

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNS/TOUR/W/2

4 October 1990

Special Distribution

Group of Negotiations on Services

Original: English

Working Group on Tourism Services

COMMUNICATION FROM EGYPT

The following communication is circulated at the request of the Permanent Delegation of Egypt to the members of the Working Group on Tourism Services.

As stated by the Egyptian delegation in the August meeting, there are still some areas that need to be clarified, and there are some points in the suggested framework that need to be explained. These include the following:

- (a) the scope and definition of the sector;
- (b) the coverage;
- (c) the market access;
- (d) the most-favoured-nation treatment;
- (e) increasing participation of developing countries.

As stated in paragraph 22 of the MTN.GNS/TOUR/1, dated 29 August 1990, "Note on the Meeting of 1-2 August, 1990", there were two subjects for the agenda of the next meeting:

First: The nature (definition) of tourism-inviting delegations that had contributed to the discussion to come up with some precise language not defining tourism, but describing the tourism sector and its parameters. Their description would have a direct bearing on m.f.n. treatment and market access.

Second: Increasing participation of developing countries should be pursued.

The Egyptian delegation - as already mentioned in the August 1990 meeting - considers that the above subjects should be given greater attention in October meetings. The following are some thoughts concerning these points.

Scope/definition

Trade in tourism services is known internationally to include the following:

- (a) Activities provided and sold by tourism-related enterprises which include the following activities:

- tour operators;
- travel agents;
- travel promotion centres;
- accommodation and catering services;
- entertainment services;
- congress and conference facilities;
- tourist transportation facilities.

These enterprises supply services to international travellers either in the country of residence, in the country of destination or in the transportation between the two countries.

These enterprises are the service providers that should be included in the definition of trade in tourism services. The products they provide or supply either by themselves or in collaboration with other service sectors, should not be considered in the definition of trade in tourism services because of the diversity and complexity of such products and to avoid the broad definition of the sector.

- (b) Movement of international visitors as defined by WTO. The visitor is considered the consumer of tourism services and since it is considered the cross-border movement of the consumers, then international visitors are those considered as the consumers of tourism services.

The international visitor is any person who travels to a country other than that in which he has his usual residence, the main purpose of his visit being 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 tourists;
- * international excursionists.

- (c) Cross-border movement of labour, capital and managerial experience are necessary in providing and supplying international visitors with the services required for their satisfaction as consumers of tourism services.

With these transactions, the delegation of Egypt would like to emphasize the following:

- (1) that the definition should include the three above-mentioned transactions;

- (2) that trade in tourism services are those rendered only to the international visitors as defined above;
- (3) that the enterprises which provide tourism-related services are those which serve only the international visitors;
- (4) that the determination of what is considered a tourism service should be based mainly on the fact that the sole (main) consumer of that service is the international visitor.

- The purpose of the above ideas is to avoid the broad definition of tourism services because the existence of such a broad definition may postpone or lengthen the process of liberalization of this sector if it is defined as a dependent sector and not as an independent one.

Most-favoured-nation treatment

- The discussion of the Working Group on Tourism proved that there was a need to know whether m.f.n. treatment should be optional, conditional or unconditional.
- The liberalization commitments of trade in tourism services should be based on a non-discrimination basis and on a non-conditional basis.
- The only exception to this general condition is the case of the agreements between more than two countries on a regional basis, and/or which can provide special treatment to a group of countries of integrated economies.

Market access

- Trade in tourism services includes transactions involving the supply of services and the cross-border movement of both consumers and factors of production.
- Accordingly market access should be maintained to services, service providers, international visitors and factors of production that can serve to develop such services.
- We believe that consumers should have free access to the market.

Increasing participation of developing countries

To increase the participation of developing countries in international trade in tourism, it is important to develop an international framework according to which:

- Direct foreign investment can participate in the development of the developing countries' economies to improve their long-term competitive position.

- To remove all trade barriers imposed by the industrial countries against the flow of cheaper labour, raw material, as well as manufactured goods, to their economies.
 - To accept the fact that some developing economies have the right to protect their infant industries against competition.
 - To provide developing countries with the latest technologies needed by the tourism services so as to render them more efficient and competitive for the benefit of both sides.
 - The right of developing countries to the access of advanced technology information, especially in the field of computer reservation systems.
- In providing access to the markets of developed countries, developing countries should be given minimum requirements, for training and employment in tourism and hotel training, as well as information regarding business operations in this field.
- To increase the participation of developing countries in international tourism meetings, conference and other tourism activities.