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***LDC Poverty Alleviation and the Doha Development
Agenda:***

Is Tourism being Neglected?

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WTO

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LDC Poverty Alleviation and the Doha Development Agenda:

Is Tourism being Neglected?

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Abstract: Despite being a leading export sector and source of foreign exchange for most (non-oil exporting) LDCs, tourism never makes the headlines of the WTO's Doha Development Agenda negotiations. When tourism's impressive potential for poverty alleviation is considered, the lack of attention is even more striking. Reasons for the apparent neglect are complex, and include a lack of awareness of tourism as an export sector, the fragmented nature of the industry and low political influence, exaggerated concerns over "leakages", misunderstandings about poverty alleviation and tourism, and the "poker playing" characteristic of trade negotiations. The evident results are missed opportunities to address services infrastructure constraints (one of the greatest impediments to increasing LDC tourism revenues and value-added), as well as a failure to address sufficiently tourism's agricultural, industrial, and Aid for Trade linkages.

Existing national-level investment promotion objectives, as well as DTIS and TPR reports can be helpful for identifying priorities for both GATS negotiations and Aid for Trade. The focus should not necessarily be on making GATS commitments, but rather on ensuring that the importance of tourism for LDCs is acknowledged and acted upon. Indeed, governments can always further liberalize on a unilateral basis; in the context of the DDA, however, they can request greater access to trading partners' markets in exchange, as well as gain valuable international attention and publicity.

Keywords: Poverty Alleviation, LDCs, Tourism, GATS, Africa, Infrastructure, Linkages, Aid for Trade.

JEL Classifications: D78, F13, L83.

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"Despite tourism's growing importance as a source of foreign exchange earnings for African countries, the industry remains underdeveloped mostly because of poor tourism infrastructure (or weak capacity for accommodation), inadequate information and marketing (measured by internet use) and high health risks (such as malaria). Political and social instability also constitute major deterrents to tourism in some African countries. In addition, the insufficiency of air transport between Africa and the rest of the world and between African countries themselves continues to be a crucial constraint to tourism. Another key challenge faced is the negative image of Africa portrayed by the media, often on the basis of exaggerated facts and plain ignorance." UNECA/AU, Economic Report on Africa 2007

LDC Poverty Alleviation and the Doha Development Agenda: Is Tourism being Neglected?

Dale Honeck*

Introduction

This paper is a (somewhat belated) follow-up to an in-house economic seminar held at the WTO in September 2006, entitled *Tourism at the WTO: A Neglected Opportunity for Poverty Alleviation?*. PowerPoint presentations and background documents from the seminar are available by e-mail from the author.¹

Part I of the paper points out tourism's economic and trade importance for least developed countries (LDCs); Part II addresses opportunities for poverty alleviation; Part III enquires whether tourism is being neglected in the Doha Development Agenda; Part IV attempts to find reasons for the apparent neglect; Part V discusses missed opportunities to address infrastructural and other issues; and Part VI concludes.

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¹ Speakers for the seminar were Barbara d'Andrea-Adrian of the WTO on the economic and trade importance of tourism; Diana Barrowclough from UNCTAD on the linkages between FDI, tourism and economic development; Kate Rivett-Carnac from the Department of Trade and Industry in South Africa on South Africa's experience and strategies for tourism; commentary by Henryk Handszuh of the World Tourism Organization; and the author discussing the Doha negotiations and the role of services.

I. Economic and Trade Importance of Tourism

A leading export sector and source of foreign exchange

Tourism is a leading export sector and source of foreign exchange for virtually all non-oil exporting least-developed countries (LDCs). This importance, however, is not always immediately evident: a recent WTO report on market access for the 50 LDCs, for example, notes that overall exports in 2006 of commercial services (including tourism) were estimated at only 10.1% of total exports, compared with 14.7% in 2005.² Most of that decline was due to the explosive growth of fuels and mining products, with the benefits of high oil prices accruing only to a few exporters: the same WTO report notes that, of total estimated LDC merchandise exports of US\$ 106.3 billion in 2006, almost 57%, i.e. US\$ 60.3 billion, accrued to only 5 oil exporters.³

On a "product" basis in 2005 (most recent data available), tourism ranked as the 3rd largest LDC export, at US\$ 5.2 billion⁴ -- behind only mineral fuels (US\$ 41.4 billion) and apparel (US\$ 12.8 billion), and well ahead of the next largest merchandise categories of fish (US\$ 2.6 billion), pearls (US\$ 2.1 billion), and ores (US\$ 1.8 billion) {Annex Table A1}.⁵ On a national basis, the leading LDC tourism exporters in 2006 were Cambodia, with US\$ 963 million in receipts, Tanzania (US\$ 950 million), the Maldives (US\$ 434 million), and Uganda (US\$ 309 million) {Table 1 and Annex Table A2}.⁶

For many countries, the importance of tourism cannot be over-estimated: it accounted for 80% of total goods and services exports for Samoa in 2005, 70% for the Maldives, 56% for Sao Tome and Principe, and 43% for Vanuatu.⁷ Overall, both international visitor arrivals and revenues for LDCs have grown rapidly in recent years, by 8.2% and 12.0% annually, respectively, between 2000-

² WTO document WT/COMTD/LDC/W/41/Rev.1, *Market Access for Products and Services of Export Interest to Least-Developed Countries*, 21 February 2008, p. 4.

³ The five are Angola, Equatorial Guinea, Yemen, Sudan and Chad. Ibid, p. 6.

⁴ For 2006, LDC tourism revenues were nearly US\$ 6 billion, almost 14% higher than in 2005 (data as reported to World Tourism Organization (UNWTO), subject to revision) {Annex Table A1}.

⁵ See WTO, as note 2 above, p. 9.

⁶ Data as reported to UNWTO. The importance of tourism is especially evident when examining LDC services exports: the share of travel exports in total services exports was 53.3% in 2006, up from 46.8% in 2000 (See WTO, as note 2 above, p. 17.). These figures, however, do not convey the full importance of LDC tourism exports, due to measurement and classification difficulties (see, for example UNWTO website, *Committee on Statistics and the Tourism Satellite Account*, <http://www.unwto.org/statistics/committee/committee.htm>). Regarding the definition of tourism see, for example, *Tourism Services*, WTO document S/C/W/51, 23 September, 1998, pp. 1-2, 12 (available on the WTO website at <http://www.wto.org/wto/services/w51doc>).

⁷ World Tourism Organization, *Tourism and Least Developed Countries: A Sustainable Opportunity to Reduce Poverty*, 2006, p.7.

2005.⁸ By comparison, worldwide growth of international tourism over the same time period was significantly lower, at 3.3% and 7.1%, respectively.

Table 1: Leading LDC Tourism Exporters, 2006

Country	International tourism receipts (US\$, million)
Cambodia	963
Tanzania	950
Maldives	434
Uganda	309
Sudan	252
Senegal	250
Madagascar	237
Cape Verde	228
Yemen	181
Mali	175

Source: World Tourism Organization {Annex Table A2}

Tourism potential has barely been tapped?

LDC tourism potential appears to be largely untapped: as World Tourism Organization (UNWTO) data indicates, LDCs in 2006 accounted for only 1.4% of international tourism arrivals, and a mere 0.8% of estimated international revenues {Annex Tables A2 and A3}.⁹ Based on UNWTO forecasts, there will be 77.3 million international tourism arrivals to Africa by 2020, with the continent's share in overall arrivals increasing to 5%, from 3.6% in 1995. Long-haul travel to Africa is expected to grow at a slower rate than intraregional travel, resulting in twice as many intraregional arrivals as compared to arrivals from long-haul source markets (data on LDCs specifically was not available).¹⁰

Although the current high LDC tourism growth rates are very encouraging, in absolute terms the gap will remain immense unless major efforts are made to increase capacity on a sustainable basis.¹¹ As highlighted in a 2008 joint report by the United Nations Economic Commission for Africa

⁸ See WTO, as note 2 above, p. 19.

⁹ UNWTO data. For 2000, the figures were 0.8% for international tourism arrivals, and 0.6% for international tourism receipts. By contrast, developing countries as a whole increased their share between 2000-2006 from 34.1% to 39.5% for international arrivals, and from 25.6 to 30.3% of international receipts {Annex Tables A2 and A3}.

¹⁰ World Tourism Organization, *Tourism 2020 Vision: Africa*, 2003, p.8.

¹¹ Indeed, the UNWTO 2020 forecasts over the same time period show higher average growth rates than Africa for three other regions, i.e. the Middle East, East Asia and the Pacific, and South Asia. UNWTO

and the African Union, *Africa and the Monterrey Consensus: Tracking Performance and Progress*, one of the major barriers to African (and LDC) tourism investment is the lack of essential infrastructure:

Africa, though recognized internationally for the quality of its resource endowment for tourism, has not yet managed to realize its full potential. Indeed, according to the World Tourism Organization (UNWTO), Africa as a whole attracted just fewer than 45.5 million of the 802 million world tourist arrivals. In terms of receipts, the continent accounted for {US}\$21.6 billion of the total {US}\$678 billion international tourism receipts in 2005. Only four African countries (Egypt, South Africa, Morocco and Tunisia) are listed in the top 50 worldwide destinations in terms of both arrivals and receipts.

There 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. Despite tourism's growing importance as a source of foreign exchange earnings for African countries, ***the industry remains underdeveloped mostly because of poor tourism infrastructure***, inadequate information and marketing on the attractions, strict entry visas requirements, high airport taxes, poor destination management by local tour operators and high health risks.¹² *{emphasis added}*

Fewer export barriers

One of the most important aspects of LDC tourism exports is that, unlike many agricultural or manufactured products, they face relatively few trade barriers abroad. Only a small number of countries place restrictions on the right of their citizens to travel abroad for tourism, mostly in the form of foreign exchange spending limits (some also have visa requirements).

Of course, LDC tourism exports do face significant foreign trade barriers, for example limits on the number of tourism professionals permitted to work in a given foreign country, or barriers to the recognition of tourism qualifications. Other examples can include licensing restrictions on the right to establish new restaurants or other tourism enterprises, or local establishment requirements for travel agencies and tour operators (leading to reduced opportunities for electronic commerce). Inaccurate and excessive travel warnings (as discussed below), can have major effects on tourism revenues for the countries concerned.

website information on sustainable development is available at (http://www.unwto.org/frame/frameset/frame_sustainable.html). Enquiries by the author, including to United Nations organizations and a major NGO involved in tourism, failed to find information at the national level on potential capacity limits for sustainable tourism in LDCs.

¹² UNECA/AU *Economic Report on Africa 2008*, p. 60. Available online at <http://www.uneca.org/era2008/>, and for 2007 at <http://www.uneca.org/era2007/>.

While less frequently documented, other possible barriers include anti-competitive practices by foreign airlines or tour operators.¹³ For the most part, however, trade barriers to increased tourism exports are largely *domestically* imposed. These typically can include inefficient customs and immigration procedures, cumbersome domestic regulations, excessive taxation, FDI restrictions, limits on foreign airline access, etc.¹⁴

Opportunities for export diversification

The WTO report mentioned above notes that, in over one-half of the LDCs, only three main products accounted for almost 80% of their total merchandise exports in 2005, stating "irrespective of the size of an LDC, continued efforts to diversify the LDC's export base need to be made".¹⁵ Tourism, with its many (actual and potential) linkages to a wide range of other services, as well as to agriculture and manufacturing (as described below), would seem to be a leading candidate in terms of options for export diversification.¹⁶

Certainly, tourism does have negative aspects. These can include, notably, sudden market fluctuations due to travel warnings or health crises, as well as more gradual market changes due to exchange rate fluctuations or shifts in consumer preferences. Other negative aspects could include environmental damage, "cultural damage", or even child prostitution.¹⁷ As also observed in many developed countries, tourism employs high levels of seasonal and part-time workers, often at lower wages with fewer social guarantees than in other economic sectors.¹⁸

Regarding market shifts, commodity markets also experience strong fluctuations, and economic diversification through tourism can mostly likely help counterbalance them. In the medium to long-term, UNWTO data show that overall tourism growth has been remarkably steady.¹⁹ Regarding other negative aspects, effective regulation can help reduce such occurrences, as described

¹³ OECD, Trade Policy Working Paper No. 57, *Services Trade Liberalization and Tourism Development*, by Massimo Geloso Grosso, Molly Leshner and Enrico Pinali, 2007, pp. 25-27.

¹⁴ See, for example, the World Bank *Doing Business* website, at (<http://www.doingbusiness.org/>).

¹⁵ See WTO, as note 2 above, pp. 10-11. Indeed, the subtitle of the 2007 UNECA/AU Economic Report on Africa is "*Accelerating Africa's Development through Diversification*".

¹⁶ As noted in the 2008 UN/ECA report, "To 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, as note 12 above, p. 7.

¹⁷ See, for example, UNWTO website, *International Campaign against Sexual Exploitation of Children in Tourism* (http://www.unwto.org/protect_children/campaign/en/campaign.php?op=1&subop=1).

¹⁸ See, for example, ILO website, *Hotels; catering; tourism* (<http://www.ilo.org/public/english/dialogue/sector/sectors/tourism.htm>).

¹⁹ See, for example, UNWTO website, *Tourism and the World Economy* (<http://www.unwto.org/facts/eng/economy.htm>).

in greater detail below.²⁰ With regard to labour issues, it is also important to compare wages and working conditions with realistically available alternatives.²¹

Greater value-added than commodity exports?

Compared to exports of unprocessed or semi-processed agricultural and primary products, tourism would seem to be an important opportunity to increase the level of value-added in LDC exports. For example, rather than exporting bales of cotton, what would be the level of value-added (at the local level) when the cotton is used to produce traditional clothing that is sold directly to visiting tourists?²² Nine LDCs already receive over 500,000 tourists annually, and 10 more over 200,000 annually {See Table 2 and Annex Table A3}, representing a huge opportunity for increasing higher value-added "direct sales".

Table 2: LDC Tourism Arrivals, 2006

Country	International tourism arrivals (thousand)
Cambodia	1,591
Senegal	866
Lao P.D.R.	842
Zambia	757
Mozambique	664
Malawi	638
Tanzania	628
Maldives	602
Uganda	539
Nepal	384

Source: World Tourism Organization {Annex Table A3}

²⁰ NGOs can play an extremely important role in this regard, including by documenting negative aspects and advocating for regulatory changes. See also Pitamber Sharma, editor, *Tourism as Development: Case Studies from the Himalaya*, Himal and STUDIENverlag, 2000.

²¹ In this context, a new UNCTAD study has often shown better wages, working conditions and training opportunities at foreign-affiliated hotels. See UNCTAD, *FDI in Tourism: The Development Dimension*, UNCTAD Current Studies on FDI and Development No. 4, 2007, pp.63-77.

²² Mali, for example, ranked 10th in LDC tourism revenues (in 2006), at US\$ 175 million, with 153,000 international arrivals.

II. Opportunities for Poverty Alleviation

Exporting wherever tourism takes place

One of the most important aspects of international tourism is the fact that, unlike most goods and services exports, the customer typically comes directly to the supplier (mode 2 in GATS jargon).²³ This means, for example, that when a foreign tourist steps off a bus in the countryside and has a meal, the establishment concerned is exporting (due to the use of foreign exchange to purchase the local currency needed for payment).²⁴

The fact that exporting becomes possible anywhere from in a country (i.e. where tourism takes place), including in remote and rural 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 *{Box 1}*.²⁵ The minimal entry barriers for many tourism activities typically offer significant opportunities for small-scale domestic entrepreneurship.²⁶

Box 1. TOURISM IN SIERRA LEONE: A Country Perspective

"Tourism in Sierra Leone, as in other developing countries, has become the most dynamic and fastest growing industry. It is an aggregate of many different industries and services, and is influenced by almost every facet of society.

Many governments in developing countries including Sierra Leone expect economic and social benefits from tourism development such as:

- foreign exchange earnings
- the development of areas with no other immediate possibilities of expanding economic activity
- creation of employment opportunities
- a boost for the local production of the goods and services consumed by the tourists
- more tax revenue for the State
- the integration of national cultures and societies and safeguarding of the national cultural identity from foreign culture influences
- reasonable returns on investment in the sector
- the promotion of the true image of the country to attract holidaymakers and foreign entrepreneurs as part of the drive to step up international political and economic

²³ Introductory texts on the GATS, as well as more detailed information, are available on the Services gateway of the WTO website, at (http://www.wto.org/english/tratop_e/serv_e/serv_e.htm).

²⁴ In addition, many tourism establishments accept foreign exchange as payment.

²⁵ As noted by the ECA/AU 2008 report, as note 12 above, p. 7, "Growth in Africa has not yet led to substantial employment generation, particularly in the formal sector. At the same time, vulnerable groups such as the aged, youth and people with disabilities also face particular challenges in participating in Africa's economic recovery. African women and girls often experience various forms of discrimination and social exclusion."

²⁶ For information on backward and forward economic linkages in tourism see, for example, OECD, as note 13 above, pp. 7-14.

cooperation

- encouraging fair distribution of national income and creating new markets for consumer goods
- providing additional infrastructure and amenities that will encourage and support the tourist industry as well as benefit local and national interest

It is in pursuit of these benefits that the government of Sierra Leone had identified tourism as a priority sector for development – thus tourism has now become the largest contributor to the economy of Sierra Leone after mining and agriculture."

Source: National Tourist Board of Sierra Leone
(website: <http://www.visitsierraleone.org/nationaltouristboard.asp>)

As noted by the ILO, "The growing significance of tourism to developing countries is closely linked to the role of employment in promoting the Millennium Development Goals (MDGs), and especially the employment and poverty reduction component of *Eradicate extreme poverty and hunger* (MDG 1), *Promote gender equality and empower women* (MDG 3) and employment aspects of *Ensure environmental sustainability* (MDG 7)".²⁷

"Dual nature" of tourism infrastructure

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. An excellent example is the increased frequency of Kenya's cut flower and vegetable deliveries to Europe, made possible by the greater number of international flight arrivals and departures due to growing tourist levels.²⁸

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). Obviously, extensive planning is required to maximize the benefits of such dual-use infrastructure. This argues for careful consideration of dual-use benefits when creating tourism policies, as well as equally careful consideration when planning infrastructure under national development policies.²⁹

²⁷ For least developed and island-developing countries, the ILO paper notes that tourism is one of the few options, if not the only one, for export-oriented development in the medium-term. ILO Sectoral Activities Programme, *Toolkit For Social Dialogue In The Tourism Industry*, Geneva 2008, p.13.

²⁸ This example was cited in a recent speech by WTO Director-General Pascal Lamy, (*Doha success will need positive outcome in services*, 15 October 2007), available on WTO website, at http://www.wto.org/english/news_e/sppl_e/sppl77_e.htm.

²⁹ 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),

Exaggerated concern over "leakages"?

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. As recent studies by the Overseas Development Institute (ODI) and others have demonstrated, however, such leakage concerns are often highly exaggerated, sometime as a result of the improper methodologies used:³⁰

The analysis above illustrates that tourism is a large sector in many poor countries – but is it developmentally benign? Whether the benefits of tourism actually remain in poor countries, or reach poor people within them, is hotly disputed. Much of the western tourism studies literature asserts that potential benefits of tourism 'leak' out of the local economy because large foreign tourist companies control the sector and are offered incentives by governments to the detriment of their tax base and the welfare of tourism workers [reference deleted]. A striking feature of these claims of the elitist distributional consequences of tourism is the lack of sound empirical analysis to support them.³¹

Other negative stereotypes that have hurt tourism's image from a developmental perspective are beliefs that it damages the environment, negatively affects local cultures, etc. Case studies supporting these views exist, of course, but in many cases can be used as evidence to argue for more effective tourism regulation.³² Furthermore, it must be emphasized that well-regulated tourism can actually help protect both the environment and local cultures.³³ For the environment, tourism taxes and revenues can be used to help pay for environmental protection, e.g. hiring game wardens to protect animal reserves, by governments that might otherwise not have the financial resources. Likewise, tourism revenues in rural and remote areas might be one of the few available tools to help prevent the loss of local culture, resulting from migration to urban areas in search of employment.

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>).

³⁰ 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 studies mentioned, is available online, at <http://www.odi.org.uk/tourism/>.

³¹ Working Paper 289, *The Gambian Tourist Value Chain and Prospects for Pro-Poor Tourism*, Jonathan Mitchell and Jojoh Faal, March 2008, Overseas Development Institute, p.13.

³² For the most environmentally (and socially or culturally) sensitive cases, the negative aspects of tourism might actually exceed the positive. In any case, the final decision whether to permit tourism should rest with the peoples and communities concerned.

³³ The GATS Preamble explicitly recognizes the right of governments to regulate, and the particular need of developing countries to exercise this right. Details regarding the GATS mandate on domestic regulation and work to date are available on the WTO website (http://www.wto.org/english/tratop_e/serv_e/s_coun_e.htm and http://www.wto.org/english/tratop_e/serv_e/workshop_march04_e/workshop_programme_march04_e.htm). See also Honeck, *Developing Regulatory Disciplines in Professional Services: The Role of the World Trade*

In many cases, little consideration is given to the "leakage" levels, and the environmental and social costs, of the alternatives to tourism. For example, what are the leakage levels from clothing exports -- where many inputs are often imported -- or the environmental costs of mining or manufacturing? For most LDCs, and more importantly the poorest segments of their populations, economic alternatives are often limited. Consequently, it becomes almost irresponsible to dismiss tourism without giving equally critical attention to the available alternatives.

Turning "leakages" into "linkages"

The key element in reducing "leakages" of tourism revenues is increasing domestic "linkages".³⁴ 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. Due to the lack of reasonably priced domestic financing for local investments, for example, 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 {see Box 2}.

Box 2. DTIS -- TANZANIA

DEVELOPING TOURISM BACKWARD LINKAGES

"..., 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 would be important for overall growth and poverty reduction. This implies increasing value-added of these sectors—that is, raising local production to replace imports. Strengthening linkages also addresses the concern of “leakage” regarding tourism—that is, the part of the tourist dollar that leaves the country to pay for the imports consumed by the tourism sector.

Tourism’s backward linkages in Tanzania are spread out over many sectors {reference deleted}. The key ones are: agriculture (fruits and vegetables), livestock (beef, lamb, and pork); poultry (chicken and eggs); fisheries (fish and seafood); dairy; manufacturing (equipment and furniture), non-perishable foods and dry goods (flour, rice, sugar); ground transport (tour operator transfers and packages, and local taxis), and handicrafts. {reference

Organization, as found in The Globalization of Services: Some Implications for Theory and Practice, Routledge 2000, pp. 52-72.

³⁴ See, for example, World Tourism Organization, J Gollub, A Hosier, G Woo, *Using Cluster-Based Economic Strategy To Minimize Tourism Leakages*, 2002. Available online, at <http://bibemp2.us.es/turismo/turisonet1/economia%20del%20turismo/economia%20del%20turismo/desarrollo%20del%20turismo%20clusters%20OMT.pdf>.

deleted} provides estimates of shares of products that are bought locally and those that are imported by the tourism industry.

While many of the products are sourced locally, they are not necessarily produced in Tanzania. Furniture and dry and non-perishable foods (for example sugar and coffee packets, sauces, plastic plates and spoons) are mostly imported, from China, South Africa, Dubai, Kenya, and Europe. Almost all machinery items are imported, for example, refrigerators, cooking ranges, air conditioners, and so on. Chicken is sourced within the country for the most part, but other meats like beef and lamb are imported from South Africa and Kenya. Fruits, vegetables, fish, and other seafood are mostly (almost all) produced and bought in Tanzania.

Even though some products are produced locally, tourism businesses choose to import them because of limited availability of variety and quantity, and relatively lower quality. For example, round/construction bars, tiles, paint, ketchup, baked beans, and tomato puree are all produced locally but tourism businesses choose to import them. Most of the construction material is imported, including glass (Spain and Dubai); card locks (Sweden); and doors (Nairobi). Agricultural produce is also inconsistent – beans are uneven in size; canned products have low quality packing and they do not guarantee shelf life; and certain products' taste is variable."

IMPACT ON POVERTY REDUCTION

"The impact on poverty through the above recommendations could be considerable if they are implemented:

1. More people are employed in agriculture than in any other sector. Several sub-sectors (fruits, vegetables, poultry, and meat) would benefit from increased employment in supply chains that have higher value products. It will also help them access essential skills that will be transferable for farming of other similar products, making them better prepared to diversify their work.

2. These initiatives will also improve the general entrepreneurship environment and support local investment. One of the biggest challenges for Tanzania is to move from being a trader to a producer. Increasing the production capacity of the nation will also have a significant influence on reducing poverty.

Finally, the expected increase in overall skill levels of employees will increase wages and also their ability to get better jobs, as well as overall labor productivity."

Source: Diagnostic Trade Integration Study (DTIS), Volume 2, Tanzania, November 2005, pp. 49-50,70 (footnotes deleted.). (Website reference: http://www.integratedframework.org/files/english/Tanzania_DTIS_Vol2_Nov05.pdf).

With respect to FDI in hotels, UNCTAD research has shown that leakages levels typically fall over time, as domestic supply capacity expands.³⁵ Consequently, well-regulated FDI can be an

³⁵ As observed by Barrowclough, for example, domestic investors tend to dominate, in terms of room numbers, if not the five-star segment, as markets mature. Diana Barrowclough, *Foreign Investment in Tourism and Small Island Developing States, Tourism Economics*, 2007, 13 (4), p. 626. See also UNCTAD, as note 21 above, pp. 80-83.

important catalyst for "jump-starting" newer LDC tourism destinations, without crowding out the future potential for creating domestic (and local) suppliers. To the contrary, FDI can provide working models/examples, and even on-the-job training, for future domestic entrepreneurs.

Another crucial element in reducing leakages – as well as for maximizing poverty alleviation – is matching tourism policies with domestic capabilities, both nationally and locally. While 5-star hotels and resorts may be impressive status symbols, their typically high leakages may often result in lower levels of domestic poverty alleviation. For some regions in a country, backpacker tourism might actually have the greatest poverty alleviation potential, at least initially, based on visitor home stays, consumption of local foods and transport, etc.

III. Is Tourism being Neglected in the Doha Development Agenda?

Tourism never makes the DDA headlines

While the services (GATS) negotiations do occasionally receive mention, tourism itself never seems to make the headlines of the WTO's Doha Development Agenda.³⁶ In addition, tourism rarely appears to be on the agenda at meetings of LDC trade ministers to discuss DDA issues.

In the GATS negotiations, the most recent formal paper specifically on tourism is a 2004 communication from Brazil, Colombia, Dominican Republic, El Salvador, India, Indonesia, Nicaragua, the Philippines and Thailand, entitled *Review of Progress in Negotiations, Including Pursuant to Paragraph 15 of the Guidelines for Negotiations -- Tourism Services*.³⁷ Tourism was discussed in a Special Session of the Council for Trade in Services (the main WTO body for services) meeting of 15 November and 6 December, 2007, in the context of reviewing the status of the plurilateral negotiations (discussed below).³⁸ Tourism has also received occasional mention in the context of the review of the GATS Air Transport Annex.³⁹

³⁶ For example, a word search for the past 3 years of the WTO news archive and press release internet pages (http://www.wto.org/english/news_e/news_e.htm) reveals no mention of tourism.

³⁷ WTO document TN/S/W/23, 29 September 2004.

³⁸ WTO document TN/S/M/28, 5 May 2008. An informal paper on the tourism plurilateral negotiations was circulated for that meeting, as JOB(07)/202, 5 December 2007.

³⁹ See, for example, WTO website (http://www.wto.org/english/tratop_e/serv_e/transport_e/transport_air_e.htm).

Plurilateral request lacks LDC (and developing country) support

As part of the plurilateral GATS negotiations, where groups of WTO Member governments made joint requests for further services liberalization to "target" groups of other WTO Members,⁴⁰ a request for further liberalization in tourism was circulated in mid-2007, directed toward 15 high-income developed and developing countries.⁴¹ The objective of the request is to increase the level of GATS bindings to reflect the status quo for tourism-related liberalization, as well as to remove remaining restrictions to the extent possible. In that regard, the co-sponsors are seeking increased access for all modes of supply for Tourism and Travel Related Services.⁴²

Only 7 developing country WTO Members (Colombia, Ecuador, Mauritius, Morocco, Panama, Peru, and Thailand) --- and none of the LDCs -- have joined to date as sponsors of the tourism plurilateral request, presumably for the reasons discussed below. Tourism elements can be found in some other plurilateral requests, including those for mode 4 (movement of natural persons) and cross-border supply, as well as the LDCs earlier Mode 4 request.⁴³

Tourism Annex proposal

When the current GATS negotiations first began back in 2000 (i.e. before the DDA was launched⁴⁴), tourism was actually a priority item on the agenda. One of the first services negotiations documents was a Proposal for a GATS Annex on Tourism, originally made by the Dominican Republic, El Salvador and Honduras as part of current services negotiations.⁴⁵ The proposal had two

⁴⁰ For details of the WTO plurilateral negotiations on services, see http://www.wto.org/english/news_e/news06_e/serv_28feb06_e.htm. Detailed information on GATS is available at http://www.wto.org/english/tratop_e/serv_e/serv_e.htm.

⁴¹ While the plurilateral requests have not been made publicly available in the GATS context, they can easily be found on the internet, including some governmental websites, e.g. (http://commerce.nic.in/trade/international_trade_tis_gaitis_requests_pr.asp).

⁴² As contained in Section 9 of the *Services Sectoral Classification List* (WTO document MTN.GNS/W/120). The request also specifically seeks:

- a) Elimination of Mode 1 requirements for commercial presence, and the de-linking of Mode 4 access from commercial presence, together with removal of limitations on the establishment of small-scale hotels and restaurants, and citizenship requirements for tourist guides under Mode 3;
- b) The removal of MFN exemptions applicable to tourism sector and to 'all sectors' that include tourism;
- c) The elimination of economic needs tests (ENTs) or at a minimum the specification of the criteria used;
- d) Elimination of *{overly-restrictive}* travel warnings regarding the movement of natural or juridical persons who provide or demand tourism services. *{clarification added by author, see p.24 below}*.

⁴³ *Communication from the delegation of Zambia on behalf of the LDC Group -- LDC Group Request on Mode 4*, informal WTO document JOB(06)/155, 24 May 2006.

⁴⁴ For WTO information on the DDA, see http://www.wto.org/english/tratop_e/dda_e/dda_e.htm.

⁴⁵ *Communication from the Dominican Republic, El Salvador, and Honduras -- Preparations for the 1999 Ministerial Conference {contains Draft Annex on Tourism}* (S/C/W/127 & C.1, 14 October 1999 & 3 November 1999).

main aspects: a more comprehensive treatment of the tourism sector (with respect to classification issues), and the prevention of anti-competitive practices.⁴⁶

To address the issues raised in the proposal, a Symposium on Tourism Services was held in 2001.⁴⁷ After the DDA was launched, tourism – and to a significant extent the GATS negotiations in general – gradually faded into the background as agricultural and market access issues became dominant.

UNECA paper

In 2002, the United Nations Economic Commission for Africa (UNECA) prepared a background study on tourism to help guide African GATS negotiations, entitled *Tourism in Africa and the Multilateral Trading System: Challenges and Opportunities*.⁴⁸ To the author's knowledge, the UNECA paper has never been substantially discussed at the WTO by the African Group of trade negotiators. A related paper on Pro-Poor Growth Strategies in Africa, entitled *Tourism: A Viable Option for Pro-Poor Growth in Africa?*, was published in 2003.⁴⁹

Greater recognition outside of negotiations?

As illustrated in Box 2 above, tourism – including infrastructural issues – is a typical feature of the Diagnostic Trade Integration Studies (DTIS) of the Integrated Framework (now the Enhanced Integrated Framework).⁵⁰ Tourism is also a regular feature of reports under the WTO's Trade Policy Review Mechanism (TPRM) {Box 3}.⁵¹

⁴⁶ For further details on GATS and tourism, see *Tourism Services*, Information Note by the Secretariat, WTO document JOB(05)/229, 12 October 2005.

⁴⁷ The Symposium had 5 main themes: sectoral linkages, relevance of Tourism Satellite Accounts (TSA); structure of existing commitments; implications of rapid technological change; The competitive environment; and implications for negotiations. Symposium documents and presentations are available on the WTO website, at http://www.wto.org/english/tratop_e/serv_e/symp_tourism_serv_feb01_e.htm, including Dale Honeck, *Overview of GATS disciplines and commitments*.

⁴⁸ A draft version of the UNECA report can be found at http://www.uneca.org/eca_resources/conference_reports_and_other_documents/espd/2002/t&gats_odi_final.pdf.

⁴⁹ The paper is available at http://www.uneca.org/eca_resources/meetings_events/espd/poorgrowth/tourism%20&%20poverty%20definitive%20version.pdf.

⁵⁰ For background information on the Enhanced Integrated Framework and the DTIS, see <http://www.integratedframework.org/>.

⁵¹ For details of the TPRM, see http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm.

Box 3. TPR -- MADAGASCAR

(ii) Tourism

"Madagascar is well known for its biodiversity and the large variety of its fauna and flora and since 2003 (with 2001 and 2002 being less fruitful years) the number of tourists has continued to increase.

In general, tourism in Madagascar is less developed than in other destinations Its tourism infrastructure, particularly transport, accommodation and related services, is confined to certain regions only, including Antananarivo, Nosy-Be and Fort-Dauphin. Having identified them as having considerable development potential, the World Bank's IGP project has identified three priority zones for development, including two devoted to tourism: Nosy-Be and Fort-Dauphin.

Tourism reserves are poorly served by domestic transport and lack water, electricity and telecommunications. Another obstacle to the development of tourism in Madagascar is the high cost of air transport, despite the policy of opening up to competition pursued by Madagascar since 2004 (section (ii)(c)), as well as the limited availability of trained managers."

Source: WTO document WT/TPR/S/197 (Secretariat report), 27 February 2008, p.73, paras 84-85. (Website reference: http://www.wto.org/english/tratop_e/tpr_e/s197-04_e.doc).

(e) Tourism

"Tourism is one of the most important sources of foreign exchange for the country. Having an environment that is rich in fauna and flora, Madagascar has all the necessary assets for developing tourism. In this sector, the Government has set as its main objective the sustainable development of high quality tourism based on the following guiding principles:

- Contributing to the national poverty reduction strategy through the creation of jobs and activities that generate income;
- developing tourism with due regard for the environment, social and cultural values, and the national heritage;
- developing high quality tourism;
- contributing as far as possible to the foreign trade balance by promoting international tourism;
- encouraging regional initiatives for the south-west Indian Ocean area;
- promoting investment;
- promoting Madagascar as a destination;
- promoting training."

Source: WTO document WT/TPR/G/197 (Government report), 27 February 2008, p.20, para 138. (Website reference: http://www.wto.org/english/tratop_e/tpr_e/g197_e.doc).

IV. Reasons for Tourism's Apparent Neglect

Fragmented nature of the industry

Together with the "leakages" issue (as discussed above), probably the main reason for the apparent neglect of tourism in the DDA negotiations is the fragmented nature of the industry. Tourism in most countries is dominated by SMEs,⁵² many of which are in the informal sector, and includes parts of many different services sectors. The result is frequently a lack of strong domestic lobbies for tourism, despite the World Tourism Organization's support of trade liberalization and efforts to mobilize the sector.⁵³ In this context, large domestic sectoral interests, e.g. national airlines, telecoms monopolies, etc., can often override the interests of the tourism sector as a whole.

Lack of effective national tourism committees?

While tourism ministers almost universally recognize the need for greater investment and technology transfer, rarely do they seem to be directly involved in the domestic policy debate over infrastructural policies, and even less so over trade policies. In most cases, this is a simple reflection of relative power levels between ministers: seldom does tourism rank highly in the government's political hierarchy, despite the sector's economic importance and major contribution to exports and foreign exchange generation.

Considering the many ministries involved in tourism and related infrastructural services, there is an evident need for effective national-level committees to address tourism issues, preferably presided over by the president or another suitably high-ranking leader with the authority to ensure cooperation between the relevant ministries and other government agencies.

Belief the industry is already liberalized

While nearly all LDC WTO Members have made GATS commitments in tourism {Annex Table A4}, none have fully liberalized. Indeed, relatively few have even partial commitments in all three major tourism sub-categories, much less in all tourism infrastructure-related services sectors {Annex Tables A4, A5}. Although 29 of the 33 current LDC Members made at least partial commitments under the general category of Tourism and Travel Related Services, 21 have no GATS

⁵² As noted by the OECD, for example, "In developing countries and less "industrialised" tourism destinations ..., SMEs still predominate in the supply of tourism services and facilities.". *Tourism in OECD Countries 2008: Trends And Policies*, OECD 2008, p. 31.

⁵³ See, for example, UNWTO website, *Tourism Enriches, A Global Communications Campaign for Tourism* (<http://www.unwto.org/media/key/en/camp.php?op=4&subop=5>). See also, <http://www.unwto.org/step/pub/en/pdf/declaration.pdf>, together with http://www.unwto.org/step/pub/en/pdf/poverty_alle.pdf.

commitments of any type on Communication Services, 20 have no commitments on Financial Services, 22 have no commitments on Transport Services, etc.⁵⁴

Tourism may seem simple in the minds of many observers, but it is actually a complex, inter-linked chain of many different services elements.⁵⁵ A weak link in the tourism services chain, e.g. the unavailability of competitively priced professional services – much less the unavailability of high-quality telecommunications or financial services – will have a detrimental effect on the competitiveness of a country's tourism package. A listing of the services sectors most directly related to tourism was circulated in the context of the tourism annex proposal discussions {Annex Table A6}).⁵⁶

From the FDI perspective, one of the more surprising findings is that tourism is actually one of the least globalized industries. As noted by Barrowclough:

On the basis of the data available, at the global level, FDI in tourism is actually quite low, compared to other activities in which FDI is more prevalent and compared to domestic investment. The combined outward tourism FDI stocks of the world's top ten source countries are around US\$88.2 billion – approximately 1.5% of these countries' total outward FDI stocks. Secondly, the share that is directed towards developing countries is also small. Official data are mostly lacking but, on the basis of countries reporting to UNCTAD, the United Nations repository of official FDI information, it appears that developing countries receive about one third of tourism FDI inflows. {References deleted}

Developing countries were the target of 21% of world tourism related mergers and acquisitions (M&As) during the years 2002–2005, and hosted 70% of all tourism-related 'greenfield' investments. Much of this investment is 'south–south' – again reflecting general trends in the world of FDI that extend beyond the tourism sector. Hong Kong China, India, Jamaica, Malaysia, Mauritius, Singapore and South Africa, for example, are all appearing as new sources of outward tourism FDI in their regions and beyond, in addition to more long-standing investors from the Arab countries.⁵⁷ {References deleted}

"Poker playing" characteristic of trade negotiations?

In the urge to address agriculture and other crucial LDC issues, tourism has evidently been left behind. The impression is given that somehow only "outward" exports are important, including manufactures or agricultural products, apparently forgetting "inward" exports such as tourism.

⁵⁴ Annex Table A5.

⁵⁵ In the view of the author, renaming the "Tourism and Travel Related Services" classification (see notes 6 and 42 above) as "Tourism and *Business* Travel Services" would give a much more realistic image of tourism. As noted by the UNWTO, increased Chinese and other investment is generating increased levels of business travel in Africa. UNWTO *World Tourism Barometer*, June 2008, p. 34.

⁵⁶ Communication from the Dominican Republic, El Salvador, and Honduras – *The Cluster of Tourism Industries* (WTO document S/CSS/W/19, 5 December 2000).

Although trade negotiations are a political process, the results have economic consequences. Consequently, it becomes crucial to ensure that any political compromises resulting from the DDA make economic sense. Unfortunately, trade negotiators rarely seem to win recognition or promotion on the basis of the number of new jobs created at home, or increased levels of (foreign and domestic) investment. Instead, the priority of both negotiators and their governments appears to be to maximize what is received from trading partners, while minimizing the "concessions" (i.e. commitments to further liberalize domestically) made in exchange.⁵⁸

While this "poker playing" characteristic of trade negotiations is perhaps human nature, it also encourages the neglect of opportunities in the GATS negotiations to address needed domestic liberalization.⁵⁹ In a more ideal situation, governments and trade negotiators, to a much greater degree, would be leading by example -- i.e. liberalizing first domestically, then challenging others to match their achievements -- while overall working together to fight protectionism.

LDC "exclusion"

In the context of the Hong Kong Ministerial, held in December 2005, it was stated that LDCs are not expected to make new GATS commitments.⁶⁰ The intention of this decision might have been to allow LDCs to concentrate on pursuing their "offensive" trade interests, rather than on safeguarding their "defensive" interests in the negotiations.⁶¹ In the view of the author, LDCs have instead become marginalized in the GATS negotiations.

For example, in the context of much of the GATS "Request-Offer" negotiating process, including the plurilateral negotiations, LDCs are not participating.⁶² LDCs are no longer the "target" of requests for further liberalization, which might be beneficial from the perspective of reducing pressures for overly-rapid liberalization, but in practice reduces opportunities for LDCs to request

⁵⁷ Barrowclough, as in note 35 above, p. 617.

⁵⁸ Marchetti describes this as the "holdback problem". Juan A. Marchetti, *Developing Countries in the WTO Services Negotiations*, Staff Working Paper ERSD-2004-06, September 2004, p.22. This may also reflect frustration over trading partners' unwillingness to further liberalize, as well as the difficulties of confronting domestic protectionism.

⁵⁹ In the heat of negotiations, the fact that the liberalizing countries usually benefit most, rather than trading partners, seems to be forgotten. See Marchetti, as in note 58 above, pp. 4-8.

⁶⁰ *Doha Work Programme: Ministerial Declaration*, WTO document WT/MIN(05)/DEC, 22 December 2005, p. 5, para. 26.

⁶¹ See, for example, *The Mid-Term Review of the Implementation of the Programme of Action for the Least-Developed Countries for the Decade 2001-2010*, Report by the Director-General of the World Trade Organization (WTO), WTO document WT/COMTD/LDC/13, 22 November 2006, p.2.

⁶² While data on Requests are not reported to the WTO Secretariat, no LDCs have submitted either initial or revised Offers to date. Senegal send a draft Offer to the WTO Secretariat in April 2003, but it was withdrawn for editing and not circulated.

liberalization by trading partners (including developing countries) in return.⁶³ Consequently, excessive emphasis appears to be placed on technical assistance and other "unilateral" developmental aspects, rather than on the very real commercial potential of tourism in LDCs, e.g. as identified by their investment promotion agencies.⁶⁴

LDCs could first negotiate on a commercial basis, achieving as much liberalization as possible from trading partners in exchange, then "top up" their negotiations by adding in the developmental aspects *{Box 4}*. In the author's view, LDCs should be at the very centre of the DDA negotiations, with their issues typically the first item on WTO meeting agendas!

Box 4. LDC "Exclusion" – Is there a Middle Ground?

I. (Hong Kong Ministerial text)¹ "We recognize the particular economic situation of LDCs, including the difficulties they face, and acknowledge that they *are not expected* to undertake new commitments." *{Emphasis added}*

II. (WPDR draft)² **"LDCs shall *not be required* to apply these disciplines. LDCs are nonetheless encouraged to apply these disciplines, to the extent compatible with their special economic situation and their development, trade and financial needs."** *{Emphasis added}*

III. (LDC Modalities)³ "There *shall be flexibility* for LDCs for opening fewer sectors, liberalizing fewer types of transactions, and progressively extending market access in line with their development situation. LDCs shall not be expected to offer full national treatment, nor are they expected to undertake additional commitments under Article XVIII of the GATS on regulatory issues which may go beyond their institutional, regulatory, and administrative capacities. In response to requests, LDCs may make commitments compatible with their development, trade and financial needs and which are limited in terms of sectors, modes of supply and scope." *{Emphasis added}*

Sources: 1) WTO document WT/MIN(05)/DEC, 22 December 2005, pg. 5, para. 26.

2) Draft Chairman's text, Working Party on Domestic Regulation (WPDR).

3) WTO document TN/S/13, 5 September 2003, p. 1, para. 5.

⁶³ It is perhaps only human nature that trade negotiators, whether from developed or developing countries, will focus their limited time and resources on negotiations in which they can directly expect something in return.

⁶⁴ UNCTAD, as note 21 above, pp. 100-106.

V. Missed Opportunities?

Addressing services infrastructure constraints

The economic importance of services for LDCs cannot be ignored; indeed, as stated in the 2008 ECA/AU report, the services sector accounts for the largest segment of Africa's GDP (44.7 per cent) in 2006, followed by industry (41.5 per cent) and agriculture (13.8 per cent).⁶⁵

As mentioned earlier, services had the largest share in Africa's GDP (44.7%) in 2006. This performance consolidates the trend that has been observed in recent years showing the increasing importance of this sector in African economies. Indeed, over the period 2000-2005, the services sector grew at a rate of 4.9 per cent on average at the continental level, much higher than the growth rates of other sectors such as agriculture, which grew at 3.8 per cent on average for the same period.⁶⁶

As noted in the ECA/AU quotes on p.6, the infrastructure constraints of LDCs are major impediments. This includes the lack of (competitively priced) airline access, airport facilities and services, hotels and resorts, financial services, road and maritime transport, etc.⁶⁷ As mentioned above, LDC tourism ministers almost universally recognize the need for greater investment and technology transfer in the tourism sector, but typically have few direct means to remedy the situation.

This lack of adequate tourism infrastructure is crucial, because it is usually a necessary catalyst for tourism FDI and local investment.⁶⁸ Of course, most LDC governments clearly recognize these constraints. Unfortunately, many do not have sufficient financial or technological resources and capacity to provide the needed infrastructure. LDC investment promotion agencies are usually strongly in favour of infrastructure investment; the GATS schedules for many of these same countries, however, give a very different impression {Annex Table A5}.⁶⁹

⁶⁵ UNECA/AU, as note 12 above, p. 7.

⁶⁶ UNECA/AU, as note 12 above, p. 59.

⁶⁷ Some countries, such as India (which is very active in the GATS negotiations), are placing increased emphasis on infrastructure improvements and the rural employment potential of tourism. See, for example, Travel Impact Newswire, *Infrastructure Upgrade for 20 Indian "Mega-Destinations"* and *Rural Tourism also High on the Priority List* (including the website link www.exploreruralindia.org), Thursday, May 29, 2008 (via e-mail – contact imtiaj@travel-impact-newswire.com).

⁶⁸ UNCTAD, as note 21 above, p.60.

⁶⁹ As observed by Adlung and Molinuevo, "There is an apparent gulf to be bridged between those ministries and agencies intent on retaining as much flexibility as possible for policy making and others ready to undertake sweeping bindings in expectation of positive investment effects." Rudolf Adlung and Martin Molinuevo, *Bilateralism in Services Trade: Is There Fire Behind the (BIT-) Smoke?*, WTO Staff Working Paper ERSD-2008-01, January 2008, p.26.

From the perspective of services trade liberalization and GATS negotiations, telecoms is an outstanding example of the potential benefits that can be achieved.⁷⁰ Not long ago, 5 to 10 year waiting lists for (fixed-line) telephone access were common in many developing and least-developed countries. Now, however, even the poorest LDCs typically have some form of mobile telephone service readily available -- with improving the cost and quality of services among the remaining challenges. There are no guarantees, but it is certainly feasible that further trade liberalization could bring not only increased benefits for telecommunications, but also important benefits for a range of tourism-related infrastructural services.⁷¹

Other services constraints

Not only core infrastructure services, but a range of other services are also very important for ensuring tourism quality, competitiveness, and even environmental sustainability. These include education and training services (for both management and staff), health services, professional services, construction, and a broad range of environmental services. Such services can help to significantly raise the level of value-added, by working to differentiate the tourism package in individual LDCs above the level of commodity "sea, sun and sand" tourism.

Box 5. DTIS -- MOZAMBIQUE

Domestic Services - Critical Input to an Efficient Economy

"Mozambique's service sectors have long played a key role in the economic activity of the country and of the region. Its transport and energy systems are vital components of regional networks. For almost all hinterland countries of SADC, it is a port of entry and exit. In the energy markets, it is an important supplier and is fast becoming a significant consumer and trader. It has been a key player in the labor markets of the most developed economy of the region. And Mozambique was once a privileged destination for South African, Zimbabwean, and international tourists.

While traditional services are fundamental to the domestic economy, new categories of services are increasingly adding value to economic activities in Mozambique. Because they affect other economic activities, services must be efficient and competitive. Liberalization programs for particular services sectors can help attract FDI that can improve productivity, price competitiveness, and assist with other economic activities, especially those related to export.

⁷⁰ See, for example, "WTO DG Lamy celebrates benefits of opening trade in telecoms" at http://www.wto.org/english/news_e/pres08_e/pr517_e.htm.

⁷¹ In this context see, for example, WTO document Job No. 2748/Rev.1, *The Developmental Impact of Trade Liberalization Under GATS*, 7 June 1999 (available on WTO website, at http://www.wto.org/english/tratop_e/serv_e/s_coun_e.htm).

In general, Mozambique needs to (1) develop efficient domestic services to increase general economic efficiency and (2) pursue opportunities for appropriating technologies in knowledge-and science-intensive services to ensure technological viability and to start import substitution in these services. This will entail improvements in education and professional training, particularly in construction engineering, architecture, internationally certified accounting and auditing, IT for management, and modern technology telecommunications.

To attract foreign operators into these areas, Mozambique should streamline or eliminate regulations that limit business in service sectors. It may also need to enact laws and regulations in certain service sectors. The WTO's General Agreement on Trade in Services (GATS) and the current round of GATS negotiations offer Mozambique a forum for improving the transparency of its laws and regulations governing services and for making its business environment more predictable.

In sum, to improve its domestic service supply, Mozambique needs to:

- Expand and deepen the education, health, technology, and science systems to supply the economy with qualified and skilled workers and new technologies;
- Upgrade infrastructure related to transport and tourism to improve domestic supply of these services and export to regional markets;
- Attend to newer services that are in high demand in a modern economy; and
- Modernize the legal and regulatory environments for banking, finance, publishing, data transmission and other IT-based and near-virtual platform service production and provision."

Source: DTIS, Volume 2, Mozambique, December 2004, p. 13-2. (Website reference: http://www.integratedframework.org/files/english/Mozambique_dtis_vol2-dec04.pdf).

Travel warnings and other regulatory issues

As noted on page 15 (footnote 42) above, the tourism plurilateral request addresses the issue of travel warnings, which can be devastating for LDC tourism revenues. To help explain the tourism request, a "model schedule" was prepared by the requesting countries, illustrating the types of liberalization being sought. With regard to travel warnings, the model schedule asks the "target countries" to add "additional commitments" to their GATS schedule with respect to the procedures used when formulation and administering travel warnings, e.g. transparency, accuracy, etc. The recommendations are based on UNWTO guidelines.⁷² As mentioned earlier, however, the tourism plurilateral request currently lacks LDC (and developing country) support.

Agricultural, industrial, and Aid for Trade linkages

As noted above, expanding "linkages" is crucial for reducing tourism "leakages", and for increasing domestic value-added. While the tourism – agriculture – poverty alleviation nexus might not seem fully evident at first, tourism potentially offers very important, high-value markets for

⁷² See UNWTO website, *Ethics in Tourism* (http://www.unwto.org/code_ethics/eng/global.htm).

domestic agriculture, as well as significant entry-level employment opportunities for lower-skilled former agricultural workers -- typically with better wages and work conditions.⁷³ In the case of Kenya's cut flower exports, for example, the domestic hotel market for flowers was an important stepping stone to expanding exports abroad.

The requirements for tapping tourism's poverty alleviation opportunities for agriculture evidently include infrastructure, financing, market information and education/technology. Among the key elements would be reasonably efficient telecommunications to convey market information, adequate roads between farms and tourism destinations, (refrigerated) trucks, availability of suitable financing, agricultural extension services to ensure product quality, etc. Linkages here with the GATS negotiations are obvious.⁷⁴

Likewise for industry, expanding tourism offers potentially important markets for domestic manufactures. In a number of developing countries, for example, their large tourism sectors have been a major market for the domestic furniture industry.⁷⁵ Similar situations could apply to a wide range of domestic manufactures in many LDCs, as well as support services such as maintenance. Again, the availability of competitively priced services, including suitable financing and reasonably efficient telecommunications, as well as a wide range of business services, would seem to be essential requirements for success. As already implied, adding 100,000's of annual tourism visitors offers important opportunities for direct sales of domestically manufactured items.

While nearly all LDCs, and developing countries in general, have policies to attract FDI, not enough attention has apparently been given to ensuring that the full benefits of such investments are actually realized:

⁷³ As noted by the ILO, "The HCT sector is experiencing a shortage of skilled labour. Innovative and comprehensive human resource development strategies are crucial in order to attract and retain qualified workers in the sector and to maximize the returns on investments made in training." ILO, as note 26 above, p.21.

⁷⁴ A recent reference to the need for infrastructural improvements in agriculture is found in the Financial Times article by Alan Beattie, *Seeds of change: Africa seeks to engineer an agricultural revolution* which states, "Farmers, agronomists and development experts say that new technology alone, particularly in the short term, will bring no radical transformation. Quicker gains can be made improving markets and transport, which will help expand existing, under-used technologies." FT, 3 June 2008.

⁷⁵ The ILO notes, "As with construction, the supply of furniture and its repair to tourism enterprises can often be undertaken locally. Some countries (such as Kenya and Thailand) have developed export markets that were originally based on supplying furniture to the local tourism industry. Despite this, many international tourism enterprises fail to consider or work towards such sourcing. If orders are sufficient, it is also possible for the industry to help develop local skill training in what can be a highly valuable and diverse industry." ILO, Sectoral Activities Programme, *Reducing Poverty through Tourism*, Geneva 2008, pp. 25-26.

Developing countries have become increasingly open to attracting FDI; however, fewer countries have put in place the policies that will help them to make the most of these opportunities. TNCs can potentially help to catalyse new employment opportunities at many points throughout the long and diverse tourism production chain; however, these will be better achieved if there is in place the appropriate flanking policies at the domestic level, including, for example, training and skills promotion; helping local agricultural producers to scale-up the quality and reliability of their produce; and boosting domestic entrepreneurs' abilities to build domestic hotels and provide other services such as transport, guiding, creative industries and cultural services. As much effort needs to be directed towards beefing up the domestic side of the tourism equation as goes into attracting the foreign side.⁷⁶

With respect to Aid for Trade, the need to address LDC infrastructural constraints, as well as agricultural issues, is well-recognized, but tourism-related needs are seldom directly mentioned.⁷⁷ According to information received by the author, only one LDC (Cambodia) has specifically mentioned tourism in the context of Aid for Trade as part of the first Global Review.⁷⁸ On a regional basis, only Asia has specifically identified tourism as one of the areas where aid had or could benefit trade. It is therefore probably safe to assume that tourism's infrastructural requirements, (including those identified as part of the Enhanced Integrated Framework) are not receiving full attention. For the reasons already mentioned, this undoubtedly represents a huge missed opportunity for poverty alleviation.

VI. Conclusions

Value of GATS commitments

While GATS commitments are, of course, no guarantee in themselves that FDI (or domestic investment) will actually take place,⁷⁹ they can serve as a high-profile means of attracting worldwide

⁷⁶ Barrowclough, as in note 35 above, pp. 634-635.

⁷⁷ As stated by the ILO, "The strategically important question is how to move from niche tourism to mainstream tourism for development. Developing countries should highlight the sector in their national Poverty Reduction Strategy Papers (PRSPs) and financing institutions need to recognize the impact of tourism in their support strategies, which requires the involvement of all stakeholders through a meaningful social dialogue." ILO, as note 26 above, p.14. Detailed information on Aid for Trade is available on the WTO website, at http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm.

⁷⁸ Data compiled (on 33 countries studied) by researcher Loreto Ibanez, together with Henryk Handszuh and UNWTO staff, as well as conversations with WTO staff.

⁷⁹ An equally important or even greater role is played by such factors as social and political stability, public security, economic stability, health and public sanitation, government regulation, taxation levels, etc. As noted by Marchetti, "Trade liberalization and integration into the world economy is not an end in itself, but a powerful means to achieve the objective of sustainable economic growth and development. Powerful as it may be, it is worth remembering that trade liberalization is a necessary but not a sufficient condition to attain economic development. Many other factors, such as geography, resource endowments, the protection of property rights in its largest sense, and the quality of the institutional and regulatory frameworks, will be determinants of success". See Marchetti, as note 58 above, p. 3.

attention and promoting individual LDC development policies. Tourism is a global industry, and many aspects would evidently seem to be best addressed at the multilateral level.

Another crucial advantage of GATS commitments is the fact they are legally binding upon the country concerned, thereby fully demonstrating the predictability and certainty intended by governments for both foreign and domestic investors. This higher level of certainty, e.g. that investment regulations and policies will not be suddenly reversed with the arrival of a new government, can be a powerful benefit.⁸⁰ It could also be a strong argument for requesting lowering of the "risk premiums" currently being demanded by some for investing in LDCs. As noted by Adlung:

There are several channels through which the GATS could promote trade and investment, and help reduce income disparities within and between countries: efficiency effects associated with trade liberalization in intermediate (infrastructural) services, income transfers generated by workers moving abroad, or the mobilization of private investment for social policy purposes. As suggested before, the most immediately available approach, from an individual government's perspective, is the creation of favourable and predictable investment conditions in *basic infrastructural sectors*.⁸¹ *{Emphasis added}*

Contrary perhaps to some commonly-held views, making GATS commitments does not require governments to surrender all policy choices, or to fully liberalize.⁸² Important options when scheduling GATS commitments include the opportunity to phase-in obligations over time (e.g. 5-10 years), thereby giving both foreign and domestic investors sufficient time to prepare and adapt, while fully indicating the seriousness of government policy intentions. Other possible GATS options include limiting the number of foreign suppliers, adding joint-venture requirements, foreign-equity limitations, training requirements, etc.:

"On the one hand, it can credibly be argued that the growth and efficiency effects associated with liberalization increase the scope for pro-poor policies. Authorization to supply a service, even in sectors fully liberalized under the GATS, can be combined with universal service obligations requiring the licensee to cater for disadvantaged regions or population groups at non-commercial terms and conditions.

⁸⁰ As noted by Adlung, "the GATS offers an opportunity to secure domestic policy reforms, once decided, against the resistance of vested interests in affected sectors, regions and/or government departments. Like any other obligations under the Agreement, relevant bindings are protected by impartial, non-politicized dispute settlement. In turn, this is likely to positively affect the risk perception of potential market entrants, domestic and foreign, and promote private capital participation.{FN omitted} Such effects are particularly relevant in sectors like telecommunications and financial services where large upfront investments are necessary to gain a foothold in a new market." Rudolf Adlung (2007), *The Contribution of Services Liberalization to Poverty Reduction: What Role for the GATS?*, Staff Working Paper ERSD-2007-01, June 2007, p.11.

⁸¹ See Adlung, as note 80 above, p.17.

⁸² WTO services website, as note 23 above.

There are many variants of such policy schemes. Alternatively, governments could operate universal service funds or organize minimum subsidy auctions which, in turn, might be financed from service charges imposed on operator revenues. On the other hand, not all governments are aware of the need to pursue such policies and equipped with necessary information and resources."⁸³ {Footnotes omitted}

Advantages over unilateral, bilateral or regional liberalization

While unilateral liberalization is of course highly beneficial, it might not be as effective as binding GATS commitments in situations where investors are not fully confident of policy stability.⁸⁴ In addition, systemic issues, such as procedures for administering travel warnings, are undoubtedly more difficult to address at the bilateral or regional level.

One of the arguments commonly made is that governments typically feel more comfortable liberalizing at the bilateral and regional levels, and fear that the binding nature of GATS commitments gives less possibility for undoing policy mistakes. In reality, however, many developing countries, including some LDCs, have already entered into extensive commitments in the context of bilateral investment treaties (BITs), and it is difficult to image that most BITs would be politically (and perhaps even legally) significantly less difficult to undo than GATS obligations.⁸⁵

Not too late to address the neglect?

Despite the advanced stage of the DDA negotiations, it might not be too late to address the imbalances. The current LDC "exclusion" in services can be ended at any time by the LDCs themselves, either on an individual or collective basis, simply by participating more fully in the Request-Offer process, including the Tourism Plurilateral Request. Indeed, rumours are often heard of developing, and even LDC, governments having GATS Offers "in their back pocket" should they be needed.⁸⁶ With respect to the services negotiations, a significant number of issues could be discussed *{Box 6}*. In the Aid for Trade context, highlighting the importance of tourism in the DDA would obviously be extremely useful.

⁸³ See Adlung, as note 80 above, p. 8.

⁸⁴ As stated by Marchetti, "The main limit of trade policy reform in developing countries is the lack of credibility, i.e., the difficulty faced by policy makers to convince business, labour and consumers that trade reforms will be lasting, and that governments will stick to them and will oppose any adverse reactions, particularly in the short term, when adjustment costs may be felt. Reform processes are frequently met with scepticism on the part of the private sector, particularly in countries with a history of policy reversals". See Marchetti, as note 58 above, p. 21.

⁸⁵ See, for example, Adlung and Molinuevo, as note 69 above. Also, it is important to remember the "power imbalances" of bilateral negotiations between most LDCs and more developed countries. By contrast, it can be argued strongly that the common rules applicable to all WTO Members, as well as the opportunity to form negotiating coalitions, offer more favourable negotiating opportunities for LDCs.

⁸⁶ In addition, many LDCs (and developing countries) are currently considering binding services commitments/liberalization in the context of the EPA negotiations with the EC.

Existing national-level investment promotion objectives, as well as the DTIS and TPR reports could be helpful guides for further identifying priorities for both GATS negotiations and Aid for Trade. The focus should not necessarily be on making GATS commitments, but rather to ensure that the trade importance of tourism for LDCs is acknowledged and highlighted.⁸⁷ Indeed, LDC governments can always further liberalize on a unilateral basis; in the context of the DDA, however, they can also request increased access to trading partners' markets in exchange, as well as gain valuable international attention and publicity.

Box 6. Potential Tourism Issues in the Services Negotiations?

- Linkages between GATS infrastructure 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;
- Mode 4 aspects, including the recognition of tourism professional qualifications;
- Linkages with air transport;
- Technical standards in tourism;
- Procedures for issuing travel warnings;
- Possibility of scheduling Additional Commitments (e.g. UNWTO Code of Ethics)

Source: Author.

Final thoughts

Fully adding tourism interests to trade policy formulation might easily help tip the balance in favour of greater GATS and WTO involvement. As noted, the current LDC "exclusion" can be ended at any time, and does not prevent LDCs from taking the initiative. Of course, there are no absolute guarantees of success, but it does seem essential to bring the LDCs (and tourism) more fully into the Doha Development Agenda.

As with other aspects of the Doha Development Agenda, perhaps it's time now for a bit less "poker-playing" by governments and trade negotiators (from both developed and developing countries), and instead focusing more on overall economic benefits and opportunities for poverty alleviation!

⁸⁷ The main point of this paper is not to deny the importance of agriculture or other LDC and developing country trade issues, but rather to enquire; should the poverty alleviation potential of tourism now become a greater priority in the DDA negotiations?

ANNEX

Table A1: Leading merchandise exports of LDCs in 2005^a
(As compared to LDC 2005 tourism exports of US\$ 5.23 billion)

Product Description (HS96)	Value*	Share in Total Exports**
All Commodities (0 to 9)	78176	100.0
Mineral fuels, oils, distillation products, etc (27)	41440	53.0
Articles of apparel, accessories, knit or crochet (61)	6828	8.7
Articles of apparel, accessories, not knit or crochet (62)	6041	7.7
Fish, crustaceans, molluscs, aquatic invertebrates nes (03)	2611	3.3
Pearls, precious stones, metals, coins, etc (71)	2095	2.7
Ores, slag and ash (26)	1784	2.3
Ships, boats and other floating structures (89) ^b	1470	1.9
Wood and articles of wood, wood charcoal (44)	1459	1.9
Aluminium and articles thereof (76)	1322	1.7
Copper and articles thereof (74)	1271	1.6
Cotton (52)	1161	1.5
Coffee, tea, mate and spices (09)	1137	1.5
Tobacco and manufactured tobacco substitutes (24)	764	1.0

(*Million dollars and **percentage)

^aBased on imports from LDCs by 134 countries and economies reporting their trade to the UNSD Comtrade Database.

^bData includes flags of convenience.

Source: WTO, based on UNSD Comtrade database. (WT/COMTD/LDC/W/41/Rev.1, p. 9, as edited.)

Table A2: LDC International Tourism Receipts

	International Tourism Receipts (US\$, million)					Market share %			Growth rate %		Average annual growth %	
	1995	2000	2004	2005	2006	1995	2000	2006	05/04	06/05	1995- 2000	2000- 2006
World	404,992	475,311	633,174	679,638	742,069	100	100	100	7.3	9.2	3.3	7.7
Developing Countries	91,965	121,791	179,238	198,550	224,611	22.8	25.6	30.3	10.8	13.1	5.8	10.7
50 Least Developed Countries (LDCs)	2,257	2,983	4,731	5,234	5,955	0.6	0.6	0.8	10.6	13.8	5.7	12.2
non-oil exporters	2,188	2,882	4,505	4,875	5,447	0.5	0.6	0.7	8.2	11.7	5.7	11.4
oil-exporters	69	101	226	358	508	0.0	0.0	0.1	58.7	41.9	7.7	31.0
Other low- & lower-middle income ec. ¹	43,619	60,224	86,432	95,442	113,816	10.8	12.7	15.4	10.5	19.3	6.7	11.2
Upper-middle income economies ¹	46,085	58,585	88,076	97,874	104,839	11.4	12.3	14.1	11.1	7.1	4.9	10.2
High income and other	313,027	353,579	453,936	481,088	517,537	77.3	74.4	69.7	6.0	7.6	2.5	6.6
High income OECD ¹	269,654	307,372	395,273	416,730	446,488	66.6	64.7	60.2	5.4	7.1	2.7	6.4
High income non-OECD ¹	37,327	40,627	52,602	57,341	63,786	9.5	8.5	8.6	9.0	11.2	1.0	7.8
Not classified by World Bank	4,794	5,521	6,062	7,264	7,276	1.2	1.2	1.0	3.5	3.7	2.9	4.7
Developing Countries	91,965	121,791	179,238	198,550	224,611	22.7	25.6	30.3	10.8	13.1	5.8	10.7
50 Least Developed Countries (LDCs)	2,257	2,983	4,731	5,234	5,955	0.6	0.6	0.8	10.6	13.8	5.7	12.2
Afghanistan	..	..	..	..	..		
Angola	10	18	66	88	75	0.0	0.0	0.0	34.0	-15.0	12.5	26.9
Bangladesh	25	50	67	70	80	0.0	0.0	0.0	4.5	14.6	14.9	8.2
Benin	85	77	118	103	116	0.0	0.0	0.0	-12.4	12.5	-2.0	7.1
Bhutan	5	10	12	19	24	0.0	0.0	0.0	48.6	29.4	14.9	15.7
Burkina Faso	..	19	45	45	53		0.0	0.0	-1.5	17.5		18.4
Burundi	1	1	1	2	1	0.0	0.0	0.0	25.0	-13.3	-10.6	8.4
Cambodia	53	304	604	840	963	0.0	0.1	0.1	39.1	14.7	41.8	21.2
Cape Verde	10	41	99	127	228	0.0	0.0	0.0	28.5	79.1	32.4	33.3

	International Tourism Receipts (US\$, million)					Market share %			Growth rate %		Average annual growth %	
	1995	2000	2004	2005	2006	1995	2000	2006	05/04	06/05	1995-2000	2000-2006
Cent.Afr.Rep.	4	5	4	..	..	0.0	0.0				1.9	
Chad	43	14	..	..	..	0.0	0.0				-19.9	
Comoros	22	15	21	24	27	0.0	0.0	0.0	10.5	13.6	-7.4	10.2
Dem.R.Congo	..	..	1	..	..					
Djibouti	5	8	7	7	9	0.0	0.0	0.0	4.0	29.6	8.4	2.1
Equatorial Guinea ²	1	5	..	..	..	0.0	0.0				28.1	
Eritrea	58	36	73	66	60	0.0	0.0	0.0	-9.6	-9.1	-9.1	8.9
Ethiopia	16	57	174	168	162	0.0	0.0	0.0	-3.3	-3.6	28.9	19.0
Gambia	28	48	58	62	66	0.0	0.0	0.0	8.2	6.1	11.2	5.6
Guinea	1	12	30	..	70	0.0	0.0	0.0			64.4	34.2
Guinea-Bissau	..	..	1	2	3			0.0	61.5	73.3		
Haiti	90	128	87	80	135	0.0	0.0	0.0	-8.0	68.8	7.3	0.9
Kiribati	2	3	..	..	..	0.0	0.0				6.2	
Lao P.D.R.	51	114	119	147	173	0.0	0.0	0.0	23.4	17.9	17.5	7.2
Lesotho	27	23	33	31	36	0.0	0.0	0.0	-7.4	17.1	-3.3	8.0
Liberia	..	..	1	1	1			0.0	12.5	0.0		
Madagascar	58	121	157	183	237	0.0	0.0	0.0	16.7	29.5	15.8	11.9
Malawi	17	25	24	24	24	0.0	0.0	0.0	-0.1	0.1	7.8	-0.9
Maldives	211	321	471	287	434	0.1	0.1	0.1	-39.1	51.3	8.7	5.2
Mali	25	40	140	148	175	0.0	0.0	0.0	6.0	18.0	9.9	27.9
Mauritania	11	..	..	..	..	0.0						
Mozambique	..	74	95	130	140		0.0	0.0	36.0	7.8		11.1
Myanmar	151	162	84	68	46	0.0	0.0	0.0	-19.0	-32.4	1.4	-18.9
Nepal	177	158	230	132	128	0.0	0.0	0.0	-42.7	-3.0	-2.2	-3.5
Niger	7	23	31	43	36	0.0	0.0	0.0	39.4	-16.5	26.9	7.8
Rwanda	2	4	44	49	31	0.0	0.0	0.0	11.4	-36.7	16.4	39.2
Samoa	35	41	69	77	90	0.0	0.0	0.0	11.6	16.9	3.2	14.0

	International Tourism Receipts (US\$, million)					Market share %			Growth rate %		Average annual growth %	
	1995	2000	2004	2005	2006	1995	2000	2006	05/04	06/05	1995-2000	2000-2006
Sao Tome Prn	..	10	13	14	7		0.0	0.0	6.3	-50.7		-6.3
Senegal	168	144	212	242	250	0.0	0.0	0.0	14.3	3.3	-3.0	9.7
Sierra Leone	57	10	58	64	23	0.0	0.0	0.0	10.3	-64.1	-29.4	14.9
Solomon Is	16	4	4	3	4	0.0	0.0	0.0	-26.1	25.5	-25.8	2.3
Somalia	..	..	..	..	..		
Sudan	8	5	21	89	252	0.0	0.0	0.0	324.4	183.2	-9.0	92.2
Tanzania	502	377	746	824	950	0.1	0.1	0.1	10.4	15.4	-5.6	16.7
Timor-Leste	..	..	..	..	..		
Togo	13	8	19	20	21	0.0	0.0	0.0	7.3	0.8	-9.3	17.0
Tuvalu	..	..	..	..	..		
Uganda	78	165	267	380	309	0.0	0.0	0.0	42.3	-18.7	16.2	11.0
Vanuatu	45	56	75	85	92	0.0	0.0	0.0	13.3	8.2	4.5	8.6
Yemen	50	73	139	181	181	0.0	0.0	0.0	30.2	0.0	7.9	16.3
Zambia	..	133	92	98	110		0.0	0.0	6.5	12.2		-3.1

Source: World Tourism Organization (UNWTO) ©

¹ according to the World Bank Atlas method (July 2007).

² Upper middle income according to World Bank

³ OECD but not high income

(Data as collected by UNWTO June 2008)

Table A3: LDC International Tourism Arrivals

	International Tourist Arrivals (1000)					Market share %			Growth rate %		Average annual growth %	
	1995	2000	2004	2005	2006	1995	2000	2006	05/04	06/05	1995-2000	2000-2006
World	535,578	683,344	761,958	803,407	847,301	100	100	100	5.5	5.5	5.0	3.6
Developing Countries	178,194	233,350	295,767	317,304	334,653	33.3	34.1	39.5	7.3	5.5	5.5	6.2
50 Least Developed Countries (LDCs)	4,290	5,799	9,096	10,309	11,940	0.8	0.8	1.4	13.3	15.8	7.3	12.8
Other low- & lower-middle income ec. ¹	67,527	100,541	137,447	149,580	162,987	12.6	14.7	19.2	8.8	9.0	8.1	8.4
Upper-middle income economies ¹	106,377	127,010	149,224	157,414	159,725	19.9	18.6	18.9	5.5	1.5	3.6	3.9
High income and other	357,384	449,994	466,191	486,104	512,648	66.7	65.9	60.5	4.3	5.5	4.7	2.2
High income OECD ¹	309,357	389,290	391,592	407,159	428,784	57.8	57.0	50.6	4.0	5.3	4.7	1.6
High income non-OECD ¹ & other	48,027	60,704	74,599	78,944	83,864	9.0	8.9	9.9	5.8	6.2	4.8	5.5
Not classified by World Bank	4,120	4,798	5,010	5,405	5,547	0.8	0.7	0.7	7.3	2.6	5.5	6.2
Developing Countries	178,194	233,350	295,767	317,304	334,653	33.3	34.1	39.5	7.3	5.5	5.5	6.2
<i>50 Least Developed Countries (LDCs)</i>	<i>4,290</i>	<i>5,799</i>	<i>9,096</i>	<i>10,309</i>	<i>11,940</i>	<i>0.8</i>	<i>0.8</i>	<i>1.4</i>	<i>13.3</i>	<i>15.8</i>	<i>7.3</i>	<i>12.8</i>
Afghanistan	..	..	..	..	..	..	..	..	..	..	..	..
Angola	9	51	194	210	121	0.0	0.0	0.0	8.0	-42.2	41.5	15.6
Bangladesh	156	199	271	208	200	0.0	0.0	0.0	-23.4	-3.5	5.0	0.1
Benin	138	96	174	176	180	0.0	0.0	0.0	1.4	2.3	-7.0	11.0
Bhutan	5	8	9	14	17	0.0	0.0	0.0	47.3	27.3	9.6	14.7
Burkina Faso	124	126	222	245	264	0.0	0.0	0.0	10.1	7.9	0.2	13.2
Burundi	34	29	133	148	201	0.0	0.0	0.0	11.4	35.6	-3.1	38.1
Cambodia	220	..	987	1,333	1,591	0.0	0.1	0.2	35.1	19.4	..	..
Cape Verde	28	115	157	198	242	0.0	0.0	0.0	26.0	22.2	32.7	13.2
Cent.Afr.Rep.	26	11	8	12	14	0.0	0.0	0.0	46.8	15.0	-15.5	3.5
Chad	19	43	26	29	16	0.0	0.0	0.0	13.3	-45.5	17.7	-15.2
Comoros	23	24	18	20	29	0.0	0.0	0.0	11.1	45.8	0.9	2.9

	International Tourist Arrivals (1000)					Market share %			Growth rate %		Average annual growth %	
	1995	2000	2004	2005	2006	1995	2000	2004	05/04	06/05	1995-2000	2000-2006
Dem.R.Congo	35	103	36	61	55	0.0	0.0	0.0	68.4	-9.6	24.1	-9.9
Djibouti	21	20	26	30	40	0.0	0.0	0.0	14.8	30.8	-0.9	11.9
Equatorial Guinea ²	..	..	..	..	..		
Eritrea	315	70	87	83	78	0.1	0.0	0.0	-4.6	-5.8	-26.0	1.9
Ethiopia	103	136	184	227	290	0.0	0.0	0.0	23.5	27.7	5.7	13.5
Gambia	45	79	90	108	125	0.0	0.0	0.0	19.8	15.7	11.9	7.9
Guinea	..	33	45	45	46		0.0	0.0	1.6	1.7		5.7
Guinea-Bissau	..	..	..	5	12			0.0		133.4		
Haiti	145	140	96	112	..	0.0	0.0		16.4		-0.7	
Kiribati	4	5	4	3	4	0.0	0.0	0.0	-16.0	45.1	4.2	-1.4
Lao P.D.R.	60	191	407	672	842	0.0	0.0	0.1	65.1	25.3	26.1	28.1
Lesotho	209	302	304	304	357	0.0	0.0	0.0	0.0	17.6	7.6	2.8
Liberia	..	..	..	..	..		
Madagascar	75	160	229	277	312	0.0	0.0	0.0	21.3	12.4	16.4	11.7
Malawi	192	228	427	438	638	0.0	0.0		2.4	45.8	3.5	18.7
Maldives	315	467	617	395	602	0.1	0.1	0.1	-35.9	52.3	8.2	4.3
Mali	42	86	113	143	153	0.0	0.0	0.0	26.8	6.9	15.5	9.9
Mauritania	..	30	..	..	..		0.0					
Mozambique	..	..	470	578	664			0.1	23.0	14.9		
Myanmar	117	208	242	232	264	0.0	0.0	0.0	-4.0	13.5	12.2	4.0
Nepal	363	464	385	375	384	0.1	0.1	0.0	-2.6	2.3	5.0	-3.1
Niger	35	50	57	60	60	0.0	0.0	0.0	5.1	0.7	7.4	3.2
Rwanda	..	104	..	..	..		0.0					
Samoa	68	88	98	102	116	0.0	0.0	0.0	3.7	13.8	5.3	4.7
Sao Tome Prn	6	7	11	16	12	0.0	0.0	0.0	49.1	-22.2	2.7	9.6
Senegal	280	389	667	769	866	0.1	0.1	0.1	15.3	12.6	6.8	14.3

	International Tourist Arrivals (1000)					Market share %			Growth rate %		Average annual growth %	
	1995	2000	2004	2005	2006	1995	2000	2004	05/04	06/05	1995-2000	2000-2006
Sierra Leone	38	16	44	40	34	0.0	0.0	0.0	-8.1	-15.8	-15.9	13.2
Solomon Is	11	5	..	10	11	0.0	0.0	0.0		14.8	-14.2	14.1
Somalia	..	..	..	..	..		
Sudan	29	38	61	246	328	0.0	0.0	0.0	305.8	33.5	5.6	43.2
Tanzania	285	459	566	590	628	0.1	0.1	0.1	4.2	6.4	10.0	5.4
Timor-Leste	..	..	..	..	..		
Togo	53	60	83	81	94	0.0	0.0	0.0	-2.3	16.5	2.5	7.8
Tuvalu	1	1	1	1	1	0.0	0.0	0.0	-15.9	4.6	4.1	0.5
Uganda	160	193	512	468	539	0.0	0.0	0.1	-8.7	15.1	3.8	18.7
Vanuatu	44	58	61	62	68	0.0	0.0	0.0	1.1	9.7	5.7	2.7
Yemen	61	73	274	336	382	0.0	0.0	0.0	22.8	13.8	3.7	31.8
Zambia	163	457	515	669	757	0.0	0.1	0.1	29.9	13.2	22.9	8.8

Source: World Tourism Organization (UNWTO) ©

¹ according to the World Bank Atlas method (July 2007).

² Upper middle income according to World Bank

³ OECD but not high income

(Data as collected by UNWTO June 2008)

Table A4: LDC GATS Commitments -- Tourism

Summary of Specific Commitments

Countries	1	2	3	4	Total
Angola	X				1
Bangladesh	X				1
Benin	X				1
Burkina Faso	X	X			2
Burundi	X	X	X		3
Cambodia	X	X	X		3
Cape Verde*	X	X	X		3
Central African Rep.	X	X	X	X	4
Chad	X	X			2
Congo RP	X	X	X		3
Djibouti	X				1
Gambia	X	X	X		3
Guinea	X		X		2
Guinea-Bissau	X				1
Haiti	X				1
Lesotho	X	X	X		3
Malawi	X	X	X	X	4
Mali	X				1
Mauritania	X	X	X		3
Myanmar	X	X			2
Nepal	X	X			2
Niger	X	X	X		3
Rwanda	X				1
Senegal	X	X			2
Sierra Leone	X	X	X	X	4
Solomon Islands	X				1
Tanzania	X				1
Togo	X	X	X		3
Uganda	X	X			2
Zambia	X	X	X	X	4
Total	30	19	14	4	67

* Cape Verde is no longer considered by the United Nations as an LDC.

Note: "X" indicates at least a partial commitment in the sub-sector concerned.

Legends

- 1) -- 09.A. Hotels and Restaurants
- 2) -- 09.B. Travel Agencies and Tour Operators Services
- 3) -- 09.C. Tourist Guides Services
- 4) -- 09.D. Other

Table A5: LDC GATS Commitments – Main sectors

Summary of Specific Commitments

Countries	1	2	3	4	5	6	7	8	9	10	11	12	Total
Angola							X		X	X			3
Bangladesh		X							X				2
Benin	X						X		X		X		4
Burkina Faso									X				1
Burundi	X		X	X				X	X				5
Cambodia	X	X	X	X	X	X	X	X	X	X	X	X	11
Cape Verde*	X	X	X	X	X	X	X		X	X	X		10
Central African Rep.	X	X				X			X	X			5
Chad									X				1
Congo RP	X	X	X		X				X	X			6
Djibouti	X	X							X	X			4
Gambia	X	X	X	X	X	X	X	X	X	X	X	X	12
Guinea	X					X		X	X		X		5
Guinea-Bissau									X	X			2
Haiti	X		X		X		X		X				5
Lesotho	X	X	X	X	X	X	X		X		X	X	10
Madagascar	X												1
Malawi	X		X				X	X	X				5
Maldives	X												1
Mali					X				X				2
Mauritania									X				1
Mozambique							X						1
Myanmar									X		X		2
Nepal	X	X	X	X	X	X	X	X	X	X	X	X	11
Niger									X		X		2
Rwanda	X				X	X			X	X			5
Senegal	X	X		X			X		X	X	X		7
Sierra Leone	X	X	X		X	X	X	X	X	X	X		10
Solomon Islands	X		X				X		X				4
Tanzania									X				1
Togo			X						X	X			3

Uganda		X							X				2
Zambia	X		X					X	X				4
Total	20	12	13	7	10	9	13	8	30	13	11	2	148
* Cape Verde is no longer considered by the United Nations as an LDC.													
Note: "X" indicates at least a partial commitment in the sector concerned.													

Legends

- 01. Business Services
- 02. Communication Services
- 03. Construction and Related Engineering Services
- 04. Distribution Services
- 05. Educational Services
- 06. Environmental Services
- 07. Financial Services
- 08. Health Related and Social Services
- 09. Tourism and Travel Related Services
- 10. Recreational, Cultural and Sporting Services
- 11. Transport Services
- 12. Other Services not Included Elsewhere

Table A6: The Cluster of Tourism Industries

Communication from the Dominican Republic, El Salvador, and Honduras – The Cluster of Tourism Industries (WTO document S/CSS/W/19, 5 December 2000, pp. 4-8.)

Attribution of Tourism Characteristic Services to the services sectoral classification used in the Uruguay Round. (Services Sectoral Classification List, WTO document MTN.GNS/W/120)

SECTOR 1 - BUSINESS SERVICES

D. REAL ESTATE SERVICES

CPC SECTION B

822 **b. on a fee or contract basis**
Support services to time share activities

E. RENTAL / LEASING SERVICES WITHOUT OPERATORS

CPC SECTION B

83103 **a. Relating to ships**
Leasing or rental services concerning passenger vessels without operator

83104 **b. Relating to aircraft**
Leasing or rental services concerning passenger aircraft without operator

83101-2, 83105 **c. Relating to other transport equipment**
Leasing or rentals services concerning cars and light vans without operator
Leasing or rental services concerning campers/motor homes without operator

83106-9 **d. Relating to other machinery and equipment**
Non-motorized land transport equipment leasing or rental services
Winter sports equipment leasing or rental services
Water sports and beach equipment leasing or rental services
Camping equipment leasing or rental services
Saddle horse leasing or rental services
Photographic camera rental services

F. OTHER BUSINESS SERVICES

CPC SECTION B

881 **f. Services incidental to agriculture, hunting and forestry**
Hunting licence services

882 **g. Services incidental to fishing**
Fishing licence services

87909 **Convention services**
Trade fair and exhibition organization services

SECTOR 7 - FINANCIAL SERVICES

A. ALL INSURANCE AND INSURANCE RELATED SERVICES

CPC SECTION B

812 **a. Life, accident and health insurance services**
Travel life insurance services
Travel accident insurance services
Travel health insurance services

8129 **Non-life insurance related services**
Passenger's aircraft of own use insurance services
Passenger's vessel of own use insurance services
Travel insurance services

B. BANKING AND OTHER FINANCIAL SERVICES

CPC SECTION B

- | | |
|--------------|--|
| 8113 | b. Lending of all types, incl., inter alia, consumer credit, mortgage credit, factoring and financing of commercial transaction
Travel card services
Travel loan services |
| 81333 | Foreign exchange
Foreign exchange services |

SECTOR 9 - TOURISM AND TRAVEL RELATED SERVICES

A. HOTELS AND RESTAURANTS (INCL. CATERING)

CPC SECTION B

- | | |
|----------------|---|
| 641-643 | Hotels and restaurants
Hotel and motel lodging services
Holiday center and holiday home services
Letting services of furnished accommodation
Youth hostel services
Children's training and holiday camp services
Camping and caravanning site services
Sleeping-car and similar services in other transport media;
hall residence of students
Meal serving services with full restaurant services
Meal serving services in self-service facilities
Other food serving services
Beverage serving services for consumption on the premises |
|----------------|---|

B. TRAVEL AGENCIES AND TOUR OPERATOR SERVICES

CPC SECTION B

- | | |
|-------------|---|
| 7471 | Travel agencies and tour operator services
Travel agency services
Tour operator services |
|-------------|---|

C. TOURIST GUIDES SERVICES

CPC SECTION B

- | | |
|-------------|---|
| 7472 | Tourist guides services
Sightseeing excursion services
Sightseeing services, aircraft or helicopter
Tourist guide services
Guide services (mountain, hunting, fishing) |
|-------------|---|

D. OTHER

CPC SECTION B

- Tourist information services (including travel information, advice and planning services provided by tourist offices; accommodation reservation services; and airline, train, bus and other reservation services relating to travel)

SECTOR 10 - RECREATIONAL, CULTURAL AND SPORTING SERVICES

A. ENTERTAINMENT SERVICES (including theatre, live bands and circus services)

CPC SECTION B

- | | |
|-------------|---|
| 9619 | Entertainment services
Performing arts facility operation services
Services of performing artists
Theme park services |
|-------------|---|

Amusement park services
Fair and carnival services
Casino services
Slot machine services
Escort services

C. LIBRARIES, ARCHIVES, MUSEUMS AND OTHER CULTURAL SERVICES

CPC SECTION B

963 Libraries, archives, museums and other cultural services
Museum services except for historical sites and buildings
Preservation services of historical sites and buildings
Botanical and zoological garden services
Nature reserve services including wildlife preservation services

SPORTING AND OTHER RECREATIONAL SERVICES

CPC SECTION B

964 Sporting and recreational services
Sports and recreational sports event promotion and organization services
Golf course services
Ski fields operation services
Race circuit
Recreation park and beach services
Risk sport and adventure
Spa services

SECTOR 11 - TRANSPORT SERVICES

A. MARITIME TRANSPORT SERVICES

CPC SECTION B

7211 a. Passenger transportation
Coastal and transoceanic water transport services for passengers by ferries
Other coastal and transoceanic scheduled water transport services of passengers
Other coastal and transoceanic non-scheduled water transport services of passengers
Passenger services on freight vessels

7213 c. Rental of vessels with crew
Rental services of passenger vessels for coastal and transoceanic water transport with operator

8868 d. Maintenance and repair of vessels
Maintenance and repair services of leisure vessels of own use

745 f. Supporting services for maritime transport
Port and waterway services

B. INTERNAL WATERWAYS TRANSPORT

CPC SECTION B

7221 a. Passenger transportation
Inland water transport services of passengers by ferries
Cruise ship services
Cruise services

7223 c. Rental of vessels with crew
Rental services of inland water passenger vessels with operator

C. AIR TRANSPORT SERVICES

CPC SECTION B

- | | |
|------|---|
| 731 | a. Passenger transportation
Scheduled air transport services of passengers
Non-scheduled air transport services of passengers |
| 734 | c. Rental of aircraft with crew
Rental services of aircraft with operator |
| 8868 | d. Maintenance and repair of aircraft
Maintenance and repair services of leisure aircraft of own use |
| 746 | e. Supporting services for air transport
Parking of passenger terminal transport
Airport operation services (excl. cargo handling)
Other supporting services for air or space transport |

D. RAIL TRANSPORT SERVICES

CPC SECTION B

- | | |
|------|---|
| 7111 | a. Passenger transportation
Scheduled rail services
Non-scheduled rail services |
| 743 | e. Supporting services for rail transport services
Supporting services for rail transport |

E. ROAD TRANSPORT SERVICES

CPC SECTION B

- | | |
|-------------|--|
| 7121-2 | a. Passenger transportation
Interurban scheduled road transport services of passengers
Interurban special purpose scheduled road transport services of passengers
Scheduled ski-hills services
Scheduled passenger services |
| 7124 | c. Rental of commercial vehicles with operator
Taxi services
Rental services of passenger cars with operator
Rental services of buses and coaches with operator |
| 6112 / 8867 | d. Maintenance and repair of road transport equipment
Maintenance and repair services of trailers, semi-trailers and other motor vehicles n.e.c. |
| 744 | e. Supporting services for road transport services
Bus station services |

F. SERVICES AUXILIARY TO ALL MODES OF TRANSPORT

CPC SECTION B

- | | |
|-----|---|
| 749 | d. Other
Vessel fuelling services
Maintenance and upkeep services to private recreation passenger services |
|-----|---|

G. OTHER TRANSPORT SERVICES

CPC SECTION B

Navigational aid services

SECTOR 12 - OTHER SERVICES NOT INCLUDED ELSEWHERE

CPC SECTION B

Passport issuing services
Visa issuing services

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