

**COMMUNICATION FROM THE DOMINICAN REPUBLIC,  
EL SALVADOR AND HONDURAS**

Replies to the Comments on the Proposed Annex on Tourism

The attached communication has been received from the delegations of the Dominican Republic, El Salvador and Honduras with the request that it be circulated to Members of the Council for Trade in Services.

---

We thank the European Union, the United States, Canada, Japan, Korea and the many other Members of the WTO which have commented on the proposed Annex on Tourism (S/C/W/127), some of them in detail. The most noticeable feature of the comments made, is the wide support for the consideration of tourism in this Council from an overall perspective, in view of its importance for every country in terms of job creation, the contribution made by foreign currency to the balance-of-payments and the share of the gross domestic product.

This gives us hope that, at the end of the negotiations, we may reach a solution that is sufficiently comprehensive to resolve the difficulties which are preventing the liberalization of tourism from meeting sustainable development needs through effective access to markets.

The enthusiastic support of the World Tourism Organization (WTO/OMT) and the World Travel and Tourism Council (WTTC) constitutes an important complement to the highly positive attitude to our proposal in this Council.

Below we respond to the comments made following the same sequence as the sections in our proposal.

**Section 3 – Competitive safeguards**

The vast majority of delegations expressed a positive opinion regarding the competitive safeguards in the proposal, in particular, their close relationship to the precedent established by the additional commitments on basic telecommunications through the regulatory document. Other delegations wished to look more closely at whether these safeguards should complement the specific commitments on tourism. Others did not consider that this part of the proposal was important.

In the opinion of our delegations, if the development of tourism is to be sustainable, there must be additional disciplines to overcome the obstacles to trade in tourism caused by anti-competitive practices in network services. These obstacles have a significant impact on international tourism and can be seen in transport and tourism distribution systems (i.e. travel agencies, tour operators, wholesale tour operators, computerized reservation systems and global distribution systems).

Several delegations have underscored the fact that tourism is the sector with the highest level of binding in the GATS. It is paradoxical that this high level of binding co-exists alongside a bewildering series of mergers and take-overs of tour operators and airlines. Such a process places tourist destinations at the mercy of abuse of a dominant position, without being able to count on any internationally binding mechanism to counter its effects. This is why international cooperation mechanisms to ensure a pro-competitive environment in this sector as whole need to be developed; this cannot be achieved through more specific commitments but through the adoption of new disciplines applicable to the whole cluster of tourism industries. This was noted by the expert meeting organized by UNCTAD in June 1998, as can be seen in document S/C/W/149, which we shall submit for the assessment of trade in services. At the latest UNCTAD meeting of experts on electronic commerce and tourism further concrete cases were put forward to underline this problem. This is why competition safeguards applicable to the cluster of tourism industries are being proposed. It is a sectoral solution closely based on the precedent set by basic telecommunications.

Resolving this problem through additional disciplines applicable to the cluster of tourism industries is the condition for achieving the objectives referred to in Article IV of the GATS in relation to market access already given to foreign suppliers of tourism services. We should remember that Article IV seeks increased participation by developing countries in international trade in services through negotiated specific commitments that give them better access to distribution channels and information networks. To date, no Member of the WTO has presented any evidence to show compliance with these provisions.

Nevertheless, it must be made clear that it is not our intention to encourage indirectly negotiations on air traffic rights (hard rights). This is a decision that will have to be considered in the appropriate forum.

#### **Section 4 – Consumer safeguards**

Only a few delegations have commented on this section. Almost without exception, there appears to be a degree of uncertainty concerning the need for such provisions in the proposal. The arguments put forward should continue to be examined and reconsidered in the future.

#### **Section 5 – Access to and use of information**

Some delegations consider that this section contains aspects that should be discussed in the Committee on Domestic Regulation. Others consider that the terms used need to be defined.

Members are aware of the position of our delegations on referral of issues for negotiation to subsidiary bodies. In this case, it is our view that such a decision is not appropriate because the Council for Trade in Services in Special Session is the only body mandated by the General Council to negotiate on services. Consequently, our decision on this section should emerge from the discussions to be pursued in this Council.

The objective of this section is to obtain a commitment with reliable information and access to information based on transparent, reasonable, objective and non-discriminatory criteria. We do not see how these minimum objectives could lead to controversy because they are consistent with the Codes of Conduct voluntarily adopted by a large number of Members of the WTO, particularly as they are essential to meet the objectives of Article IV regarding access to information networks.

Some delegations also considered that the question of computerized reservation systems should be dealt with in the context of the review of the Annex on Air Transport. It should be emphasized once again that the intention underlying our proposal is not to question indirectly the

decision adopted in this Annex, but to achieve a minimum regulatory commitment that will allow us to comply with Article IV in the case of tourism.

The aspects related to the definitions could be considered in a future version of the proposal.

### **Section 6 – Air transport, ancillary services and security measures**

Regarding this section, we repeat the comments made relating to Sections 3 and 5.

### **Section 7 – Cooperation for sustainable development of tourism**

This section closely follows the agreed provisions in Section 6 of the Annex on Basic Telecommunications.

Several delegations have expressed their appreciation of the proposed wording on cooperation for the sustainable development of tourism. Other delegations have found difficulties with the references to the supply of information on technology or cooperation to ensure compliance with internationally agreed standards. Unlike Section 6 of the Annex on Basic Telecommunications, our proposal is simply aimed at cooperation for the regulation and competitive and sustainable development of tourism; in other words, instead of proposing the transfer of technology, information is sought on how to ensure that the sector functions in a pro-competitive way.

Concerning internationally agreed standards, it is understood that compliance with such standards is a growing demand on the part of tourists visiting any country. A commitment binding on all the Members of the WTO and cooperation in applying such standards could be an important element in the sustainable development of international tourism. In this respect, the European Union's document proposes a possible link between this cooperation objective and access to high-quality environmental services and it should be developed more fully so as to facilitate its consideration by all the Members of this Council.

### **Section 8 – Relationship to other international organizations**

This section is also an adaptation of the agreed provisions in Section 7 of the Annex on Basic Telecommunications.

Just as international standards are needed to ensure that networks can function together, they are equally necessary for the sustainable development of tourism, in particular in relation to its economic, environmental and quality aspects.

Just as cooperation among intergovernmental organizations is important for the efficient functioning of telecommunications, cooperation for the safe and efficient functioning of all activities in the tourism industry cluster is even more important.

To summarize, the reference to the role of these international institutions in these essential aspects of cooperation so that our proposal can be implemented effectively is a recognition of the importance that this work will continue to have in the future once we have overcome the problem of the inadequate treatment of tourism in the GATS.

## **Appendix**

A large number of delegations have expressed concern at the extensive sectoral coverage in the Appendix in our proposal, which includes "characteristic sectors" and "related sectors" for tourism, which make up what we propose as the "tourism industries cluster".

At other meetings, we have indicated that this wide coverage reflects a prior definition in the Tourism Satellite Account, which was agreed at the International Conference held in Nice in June 1999. Subsequently, in March 2000, in the United Nations Statistical Commission in New York, a definition of the satellite account was agreed which reflects the global consensus and is limited to the "characteristic" sectors. A future version of the Appendix to our proposal will reflect this new consensus definition of the satellite account.

Nevertheless, it should be pointed out that some delegations have shown an interest in using the idea of the cluster as a checklist for the development of specific commitments. We consider that such use is appropriate and our delegations will take it into account when seeking commitments on tourism and other sectors of interest.

Nevertheless, the nature of our proposal for a tourism annex is distinct from the specific commitments. Our proposal seeks the adoption of new disciplines that will allow the problems which persist despite the widespread liberalization of tourism to be overcome. Achieving the objective of sustainable development of tourism using these new disciplines means that they must apply to the whole cluster of tourism industries and not only to some industries or sectors. The use of the cluster for regulatory purposes, in this particular case, is not the same as that which is being proposed for the specific commitments.

## **Other comments**

It has been suggested that the proposal be complemented by the elaboration of a model list of specific commitments for one part of the sector, for example, hotels and accommodation. We consider that this is a positive proposal and are at the disposal of the Member in question to prepare this list. We consider, however, that it would be interesting also to develop a model list for the tourism cluster as a whole, based on an analysis of the barriers that continue to be applied. Nonetheless, this is an idea applicable to other sectors of interest with a view to complying with the provisions of Articles IV and XIX, for example, maritime transport.

---