



Tourism and the General Agreement on Trade in Services (GATS)

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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

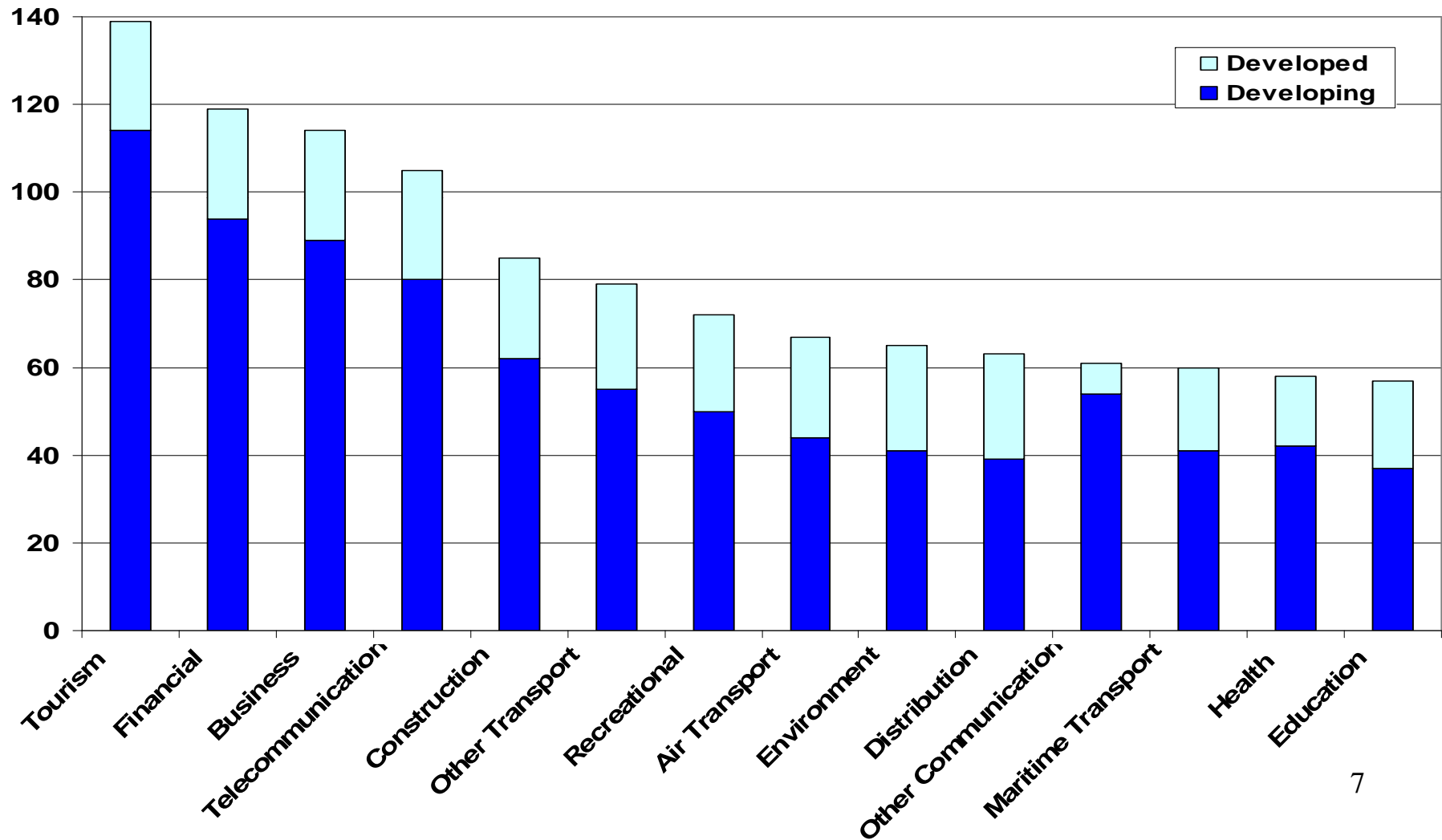
- World's largest industry
- Highly labour-intensive
- Includes many other services sectors
- Highly infrastructure dependent
- Consumption abroad, i.e. consumer comes to the supplier

Important Challenges Facing Global Tourism Industry

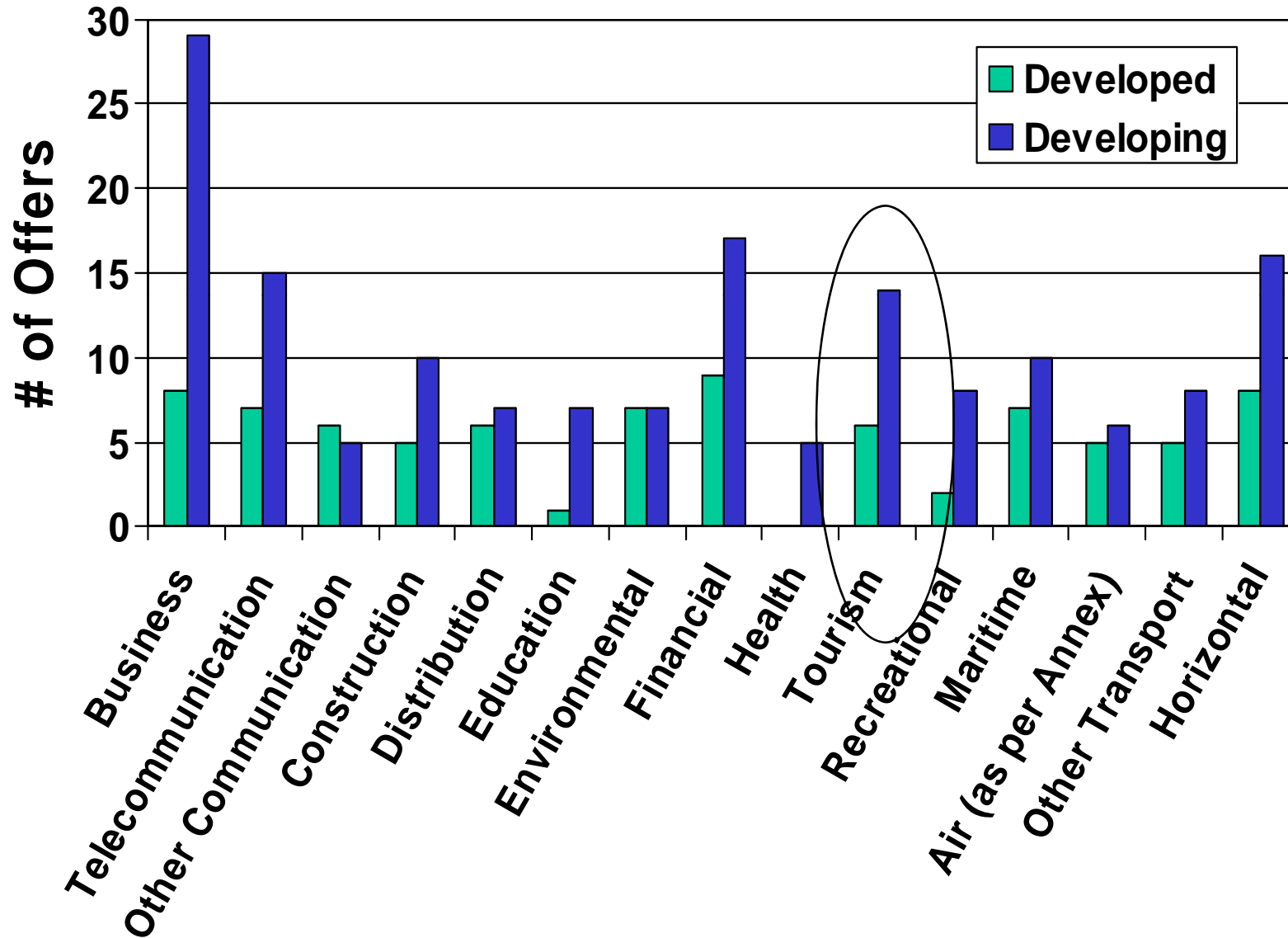


- Rapid technological change
- Environmental issues
- Social and cultural effects
- Lack of political influence?

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

GATS & Regulation:



Preamble:

Recognizing the right of Members to regulate, and to introduce new regulations, on the supply of services within their territories in order to meet national policy objectives ... and the particular need of developing countries to exercise this right ...

Regulatory Disciplines...

To be developed (Article VI:4)



- To ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade, ***the Services Council shall develop any necessary disciplines***”
- Such disciplines shall aim to ensure that these are, *inter alia*:
 - (a) based on objective and transparent criteria
 - (b) not more burdensome than necessary
 - (c) in the case of licensing procedures, not in themselves a restriction on supply

WPDR – The Way Forward



- Issues paper by the Chairman
- Members to convert their proposals into legal text
- Mandate to the Chairman to produce a first comprehensive draft
- Text based negotiations on Chairman draft

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.

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.