

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

MDF/17/Add.3

7 November 1985

Special Distribution

Original: English

SERVICES

SUMMARY OF INFORMATION MADE AVAILABLE BY RELEVANT
INTERNATIONAL ORGANIZATIONS

Note by the Secretariat

Addendum

WORLD TOURISM ORGANIZATION (WTO)

The World Tourism Organization has informed the secretariat of its activities in the field of services. The information made available by the World Tourism Organization is reproduced below.

Introduction

The World Tourism Organization (WTO) is an intergovernmental organization of universal character with headquarters in Madrid, Spain. WTO was established in 1975 through the transformation of the Statutes of the former non-governmental body, the International Union of Official Travel Organisations with headquarters at Geneva, Switzerland. WTO assumes responsibility for all aspects of travel and tourism considered as embracing all non-migratory movements of persons domestically and internationally. In its resolution 2529 (XXIV), the United Nations General Assembly entrusted WTO with a decisive and central role in the field of world tourism.

The Organization may be considered as forming part of a new generation of intergovernmental, technical agencies in which due emphasis is placed not only on the pursuit of research, statistical and standard-setting activities but also in implementing the results of such activities at field level especially so as to benefit the developing countries.

Concept of tourism as a service

Throughout its ten-year existence, WTO has strongly argued that tourism is not, as is sometimes stated, an industry but is rather a service sector. This classification, WTO asserts, is essential to a proper understanding of the true nature of travel and tourism which exert not only economic but also social, cultural, educational and environmental effects. The classification of travel and tourism as a service is moreover consistent with conventional economic theory which assigns tourism to the fast-growing tertiary sector and considers the receipts and payments arising from international movements of persons as forming part of the "invisible" account of the balance of payments. Between 1970 and 1982 the share of travel receipts in total world trade in services has been close to 25 per cent showing great stability.

On the basis of the above definitions, which it must be emphasized, are no more than is generally accepted by economists today, all of WTO's activities may be considered as relating to services. This would apply equally to WTO's research, statistical and documentation activities as well as to operational and technical cooperation activities, all of which form part of WTO's regular biennial programmes.

However, within the broad context of WTO's programmes, certain activities may be distinguished which have a particular bearing on the interest evinced by the international community in Services. It is these activities which are described in the succeeding paragraphs. It bears repeating, however, that the whole of WTO's programme effort may properly be attributed to the field of services.

Travel and tourism statistics

The activity of WTO and its predecessor organization, IUOTO, in gathering and publishing statistics concerning transactions under the tourism item of the services account dates back to 1947. Throughout that period, WTO and its predecessor have been the principal world sources of data concerning, inter alia, international current account transactions involving travel and tourism, namely international tourist receipts and expenditures. This information is published together with data concerning international movements of persons (arrivals and tourist nights) as well as a variety of other information such as mode of transport, purpose of visit, accommodation, length of stay and expenditure breakdown. The data published by WTO are made available to other international organizations, notably: United Nations Statistical Office (UNSO), International Civil Aviation Organization (ICAO), International Air Transport Association (IATA) and other regional and subregional bodies. The United Nations Statistical Yearbook contains a separate chapter on travel statistics. In order to enhance the standard-setting role of WTO in the field of travel and tourism statistics, the Sixth General Assembly has recommended the establishment of a Sub-Committee on Statistics. As part of its ongoing work in statistics, WTO places special emphasis on the clarification and strengthening of the basic concepts of the definitions recommended by the United Nations Conference on International Travel and Tourism (1963), as well as the need for framing a common system of classifications applicable to travel and tourism statistics to improve their comparability at the regional and inter-regional level. In this context, WTO stresses the need to escape from the constraining approach that views the movements of persons as consisting only of holiday and leisure travel and to include other forms of domestic and international non-migratory movements. Special attention is being accorded to the framing of a definition of domestic travel and tourism responsive to the actual situation of both developed and developing countries.

Domestic travel and tourism

In recent years, considerable interest has been shown in evaluating the volume and value of domestic travel and tourism (namely movements of persons regardless of motivation within national frontiers) whose volume has been conservatively estimated by WTO as being between 9 and 12 times greater than international travel. WTO has constantly been involved in developing suitable methodologies for use by its member States in gathering reliable data concerning domestic travel and tourism considered as part of the domestic services account. WTO has been the first organization to prepare guidelines for the collection and presentation of domestic tourism statistics and to draft a standard definition of domestic tourism for statistical purposes. Recently the Organization published document C.4. "Methods of measuring domestic travel and tourism suitable for the less developed countries", which focuses upon identification of procedures which could be employed for the measurement of domestic tourist movements, account being taken of national needs and capabilities.

National accounts

WTO's work on travel and tourism statistics early led the Organization to the conclusion that the present system of national accounts, while it may be effective in recording transactions in tangible goods, is somewhat inefficient in identifying the transactions to which movements of persons, travel and tourism give rise. This topic was thoroughly investigated by WTO in study B.5.2.1. "Determination of the importance of tourism as an economic activity within the framework of national accounting systems", completed in 1983. Pursuant to a resolution of the Fifth WTO General Assembly, this study, which contained radical proposals for improving the national accounting system so as to facilitate better recording of service transactions, including travel and tourism, was sent to a number of interested international organizations by the Secretary-General for comment.

Input-output analysis

The comparative limitations of existing methods of evaluating travel and tourism considered as services were brought to light in study B.5.1. "Tourism's place in the input-output tables of the national economy" which was recently adopted by the sixth session of the WTO General Assembly (Sofia, 1985). The study shows that input-output analysis is one method which may help overcome the comparative disadvantages of conventional economic analysis when it is desired to evaluate the significance of travel and tourism on services accounts.

Service employment

As is well known, the services sector is increasingly important in providing employment both in the developing and the industrialized countries. According to figures published in the recent study B.1.4. "Economic Review of World Travel and Tourism", adopted by the sixth session of the WTO General Assembly, service employment can in certain advanced industrialized countries account for up to 60 per cent of total employment. Moreover, the tertiary sector, in contrast to traditional industry, is growing rather than in decline. It is therefore interesting to note that travel and tourism may in certain cases (Spain and the USA for example) account for a quarter of all service employment. However, WTO has also emphasized that, on account of the large number of independent workers who do not count as employees (small and family enterprise), the total number of those active in travel and tourism is likely to be significantly larger than any estimates of employment.

Notwithstanding these limitations of travel and tourism employment statistics, the importance of the sector makes it necessary to undertake work so as to evaluate both the qualitative and quantitative situation and the needs of travel and tourism employment. On the quantitative side, WTO recently published C.3. "Guidelines for the collection of employment statistics in the field of travel and tourism". Furthermore, the approved programme budget for 1986-1987 includes a study entitled "Methods and procedures for evaluating employment needs in the field of tourism". On the qualitative side, WTO undertook in 1982-1983 study B.3.2. entitled "Tourism and employment: enhancing the status of tourism professions". In this study, the problems surrounding the relatively low status of certain service professions were analysed and

solutions proposed. This topic has been pursued in study B.2.2. "Identification and evaluation of those components of tourism services which have a bearing on tourist satisfaction", recently adopted by the sixth session of the WTO General Assembly. This study argued that the satisfaction of tourists should have a direct impact on the satisfaction of tourism and hotel staff, since pride in a job well done is a key to employee satisfaction.

Technology transfers

However, motivation and conditions of service are not the only relevant facts to be taken into account in evaluating the service professions. The modalities of technology transfer play an important part and have been studied over a period of years by WTO. In its 1982-1983 programme, WTO analysed in study B.3.2.1. how the information revolution and techniques such as remote data-processing were affecting tourism. More recently, WTO has completed study B.3.3. "Preliminary study concerning experience of technology transfer and its effects" under the 1984-1985 programme and this is to be followed up in the 1986-1987 biennium by the preparation of "Guidelines for the transfer of new technologies in the field of tourism".

Transnational tourism enterprises

Particular interest has been shown by WTO Members in the role played by transnational tourism enterprises in travel and tourism. Study B.5.2., recently adopted by the sixth session of the General Assembly "The role of transnational tourism enterprises in the development of tourism" follows up on work undertaken by the United Nations Centre on Transnational Corporations in cooperation with WTO and has concluded that while TNCs may continue to play an important role in international tourism, new directions in the area of movements of persons will demand greater self-sufficiency from receiving countries in future. Diversification of travel and tourist products and services should thus provide opportunities for smaller-scale local enterprise to act as a valuable counterweight to TNCs, something which should assist the developing countries to secure desired greater self-sufficiency in the field of travel and tourism.

Developing countries

WTO's aims (Statutes, Article 3.2) require the Organization to pay particular attention to the interests of the developing countries in the field of tourism. Since its inception, WTO has undertaken a number of studies aimed at fulfilling this statutory objective include the report undertaken in 1975 for the United Nations Economic and Social Council entitled "The impact of tourism on the economic development of developing countries". The fact remains, however, that despite progress recorded especially in the Asia and Pacific region, the share of the developing countries, especially the least developed, in international travel and tourism remains relatively low. Low and middle income countries (according to the World Bank classification) at present account for approximately one-fifth of international tourist arrivals and receipts though these regions enjoy undoubted potential so far as domestic travel and movements of persons are concerned.

WTO is tackling this problem by means of a three-fold programme. This involves, firstly, devising methodologies to ensure more balanced tourist flows. Examples of this activity are research into tourist carrying-capacity and a recent study B.3.2. "The State's role in encouraging the development of new destinations and ensuring balanced distribution of tourist flows and regional economic and social development" (1985).

Facilitation

The second approach involves the investigation and if possible the elimination of all possible barriers and obstacles to movements of persons, travel and tourism. WTO's commitment to fulfilling its institutional role and, by virtue of its inter-governmental status, to undertaking a series of standard-setting activities, led the Executive Council of the Organization to establish in 1978 a Facilitation Committee as one of its subsidiary organs. The Committee has met four times since its creation and will hold its fifth meeting in November 1985.

Pursuant to a decision adopted by the Executive Council in 1979, the terms of reference of the Committee are:

- to conduct a standing comparative review of the recommendations of the United Nations Conference on International Travel and Tourism (1963), concerning facilitation, as well as existing conventions dealing with the facilitation of travel and transport, in order to propose measures to relax and liberalize forms of travel;
- to report on existing governmental requirements or practices which may impede the development of international travel; and
- to develop and submit to the Executive Council a set of standards and recommended practices for adoption by States and incorporation in draft conventions which would be presented to member States for adoption.

During the period 1982-1985, the Facilitation Committee has conducted the following relevant activities:

- to establish a series of standards and recommended practices concerning passports and visas which were approved by the Executive Council in 1984 and accepted by the General Assembly of WTO at its sixth session in September 1985;
- to carry out surveys on: customs formalities and facilities applicable to travellers; the existence, structure, competence and activities of national facilitation committees; health requirements and facilities for travellers and measures to facilitate tourism for the disabled; rules and practices in currency and exchange regulations applicable to international travel and the different taxes and fees levied on travellers entering and leaving countries; customs facilities and facilities for the temporary admission and circulation of means of transport for private use.

Apart from the permanent exchange of information and documentation between the WTO Secretariat and other international governmental and non-governmental organizations concerned for different reasons both worldwide and regionally with the facilitation of movements of persons and international travel, the Organization has also been represented at technical and statutory meetings concerning facilitation of other organizations. The Secretary-General, in conformity with the provisions of the agreements or working arrangements concluded with the United Nations and its specialized agencies under the terms of Article 3 of the Statutes of the Organization, has regularly invited such organizations and, more specifically, those working in the field of facilitation applicable to the movements of persons and travel, to participate in meetings of the Facilitation Committee of the Executive Council.

The Organization's planned future activities in this field include a preliminary draft study with a view to identifying measures and practices liable to hinder the development of travel and tourism to be undertaken by the Facilitation Committee as well as a study entitled "The problems of protectionism and measures to reduce, if not eliminate, obstacles to international trade in tourism services". The latter study, which responds to a need clearly expressed by the Members, is to be undertaken in 1986-1987 and has the following objectives:

- to clarify the notion of protectionism when used to refer to international trade in services and to tourism in particular;
- to identify policies and measures which might be described as protectionist in the field of international trade in tourism services;
- to collect information on such policies and measures;
- to make a concise assessment of these policies and measures on tourism from the point of view of States, the operational sector of tourism and consumers;
- to identify appropriate measures to be taken to reduce, if not eliminate, obstacles to international trade in tourism services caused by protectionism.

Eliminating imbalances

The third approach aimed at helping to eliminate the relative imbalance of tourism flows between the developing and the industrialized countries involves encouraging countries to exploit the potential markets that undoubtedly exist within these countries themselves. Such action is based on the identification of potential travel and tourism markets governed not only by holiday motivations but also by travel out of duty or obligation such as business, family, mission, pilgrimages, sport, education, etc. and has formed the subject not only of studies but also of technical meetings organized within the framework of WTO's six Regional Commissions during the period 1984-1985. This approach recognizes the sizeable

potential constituted by numerous layers of the population in the developing countries, notably those benefiting from leave with pay. Development of such potential, it is argued, creates valuable opportunities for small family run enterprises offering traditional travel and tourism services tailored to the needs and preferences of local populations.

New training concepts

At the International Conference on the adaptation of training for tourism and travel personnel held in Paris in June 1985, WTO directly addressed this question, leading as a result to the formulation of a new concept of travel and tourism training. Arising from this and from the recognition of the true nature of travel and tourism as involving movements of persons regardless of motivation, WTO has recognized that there is a need to strengthen administrations responsible at national level for travel and tourism and to this end a study entitled "The structures of administrations responsible for travel and tourism" has been included in the approved draft programme of work for 1986-1987.

Documentation and technical information

The systematic gathering and compilation of documentation and technical information concerning travel and tourism, has long been a regular component of WTO's programmes. The Organization and its predecessor IUOTO have periodically published a Tourist Bibliography as well as details of legislation, regulations, agreements and conventions adopted in the field of travel and tourism. Recently, as befits its standard-setting vocation, WTO undertook a study (D.1.) "Setting up and running a Documentation Centre within a travel and tourism administration".

Follow-up to this study in 1986 will involve compiling an Inventory of the documentary resources and systems existing at the national and international levels for the travel and tourism sector.

Furthermore, under the general programme of work of WTO for the biennial period 1986-1987, a study will be prepared to provide a standard documentation model for use in the processing of tourism technical information. It is planned to use this model later in the preparation of a multilingual thesaurus for the travel and tourism sector.

Practical implementation

As was mentioned in the Introduction, when WTO was established in 1975, the need was recognized by States to give the new organization a clearly operational character. Accordingly, the Organization today devotes a larger share of its human and financial resources to operational than to deliberative activities.

In practical terms, this signifies that the research, statistics and standard-setting activities described above generally lead to operational activities aimed at promoting practical implementation in the field of relevant conclusions, recommendations and guidelines.

Such practical implementation may be carried out either collectively or individually, i.e. either at regional or individual country level.

Collective implementation is ensured by means of activities carried out by WTO's six Regional Commissions which are organs of the General Assembly. Their task is to enable the universal decisions taken by the General Assembly to be implemented at regional level. By means of technical meetings, seminars, workshops and other decentralized field activities, the Regional Commissions adapt the results of the Organization's deliberative activities to the specific requirements, features and circumstances of each region.

Implementation at individual country level is ensured by means of sectoral support or operational missions requested by countries themselves, or through technical cooperation projects financed by the UNDP of which WTO is an executing agency. Such activities aim to take account of the lessons of research carried out under the Organization's programmes in formulating countries' travel and tourism policies or resolving specific problems encountered by countries in their tourism development.

Conclusion

For reasons of space, it has not been possible to describe in the present submission all those activities carried on by WTO which have a bearing on Services. Among those also deserving mention are WTO's work on the tourism balance of payments, which is to be pursued during the 1986-1987 biennium, on state revenue from travel and tourism and a recent study B.2.4. concerning "Contractual procedures and the nature of contracts for travel services between tour operators and their counterparts in receiving countries" which has investigated the basis upon which service transactions in travel and tourism take place between the industrialized and the developing countries.

In 1983, the WTO General Assembly approved procedures enabling the Organization to act as a forum so as to resolve international tourism disputes through procedures of consultation and negotiation and amicable composition. These procedures could constitute a valuable channel for eliminating protectionist and inequitable practices in the field of travel and tourism services.

In concluding, therefore, it should once more be understood that all of WTO's programmes are directly or indirectly related to Services because of the service character of travel, tourism and movements of persons. Accordingly, WTO is especially well placed to assist the international community in resolving such problems as may be encountered in this field and implementing such recommendations as may be adopted on this subject.