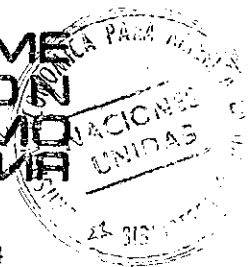




ORGANISATION MONDIALE DU TOURISME
WORLD TOURISM ORGANIZATION
ORGANIZACION MUNDIAL DEL TURISMO
ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ



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CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE

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SUBMISSION BY THE WORLD TOURISM ORGANIZATION
CONCERNING POSSIBLE COOPERATION WITH THE
CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE

Note by the Secretary-General of WTO

The present document has been prepared in order to examine possible modes of cooperation between WTO and CDCC on studies concerning tourism during the period 1978 - 1979.

28 JUN 1978

1. At its second session (Santo Domingo, Dominican Republic) in March 1977 the CDCC considered a programme of activities to be conducted up to the third session.
2. The programme included the following activities under Tourism:
 - (a) an analysis of the social impact of tourism;
 - (b) the real economic gains;
 - (c) an analysis of the provision of concessions, incentives and facilities for tourism development with a view to formulating a regional approach.
3. Although the programme was intended to be carried out essentially by the ECLA Office for the Caribbean, the CDCC Secretariat planned to secure some collaboration with other organizations as might be necessary in order to ensure both the implementation of the projects and their maximum usefulness.
4. With respect to the tourism item, the CDCC Secretariat noted that additional resources would be required, including the possibility that member Governments provide the necessary experts to assist the Secretariat in carrying out the studies.
5. Following the second session, therefore, WTO was approached by the CDCC Secretariat with a view to studying what resources might be made available jointly for getting these tourism studies under way.
6. It may be helpful at this point to examine the precise standing of WTO in this context.
7. WTO is an intergovernmental organization of universal character which came into formal existence in 1975 as a result of the transformation of the Statutes of the non-governmental IUOTO (International Union of Official Travel Organizations) which itself dated back to 1925. Since January 1976 the headquarters of WTO have been located in Madrid (Spain).
8. Membership in WTO is open to States, who are Full Members, dependant territories (Associate Members) and international organizations and private bodies (Affiliate Members). At 1 September 1977 membership in the Organization stood at 100 Member States.

9. Although not strictly a specialized agency of the United Nations system, WTO cooperates closely with organizations belonging to that system and recently signed a formal Agreement on Cooperation and Relationships with the United Nations. Since May 1976, moreover, WTO has been an executing agency of the United Nations Development Programme. In return, the United Nations have recognized the competence of WTO in questions of tourism and its central role in this domain.

10. The work programme of WTO is undertaken under two broad heads:

- (a) Research (i.e. studies, handbooks and reports, information-gathering activities, etc.);
- (b) Operations (i.e. technical meetings and conferences, operational missions, vocational training and technical cooperation activities).

The general work programme of WTO for the period 1978-1979, adopted by the second session of the General Assembly (Torremolinos, Spain, May-June 1977) is now under way.

11. Preparations are also in hand for convening in September 1980 a World Tourism Conference in Manila.

12. In considering modes of cooperation with CDCC on the proposed tourism studies for the Caribbean, WTO has considered the following aspects:

- (a) the overall amount of resources which are likely to be required to complete the studies;
- (b) the resources which WTO is in a position to contribute to the studies;
- (c) previous research by WTO which is likely to contribute to a better understanding of the problems under study;
- (d) current activities being carried on by WTO which are likely to provide inputs to the studies.

13. In the course of contacts between CDCC and WTO five studies were proposed for consideration. (It is not clear whether these are intended as alternatives or as complementary studies to be got under way simultaneously. The view of WTO is that the appraisal of resources available will dictate the approach to be taken.)

14. The following paragraphs consider each of the proposed studies and the likely resources and inputs available for their completion.

15. Study concerning real economic gains from tourism

It is now widely recognized that the analysis of the real economic gains from tourism - particularly in the developing countries - requires consideration not only of gross financial flows but also consideration of net flows and in particular the proportion of gross foreign exchange earnings from international tourism which are retained within the economy of the receiving country. This is nowhere more true than in the island economies of the Caribbean. Such analysis requires to be conducted at first hand and needs to take account of both inflows (i.e. foreign exchange earnings) and outflows (i.e. imports required for the operation of the tourism sector, profits, interest, commissions and royalties paid to non-resident enterprises). Account also needs to be taken of direct and indirect employment creation by tourism and the need to hire expatriate staff for the operation of the tourism industry. Such studies cannot be undertaken in general terms and require specific attention to be paid to the mechanisms and linkages of the particular economy under study.

16. WTO has in the past concentrated its efforts on improving the quality and availability of basic data on tourism on the grounds that it is a desirable pre-requisite to dispose of gross figures of tourism's contribution to the economy before attempting to compute net figures. Notwithstanding, in 1974-1975, WTO undertook at the request of the United Nations Economic and Social Council a major Study on the impact of international tourism on the economic development of the developing countries which sets out certain guidelines for the conduct of this type of analysis. During 1978-1979 WTO's general programme of work includes a study on the Economic effects of tourism in the receiving and generating countries. While this study would provide additional methodological guidance for studying tourism's impact on the economies of

developing countries generally, and in particular the effects of seasonality, it is not expected to be ready in time to constitute an input into the project proposed by CDCC.

17. With regard to resources necessary for completion of the proposed study WTO takes the view that to achieve worthwhile results a budget of the order of 12 expert man-months (project-leader) would need to be envisaged consisting of 8 months in the field and 4 months for analysis and writing up of the report. In addition, countries to be visited would need to put up at least 2 expert man-months each for preliminary compilation and pre-analysis of data prior to the visit of the expert(s). It would be helpful if these government experts could work alongside the project leader during his visit. It is estimated that about 5 to 6 countries might be visited during field work.

18. Commentary: This is a worthwhile project but requires resources which are unlikely to be available to CDCC/WTO jointly in the 1978-1979 biennium. If it is contemplated to proceed with this project an approach to a multilateral financing agency such as UNDP would be necessary.

19. Study into social impact of tourism

Such a study is likely to be essentially qualitative in nature and it is felt it could be accomplished by means of case-studies of say, 3 to 4 countries of the region. This might involve a project leader being in the field for six months with a period of writing-up and analysis of three months. However, for such a mission to be successful, careful advance planning in close liaison with countries to be subjects of the pilot study would be necessary. It might therefore be prudent to budget a further $1\frac{1}{2}$ - 2 expert man-months to project preparation in conjunction with national experts. This would make a total of $10\frac{1}{2}$ - 11 man-months. WTO is conducting two studies under its 1978-1979 general programme of work which are germane to this topic: (a) Inventory of studies and documentation concerning integration of tourism and the

environment; and (b) Tourist images : relations between National Tourism Administrations and tour operators. The results of the first study are likely to be available in early 1979 and could yield certain methodological material for the project.

20. Commentary: In view of the resources required an approach to a multilateral financing agency would appear desirable if it is desired to conduct this study.

21. Study of concessions, incentives and facilities for tourism development - formulation of a regional approach

WTO (and its predecessor IUOTO) have been active in the study of incentives made available by governments for the development of the tourism industry. The latest survey of this subject was completed by WTO under its 1976-1977 general programme of work and has just been published under the title: State incentives for private investment. The survey analyses the different methods employed by governments to encourage private investment in tourism and reviews the attitudes of private investors to incentives. It might constitute a useful yardstick against which to evaluate the different incentives made available by CDCC governments to investors. There are, it is generally recognized, two principal problems on incentives policy. Firstly, once the terms of concessions or incentives policy have been determined they may prove exceedingly difficult to vary if economic circumstances change and incentives are found to be either insufficient or over-generous. On the other hand, investors require the assurance of a given period of certainty if they are to be persuaded to commit resources to major long-term projects. Secondly, the desire to achieve a fair share of the tourist market may induce governments to take unduly competitive approaches to incentives policy which, in the limit, may detract from or even eliminate the original benefits seen as deriving from the incentives.

22. For these reasons a common regional approach to incentives policy appears both desirable and productive, especially in a region characterized by numerous small economies such as the Caribbean. At the same time, the problems of achieving inter-governmental cooperation over incentives policy - even at regional level - should not be underestimated.

23. A project aimed at analysing incentives policy for tourism development in the CDCC region could, on WTO estimates, be completed in between 6 - 8 expert man-months. It would aim at making suggestions leading to the formulation of a common regional approach to incentives. Though it might be possible to draw conclusions on the desirability of maintaining or discontinuing certain government concessions and facilities, it is not thought possible within the framework of this study to quantify the overall economic effects of the pursuit of a particular incentives policy. The approach envisaged would involve the use of a questionnaire to obtain basic data on incentives followed by visits to selected CDCC countries for discussions with government officials responsible for incentives and with private investors. It should be noted that under its 1978-1979 general programme of work, WTO is conducting a study into Attitudes towards investment in tourism. It is likely that this study will require the development of certain methodological guidelines which could be of assistance if it were decided to go ahead with this project.

24. Commentary: This study could probably be tackled if joint WTO/CDCC resources were augmented by a comparatively modest input of multilateral finance.

25. Study of training needs for selected posts in the tourism sector

The WTO general programme of work for 1978-1979 includes a study, requested by the second WTO General Assembly, of the training needs of developing countries in the field of tourism. This survey, which will be a worldwide one and which is expected to be completed early in 1979, will naturally cover Caribbean countries and should produce data of interest to the region.

26. Expert group of CDCC countries to evaluate studies

WTO sees it as appropriate to submit the findings of whatever studies it has decided to undertake to a group of government experts of CDCC countries to:

- (a) evaluate conclusions, and
- (b) plan future action.

WTO concurs that such an occasion might be appropriate to prepare for the setting up of a regional Caribbean Tourism Organization and to establish the work programme of such a body.

27. The meeting may wish to consider, on the basis of the foregoing WTO submission: (1) which of the above studies might be the subject of joint WTO/CDCC cooperation; (2) if appropriate, what joint approaches to multilateral financing institutions or other bodies might be made to obtain the additional resources necessary for their implementation; (3) the desirability of constituting a group of government experts to review the conclusions of the study or studies undertaken.

28. The WTO would be ready to consider any request for collaboration with the CDCC in the field of tourism within the limits of its financial possibilities and within the framework of its overall programme of work.
