

**COMMUNICATION FROM THE EUROPEAN COMMUNITIES  
AND THEIR MEMBER STATES<sup>1/2</sup>**

GATS 2000: Tourism Services

The attached communication<sup>3</sup> has been received from the delegation of the European Communities and their Member States with the request that it be circulated to Members of the Council for Trade in Services.

**I. INTRODUCTION**

1. World-wide tourism is considered as one of the most important and fastest-growing sectors and one which has a very positive impact on employment and growth. In all countries, an analysis of the industry structure shows the relevance of small and medium size enterprises. All over the world, tourism is a major employer, representing a significant share of GDP and with a tremendous growth potential.

2. Nearly all Members have made commitments in this sector – by March 1999, the tally was at 114 (out of 134) countries in all. The level of commitments undertaken regarding the tourism sector is far greater than any other sector. This clearly indicates the intention of most WTO Members to expand their tourism activities and increase inward FDI as part of their efforts to promote economic growth.

3. EC commitments are very comprehensive and the level is generally very high, with very few restrictions remaining.

4. Implementing the existing commitments as well as eliminating all remaining restrictions should be a very high priority. According to our analysis, the few classification problems arising from the current GATS classification are not obstacles to dealing with the tourism sector in a comprehensive way. Nonetheless the classification does not reflect the broad dimension of this sector, hence the need of a cluster regrouping all tourism related services (i.e. those which are not purely tourism) which could be used as a checklist. This concept is currently being discussed in the CTS Special session. This proposal should therefore be read in the light of EC positions in this framework.

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<sup>1</sup> Hereinafter "The EC".

<sup>2</sup> The EC reserve their right to modify this proposal at any time. This proposal does not prejudice EC's position on other services sectors, nor any possible future offer on this or other sectors. This proposal has to be read together with the general approach of the EC to the services negotiations.

<sup>3</sup> This document should be read in conjunction with S/CSS/W/32.

5. Our proposal aims at engaging WTO Members in negotiations to liberalise this sector, as defined in W/120, as fully as possible<sup>4</sup>. The GATS 2000 negotiations should be the opportunity for higher qualitative and quantitative commitments. Thus resulting in eliminating substantially remaining restrictions to trade in this sector including restrictions on foreign direct investment under the Agreement.

6. Our proposal aims at reducing unnecessary trade distortive barriers without affecting the quality of service, protection of consumers, public safety, as well as safeguarding the rule of law.

## **II. SCOPE OF THIS PROPOSAL<sup>5</sup>**

7. This proposal includes all sectors and sub-sectors of the tourism W/120 classification:

- A. Hotel Restaurants and Catering (CPC 641-643)
- B. Travel Agencies and Tour Operator Services (including tour managers) (CPC 7471)
- C. Tourist Guides Services (CPC 7472)
- D. Other

## **III. PROPOSAL**

8. The Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in the tourism services sector.

9. Typical remaining restrictions include unspecified approval and licensing requirements, unspecified economic needs tests, restrictions on equity holdings, restrictions on forms of doing business, residency and nationality requirements, restrictions on mobility of key personnel.

10. This list is not exhaustive, and other restrictions are also maintained by WTO members.

(a) Mode 1, 2 and 3:

- Consider whether any restrictions would be justified.
- Note on sub-sector “A. Hotel restaurants and catering”, mode 1: a commitment on this mode of supply is not feasible except for catering services.

(b) Mode 4:

The EC schedule includes, inter alia, temporary movement of intra-corporate transferees as well as contractual service suppliers (i.e. the service is supplied, on the basis of a contract, by an employee of a company not established in the Member's territory). The EC propose that, on this basis, further discussions are held on how to improve and facilitate the temporary movement of natural persons for the provision of specific services.

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<sup>4</sup> Implementing the existing commitments remains a very high priority.

<sup>5</sup> The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.

Exceptions may be accepted for:

- Sub-sector “A. Hotel restaurants and catering”, mode 3: limitations linked to, for instance, protection of areas of particular historic and artistic interest may be accepted, as well as to retain certain controls for consumer protection purposes
- Sub-sector “B. Travel Agencies and Tour Operator Services”, mode 3: requirement of incorporation of commercial company to act as travel agencies may be accepted, as well as to retain certain controls for consumer protection purposes.

**For reference: horizontal proposals and the tourism sector**

11. The EC reserve the right to present, in due time, a formal proposal concerning horizontal commitments listed by WTO Members. At this stage, some horizontal commitments can already be underlined as particularly affecting the tourism sector: unspecified approval requirements, unspecified economic needs tests, certain limitations on the purchase or rental of real estate, restrictions on equity holdings, residency requirements.

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