



**Council for Trade in Services
Special Session**

SUMMARY BY THE CHAIRPERSON

INFORMAL MEETING OF 8 APRIL 2019

1. This document provides a summary of discussions at the informal meeting of the Special Session of the Council for Trade in Services that was held on 8 April 2019. The purpose of the meeting was to discuss the communication from Chile, Mexico, New Zealand, and Panama (JOB/SERV/286), entitled "Exploratory Discussions on Market Access: Tourism and Related Services".

2. A delegation, speaking for the co-sponsors of the communication, recalled that the four Members had last year suggested that Members engage in exploratory discussions by exchanging views on current areas of interest on market access. Co-sponsors believed that this would foster a better collective understanding of key issues and build more solid foundations for any future negotiation. At the same time, they saw the discussions as without prejudice to negotiations. The focus was not on whether to now engage in negotiations. The communication sought to contribute by providing views on the importance of trade in tourism services, and by identifying areas of common interest regarding overall improvements to GATS commitments.

3. Tourism was key to the economic vitality of many Members, including communities in rural and remote areas. The sector contributed significantly to employment, had a large indirect impact through associated industries that supported the core services provided to travellers, and encouraged economic diversification. The sector was labour intensive and supported a wide range of employment opportunities, including for women, youth, and low-skilled workers. Travel and tourism directly accounted for 3.8 percent of global employment. More broadly, the sector supported one in ten jobs around the world. For many countries, tourism accounted for a significant share of services exports and inward foreign direct investment. Because trade in tourism services often involved local consumption, the sector offered unique opportunities to start exporting with relatively low entry costs. The sector had grown strongly recently, with 1.3 billion international tourist arrivals in 2017, more than twice the level from 2000. The trend was expected to continue, reaching 1.8 billion arrivals in the next 12 years. Since the strong increase in travels over the years had gone together with an expansion of the number of destinations, developing Members, which often possessed a comparative advantage in tourism, played an increasingly prominent role.

4. Significant private investment and increased service supply would be needed to support future growth, including for accommodation, passenger transport, and recreational services. GATS commitments could make an important contribution to the policy environment for the sector by providing for greater transparency, predictability and contestability. For example, mode 1 commitments benefited suppliers taking advantage of technology for cross-border supply, such as for services relating to rentals and bookings. Mode 2 commitments helped ensure that foreign services or suppliers were not discriminated as a result of measures imposed on outbound travellers. Mode 3 commitments provided guarantees for the establishment and operation of foreign suppliers and helped to increase foreign direct investment and grow local tourism activities. Mode 4 commitments complemented other modes when in person delivery of the service was required.

5. The number of Members with GATS commitments in tourism and travel-related services was high compared to other sectors. However, Members' commitments within the sector differed, and co-sponsors had interest in improvements in certain areas. First, specific commitments of Members could better cover the three main components of the sector, namely hotels and restaurants, travel agencies and tour operator services, and tourist guide services. Second, specific commitments were sometimes 'unbound' under certain modes of supply or, when limitations were scheduled, these

appeared more restrictive than the openness provided in practice. Commitments reflecting existing openness would be consistent with efforts to facilitate investment in tourism. Third, in view of strong inter-linkages, new or improved commitments in sectors such as passenger transport (e.g., cruise ships), construction, recreational services, convention services, and car rental services would contribute to the growth of the tourism sector. The co-sponsors invited all delegations to address the questions for discussion contained in Part III of the submission.

6. Speaking in its national capacity, the delegation said that tourism constituted an industry of great importance, as it generated positive impacts in various sectors of domestic economic activity, as well as in terms of employment. This was of particular significance for the most remote regions of the country, where local communities depended economically on tourism. In 2017, revenues from international tourism accounted for 5.4% of the country's total exports. Arrivals of international tourists had increased by 14% in 2017, a growth that was significantly higher than the world average. Over the last 10 years, the number of international visitors had more than doubled, going from 2.7 million in 2008 to 5.7 million in 2018. This rapid growth involved important investments in all tourism subsectors, as well as in related sectors, such as transport, convention services, and recreational services. Domestic enterprises were making greater use of information and communications technology to commercialize and sell their services in the country and across borders. Domestic companies were also increasing their investments abroad, mostly in hotel and transport services, but also, to a lesser extent, in travel agencies. In view of the recent and expected future growth of the sector, the delegation would welcome improvements to GATS schedules in tourism services and related sectors, for all modes of supply. Through such improvements, the WTO could make an important contribution by promoting transparent and predictable legal frameworks to support efforts to grow local tourism industries.

7. Drawing on its national experience, another delegation co-sponsoring the communication said that the services sector generated 70% of GDP and employment in the country, and that tourism was a key sector, as it was for other developing countries. In 2018, tourism represented approximately 7.3% of GDP. But with a broader definition of the sector and considering the impact on other economic activities, its contribution reached 16% of GDP. According to balance-of-payment statistics, tourism services accounted for 26% of world exports of commercial services in 2017. The same year, tourism services represented 78% of the country's commercial services exports. Tourism contributed to employment in different segments of the population. In 2018, the sector generated 1.6 of each 10 jobs created in the country. It had also expanded significantly recently, reaching 42 million inbound visitors in 2018, twice the number attained in 2000.

8. With respect to market access, the delegation had undertaken commitments across the whole tourism sector, and no restrictions to foreign investment were imposed. However, like in other schedules, mode 1 had been left unbound. Further discussion of this mode and of services supplied online seemed relevant. The delegation was interested in exploring possible market access commitments in other services that could positively impact on the tourism sector, such as passenger transport, construction services, recreational services, and convention services. The representative hoped to pursue a constructive discussion on this sector and on others that were of interest to Members.

9. A delegation sponsoring JOB/SERV/286 underscored that the tourism sector, in addition to its important contribution to economic development through its impact on revenues, employment and foreign exchange, had indirect effects by stimulating economic activity in such other sectors as financial services, transport, distribution, and construction. The World Tourism Organization indicated that, in the case of Latin America and the Caribbean, the sector represented approximately 18% of GDP and accounted for 15% of job creation. For the country, tourism represented 11.5% of GDP, and generated more revenues than the Panama Canal and the Colon Free Trade Zone.

10. While a good proportion of WTO Members had undertaken specific commitments on tourism services, improving exports of tourism services required establishing effective links with other related sectors, and improved commitments under the GATS could contribute to the development and implementation of national policies directed at strengthening and increasing the competitiveness of the sector. For the country, air transport services were key assets. Sixty percent of tourists entered the country via air transport, and the international airport received more than 2 million passengers per year. Even though the country was highly connected, the delegation considered that broader commitments from Members on services listed in the GATS Annex on Air Transport Services – aircraft repair and maintenance services, selling and marketing of air transport services, and

computer reservation system services – would increase the export supply of tourism services by helping reduce costs and increase connectivity. To successfully compete in international tourism, capacity was needed to provide a range of services other than such traditional tourism services as hotels. This broader range of services included financial services, where liberalization permitted to increase the efficiency and quality of services provided to tourists, for example through improved payment and money transfer services, or better access to credit card services. Other examples included life, medical, and travel insurance services. In such other sectors as construction and services relating to agriculture, fishing and food processing, improved commitments and the elimination of restrictions would facilitate the provision of competitive tourism services in a transparent and predictable environment.

11. Another delegation co-sponsoring the communication said that it was a strong proponent of renewing discussions on services market access. It hoped that discussions would highlight the benefits for all economies of increased market access. Tourism was an ideal sector for this first conversation because it was crucial to many Members' economies. Tourism was a significant contributor to the national economy and in 2018 the sector directly accounted for 6.1% of GDP and 8% of total employment. Tourism was the country's largest export, accounting for more than 20% of total exports. The country sought to ensure that tourism growth was sustainable and inclusive. Tourism also brought significant benefits for regional development, helping to grow the local economy, bringing prosperity, and improving the quality of life. The national experience with tourism had been one of increasing growth that coincided with the ease of travel globally. International visitor arrivals increased by 43% between 2013 and 2018, and visitor numbers were expected to exceed five million by 2024.

12. This growth had created challenges in delivering tourism services. A number of government initiatives, including to ensure sufficient infrastructure, had been introduced to help cope with this growth and ultimately to strengthen the tourism sector. The country was updating its tourism policy with the aim of enriching the country through sustainable tourism growth, and recognizing its environmental and social aspects. The delegation hoped to see movement towards more comprehensive commitments in tourism and related services given the positive contribution to economic development. Tourism was an industry that relied on other service sectors, and that could also drive demand for other services. A lack of commitments in supporting services could hamper commitments made in tourism services. The delegation considered that transport as well as construction and related engineering services were key sectors that could spur further growth in the industry by helping to develop a reliable infrastructure to support greater tourist numbers.

13. A delegation, speaking for a regional group of 44 Members, wished to make systemic observations about work in the Special Session and the way forward. Last year, the group had expressed reservations about exploratory discussions. There was much reluctance and divergence to pursue work, as the majority of Members had made clear at the last meetings. In the current climate and context, the group remained sceptical about advancing market access discussions. Meaningful engagement on these issues was not conceivable in the prevailing environment. The group was concerned about the process advancing without consensus. This was a serious systemic issue that could be not treated lightly, in accordance with TN/C/1 which set out the principles and practices on the role of Chairpersons of the TNC and Negotiating Bodies. Views of all Members had to be respected. The idea of having substantive negotiations on agriculture first was to ensure a rebalancing of developing countries' interests in the WTO. The group did not take lightly negotiating services market access. However, there had always been a logical sequencing with respect to services liberalization in the Doha Development Agenda, where nothing happened until agriculture moved substantially. Developing countries were now being asked to make contributions in agriculture, and this was going backward, not making progress. Until agriculture negotiations advanced, the group could not agree to exploratory discussions. This approach would also complicate other negotiating areas with positive momentum and place inordinate expectations on services areas of interest to developing countries, which were unlikely to be met. A case in point was the lacklustre market access outcomes in mode 4.

14. The last time undue pressures were exercised on services issues, with the majority of developing countries not supporting the agenda, a group of Members had opted to pursue services liberalization outside the WTO in TISA, and then, recently, took multilateral work on domestic regulation into an informal process in the WTO. As decided by the region's Ministers of Trade, the group considered that agricultural reform, notably on domestic support, public stockholding, the special safeguard mechanism, cotton, and development, was the most immediate priority. The representative drew

attention to the existing mandate in GATS Article XIX and the Negotiating Guidelines (S/L/93). Pursuant to Article IX of the Marrakech Agreement Establishing the WTO, decisions were taken by consensus. Nothing would stop Members from making unilateral services commitments and updating their GATS schedules in all modes, if they so wished.

15. The representative noted that JOB/SERV/286 referred to the 2014 LDC Collective Request. Work on the implementation of preferential treatment in favour of LDCs and the services waiver took place in the Council for Trade in Services. It was disingenuous to use the LDC request to advance this process on a sectoral basis in the Special Session. The group had significant concerns about the relationship between market access and the preferences provided under the waiver. She hoped to learn from proponents how this would work in practice. Would there be two different regimes, one for LDCs and one for the rest of the world? How would the principle of MFN be applied? In theory, LDCs should get more than developing and developed countries. The group invited Members supporting exploratory discussions to submit, as a first step, full notifications under the waiver in tourism and related services for all modes of supply. This would help build trust, which was needed. She also observed that several members of the group, including recently acceded Members, had undertaken substantial liberalization, and that proponents of exploratory discussions had lesser commitments than some countries of the region. Services offers were already on the table as part of the Doha Round, and this was a clear signal that services were more advanced than other negotiating pillars.

16. A delegation, speaking for a group of Members, recalled interventions in earlier meetings in relation to the existing mandate under GATS Article XIX, including its flexibilities for developing countries, the negotiating guidelines and procedures, as well as the request-offer process. These were still in place notwithstanding the fact that some Members had chosen to negotiate services plurilaterally outside the WTO. The group had no issue with any Member communicating its interests under the existing negotiating mandate. The group had raised concerns about launching any new process that could negate or amend existing mandates, guidelines and procedures. With this in mind, the group was not in a position to support the proposal at this time, as it continued to study the elements.

17. The group's submission from 2015, contained in JOB/TNC/46, called on Members to conclude Article XIX negotiations by making commitments in sectors and modes of supply of interest to developing countries, LDCs, and small, vulnerable economies (SVEs). The submission contained an annex of services sectors of interest to members of the group, and this included tour guide services and travel agency and tour operator services. The group was therefore among those Members that had expressed interest in commitments in tourism services. Tour guide services and travel agency and tour operator services were also linked to mode 4, in particular contractual services suppliers and independent professionals. However, modes 1, 2 and 3 were also important for the sector. The group thought that the communication included questions that could steer the membership into multilateral negotiations on services, beyond the current guidelines and procedures. Negotiations had to achieve liberalization through commitments in sectors and modes of supply of interest to developing countries, LDCs, and SVEs. The representative pointed to the flexibility for individual developing countries and LDCs in GATS Articles XIX:2 and IV:3, as well as in the Negotiating Guidelines. In the past, the group had seen certain Members attempt to obtain commitments that bound the applied regime or that reflected what had been achieved in the context of regional trade agreements. These were not the agreed modalities for negotiations. The agreed process of liberalization should take place with due respect for national policy objectives and the level of development of individual Members, both overall and in individual sectors. The GATS framework did not require reciprocity in terms of specific commitments, and Members could decide how to respond to requests. The group remained opposed to attempts to apply formulas in services negotiations.

18. A delegation, speaking for a group of Members, noted that the co-sponsors of JOB/SERV/286 had updated their market access interests in tourism services, and thought that the data provided in the paper was useful in understanding the continuing importance of the sector, especially for developing countries and the least developed among them. The group observed that the communication referred to the LDC collective request. However, that request sought preferential treatment for LDC services suppliers pursuant to the 2011 LDC Services Waiver Decision. The Waiver Decision was a by-product of GATS Article IV:3, the 2003 LDC Modalities, and paragraphs 9(a) and 9(b) of the 2005 Hong Kong Ministerial Declaration.

19. The representative recalled that paragraph 26 of the Hong Kong Ministerial Declaration recognized that LDCs were not expected to undertake new commitments. Implementation of the waiver and related notifications were discussed in the Council for Trade in Services. Many of the 24 notifications submitted to date had attempted to respond to the group's request concerning tourism services. With the exception of India's special quota for independent professionals and contractual services suppliers in relation to tour guide services, and China's Authorized Destination Status in the tourism sector for LDCs, the group found that a number of barriers remained in the preferences notified. Among the co-sponsors, New Zealand had not notified preferences in the tourism sector. The group would discuss bilaterally to see if it could extend preferences in tourism services. With respect to Chile, Mexico and Panama, the group noted their interest for better market access commitments in tourism services, but a fundamental question was how to ensure that preferences notified for LDC suppliers would not be eroded. The representative observed that agriculture discussions, an area of utmost importance to the group, had not made the anticipated progress, including as regards public stockholding, the special safeguard mechanism, and substantial reductions in trade-distorting domestic support. It was not in the group's interest to have movement in services without meaningful movement in agriculture. Moreover, given outstanding questions in relation to technological neutrality and the central principle of special and differential treatment, discussion of market access in services did not appear appropriate. The group did not support the creation of a new process, and Members should respect the existing negotiating mandate, procedures and guidelines.

20. A delegation believed that the communication was a constructive and positive initiative, which allowed Members to discuss services without prejudice to negotiating positions. The representative was surprised by some earlier interventions. He had expected that delegations would aim to discuss a sector that was of high economic importance, but certain interventions instead appeared to suggest that Members were already engaged in negotiations. The discussion today should rather serve to exchange views on issues raised in the communication. It was inappropriate as well as legally incorrect to say that consensus was required for Members to circulate communications and discuss them. The representative did not see why the discussion of the communication should be questioned.

21. To answer the questions raised in the submission, the delegation underscored the importance of tourism for its economy. The sector represented 10% of GDP and generated 9% of total employment, while international tourism accounted for 6% of its total exports and 22% of its services exports. A recent joint communication from the World Tourism Organization, the WTO, the International Trade Center and the World Travel and Tourism Council highlighted that tourism was highly affected by international trade and showed that economic activity associated with travel and tourism grew one and a half times more than the world economy in 2017, with projections indicating that the sector would continue to outpace global growth. Against this background, the delegation pointed to its existing liberal commitments in tourism services, which it could consider improving further if there was an interest to engage in negotiations. In general, the delegation was open to considering any approach that could facilitate progress towards negotiated WTO outcomes. It would welcome commitments from other Members that were more comprehensive, notably by removing existing market access restrictions, in particular as regards cross-border supply of tour operator and travel agency services, and foreign ownership restrictions with respect to mode 3.

22. A delegation expressed appreciation for the communication presented today and strongly supported exploratory discussions on services market access. It hoped that discussions could help reinvigorate work in the Special Session and the WTO more generally. The delegation drew attention to a recent policy brief submitted to the G20 by a group of experts, in which policy-makers were urged to pay greater attention to trade in services and its crucial role in achieving G20 objectives. The brief said that global exports of manufactured goods as a percentage of GDP had plateaued in recent years and even declined by 1.2 percentage points between 2007 and 2017, whereas trade in services had increased as a share of GDP. Most of the growth in services trade was in high value-added and high productivity sectors such as in ICT and various business services. The services sector now accounted for most of the global FDI stock. The policy brief said that the need to focus more on trade in services would become increasingly important as a result of technological changes – notably automation, additive manufacturing, Internet of things, machine learning and artificial intelligence applications –, and that neglect of services in the design of trade and investment policies would imply a significant loss of growth and development opportunities.

23. The delegation considered that services industries had undergone great transformation since the dawn of the Internet, and that the WTO needed to keep pace. Today's discussion should be the

beginning of a process where Members shared experiences and exchanged information to better understand the services landscape and plan more substantial work in the future. The delegation was willing to contribute to this process, which would enhance transparency and promote mutual understanding among the membership. The representative understood the caution and reservations expressed by other delegations, and he emphasized that this process should remain exploratory in nature and without prejudice to positions in future negotiations. He thought that autonomous liberalization was an important way to promote liberalization of trade in services. Since joining the WTO, the country had made continuous efforts in this regard. As a result of comprehensive autonomous liberalization efforts and implementation of GATS commitments, the country's deficit in trade in services reached almost 300 billion USD in 2018, by far the largest in the world. However, the country would not stop further opening of the service sector because it believed these efforts were essential for the sustainable and more balanced development of its economy.

24. Tourism services had great potential for sustainable economic growth, as well as social development. According to the World Tourism Organization, travel and tourism contributed 10.4% to global GDP in 2018 and supported 319 million jobs, 10% of the world's total employment. In the last five years, one in five new jobs was created by travel and tourism. In the next 10 years, the growth of the tourism and travel sector was estimated to be faster than global GDP, supporting one in nine jobs and creating one in four new jobs globally. The country ranked first in the number of outbound tourists and fourth in the number of inbound tourists, contributing about 10% to world trade in tourism services. In 2018, the sector accounted for 11% of GDP and provided 10.3% of national employment, both rates being higher than the global average.

25. Recognizing the importance of this sector, the country had undertaken important efforts to promote its sound and healthy development. It first did so by liberalizing the tourism market. For instance, wholly foreign-owned tourism agencies were allowed to provide outbound tourism services in the Shanghai Pilot Free Trade Zone on trial basis. The first application by foreign investors was approved in September 2017 and more applications were being processed. Second, the country enhanced international tourism cooperation. It successfully hosted the Belt and Road Tourism Ministerial Meeting last year, during which the Chengdu Initiative on Belt and Road Tourism Cooperation was launched to share experiences in promoting tourism services. The country also pushed forward visa-exemption arrangements for tourists and, in 2018, seven more countries had provided visa-free treatment for its tourists, further boosting the Mode 2 imports of tourism services. Third, the country had improved regulation of the sector. Various laws and regulations were modified, such as the Law on Tourism, the Regulation on Tourism Agencies, and Administrative Measures for the Quality Grade Evaluation of Tourist Areas. In addition, three regulatory measures and 114 policies had been abolished, with a view to further liberalizing the sector, streamlining administrative processes, and improving regulatory efficiency.

26. These efforts had contributed to the development of the domestic tourism sector in recent years. The number of inbound tourists reached 141.2 million last year, while the number of outbound tourists stood at 149.7 million. Tourism services exports and imports reached 123.4 billion and 115.3 billion USD, respectively, in 2017. And these amounts did not include non-tourism expenses of overseas study, medical care, employment, house purchasing and financial investment. The tourism sector created 28.3 million direct jobs and 51.7 million indirect jobs, including in sectors like accommodation, catering, civil aviation and railway passenger transport. The country was now the top source of tourists for 10 Members, including Japan, Korea (Rep.), Thailand and Viet Nam. It also ranked among key sources of international tourists for such Members as the United States, the United Arab Emirates, the United Kingdom, and New Zealand. Although only 5% of citizens held passports, the country's tourists accounted for 20% of spending by global outbound travelers. Consumer behavior was shifting from sightseeing and shopping to enjoying cultural and ecological diversities overseas, with an increasing number of visitors preferring destinations that provided personalized travelling experiences. The country would continue its efforts to further liberalize tourism and related services, including transportation, e-payment, computer-related services and recreational services. The delegation was keen to learn from the experience of other Members in this regard, and to enhance international cooperation in promoting global tourism trade.

27. A delegation considered that tourism and travel-related services were of strategic economic and commercial importance. The sector was dynamic and occupied an increasing role in the domestic economy. The sector now represented 7.5% of GDP, compared with 5.7% in 2007. It employed 6.5% of the work force and, with revenues of over 1800 million USD, it was the principal activity generating foreign exchange, ahead of traditional export products. The country's competitiveness in

the sector depended on a wide network of services and products, as well as cultural features, including gastronomy, arts, and traditions, to meet the expectations of visitors. Achieving competitiveness required coordination between various actors, both private and public, at the local and international levels. It also required transparent practices, predictable rules, and strategies that resulted in real improvements to the sector's competitiveness and sustainable development. The country adopted the Tourism Law in 2014 and benefited from a medium-term and long-term sustainable development plan, which had been implemented over the past decade. Its objectives included the growth of an accessible and safe tourism sector through improvements to services and infrastructure that permitted to harness the country's competitive advantages. The delegation welcomed hearing the views of Members and was committed to actively contributing to these discussions.

28. A delegation said that the number of inbound visitors in 2017 reached approximately 10 million, amounting to 12,315 million USD in tourism expenditures. On average, each visitor stayed seven days and spent 1100 USD. The delegation considered that tourism and travel related services had played a vital role in national economic and trade growth, as well as job creation. According to a recent report from the Tourism Bureau, the main purposes of visits were sightseeing, business, international conferences or exhibitions, visiting friends or relatives, studies and medical treatment. Over 60% of inbound visitors had seen advertising or read reports before traveling. Vacation travel planning was often done through word-of-mouth recommendations, the Internet, and travel agencies. As tourism was a highly competitive sector, marketing and promotion always played a significant role. Tourists mainly relied on digital tools and platforms to search for tourism information, and e-commerce and computer-related services therefore had a significant impact. In its GATS schedule, the delegation had bound a high level of liberalization, with commitments for regular and tourist hotels, food serving services, travel agencies, tourist operator services and tourist guide services. The delegation fully agreed with co-sponsors' suggestion that improved GATS commitments in many other sectors would support and contribute to the growth of the tourism sector. The representative encouraged Members to further liberalize other related service sectors and welcomed further discussions in subsequent meetings.

29. A delegation thought that the communication was a useful start for an exchange of views on areas of interest, without prejudice to Members' views in any future negotiation. Like for other delegations, tourism was significant for the domestic economy. With respect to the first question put forward in JOB/SERV/286, the representative said that tourism and related services were one of the country's top ten exports. National experience supported the analysis put forward by Chile, Mexico, New Zealand and Panama. Recreation travel services were the country's second largest services export. In the year ending in September 2018, the country had welcomed 8.4 million international visitors, who had spent a record AUD 43.2 billion, a five per cent increase from the previous year. This had helped create new jobs and drive economic growth. Turning to the second question in JOB/SERV/286, the representative agreed that it would be useful to exchange views on Members' commitments in tourism and related services. Her delegation had undertaken commitments across all three components of the sector. She would welcome a discussion about the policy behind certain commitments, particularly where Members had scheduled "unbound". Regarding the third question, the delegation agreed that tourism was an industry that cut across different sectors. For example, in its own economy, the main item of expenditure in 2016/2017 among all tourists was passenger transportation, followed by meals and shopping. Accommodation services closely followed these expenditure items. The delegation was interested to hear more from Members on these kinds of statistics in their own countries and to explore how commitments across different sectors could support tourism. She looked forward to further discussions, including in other sectors.

30. A delegation reiterated its interest in services negotiations, where it looked for commercially meaningful market access outcomes in mode 4, including the movement of professionals. With respect to domestic regulation, the delegation wanted commercially meaningful disciplines on qualification requirements and procedures and on related temporary entry measures. Service suppliers, particularly natural persons from developing countries, faced numerous border and behind-the-border barriers as well as procedural bottlenecks, which impeded the realization of the full potential of trade in services. In that regard, the delegation wished to emphasize the hurdles faced by professionals, such as IT and STEM (science, technology, engineering, and mathematics) specialists, as well as medical practitioners, architects, accountants, and teachers. Given the aging population and severe shortage of such professionals in many developed countries, the delegation saw great value in commercially meaningful market access outcomes and disciplines on domestic regulation in these areas. In that regard, the representative recalled the collective request on mode 4

that had been co-sponsored by a number of WTO Members, including, among others, Argentina, Brazil, Chile, China, Colombia, Egypt, India, Mexico, Pakistan, Peru and Thailand. The delegation underscored that all future market access discussions should be in accordance with the mandate of GATS Article XIX, including its built-in flexibilities, particularly as contained in Article IV.

31. A delegation said that it welcomed any proposals from Members to reinvigorate the discussions in the Special Session and services bodies. Without prejudice to future negotiating positions, the representative wished to contribute to the discussion by sharing some national experiences and providing preliminary insights. As an archipelago of 7,641 islands in Southeast Asia, the country welcomed 7.1 million visitors in 2018, a 7.7% increase from 2017. Tourism was therefore an important sector of the economy. The government enacted the Tourism Act of 2009 (Republic Act 9593), which aimed to attract investments in the tourism sector by providing fiscal and non-fiscal incentives, such as income tax holidays, employment of foreign nationals and granting of special investor visas. The country had also been participating in initiatives to support the promotion of tourism within the ASEAN region. The ASEAN Mutual Recognition Arrangements (MRA) for Tourism Professionals, which was adopted in 2009, facilitated the movement of tourism professionals in hotel services, food and beverage services, travel services, travel agencies and tour operators.

32. The delegation thought that the full development of the tourism sector relied on appropriate infrastructure and supporting services to address the needs of tourists, as well as to improve the overall tourism experience through *inter alia* seamless multimodal transportation and world-class tourism facilities and services. As such, commitments in mode 3 in relation to the construction and transport sectors would encourage competition, as well as technology and knowledge transfer. Other services that supported the development of the tourism industry included environmental services, retail, and computer reservation services. JOB/SERV/286 continued to be reviewed in capital, and the delegation might provide further comments at future meetings.

33. A delegation indicated that it had hosted 46 million tourists in 2018, a 22% increase from the previous year. Revenue from tourism exports had grown by 13% to 30 billion USD and the country was the sixth most visited in the world, according to the World Tourism Organization. The tourism sector had expanded faster in the country than the world average and its contribution to GDP was important. The delegation welcomed discussion of the sector in the Special Session, considered that market access was a useful focus of discussions, and strongly supported submissions like these. No matter how much work was conducted on additional disciplines, Members' efforts would have no meaning for sectors without market access commitments.

34. Regarding the questions raised in the submission, the delegation was interested mainly in modes 2 and 3. However, other modes of supply were also highly important. One topic that needed to be addressed urgently concerned mode 1. Members might need to reach an understanding on how the GATS addressed booking websites providing services similar to travel agencies and websites that provided services similar to those of hotels through online sharing platforms. Should web sites that offered booking services fall under the travel agency subsector? If so, could a country that had "none" inscribed under mode 1 apply market access limitations to these websites? For example, could a country require these websites to establish, pay taxes and obtain a licence? If not, how should fair competition be ensured between travel agencies that had a local presence in the country and those that offered services from a distance? Moreover, the delegation considered that the situation of websites that provided services similar to those of hotels through online sharing platforms was even more complicated. It would be beneficial to discuss how to classify these services. If necessary, this discussion should be held under the Committee of Specific Commitments. The delegation would also appreciate to learn the opinion of the Secretariat and the Members on the imposition of requirements, licencing and inspection conditions for these service providers. The delegation supported holding similar discussions on sectors that affected tourism, as well as on other important sectors, such as construction, transport and logistics, and postal-courier services. The delegation was ready to cooperate with other delegations that had interest in these areas.

35. A delegation appreciated the opportunity to discuss the sector with an open-mind and without prejudice to future negotiations. The delegation valued these types of discussions where Members reflected on their interests and national experiences. Such exchanges helped to better understand the interests of developed and developing Members, including LDCs. It saw value in pursuing parallel discussions on a wide range of topics. In response to questions raised in the communication, the delegation said that it had always depended heavily on international trade to sustain its prosperity and raise the income and living standards of its citizens. For many people, the country was mostly

known for its abundant natural resources, agricultural products, and integrated manufacturing production. While these sectors still meaningfully contributed to prosperity, the economy had shifted over the past decade, with services taking on a more prominent role. In 2018, services accounted for 70.3 percent of GDP, and employed three out of four citizens. Over the past five years, services exports had grown twice as fast as goods exports. Travel services had been the fastest-growing segment of services exports over the period. Travel services accounted for 22% of services exports, and 29% of services imports in 2016. Tourism was also a significant sector from a jobs perspective, as direct employment in the sector represented around 4% of employment. 2017 was also the country's best year for international tourism, as it welcomed 20.8 million international tourists. The delegation considered that the communication presented solid arguments on the economic importance of tourism, notably from an inclusive trade perspective, given opportunities for developing countries, women, youth, SMEs and remote populations. In the country, international tourism represented a significant proportion of tourism-generated revenue for areas in the Far North.

36. Regarding the second question, the delegation thought, without prejudice to future negotiations, that an initial step towards improving GATS commitments could be to improve coverage of the core tourism sectors in schedules. As suggested in the communication, commitments could better reflect the realities and opportunities that digital technologies had opened up for supply under mode 1. With respect to the third question, it made sense to look at how commitments to liberalize trade in other service sectors could have an enabling effect on tourism. The delegation was interested in examining and discussing this question. The delegation informed that it was considering submitting a communication relating to environmental services.

37. A delegation considered market access in services as a key area where results should be achieved. It therefore welcomed the initiative from Chile, Mexico, New Zealand and Panama and their more recent communication. The delegation noted the importance of the tourism sector for the economy of developing as well as developed countries. In the country, tourism accounted for around 15% of total trade in services. In terms of improvements to GATS commitments, the delegation believed that all three main components of the sector were important, namely hotels and restaurants, travel agencies and tour operator services, and tourist guide services. The delegation was looking forward to constructive discussions on market access in the tourism sector and to potentially expanding discussions to other sectors in the future.

38. A delegation offered views of a preliminary nature, as the communication was still being reviewed in capital. The representative recognized the importance of tourism services for the economic growth of countries at all levels of development. The sector had made an important contribution to the growth experienced in the country since the 1990s, when it also had undertaken commitments on tourism services under the GATS. Particularly relevant were commitments in rental services for different modes of transport and hotel services. The delegation welcomed discussions on tourism services but noted that some delegations had underscored the relationship between trade in tourism services and a wide array of other services sectors. Some of the other services sectors mentioned were of great importance on their own, and the delegation wished to know whether the proponents or other Members would seek to focus on these sectors in the context of these discussions, or only address them in the context of tourism. The representative also asked which other sector might be covered by these discussions and, in that regard, took note that a delegation had mentioned environmental services. He asked about the type of commitments that could be undertaken in modes 1 and 4 in order to promote the development of trade in tourism services. Maintaining a dialogue was an important means of seeking common interests and ideas that could eventually help advance the work of the organization.

39. A delegation said that it had long supported ambitious market access negotiations on services. It was not convinced that the communication would lead to that objective, but it would continue to consult on any next steps.

40. A delegation believed that exploratory discussions would help to better understand Members' current market access aspirations. By highlighting the importance of tourism and related services, the communication provided a good start and set the scene for insightful exchanges among Members. The delegation was ready to participate and support the proposal, as long as the discussion remained open, transparent and without prejudice to Members' positions in future negotiations. Regarding the first question raised in the communication, tourism was a major pillar of the economy. With 58.5 million visitors in 2017, the sector accounted for 4.5% of GDP. The last decade had seen over 100% growth in value-added terms, and a 30% increase in employment. The government's overall policy

objective was to develop into a world-class premier tourism destination and ensure the balanced, healthy and sustainable development of the industry. The Tourism Development Blueprint, released in 2017, set out four development strategies for the industry. Key policies included diversifying tourism products and attracting high-spending visitors to stay overnight. Special efforts had also been made to promote MICE (Meetings, Incentives, Conventions and Exhibitions)-related travel. Tourism and related services also had great synergies with goods and services suppliers of other sectors, such as trading and logistics. The delegation maintained a highly liberal regime, with regulations that aimed to ensure the quality of the services, protect consumers, and maintain the sustainability of the industry. For example, no market access restrictions were imposed for operating hotels. Suppliers needed to comply with the relevant legislation and licensing regime, which sought to protect the safety of lodgers and the public. National experience echoed those of co-sponsors, including as regards the sector's growth potential, the mutual dependency with other associated services, and the importance of a transparent and predictable policy environment.

41. With respect to the second question, the delegation noted that the number of Members with commitments was higher for tourism services than for any other sector. However, schedules varied in terms of the number of subsectors committed, as well as the coverage within each subsector and for different modes of supplies. Being a strong services advocate, the delegation saw value in further liberalization. Section 2 of the communication was a good starting point for discussions. Specifically, the delegation believed that there was room to consider whether many of the restrictions and limitations currently listed in schedules remained relevant in current trade regimes, in view of considerable developments in regional trade agreements. Concerning the third question, the delegation considered that the tourism sector was characterized by strong linkages and mutual dependency with other services sectors. It agreed that the sectors mentioned in paragraph 2.6 of the communication were relevant and thought that retailing services were also very pertinent. The delegation stood ready to further engage with Members on the subject.

42. A delegation co-sponsoring JOB/SERV/286 wished to respond to some of the comments made. Regarding concerns expressed about lack of consensus, the representative observed that it was the right of any Member to circulate a communication and to have it discussed. With respect to views that the discussion could amount to new modalities or new negotiating processes, he recalled that co-sponsors were suggesting exploratory discussions to allow Members to indicate what were their current market access interests. No new negotiating modalities or processes were suggested, and no negotiations were now taking place. The existing mandate would be relevant if negotiations were to re-start in the future. Regarding linkages with other negotiating areas, the delegation had strong interest in agriculture, but thought that discussions about sequencing risked preventing progress in the organization. The representative hoped that negotiations could advance on all fronts, and that progress in one area would not be conditioned on prior progress elsewhere. With respect to commitments of the co-sponsors on tourism services, his delegation had not undertaken full commitments, but it was ready to make improvements. Regarding the LDC waiver, the delegation had provided significant preferential treatment through the inclusion of two new mode 4 categories, which applied to relevant tourism services. The delegation expressed satisfaction with the discussion, where various Members had shared views, and it invited all delegations to circulate communications in their areas of interest so that these could also be discussed.

43. Another delegation sponsoring JOB/SERV/286 thought that Members' interventions demonstrated the importance of tourism for economic growth, job creation, domestic capacity-building and poverty reduction. The sector was also a key source of foreign exchange and crucial for macroeconomic stability, as reflected in a paper from UNCTAD entitled "Sustainable Tourism: Contribution to Economic Growth and Sustainable Development". Given that the country was primarily a services-based economy, services trade liberalization was an important priority. Services negotiations were a neglected part of the built-in agenda. Services had a key role as enablers of goods trade, facilitators of global value chains, and backbone of digital trade. Services also increasingly entered trade as value-added content in goods exports, as mentioned in a recent research paper. As an Article XII Member, the delegation had made commitments on services that significantly exceeded those of original Members and it would like to see a more level playing field to ensure that all Members helped to reduce obstacles that could distort competition in world markets. It was for these reasons, and to comply with GATS Article XIX, that the delegation supported exploratory discussions. Regarding LDC preferences, the delegation had submitted its notification in 2017, which granted preferential treatment in the tourism sector, as requested.

44. Another delegation sponsoring JOB/SERV/286 welcomed delegations' participation. Regarding preferences for LDCs, the delegation had made a notification that went beyond its already broad GATS commitments on tourism services. Regarding a question raised about the type of commitments that could be undertaken in modes 1 and 4, the representative thought that more focused discussion would be relevant and, in that regard, she noted that another delegation had raised issues relating to the cross-border supply of tourism services through the Internet, which could also be further explored. She welcomed indications provided in relation to environmental services.

45. The other delegation sponsoring the communication appreciated Members' efforts to provide information on their tourism sector and policies. Interventions had shown how important tourism and related services were to many economies. Regarding concerns expressed, the delegation shared the views expressed by other co-sponsors and recalled that discussions were exploratory and aimed to allow delegations to exchange on service sectors of interest to them. Concerning comments on LDC preferences, the representative would consult with his authorities. He encouraged Members to submit proposals on sectors of interest to them and to actively engage in future discussions on other services sectors.

46. A delegation said that discussions on e-commerce in 2018 and work in the WPDR in 2016 had started as exploratory discussions, but had now turned into negotiations amongst a group of Members. It was therefore not surprising that a vast majority of Members were suspicious. There was no consensus support for exploratory discussions and history showed that there were no assurances that this would remain a 'without prejudice' exercise. The representative hoped that Members supporting this process could engage constructively in other mandated work, notably in the Committee on Trade and Development in Special Session. Interventions today seemed to suggest a cluster approach, where market access was discussed not only for tourism, but also for other sectors, including transport, recreational, or construction services. This suggested a bigger agenda, which could open the door to market access negotiations on services in general, and she reiterated her delegation's position on the sequencing of negotiations in the WTO. The representative understood that every Member had the right to make a submission, but considered that if a communication did not gather consensus, the discussions should not continue. She recommended that the Chair consult on the way forward. Her delegation was currently not in a position to allow this work to advance.

47. The Chairperson thought that the discussion had been useful, in view of the number of delegations that intervened and the insights that were provided, often drawing from relevant national experiences. Overall, a number of Members appeared to place significant value on the tourism sector, including for economic development, trade, and the attainment of various national policy objectives. The importance of the policy environment in that regard was also underscored. Different points of view were expressed. As echoed in meetings last year, groups of delegations questioned the need for discussions, or had limited or no interest in services market access, including because of concerns about lack of progress in other areas of negotiating interest. The Chairperson thought it was reasonable for communications submitted by Members to be discussed among the broader membership. It was also reasonable for Members to disagree with the views expressed by others, or not to share their interests. But all views could be expressed.

48. A number of Members had communicated their interests in relation to market access for tourism services. Mentioned in that regard were, for example, better sectoral coverage and improved commitments in the different modes of supply. Some Members also expressed interest in a number of other sectors that were seen to impact tourism, for example recreational services, transport of passengers, car rentals, convention services, construction, and air transport, among others. She noted that the issue of preferences for LDCs under the waiver had been raised by a number of delegations. The importance of mode 4 commitments was also stressed by a Member. In terms of the way forward, the Chairperson took note of the intention expressed by a delegation to circulate a communication. The timing of the next meeting of the Special Session might depend on when a new communication was circulated, but, if possible, such meeting could take place around the time of the next services cluster of meetings, in the second half of June. She would make herself available for any delegation that wished to consult informally.
