

COMMUNICATION FROM SWITZERLAND

GATS 2000: Tourism Services

The following document has been received from the delegation of Switzerland with the request that it be circulated to members of the Council for Trade in Services

I. IMPORTANCE OF THE SECTOR

1. Tourism is considered to be the largest industry in the world and one of the most rapidly growing sectors. It represents approximately one-third of the total value of world trade in services.
2. On the whole, the biggest exporters of tourism services are the industrialized countries. In Switzerland, for instance, tourism is the third largest export sector and accounts for 7 per cent of the country's export earnings. However, tourism is also very important in a considerable number of developing countries, where it is often among the most important sectors in terms of foreign currency earnings and employment. Since tourism is extremely labour intensive, the developing countries have a strong potential comparative advantage.
3. Although the number of commitments taken on by Members in the tourism sector is already high, a number of barriers to international trade in tourism services remain. Since tourism is profitable to practically all countries in the world, further opening up of this market would be of considerable benefit to a great number of Members.

II. CLASSIFICATION ISSUES

4. In practice, it is difficult to define with any great precision what the tourism services sector actually covers. A variety of definitions, some broader than others, have been put forward. The considerable work done with a view to developing a tourism satellite account has shown that many services which initially appear not to be specific to tourism can, in fact, be included in the tourism sector, at least partially. The results of the discussions in the Council for Trade in Services of the proposal from the Dominican Republic, El Salvador and Honduras, which refers to this work, should be incorporated in the negotiations currently under way. It should be recalled that air transport services, which are of fundamental importance to the tourism sector, to a large extent fall outside the coverage of the GATS. This proposal covers the services which already appear in sub-chapter 9 (Tourism and Travel Related Services) in the list contained in document MTN.GNS/W/120 and which traditionally make up the core of the tourism sector (see Annex for precise definitions):

- A. Hotel and restaurant services (including catering services) (CPC 641-643)
- B. Travel agency and tour operator services (CPC 7471)

C. Tourist guide services (CPC 7472)

D. Other

III. PROPOSAL ON SPECIFIC COMMITMENTS

(i) *Existing commitments and barriers to liberalization*

5. Almost all of the Member states have made commitments in sub-sector 9 (Tourism and Travel Related Services). This is the sub-sector in which members have made the most commitments, reflecting their desire to attract foreign capital and to develop their tourist industries.

6. Broad commitments have been made in the hotel and restaurant sector with the exception of mode 1, often "unbound", for technical reasons. More than 110 Members have made commitments in this area. On the whole, there remain few major barriers, the most common of which are economic needs tests, particularly for the opening of hotels with more than 50 or 100 rooms or the opening of new bars and restaurants. There are also cases of citizenship requirements for obtaining liquor licenses.

7. Some 90 Members have made commitments in the area of travel agency and tour operator services, while a little more than 50 Members have done so in the area of tourist guide services. These commitments are often subject to reservations, such as the citizenship requirement for tourist guide licences or limits on foreign investment shares. Thus, several Members have maintained market access and national treatment barriers in one (or both) of these areas, impeding their development in countries which, in fact, have considerable potential for such activities.

8. Commitments under item D (Other) are fairly rare (they involve little more than a dozen Members) and very heterogeneous. In some cases they concern only relatively unimportant services, while in other cases, they cover a whole range of tourism-related services. Item D provides a certain amount of flexibility which we shall discuss further on.

(ii) *Objectives*

9. In view of the importance of the tourism sector for all Members, Switzerland proposes that commitments in this area be improved. Firstly, the remaining barriers in the hotel and restaurant area in certain Member countries should be eliminated. That the government should decide on what the needs of the population are or should be might appear somewhat anachronistic in a market economy. If the economic needs tests cannot be entirely abolished, they should at least be made more transparent in the schedules of commitments and more predictable.

10. Secondly, Members are invited to make further commitments and to eliminate existing restrictions, in particular with respect to modes 1, 2 and 3 in the travel agency and tour operator services area. Since tourist guide services are also at the heart of tourism services, further commitments should also be considered in that area as well. In view of the considerable repercussions of tourism on the supply of a whole range of other services, the development of travel agency and tour operator services, in particular, will have a multiplier effect on the entire economy.

11. Restrictions under mode 4 with respect to travel agency and tour operator services as well as tourist guide services must also be evaluated, particularly when they act as an impediment to the beneficial effects of abolishing restrictions under other modes of supply.

12. Moreover, Members are invited to reflect on the commitments they could make under item D (Other). Item D enables Members to make commitments in the service areas not covered by items A, B and C but which, in practice, also form an integral part of tourism services. Some Members'

schedules of commitments already contain significant measures in this respect. For example, under item D, a Member has made commitments in the area of "tourism management services", "tourism transport services" and "tourism convention services". In other words, this point provides a certain amount of flexibility in considering other tourism-related services. It is possible to broaden the spectrum of commitments to cover services mentioned in the "cluster" contained in the proposal of the Dominican Republic, El Salvador and Honduras. However, in doing so it is important to avoid covering services that are already covered in other subsectors.

13. *A priori*, Switzerland is not convinced that this is the right moment to draw up multilateral disciplines concerning competition-related issues, as advocated, *inter alia*, in the paper submitted by the Dominican Republic, El Salvador and Honduras. The GATS is not necessarily the right framework for settling such issues. However, Switzerland is open to discussion on this point if other Members so deem necessary.

14. The objective of this proposal is to fuel the discussion aimed at eliminating discriminatory measures. This additional opening up of the tourism services market should not take place at the expense of the quality of services and consumer protection. It is also important to ensure that the principles of sustainable development of tourism are respected, particularly as regards the protection of the environment – which often represents a considerable capital asset put to good use by the suppliers of tourism services – and the protection of natural communities.

ANNEX

Definition of tourism services according to WTO list MTN.GNS/W/120, based on the United Nations Central Classification of Products (CPC)

9. TOURISM AND TRAVEL-RELATED SERVICES

A. Hotel and restaurant services (including catering services) (CPC 641-643)

641 Hotel, motel and other lodging services

6411 Hotel lodging services

6412 Motel lodging services

6419 Other lodging services

64191 Children's holiday camp services

64192 Holiday centre and holiday home services

64193 Letting services of furnished accommodation

64194 Youth hostel and mountain refuge services

64195 Camping and caravan site services

64196 Sleeping car services and similar services in other transport media

64199 Other lodging services n.e.c.

642 Restaurant services

6421 Meal serving services with full restaurant services

6422 Meal serving services in self-service facilities

6423 Catering services

6429 Other food serving services

643 Beverage serving services for consumption on the premises

6431 Beverage serving services without entertainment

6432 Beverage serving services with entertainment

B. Travel agency and tour operator services (CPC 7471)

7471 Travel agency and tour operator services

C. Tourist guide services (CPC 7472)

7472 Tourist guide services

D. Other services
