

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Services

**TRADE IN TOURISM SERVICES**

**Note by the Secretariat**

**I. Introduction**

1. Tourism is not a unified services sector but rather brings together several different services for individuals when they travel abroad and spend money. These services relate to various aspects of travel including charter flights, cruises, credit cards, travel insurance, personal accommodation, entertainment and the packaging of holidays, souvenirs, sightseeing tours, provision of cultural and recreational services, communications, and advertising. The growth and popularity of overseas travel reflect a number of factors including the development of mass aviation, growing affluence and the falling price of inclusive tours.

2. Trade in tourism services may be considered to occur when individuals who reside in one country travel to another country to purchase goods and services there, and when a supplier of tourism services based in one country markets and sells its services in another country or to residents of another country.

3. Trade in tourism services, including travel for business as well as pleasure, plays a significant role in the world economy. The importance attributed to tourism services depends to some extent on what is included in the definition. According to one recent study<sup>1</sup>, for example, which defines tourism services as including all travel, both international and domestic, and numerous activities in the related sectors of restaurants, hotels, recreational and similar enterprises, total industry sales were estimated at U.S.\$1.9 trillion in 1987. Personal travel, international and domestic, accounted for two-thirds of total sales while businesses and government travel made up the remainder. The study concludes that the travel and tourism industry, thus broadly defined, is the largest industry in the world in terms of employment, contributing significantly to the economies of both developed and developing countries.

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<sup>1</sup> "The Contribution of the World Travel and Tourism Industry to the Global Economy" by Wharton Econometric Forecasting Associates. Study prepared for American Express Travel Related Services Company Inc., 1989.

4. According to the narrower definition of the World Tourism Organization (WTO), international tourism receipts cover the receipts of a country resulting from consumption expenditure, i.e. payments made by international visitors for goods and services for their own use or to give away but which exclude international fare receipts.<sup>2</sup> In 1987 international tourism receipts amounted to U.S.\$159 billion or one-quarter of total trade in services. Travel and tourism (including related transportation) can account for substantial portions of countries' private service exports. Keeping in mind that private service exports are not measured accurately given the deficiencies in data, the following figures may be considered more as orders of magnitude. In 1987, according to the IMF, the figures for France, the United Kingdom, the United States, India and Korea were between 22 per cent and 27 per cent, although for other countries, both developed and developing, the figures may be considerably higher; for example, 35 per cent for Argentina, 46 per cent for Canada, 52 per cent for Thailand, 67 per cent for Jamaica and 69 per cent for Spain.

5. According to the WTO, the industrialized countries account for 66 per cent of tourist arrivals and 72 per cent of receipts and provide the base for the large majority of international tourism enterprises. However, a number of developing countries are significant participants in international trade in tourism. Mexico, Thailand, Korea and Singapore are placed among the top twenty revenue earners in 1987 (in IMF terms) and multinational hotel chains are based in Colombia, Hong Kong, Mexico and India.

## **II. Activities in the provision of tourism services**

6. A broad definition of activities in the tourism sector might cover an extensive network of businesses supplying goods and services to travellers, including the activities listed hereafter. The listing does not imply that these services comprise a definition of tourism as a service sector but that they might be taken into consideration in further conceptual and statistical work needed to define tourism.

- (a) Activities of tourism enterprises such as tour operators and travel agents which supply one or more tourism services to an international traveller or prospective traveller. The service may be provided either in the traveller's country of residence, in the country of destination or in transportation between the two countries. Travel agents usually act as retailers to the public whereas tour operators organize travel wholesale including group tours and business congresses. The activities of tourism enterprises include, but are not limited to, travel advice, arranging and booking; travel promotion; tour operation; arrangement of airport transfer; other services

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<sup>2</sup>This category corresponds to "Travel Credits" in the standard reporting form of the International Monetary Fund (IMF).

including assistance to clients in documentation formalities, reservation of accommodation, organization of specialized travel insurance, etc. The ability to construct a comprehensive package of related services is key to the establishment of a competitive market position.

- (b) Most passenger transportation services, i.e. land transport by rail and road, other land transport services such as sightseeing buses and car rental services; water transport services including cruise ships and ferries; air transport including charter flights.
- (c) Enterprises providing reception facilities and services, comprising hotels, motels, camps, rented holiday apartments and similar accommodation services; restaurants, cafes and other food and beverage serving enterprises including caterers as well as restaurant services on passenger transport facilities.
- (d) Recreational, cultural, sporting, gambling and other entertainment services (if they mainly serve the incoming visitors or travellers aboard ships), including: amusement or theme parks, golf courses, commercial sports and other recreational services including hunting, fishing and other sports; ski resorts; spas and other health-related leisure services; botanical and zoological gardens; certain historical buildings, monuments and museums; theatres and other cultural services.
- (e) Supporting and auxiliary services such as local sightseeing, and tourist guide services; agencies operating international congresses and facilities to host such congresses; travel related insurance services and travel related financial services including credit cards, traveller's cheque and cheque cashing services including replacement of lost or stolen traveller's cheques, automatic cash machines at airports, and medical assistance; real estate activities related to tourism; shops trading in goods for tourist use (e.g. shops in tourist resorts and "duty-free" zones).

7. Each of the above sectors may provide services for domestic tourism or consumption as well as international tourism although there is generally some specialization among suppliers. Perhaps the most prevalent tourism situation referred to in this paper is that of resort tourism or the mass holiday market which consists largely of tourists seeking attractive holiday locations, staying in relatively large hotels and often (but not always) travelling on a group tour that comprises transportation, accommodation and board in one package. Business travel is another important category where volume is related to the pattern of international economic activity in general. According to the World Tourism Organization, around 63 per cent of all trips taken abroad are for holiday purposes, 14 per cent for business purposes and the remainder for other reasons (in this regard see Table 8).

8. Generally the market for package tours, which covers a wide range of diversified products, is competitive as travellers have the liberty to choose their destination to fit their multiple and varied requirements. Among the reasons for the importance of resort tourism have been the rising per capita incomes of the industrialized countries, and the relatively low prices of this type of tour due to the economies of scale resulting from the application of volume production and marketing techniques (e.g. chartering of whole aircraft, multi-room reservations on a seasonal basis) with appeal to a large market.

9. Some tour operators have become successful by offering vacationers an effective combination of services which go beyond transport to more sunny locations only. Typically, customers pay an all-inclusive charge in advance covering air fare, transfer from airport, meals, accommodation, a wide range of sporting and cultural activities and a strong element of direction and identity provided by enterprise employees at the resort site in the foreign country. Such package tour businesses are characterised by the incorporation of constant innovations - for instance holiday packages in winter ski resorts to protect against seasonality, or the offer of extra sports, computer and foreign language courses, conference or training packages in exotic locations for corporate customers - all within the original marketing concept, in order to retain a clear business identity which is distinguishable from competitors.

10. Diversification and integration among service providers in the tourism sector - which include hotels, airlines, tour operators, car rentals and railways - is also a prevalent trend because a number of services are closely interrelated and offer certain economies of scale. Thus hotel chains may be owned or controlled by tour operators and, more commonly, by airlines. The link between lodging and air transportation is not new as air traffic generates a demand for hotel accommodation and as the two activities can be the object of joint marketing campaigns and computerized reservation systems. Linkages also exist between the activities of airlines and tour operators and car rental agencies which are often implemented by means of contractual agreements or cooperation arrangements rather than equity relationships.

### **III. Forms of trade in tourism services**

11. There is no unique and comprehensive classification of tourism services which can adequately serve all purposes. With regard to the current negotiations, the following types of trade flow may be of relevance:

#### **(a) Movement of international travellers**

12. Trade in tourism of the cross-border variety may occur when a traveller, i.e. consumer, (i) goes abroad temporarily for legitimate non-immigration purposes such as pleasure, recreation, holiday, sport, visits to relatives or friends, business, conventions, missions, meetings

and conferences, or for reasons of health, education or religion<sup>3</sup>; and (ii) purchases goods and services in that country. Such expenditure on goods and services is categorized as "imports" for the traveller's country of origin and "exports" for the host country. In this type of trade flow, the market is brought to the service supplier, i.e. the customer comes from another country to the supplier's country where he purchases the service.

(b) Services provided by tourism-related enterprises

13. Trade may also be considered to cover the sales of services at home and abroad by tourism-related enterprises including tour operators and travel agents, hotel and catering enterprises, tourism transportation services (international transport as well as inland transport when it provides for international travellers), occupations related to tourism including real estate activities linked to tourism, and providers of tourist attractions such as leisure parks. In this form of trade, the service supplier brings his service to the market, i.e. the supplier offers his service to the customer outside the supplier's own country. In this case, the cross-border movement of the service as well as of factors of production may be significant since services may be provided overseas either through the establishment of a commercial presence in the foreign country or directly without such a presence. The form of trade in the provision of tourism services thus depends on the nature of the particular service.

14. For example, for travel agents and tour operators an effective commercial presence at customer level such as a local branch in the foreign country may be deemed essential in order to market services adequately. The provision of services abroad can take place in various ways including by means of a subsidiary, affiliate, joint venture, minority interest with management control licensing agreement and international franchise operations. A tourism enterprise may also typically operate abroad with a sales office(s) whose purpose is to provide and administer the provision of the services of its home country tourism enterprise to tour operators, travel agents and the general public in the country where it is situated. Also, a tourism enterprise may use a representative (who has met the visa requirements of the host country) in the other country in order to facilitate the provision of tourism and travel services.

15. It is frequently the case within international hotel chains that the hotel company manages the hotels rather than owns them. The role of the company is a comprehensive one, managing the hotel which bears the name of the company in most or all respects although ownership itself rests with local interests. In this context, hotel management services, involving a substantial level of transfer of know-how, may be considered to constitute a form of trade in tourism services. The primary service of the hotel

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<sup>3</sup> See the World Tourism Organization classification of travellers in Annex I.

enterprise is to supply rooms, a service which could not be provided without the cross-border flow of a mix of goods, people, services and information; the use of the room can be reserved from abroad by means of information flows (via an international telephone or telex link or a computerized hotel reservation network), and the various components of the service (furniture and suppliers, decor, managerial know-how and personnel training) may also be imported from abroad.

16. Tourism enterprises from one nation generally need to install, maintain and interconnect with terminal and communications equipment in order to supply tourism services in another country. The growth of information processing technology has led to an increasing amount of information moving across borders and has facilitated international service transactions in several sectors including tourism. A travel agent in one country making arrangements for vacations in another country deals with hotels in that country which agree to provide a service and money is sent overseas. The tourism service is thus facilitated by means of other services such as data processing, communication and banking services.

#### **IV. Motivations and objectives for regulations**

17. Given the economic importance of tourism, an increasing number of governments are seeking to establish policy programmes in this area usually in order to generate greater volumes of inbound tourists, whose expenditures can be a valuable source of foreign exchange earnings. Generally, policies are directed at making a country a more desirable destination for tourists. In this regard some countries enjoy natural advantages in terms of climate and geography but a country's competitive situation also depends on a number of acquired advantages in terms of economic and political stability, exchange rates, environmental infrastructures, quality of services in the telecommunications, transport, hotel, restaurant and other sectors, standard of living and recreational facilities. In order to encourage visits from foreign tourists, which in trade terms constitute exports, governments take a variety of measures ranging from the establishment of travel promotion offices around the world supported by extensive advertising campaigns to promoting the development of the domestic tourist industry. At home, efforts may be devoted to maintaining and developing both the natural and cultural heritage of the country, stimulating the construction of required tourist facilities, communications and access roads, and maintaining a range of public services as well as adequate health and sanitary conditions. Other measures taken by governments relate to taxation, credit, employment creation and subsidies.

18. Government regulations and measures which may be considered to restrict trade in tourism services, affecting either travellers (e.g. currency allowances) or tourism enterprises (market access, operating conditions) generally are not due to specific policies to protect the domestic tourist industry. Rather, regulations affecting tourism tend to be the by-product

of a number of economic, political and social concerns which may apply to many sectors, such as financial and transport services and which will also be considered in the context of the discussion of these sectors.

19. One concern of governments is security and immigration control which relates mainly to visa and documentation requirements affecting travellers. Generally the rationale behind requirements such as documentary formalities and sometimes lengthy administrative and customs controls is the concern of national governments to protect the health and safety of their citizens, control immigration, enforce laws against illegal entrants, and combat smuggling and terrorism.

20. More significant for travellers and tourism enterprises are balance of payments considerations which motivate restrictions on the movement of currency which apply to both individual tourists and to tourism businesses. Many governments in both developed and developing countries are concerned about the absolute size of their tourism deficits and resort to various measures to discourage overseas travel by their residents. Limits specifying the amount of currency a resident may take abroad or the amount of merchandise that may be entered duty-free by a resident returning to his home country, are generally intended to conserve foreign exchange and protect the country's balance of payments position. Further, developing countries that are hosts to hotels, airlines, and tour operators under foreign ownership or association are concerned to maximise tourist revenues and minimise foreign exchange outlays regarding licensing and franchise fees and overseas earnings. Exchange controls and restrictive regulations encountered by enterprises to the repatriation of profits tend not to be specific to tourism but are found in several other sectors, although they nevertheless affect tourism in a particularly important way.

21. A further concern of governments is the development of the local economy and/or the domestic tourist industry. Regulations encouraging local employment and measures affecting foreign ownership of companies such as investment laws requiring minimum ownership by local nationals are generally intended to stimulate local business enterprise and reduce dependency on foreign associated enterprises. Similarly, governments can offer direct support for local tourism enterprises which can take various forms such as direct incentives or subsidies or preferential treatment of national airlines in matters of fuelling, access to reservation systems or catering.

22. Other government motivations relate to the licensing or regulation of travel agents and tour operators in order to protect consumers and promote financial responsibility. In addition, technical regulations are concerned with the maintenance of health and safety as are quality standards which are often managed by the industry. Government measures which aim at protecting the environment and promoting cultural integrity reflect concerns that mass tourism may impose strains on the physical environment and may not always be compatible with the preservation of local cultural integrity.

**V. Regulation of trade in tourism****(a) Measures affecting individual tourists**

23. Regulations or measures affecting foreign travel by individuals are practices imposed on citizens by their own governments or those of the country of destination which may act as disincentives to travel abroad. From the trade viewpoint, measures by which the country of residence impose limitations on international travellers may be considered to represent restrictions on imports, whereas measures applied by the country of destination may be thought of in terms of self-imposed restrictions on tourism exports. These measures encompass restrictions on leaving the home country in the first place or entering a foreign country (e.g. exit or entry visas), restrictions on how much can be spent while abroad (travel allowances) and restrictions on the kinds and amounts of goods that can be brought back into the home country (customs regulations).

24. The procedures or conditions for providing travel documentation such as passports, identity documents exit visas or entry permits and limitations on duration of stay may have restrictive effects if they are charged with excessive fees, delivered arbitrarily or subject to unnecessary delays. There are also cases where foreign travel is prohibited or otherwise subject to special authorization or to the imposition of airport and departure taxes or other fees.

25. A considerable number of countries impose travel allowances or restrictions on the amount of currency their citizens may purchase for going abroad and constraints on the financial instruments which may be used. Travel allowances restrict expenditures on goods and services in the foreign country and, on a per trip basis, may vary according to the purpose of travel (e.g. business, tourist or pilgrimage-related) or according to the country of destination. In some cases, the host country may impose restrictive measures on the amounts of currency that may be brought in and/or taken out of the country as well as unfavourable terms of exchange of currency.

26. Customs regulations including duty-free allowances vary widely among countries and involve limitations on the amount, type and quality of goods which can be personally imported from a foreign country. Most countries lay down a level of duty-free allowances for returning residents although some permit a larger exemption for purchases within a specified customs union than for purchases outside that area.

**(b) Measures affecting enterprises supplying various tourism-related services**

27. Regulations and practices which may affect tourism enterprises are generally broad measures concerning ownership and equity holdings, limitations on remittances imposed by exchange controls, practices relating to employment of foreign personnel, and import and tax restrictions. In addition there are measures which apply specifically to transport companies and hotels. Regulations affecting enterprises may include, but are not limited to, the following measures and practices:



(i) Tourism enterprises (mainly tour operators and travel agents)

28. Regulations and practices which may affect the working conditions of foreign tourism enterprises include limitations on equity holdings which generally require a minimum level of local equity participation and restrictions on the establishment of foreign-owned entities (e.g. branches or subsidiaries) which may affect the degree of management control and share of the profits. Other measures may restrict the ability of non-established foreign companies to solicit for custom, advertise or sell directly to customers without locally established intermediaries in possession of an operating licence. Obtaining the necessary authorizations may be made difficult due to conditions which distinguish between nationals or non-nationals or require the director of the foreign enterprise to have resided in the country for a minimum time.

29. Other measures which may affect activities relate to restrictions on employment practices including the hiring of non-national personnel, requirements for qualifications for operating professionally (e.g. some countries may require that guides or interpreters should possess a local training qualification which is difficult for foreigners to obtain). In some countries preferential treatment may be given to domestic firms, some of which may be government-owned or operated, in terms of advertising or more direct pressure to control the availability of hotel rooms, etc. Restrictions also exist on the importation and use of essential inputs such as foreign-made promotional materials or goods of a certain quality required by tourism enterprises operating under a franchise.

30. Payment and exchange restrictions on the sending of funds abroad may act as a significant disincentive to travel agents and tour operators that seek to establish offices in foreign countries. Difficulties in transferring funds into and out of particular countries also affect transportation companies and international hotel chains which, given the importance of franchise operations, require the conversion of franchising and management fees for remittance to their home offices.

(ii) Enterprises providing reception facilities (mainly hotel and catering services)

31. In a number of countries, foreign hotel and catering firms may face a number of measures including restrictions on ownership by non-nationals (for example, only leasing may be permitted) and problems related to security of tenure (impediments to franchise contracts) or repatriation of earnings; restrictions on the import or use of essential goods including hotel furnishings or promotional material where the intent of such requirements may be to discourage the use of foreign-produced products or services in favour of those locally provided; rules and regulations concerning the recruitment of nationals (including appointment to managerial posts) and the entry of foreign training personnel; discriminatory or unfavourable rules of taxation for foreign entrants; and limitations on access to reservation systems which may also be a problem for travel agents.

- (iii) Enterprises providing passenger transportation services  
(including airlines, cruise liners, railways and bus operators)

32. Transport measures and practices impinge on the conditions in which providers of tourism services operate, which is due in considerable measure to the dependency, in particular of the international airline business, but also of sea cruises and road transport, on tourists including both business travellers and holiday customers. Measures affecting both their marketing of services and operating conditions relate to discriminatory restrictions on non-national airlines, cruise liners or bus operators not being permitted to establish their own ground-handling facilities, or limitations on where in a city local commercial facilities may be located. In some countries there are limitations on passenger travel by foreign airlines or cruise ships as well as limitations on access to reservation systems where, for instance, only the flights of host-country carriers may be displayed or may be displayed preferentially. Host country carriers can be granted preferential treatment such as catering or fuelling facilities for national airlines, instructions to local travel agents to direct business towards domestic carriers, or access to special terms including financial assistance. Discriminatory treatment may be given to foreign carriers by means of discriminatory landing dues, taxes or port charges or allocation of less attractive airport slots and gates. It is an open question whether air transport may be considered part of the tourism service sector.

#### VI. Considerations relating to the application of certain concepts and principles

The following considerations regarding the application of the concepts, principles and rules found in document MTN.TNC/11 relate mainly to the activities of firms providing tourism services rather than to the movement of tourists.

(a) Transparency

33. Transparency in the case of tourism might cover laws, regulations and administrative guidelines applicable to travellers (e.g. those restricting outbound travel to a foreign territory, changes in currency allowances), and to enterprises which supply tourism services (e.g. measures restricting access of tourism enterprises to foreign markets or affecting the employment practices of one country's tourism enterprise in another country). A multilateral transparency provision might contain undertakings to publish all measures concerning international tourism which affect the operations of tourism enterprises directly or the interests of trading partners generally, whether such measures are selectively or generally applicable.

(b) Progressive liberalization

34. As stipulated in MTN.TNC/11, progressive liberalization should be pursued through rules, modalities and procedures in the multilateral

framework agreement with due respect for national policy objectives and taking due account of the level of development of individual signatories (see "Increasing participation of developing countries"). With regard to the tourism sector, progressive liberalization might apply to laws, regulations and practices which are deemed to have a substantial restrictive effect on the movement of international travellers (whether applied in the country of origin and/or of destination) or on the international operations of tourism enterprises. Provisions aimed at progressively liberalizing the movement of travellers might envisage the simplification of burdensome documentation requirements and customs formalities and loosening of restrictions on foreign exchange allocations; in the latter case governments to a large extent facilitate or impede international travel by stipulating or amending, often unilaterally, the availability of funds and means of payment abroad. While taking due account of different national circumstances, provisions might be considered to ensure that individual tourist allowances have a minimum floor level. Regarding the activities of service suppliers, liberalization could relate to some or all restrictions identified previously depending, inter alia, on the existing openness or restrictiveness of each market and on country circumstances.

(c) National treatment

35. Depending on the various types of market access to be covered by the agreement, national treatment considerations might apply to specific areas of regulation with the aim of ensuring that foreign suppliers of tourism services are not treated less favourably than domestic providers. Regarding tourism enterprises, for example, national treatment may be considered applicable to regulations governing the granting of establishment licences or authorizations to foreign firms as compared to national ones; and to measures affecting operating conditions of foreign firms including restrictions on their ability to offer certain tourism-related services, or to sell their services to government agencies, restrictions on transborder data flows, and lack of mutual recognition of qualifications for certain tourism professions (e.g. guides and interpreters).

36. Concerning tourist transportation services, specific areas where national treatment might be considered applicable to government regulations and administrative practices affecting the local provision of the service, include restrictions on non-national airlines, cruise ships or bus operators, landing or overflight restrictions, discriminatory landing dues, taxes or port charges, and provision of discriminatory access to special terms for national, but not for foreign, carriers.

(d) Most-favoured-nation treatment/non-discrimination

37. Given the importance of tourism in the economies and balance-of-payments of a very large number of participants in the negotiations, the question whether any liberalizing commitments under the agreement should, in principle, be made on a non-discrimination/m.f.n. basis is of considerable importance. As a wide range of areas of business and government regulation could be affected by such liberalization of tourism

services, it may be necessary to examine whether the principle of non-discrimination should apply to signatories without qualification or on a conditional basis. In this regard, it may be noted that several specific aspects of international tourism have been dealt with in bilateral agreements covering, inter alia, the provision of reciprocal benefits to promote bilateral trade in tourism (e.g. advertising, tourist offices), market access for tourism enterprises, technical assistance and joint development projects, and the temporary movement of workers from the tourism sector. Agreements also exist between groups of countries which have regional or cultural characteristics in common or between those belonging to an economically integrated regional group and which may be significant elements in the intra-regional character of some of the large tourist flows.

(e) Market access

38. As set out in MTN.TNC/11, a market access provision may imply that foreign tourism services can be supplied according to the preferred mode of delivery which would entail consideration of market access through, inter alia, agents and representatives, the opening of sales offices or some other appropriate commercial presence where this is necessary for the adequate marketing of the service under conditions of fair competition with domestic enterprises. In some instances, access may be conditional upon full establishment where regulations require this. Other considerations relevant to market access might cover the ability of foreign tourism enterprises to supply reservation services using telecommunications networks, market services under their own name, establish relationships with host country businesses to sell tourism services, have access to qualified staff and import essential products. It may also be necessary to examine to what extent the specific nature of possible market access provisions would depend on the regulations governing the various sectors of activity related to tourism.

(f) Increasing participation of developing countries

39. Expanded trade in tourism services can be supportive of the development process if it occurs in a policy framework which is coherent with overall development objectives. Increased international trade could improve developing countries' capacity to attain such objectives as the better utilization of existing human and material resources, increased employment, development of indigenous technological capacities, and increased foreign exchange earnings. Acquiring a long-term competitive position in services may well depend on the development of human capital and technological capabilities, on the level of development of the rest of the economy and on improvements in the regulatory framework (e.g. concerning consumer protection). Experience suggests that, as a modern tourist industry draws on many other sectors ranging over transport, food preparation, construction and data processing, the more developed and complex the rest of the economy the greater are the economic gains. In the shorter term, strategies to increase the participation of developing countries could relate to looking for competitive opportunities by diversifying the supply of services and constructing new tourist packages. The capacity to market such packages

from developing countries would depend on having access to appropriate electronic information networks. A further possibility could relate to development of interregional tourism between developing countries in order to retain a larger share of the tourism value added in developing countries.

(g) Safeguards and exceptions

40. It is conceivable that safeguard measures concerning activities in the tourism sector could be based on economic disturbances, such as a deterioration in the balance of payments. A distinction might be drawn between the temporary introduction or reintroduction of restrictions based on such a safeguard and a situation of lasting economic and balance of payments problems. The concept might also relate to emergency measures and national and public security measures in respect of travellers.

(h) Regulatory situation

41. Regulations which govern the activities of enterprises providing tourism services range from general measures which are part of the overall economic regulatory framework, including exchange controls, regulations concerning the repatriation of profits, environmental protection regulations, technical and health standards, consumer protection laws and the like, to more specific practices regulating certain activities such as travel agency regulations which require national control of enterprises, or measures concerning the professional qualifications for certain tourism occupations.

42. Considerations regarding the extent to which both general and specific measures may give rise to unjustified discrimination against foreign service providers should also be directed to measures drawn up and applied at the regional or local level. Apart from centralized policies dealing with exchange controls, immigration, customs and international transport a range of tourism policies dealing with the regulation of working conditions, company law, advertising, the provision of licenses to tourism companies, etc. may fall under the competence of regional authorities.

43. For certain transport sectors such as international charter flights, sea cruises and ferry crossings or road transport of foreign tourists by coach there exists a high degree of interdependence with international tourism. An important consideration which arises relates to the practices and competitive effects of transport monopolies for tourism enterprises. Foreign providers of transport services may have to both obtain certain services from monopolies and also compete with monopoly providers in supplying related services, e.g. foreign charter airlines may have to depend on the national airline for ground handling and customer services while competing with them for the charter market. Considerations might relate to the extent to which tourism activities could be subject to discriminatory restrictions as a result of regulations concerning international transport, in particular when transport monopolies may involve groupings of carriers, hotel companies and tour operators who may grant each other reciprocal preferential treatment.

## ANNEX I

### World Tourism Organization: objectives, activities and membership

The World Tourism Organization (WTO) is an inter-governmental organization dealing with all aspects of tourism on a worldwide basis. It began its legal existence in 1975 and established its headquarters at Madrid, Spain.

The fundamental aim of the World Tourism Organization is to promote and develop tourism with a view to contributing to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion (Article 3(1) of its Statutes).

In assuming the central and decisive role in the field of travel and tourism assigned to it by the United Nations General Assembly, the World Tourism Organization, inter alia:

- Emphasizes the social and cultural function of tourism in society, its role in international trade and its contribution to bringing peoples closer together and safeguarding world peace;
- Encourages the adoption of measures to facilitate travel, to ease and simplify frontier formalities and thus to remove barriers to the free movement of tourists, as well as of measures for the protection of tourists;
- Provides for a technical co-operation machinery to assist all countries (developing countries first and foremost) in the formulation of tourism policies and the preparation, management and evaluation of tourism development and promotion plans and programmes. In particular, it acts as an executing agency in the field of tourism for the UNDP;
- Is actively involved in the maintenance of adequate supply of trained staff and the development of human resources. It prepares teaching and training programmes tailored to the specific needs of states;
- Functions as a kind of world clearing house on, and carries out research into, international and domestic tourism, including statistical data, legislation and regulations, special events, and studies and analyses of all aspects of tourism;
- Keeps under constant review trends in the tourism sector, market fluctuations, and changes in the economic, political and social order affecting tourism.

There are 3 categories of members:

- Full members (109 member states);
- Associate members, which are territories or groups of territories not responsible for their external relations but whose membership is approved by the state assuming responsibilities for their external relations: Macao, Netherlands Antilles and Puerto Rico;
- Affiliate members which are international bodies, both inter-governmental and non-governmental, with specialized interests in tourism as well as commercial and non-commercial bodies and associations whose activities are related to the aims of the World Tourism Organization or fall within its competence (156 affiliate members).

### Classification of travellers

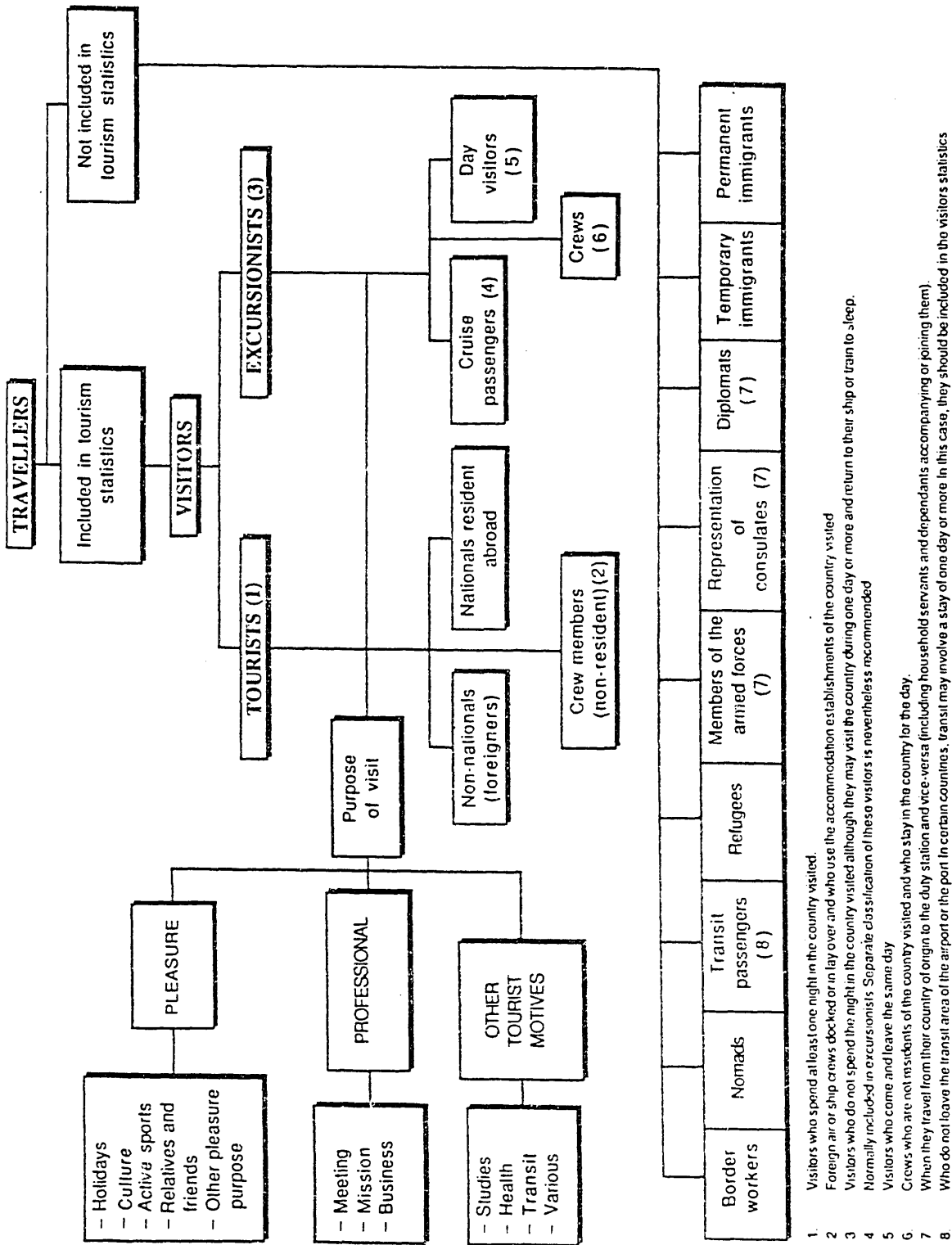
The World Tourism Organization classifies international travellers in the following way:

International visitor: for the purpose of statistics, the term "international visitor" describes any person who travels to a country other than that in which he has his usual residence, the main purpose of whose visit is other than the exercise of an activity remunerated from within the country visited and who is staying for a period of one year or less. This definition covers two classes of visitors: "international tourist" and "international excursionist" which are defined as follows:

International tourist: i.e. a visitor in accordance with the foregoing definition staying at least one night but not more than one year in the country visited and whose main purpose of visit can be classified under (a) pleasure, holidays, culture, active sports, visits to friends and relatives, other pleasure purposes; (b) professional, i.e. meeting, mission, business; and (c) other tourist purposes, i.e. studies, health, pilgrimage.

International excursionist: i.e. visitor in accordance with the foregoing definition who does not stay overnight in the country visited. International excursionists include cruise passengers, i.e. visitors in accordance with the foregoing definition who arrive in a country aboard a cruiseship and who do not stay overnight at an accommodation establishment in the country visited.

Classification of travellers





## **ANNEX II: BACKGROUND STATISTICAL INFORMATION ON TOURISM**

World and regional aggregates of selected basic tourism statistics of the World Tourism Organization are shown in Tables 1 to 8. The figures relate to international tourism arrivals, receipts, expenditures, capacity of hotels and similar establishments as well as a country breakdown of tourist arrivals by mode of transport and purpose of visit. Table 9 lists countries specialized in tourism. When consulting data on tourism receipts and expenditures, it must be kept in mind that data collection procedures differ across countries. In particular, the indicator of the relative importance of tourism receipts by country may be biased for some countries due to incomplete coverage of service exports.

Data on arrivals refer to the number of arrivals of travellers and not to the number of persons. The same person who makes several trips to a given country during a given period will be counted each time as a new arrival.

International tourism receipts are defined as the receipts of a country in the form of consumption expenditures, i.e. payments for goods and services, made by foreign tourists out of foreign currency resources. They may, in practice, also include receipts from foreign excursionists or day visitors, except in cases where these are so important as to justify separate classification. They should, however, exclude all forms of remuneration resulting from employment, as well as international fare receipts. This category corresponds to "Travel-Credits" in the standard reporting form of the International Monetary Fund.

International tourism expenditures are defined as consumption expenditures, i.e. payments for goods and services, by own residents in foreign countries they have visited. They may, in practice, also include expenditures of own residents as foreign excursionists or day visitors except where these are so important as to justify separate classification. They should, however, exclude all forms of remuneration as well as international fare payments. This category corresponds to "Travel-Debits" in the standard reporting form of the International Monetary Fund.

Number of rooms, in theory, refers to the total capacity in rooms of establishments offering accommodation available during the peak period of the tourist season. Geographical coverage refers in general to the entire country although in certain cases it is limited to particular zones.

TABLE 1

Annual increase of arrivals of tourists from abroad, 1950-88

Years	Arrivals (thousands)	Average annual increase/ change over previous year (in percent)
1950 - 1960	25,282 - 69,296	10.6
1960 - 1970	69,296 - 159,690	8.7
1970 - 1980	159,690 - 284,841	5.6
1981	288,849	1.4
1982	286,780	-0.7
1983	284,433	-0.8
1984	311,167	9.4
1985	325,725	4.7
1986	332,924	2.2
1987	358,659	7.7
1988 (p)	390,000	8.7

p : preliminary data.

Source: World Tourism Organization (WTO).

TABLE 2

Arrivals of tourists from abroad by regions, 1983 and 1987

Region	Arrivals (in thousands of arrivals)		Average annual rate of increase 1983/1987	Share of world total (%)	
	1983	1987		1983	1987
<b>World</b>	<u>284,433</u>	<u>358,659</u>	<u>6.0</u>	<u>100.00</u>	<u>100.00</u>
<b>Africa</b>	<u>8,164</u>	<u>10,108</u>	<u>5.5</u>	<u>2.87</u>	<u>2.82</u>
Eastern Africa	1,239	1,941	11.9	0.44	0.54
Middle Africa	228	274	4.7	0.08	0.08
Northern Africa <sup>1</sup>	4,280	4,975	3.8	1.50	1.39
Southern Africa	1,214	1,526	5.9	0.43	0.42
Western Africa	1,213	1,392	3.7	0.42	0.39
<b>Americas</b>	<u>50,990</u>	<u>67,774</u>	<u>7.4</u>	<u>17.93</u>	<u>18.89</u>
Northern America <sup>2</sup>	32,932	43,830	7.4	11.56	12.22
Central America	5,889	6,750	3.5	2.07	1.88
South America	5,136	7,782	10.9	1.81	2.17
The Caribbean	7,033	9,412	7.6	2.47	2.62
<b>East Asia and the Pacific<sup>3</sup></b>	<u>21,985</u>	<u>35,643</u>	<u>12.8</u>	<u>7.73</u>	<u>9.94</u>
<b>Europe<sup>4</sup></b>	<u>192,828</u>	<u>233,926</u>	<u>4.9</u>	<u>67.79</u>	<u>65.22</u>
Eastern Europe	30,864	40,534	7.1	10.85	11.30
Northern Europe	18,547	22,439	4.9	6.52	6.26
Southern Europe	65,043	85,976	7.2	22.86	23.97
Western Europe	77,358	83,596	2.0	27.19	23.31
<b>Middle East</b>	<u>7,752</u>	<u>8,316</u>	<u>1.8</u>	<u>2.73</u>	<u>2.32</u>
<b>South Asia</b>	<u>2,714</u>	<u>2,892</u>	<u>1.6</u>	<u>0.95</u>	<u>0.81</u>

<sup>1</sup>Includes South Africa.

<sup>2</sup>Canada and the United States.

<sup>3</sup>Excludes Taiwan and includes China.

<sup>4</sup>Includes Israel.

Source: World Tourism Organization (WTO).

TABLE 3

Annual increase of total international tourism receipts, 1950-88

Years	Receipts (U.S. dollar millions)	Average annual increase/ change over previous year (in percent)
1950 - 1960	2,100 - 6,867	12.6
1960 - 1970	6,867 - 17,900	10.1
1970 - 1980	17,900 - 102,363	18.1
1981	104,296	1.9
1982	98,616	-5.5
1983	98,475	-0.1
1984	102,521	4.1
1985	108,091	5.4
1986	130,109	20.4
1987	158,714	22.0
1988 (p)	195,000	22.9

p : preliminary data.

Source: World Tourism Organization (WTO).

TABLE 4

Regional distribution of international tourism receipts,  
1970, 1980 and 1987

(Percentage share)

	Shares		
	1970	1980	1987
North America	20	12	12
Latin America	7	13	9
Western Europe	60	57	57
Eastern Europe	2	2	1
Africa	2	3	3
Middle East	2	4	4
Asia	7	10	14
<u>World</u>	<u>100</u>	<u>100</u>	<u>100</u>

Note: The "world" excludes the USSR and certain countries in Eastern Europe.

Source: World Tourism Organization (WTO) and national sources.

**TABLE 5**  
**Detailed regional breakdown of international tourism receipts,**  
**1983 and 1987**

(In millions of U.S. dollars)

Region	Receipts		Average annual rate of increase 1983/1987	Share of world total (%)	
	1983	1987		1983	1987
<b>World</b>	<u>98,475</u>	<u>158,714</u>	<u>12.7</u>	<u>100.00</u>	<u>100.00</u>
<b>Africa</b>	<u>2,632</u>	<u>3,619</u>	<u>8.3</u>	<u>2.67</u>	<u>2.28</u>
Eastern Africa	393	700	15.5	0.40	0.44
Middle Africa	77	82	1.6	0.08	0.05
Northern Africa <sup>1</sup>	1,117	1,811	11.6	1.19	1.14
Southern Africa	695	665	-1.1	0.70	0.42
Western Africa	300	361	4.7	0.30	0.23
<b>Americas</b>	<u>24,374</u>	<u>33,329</u>	<u>8.1</u>	<u>24.75</u>	<u>21.00</u>
Northern America <sup>2</sup>	13,990	19,313	8.4	14.21	12.17
Central America	3,148	4,014	6.3	3.20	2.53
South America	3,017	3,875	6.5	3.06	2.44
The Caribbean	4,219	6,127	9.8	4.28	3.86
<b>East Asia and the Pacific<sup>3</sup></b>	<u>10,134</u>	<u>19,190</u>	<u>17.3</u>	<u>10.29</u>	<u>12.09</u>
<b>Europe<sup>4</sup></b>	<u>55,367</u>	<u>95,147</u>	<u>14.5</u>	<u>56.23</u>	<u>59.95</u>
Eastern Europe	1,443	2,156	10.6	1.47	1.36
Northern Europe	10,077	17,413	14.7	10.23	10.97
Southern Europe	19,699	35,712	16.0	20.00	22.50
Western Europe	23,131	38,519	13.6	23.49	24.27
<b>Middle East</b>	<u>4,315</u>	<u>5,572</u>	<u>6.6</u>	<u>4.38</u>	<u>3.51</u>
<b>South Asia</b>	<u>1,653</u>	<u>1,857</u>	<u>3.0</u>	<u>1.68</u>	<u>1.17</u>

<sup>1</sup>Includes South Africa.

<sup>2</sup>Canada and the United States.

<sup>3</sup>Excludes Taiwan and includes China.

<sup>4</sup>Includes Israel.

Source: World Tourism Organization (WTO).

TABLE 6

Detailed breakdown of international tourism expenditures by region,  
1983 and 1987

(Millions of U.S. dollars)

Region	Expenditures		Average annual rate of increase 1983/1987	Share of world total (%)	
	1983	1987		1983	1987
<b>World</b>	<u>88,584</u>	<u>147,852</u>	<u>13.7</u>	<u>100.00</u>	<u>100.00</u>
<b>Africa</b>	<u>2,802</u>	<u>2,640</u>	<u>-1.5</u>	<u>3.16</u>	<u>1.79</u>
Eastern Africa	226	257	3.3	0.25	0.17
Middle Africa	344	440	6.3	0.39	0.30
Northern Africa <sup>1</sup>	718	695	-0.8	0.81	0.47
Southern Africa <sup>1</sup>	779	880	3.1	0.88	0.60
Western Africa	735	368	-15.9	0.83	0.25
<b>Americas</b>	<u>24,680</u>	<u>34,679</u>	<u>8.9</u>	<u>27.86</u>	<u>23.46</u>
Northern America <sup>2</sup>	17,893	26,625	10.4	20.20	18.01
Central America	1,898	2,654	8.7	2.14	1.80
South America	3,799	4,119	2.2	4.27	2.78
The Caribbean	1,110	1,281	3.6	1.25	0.87
<b>East Asia and the Pacific<sup>3</sup></b>	<u>10,111</u>	<u>18,382</u>	<u>16.1</u>	<u>11.41</u>	<u>12.43</u>
<b>Europe<sup>4</sup></b>	<u>45,165</u>	<u>85,495</u>	<u>17.3</u>	<u>50.08</u>	<u>57.82</u>
Eastern Europe	808	943	3.9	0.91	0.64
Northern Europe	11,782	24,080	19.6	13.30	16.29
Southern Europe	3,639	8,202	22.5	4.11	5.55
Western Europe	28,133	51,272	16.2	31.76	34.68
<b>Middle East</b>	<u>4,948</u>	<u>5,568</u>	<u>3.0</u>	<u>5.59</u>	<u>3.76</u>
<b>South Asia</b>	<u>878</u>	<u>1,088</u>	<u>5.5</u>	<u>1.00</u>	<u>0.74</u>

<sup>1</sup>Includes South Africa.

<sup>2</sup>Canada and the United States.

<sup>3</sup>Excludes Taiwan and includes China.

<sup>4</sup>Includes Israel.

Source: World Tourism Organization (WTO).

**TABLE 7**  
**Accommodation capacity by regions, 1983 and 1987**  
**(Hotels and similar establishments)**

Region	Number of rooms			
	1983	% of total	1987	% of total
<b>World</b>	<u>9,473,131</u>	<u>100</u>	<u>10,110,764</u>	<u>100</u>
<b>Africa</b>	<u>236,247</u>	<u>2</u>	<u>264,564</u>	<u>3</u>
Eastern Africa	39,639		38,885	
Middle Africa	16,763		23,309	
Northern Africa <sup>1</sup>	85,820		105,646	
Southern Africa <sup>1</sup>	50,873		51,533	
Western Africa	43,152		45,191	
<b>Americas</b>	<u>3,584,598</u>	<u>38</u>	<u>3,680,852</u>	<u>36</u>
Northern America <sup>2</sup>	2,815,033		2,807,331	
Central America	283,047		336,533	
South America	394,301		428,184	
The Caribbean	92,217		108,804	
<b>East Asia and the Pacific</b>	<u>653,599</u>	<u>7</u>	<u>929,848</u>	<u>9</u>
<b>Europe<sup>3</sup></b>	<u>4,828,292</u>	<u>51</u>	<u>4,999,672</u>	<u>50</u>
Eastern Europe	308,037		319,200	
Northern Europe	691,786		724,740	
Southern Europe	1,877,626		1,984,296	
Western Europe	1,918,962		1,938,059	
<b>Middle East</b>	<u>88,444</u>	<u>1</u>	<u>128,229</u>	<u>1</u>
<b>South Asia</b>	<u>81,951</u>	<u>1</u>	<u>107,599</u>	<u>1</u>

<sup>1</sup>Includes South Africa.

<sup>2</sup>Canada and the United States.

<sup>3</sup>Includes Israel.

Source: World Tourism Organization (WTO).



**TABLE 8**  
**Tourism arrivals classified by mode of transport and**  
**purpose of trip, 1980 and 1987**

(Percentage share)

	Mode of transport						Purpose of trip					
	Air		Surface		Sea		Holiday		Business		Other	
	1980	1987	1980	1987	1980	1987	1980	1987	1980	1987	1980	1987
Australia	99.5	99.4	...	...	0.5	0.6	39.8	52.6	13.7	10.9	46.5	36.5
Canada	24.2	25.7	74.2	73.9	1.6	0.4	58.6	61.3	13.9	13.5	27.5	25.2
France (1982)	12.5	na	73.9	na	7.1	na	57.0	na	8.3	na	34.7	na
Greece	67.7	68.9	13.7	14.7	18.6	16.4	83.0	83.0	9.0	9.0	8.0	8.0
Hungary	3.1	3.1	96.4	96.4	0.5	0.5	86.7	na	5.8	na	7.6	na
Ireland	42.2	44.5	23.3	21.3	34.5	34.2	51.0	59.8	20.0	14.0	29.0	26.1
Japan	97.3	97.3	...	...	2.7	2.7	55.3	49.6	10.0	27.9	34.7	22.6
New Zealand	98.3	99.0	...	...	1.7	1.0	53.7	54.8	10.9	9.8	35.4	35.4
Spain	24.2	32.7	72.0	64.2	3.8	3.1	55.8	59.5	nas	nas	44.2	40.5
United Kingdom	59.0	66.3	...	...	41.0	33.7	46.7	44.0	20.5	22.8	32.8	33.2
United States	51.2	58.2	46.7	36.6	2.1	2.7	76.3	77.7	20.3	19.8	3.4	2.5
Bahamas	89.8	92.5	...	...	10.2	7.5	78.0	84.0	nas	6.0	22.0	10.0
Bangladesh	66.7	81.9	33.3	8.1	...	...	22.5	23.0	41.8	42.0	35.7	35.0
Bermuda	80.7	75.7	...	...	19.3	24.3	70.4	78.3	11.0	6.2	18.6	15.5
Brazil	49.5	57.7	47.1	40.8	3.4	1.5	87.0	78.1	6.8	18.3	6.2	3.6
El Salvador	15.5	42.7	83.7	57.2	0.8	0.1	49.0	86.8	11.1	10.3	39.9	2.9
Guatemala	45.5	48.3	54.1	50.9	0.5	0.8	36.8	58.0	25.2	14.7	38.0	27.3
Hong Kong	89.8	83.0	8.4	12.4	1.8	4.6	70.2	64.0	19.1	22.0	10.7	14.0
Indonesia	94.7	81.5	...	...	5.3	18.5	60.8	62.8	18.3	11.2	20.9	26.0
Jamaica	99.9	99.9	...	...	0.1	0.1	85.8	91.7	11.0	5.6	3.2	2.7
Korea	96.5	94.8	...	...	3.5	5.2	68.2	60.9	8.5	27.8	23.3	21.3
Malaysia	43.8	21.1	51.0	77.5	5.2	1.4	51.7	52.3	6.3	6.4	42.0	41.3
Mexico	57.9	63.7	42.0	35.6	0.1	0.7	71.5	74.9	7.8	7.1	20.7	18.0
Morocco	46.1	56.0	30.2	30.1	23.7	13.9	87.0	60.0	11.0	7.0	2.0	33.0
Pakistan	57.1	62.3	42.8	37.6	0.1	0.1	41.6	31.9	14.5	27.2	43.9	40.9
Philippines	95.7	96.3	...	...	4.3	3.7	73.4	66.7	12.0	13.0	14.6	20.3
Singapore	83.6	84.9	10.7	11.2	5.7	3.9	64.2	66.4	11.7	12.4	24.1	21.2
Thailand	76.9	76.2	22.2	22.5	0.9	1.3	72.8	87.2	9.3	6.0	17.9	6.8
Zimbabwe	37.8	31.6	62.4	58.2	...	...	83.1	82.5	19.9	10.5	2.0	6.9
Average	60.4	62.6	30.6	27.1	9.0	10.3	63.4	62.6	12.9	13.6	23.7	23.8

Note: nas: not available separately. Data are for the year stated or the closest available year.  
 ...: indicates a negligible quantity.

Source: World Tourism Organization Compendium of Tourism Statistics, various years.

TABLE 9  
Countries specialized in tourism, 1987

Country or Economy	Tourism receipts as % of private service exports <sup>a</sup>	Average expenditure <sup>b</sup> per arrival
Seychelles	50	1,000
Vanuatu	50	930
Kenya	51	520
Mexico	52	650
Nepal	53	225
Thailand	54	560
Netherlands Antilles	56	520
Belize	57	240
Guyana	57	320
Uruguay	57	460
Maldives	57	300
Cyprus	60	700
Malta	60	490
Paraguay	60	1,190
Portugal	64	350
Tunisia	64	360
Tonga	64	530
Fiji	65	530
Jamaica	67	800
Samoa	67	200
Spain	69	450
Barbados	71	800
Morocco	72	450
Dominican Republic	74	510
Indonesia	82	750
St. Kitts & Nevis	86	570
Bahamas	87	790
Gambia	88	490
Haiti	88	760
St. Vincent & the Grenadines	90	630
Grenada	94	530
Dominica	97	390
Antigua and Barbuda	98	660

Note: (a) Private services equal the sum of shipment, travel, other transport, and other private services.  
(b) U.S. dollar.

Source: Column 2: IMF Balance of Payments statistics; Column 3: World Tourism Organization, Compendium of Tourism Statistics, 1983-87.