillars.

Sweden is the birthplace of the *flygskam* (flight shaming) movement and home to climate strike activist, Greta Thunberg. It is a pioneer in lifecycle assessment research that is critical to understand the full impacts of consumer behaviour and consumption patterns. The country is highly engaged with the SDGs to preserve the Arctic ice and permafrost to help stop climate change, aiming to achieve net zero emissions by 2045.

66.4%

of consumers globally want to have a positive impact on the environment through their daily actions in 2021

Source: Euromonitor Consumer Lifestyles Survey, fielded January 2021

Top 10 Countries in the Sustainable Travel Index 2020

	Rank 2020	2015–2020	2019/2020
Sweden	1	◆	◆
Finland	2	▲	◆
Austria	3	◆	◆
Estonia	4	◆	▲
Norway	5	▲	▲
Slovakia	6	▼	▼
Iceland	7	▼	◆
Latvia	8	▲	◆
France	9	▲	▲
Slovenia	10	▼	▼

Source: Euromonitor International

Note: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Case study: Sweden — Eco-chic to perfection

Sweden tops the Sustainable Travel Index in 2020 and proves sustainability can enhance the travel experience. The country has focused on generating higher levels of value derived from tourism which has helped its economy, environment and society, leading to improvements across many pillars. The



government established the framework critical to Sweden's success to achieve the 17 SDGs, especially regarding climate action, conserving biodiversity in the Arctic and moving to a carbon-free circular economy.

Focused on devising a sustainable tourism strategy, Sweden is working to promote rural and regional tourism in core cities. The country also benefits from efficient transport infrastructure and alternative forms of travel besides air to help appease flight-shaming.

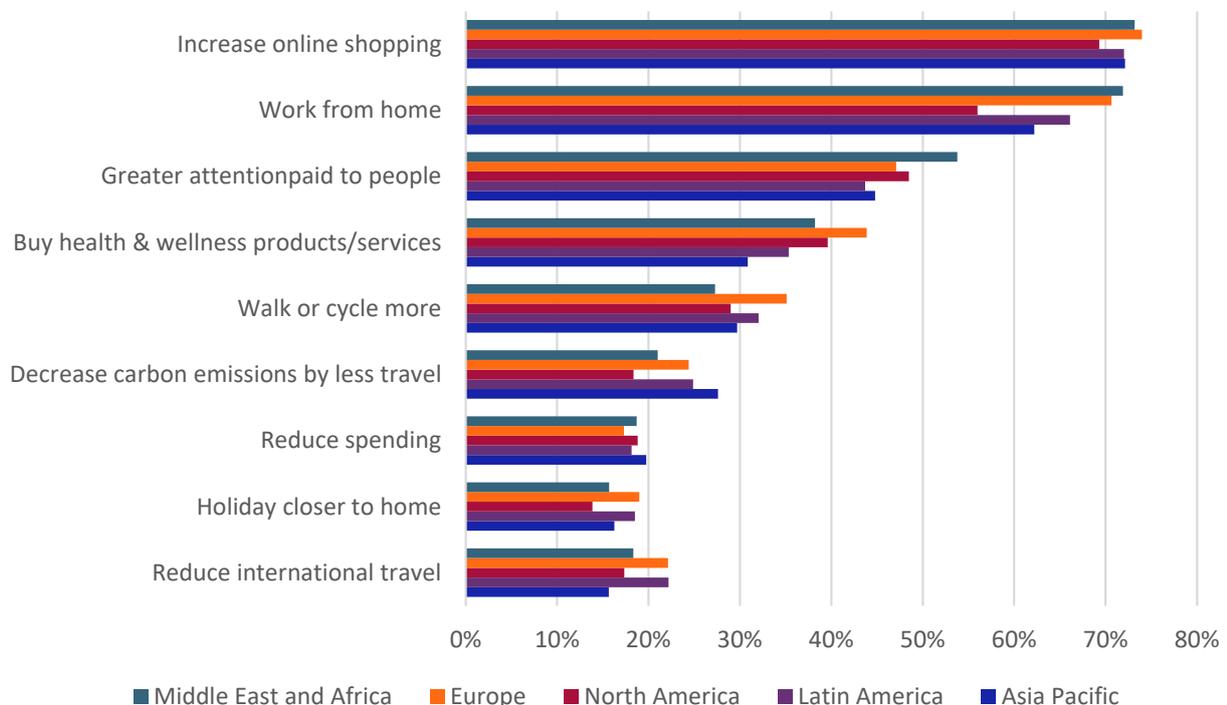
For sustainable lodging, Sweden serves as a role model with its award-winning Nordic eco-chic architecture and design.

Staying Ahead of the Trends

A key challenge for travel players is identifying what changes will be short term versus long term, so it is vital to understand consumer attitudes, behaviours, values and beliefs.

The pandemic accelerated digitalisation in the form of online shopping, virtual experiences and working from home, alongside greener travel habits like walking and cycling. Where possible, domestic tourism substituted international travel. For regions like Western Europe, 22% of executives do not expect consumers to return to their pre-crisis travel habits. This is a result of increased pressure on middle-income households combined with a greater awareness of the negative impacts of tourism.

Expected Permanent Changes in Consumer Behaviour by Region 2020



Source: Euromonitor International Voice of the Industry: COVID-19, fielded October 2020

Travel falls short in its level of commitment to change

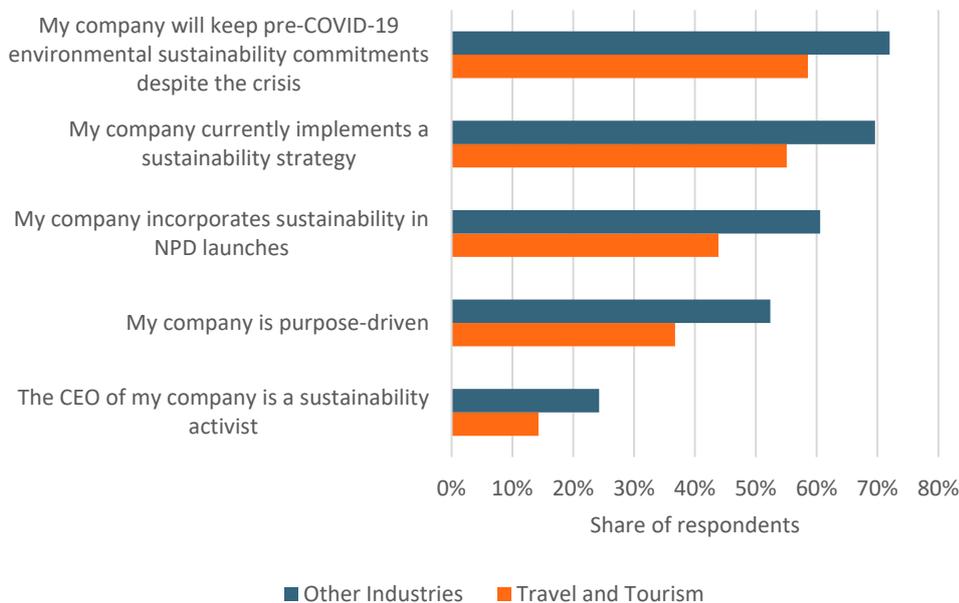
Sustainability is not a new concept in the travel industry, however, only 55% of travel businesses implemented some form of sustainability strategy compared to 70% of consumer packaged good (CPG) industries in 2020. Additionally, 50% of travel businesses say that they engage with the UN 17 Sustainable Development Goals that form the 2030 agenda. More travel companies are becoming B Corporation certified by committing to high levels of social and environmental standards, embracing the Environmental, Social and Governance (ESG) criteria and partnering with non-profit organisations. Such companies are ahead of the game by aligning their corporate goals with the Paris Agreement.

50%
of travel businesses engage with the UN Sustainable Development Goals

Source: Euromonitor Voice of the Industry Survey – Sustainability, fielded July 2020

Businesses need to resist chasing short-term volumes and focus on the long-term and value driven strategies for a sustainable recovery where all stakeholders can benefit.

Business Levels of Engagement with Sustainability: Travel 2020



Source: Euromonitor International Voice of the Industry Survey: Sustainability Survey, fielded July 2020



Environmental Sustainability

A thriving natural environment is one of the main prerequisites for a successful and sustainable tourism offer. The environmental sustainability pillar contains five categories: climate, natural assets, pollution, energy and water. This pillar addresses the overall health of a country in terms of the environment, biodiversity and natural resources under threat due to climate emergency. Tourism is a heavy user of precious resources such as water for bathrooms, pools, golf courses and spas, leading to water supply and management challenges that can lead to conflict with local communities over resources.

The Intergovernmental Panel on Climate Change (IPCC) warns that overshooting the 1.5 degrees target would lead to irreversible damage to natural and human systems. Popular destinations in emerging markets in particular are at higher risk if this happening.

Adverse impacts on ecosystems like the Great Barrier Reef and the Arctic are a result of warmer oceans. Over 158 travel companies came together to address the problem under the 2020 Tourism Declares a Climate Emergency Initiative which pledged to cut carbon emissions.

Environmental sustainability — Top 10 countries

Mozambique holds the top ranking for environmental sustainability. The country has many national parks and protected areas like community-run conservancies which protect biodiversity through nature-based tourism, offering an alternative source of revenue to poaching.

Costa Rica is recognised by the UN as a world leader in sustainability and is an environmental front-runner. In 2019, its government realised failing to act would involve multiple risks, including a negative impact on its competitive advantage to attract visitors. As a solution, they declared their country would become climate neutral by 2050 through launching a long-term strategy for low emissions development.

Top 10 Countries for Environmental Sustainability 2020

	Rank 2020	2015-2020	2019/2020
Mozambique	1	▲	▲
Croatia	2	▼	▼
Tanzania	3	▲	◆
Cambodia	4	▼	▲
Cameroon	5	▼	▼
Costa Rica	6	◆	▲
Latvia	7	▼	▲
Austria	8	▲	▲
Fiji	9	▼	▲
Colombia	10	▲	▼

Source: Euromonitor International

Note: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Tackling the climate emergency

The European Green Deal is beginning to pay off, with Slovenia, North Macedonia, Belarus and Lithuania increasing their rank and making big strides across major environmental categories, such as slow temperature growth.

Slovenia has incorporated sustainable tourism into their marketing strategy with its successful I Feel sLOVEnia campaign. The country also has high levels of marine and terrestrial protected areas. In addition to these qualities, the country is one of the founding signatories of the Future of Tourism Coalition and a member of the Global Sustainable Tourism Council.

Belgium has embraced a regenerative tourism approach as seen in Flanders, which takes a holistic approach to the negative and positive impacts of tourism, going beyond sustainability to encourage regeneration in nature and creating greater harmony between all living things.

India is working towards transitioning to renewable energy to help curb emissions, reducing energy intensity by 20% from 2005 as the world's fourth-largest renewable energy producer.

Most Improved Countries for Environmental Sustainability 2020

	Rank 2020	2015-2020	2019/2020
Austria	8	▲	▲
Slovenia	19	▼	▲
Lithuania	22	▲	▲
North Macedonia	38	▼	▲
Romania	42	▲	▲
Vietnam	43	▲	▲
Belarus	47	▲	▲
India	52	▲	▲
Poland	55	▲	▲
Belgium	58	▲	▲
Serbia	59	▼	▲
Netherlands	62	▼	▲
Japan	65	▲	▲
Uzbekistan	66	▲	▲
Kazakhstan	78	▲	▲

Source: Euromonitor International

Note: rank 1 = best performing, ranked by 2020 position; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Climate emergency is back on the agenda

One of President Biden's first actions following his inauguration was to rejoin the Paris Agreement. Along with China, the United States (US) is one of the biggest emitters of carbon emissions, so their contribution is vital to achieving the SDGs. In 2020, China announced ambitious targets to reach peak emissions by 2030 and achieve carbon neutrality by 2060.

The next UN Climate Change Conference, COP26, will take place in Glasgow in November 2021, where the aim is to accelerate the transition to a net zero carbon economy and showcase innovation to help the process. Scotland was the first country to join Tourism Declares a Climate Emergency, whilst the UK government committed to reducing emissions by 68% by 2030.

Palau in Micronesia announced that it would be the world's first carbon neutral tourism destination, partnering with Sustainable Travel International and Slow Food.



Case study: Mozambique — Maputo Reserve and Ponta do Ouro Marine Reserve

Founded in 2009, the Ahi Zamene Chemucane (AZC) is a community association for the sustainable management of natural resources. The government of Mozambique gave local communities exclusive rights to manage two large and important conservation areas: the Maputo and Ponta do Ouro Marine Reserves, both known for diverse wildlife.

In partnership with the Mozambique Ministry of Tourism and the National Tourism Institute, with financial support from international development institutions, the AZC worked with local communities to develop the area for sustainable tourism, including the construction of an eco-lodge that trains and employs locals in hospitality and conservation. The profits are funnelled back into the community which acted as a lifeline to local families in 2020 when restrictions due to the pandemic created food shortages.



Social Sustainability

Pre-pandemic, social sustainability came second to the environment. However, governments, consumers and businesses have now shifted their focus to people and communities. The social sustainability pillar has since become an important component in determining a countries' ability to have fair and equitable societies. For the index, social sustainability encompasses access to resources, food security, poverty, happiness, freedom, equality and education.

Social sustainability — Top 10 countries

Austria, Iceland and the Czech Republic topped the ranking for social sustainability, performing well in education, equality, peace and freedom. Uruguay ranked eighth, experiencing the highest rise in rank within the top 10 between 2015–2020. Its population has the highest levels of freedom in the world, with access to resources, education and equality. The World Bank approved a USD400 million fund to help Uruguay remain on track with its social ambitions for fostering inclusion and sustainability post-pandemic.

The Czech Republic and Estonia have reduced poverty, boosting freedom and happiness, whereas Poland has fallen in both areas as the country shifted to the right side of the political spectrum and challenged the EU rule of law.

Top 10 Countries for Social Sustainability 2020

	Rank 2020	2015-2020	2019/2020
Austria	1	◆	▲
Iceland	2	▲	▼
Czech Republic	3	▼	▲
Poland	4	▲	▼
Switzerland	5	▲	▲
Finland	6	▼	▼
Estonia	7	▲	▲
Uruguay	8	▲	▲
Denmark	9	▼	▲
Slovakia	10	▼	▼

Source: Euromonitor International

Notes: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Social inclusion – Never a done deal

Even in the most developed and socially conscious countries, there is still work to be done to ensure higher levels of equality and inclusion. This is vital post-pandemic, as the crisis highlighted inequalities faced by ethnic minorities and the precariousness of employment for low-income workers.

In the UK, there was greater self-sufficiency in local food production due to national lockdowns colliding with Brexit. While there was an increase in inequality, happiness scores went up at the same time, most likely from employees being more home-based, which is expected to remain a permanent change.

Most Improved Countries for Social Sustainability 2020

	Rank 2020	2015-2020	2019/2020
Denmark	9	▼	▲
Norway	11	▼	▲
United Kingdom	14	▲	▲
Canada	34	▼	▲
Taiwan	40	▲	▲
Maldives	44	▲	▲
North Macedonia	47	▲	▲
Lithuania	48	▼	▲
USA	51	▼	▲
Panama	56	▲	▲
Mauritius	57	▲	▲
Egypt	60	▲	▲
Mexico	69	▲	▲
Dominican Republic	73	▼	▲
Philippines	78	▲	▲

Source: Euromonitor International

Note: rank 1 = best performing, ranked by 2020 position; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking



Case study: Iceland — Hidden Iceland Tour Operator

Hidden Iceland is a local tour provider offering sustainability-themed small-group tours. The company worked with Vakinn, the quality and environmental certification body for the Icelandic Tourism Board, to ensure the tours meet the highest ethical and environmental standards. The company follows a policy of 100% carbon neutrality, leveraging sustainable tourism practices. This tour provider also contributes to the non-profit organisation, Climate Care, in addition to other carbon offsetting organisations. These funds are then re-invested in social development projects in Sub-Saharan Africa.

Iceland consistently ranks highly in the social sustainability pillar as the Icelandic Tourist Board has been pushing a strong framework to encourage companies to become more sustainable and socially responsible. At the same time, tourism companies like Hidden Iceland recognise the benefit in creating a more holistic and sustainable offering, combining the need to protect Iceland's natural environment and attracting a growing number of visitors who want to travel in responsible ways.



Economic Sustainability

One area often overlooked is whether a country is overly dependent on tourism which makes it vulnerable to external threats such as natural disasters, terrorism or pandemics which can put jobs and communities at risk. The economic sustainability pillar therefore considers a country's relative economic performance based on its tourism dependency, debt levels, hospitality employment and business readiness to gauge strengths and weaknesses.

Economic sustainability — Top 10 countries

While European, African and Latin American countries have performed well in the environmental and social sustainability pillars, Asia Pacific occupies many of the top spots for economic sustainability.

Hong Kong is the leader in economic sustainability, benefiting from its strong services and hospitality, proximity to the dynamic Chinese economy and its status as a global financial hub. Democratic freedoms have been overshadowed in 2020 by new security laws, challenging the autonomy of the territory, as well as the collapse in tourism due to COVID-19. However, Hong Kong struggles with high levels of debt, which suggests the need for greater economic diversification.

In Australia, after suffering from devastating bushfires in 2019 and travel restrictions due to COVID-19, domestic tourism will help drive recovery while borders remain shut.

Top 10 Countries for Economic Sustainability 2020

	Rank 2020	2015-2020	2019/2020
Hong Kong, China	1	◆	◆
Iceland	2	◆	▼
Malaysia	3	▲	▼
Spain	4	▲	▼
Australia	5	▲	◆
USA	6	▼	▼
Austria	7	◆	▼
Croatia	8	▲	▲
Macau, China	9	▼	◆
South Korea	10	▲	▲

Source: Euromonitor International

Notes: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Economic sustainability bolstered by domestic tourism

Many of the world's leading tourism destinations saw their economic sustainability rankings improve. Japan, Israel and Italy had the strongest increases in 2020.

Japan saw an uptake in the importance of hotels and catering to gross value added (GVA) per capita in 2020, where tourism demand was supported by domestic visitors after lockdown. On the other hand, the Philippines debt ranking lowered substantially, whilst employment in tourism and transportation sectors became more important.

Greece was one of the first EU countries to reopen tourism in May 2020 after efficiently dealing with the first wave of the virus. The country is highly dependent on tourism for income and employment, so positive movements in productivity and GVA were reassuring signs about tourism's role in fostering economic stability and resilience.

Most Improved Countries for Economic Sustainability 2020

	Rank 2020	2015-2020	2019/2020
Croatia	8	▲	▲
South Korea	10	▲	▲
Malta	12	◆	▲
Greece	14	▲	▲
Portugal	18	▲	▲
Japan	20	▲	▲
Israel	23	▲	▲
France	27	◆	▲
Italy	32	▲	▲
Turkey	39	▲	▲
Qatar	40	▼	▲
Germany	43	▲	▲
Oman	54	▼	▲
Philippines	55	▲	▲
Lebanon	63	▼	▲

Source: Euromonitor International

Notes: rank 1 = best performing, ranked by 2020 position; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Case study: Hong Kong — “Hello Hong Kong” Campaign



In June 2020, the Hong Kong Tourism Board created a central digital platform under the Hello Hong Kong campaign that allowed residents to discover city treasures and encourage domestic tourism. Locals could create customisable itineraries that linked food and dining, tours and attractions and shopping with approximately 120 different companies and venues.

The platform also collaborated with Hong Kong’s four main credit card providers, Visa, MasterCard, Union Pay and American Express to launch exclusive offers from local businesses, as well as “lucky draws”, or a lottery series where consumers could win HKD10,000

each in government grants to stimulate spending. This initiative is likely to remain in place for the future, open to international visitors once the pandemic is over.



Risk

The travel and tourism industry is particularly susceptible to external risks like geopolitics, natural disasters, man-made catastrophes and diseases. The risk pillar has three main areas: safety, healthcare and endangered cultural sites and species.

Protecting and conserving natural and cultural assets are critical for income, employment and future generations. Many destinations depend on abundant wildlife, flora and fauna as a key part of their tourism offer. For example, over one-third of direct tourism revenues in Africa were generated from wildlife tourism pre-pandemic, according to the WTTC. Travel businesses are onboard with preserving biodiversity and 10% even accelerated investment in this area during the pandemic according to a Euromonitor Voice of Industry survey.

Safety and healthcare go hand in hand for creating a resilient tourism model, and countries must be able to meet the needs of their residents.

Risk — Top 10 countries

Saudi Arabia ranked first for risk in the sustainable travel index. Despite reported cases of human rights abuses, the country has a strong record in nature and heritage conservation.

Countries like Russia, Canada and Kazakhstan benefit from large geographical landmass and low rates of endangered fish, mammals and birds species. In 2020, Canada along with the EU and UK vowed to protect 30% of its biodiversity and seas by 2030 to avoid the extinction crisis where 30% to 50% of species could be lost by 2050.

Risks to biodiversity are an existential threat to a sustainable tourism model. According to the World Wildlife Fund (WWF), there has been a decline of 68% in wildlife populations over the past 50 years. Therefore, governments must take responsibility to protect the planet and its species.

The Campaign for Nature released new research in 2020, showing that the return on investment for conserving nature was five-fold where every USD1 spent, returns USD5. New business models such as convivial conservation are also challenging the status quo.

Top 10 Countries for Risk in the Sustainable Travel Index 2020

	Rank 2020	2015-2020	2019/2020
Saudi Arabia	1	◆	◆
Sweden	2	◆	▲
Finland	3	◆	▲
Norway	4	◆	▼
Canada	5	◆	◆
Egypt	6	▲	▲
Iceland	7	▼	▼
Kazakhstan	8	◆	▲
Belarus	9	▲	▼
Australia	10	▼	◆

Source: Euromonitor International

Note: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Building resilience to deal with risk

Peru, Laos and the UAE improved their risk ranking in 2020. Peru mitigated terrorism and safeguarded endangered species, critical to its tourism offer and cultural assets. The country has created alternative trails, drive sustainable adventure tourism and promote its gastronomy, reflected in its strong position in the sustainable tourism demand and lodging pillars.

Laos improved its rank in the World Risk Index following the devastating floods of 2018, in addition to the government working with the World Bank to build better climate resilience in its infrastructure. Economic diversification across agriculture, tourism and manufacturing helped Laos drive positive real GDP growth in 2020.

Most Improved Countries for Risk 2020

	Rank 2020	2015-2020	2019/2020
Russia	15	▲	▲
Bolivia	20	▼	▲
Algeria	24	▲	▲
Latvia	27	▲	▲
Uzbekistan	28	▲	▲
United Arab Emirates	29	▼	▲
Belgium	32	▲	▲
Peru	33	▲	▲
Morocco	37	▲	▲
Laos	41	▲	▲
Malaysia	67	▼	▲
Bosnia and Herzegovina	71	◆	▲
Dominican Republic	76	◆	▲
Fiji	87	▼	▲
Jamaica	88	▼	▲

Source: Euromonitor International

Note: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Case study: Saudi Arabia – UNESCO World Heritage Site at Diriyah

For years, travelling to Saudi Arabia for tourism purposes was extremely limited. In 2019, however, the country opened for tourism, offering electronic visas for visitors. The country developed heritage sites to ensure tourism remains viable and sustainable for the long-term. For example, Saudi Arabia's ancient capital, the At-Turaif District, is an important historic, political and cultural site. The whole area is being furthered developed for tourism and will help employ locals. Additionally, the Red Sea Project aims to develop and preserve the country's western coastal areas.



Tourism development will be a crucial growth area and will reduce its reliance on more traditional industries, such as oil. By 2030,

Saudi Arabia hopes tourism will contribute 10% of the country's GDP.



Sustainable Tourism Demand

The demand for sustainable tourism is a complex balancing act. Each destination faces its own set of challenges in order not to overwhelm communities or damage nature and the environment. The level of resilience, value creation and amount of overtourism determines how sustainable a country's tourism demand is.

Value creation is fundamental to success, where the maximum amount of spending by visitors should be delivered to local communities through encouraging longer visits, higher daily spend, promoting local operators and tackling seasonality. Although overtourism is difficult to gauge, many countries are using technologies like the Internet of Things and Artificial Intelligence, along with resident satisfaction surveys to determine sentiment towards tourism.

Sustainable tourism demand — Top 10 countries

Countries in the Nordics, Pacific and Americas make up the top 10 sustainable tourism ranking, which shows this pillar takes many shapes and forms regardless of development status.

Iceland tops the ranking despite overtourism challenges. The country has one of the worst scores in the proportion of international visitors to population, however, high daily spend per visitor helps compensate for it. Route 1 connects all of the country's major towns and helps disperse visitors and wealth across the country.

New Zealand is exemplary in resilience due to its robust domestic tourism market and high levels of spend per trip and high levels of trip frequency per capita, making them leaders in regenerative tourism. All businesses in the industry plan to sign up for the Tourism Sustainability Commitment by 2025.

Top 10 Countries for Sustainable Tourism Demand 2020

	Rank 2020	2015-2020	2019/2020
Iceland	1	▼	▲
Australia	2	▼	▼
Norway	3	▲	▲
New Zealand	4	▼	▼
USA	5	▲	◆
Sweden	6	▲	▲
Peru	7	▲	▲
Bolivia	8	▼	▼
Panama	9	▲	▲
Canada	10	▲	▲

Source: Euromonitor International

Note: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Transitioning to a value-driven model

For over a decade, Cyprus has focused on sustainability. The country moved away from a volume-driven strategy and towards a value-driven approach which helped increase rankings, daily spend per visitor and longer stays. The Cyprus Sustainable Tourism Initiative was the first to join the Global Tourism Plastics Initiative that helps keep beaches clear of plastics and preserve the blue economy.

Ecuador's ongoing improvement in sustainable tourism increased the value that tourism brings. Along with Bolivia, the country takes a different approach to conserving nature, biodiversity and local communities. The country recognises Rights for Nature in its constitution, with the right to exist, flourish and regenerate, in addition to the Galapagos and other prime biodiversity areas which helped position the country as a nature and adventure haven. It maintains a good balance between visitors and residents, but the average daily spend remains low.

Most Improved Countries for Sustainable Tourism Demand 2020

	Rank 2020	2015-2020	2019/2020
Slovakia	14	▲	▲
Czech Republic	32	▲	▲
Japan	36	▼	▲
Algeria	37	▼	▲
Chile	39	▲	▲
Bosnia and Herzegovina	41	▼	▲
Russia	45	▲	▲
Estonia	47		
Poland	48	▲	▲
Ecuador	51	▲	▲
Cyprus	58	▲	▲
Georgia	60	▼	▲
Mauritius	74	▲	▲
Croatia	77	▲	▲
South Korea	78	▲	▲

Source: Euromonitor International

Notes: rank 1 = best performing, ranked by 2020 position; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

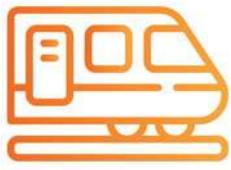


Case study: Australia — Tourism Australia’s Working Holiday Maker Programme

Tourism Australia marketed a Working Holiday Maker Programme to an audience of over 16 million people aged 18-30 in the UK, Germany and France, according to the State of the Industry Report in 2018–2019. The idea was to entice young people to travel to Australia and remain in the country with a temporary work visa.

According to the report, 61% of visitors in the programme travelled outside of the country’s main cities during their stay. Regional areas earned 26% of tourism spending from this group compared to just 15% for the average visitor. Blurring the lines between work and travel, the programme encourages tourists to stay in the country for longer, visit less popular sites and spend the money they earn in Australia to reinvest in different businesses and communities.

The goal of this programme is to create more value and attract ‘high yield’ visitors, or those that stay longer and spend more per trip. This supports local communities beyond the major cities, creating an economically viable and sustainable model. Australia has become dependent on China overtime, challenging the overall tourism industry in 2020 when travel was restricted. Diversification of inbound arrivals will help Australia become less dependent on one country and will create a more sustainable, value-driven tourism model for the future.



Sustainable Transport

Connectivity and mobility are key factors in enabling sustainable travel and tourism, especially where transport accounts for a significant share of the industry's carbon emissions. According to the World Resources Institute (WRI), transport accounts for 25% of global carbon emissions, with forms of transport which use the road being the biggest contributors.

The sustainable transport pillar takes into account a country's dependency on air travel compared to rail and other modes. The higher the dependency on air, the more negative a weighting has been given, where CO₂ emissions per passenger are higher than other modes of transport. For now, the penetration of sustainable aviation fuel is miniscule, accounting for less than 0.015% in 2020, according to International Air Transport Association (IATA).

On the other hand, rail travel and alternative transport modes have a positive weighting effect in the index, with a lighter carbon footprint per passenger. In addition, the quality of infrastructure, road density and CO₂ emissions are taken into account.

Sustainable transport — Top 10 countries

Austria is the leader in the sustainable transport pillar, benefitting from the decade-old Smart Cities initiative that promotes energy-efficient mobility. Investing in electric vehicles (EV), mobility and infrastructure will stimulate the economy post-pandemic. Similar EV initiatives are being rolled out in Greece and the Netherlands.

Vienna in particular used a combination of Artificial Intelligence, climate-friendly mobility solutions and prioritised the quality of life for residents. Part of the 100 Climate Neutral Cities, Vienna serves as a role model of climate friendly urban innovation for others to follow. Austria enjoys a lower dependency on air travel thanks to its central location in Europe and a highly developed rail network. The country is also home to easyJet Europe, which has operated net zero flights since 2019 and is working with Airbus to develop hydrogen and electric aviation.

The urgency to decarbonise transportation is critical to avoid bad climate scenarios in the future and action needs to be taken now to lower transport emissions.

Top 10 Countries for Sustainable Transport 2020

	Rank 2020	2015-2020	2019/2020
Austria	1	▲	▲
Estonia	2	◆	▲
Bulgaria	3	▲	▲
Belarus	4	▲	▲
Croatia	5	▲	▲
Latvia	6	▼	▲
Greece	7	▲	▲
Hungary	8	▼	▼
Finland	9	▲	▲
Slovakia	10	▼	▼

Source: Euromonitor International

Notes: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Flightpath to clean aviation

Sub-Saharan African countries like Tanzania, Cameroon, Kenya, South Africa and Nigeria made great strides in their sustainable transport offer.

Air travel can cause contention and controversy, not just from climate activists but with consumers that may choose alternative modes or opt to fly direct to lower their impact. Nonetheless, airlines signed the Carbon Offsetting and Reduction Scheme for International Airlines (CORSIA) agreement to maintain net emissions at 2019 levels from 2021 onwards. The agreement works in tandem to reduce aviation emissions by 50% by 2050. Sustainable aviation fuel would reduce air emissions by 80% according to International Air Transport Association (IATA), an important component for successful sustainable transformation.

Most Improved Countries for Sustainable Transport 2020

	Rank 2020	2015-2020	2019/2020
Greece	7	▲	▲
Netherlands	16	▲	▲
Hong Kong, China	24	▼	▲
Switzerland	25	▲	▲
Cameroon	27	▲	▲
Taiwan	30	▲	▲
Jordan	34	▲	▲
South Africa	35	▲	▲
Belgium	36	▲	▲
Sri Lanka	42	▲	▲
Jamaica	44	▼	▲
Bolivia	49	▲	▲
Tanzania	50	▲	▲
Algeria	57	▲	▲
Kenya	64	▲	▲

Source: Euromonitor International

Note: rank 1 = best performing, ranked by 2020 position; yellow diamond signifies no change, green arrow - positive movement and red arrow - negative movement in the ranking

Case study: Germany — Meravando Carbon-Offsetting App for Cruises

Launched in 2019, Meravando is an app that partnered with major cruise lines to allow consumers to



book climate-neutral cruises. After booking a trip, the team at Meravando calculates the carbon footprint and deducts the cost it would take to offset the carbon impact from the commission earned from the cruise provider per booking. Those costs are then donated to Myclimate, an organisation that uses the funds to support sustainable development projects.

Germany is a large outbound source market and many consumers choose to take cruises through packaged holiday providers. At the same time, German consumers are increasingly concerned with the impact cruises have on the environment. This app bridges that gap without fundamentally changing the cruise industry or limiting options for consumers.



Sustainable Lodging

The sustainable lodging pillar includes resource usage by hotels in terms of energy, water and carbon footprint. Hotel and short-term rental dependency was used to assess how diverse and balanced hotel supply is in each country. The greater the diversification of lodging formats, the more resilient the sector is in a crisis.

ESG metrics are important for global hotel brands like Hilton and InterContinental which are members of the Global Sustainable Tourism Council and other chains like Melia and One&Only which are members of Earthcheck to measure and report their environmental and social performance.

In late 2020, the EU announced its new Taxonomy Regulation to standardise ESG reporting where major investors are gravitating towards companies that align with the Paris 1.5 and UN 2030 agendas. According to Euromonitor International's Voice of the Industry Travel Survey, travel businesses believe 51% of consumers preferred to stay at eco-friendly accommodations in 2020.

Sustainable lodging — Top 10 countries

Lithuania ranks first from a strong performance in hotel sustainability metrics like energy, water and carbon emissions along with a balanced lodging supply.

At the lower category level of hotel resource usage by full-service hotels, Iceland, Sweden and Norway rank the highest in terms of energy, water and CO₂ emissions. Peru, Ecuador and Argentina are in the top 10 for being the most efficient in terms of resources.

The differences in carbon footprints are vast; full-service hotels in Hong Kong and Macau emitted over 270kg CO₂e compared to 17kg CO₂e for Iceland. In Macau, large integrated resorts like Sands and Wynn have started taking the right steps with their ESG reporting. The Parisian Macau was even awarded a silver Leadership in Energy and Environmental Design (LEED) certificate in 2019.

Top 10 Countries for Sustainable Lodging 2020

	Rank 2020	2015-2020	2019/2020
Lithuania	1	◆	◆
Peru	2	▲	◆
Denmark	3	▼	◆
Norway	4	▲	◆
Croatia	5	▲	▲
Iceland	6	▼	▼
Latvia	7	▲	▼
Belarus	8	▲	▲
Belgium	9	▼	▼
North Macedonia	10	▲	▲

Source: Euromonitor International from national sources and Greenview

Note: rank 1 = best performing; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Positive impact is a competitive advantage

Canada, Hungary, Israel, Chile and Italy improved sustainable lodging the most.

Canada enjoys a low carbon footprint per square meter for full-service hotels, coupled with a diverse range of lodging formats like short-term rentals, cabins and eco-lodges. The Thompson Okanagan region became the first destination in the Americas to receive the Tourism Biosphere Destination Certification, where 32,000 tourism stakeholders are working with the public sector to make the 17 SDGs a reality.

In Chile, Tierra Patagonia — a luxury eco-lodge near Torres del Paine that uses renewable energy and local produce in addition to running social community initiatives — won TripAdvisor’s Best of the Best award in 2020. The same area is home to EcoPark Patagonia, the world’s first geodesic hotel, which has been a member of The Long Run for several years, a membership organisation for nature-based tourism businesses. Going B Corp is another method to be environmentally and socially accountable. For example, urban Europe hotel, Qbic, embraced a fully transparent and legal approach to impact measurement, highlighting the need for radical change.

Intrepid Travel, the largest travel brand that is B Corp, partners only with local businesses for accommodation and experiences, demonstrating everyone in the supply chain can exert a positive influence and accelerate the sustainable transformation of lodging.

Most Improved Countries for Sustainable Lodging 2020

	Rank 2020	2015-2020	2019/2020
Croatia	5	▲	▲
Belarus	8	▲	▲
Chile	11	▲	▲
Finland	17	▲	▲
Slovakia	21	▼	▲
Hungary	22	▲	▲
Georgia	28	▲	▲
New Zealand	31	▼	▲
Czech Republic	32	▲	▲
Colombia	34	▼	▲
Canada	45	▲	▲
Italy	48	▲	▲
Israel	55	▼	▲
Lebanon	61	▲	▲
Russia	73	▲	▲

Source: Euromonitor International, Greenview

Note: rank 1 = best performing, ranked by 2020 position; yellow diamond signifies no change, green arrow - positive movement and red arrow – negative movement in the ranking

Case study: Peru — Inkaterra Reserva Amazónica

Inkaterra Reserva Amazónica is a luxury eco-lodge in the Peruvian Amazon Rainforest, offering properties that immerse visitors in the natural environment of the rainforest. Visitors can also book a stay at the Inkaterra Guides Field Station located in the Tambopata National Reserve and participate in projects run by the Inkaterra Asociación, a non-profit committed to scientific research, the sustainable use of natural resources and biodiversity monitoring.



Many Latin American countries have long been known for pioneering eco-tourism through eco-lodges which embrace the region’s natural environment. Peru’s sustainable lodging in particular, has been a crucial element in the country’s appeal, allowing consumers to relax and experience nature with minimal impact on the environment.

Summary

There is a clear change in mindset to resist returning to a volume-driven travel and tourism model. Instead, stakeholders are rallying together to 'build back better' through value creation from sustainable tourism. As momentum grows in the run up to COP26, consumers, travel brands, destination marketing organisations and governments continue to align their desires to avert the climate emergency.

Embracing environmental and social initiatives, giving back to local communities and spearheading positive outcomes must be championed and integrated into the visitor experience to create shared value, pride, trust and loyalty. Sustainability will differentiate and elevate the experience for consumers, while driving competitive advantage and agility to guarantee long term success.

Index Methodology

Aim

The sustainable travel index enables travel businesses, destination management organisations (DMOs) and tourism boards to understand sustainability challenges and opportunities by providing quantifiable metrics across a range of pillars.

The index can be used to benchmark performance against country peers, develop a sustainable tourism strategy, engage with the United Nations Sustainable Development Goals and help deliver positive impacts for all stakeholders involved.

As a signatory of the Future of Tourism Coalition, the index reflects Euromonitor International's commitment to help contribute to the sustainable recovery of travel and tourism after the pandemic.

Evaluation criteria and standardisation

Compiling the data and ensuring its quality and cross-country comparability is carried out by collecting each data point with detailed definitions and the exact source location of the data. The data then undergoes several layers of quality control and standardisation. Any gaps in time series are filled by means of statistical interpolation techniques and expert opinion, followed by rigorous checks of data definitions and adherence to international classifications.

In order to have a reliable result of the calculations, indicators must be:

- Analytically and statistically sound
- Understandable
- Easy to interpret
- Cross-country comparable
- Reproducible

Indicators sources

Data was sourced primarily from Euromonitor's Economies, Consumers, Travel and Sustainability Passport systems. Additional secondary research was conducted to collect data from the World Happiness Report published the Sustainable Development Network Solutions programme, along with the Global Sustainability Tourism Dashboard by Griffiths University. In addition, Greenview provided the three metrics for the hotel resource usage category on full-service hotel energy, carbon footprint and water usage.

Sustainable travel index pillars and category weightings

Greater weight has been given to the sustainable tourism demand, transport and lodging pillars as they exert a stronger, more direct influence on the country's sustainable travel credentials and ability to deliver such products and services. Whereas the environmental, social and economic sustainability pillars have a more indirect correlation to sustainable travel and relate to the general health of the country, where tourism plays a contributory role.

Pillar #1: Environmental Sustainability

The environmental sustainability pillar is defined by environmental issues such as climate change, pollution and carbon emissions, along with policy measures taken to protect and maintain biodiversity and natural habitats, the use of natural resources, dependency on fossil fuels and adoption of renewable energy.

Environmental Sustainability 10%				
Climate 20%	Natural Assets 20%	Pollution 20%	Energy 20%	Water 20%
Mean Temperature Growth 100%	Marine and Terrestrial Protected Areas as a % of Total Area 50%	CO2 Emissions from the Consumption and Flaring of Fossil Fuels 80%	Final Consumption of Energy 70% Renewable Energy Capacity 10%	Water Withdrawn as % of Renewable Water Resources 100%
	Forest Land 50%	PM10 Concentration 20%	Energy Efficiency 20%	

Pillar #2: Social Sustainability

The social sustainability pillar is defined by the quality of life and wellbeing of a country’s population, based on the level of human rights such as access to basic food and shelter, right to a decent wage, equality and democratic freedoms provided through social policy.

Social Sustainability 10%					
Access to Resources 20%	Food Security 15%	Poverty 20%	Happiness 15%	Freedom 15%	Education 15%
Population with Access to Electricity 40%	Imports (cif) of Foodstuffs, HS Classification 16-24 100%	Population Living Below International Poverty Line (USD1.90 a Day) 20%	Word Happiness Index 50%	Freedom in the World Index 50%	% of Population Aged 15+ with Secondary Education 50%
Population Using at Least Basic Drinking Water Services 40%		Gini Index 80%	Global Peace Index 50%	Perceptions Index 50%	Female Students in Higher Education 50%
Population Using at Least Basic Drinking Water Services 40%					

Pillar #3: Economic Sustainability

The economic sustainability pillar is defined as the country’s ability to achieve economic growth where tourism has been named as a means to achieve responsible consumption and production SDG12, ensuring decent work and employment for poverty eradication, democratising technology and creating a thriving private sector.

Economic Sustainability 10%			
Tourism Dependency 30%	Debt 10%	Employment 30%	Readiness 30%
Tourism Receipts (Domestic & International) as a % of GDP 60%	External Debt as % of GDP 100%	Employment in Hotels & Restaurants + Employment in Transport, Storage & Communications as % of Employment 70%	Percentage of Population Using the Internet 10%
GVA from Hotels and Restaurants Per Capita 40%		Productivity in Hotels & Restaurants, Transport, Storage & Communications 30%	Use of a Mobile Phone to Access the Internet 40%
			Ease of Doing Business Ranking 50%

Pillar #4: Risk

The risk pillar is defined as major external risks in terms of man-made risks like terrorism or from nature such as natural disasters and climate events, the country's ability to care for the sick, the level of ageing of the population as well as risks faced by the natural and cultural assets that travel and tourism businesses depend on.

Risk 10%		
Safety 40%	Health care 20%	Endangered 40%
World Risk Index 80%	Government Expenditure on Health Per Capita	Threatened Fish, Mammals and Birds Species per land 90%
Global Terrorism Index 20%	Median Age of Population 50%	Number of World Heritage Sites in Danger 10%

Pillar #5: Sustainable Tourism Demand

The sustainable tourism demand pillar is defined as a country's ability to provide a balanced and resilient travel and tourism sector by creating a strong domestic tourism economy, avoiding over-dependency on segments that create over-tourism such as cruise, and striking the right balance between the resident population and visitors.

Sustainable Tourism Demand 20%		
Resilience 40%	Value Creation 30%	Overtourism 30%
Domestic Trips Per Capita 30%	Inbound Length of Stay 10%	Ratio of Population to Visitors 10%
Domestic Expenditure Per Trip 70%	Average Daily Spend by Arrival 60%	Population and Visitors per Land 70%
	Leakage of Inbound Receipts 30%	% Water Arrivals of Total Arrivals 20%

Pillar #6: Sustainable Transport

The sustainable transport pillar is defined by the quality and energy efficiency of its transport infrastructure, the level of transport emissions and the availability of a diverse range of transport and mobility options to ensure that there is not an over-dependency on air travel.

Sustainable Transport 20%				
Air Travel 25%	Rail Travel 20%	Alternative Modes 15%	Infrastructure 15%	Emissions 15%
Air Arrivals as % of Total Arrivals 40%	Length of Public Railway Network Operated 100%	Possession of Bicycle 50%	Logistics Performance Index: Quality of Trade and Transport Infrastructure 80%	CO2 Emissions from Transport 30%
Air Domestic Trips as % of Domestic Trips 60%		Passenger Car Registrations 50%	Density of Road Network 20%	CO2 Emissions per Air Passenger-kms 70%

Pillar #7: Sustainable Lodging

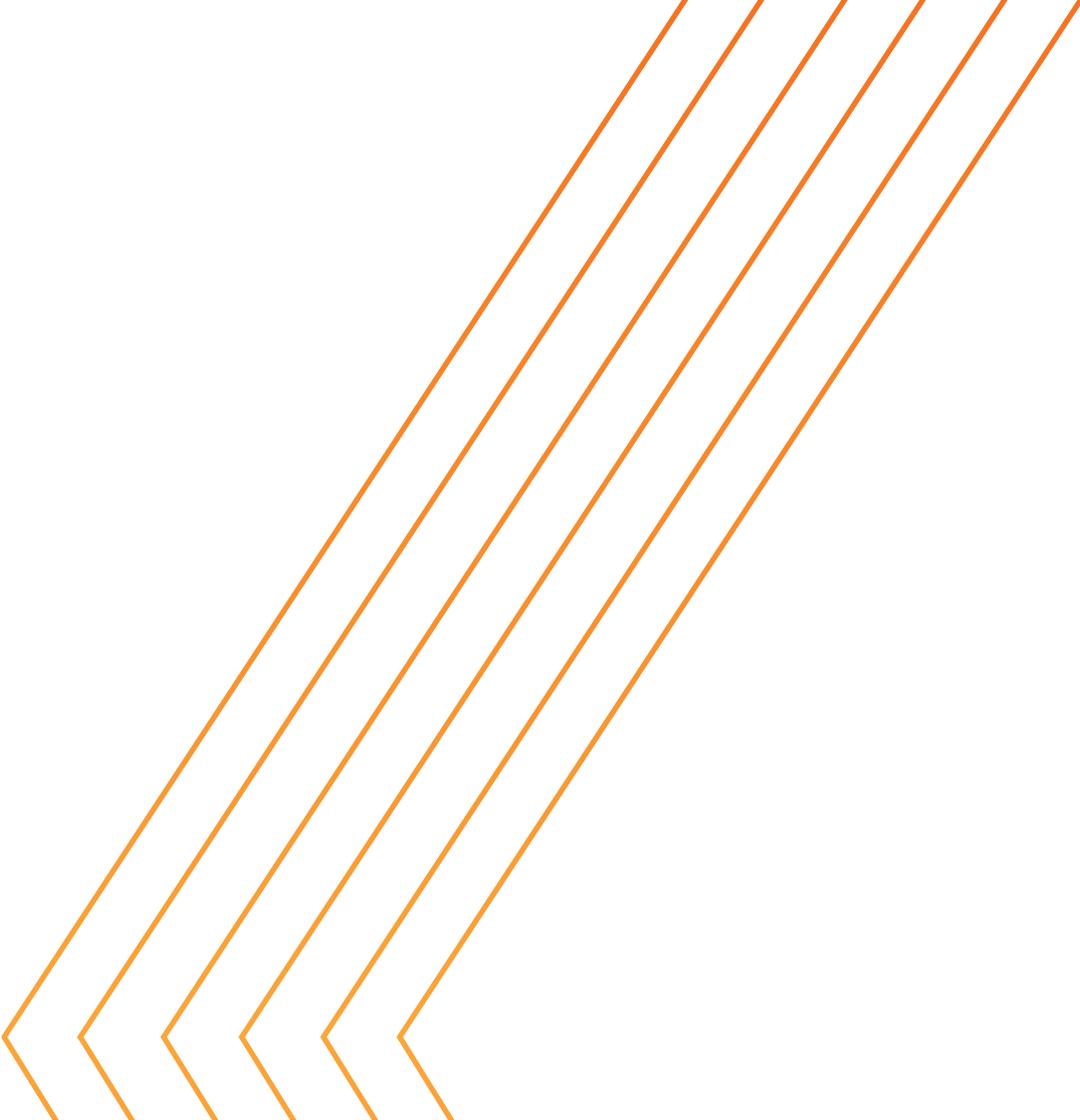
The sustainable lodging pillar is defined by the resource usage of full-service hotels in a country and the diversity of lodging supply with a wide range of options such as short term rentals, camping and traditional formats on offer to consumers to ensure that there is not an over-dependency on hotels.

Sustainable Lodging 20%	
Lodging Formats 30%	Hotel Resource Usage 70%
Short-Term Rentals as % of Lodging 30%	Hotel Energy Usage Per Square Metre (kWh) 33.3%
Hotel Sales as % of Lodging 70%	Hotel Carbon Footprint Per Square Metre (kgCO2e) 33.3%
	Hotel Water Usage Per Occupied Room (L) 33.3%

Country coverage

For the index, there are a total of 99 countries covering seven regions.

Region	Countries
Australasia	Australia, New Zealand
Asia Pacific	Azerbaijan, Cambodia, China, Fiji, Hong Kong, China, India, Indonesia, Japan, Kazakhstan, Laos, Macau, China, Malaysia, Maldives, Mauritius, Myanmar, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Uzbekistan, Vietnam
Eastern Europe	Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Hungary, Latvia, Lithuania, North Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine
Latin America	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, Uruguay
Middle East and Africa	Algeria, Bahrain, Cameroon, Egypt, Israel, Jordan, Kenya, Kuwait, Lebanon, Morocco, Mozambique, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, South Africa, Tanzania, Tunisia, United Arab Emirates
North America	Canada, USA
Western Europe	Austria, Belgium, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom



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