

Council for Trade in Services

TOURISM SERVICES

Background Note by the Secretariat¹

Addendum

At the meeting of the Council for Trade in Services on 23 June 2009, Members requested additional information regarding tourism services, as noted in the Chairman's summary of discussions (JOB(09)/66). Below is the Secretariat's response to the request for further information.

I. TRAVEL WARNINGS

1. As noted in paragraph 37 of the Secretariat Paper on tourism, travel warnings can have a devastating economic impact.² This is especially true in the short-term, with respect to both employment and revenue losses. At the same time, governments obviously do have the right – and arguably the obligation – to help protect the well-being of their citizens travelling abroad. Consequently, the issue at stake is evidently to ensure that travel warnings are objective, impartial, and do not cause unnecessary negative effects.

2. While media accounts of both negative economic impacts and allegedly subjective application are readily available,³ academic analyses of the occurrences and economic effects of travel warnings appear to be rare. A 1996 journal article argues that "[t]ourism is inextricably linked with politics", and suggests that the detail and accuracy of travel advice issued by government agencies might potentially be influenced by broader political objectives. The article concludes that the responsibility for the provision of such advice ideally should not lie within national governments, but instead with an independent international organization, and acknowledges that most governments would be unwilling to relinquish such responsibility for the safety of their citizens.⁴

¹ This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.

² *Tourism Services*, Background Note by the Secretariat, WTO document S/C/W/298, 8 June 2009.

³ Some recent examples (based on an September 2009 Google search for the terms "travel warnings, economic impact") include: *Boost for Zimbabwe Tourism as US Lift Travel Warnings*; *Canadian Officials Sharply Critical of WHO Travel Warnings*; *US Calls EU Travel Warning Unwarranted*; and *US Israel Travel Warnings Create Economic Terrorism*.

⁴ Richard Sharpley, Julia Sharpley and John Adams, *Travel Advice or Trade Embargo?; The Impacts and Implications of Official Travel Advice*, *Tourism Management*, Vol. 17, No. 1, 1996, pp. 1,7. The article further states, "just as it would be unethical for tour operators to compromise the safety of tourists, so too is it unethical to compromise the livelihood of destination communities by withdrawing operations for reasons other than security or financial necessity" (p. 6).

3. A more recent study, focusing on Africa, claims that travel warnings have not been consistently applied, and that terrorist incidents in developed countries typically result in weaker warnings being issued (or none at all), when compared to incidents in developing countries. The article emphasizes that "[a]lthough no comprehensive analysis has been done of the impact of these 'alerts' on African economies, it is estimated that the impact can be devastating if it is borne in mind that income from tourism-related industries drops by at least 70 per cent whenever such alerts are issued against countries that are dependent on revenue from tourism".⁵

4. Travel warnings, advisories and travel alerts are typically issued in response to natural disasters, health crises or terrorism, and often include warnings about high crime levels or other issues relevant to tourism.⁶ While most governments do evidently exercise caution and restraint in issuing travel warnings, there are apparently no commonly agreed definitions of the terms used, which means they can indicate different degrees of risk. In the United States, for example, travel warnings are issued when the State Department decides, based on all relevant information, to recommend that Americans avoid travel to a certain country.⁷ Countries where avoidance of travel is recommended will have travel warnings, complemented by country specific information. By contrast, travel alerts constitute a means to disseminate information about terrorist threats and other relatively short-term and/or trans-national conditions posing significant risks to the security of American travellers. Travel alerts are issued when there is a specific threat that cannot be countered, and have to date been issued to deal with short-term coups, violence by terrorists, anniversary dates of specific terrorist events, etc. There is also a "worldwide caution" to update information on the continuing threat of terrorist actions and violence against American citizens and interests throughout the world.⁸

5. In other countries, such as the United Kingdom, travel warnings/advisories indicate specific categories of risk, for example, countries where all travel is advised against; countries where all travel is advised against regarding parts of these countries; countries where all but essential travel is advised against; and countries where all but essential travel is advised against in parts of those countries.⁹ As a third example, some countries are more descriptive as to the dangers encountered and do not specify clear categories of risk. Instead, the strength of the language used to describe the security/safety issues gives an indication as to the degree of danger. Regarding health and environmental risks, the categorisation is somewhat easier (and less controversial), as the evaluation

⁵ Okumu, Wafula, *Security Alerts and their Impact on Africa*, African Security Review 16.3 – Institute for Security Studies, 2007, p.6 (available online, at http://www.iss.co.za/static/templates/tmpl_html.php?node_id=3448&slink_id=6245&slink_type=12&link_id=22). The article (p.7) also notes that a study conducted by the Kenyan Ministry of Foreign Affairs in 2004 estimated that the direct impact of the travel ban imposed by the UK in 2003 amounted to £108 million. (A 2004 United Kingdom government review of travel advice is available at <http://www.fco.gov.uk/resources/en/pdf/TA-review>.)

⁶ One of the few websites compiling government travel warnings is Nations Online (http://www.nationsonline.org/oneworld/travel_warning.htm). With regard to the strongly negative impact of criminality on tourism, see UNWTO, *Tourist Safety and Security: Practical Measures for Destinations*, Madrid, 1996.

⁷ See http://travel.state.gov/travel/cis_pa_tw/cis_pa_tw_1168.html. According to the US website, travel warnings are issued to describe long-term, protracted conditions that make a country dangerous or unstable. Travel Warnings are also issued when the US Government's ability to assist American citizens is constrained due to the closure of an embassy or consulate or because of a drawdown of its staff. (http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html.)

⁸ Available online, at http://travel.state.gov/travel/cis_pa_tw/pa/pa_1161.html.

⁹ For further details, see <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/>, as well as <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/how-we-advise/>. New Zealand uses a system of: Extreme risk – advising against all travel (within all or parts of a destination); high risk – i.e. non-essential travel, including tourist travel, should be deferred; and some risk – signifying a level of risk that warrants caution (<http://www.safetravel.govt.nz/advisories/aboutadvisories.shtml>). Canada uses a four-step system (http://www.voyage.gc.ca/faq/tip_prv-eng.asp#5).

of risk is monitored at the international level. Hence, travel advisories often report the information issued by international organisations such as the World Health Organization.¹⁰

6. The World Tourism Organization (UNWTO) in 2005 adopted *Guidelines On Travel Advisories*, which address the procedures used when formulating and administering travel warnings.¹¹ Nonetheless, wide variations in terms of application evidently remain, and few government websites for travel warnings refer to the UNWTO *Guidelines*. It must be noted that some of the differences in the application of travel warnings, e.g. their duration and degree of severity, might be accounted for by higher levels of perceived risk in a given situation for citizens of some countries than for others.

7. The UNWTO *Guidelines* (Box 1) are divided into three sections: the first section concerning *Preparation, Language and Publication* states, *inter alia*, that travel advisories should be "accurate, relevant and appropriate, avoid ambiguous language as well as bias and political considerations," and should "be regularly updated"; the section on *Announcements Concerning Travel Threats and Risks* recommends that travel advisories "be specific about the nature of the threat or risk," and that "prudence and restraint" be used in evaluating the threat and in the language used; and thirdly, the section on *Cooperation with Affected Countries* calls on affected countries to provide "timely and accurate advice" about changes of circumstances to the issuing countries.

Box 1. UNWTO GUIDELINES ON TRAVEL ADVISORIES

Adopted by resolution A/RES/508(XVI) at the Sixteenth Session of the General Assembly of the World Tourism Organization (Dakar, Senegal, 28 November – 2 December 2005).

PREPARATION, LANGUAGE AND PUBLICATION

- * A wide variety of relevant governmental and non-governmental sources should be used, whenever possible and appropriate, in gathering information for preparing advisories.
- * Travel advisories should be accurate, relevant and appropriate, avoid ambiguous language as well as bias and political considerations.
- * Information contained in travel advisories should be published on a central, easy-to-use and widely known website so that the various branches of government involved coordinate their message. Travel advisories should be regularly updated, preferably within a period of three months.
- * Travellers should be encouraged to consult, prior to departure, all sources of information, both governmental and non-governmental.

ANNOUNCEMENTS CONCERNING TRAVEL THREATS AND RISKS

- * Public announcements of travel threats and risks that are contained in advisories should, whenever possible, be specific about the geographical location of the problems and include maps and indications of distance.

¹⁰ For WHO information, see <http://www.who.int/ith/en/>.

¹¹ Adopted by resolution A/RES/508(XVI) at the Sixteenth Session of the General Assembly of the World Tourism Organization, Dakar, Senegal, 28 November – 2 December 2005 (available online at <http://www.unwto.org/rcm/guidelines/advisories.php?lang=E>).

- * Travel advisories should be specific about the nature of the threat or risk and they should be developed through a robust and considered process. The following are examples of categories of threats and risks that may be addressed:
 - political (due to political process)
 - social (crime, delinquency)
 - related to terrorism
 - environmental (natural disasters)
 - industrial (such as chemical or nuclear hazards)
 - related to health (communicable disease status and emergencies, such as epidemics)
 - related to transportation systems
- * Prudence and restraint should be used in evaluating the threat and in the language used. Threats and risks should be communicated in an accurate and consistent manner by characterizing, as far as possible, the scale, probability or imminence of the problem or event.
- * Public announcements of threats and risks in advisories should be under constant review and in each case should specify the date of their publication.

COOPERATION WITH AFFECTED COUNTRIES

- * Affected countries should provide timely and accurate advice about changes of circumstances to the issuing countries through the established communication channels. It is, however, understood that it is up to the country issuing the travel advisory to make its own assessment affecting the safety and security of its citizens.

Source: UNWTO (available online at <http://www.unwto.org/rcm/guidelines/advisories.php?lang=E>).

8. The predecessor of the UNWTO *Guidelines* is the *Global Code of Ethics for Tourism*, which was adopted in 1999.¹² Paragraph 5 of Article 6 of the *Code* states:

"Governments have the right – and the duty – especially in a crisis, to inform their nationals of the difficult circumstances, or even the dangers they may encounter during their travels abroad; it is their responsibility however to issue such information without prejudicing in an unjustified or exaggerated manner the tourism industry of the host countries and the interests of their own operators; the contents of travel advisories should therefore be discussed beforehand with the authorities of the host countries and the professionals concerned; recommendations formulated should be strictly proportionate to the gravity of the situations encountered and confined to the geographical areas where the insecurity has arisen; such advisories should be qualified or cancelled as soon as a return to normality permits."

9. Paragraph 6 of Article 6 of the *Code* further stipulates:

"The press, and particularly the specialized travel press and the other media, including modern means of electronic communication, should issue honest and

¹² Adopted by resolution A/RES/406(XIII) at the thirteenth WTO General Assembly (Santiago, Chile, 27 September - 1 October 1999), and available online, at http://www.unwto.org/code_ethics/pdf/languages/Codigo%20Etico%20Ing.pdf. Article 1 of the *Code* is *Tourism's contribution to mutual understanding and respect between peoples and societies*; Article 2 is *Tourism as a vehicle for individual and collective fulfilment*; Article 3 is *Tourism, a factor of sustainable development*; Article 4 is *Tourism, a user of the cultural heritage of mankind and a contributor to its enhancement*; Article 5 is *Tourism, a beneficial activity for host countries and communities*; Article 6 is *Obligations of stakeholders in tourism development*; Article 7 is *Right to tourism*; Article 8 is *Liberty of tourist movements*; Article 9 is *Rights of the workers and entrepreneurs in the tourism industry*; and Article 10 is *Implementation of the principles of the Global Code of Ethics for Tourism*.

balanced information on events and situations that could influence the flow of tourists; they should also provide accurate and reliable information to the consumers of tourism services; the new communication and electronic commerce technologies should also be developed and used for this purpose; as is the case for the media, they should not in any way promote sex tourism."

10. Both the UNWTO *Global Code of Ethics for Tourism* and the *Guidelines On Travel Advisories* are non-binding under international law. In 2005, the UNWTO published a survey of implementation of the *Code* by governments, and its incorporation into domestic law.¹³ The survey received responses from 94 UNWTO Members, and includes tables with excerpts of the texts of acceptance of the *Code* as well as details of government efforts to promote it. Of the survey respondents, 62 indicated it had been formally accepted.¹⁴ In addition, 68 countries indicated they had either incorporated the principles of the *Code* into their legislative texts, or had used them as a basis when establishing national laws and regulations.

11. A new UNWTO initiative, the *UNWTO Declaration on the Facilitation of Tourist Travel*, is expected to be approved at the UNWTO General Assembly in October 2009.¹⁵ With regard to travel warnings, the draft declaration states:

"Aware that travel advisories have an undeniable role to play in providing useful information to protect citizens when travelling abroad, the General Assembly also acknowledges that they can have serious consequences for tourism activity and the economies of countries and destinations.

The General Assembly therefore reaffirms the provisions of paragraph 5 of Article 6 of the *Global Code of Ethics for Tourism*: *{attachment deleted}*

UNWTO Member States issuing travel advisories in respect of third countries are called upon to commit to consult as widely as possible with the governments of these countries and destinations, especially on the safety and security aspects of each tourist region in the country, and to update the relevant information at regular intervals, at least every six months.

The General Assembly also reaffirms the full validity of the guiding principles for official travel advisories attached to its resolution 508 (XVI), adopted during its session in Dakar, Senegal, (2005) and, in addition, calls upon Member States to consider other relevant recommendations issued by other competent organizations."

¹³ Available online, at http://www.unwto.org/code_ethics/eng/status.htm. More recent information is apparently not available.

¹⁴ However, at the time of the survey only 15 had notified their formal acceptance of the *Code* in writing to the Secretary-General of the UNWTO or the Chairman of the World Committee on Tourism Ethics.

¹⁵ Available online, at http://www.unwto.org/conferences/ga/en/pdf/18_20.pdf. An example of the political sensitivities involved, as noted on page 5, is the footnote added to one of the meeting reports, "[t]he German delegation points out that the publication of travel advisories is under the national responsibility of the Federal Ministry of Foreign Affairs and that such advisories are issued with the aim of protecting the interests of German citizens".

II. ANTI-COMPETITIVE PRACTICES

12. As noted in paragraphs 38-39 of the Secretariat Paper, anti-competitive practices affecting tourism, including those by airlines or tour operators, are a real possibility.¹⁶ Nonetheless, documented case studies of such practices, especially with respect to developing country destinations, appear to be quite rare, thereby hindering the development of appropriate policy responses.¹⁷

13. A 2006 journal article observes that anti-competitive practices can occur both between and within countries, and can involve abuses by both developed and developing-country suppliers.¹⁸ For example, an OECD study notes that large Western airlines have in some cases been accused of abusing their market power to the detriment of local suppliers¹⁹, while another publication provides evidence of similar practices on the part of certain developing country airlines.²⁰

14. Examples also exist of anti-competitive practices in other sectors that directly affect tourism. These sectors include cement (essential for building hotels), jet fuel, freight transport, cable TV, telecoms, banking services, computer software, shipping, and air freight.²¹ With regard to CRS and GDS, by contrast, technological and ownership changes have apparently reduced the potential for anti-competitive practices.²²

15. In the larger WTO context, competition-related issues were already raised at early stages of the current trade negotiations.²³ While extensive documentation was submitted by WTO Members to the Working Group on the Interaction between Trade and Competition Policy, tourism issues were rarely mentioned. (A General Council Decision, on 1 August 2004, later provided that no work towards such negotiations take place during the Doha Round.) One significant exception was a paragraph in an UNCTAD submission with respect to S&D provisions.²⁴ A Communication from

¹⁶ See, for example, OECD, Trade Policy Working Paper No. 57, *Services Trade Liberalization and Tourism Development*, by Massimo Geloso Grosso, Molly Lesher and Enrico Pinali, 2007, pp. 25-27.

¹⁷ The most complete information on the actual extent and types of anti-competitive practices involving tourism would, of course, be national-level information. Unfortunately, no such submissions have been made by WTO Members to date in the context of the services negotiations.

¹⁸ A. E. Rodriguez and James Murdy, *Anti-Competitive Practices in the Tourism Industry: The case of small economies*, Journal of Business & Economics Research, October 2006.

¹⁹ OECD, op. cit., p. 26. See also OECD, *Tourism in OECD Countries 2008: Trends And Policies*, 2008, p.73 for an example of anti-competitive practices regarding destination management in the Caribbean.

²⁰ World Bank, *Services Trade and Development: The Experience of Zambia*, e.d. A. Mattoo and L. Payton, Washington D.C. 2007, p. 197.

²¹ PowerPoint presentation by Simon Evenett and Frédéric Jenny, *Anticompetitive Practices in Sub-Saharan Africa: Myth, Reality and Perspectives*, CRC 3rd International Conference: Pro-Poor Regulation and Competition: Issues, Policies and Practices, Capetown, 7-9 September 2004 (available online, at <http://www.competition-regulation.org.uk/conferences/southafrica04/Powerpoints/EvenettJenny2.ppt>).

²² See Second Review of the Air Transport Annex, *Developments in the Air Transport Sector* (Part One), Note by the Secretariat, WTO document S/C/W/270, 18 July 2006, pp. 20-42 (available online at http://www.wto.org/english/tratop_e/serv_e/transport_e/review2_e.htm).

²³ See, for example, Robert Anderson and Frédéric Jenny, *Competition Policy, Economic Development and the Possible Role of a Multilateral Framework on Competition Policy: Insights from the WTO Working Group on Trade and Competition Policy*, published in *Competition Policy in East Asia* (Erlinda Medalla, ed., Routledge/Curzon, 2005).

²⁴ WTO document WT/WGTCP/W/197, 15 August 2002, p.11. The paper noted, "[i]t was proposed that as an additional element of S&D, developed countries should envisage renouncing existing exemptions or exceptions in their competition laws in cases where it is known that such provisions affect important interests of developing countries. This could apply to export cartels, as well as sectoral exemptions in service sectors essential for the commercial competitiveness of developing countries, such as transport services and tourism".

Trinidad and Tobago also noted the challenges faced by small open economies in developing and implementing a competition regime.²⁵

16. In the services negotiations, one aspect of the 1999 proposal for a GATS Annex on Tourism, as noted in paragraph 5 of the Secretariat Paper, was the prevention of anti-competitive practices. The proposal listed as examples of common anti-competitive practices in tourism: "1. Competitive exclusion through the discriminatory use of information networks, predatory pricing, allocation of scarce resources, and ancillary services to air transport; 2. Abuse of dominance through exclusivity clauses, refusal to deal, tied sales, quantity restrictions, or vertical integration; and 3. Misleading or discriminatory use of information by any juridical person."²⁶ In discussing the Annex proposal, a number of Members raised doubts on the suitability of an Annex, believing that the proposed cluster was too wide and some issues were outside the scope of GATS. A revised Annex proposal attempted to address Members' comments regarding pro-competitive disciplines and other issues.²⁷

17. The WTO *Symposium on Tourism Services*, held in 2001 was intended, *inter alia*, to help address the issues raised in the Annex proposal. It included a presentation on anti-competitive practices in tourism which provided, however, few specific examples of how those practices affected different countries.²⁸ Other papers also listed potential anti-competitive practices that could affect developing countries, but typically did not actually provide documented examples of such practices.²⁹

18. The elimination of anti-competitive practices and unfair competition issues was also discussed in a 2004 formal paper on tourism which stated, "[t]his element is expressed in almost all the proposals from developing country Members. Anti-competitive practices are said to take many forms, such as the exclusive use or abuse of Global Distribution System (GDS) and Computer Reservation System (CRS), de-racking, and price-fixing through monopoly of access."³⁰

19. As part of the plurilateral GATS negotiations, a request for further liberalization in tourism was circulated in mid-2007. It addresses the issues of both travel warnings and anti-competitive practices.³¹ Seven developing country Members have sponsored this request to date.³²

²⁵ WTO document WT/WGTCP/W/143, 2 August 2000.

²⁶ Communication from the Dominican Republic, El Salvador, and Honduras – *Preparations for the 1999 Ministerial Conference*, WTO document S/C/W/127, 14 October 1999, p.14.

²⁷ WTO document S/CSS/W/107, 26 September 2001.

²⁸ The presentation on anti-competitive practices is available on the WTO website, at http://www.wto.org/english/tratop_e/serv_e/souty.doc. All the Symposium documents and presentations are also available online, at http://www.wto.org/english/tratop_e/serv_e/symp_tourism_serv_feb01_e.htm.

²⁹ See, for example, Barbados Private Sector Team, *Anticompetitive Practices in the Global Tourism Industry*, Barbados, 2004 (with the possible exception of cruise ships, as noted on p. 9), as well as F. Souty, *Passport to Progress: Competition Challenges for World Tourism and Global Anti-Competitive Practices in the Tourism Industry*, UNWTO, 2002.

³⁰ Communication from Brazil, Colombia, Dominican Republic, El Salvador, India, Indonesia, Nicaragua, the Philippines and Thailand, *Review of Progress in Negotiations, Including Pursuant to Paragraph 15 of the Guidelines for Negotiations -- Tourism Services*, WTO document TN/S/W/23, 29 September 2004, p.3.

³¹ The tourism plurilateral request was directed toward 15 high-income developed and developing countries. While the plurilateral requests have not been made publicly available in the GATS context, they can be found on the internet, including on some governmental websites.

³² To help explain the tourism request, a "model schedule" was prepared by the requesting countries, illustrating the types of liberalization being sought. The model schedule includes a paragraph under Additional Commitments on the prevention of anti-competitive practices. With regard to travel warnings, the model schedule asks the "target countries" to add additional commitments, based on the UNWTO guidelines, to their GATS schedule with respect to the procedures used when formulating and administering travel warnings.

III. TOURISM VALUE CHAINS – CONTRIBUTION TO ECONOMIC AND SOCIAL DEVELOPMENT

20. As noted in paragraph 3 of the Secretariat paper, tourism's multi-sectoral linkages are both a strength and potential source of weakness. While they offer extensive opportunities for poverty alleviation and economic diversification, inefficiencies or inappropriate regulation in particular sectors can reduce overall competitiveness.³³ In a similar manner, The *Diagnostic Trade Integration Study (DTIS)*, study for Tanzania notes that the contribution of tourism to economic growth and poverty reduction comes not just from the tourist industry itself, but also from the linkages that tourism has to the rest of the economy. Strengthening these linkages is highly important for overall growth and poverty reduction.³⁴

21. A recent WTO working paper observes that one of the most important reasons why the poverty alleviation potential of tourism often still fails to be recognized is the negative stereotype that the vast majority of tourism benefits "leak out" of the developing country concerned, in the form of profit repatriation, payments for imported inputs, anti-competitive practices, etc.³⁵ As recent studies by the Overseas Development Institute (ODI) and others have demonstrated, however, such leakage concerns are often highly exaggerated, sometimes as a result of the improper methodologies used.³⁶ In addition, international tourism often compares favourably with other exports, e.g. clothing, which also have high leakage levels due to extensive reliance on imported inputs.

22. The key element in reducing "leakages" of tourism revenues is increasing domestic "linkages".³⁷ Leakage typically occurs when competitively priced goods, services and human resources of sufficient quantity and quality are not domestically available; few tourism-related businesses would intentionally choose higher-priced imported inputs. The lack of reasonably priced domestic financing for local investments means that FDI might be the logical alternative, despite the subsequent "leakage" of repatriated profits, etc. Without a sufficiently capable and adequately-capitalized domestic construction sector, foreign firms might again be needed. Similarly, import demand could occur with respect to hotel furnishings, managerial personnel, and even the food served to tourists.³⁸

23. With respect to tourism's distributional effects, the Secretariat Paper on tourism also notes that tourism is highly labour-intensive, and an important (actual and potential) source of employment, including in remote and rural areas. In addition, one of the most important characteristics of international tourism is the cross-border movement of consumers – i.e., the "consumer" coming to the supplier – thereby permitting even unskilled workers in remote areas to become exporters of tourism services.³⁹ This potential for domestic integration - and reducing income gaps - is increasingly recognized.

³³ *Tourism Services*, op. cit., pp. 1-2.

³⁴ *Diagnostic Trade Integration Study (DTIS), Volume 2, Tanzania*, November 2005, p. 49 (website reference: http://www.integratedframework.org/files/english/Tanzania_DTIS_Vol2_Nov05.pdf).

³⁵ Dale Honeck, *LDC Poverty Alleviation and the Doha Development Agenda: Is Tourism being Neglected?*, World Trade Organization, Staff Working Paper ERSD-2008-03, 12 August, 2008, p. 11.

³⁶ See, for example, Jonathan Mitchell and Caroline Ashley, *'Leakage' claims: Muddled thinking and bad for policy?*, ODI Opinion, No. 81, June 2007. ODI work on tourism, including the study mentioned, is available online, at <http://www.odi.org.uk/tourism/>.

³⁷ See, for example, World Tourism Organization, J Gollub, A Hosier, G Woo, *Using Cluster-Based Economic Strategy To Minimize Tourism Leakages*, 2002. With regard to the role of government subsidies in tourism, see *Subsidies for Services Sectors, Information Contained in WTO Trade Policy Reviews*, Background Note by the Secretariat, WTO document S/WPGR/W/25/Add.5, 27 March 2007.

³⁸ See, for example, Box 2 of Honeck, op. cit., pp. 12-13.

³⁹ *Tourism Services*, op. cit., p. 2. Tourism awareness programmes can also play an important role in local tourism development (see, for example, <http://www.tourismawareness.ie/>).

24. The 2008 report, *Africa and the Monterrey Consensus: Tracking Performance and Progress*, states, "[t]here is an increasing recognition that tourism contributes to job creation and poverty reduction. The main drivers for tourism growth include global economic prosperity and the improvement of transport services such as development of low-cost airlines and upgrading transport infrastructure."⁴⁰ The International Labour Organization (ILO) has stated, "[t]he growing significance of tourism to developing countries is closely linked to the role of employment in promoting the Millennium Development Goals (MDGs)".⁴¹

25. In 2007, the ILO and UNWTO signed a cooperation agreement, stating that the hotels, catering and tourism sector should become an increasingly important vehicle for employment creation, development and the elimination of poverty. The first result was a statistical publication entitled "Labour Statistics on Employment in the Tourism Industries".⁴² The ILO is also developing pilot activities in the context of Decent Work Country Programmes, which aim to improve the competitiveness and quality of the tourism sector by supporting vocational training programmes and developing and/or improving social dialogue at the national and enterprise levels.

26. Tourism, with its many (actual and potential) linkages to a wide range of other services, as well as to agriculture and manufacturing, is also an obvious option for export diversification.⁴³ The fact that exporting becomes possible from areas which otherwise might have few economic opportunities, is all the more important when tourism's employment opportunities for women, lower-skilled workers and SMEs are considered. The minimal entry barriers for many tourism activities typically offer significant opportunities for small-scale domestic entrepreneurship.⁴⁴

27. A further tourism benefit is the potential "dual nature" of most tourism infrastructure. Airports built to handle increased tourist arrivals will invariably also provide greater opportunity for air cargo exports. Similar arguments could be made for the potential "dual-use" benefits of new roads, ports, passenger ferries, medical clinics and hospitals, electrical generation and transmission facilities, water treatment plants, telecommunications, and financial services (such as cash machines). Careful consideration of dual-use benefits is essential when creating tourism policies, when planning infrastructure under national development policies, or when negotiating GATS commitments.⁴⁵

⁴⁰ Joint report by the United Nations Economic Commission for Africa and the African Union (UNECA/AU), *Economic Report on Africa 2008*, p. 60. Available online at <http://www.uneca.org/era2008/>.

⁴¹ ILO Sectoral Activities Programme, *Toolkit For Social Dialogue In The Tourism Industry*, Geneva 2007, p.13.

⁴² See <http://www.ilo.org/public/english/dialogue/sector/sectors/tourism.htm>.

⁴³ As noted in the 2008 UNECA/AU report, "[t]o exploit the potential for economic diversification through manufacturing and tourism, African countries must improve national and regional infrastructure, while reducing barriers to movement of people, goods and services between countries" (UNECA/AU, op. cit., p. 7).

⁴⁴ For more information on backward and forward economic linkages in tourism see, for example, Organization for Economic Cooperation and Development (OECD), Trade Policy Working Paper No. 57, *Services Trade Liberalization and Tourism Development*, by Massimo Geloso Grosso, Molly Leshner and Enrico Pinali, 2007, pp. 7-14.

⁴⁵ See, for example, ITC website, The Executive Forum's Consultative Cycle 2005: Innovations In Export Strategy, *Building The Tourism Mega-Cluster: What Works And What Doesn't* (http://www.intracen.org/wedf/ef2005/tourism_mega_cluster_papers/tourism_mega_cluster_background_papers_presentations.htm), and The ITC Executive Forum on National Export Strategy, The Global Debate 2006, *Bringing the Poor into the Export Process: Linkages and Strategic Implications* (<http://www.intracen.org/wedf/ef2006/Global-Debate/Papers-Contributed.htm>). On GATS, see Honeck, op. cit., pp. 22-26.

IV. MODE 4 AND DOMESTIC REGULATION

28. The recent Secretariat Paper on Mode 4⁴⁶ draws attention to the gamut of measures – from quantitative restrictions to qualifications-related barriers – that affects movements of services professionals. Eligibility criteria tend to be strict, with a bias towards categories of persons who are highly skilled and well-educated, while application procedures often tend to be cumbersome, costly, and administratively complex. Quantitative restrictions are frequently placed on visas and work permits, expressed as numerical quotas and/or economic needs tests (ENTs). In addition, the assessment of an applicant's credentials may take into account only formal qualifications, rather than also considering skills and experience.⁴⁷

29. In the context of the current GATS negotiations, India requested that service suppliers' diplomas and tourism qualifications be recognized abroad, and noted that Article VII recognition provisions are very important in this regard.⁴⁸ Tourism elements can also be found in the plurilateral request for Mode 4, as well as the LDCs' earlier Mode 4 request.⁴⁹ In the context of the Working Party on Domestic Regulation (WPDR), tourism specific issues have rarely been discussed.

30. As noted above, Article 9 of the UNWTO *Global Code of Ethics for Tourism* concerns workers and entrepreneurs in the tourism industry (Box 2). With respect to visa procedures, the UNWTO *Declaration on the Facilitation of Tourist Travel* states:

"The General Assembly reaffirms the sovereign right of States to control the access of foreign nationals to their territories—notably by means of visa policies, which they have the authority to determine freely, unilaterally, or in cooperation with other States. The General Assembly recognizes the discretionary authority of States in this regard, yet it considers that improving visa issuance modalities could help facilitate tourist travel significantly.

Convinced that tourist travel could be greatly facilitated by measures that can be implemented easily and without detriment to this discretionary authority, the General Assembly calls upon Member States, whenever possible and taking consideration of the respective legislation, to adopt measures to simplify visa application and processing formalities and to improve the timeliness of visa issuance."

⁴⁶ *Presence of Natural Persons (Mode 4)*, Background Note by the Secretariat, WTO document S/C/W/301, 15 September 2009, pp. 19-20.

⁴⁷ An earlier informal paper regarding administrative procedures for obtaining visas and work permits was circulated by Colombia to the Working Party on Domestic Regulation (WPDR) as WTO document JOB(04)/84, 1 July 2004.

⁴⁸ S/CSS/M/12, op. cit.

⁴⁹ *Communication from the delegation of Zambia on behalf of the LDC Group -- LDC Group Request on Mode 4*, WTO document JOB(06)/155, 24 May 2006.

**Box 2. Article 9 of the UNWTO *Global Code of Ethics for Tourism*
Rights of the Workers and Entrepreneurs in the Tourism Industry**

1. The fundamental rights of salaried and self-employed workers in the tourism industry and related activities, should be guaranteed under the supervision of the national and local administrations, both of their States of origin and of the host countries with particular care, given the specific constraints linked in particular to the seasonality of their activity, the global dimension of their industry and the flexibility often required of them by the nature of their work;

2. Salaried and self-employed workers in the tourism industry and related activities have the right and the duty to acquire appropriate initial and continuous training; they should be given adequate social protection; job insecurity should be limited so far as possible; and a specific status, with particular regard to their social welfare, should be offered to seasonal workers in the sector;

3. Any natural or legal person, provided he, she or it has the necessary abilities and skills, should be entitled to develop a professional activity in the field of tourism under existing national laws; entrepreneurs and investors - especially in the area of small and medium-sized enterprises - should be entitled to free access to the tourism sector with a minimum of legal or administrative restrictions;

4. Exchanges of experience offered to executives and workers, whether salaried or not, from different countries, contributes to foster the development of the world tourism industry; these movements should be facilitated so far as possible in compliance with the applicable national laws and international conventions;

5. As an irreplaceable factor of solidarity in the development and dynamic growth of international exchanges, multinational enterprises of the tourism industry should not exploit the dominant positions they sometimes occupy; they should avoid becoming the vehicles of cultural and social models artificially imposed on the host communities; in exchange for their freedom to invest and trade which should be fully recognized, they should involve themselves in local development, avoiding, by the excessive repatriation of their profits or their induced imports, a reduction of their contribution to the economies in which they are established; and

6. Partnership and the establishment of balanced relations between enterprises of generating and receiving countries contribute to the sustainable development of tourism and an equitable distribution of the benefits of its growth.

Source: UNWTO (available online at http://www.unwto.org/code_ethics/pdf/languages/Codigo%20Etico%20Ing.pdf).
