



Tourism and the General Agreement on Trade in Services

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World Trade Organization

- Forum for trade negotiations
 - Administer trade agreements
 - Dispute settlement
 - Review trade policies (TPRM)
 - Technical cooperation and training
- (More info at www.wto.org)

General Agreement on Trade in Services (GATS)



- Framework text
- Schedules of commitments
- Core principles: transparency, m.f.n., Article IV, etc.
- Article XIX: progressive liberalization

(See www.wto.org/english/tratop_e/serv_e/serv_e.htm)



GATS: Four modes of supply

- Cross-border (e.g. via Internet)
- Consumption abroad (e.g. tourist visits)
- Commercial presence (e.g. hotels)
- Movement of natural persons (e.g. restaurant chiefs)



Tourism Characteristics

- World's largest industry
- Highly labour-intensive
- Includes many other services sectors
- Highly infrastructure dependent
- Consumption abroad, i.e. consumer comes to the supplier

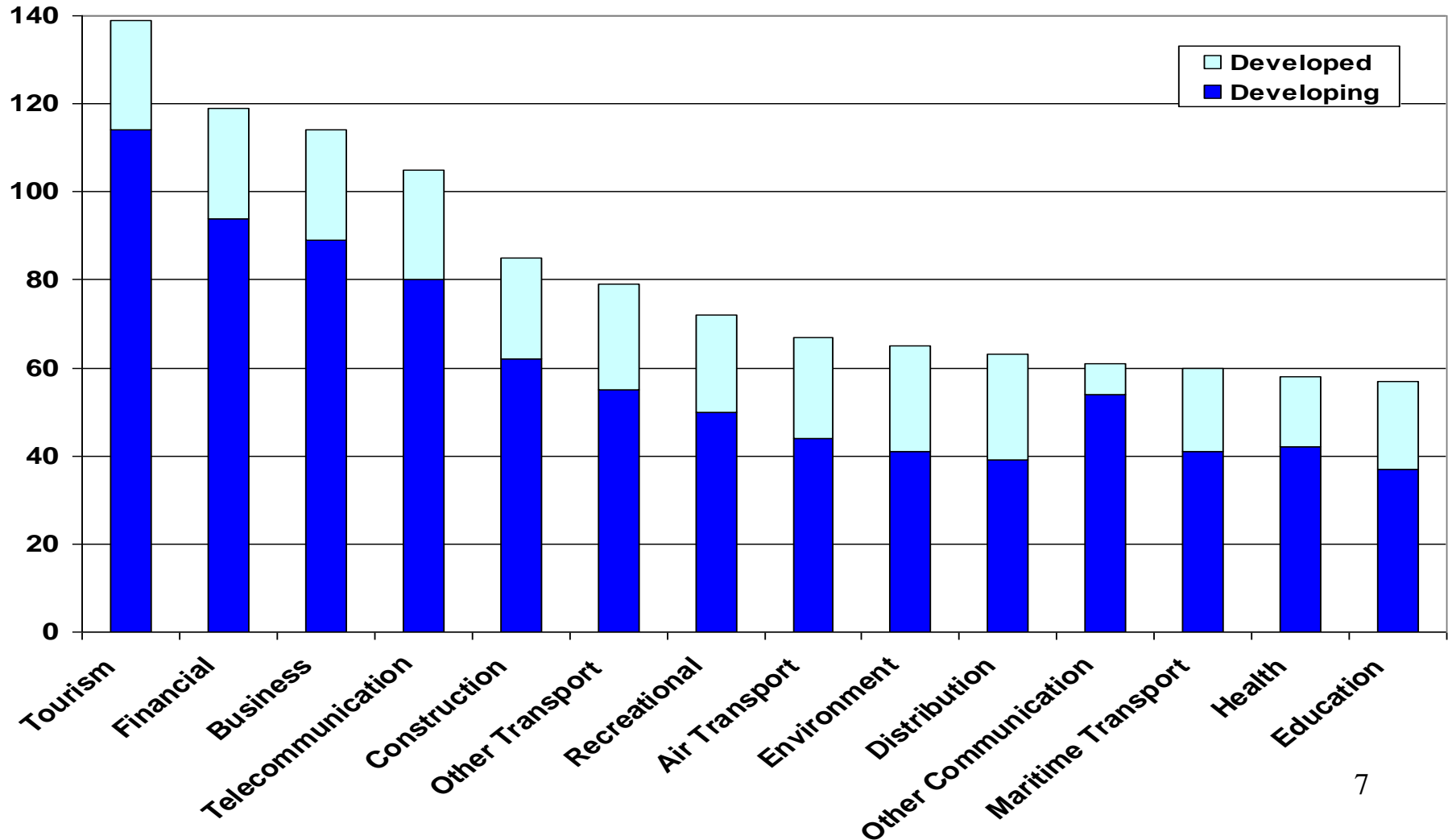
Important Challenges Facing Global Tourism Industry



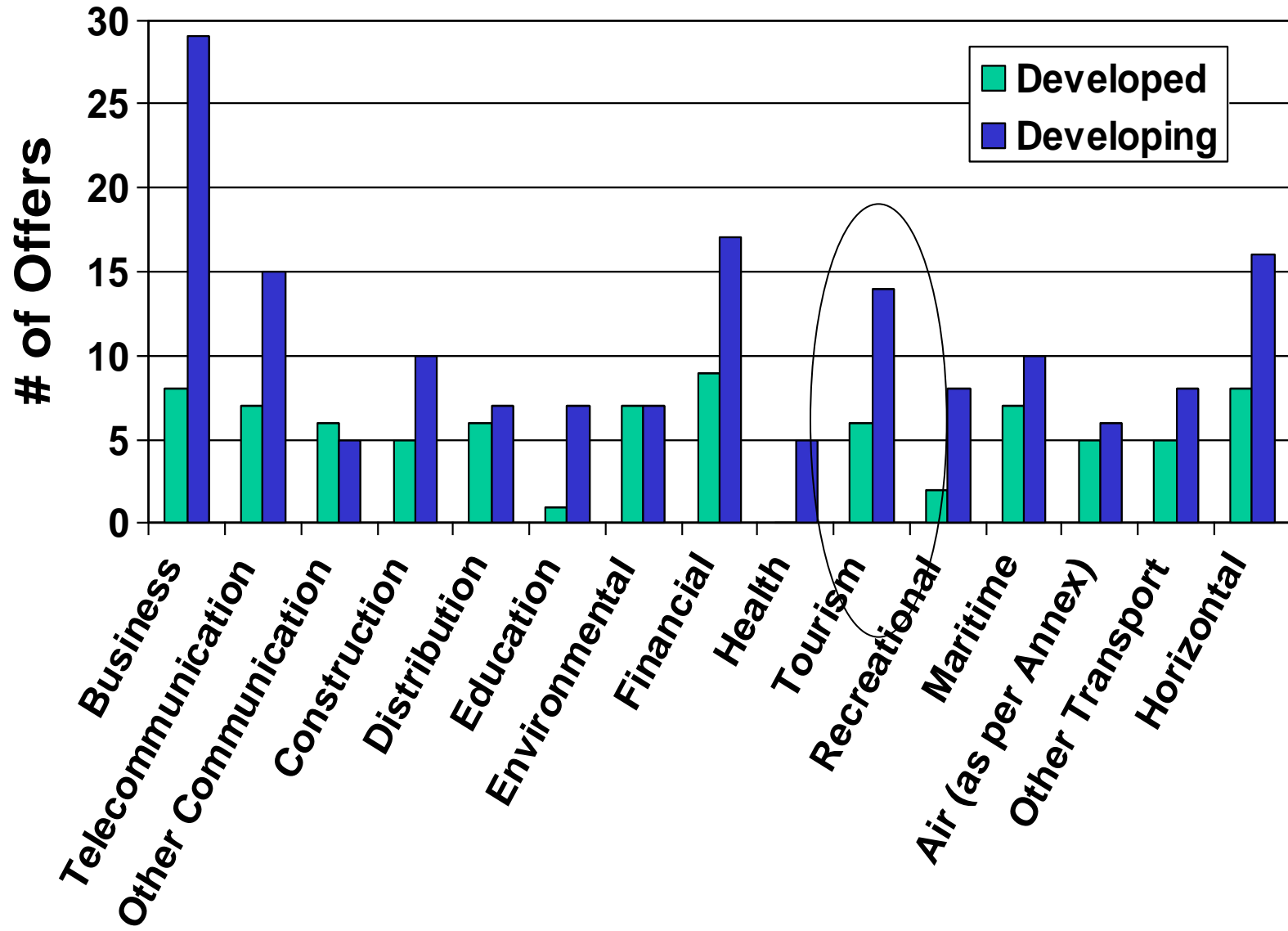
- Rapid technological change
- Environmental issues
- Social and cultural effects
- Lack of political influence?



Tourism Sector has Greatest Number of GATS Commitments



New GATS Offers for Tourism





GATS Tourism Definition Limited to Three Main Sectors

- Hotels and restaurants
- Travel agencies and tour operators
- Tourist guides



Typical Limitations found in GATS Schedules

- Horizontal restrictions:
 - Currency controls
 - Equity limitations
 - Limitations on the movement of natural persons
- Note: Visa and immigration measures not directly covered under GATS!



Typical Sectoral Limitations

- Cross-border supply for travel agents and tour operators negated by commercial presence requirements.
- Economic needs tests for new bars or restaurants
- Minimum standards for hotel size
- MFN exemptions for CRS in Aviation Sector

Proposal for a GATS Annex on Tourism



- Original proposal made by Dominican Republic, El Salvador and Honduras as part of current services negotiations (i.e. CTS “Special Session”)
- Two main aspects:
 - Classification issues
 - Prevention of anti-competitive practices



Symposium on Tourism Services

- Five main themes:
 - Sectoral linkages, relevance of Tourism Satellite Accounts (TSA);
 - Structure of existing commitments;
 - Implications of rapid technological change;
 - The competitive environment;
 - Implications for negotiations.
- Documents on WTO website (www.wto.org)

Other Tourism Negotiating Proposals



- Eleven other proposals to date:
 - Canada, Columbia, Costa Rica, Cuba, EC, Japan, Mercosur, Kenya, Switzerland, U.S. and Venezuela.
- Main themes:
 - Focus on existing Tourism classification;
 - Progressive liberalization, including for Mode 4;
 - “Checklist” approach for other sectors impacting on tourism.

Tourism Plurilateral Request



- Circulated in mid-2007, targeted at 15 high-income developed and developing countries.
- Objective of request is to increase level of GATS bindings to reflect the status quo for tourism-related liberalization, as well as removing remaining restrictions if possible
- Only 7 developing WTO Members (Colombia, Ecuador, Mauritius, Morocco, Panama, Peru, and Thailand) --- and none of the LDCs -- have joined to date as sponsors.

Tourism Plurilateral Request



- Main elements:
 - Elimination of Mode 1 requirements for commercial presence, de-linking Mode 4 access from commercial presence, removal of limitations on the establishment of small-scale hotels and restaurants, removal of citizenship requirements for tourist guides;
 - Removal of MFN exemptions applicable to tourism sector;
 - Elimination of economic needs tests (ENTs) or, at a minimum, specification of the criteria used;
 - Elimination of *{overly-restrictive}* travel warnings.

Is Tourism Being Neglected in the Services Negotiations?



- Most recent formal WTO tourism document dates back to 2004 (TN/S/W/23).
- New Offers in tourism are primarily modest improvements on existing commitments.
- Plurilateral negotiations for tourism, and a “Tourism Friends Group,” have only recently been organized.

Potential Tourism Issues in the Services Negotiations?



- Linkages between GATS tourism commitments and poverty alleviation;
- Role of GATS commitments in promoting sustainable tourism development;
- Tourism checklist / model schedule approaches for Requests and Offers;
- Examination of Offers on the basis of an expanded tourism classification;

Potential Tourism Issues in the Services Negotiations? (cont.)



- Mode 4 aspects, including the recognition of tourism professional qualifications;
- Linkages with air transport;
- Technical standards in tourism;
- Travel warnings / Possibility of scheduling Additional Commitments.