

## COMMUNICATION FROM THE UNITED STATES

### Tourism And Hotels

The attached communication has been received from the delegation of the United States with the request that it be circulated to Members of the Council for Trade in Services.

#### I. INTRODUCTION

1. At the April meeting of the Council on Trade in Services, the United States made an oral presentation, welcoming the proposal by the Dominican Republic, El Salvador and Honduras on Tourism and expressing its initial reaction to the proposal. As part of that statement, the United States indicated that it was considering building on that proposal for a portion of the sector, such as hotels and lodging. This paper presents a proposal to stimulate discussion and help liberalize this important sub-sector of tourism.

#### II. PURPOSE

2. Modern hotels are indispensable to attracting further waves of investment for tourist and business destinations around the world. A typical hotel resort development requires large investments in feasibility work, real estate, and financial arrangements, followed by very large expenditures of capital to construct and finally operate the facility.

3. The purpose of this paper is to focus on ways to help generate investment for tourism by removing obstacles to the establishment and operation of hotels and other lodging places; by making it easier for travellers to visit and make purchases in other countries; and by reducing the problems faced by organizers of international conferences and conventions.

4. At the same time, the United States recognizes the importance of sustainable development as a goal and the role that governments may wish to play in achieving it. The U.S. proposal for liberalization of hotels is consistent with this recognition.

#### III. PROPOSAL

5. This paper proposes that WTO Members that have not yet made commitments on hotels formulate their commitments based on the list of obstacles identified below. Members are invited to consider inscribing in their schedules "no limitations" on market access and national treatment, as some Members, including the United States, already have done. Further, to promote expansion of

international tourism, the paper proposes that all Members consider undertaking additional commitments relating to travellers and international conferences.

6. This proposal is not presented as a legal text, but rather as a list of obstacles identified in reviewing this service sector. Some items on the list may be market access restrictions, or national treatment limitations, or both. In addition, some obstacles, although not limitations on market access or national treatment *per se*, may result from regulatory provisions which make it difficult for foreign suppliers to market their services. Finally, we note that governments may wish to take account of sustainable development and environmental goals as they define their approach to addressing certain of these obstacles.

#### Obstacles in this sector

- Overly burdensome exit fees or taxes, or similar restrictions on the departure of outbound travellers
- Unavailability of information for travellers on applicable duty-free allowances for returning residents on specified merchandise purchased abroad for personal or household uses
- Limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment
- Measures that restrict or require specific types of corporate, partnership, or other business organization structure
- Limitations on the purchase or rental of real estate for this sector
- Economic needs test on suppliers of hotel and lodging services
- Suppliers of hotel and lodging services are not permitted to enter into and exit from joint ventures with local or non-local, private or government partners
- Measures requiring the use of local partner to establish in the market
- Where government approval is required, exceptionally long delays are encountered and, when approval is denied, no reasons are given for the denial and no information is given on what must be done to obtain approval in the future
- Lack of national treatment for financing arrangements for construction and operation of hotels and lodging places.
- Denial of access to and use of public services on reasonable and nondiscriminatory terms and conditions
- Denial of access to government programs available to domestic service providers
- Tax treatment that discriminates against foreign service providers
- Discrimination against foreign service suppliers with respect to choice of business organizations available to domestic suppliers
- Discrimination against foreign partners in a joint venture

- Discrimination against franchises as opposed to other forms of business organization
- Discrimination against foreign franchises
- Lack of readily available information on zoning and lack of an opportunity for service suppliers to meet with local officials and community representatives to discuss location of facilities
- Lack of transparency of domestic laws and regulations and fairness of administration
- Denial of full consumer access to electronic means for making hotel reservations
- Denial of freedom for service providers to select sources of supply of services
- Denial of freedom for service providers to offer incentives, rewards, and other promotional programs
- Minimum requirements for local hiring that are disproportionately high, causing uneconomic operations
- Lack of means to facilitate temporary entry and exit of specialized, skilled personnel (including managers)
- Restrictions or excessive fees/taxes on international currency transactions
- Lack of means to facilitate temporary entry and exit of event organizers and specialized, skilled personnel (including managers) needed to conduct international conferences and conventions efficiently
- Restrictions or excessive fees/taxes on licensing or royalty payments
- Lack of means to facilitate temporary entry and exit of conference and convention participants from various countries
- Information on provisions for temporary entry and exit of equipment, supplies, and other materials are not made readily available to organizers of prospective international conferences and conventions

#### PROPOSED REFERENCE PAPER

7. A reference paper would be drafted to address problems faced by travellers and organizers of international conferences and conventions to make it easier for travellers to visit and make purchases in other countries; and to reduce the problems faced by organizers of international conferences and conventions. Some of the problems are identified in the list of obstacles above.

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