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Commission on Trade in Goods and Services,
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Expert Meeting on Strengthening the Capacity for
Expanding the Tourism Sector in Developing Countries,
with Particular Focus on Tour Operators, Travel Agencies
and Other Suppliers

Geneva, 8-10 June 1998

Agenda item 3

**STRENGTHENING THE CAPACITY FOR EXPANDING THE TOURISM
SECTOR IN DEVELOPING COUNTRIES**

Agreed conclusions and recommendations

The Expert Meeting examined ways and means of strengthening the capacity for expanding the tourism sector in developing countries, with particular focus on tour operators, travel agencies and other suppliers; it also considered the relation of air transport and global distribution systems to the tourism sector. The experts reached the following agreed conclusions and recommendations.

A. Addressed to the international community

1. An internationally agreed definition of the tourism sector should be universally applied; this would facilitate the acceptance and implementation of a uniform system of tourism accounting measures ("satellite accounts") which would provide a clear measurement of the role of the tourism sector in economic development and trade. Such a system could then be used in international negotiations on services, for which adequate statistics and policy analysis are a necessary prerequisite.

2. (a) Further liberalization commitments on trade in tourism should be negotiated under the General Agreement on Trade and Services (GATS). An annex on tourism services may be required, comprising, *inter alia*, regulatory issues such as definitions, competitive safeguards, access to information, fair and transparent use of global distribution systems, linkages between tourism and air transport, and security conditions for service contracts.

(b) The relevant provisions of GATS should be fully implemented, or, if necessary, new provisions should be developed, to prevent unfair competition arising from discriminatory practices in the issuance of visas to tourists which favour certain tour operators and travel agents.

(c) Articles IV and XIX of GATS should be effectively applied to the tourism sector, by adopting measures which effectively foster greater participation by developing countries in international trade in tourism services.

3. Effective mechanisms, including mechanisms for joint implementation, to deal with anti-competitive practices in the tourism sector and related sectors should be identified, in order to deal with the effects on trade of contractual practices relating to exclusive dealing, vertical integration and the abuse of dominance, particularly as regards new entrants to the industry.

4. Multilateral and regional financing institutions should give priority to appropriate strategies for the environmentally and financially sustainable development of tourism and related sectors, in particular for financing infrastructure projects, the provision of modern telecommunications services under pro-competitive regulatory regimes, and human resource development activities.

5. International organizations and donor countries should also increase their efforts in training and capacity-building in the field of tourism in developing countries, including the effective use of computer reservation systems, global distribution systems and the Internet to maximize their earnings from tourism and to meet international standards.

6. The problems of air access of developing countries, particularly the least developed countries, should be addressed with a view to preventing the marginalization of those countries.

B. Addressed to national Governments

7. Developing-country Governments are invited to foster cooperation and collaboration efforts with the private sector and local communities in the development and management of the tourism sector in order to study, identify and, where necessary, remove obstacles to its development, and in order to better take advantage of the opportunities arising from the high level of growth foreseen for the sector globally.

8. Governments are invited to adopt comprehensive policies to ensure environmental and economic sustainability and to increase the attractiveness and quality of tourism services, including such elements as exchange rates, improved image, human resource development, investment in infrastructure and so on.

9. Developing countries are invited to consider the various options available for financing tourism infrastructure projects, such as government outlays, financing by multilateral and regional financial institutions, concession of services to the private sector through build-operate-transfer schemes, and foreign direct investment. Investment policies should encourage interlinkages between small and medium-sized enterprises.

10. National Governments are invited to review the fiscal treatment of the tourism sector and take the necessary fiscal measures to foster its growth and development, and avoid taxing exports.

11. Governments are invited to ensure that immigration regulations facilitate the movement of tourists and natural persons involved in the supply of tourism services.

12. Governments are invited to develop and, where available, effectively apply competition policy in the tourism and related sectors, by, *inter alia*, prohibiting anti-competitive clauses such as exclusive dealing, import requirements in franchising contracts and the abuse of dominance in air travel.

13. Developing-country Governments are invited to foster the development of regional tourism within the context of regional and subregional agreements, including common tourism and air transport policies.

14. Developed countries are invited to consider the adoption of mechanisms to encourage the export of tourism services by developing countries, including by facilitating the establishment of developing-country tourist offices, fiscal measures and so on.

15. Developing countries are invited to seek the collaboration of tourism authorities and of private-sector experts in formulating their negotiating objectives in the tourism sector and following through the complete process of negotiations, through their respective consultative procedures.

16. Tourism and transport policies should be consistent and mutually supportive. Developing countries are invited to prepare themselves for effective participation in the future multilateral negotiations under GATS and the possible revision of the GATS Annex on Air Transport Services.

17. Special attention should be paid to strengthening the bargaining positions of tourism-service suppliers in developing countries; in particular, Governments are invited to lead efforts to develop new model contracts to use in negotiations with tour operators and other suppliers, which may include, *inter alia*, insurance against non-payment by intermediaries.

C. Addressed to UNCTAD

18. UNCTAD and the World Tourism Organization should continue their collaboration on all aspects of tourism trade and development.

19. UNCTAD should cooperate with the World Tourism Organization and the Government of Tunisia in the organization of an international conference which this country has offered to host, in order to discuss concrete ways and measures to improve the relationship between developing-country tourism-service suppliers and agents operating in the main tourist originating markets, so as to achieve better and more sustainable business operations in the international tourism industry.

20. UNCTAD, in collaboration with the World Tourism Organization and other relevant organizations, should provide technical assistance to developing countries, particularly least developed countries, both at the governmental and business levels, in preparing for negotiations in several forums relating to trade and development in tourism and related services.

21. UNCTAD, in collaboration with the World Tourism Organization and other relevant organizations, should conduct studies on specific issues of interest to developing countries, including: the issue of leakages from the sector; the impact of all-inclusive tours on the financial sustainability of the tourism sector in developing countries; and the development of a model for integrating local communities in the formulation, implementation and management of tourism projects.

22. UNCTAD, with the assistance of the appropriate international organizations, should conduct a study on the feasibility of alternative modalities for including air transport services in plurilateral or multilateral negotiations on services (including a possible revision of the GATS Annex on Air Transport Services), considering, *inter alia*: the implications of adopting trade disciplines partially or completely; the incorporation of a sectoral protocol with trade disciplines; regulatory commitments; and other mechanisms of collective decision-making.

23. Given the importance of air transport services for tourism, and taking into account the provisions of Article V of the GATS Annex on Air Transport Services, the Commission should consider convening an expert meeting on air transport services.