

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNS/TOUR/2  
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**Group of Negotiations on Services**

WORKING GROUP ON TOURISM SERVICES

Note on the Meeting of 1-2 October 1990

1. The Chairperson welcomed delegations to the second meeting of the Working Group and noted that, in accordance with the mandate of the GNS, the Group's objective was to arrive at a better understanding of the specificities of the tourism sector and any elements that might need to be taken into account in the application of the general framework on trade in services. She then requested presentations by the Egyptian delegation of a paper (MTN.GNS/TOUR/W/2) which discussed a number of core issues (including scope and definition, coverage, market access, m.f.n. and increasing participation of developing countries) and by the secretariat of a paper on the classification of tourism-related services (MTN.GNS/TOUR/W/1/Rev.1).

2. Following the informal consultations, the Chairperson presented a draft of a report on the conclusions reached in the working group. In introducing her report, she highlighted a number of points that she considered had to be borne in mind. In this regard she stressed that tourism was a mega-sector with a number of distinctive characteristics including: heavy reliance on the cross-border movement of consumers; sector-specific government measures which impeded the ability of consumers to depart their country of residence and/or restrictions on their ability to pay for tourism services obtained in transit and abroad; lack of homogeneous sectoral identity within national industrial classification systems; dependence on other sectors, such as transport, telecommunications and financial intermediation; multiple modes of delivery and products, and serial transactions at the wholesale, retail and consumer levels.

3. On coverage, she said that even if the framework covered trade in all services sectors, there was a danger that certain tourism sub-sectors might be inadvertently denied the benefits of coverage should there be derogations or exclusions in sectors that overlap with tourism (notably transport, telecommunications and financial services). For example, some tourism sub-sectors such as travel agents and tour operators/wholesalers generally were treated as transport sub-sectors by national regulations and bilateral civil aviation agreements. Therefore, the effect of derogations or exclusions in the transport sector could be exclusion of travel agents and tour operators from coverage of the framework provisions. Similarly, computerized reservations systems, which were critically important to all components of the tourism sector, were commonly treated as

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telecommunications or transport sub-sectors and could be impacted by derogations or exclusions in those sectors.

4. On market access, she said that international trade in tourism services could occur either through the cross-border movement of consumers or through cross-border supply of the service and/or the movement of factors of production. Cross-border movement of consumers accounted for the greatest volume of trade in tourism services. "Market access" in this type of trade in tourism services therefore depended upon the ability of the tourist to: first, freely obtain the means of payment for tourism services procured abroad; and, second, depart his country, complete his visit and return home. The combined effect of restrictions in both the importing and exporting countries on the consumer's ability to do the above determined the degree of market access. It was essential that this be clearly understood by parties negotiating commitments. Examples of such restrictions included travel allowance restrictions and prohibitions on the use of credit cards abroad, restrictive duty-free allowances, surcharges on purchases of exchange to be used abroad, ad valorem taxes on tour packages comprising travel services of foreign providers, departure taxes which were substantial enough to deter outbound travel, restrictive licensing and registration requirements for establishments and lack of transparency about the same.

5. The Chairperson pointed out that in liberalizing trade in goods, GATT had considered quotas to be more distortive than tariffs, and that in effect, travel allowance restrictions were quotas applied to the value of tourism-related services which may be purchased abroad. Substantial departure taxes had a tariff-like effect, artificially raising the price the consumer must pay for foreign travel services.

6. Regarding the need for a specific annotation/annex, she said that many delegations were of the view that, while tourism displayed a number of distinctive characteristics the provisions contained in the draft framework should be sufficient to provide for trade in tourism services. Some delegations suggested, however, that certain framework provisions might require some amendment in this regard; in particular, a few delegations considered that explicit reference should be made to the consumers of services in those articles of the draft framework intended to apply to that mode of delivery. Nevertheless, the view was also voiced that the need for a sector-specific annotation/annex was still an open question to the extent that it depended on results in other working groups of direct relevance to tourism, e.g. transport. No delegation had tabled a specific annotation or annex for the tourism sector. Following these informal consultations, the Chairperson announced her intention to forward her report to the sectoral ad hoc working group.