



Asia-Pacific  
Economic Cooperation

*APEC Tourism Working Group*

# APEC Tourism Impediments Study

STAGE 2 (TWG/01/2004)

December 2004







**Asia-Pacific  
Economic Cooperation**

**APEC Tourism Working Group**

**APEC TOURISM IMPEDIMENTS STUDY  
STAGE 2 (TWG/01/2004)**

**Final Report**

**Prepared for**

**APEC Tourism Working Group**

**Prepared by**

**The Conference Board of Canada  
Ottawa, Canada**

**The Conference Board of Canada  
Insights You Can Count On**



**December 2004**

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## ACRONYMS

APEC	Asia-Pacific Economic Co-operation
ASEAN	Association of Southeast Asian Nations
CAP	Collective Action Plan
CONAF	Corporación Nacional Forestal
CONAM	Consejo Nacional del Ambiente
CONAMA	Comisión Nacional del Medio Ambiente
CPC	Central Product Classification
CTC	Canadian Tourism Commission
DIRECTMAR	Dirección General de Territorios Marinos
DDA	Doha Development Agenda
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GIS	Geographic Information Systems
GDP	Gross Domestic Product
GST	Goods and Services Tax
IAPs	Individual Action Plans
INTERPOL	International Police Organization
INDAP	Instituto de Desarrollo Agropecuario
INRENA	Instituto Nacional de Recursos Naturales
MERCOSUR	Mercado Común del Sur
MINCETUR	Ministerio De Comercio Exterior y Turismo
MFN	Most-Favoured Nation
PhP	Philippine Pesos
PROCHILE	Promoción de Chile
SAG	Servicio Agrícola y Ganadero
SARS	Severe Acute Respiratory Syndrome
SMEs	Small and medium-sized enterprises
SERNATUR	Servicio Nacional de Turismo
TSA	Tourism Satellite Account
TWG	Tourism Working Group
VAT	Value-added tax
WTO	World Trade Organization





## 1 EXECUTIVE SUMMARY

This report presents the results of a study supported by the APEC Tourism Working Group (TWG) to help member economies identify and respond to impediments to the growth of international tourism. The report provides updated (to 2004) matrixes of impediments by APEC member economies, as well as detailed reports and Individual Action Plans (IAPs) for five participating member economies (Canada, Chile, Indonesia, Peru and the Philippines). Recommendations for the TWG Collective Action Plan are also provided.

The project continues the work begun in 2001 in the Stage 1 report that examined impediments in Australia, Chinese Taipei, Papua New Guinea, Mexico, New Zealand and Thailand.

This study involved a combination of workshops in the five member economies examined, interviews with governmental and private sector leaders in tourism, and a review of official documents from the five member economies.

The political context of tourism in the five member economies varies significantly. Within the governmental organization, responsibility for tourism is assigned to a range of structures, from a department whose sole mandate is tourism, through departments/ministries where tourism is but one of multiple responsibilities, to arm's length agencies that do not have cabinet status. However, in all cases, tourism is seen as having low political stature and suffering from a high degree of fragmentation. In other words, while many governments pay lip service to the importance of tourism, it does not, in the practice of many national governments, carry political weight commensurate with its economic importance. Part of this is due to the fact that tourism activities and enterprises are spread among many different ministries/departments and industries, with the result that there is no single voice or champion promoting the needs of tourism to government. In particular, tourism is subject to policy priorities and administrative actions by agencies that do not view themselves involved in tourism and yet have a profound impact on the health of the tourism sector in their economy.

With respect to tourism-related businesses, the ability to invest in businesses and real estate continues to be an issue in most of the five economies studied. The ability to hire foreign workers on a temporary basis is also an area subject to policy restrictions in most member economies examined.

Overall, the impediments identified can be classified as belonging to the following categories:

- Tourism and national policy and regulations

These include visa policies, the nature of the national tourism organization, regulations governing the temporary employment of foreign nationals in tourism jobs, limits on foreign investment in or ownership of tourism businesses and land, and policies and regulations governing airline service to and within a nation.

- Safety and security issues

Visitors' experience of international travel, especially by air, has changed profoundly in most nations since Sept. 11, 2001. Beyond an impact on visa policies, concerns over terrorism have led to a new emphasis on passenger identification and screening. In addition to political and social security, there is a new appreciation for the significance of bio-security hazards, such as severe acute respiratory syndrome (SARS), bovine spongiform encephalopathy (mad cow disease), and avian influenza. The risk posed by criminal activity is also rising in the consciousness of many international visitors. At the same time, sensationalistic media stories and travel advisories that do not contain the most current and objective assessments of risk can impose needless impediments to the ability of a member economy to strengthen its tourism sector.

- Administrative practices

Individuals in every one of the member economies examined referred to problems created by administrative procedures. Examples include extended delays in obtaining approvals for business or development applications; extended delays in obtaining visas or the need to travel to a distant city to apply for a visa; the narrow or arbitrary interpretation of some policies; and corruption among officials who award contracts or approve business proposals.

- Infrastructure

Representatives from every member economy expressed concerns about aspects of the level of infrastructure required to support tourism. Investments are being made in every member economy, but governments face financial constraints and competing demands for scarce resources. This means that improvements are still needed in areas such as airports, border-crossing facilities, highways and bridges, ferries and ports, and pollution control systems.

- Environment and culture

A healthy natural environment and a tradition in which local cultures are sustained and protected from degradation are essential for a sustainable tourism industry. Every member economy reports policies to protect these resources, which, in some cases, may be viewed as potential deterrents to tourism development. The member economies refer to sustainable tourism development in their plans and policies. They also recognize the importance of enhancing the sense of community and of protecting and nurturing their cultural communities. However, monitoring mechanisms or research initiatives to assess whether policies are having the intended results have yet to be implemented.

- Taxes

While taxes are unavoidable if government is to provide essential services, there is concern that tourism is increasingly targeted for disproportionate taxation or to provide funding for non-tourism initiatives. Visitors are routinely charged airport fees that may or may not be used to improve airport facilities. Travellers may also be charged fees to pay for security equipment or personnel to protect the general public. Fuel surcharges, air navigation charges and other air-related taxes are increasingly common. Excise taxes on alcohol and fuel are the norm across the member economies, as are retail sales taxes and VAT/GST.

- Travel advisories and the media

Each of the member economies studied has been hurt by travel advisories or, more precisely, by sensationalistic media stories arising out of these advisories. In each case, the precipitating event, whether an act of terrorism or the outbreak of a disease, has represented a threat to visitors, but the magnitude of that risk has not always been fairly reported in the media. The response of the governments participating in this project has generally been to ensure the media have accurate information rather than to refute the stories or attempt to control the stories published (which would be impossible in most cases). Governments of each member economy strive to find the right balance between acknowledging risks to visitors and conveying accurate information about the actual level of risk.

In addition to updating the impediments matrixes, this report includes IAPs for tourism for four of the five member economies: Canada, Chile, Peru and the Philippines; the 2002 IAP for Indonesia is also provided for the time being. As soon as the 2004 IAP for Indonesia is received, the 2002 IAP will be replaced.

Recommendations for future TWG activities were developed from a review of impediments, discussions with public and private sector representatives in the five member economies studied, and a review of the contents of their IAPs. These recommendations may be implemented either through individual economies initiating projects or through APEC funding projects to help advance tourism policy goals. Five recommendations are made for the Collective Action Plan (CAP):

- Develop performance measures to assess progress towards Goal 3 of APEC's Tourism Charter;
- Measure tourism's contribution to government revenues;
- Develop initiatives to promote cultural tourism;
- Examine the implications of trade liberalization for tourism statistics; and
- Continue the tourism impediments study.

The consultative process employed in the review of impediments in both Stage 1 and Stage 2 has provided valuable information for the participating APEC member economies. This has not only been the situation in developing economies but also in developed ones such as Canada. The fact-finding and consultative processes facilitated the valuable exchange of information among public and private sector participants. In several cases, the discussions identified impediments (often in the form of administrative practices) that representatives from participating economies acknowledged should receive prompt attention.

Many of the findings provide important insights and information not only related to Goal 1 of the APEC Tourism Charter but to the other goals as well. In other words, the examination of

impediments to tourism growth provides information that is useful for a wide range of other APEC TWG initiatives.

A Stage 3 examination should involve a mix of developing, transitional and developed economies in APEC. China, as one of the world's fastest growing origin markets and destinations, would be a logical choice. The issue of the Approved Destination Status granted by China was raised many times during discussions in the workshops. Russia, with its social and economic structures continuing to go through dramatic transitions, would be another useful case study. The United States, as the world's largest inbound tourism market in terms of revenues earned and the largest outbound market in terms of person-trips and expenditures, would be a good candidate for a third case study. Vietnam, as an economy at a transitional stage, but one in which tourism is rapidly emerging as an important export, could be a fourth case study. Finally, as a free market economy, Hong Kong also presents an interesting case study due to its unique relationship with China.

## 2 INTRODUCTION

This section describes the background of the current study and offers some observations about the growth of tourism internationally over the last half century. The objectives and institutional context of the project are also presented.

### 2.1 Background to the Study

#### 2.1.1 Growth of Tourism

International tourism emerged as a global phenomenon after the Second World War, driven in part by a growing world economy as well as by the emergence of an expanded commercial airline service based on then-new jet engine technology. International visitor arrivals rose from about 25 million in 1950 to 703 million in 2002<sup>1</sup>, an annual increase of about 6.7 per cent.

Tourism is truly global, with businesses serving visitors in virtually every nation and nearly every region of those nations. Tourism is of particular importance for many developing countries: the growth of global tourism has been a positive force for these countries' economies and represents the only major service sector in which developing nations regularly have a trade surplus. The Organisation for Economic Co-operation and Development<sup>2</sup> estimates that the positive balance in the travel account of developing nations due to tourism increased from US\$6 billion in 1980 to US\$62.2 billion in 1996. The World Trade Organization (WTO) estimates that tourism accounts for more than one-third of the value of total trade in global services. Tourism is among the top five export categories for 83 per cent of nations and is the leading source of foreign exchange earnings in one-third of developing nations<sup>3</sup>.

International tourism is unusual among most sectors of economic activity in that the range of nations supplying substantial levels of tourism services has significantly broadened over time. Not only has the magnitude of tourism grown dramatically over the last half century, the range of destinations has significantly increased. In 1950, 15 nations (primarily in Western Europe and North America) accounted for 97 per cent of international arrivals. By 2002, the top 15 generated only 59 per cent of international arrivals. Further, those top 15 now include a number of Asian nations<sup>4</sup>.

The growth of international tourism has been interrupted only temporarily by events such as the Sept. 11 attacks and the outbreak of SARS. However, continued growth, as well as growth at higher rates, depends on the existence of a global and efficient logistical framework supporting transportation, telecommunications, financial flows, accommodation, food services and other tourism-related services. Government policies, including those governing border crossings,

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<sup>1</sup> World Tourism Organization, *Tourism Highlights* (Madrid: 2003).

<sup>2</sup> Organisation for Economic Co-operation and Development, *Assessing Barriers to Trade in Services: The Scheduling of Economic Needs Tests in the GATS: An Overview*, TD/TC/WP(2000)11/Final (Paris:2000).

<sup>3</sup> World Trade Organization, *Tourism Services: Background Note by the Secretariat*, S/C/W/51 (Geneva: 1998).

<sup>4</sup> World Tourism Organization, *Tourism Highlights*, (Madrid:2003).

foreign direct investment, access to foreign workers and the movement of capital, are also key elements in the growth of tourism. In every country, impediments and barriers exist that restrict the potential of individuals to travel and the ability of tourism-related businesses to succeed. Addressing these barriers has become a strategic priority for APEC.

### **2.1.2 APEC's Commitment to Tourism**

Leaders of APEC member economies agreed in the 1994 Bogor Declaration “to continue to reduce barriers to trade and investment to enable goods, services and capital to flow freely among our economies.” APEC’s TWG Collective Action Plan also stressed that, “APEC economies will identify impediments to tourism growth and formulate strategies that will improve tourism movements and investment in the Asia–Pacific region.”

The APEC TWG contracted Dain Simpson Associates (Australia) in 1996 to conduct a study on impediments to tourism growth in the APEC Region. This study was followed by another study by Dain Simpson Associates in 2001 that discussed trends and forecasts of tourism in the APEC region, impediments to tourism growth, the inventory of impediments to tourism growth, impediments to individual travellers, impediments to business, and emerging issues. Workshops and meetings were conducted in six member economies (Australia, Papua New Guinea, Mexico, New Zealand, Thailand and Chinese Taipei) to develop in-depth profiles of tourism impediments in these economies.

In 2000, the APEC Tourism Ministers’ meeting in Seoul, Korea, adopted the APEC Tourism Charter that includes four goals of key deliverables for the tourism sector. Goal 1 calls for the removal of impediments to tourism business and investment by:

- Promoting and facilitating productive investment in tourism and associated sectors;
- Removing regulatory impediments to tourism business and investment; and
- Encouraging liberalization of trade in services related to tourism under the General Agreement on Trade in Services (GATS).

Goal 2 addresses some related matters. This goal proposes to increase the mobility of visitors and the demand for tourism products in the APEC region by:

- Facilitating seamless travel for visitors;
- Enhancing visitor experiences;
- Promoting inter- and intra-regional marketing opportunities and co-operation;
- Enhancing the safety and security of visitors; and
- Encouraging non-discriminatory approaches to the provision of visitor facilities and services.

Thailand, as the leader of Goal 1, proposed that the APEC Secretariat commission an update to the 1996 study on impediments to trade in tourism within the APEC region. The update to the 1996 study was deemed important for two reasons: first, to expand coverage of the scope of study to additional member economies; second, because a number of significant events such as Sept. 11 resulted in a sea change in the global tourism environment. The proposal for a follow-up study was accepted by the TWG. The Conference Board of Canada was selected through a competitive process in spring 2004 to conduct this update.

## **2.2 Scope of the Study**

The objectives of this project are to:

- Facilitate the development of Individual and Collective Action Plans required under Goal 1 of the APEC Tourism Charter through a consultation workshop process involving industry, government and academic stakeholders, and through advice to the responsible agency;
- Identify and prioritize impediments to tourism development in each participating member economy and to propose possible measures to remove or reduce those impediments;
- Encourage liberalization of services trade related to tourism business under the GATS and removal of trade and regulatory impediments to tourism business and investment; and
- Facilitate the exchange of tourism information among member economies.

## **2.3 Work Plan**

Five APEC member economies volunteered to participate in this Stage 2 study: Canada, Chile, Indonesia, Peru and the Philippines. The study involved the following tasks:

- Analyzing the results of the updated APEC tourism impediments matrixes compiled by the Tourism Authority of Thailand, and soliciting updates from member economies;
- Conducting surveys to get detailed information of tourism impediments in the five member economies participating in the facilitation stage of the project, to help them prepare Individual Action Plans (IAPs);
- Facilitating the development of IAPs and the Collective Action Plan (CAP) for the participating member economies through a program of workshops on their economies with participants from government and industry sectors;
- Reporting to the participating member economies in close consultation with the relevant government agency; and

- Presenting an interim report and progress report to the Policy Goal 1 Team in September 2004, and a draft final report to the 25<sup>th</sup> APEC TWG Meeting in Chile in October 2004.

The work was conducted during June through August 2004, with the research team conducting workshops in Canada (Ottawa) in June, Southeast Asia (Jakarta and Manila) in early August, and South America (Lima and Santiago) in late August.

## **2.4 Acknowledgements**

This study would not have been possible without the assistance of the APEC Program Director, Benyamin Carnadi, and the Project Overseer, Walailak Noypayak, and her team members.

The committed support of the officers representing the member economies is gratefully acknowledged. These dedicated professionals helped us organize meetings, contacted workshop participants, handled innumerable logistical details, provided escorts and translation services, and provided invaluable, candid insights into the nature of impediments in their respective economies. Without their unflagging patience and assistance, this project could not have succeeded at the level of individual economies. We wish to acknowledge, in particular and in alphabetical order by member economy: Irenka Farmilo (Canada); Monica Anderson and Jaime Toha (Chile); Yulia (Indonesia); Eduardo Sevilla (Peru); and Rolando Canizal and Alex Mactuno (Philippines).

## **2.5 Limitations of the Report**

The findings of this report are ultimately the conclusions of the consultant team, based on research, interviews and the workshops conducted. Every effort was made to provide the most current and accurate information possible. The impediments reported are a synthesis and summary of extensive interviews conducted by the consulting team. They reflect, to the best of the team's ability, an objective assessment of impediments as they were reported to the consultants. It should be recognized, though, that the field of tourism—including tourism impediments—is a dynamic field and the results presented are current only as of the date of the report.

## **2.6 Structure of the Balance of the Report**

Section 3 of this report introduces a definition of impediments. The position of tourism in the political arena is briefly described, as well as the position of tourism within the GATS.

Section 4 provides an overview of the work plan followed for this project.

Findings are presented in Section 5, beginning with a summary of the general findings. Narrative profiles of each of the participating member economies (Canada, Chile, Indonesia, Peru and the Philippines) are then provided. Updated tourism impediments matrixes for 17 of the 21 APEC member economies are also provided (four economies did not respond to our requests).



Section 6 presents the IAPs and recommendations for the CAP based on the findings of this study. Finally, the PowerPoint presentation slides used in the five workshops are presented in the Appendix.

### **3. IMPEDIMENTS TO TOURISM GROWTH**

This portion of the report describes the nature of impediments as well as the status of tourism within the GATS framework.

#### **3.1 The Nature of Impediments**

The 1996 report on tourism impediments defined tourism impediments as:

Any factor, real or perceived, such as a regulation, capacity constraint, policy, or operating practice that limits the growth of tourism to or within the APEC Region.

These include constraints that limit the freedom of the individual to travel to or from economies within the region, or that affect their decision to travel to economies in the region.

They also include those factors that limit the operation, promotion, establishment, or development of tourism-related businesses within the APEC Region. These include constraints such as infrastructure capacity, regulatory environments, the financial system, the labour market, the marketing and promotion network, and the introduction of technology<sup>5</sup>.

While this definition and the associated examples provided a useful starting point for the Stage 2 study, the definition needed to be refined to be used in the Stage 2 report. For example, the definition potentially includes limited budgets for marketing by national tourism organizations. However, a review of the impediments matrix provided by the Stage 1 report revealed that marketing budgets were never mentioned by any of the responding economies. On the other hand, visitor safety and security as well as the perceived level of corruption in an economy are of increasing concern but were not identified as examples of potential impediments.

Accordingly, the consultants operationally focused on factors that governments might be able to address through policy or regulatory initiatives, including actions aimed at improving potential visitors' perceptions of safety and security.

The original matrix on tourism impediments (from the Stage 1 report) was formatted so that 15 different categories of impediments provided the rubric. This matrix was reformatted so that the individual member economies provided the rubric, with the original 15 impediments identified under each economy. A category of "other" was also added to capture economy-specific issues.

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<sup>5</sup> Adopted from *APEC Tourism Impediments Study: Stage 1*, TWG 04/2001 (February 2003).

### 3.2 The Position of Tourism in the Political Arena

In addition to being a global industry—and by many accounts, the world’s largest industry—tourism is also a very complicated and fragmented industry. Many different ministries and regulatory agencies influence tourism in each APEC member economy. These can include ministries of finance, industry/economy, forestry, environment, foreign affairs, human resources, health, immigration, culture, agriculture, education and, of course, tourism.

Tourism businesses are subject to a wide variety of local, regional, national and international regulatory bodies. These govern health and sanitation, fire, construction, and numerous operational practices in sectors including accommodation, transportation, food services, travel trade and attractions (including parks and protected areas).

Few government ministries perceive that they are involved in tourism even though their actions, whether regarding taxation, transportation policy, resource protection, human resource development, or immigration, to name a few, have direct and often dramatic impacts on the tourism industry.

Perhaps because of its diffuse character and the fact that tourism issues are of secondary concern to most ministries, tourism generally lacks political weight or influence in most economies. As a result, overcoming impediments created by government policies and regulations can be difficult, especially if there is a conflict between the interest of tourism and the interests of other policy areas. For example, most tourism ministries would like to see reductions in visa restrictions. On the other hand, most foreign affairs and immigration departments want to maintain or to increase visa restrictions for security reasons.

Reducing tourism impediments requires, first, raising awareness of the existence and impacts of such impediments. Then advocacy, negotiation and persuasion are required by the agencies responsible for promoting the health of the tourism industry. Successes can be difficult, but they do occur. For example, Indonesia recently implemented a visa-on-arrival system for many nations, which simplifies the process of applying for a visa. While the current system still needs some refinements, it represents an improvement for visitors coming to Indonesia. On the other hand, Canada recently tightened its visa restrictions under pressure from the United States to harmonize its visa policies with U.S. regulations—and U.S. visa policies have become much tighter in the wake of Sept. 11.

As the Stage 1 report noted, the development of Tourism Satellite Accounts (TSAs) by national accountants in some member economies provides policy-makers with objective and credible information on the contributions of tourism to an economy. This is important because tourism is not recognized in systems of national accounts as a discrete industry. A key characteristic of a TSA is that it measures the demand and supply of tourism products in ways that are comparable to and consistent with the same measures in conventional industries. Still, the political influence of various industries is not only determined by the magnitude of their contribution to an economy, but by years of building political capital. Tourism is still a very new sector and, consequently, has very limited political leverage. Reducing or removing impediments will necessarily be a slow process.

### 3.3 Tourism and GATS

Negotiations with respect to the GATS involves WTO member economies submitting requests for reductions or removal of barriers to trade in services, and making offers to other WTO members in exchange for market access concessions. This exercise in services negotiations is similar to the tariff negotiations for goods, but due to the breakdown in the WTO ministerial meetings at Cancun in September 2003, the process has slowed down. However, during the dates of the Stage 2 study, some initiatives were begun that may restart trade negotiations, including those on tourism services.

The GATS conception of tourism is narrow. GATS considers tourism to consist only of:

- Hotels and restaurants;
- Travel agencies and tour operators; and
- Tourist guides.

Perhaps the most significant omission from this short list is passenger air transportation. Access to trade in passenger air transportation services is explicitly excluded from GATS. It should be noted that aircraft repair and maintenance, marketing of air transport services, and computer reservation services are not considered to be directly related to air traffic rights and thus are covered by GATS. Still, these are not considered to be part of tourism and are included in the chapter on transport services.

Under GATS, WTO members make commitments in one, several or all of four modes of supply (through which services are delivered or traded) for each sector and sub-sector. These modes are:

- *Mode 1—Cross-border supply*: services supplied from one country to another (such as the ability to make a hotel reservation using a computer reservation service in another country).
- *Mode 2—Consumption abroad*: the ability of consumers (including representatives of businesses and governments) to make use of a service while in another country (such as an international visitor staying at a hotel).
- *Mode 3—Commercial presence*: a foreign company setting up a subsidiary or branch (such as a multinational hotel chain investing in a hotel in another country).
- *Mode 4—Presence of natural persons*: individuals travelling from one country to another to temporarily supply services (such as a hotel chain transferring a general manager to a hotel in another country for a limited period).

Tourism has the largest number of commitments of all service sectors: 112 out of 134 nations as of 2000.<sup>6</sup> A summary of these commitments is provided in Table 1. All 112 nations have made some form of commitment in at least one of the modes regarding hotels and restaurants. Travel agencies and tour operators are the subject of 89 members' commitments; and tourist guide services are the subject of commitments by 54 members. In other words, tourism is arguably the most liberalized sector under GATS.

**Table 1: Tourism Commitments Made by GATS Members: Per Cent by Sector and Mode of Supply**

	Cross-border			Consumption Abroad			Commercial Presence			Natural Persons		
	Full	Part	None	Full	Part	None	Full	Part	None	Full	Part	None
<b>Market Access</b>												
Hotels & restaurants	31	23	46	54	37	9	27	72	1	3	91	6
Travel agencies and tour operators	49	19	31	65	20	15	27	67	6	1	88	11
Tourist guides	56	7	37	78	13	9	41	54	6	0	85	15
Other	38	31	31	38	54	8	23	69	8t	0	92	8
<b>National Treatment</b>												
Hotels & restaurants	37	21	42	58	30	12	51	46	3	11	79	10
Travel agencies and tour operators	55	15	30	70	13	17	64	27	9	17	69	15
Tourist guides	59	4	37	85	4	11	76	15	9	13	67	20
Other	54	23	23	62	38	0	54	46	0	23	69	8

Source: International Investment and Services Directorate, Industry Canada, 2000. *Canadian Tourism Services: A Consultation Paper*.

Market access commitments typically concern quantitative issues such as quotas. Examples include limits on the number of foreign workers temporarily permitted in a member's economy or the requirement of an economic needs test. With respect to market access to tourism services, the WTO<sup>7</sup> has noted that "consumption abroad" has the lowest level of restrictions, with nearly half (49 per cent) of the members explicitly entering "none" (i.e., no restrictions) in their schedule of commitments for sub-sectors in which commitments are made. Restrictions are highest for "presence of natural persons," with only 1 per cent of members indicating they have no restrictions related to the presence of natural persons.

Commitments related to national treatment generally address qualitative conditions concerning the treatment of foreign services and service suppliers compared with the treatment of domestic services and services providers, such as limitations on foreign direct investment (in Mode 3). Thus, there is not a necessarily causal link between market access and national treatment commitments. However, the pattern of commitments for national treatment is similar to that of market access, with 52 per cent having no restrictions for consumption abroad and only 11 per cent having no restrictions for the presence of natural persons. "Unbound" (no commitments have been made) is highest for cross-border supply in the context of both market access and national treatment, at 27 per cent and 24 per cent, respectively. The lack of technical feasibility—the fact

<sup>6</sup> International Investment and Services Directorate, Industry Canada, *Canadian Tourism Services: A Consultation Paper (2000)*.

<sup>7</sup> World Trade Organization, *Tourism Services: Background Note by the Secretariat, S/C/W/51 (1998)*.

that restrictions are meaningless—is typically cited as the reason for the low level of commitments in this mode.

If a sector or sub-sector is not listed in a member’s schedule of commitments, the member has made no commitments to provide market access or national treatment to services in that sector. The member is still obliged to provide most-favoured-nation (MFN) treatment to any foreign services providers that are permitted into its market. Hence, the omission of the sector from the schedule does not preclude foreign services from being provided in that sector. It simply means that if the foreign services are legally provided, the providers receive no assurances that their market access will continue or improve, or that they will be treated equivalently to domestic service providers. However, they are assured treatment no less favourable than that given to all other foreign suppliers unless a market integration agreement is in place. Many developing countries listed very few service sectors in their schedules, but they, nonetheless, import many of the unlisted services, especially through Modes 1 and 2 (although they may also be supplied through Modes 3 and 4).

It should be noted that most APEC members are also WTO members, with the exception of Vietnam and the Russian Federation, both of which are in the process of WTO accession negotiations. As a result, most APEC members are also subject to the WTO/GATS rules.

## 4 FIELD RESEARCH

A series of workshops and interviews with government officials and representatives of the private sector were conducted in each of the five APEC economies that volunteered to be part of Stage 2 study. The selection of workshop participants and of the individuals who were personally interviewed was the responsibility of each member economy. The number of participants and interviews varied significantly by member economy, reflecting, in part, the availability of potential participants, given the relatively short lead time to arrange most of the sessions. Table 2 summarizes the number of workshop participants and interviews (both public and private sector) for each member economy.

**Table 2: Number of Participants and Interviews for Economies Participating in the Stage 2 Study**

<b>Member Economy</b>	<b>Workshop Participants</b>	<b>Private Interviews</b>
Canada	20	8
Chile	33	4
Indonesia	42	7
Peru	16	6
Philippines	38	6

Background material was prepared and sent to the officer representing the tourism ministry or agency in each of the member economies. This material was then forwarded to the workshop participants and the interviewees. This information included:

- Workshop agenda;
- Copies of the PowerPoint presentations to be made at each workshop;
- A list of general questions the consultants wished to discuss;
- A copy, if available, of the current impediments matrix for that member; and
- Highlights of the Stage 1 report.

## 5 FINDINGS

This section summarizes the nature of impediments observed in the five participating economies. Profiles of tourism issues in each member economy are then described. Updated matrixes of impediments for each member economy are then presented, followed by a brief summary.

### 5.1 Reports on Participating APEC Economies

The summary of the nature of impediments and the report of each member economy are based on a combination of workshop feedback, personal interviews and reviews of secondary sources such as government documents. The impediments matrixes are presented in a subsequent section of this report along with those of other APEC economies.

#### 5.1.1 *The Nature of Impediments in the Five Member Economies*

The impediments identified in the five member economies reflect a relatively small number of themes. Although the details vary among the member economies, most of the impediments reflect issues common across all five.

##### 5.1.1.1 Tourism and National Policy and Regulations

Many impediments and issues cited reflect national policy decisions that usually are taken in a context broader than just tourism itself. Nonetheless, these decisions can have a substantial impact on a nation's tourism sector, either in terms of the ability of visitors to enter or leave the country, or of tourism-related businesses to succeed. These include:

- Visa policies;
- The nature of the national tourism organization (e.g., whether it's a ministry, a sub-ministry or an arm's-length organization) and the degree to which it has the power and authority to influence and co-ordinate tourism policy, planning and development initiatives among various ministries and departments;
- Regulations governing the temporary employment of foreign nationals in tourism jobs;
- Limits on foreign investment in or ownership of tourism businesses and land; and
- Policies and regulations governing airline service to and within a nation.

##### 5.1.1.2 Safety and Security Issues

International travel, especially by air, has changed profoundly in most nations since September 2001. Beyond the impact on visa policies, concerns over terrorism have led to a new emphasis on passenger identification, including machine-readable passports. Member economies that do not



yet have this technology, such as the Philippines, often cause their citizens to experience delays when entering another country. Tighter screening procedures, especially at land borders, can result in significant delays crossing borders. This issue is a particular source of complaint at the Canada–U.S. border.

Most member economies are more careful about screening for bio-security hazards by restricting the importation of many food and animal products and soil. Further, there are attempts at tighter controls to protect the removal of products derived from endangered species.

The risk of exposure to crime is also an issue that has been rising in the consciousness of international visitors. Travel advisories address not only the risk of injury from terrorism but also the risk of property loss through theft as well as personal injury through muggings, kidnappings, rape and murder.

#### 5.1.1.3 Administrative Practices

Individuals in every one of the member economies examined referred to problems created by administrative procedures. These include:

- Extended delays in obtaining approvals for business or development applications;
- Extended delays in obtaining visas or the need to travel to a distant city to apply for a visa;
- The narrow or arbitrary interpretation of some policies; and
- Corruption among officials who award contracts or approve business proposals.

#### 5.1.1.4 Infrastructure

Every member economy expressed frustrations about the level of infrastructure required to support tourism. While investments are being made in every member economy, governmental financial constraints or competing demands for scarce resources mean that improvements are still needed in areas such as:

- Airports;
- Border-crossing facilities;
- Highways and bridges;
- Ferries and ports;
- Water and sanitation systems;
- Urban streets and sidewalks; and
- Pollution control systems.

### 5.1.1.5 Environment and Culture

A healthy environment and respect for local cultures are essential for a sustainable tourism industry. Ownership of land, especially access to shorelines, agricultural lands or borders, is a sensitive issue. Some regulations act as a deterrent to tourism development. Some of these can be justified on the grounds of environmental protection or even national security (with respect to the foreign ownership of land adjacent to a border). Other restrictions, particularly those prohibiting ownership of land by foreigners is justified on policy grounds, even though such policies may deter potential foreign investment. Beyond these, over-regulation or slow decision-making processes can needlessly frustrate tourism investment and development.

Most of the member economies refer to sustainable tourism development in their plans and policies. They also acknowledge the importance of enhancing the sense of community and of protecting and nurturing their cultural communities. However, there are generally no monitoring mechanisms or research initiatives to assess whether policies are having the intended results. Without the ability to show that a particular policy or regulation actually achieves a desired goal, it is difficult to assess whether the policy or regulation represents a reasonable restriction on tourism planning and development.

### 5.1.1.6 Taxes

While taxes are unavoidable for a government to provide the services needed in a society, there is growing concern that tourism is increasingly targeted for disproportionate taxation, providing, in some cases, funding for non-tourism related initiatives. An example of this is the U.S.\$40 fee charged to Peruvian passport applicants to support child protection programs.

Visitors are routinely charged airport fees that may or may not be used to improve airport facilities. They are often charged an additional tax to help pay for security equipment or personnel that are used to protect the general public. Fuel surcharges, air navigation charges and other air-related taxes are increasingly common. While these may represent only a small portion of long-haul, full-fare air ticket costs, they can represent a significant portion of the cost of short-haul airfares. For example, the various air-related taxes in Canada can double the cost of a domestic discount air ticket.

Excise taxes on alcohol and fuel are common across the member economies. These taxes are charged to all consumers but affect visitors disproportionately because alcohol and gasoline typically represent a higher percentage of visitor spending, rather than resident spending. Retail sales taxes and VAT/GST are common among the member economies. Visitors are sometimes exempted from VAT/GST or are able to obtain partial rebates.

### 5.1.1.7 Travel Advisories and the Media

Each of the member economies studied has been hurt by travel advisories or, more precisely, sensationalistic media stories arising out of these advisories. In each case, the precipitating event, whether an act of terrorism or the outbreak of a disease, has represented a threat to visitors, but the magnitude of that risk has not always been fairly reported in the media. Generally, the

governments of the participating member economies have responded by ensuring the media receive accurate information rather than by attempting to refute the stories directly or to control the stories published (which would be impossible in most cases). Governments of each member economy strive to find the right balance between acknowledging risks to visitors and conveying accurate information about the level of risk.

## **5.1.2 Canada**

### **5.1.2.1 Introduction**

Canada's federal government recognizes tourism as a strategic industrial sector because of the sector's contributions to gross domestic product (GDP) and job creation. The world's second largest country (in terms of geography), Canada emphasizes both the natural environment and cultural resources as its tourism base. These include well-developed national and provincial park systems, small towns, rural and culinary tourism, Aboriginal communities, and modern and ethnically diverse cities.

Until recently, Canada was the seventh-largest recipient of international tourist arrivals in the world, according to the World Tourism Organization. Figures for 2002 show that Canada's position has dropped to 10th place as a result of increasing international competition as well as the impact of Sept. 11 on international travel by U.S. residents, Canada's key international market. Statistics provided by Statistics Canada on domestic and international tourism suggest that the industry is slowly recovering, although travel from the U.S. continues to be depressed.

The Government of Canada established the Canadian Tourism Commission (CTC) in 1995 with mandate to market Canada as a travel destination as well as to provide the best information available to support informed decisions by tourism leaders. The CTC works towards reducing impediments to the growth of international tourism and has made it a priority to recapture a larger share of the international travel market. However, as a Crown corporation, it does not have the power to make policy decisions. And despite the recognition of tourism as an important economic sector, the CTC has experienced budget cuts and may face further financial constraints in light of other federal government priorities.

Provincial and territorial ministries and agencies are also involved with tourism marketing and frequently partner with the CTC, as do some regional or urban destination marketing organizations (DMOs). A variety of sectoral groups, such as the Tourism Industry Association of Canada, advocate the private sector's interests to government.

Overall, the Canadian tourism industry operates within a relatively liberal economic and trading environment. In relation to many other regions of the world, the Canadian economy is comparatively free of trade restrictions, although the tourism industry recognizes that there are impediments that could be eased. The most significant of these are summarized below.

### **5.1.2.2 Customs and Border Procedures**

In the post-Sept. 11 travel environment, border security has become a concern. Canada is harmonizing its customs and border practices with the United States. However, as a result of tighter security, travellers often report delays in crossing the border between the two countries. The governments of Canada and the United States are addressing the problem with a 30-point action plan and the creation of a Border Infrastructure Fund.

The Canadian government offers a NEXUS pass that is designed to simplify border crossings between Canada and the United States for pre-approved, low-risk travellers. Participants in the NEXUS program use dedicated lanes to cross the border and are not subject to regular customs and immigration questioning. The Canadian and U.S. governments are assessing a trial program at the Vancouver Airport that, if successful, will extend the NEXUS program to include commercial air travellers crossing the Canada–U.S. border.

With respect to travellers from other international destinations, the Canadian government requires visitors to obtain a visa unless they are citizens of a country that is exempt from this regulation. The APEC economies included in this exemption are Australia, Brunei, Hong Kong, Japan, Mexico, New Zealand, Papua New Guinea, Republic of Korea, Singapore and the United States.

Canada is seeking Approved Destination Status from China, the lack of which is seen as a substantial impediment to the growth of visitors from that country. Negotiations are continuing.

#### 5.1.2.3 Labour and Employment

Canada is facing a future shortage of workers that is expected to have a significant impact on the tourism sector—tourism-related jobs account for about 576,000 jobs (out of a total labour force of about 15 million). The Canadian government focuses on attracting skilled workers as immigrants. However, the primary shortage in the tourism sector is in entry-level positions for which lower-skilled foreign workers have difficulty entering the Canadian labour market. Tourism businesses have tried to bridge this gap by hiring foreign nationals to work on a temporary basis, but Canadian labour unions lobby the federal government to minimize this practice.

Difficulty in obtaining work permits from Human Resources and Skills Development Canada is cited as an issue by foreign tour operators who wish to post employees in Canada to run Canadian-based tours. Work permits are often denied, which reportedly has led to some U.S. tour operators cancelling Canadian itineraries.

Various levels of government have implemented programs to place underemployed Canadians in tourism jobs, but recruitment and retention remain a problem. There is a general lack of awareness regarding career opportunities within the Canadian tourism industry. Related issues include the need for greater industry acceptance of national occupational standards as well as professional certification for Canadian tourism jobs, both of which are being developed by the Canadian Tourism Human Resource Council.

#### 5.1.2.4 Insurance and Liability Concerns

Generally, insurance is a matter of provincial jurisdiction in Canada. The rising cost of insurance has become a major impediment for many Canadian tourism businesses and, in some cases, affects the company's ability to survive. The outdoor and adventure tourism sectors, in particular, which already have higher insurance rates due to the nature of their products, are facing increased insurance premiums and, in some cases, reduced or unavailable coverage. This forces some businesses to operate with insufficient insurance, which results in inadequate protection from liability.

Industry also cites liability risks as a growing impediment as a result of changes in government legislation. Some new regulations are appropriate for larger-scale operations, but are cited by the private sector as costly and difficult for smaller businesses to implement. Recently broadened fire and safety regulations are described as an unreasonable burden by smaller municipal airports that do not require expensive, state-of-the-art fire-fighting systems because of the small number of flights and the small size of the aircraft that land there. According to industry representatives, the *Federal Marine Liability Act* does not make a distinction (for the purposes of liability and insurance) among different sizes and classes of boats used commercially in Canada, whether a river raft or a cruise ship, which causes hardships for some operators. Transport Canada is reviewing this situation and has already made some changes in proposed regulations.

#### 5.1.2.5 Air Transportation

Canada has only one major airline, Air Canada, which operates as a private sector enterprise. After a period of financial uncertainty, it recently emerged from bankruptcy protection and has redesigned its operating structures. Under deregulation initiated in the late 1980s, several low-cost carriers have also been created. This new competition has resulted in new routes and improved air access to some regions of Canada. However, in a number of remote areas of the country, Air Canada is the sole air travel provider, and these areas are at risk of reductions in air access due to low air traffic loads. Furthermore, limited intermodal connections at airports are a barrier to the growth of tourism in many of Canada's rural areas.

Despite some deregulation that has increased competition and lowered fares, Canada's airline industry still has a number of regulations that include limits on the ability of foreign companies to invest in the country's air transportation system. Foreign ownership in Canadian airlines must not exceed 25 per cent, although an increase in this maximum is currently under consideration.

With respect to international air travel, Canada enjoys a limited "Open Skies Agreement" with the United States, but the agreement includes a number of restrictions. For example, airlines of both countries are allowed full access to cross-border routes, but are prevented from flying cabotage (i.e., domestic flights) in each other's countries. Canada has indicated it is interested in further liberalizing its bilateral air services agreements with the United States and other countries.

Federally-imposed airfare taxes, fees and surcharges are also a substantial financial burden on the Canadian air industry, accounting for about one-tenth of the industry's annual revenues. Of particular concern is the Air Travellers Security Charge, an airfare tax that was implemented

shortly after Sept. 11 in order to increase funding for security personnel and equipment. The fee has been cut in response to industry and political pressure, but is still added to the price of airline tickets. Other taxes include NavCan (Canada's air traffic navigation system) charges and airport improvement fees that, with the Air Travellers Security Charge, can nearly double the cost of a discount airline ticket.

#### 5.1.2.6 Travel and Health Advisories

Travel and health advisories have only recently become an issue for Canada's tourism industry. During the SARS outbreak in Toronto, the World Health Organization issued a travel warning for Toronto that, in the view of industry as well as the Ontario and Toronto governments, devastated Toronto's tourism sector. Unfortunately, travellers associated the disease with the entire country of Canada, causing international visits to other Canadian destinations to decline as well. Widespread media reports about SARS fuelled travellers' fears of catching the disease and exaggerated the risk of transmission.

Concern about the risk of SARS continued long past the end of the outbreak. For example, warning signs and advisory notices were distributed to travellers through Toronto's Pearson International Airport up to nine months after the infections were contained. Market surveys in the United States as recently as August 2004 identified a significant portion of U.S. residents still citing fears over SARS as a reason not to travel to Canada.

#### 5.1.2.7 Government Investment in Tourism

The federal government's support for tourism marketing initiatives is a crucial factor in the continued prosperity of the industry. After the Sept. 11 attack and the SARS outbreak, temporary supplemental financial support for tourism marketing was provided by the federal and some provincial governments. However, this support ended before the industry had fully recovered.

The CTC is the main vehicle for marketing Canada as a travel destination. It receives core funding from the federal government, which is required to be matched by industry contributions. In 2004, the federal program review resulted in a reduced CTC budget. Accordingly, the CTC conducted an in-depth review of its markets and decided to focus on markets with the highest potential return on investment, withdrawing from underperforming markets. This will ensure Canada can continue to compete within the international marketplace.

Provincial tourism funding, in contrast, has generally been stable or has increased. For example, the Government of Ontario has renewed the mandate and funding for that province's tourism marketing agency, and both Alberta and British Columbia have seen substantial increases in their marketing budgets. A number of major municipalities have implemented or are implementing "destination marketing funds" based on hotel room taxes to support tourism marketing.

### 5.1.2.8 Summary

Canada's tourism industry operates within a comparatively liberal regime, although government regulations in some areas, such as air transportation, are seen as impediments to tourism growth. Human resource issues continue to be a major concern, and a number of tourism industry groups are working together to develop strategies and address current and future labour shortages. A review of Canada's current immigration policies and work permit regulations would be a crucial step in dealing with this issue.

Continued or expanded government support of tourism marketing partnerships continues to be essential to the growth of tourism in Canada. An emphasis on new product lines, especially positioned as "experiences," such as cultural tourism, culinary tourism, sport tourism, spa tourism, eco-tourism and Aboriginal tourism, along with enhancements of traditional products based on the natural environment as well as urban and rural activities, offer Canadian tourism potential for further growth. An effort to create a new Canadian brand is underway to help raise international awareness of Canada as a destination and to support new product development.

## 5.1.3 Chile

### 5.1.3.1 Introduction

Tourism has emerged as a significant export in Chile only within the last 10 years. Nonetheless, Chile has the potential to become a leading destination in South America thanks to its diverse geography, significant natural resources, healthy economy, relative security and safety for visitors, and international reputation for world-class wines. Indeed, the 6.3 per cent rate of growth in international arrivals to Chile from 1991 to 2000 exceeded the global rate of 4.3 per cent. The growth rate from 2002 to 2003 was even higher, at 14.3 per cent.

Tourism's contribution to Chilean GDP places it fifth in the economy, after paper and newsprint, agriculture, mining, and timber and lumber. As in other countries, tourism is labour intensive in Chile, with tourism supporting more than twice as many jobs as mining.

Perhaps surprisingly, the demand for domestic tourism is small. The majority of Chileans who are able to take vacations prefer to travel abroad. There are no regulatory impediments to the ability of Chileans to travel internationally, and a reasonable portion of the population has the interest and financial means to travel internationally. Weak domestic demand means that there are financial constraints (due to lower domestic tourism revenues) on many tourism businesses wishing to upgrade their product or develop new products.

SERNATUR (Servicio Nacional de Turismo) is responsible for tourism promotion, policy, planning, research and strategic product development. International promotional activities are conducted through the Corporación de Promoción Turística (Tourism Promotion Corporation), a public-private partnership whose president is the director of SERNATUR. SERNATUR has regional offices in all 12 regions of Chile plus several major cities.

About 30 other national and regional public sector organizations also have tourism initiatives. These include (but are not limited to) agencies responsible national forests (CONAF), agriculture and cattle (INDAP and SAG), export promotions (PROCHILE), maritime affairs (DIRECTMAR), environment (CONAMA), customs, regional governments and municipalities, and INTERPOL.

Although SERNATUR is mandated to provide strategic direction for tourism policy, product development, international promotion and research, the lack of co-ordination and communication among the various public sector bodies creates inefficiencies, potential duplication of efforts, and missed opportunities for joint partnerships. The diffusion of tourism marketing efforts among different agencies has resulted in a weak or non-existent image of Chile as a tourism destination in key international markets.

The reasons for a weak image are unknown, especially given Chile's reputation for wines, its international strength in tennis, and the association with Nobel Prize-winning poet, Pablo Neruda. The lack of a strong positive image may be, in part, a legacy of the Pinochet dictatorship. Further research on the image of Chile as an international destination would be beneficial to guide future marketing efforts.

#### 5.1.3.2 Customs and Border Procedures

Visas are required for citizens of Guyana, Haiti, Dominica, Cuba, Kuwait, Egypt, Saudi Arabia, United Arab Emirates, most African nations and most Eastern European nations. Citizens of Australia, Canada, Mexico and the United States arriving by air or cruise ship are charged an "administration fee" equal to the cost of visa applications by Chilean citizens for those nations. The amount of this fee can be significant: U.S. citizens are currently (in 2004) charged U.S.\$100. The fee is charged only once, though, during the lifetime of the visitor's passport. No fee is collected at land border crossings.

The administrative fee is seen by many in the tourism industry as politically motivated—it represents a barrier to visits from citizens of the affected countries and a needless and costly irritant to visitors, especially from the United States, one of Chile's major markets.

Beginning in February 2004, the government of Chile instituted enhanced security checks for all arriving passengers. These security measures include photographing visitors and, in some cases, taking inkless fingerprints.

Chile currently is negotiating its Approved Destination Status with China and hopes to receive it by the end of 2004.



### 5.1.3.3 Labour and Employment

Due to the newness of tourism as an economic sector, there is a widespread lack of awareness of tourism as a potential career field. Thus, Chile faces a lack of skilled tourism employees. A shortage of qualified tour guides with knowledge of the key sites visited on tours, proper guiding procedures, and foreign languages (especially English) is particularly acute. Shortages also exist for chefs as well as skilled, supervisory and managerial positions in tourism businesses. More generally, there is a low level of English proficiency in the tourism sector. This is especially noticeable among front-line staff in the accommodation and food service industries as well as taxi drivers.

About 10 universities offer education in tourism careers. However, the curricula generally have been developed without consultation between educators and employers. The result is a mismatch between the knowledge acquired by graduating students and that required by industry. SERNATUR is co-ordinating efforts to address this problem.

### 5.1.3.4 Business Operating Environment

Chile offers an open market environment for tourism. While local approval is required to open any business through acquisition of a “municipal patent,” there are few regulatory barriers to either domestic or foreign investors. Profits can be repatriated without restrictions, other than paying taxes owing, and capital can be repatriated after one year.

Despite this, there is a lack of investment in the tourism sector, which is attributed to a combination of a lack of awareness of the investment potential in tourism as well as the highly seasonal nature of tourism demand. The lack of access to financing constrains the improvement of existing tourism products and the development of new, internationally competitive ones.

Some initiatives, such as the development of packages for senior tourists, are showing promise for broadening tourism demand into shoulder seasons.

Regulations exist to protect the environment and to ensure buildings are constructed to be earthquake-resistant. With the exception of land on Isla de Pasqua (Easter Island), which may be owned only by the indigenous population, foreigners may buy land in Chile (excluding land within 10 kilometres of frontiers or five kilometres of the coast and in Arica Province). Approval for developments in national parks, though, is difficult to obtain. Much of the national park system is effectively closed to tourism. Some restrictions also exist to protect agricultural lands.

Insurance carriers have significantly raised the cost of insurance for tourism businesses, especially air carriers. This has hit the Chilean air tour industry especially hard.

Coastal cruising is a growing tourism experience in Chile, with both domestic and foreign carriers offering a wide range of cruises along the coast and through the Straits of Magellan. International carriers are exempt from Chile’s VAT, while domestic cruise lines must pay VAT, which gives the international cruise lines a competitive advantage. However, foreign cruise ships are not permitted to transport passengers between two Chilean ports directly. They must either

return directly to the port of embarkation or stop at a foreign port before stopping at a second Chilean port.

Rigid legislation exists on the hours employees may work, which can cause difficulties in some circumstances for tourism operators such as restaurants that might need to stay open late to serve late-arriving tour groups.

#### 5.1.3.5 Environment

About 20 per cent of Chile is designated as national parks or reserves. Many of these lands and waters have significant potential as tourism destinations, although substantial portions are closed to tourism development. Parks that are open are often under intense pressure from visitors, which then results in environmental degradation. There is interest in further developing eco-tourism in Chile, especially in its national parks and reserves, but there is a lack of strategic vision and co-ordination to develop this type of product.

The emphasis of CONAF is to conserve rather than use protected areas, thus discouraging even appropriate tourism activity in protected areas. The agency does receive proposals from private sector operators to operate tourism businesses within national parks, but in the past year, only two out of 50 proposals have been accepted.

#### 5.1.3.6 Government Investment in Tourism Promotion

The Chilean government contributes only U.S.\$1.5 million to international tourism promotion and requires that this amount be at least matched by private sector contributions. Even with private sector contributions amounting to about four times this amount, the funding is too small to ensure Chile's long-term competitiveness in the international marketplace. Recent levels of growth reflect, in part, the diversion of tourists travelling from other destinations that are perceived as more risky. As world conditions continue to evolve, Chile will need to invest more in establishing and increasing awareness of itself as a destination in key markets.

#### 5.1.3.7 Summary

Chile's tourism industry operates within a liberal regime. The relative youth of the industry, combined with tourism initiatives undertaken independently by many government agencies, has resulted in some wasted resources, duplication of efforts and missed opportunities. SERNATUR is increasingly expected to undertake greater responsibilities, but is not given the authority or budgets necessary to promote greater co-ordination among public sector bodies. SERNATUR needs an increase in policy authority and resources to ensure the emergence of sustainable, efficient and co-ordinated tourism research, planning, development and marketing in Chile.

More investment in international tourism promotion is needed. This investment should be monitored through more sophisticated tracking measures. Currently, assessment of the return on investment of tourism advertising is done simply by dividing total international tourism revenues by the budget spent on tourism marketing. More state-of-the-art conversion methodology should

be used, although this depends on the availability of greater investment in tourism marketing research.

Chile's potential for further growth is substantial, with many international travellers focusing on special interest tourism such as fly fishing, adventure sports, trekking, horseback riding and wine tourism. Chile's national parks also attract some interest. Opening more national park land to tourism is desirable, but it needs to be accomplished slowly, carefully and in an integrated fashion to minimize negative environmental impacts.

Increased investment in tourism businesses is needed to help the industry become and remain internationally competitive. However, seasonality continues to challenge much of the industry.

SERNATUR, in co-operation with a number of public and private sector partners, has developed a three-year "Tourism Agenda." This agenda provides a diagnosis of current conditions and sets a strategic work plan for a number of initiatives to strengthen tourism. The agenda is updated annually and provides a valuable road map for further progress.

#### **5.1.4 Indonesia**

##### **5.1.4.1 Introduction**

Tourism, an important sector in Indonesia, has seen substantial volatility since 1990. It is the third largest source of foreign exchange earnings, behind petroleum and textiles and garments, and is a major source of jobs. Estimates by the World Travel and Tourism Council suggest, in terms of both total visitor spending and employment, Indonesia has the largest tourism industry in Southeast Asia.

Despite its size, tourism is highly concentrated in central Indonesia, with the most businesses on the islands of Java and Bali. The government is encouraging more widespread development throughout the country. However, a lack of domestic air service to certain cities and islands in Indonesia, as a result of low demand for such services, means that the development of additional tourist destinations will be hampered by lack of air access.

Indonesia experienced substantial growth in international tourism during the first half of the 1990s. However, as a result of the financial crisis that affected much of Asia in the mid-1990s, tourism receipts fell in the second half of that decade. Political instability also affected international arrivals before political reform was implemented in 1999. Tourism did not recover to 1995 levels until 2001.

The bombing in Kuta, Bali, on Oct. 12, 2002 hurt the nation's tourism sector, with the number of international visitors plummeting immediately after the tragedy. Travel warnings by governments of many of Indonesia's key markets (such as Australia and the United States) continued to dissuade many visitors from coming to Bali for a year or more after the bombing. The recent bombing of the Australian Embassy in Jakarta extended the travel warning by the Australian

government, advising Australians not to restrain travel to Indonesia. The outbreak of SARS and the Iraq War in early 2003 also depressed inbound tourism to Indonesia.

The Ministry of Culture and Tourism undertook a number of initiatives to ensure accurate information about conditions in Indonesia was available to the media, and to address security concerns of visitors to Indonesia. The Government of Indonesia also responded by passing two new laws giving the government more power to fight terrorism.

The tourism sector has been recovering since October 2002 and is currently showing strong growth, including in Bali. Growth in visitor arrivals rose 35 per cent during the first half of 2004 over the same period in 2003.

National planning and promotion of tourism is under the authority of the Ministry of Culture and Tourism. Tourism development and promotion is guided by a strong emphasis on using tourism to promote community development through sustainable tourism planning. Tourism is also seen as a mechanism to promote and enhance cultural identity and to foster an appreciation, domestically and internationally, for the culture and arts of Indonesia's more than 500 ethnic groups.

#### 5.1.4.2 Customs and Border Procedures

Indonesia has reduced the number of countries whose citizens are exempt from visas. This reduction was in response to both concerns over security as well as a response to the imposition of visa requirements on Indonesians wishing to travel to other countries. The length of the visa has also been reduced from 60 days to 30 days.

A visa-upon-arrival program for many nations was implemented in February 2004, with a charge of U.S.\$25 for a 30-day stay and U.S.\$10 for a three-day stay.

Indonesia has received Approved Destination Status from China. However, financial pressure on the government has resulted in staffing shortages in most embassies and consulates. Prospective Chinese visitors must travel to Beijing to personally apply for a visa at the Indonesian Embassy, which has significantly limited the number of visitors from China.

#### 5.1.4.3 Labour and Employment

Due to a large population with relatively high levels of unemployment, there are restrictions on the ability of foreigners to be employed in Indonesia. Generally, foreign workers are permitted only as highly skilled operators, managers and experts if qualified Indonesians are not available. Foreign workers require a work permit, obtained through their prospective employer, and a visa to enter the country. Foreign workers may stay in Indonesia no more than five years. They can apply for an extension only after leaving the country.

Employers must pay U.S.\$100 per month to the Ministry of Manpower for each foreign worker to support training programs for Indonesians, or offer such training themselves, subject to

approval of the program by the Ministry of Manpower. This requirement is in response to the shortage of skilled workers in many sectors, including tourism.

Indonesia has recently implemented national job performance standards for 30 different tourism occupations. Developed under a partnership between the Ministry of Manpower and the private sector, these standards are intended to improve the quality of tourism services.

#### 5.1.4.4 Foreign Investment in Businesses and Land

Indonesia has fairly tight regulations governing the tourism business environment. All businesses offering tourism services must be licensed by the local government. The application process is intended to ensure compliance with zoning and planning regulations. Due to the need to obtain approvals from multiple local and regional agencies and the complication of the review process, approvals average four months. It should be noted, though, that judgments on proposals for foreign investments are approved within a few days by the National Investment Board.

Tourism services deemed to be against national morals, religious beliefs or public order, or that pose a threat to internal security, are banned. This includes casinos.

The foreign share of ownership in joint ventures may normally not exceed 49 per cent. However, 100 per cent foreign ownership is allowed in hotels and resorts in the eastern part of Indonesia—the provinces of Kalimantan, Bengkulu, Jambi and Sulawesi. The number of licenced tour operators and travel agencies is limited to 30, and they must have offices in Jakarta or Bali.

Indonesian land legislation recognizes freehold land rights. Foreigners may not own buildings, although Indonesian citizens may construct and own buildings on land that has been leased (leases are for 20 years and are transferable).

Payments of dividends, interests, royalties and fees for technical or management services are subject to a withholding tax. The tax is 15 per cent if payments are made to Indonesian residents (6 per cent for technical and management services) and 20 per cent for payment to non-Indonesian residents.

More generally, there are anecdotal and media reports that many foreign investors lack confidence in the efficiency of the business environment and the opportunity to earn reasonable profits commensurate with modest levels of risk. Specifically, international investors currently have concerns about political stability and corruption.

#### 5.1.4.5 Taxes and Duty

Indonesians planning an international trip are normally subject to “prepayment of income tax.” The tax, which can be deducted from income tax owing when annual tax forms are filed, is Rp 100,000 for departures from seaports, Rp 250,000 for land crossings, and Rp 1,000,000 for airport departures. The tax is waived for certain categories of travellers, such as government officials on government-related trips and travellers representing artistic and sports organizations.

Residents on border islands are exempt from paying this tax when making cross-border trips to Singapore and Malaysia.

A 10 per cent VAT is added to all imported goods, as well as domestic manufactured goods and most services. Compliance with paying VAT (all businesses with annual revenues above Rp 600 million must pay) is estimated to be only 30 to 40 per cent, with small and medium-sized enterprises generally having the poorest compliance rate. Many tourism businesses selling crafts and souvenirs fall into this category. However, hotels, restaurants in hotels, taxis and outbound airfares are exempt from VAT.

A sales tax is also applied to imported items deemed “luxurious” such as diving equipment and fibreglass boats. No distinction is made between items imported by private individuals for personal use and those imported by businesses for their business operations.

Regions may also charge sales taxes in addition to national taxes. These taxes have been rising fairly rapidly in major tourism destinations in response to the need for the autonomous regional governments to raise their own revenues due to a lack of funding transfers from the national government.

Duty is charged on brochures, leaflets, catalogues and promotional materials for amounts worth more than U.S.\$1,000. No more than three samples or models may be imported, and these are limited to display only (and cannot include motor vehicles).

#### 5.1.4.6 Summary

The Indonesia tourism sector has had a history of both substantial growth and significant setbacks. Indonesia’s natural resources, exotic (from the perspective of key origin markets) wildlife, diving opportunities, and rich and diverse cultures are major draws for international visitors. Bali, in particular, is recognized as one of the premier destinations in the world because of its culture, reflected in its people, art, music and dance; its beaches; and the environment in the island’s interior.

The Ministry of Culture and Tourism’s product development and planning activities are guided by a philosophy of balance between humankind and the environment, and a focus on using tourism as a community development tool. The importance of tourism in promoting and protecting local cultures, and in building understanding among people from diverse backgrounds, is explicitly recognized.

However, the sector faces a number of significant challenges, including low levels of foreign direct investment, a shortage of skilled workers, poor quality taxi service (especially at the Jakarta airport), high taxes, and poor domestic air connections. Complicated and lengthy approval processes for starting companies are common complaints by investors and entrepreneurs. Barriers or restrictions on foreign ownership of businesses and land may also deter some investors.

Perhaps the most serious challenge, though, has been sensationalistic and often inaccurate media reports about safety and security in Indonesia. While Indonesia, as many nations, has experienced

terrorist attacks, the level of actual risk has often been exaggerated in the media. Further, travel advisories by other nations do not necessarily reflect current conditions or convey a realistic picture of conditions in Indonesia.

### **5.1.5 Peru**

#### **5.1.5.1 Introduction**

As one of the world's great ancient cultures, with a rich colonial tradition, Peru has significant potential for tourism development. The tourism industry could become a major engine of economic growth and job creation for the country. In particular, Peru is endowed with a number of internationally famous archaeological sites, especially those associated with the Incan civilization.

The tourism industry in Peru currently makes up about 7 per cent of the country's GDP, employs about 8 per cent of total labour force and generates about 12 per cent of foreign exchange earnings for the country. The United States is the most important origin market for Peru, followed by Chile. International arrivals have grown by about 8 per cent since 1996, with Chilean arrivals showing the highest growth rate.

The country has a basic infrastructure that supports tourism, as well as good levels of tourism development in accommodations and attractions. The Government of Peru attaches great importance to tourism development. In order to tap the potential of the tourism sector, the government is currently working with the private sector to develop a strategic tourism development plan for the next 10 years.

On Jan. 1, 2004, along with other members of the Andean Community, Peru adopted a number of common external customs duties—an important step towards establishing a customs union among the Andean members. Peru is an active participant in the Free Trade Agreement for Americas, which aims to remove trade and investment barriers in the Western Hemisphere. Peru is also negotiating its bilateral trade concessions with MERCOSUR (Mercado Común del Sur) members, the United States, and the European Union. In October 2002, the United States extended its customs preferences for Andean countries under the *Andean Trade Preferences and Drug Eradication Act*, which permits considerable increases of exports of Peruvian products to the U.S. market. Tourism and other services-related issues are very important to Peru in these multilateral, regional and bilateral trade initiatives.

Although the tourism sector in Peru offers bright prospects because of the country's scenic beauty and rich cultural heritage as well as government commitments in the sector, some impediments exist that can be reduced or removed. Such actions can enhance the international competitiveness of Peru's tourism sector and make Peru more attractive as an investment and tourism destination.

Under MINCETUR, the Vice Ministerio de Turismo is dedicated to the tourism development strategy and PROMPERÚ (Comission for Promotion Peru) is dedicated to promoting Peru.

However, since the tourism development involves many departments and agencies as well as private sector groups, it is important to co-ordinate all efforts.

#### 5.1.5.2 Customs and Border Procedures

In order to attract international tourists to the country, Peru provides a visa-free entry to the citizens of most countries in Western Europe, North America, Asia, Australia, New Zealand and South Africa. However, citizens from China, North Korea, Iraq, India, Cuba, Sri Lanka and Eastern European countries must apply for visas to enter Peru.

The entry visa costs U.S.\$14 for individual visitors and U.S.\$31 for business visitors—good for 90 days and renewable for up to another 90 days.

Tour groups can receive their visas from the Peruvian consulates abroad (processing time is only five to 10 days). Individual travellers from those countries obtain visa approval from the Peruvian Ministry of Interior. Diplomatic passport holders can obtain their visas from the Peruvian Ministry of Foreign Affairs free of charge.

Peruvian citizens are free to travel abroad as long as they have valid Peruvian passports. The passport fee for Peruvian citizens is currently U.S.\$15 plus a U.S.\$40 tax collected for a fund that supports initiatives to protect Peruvian children.

The Peruvian government imposes border controls on exports of any art more than 50 years old in order to prevent the loss of cultural and archaeological products. The National Institute of Natural Resources, under the Ministry of Agriculture, also imposes some restrictions on the imports of agricultural products such as seeds, vegetables and fruits that may be brought to Peru by individual travellers. These measures are intended to protect the country's agricultural sector.

As noted above, the United States is the primary source of tourist arrivals for Peru. After Sept. 11, American arrivals to Peru dropped by 60 per cent. Security concerns of American travellers and travel advisories by the American government continue to hurt the Peruvian tourism industry.

Peru is still seeking the Approved Destination Status from China, which is considered to be a significant potential source of tourists. The lack of approval is a significant impediment to the growth of visits from China.

#### 5.1.5.3 Labour and Employment

Peru maintains a liberal labour and immigration regime for the country. Local companies are entitled to hire foreign workers up to 20 per cent of their labour force, provided that their salaries do not exceed 30 per cent of the total wages paid by the company. Under the Andean Pact, the member countries of the Andean Community are exempt from the 20 per cent and 30 per cent thresholds. Employers are also exempt from the above limiting percentages in the case of highly skilled technical and professional personnel. Contracts of foreign workers must be in writing and subscribed under specific terms, which can be renewed for a maximum of three years.



Employers may also hire temporary workers through job co-operatives or intermediate companies. In these cases, there is no direct labour link between the worker and the employer. As a result, the maximum percentage of 20 per cent applies to the number of workers with direct labour linkages only.

The airline LAN Peru wants to recruit more than 20 per cent of foreign workers; however, the government has not yet approved its application.

There is no limitation on immigration to Peru. Foreigners are allowed to live in Peru if they bring in a minimum U.S.\$25,000 and create at least five jobs for Peruvians.

The Government of Peru is currently engaged in a negotiation with the Government of Canada on a labour co-operation agreement to supply short-term seasonal workers to Canada, including those needed in the Canadian tourism industry. The government is also examining the potential of labour exports through the services negotiations in the WTO and other regional and bilateral trade negotiations.

#### 5.1.5.4 Foreign Investment in Businesses and Land

Peru maintains a liberal foreign investment regime and encourages foreign direct investment (FDI) into the country. The legal framework governing foreign investment in Peru is based on the principle of non-discrimination. Foreign investments are permitted, without restrictions, in most economic activities, including tourism-related business and land investment. No prior authorization is required for foreign investment, and acquisition of national investors' shares is fully permitted through the stock exchange and other mechanisms.

With respect to foreign ownership, individuals and corporate bodies are treated the same as Peruvian investors. Foreigners can own up to 100 per cent of tourism businesses and land. However, foreigners may not acquire mines, lands, woods, water, fuels or energy sources within 50 kilometres of borders, except in the case of public necessity expressly declared by Supreme Decree and approved by the Cabinet. This regulation is designed primarily for security reasons.

Some restrictions apply to agricultural land for conservation purposes. Land occupied by indigenous people is also protected—foreigners cannot buy land but are allowed to lease or rent the land. Foreigners are allowed to own up to 40 per cent of television, newspapers and cultural enterprises.

Foreign investors can invest up to 49 per cent in LAN Peru; after six months, the foreign share can increase up to 70 per cent.

No casinos are allowed in hotels under four-stars or restaurants under five-forks. This applies to both foreign and Peruvian investors.

There is no discrimination between foreign and Peruvian investors in the business approval and licensing process. Foreign investment approval can be obtained at the national level, but business licences are issued at the local level. It usually takes one to two months to complete the

approval/licensing process; however, approvals may take longer if archaeological sites are involved.

#### 5.1.5.5 Taxes, Duties and Other Charges

Besides customs duties, the Peruvian tax regime includes income tax, value-added tax, excise tax and financial transaction tax. The current tariff structure includes five levels of tariff duties (0 per cent, 4 per cent, 7 per cent, 12 per cent and 20 per cent). Due to the sensitivity of some agricultural and luxury products, an additional temporary tariff of 5 per cent is added to the 4 per cent, 12 per cent and 20 per cent tariff schedules. In practice, eight tariff levels are applied in Peru.

A VAT of 19 per cent applies to the sales of goods and services, including the imported goods and services. Nineteen per cent is also added to air and train tickets, for both foreign and domestic travellers. However, foreigners are exempt from the 19 per cent tax for the hotels by showing their foreign passports.

Excise tax applies to cigarettes, alcoholic beverage, mineral and carbonated water, and other luxury products, as well as gambling. The rates run from 2 per cent to 125 per cent depending on the type of good or service.

A temporary financial transaction tax of 0.1 per cent on banking operations in national or foreign currency (both debits and credits) is currently in place. It is proposed that the rate will be reduced to 0.08 per cent in 2005 and to 0.06 per cent in 2006 respectively.

#### 5.1.5.6 Environmental Policy and Other Considerations

Tourism development is closely linked to environmental protection. Peruvian environmental policy developed only in the early 1990s, and the country does not have a separate environment agency. The most important agencies dealing with environmental issues are CONAM (Consejo Nacional del Ambiente) and INRENA (Instituto Nacional de Recursos Naturales), which is attached to the Ministry of Agriculture. MINCETUR, especially the Vice Ministerio de Turismo, is currently working with CONAM and INRENA to develop an environment-friendly tourism development strategy for the country.

Peru has signed the Kyoto Protocol, the Biodiversity Convention, the Montreal Protocol and other environmental agreements. There is still considerable need for action in environmental protection in the country. Particular importance needs to be attached to the link between tourism development and environmental protection. Eco-tourism is now considered an important tourism initiative, and there are increased efforts to preserve natural resources in Peru.

In order to tap the tourism potential further, Peru will have to address the security and safety concerns of travellers in Peru. It is very important to build the nation's image as a safe and secure country for international tourists. The social unrest and often-held demonstrations in the streets disrupt both the general public and visitors.

The taxi industry needs to be regulated to provide a higher standard of services to tourists as well as to ensure a higher degree of visitor safety and security when using this service.

Finally, the low level English-language ability of immigration and customs officials and front-line workers in the tourism sector is an impediment to the future development of the tourism industry.

#### 5.1.5.7 Summary

Peru has great potential for further development of the tourism sector. However, the domestic tourism environment and international competition for tourist arrivals have constrained the sector's growth. Although Peru has a beautiful landscape, historical sites and variety of cultures, concerns about visitor security and safety continue to create a negative image.

Competition among international airports is also a disadvantage for Peru. For example, due to high landing fees at Lima Airport, only two European carriers fly there. In comparison, eight European airlines fly to Santiago Airport. This low level of international connectivity makes it difficult for Peru to increase its tourism competitiveness.

Although Peru provides a visa-free regime for citizens of most countries, the enthusiasm of foreign tourists can be hampered by taxes such as the departure tax, and high sales taxes on air and train tickets. For Peruvian citizens travelling abroad, the \$40 charge on their passports intended to protect children should also be reviewed. Social policy for Peruvian children is an important part of government policies. However, the cost of the social policy does not have to be borne by Peruvian passport holders.

On the whole, the Peruvian government maintains liberal foreign investment and labour regimes in the tourism sector. However, the overall foreign investment level is too low to support the development and financing of tourism-related products. As a result, the overall investment environment needs to be improved in order to attract more foreign direct investment to the country. Taxes, duties and other charges can also affect a foreigner's decision to invest in Peru's tourism sector.

Finally, the country should make a special effort to protect the environment as it develops its tourism industry. Tourism promotion and environmental planning and protection should go hand in hand.

## 5.1.6 The Philippines

### 5.1.6.1 Introduction

The Philippine government recognizes tourism as having potential to create jobs and earn foreign exchange for the economy. However, the long-term trend of tourism in the Philippines has been one of only modest growth punctuated by periods of stagnation or even decline. The Philippine tourism sector is particularly vulnerable to natural disasters, and has also suffered from terrorism and periods of political unrest. On the positive side, many parts of the country have a lush natural environment, some of the best beaches in the world and a generally relaxed and friendly culture. Also, English is widely spoken in tourism establishments.

Tourism infrastructure is fundamentally good in Metro Manila, although the opening of Terminal 3 has been delayed because its operation is the subject of an international arbitration. Ferries are often sub-standard and more secondary airports on some of the nation's 7,100 islands are needed. Rural roads and intermodal connections particularly need improvements.

The Philippines is located in one of the world's most active typhoon, seismic and volcanic belts. Floods and landslides are common occurrences. Stories of kidnappings of tourists, bombings and other terrorist events quickly spread through the media, creating perceptions of risk in visiting the Philippines. The country has gone through periods of political unrest and economic crisis. The outbreak of SARS in neighbouring countries (but not the Philippines) also depressed international travel in 2003. Further, international tourism is very strongly concentrated in the National Capital Region (Manila), which reduces the potential for economic and social benefits in other parts of the country. The dominance of a single destination also makes the entire sector vulnerable to any shocks to the tourism system.

The Philippine government is taking action to restore the economy, and the Philippine military has been aggressive in pursuing terrorist groups. Most recently, the economy began to grow again, with the GDP rising faster in 2003 than in 2002.

The Department of Tourism is the lead government agency with the mandate to develop and promote tourism in the Philippines. Its mission is to encourage, promote and develop tourism as a socio-economic activity to generate foreign exchange earnings and to create jobs.

The Department has the goal of promoting the benefits of tourism throughout the nation and of encouraging public and private sector co-operation. Further, the Department seeks to ensure the safety, comfort and enjoyment of travel for both domestic and foreign visitors.

With the enactment of the *Local Government Code* of 1991 (RA7160), power was devolved from the Department of Tourism to local governments to approve construction standards for tourism-related businesses and to promulgate rules, regulations and standards governing the activities of persons, businesses and establishments catering to visitors.

However, the Department of Tourism still accredits tourism establishments, such as hotels, restaurants and transport, on a voluntary basis to ensure the safety and security of visitors in conformance to international standards.

The Department also conducts market research and develops and maintains an integrated statistical database for tourism.

Several different tourism experiences and products are promoted to the international market: shopping, meetings and conventions, eco-tourism, agri-tourism, sports tourism, and medical, spa and wellness tourism. However, industry generally perceives that government funding for marketing through the Department of Tourism is inadequate and that the organization is insufficiently responsive to change in tourism markets.

#### 5.1.6.2 Custom and Border Procedures

Visas generally are not required for stays up to 21 days, except for stateless persons, nationals of countries with whom the Philippines has no diplomatic relations, and some nationals of other countries. Persons entering the country are required to have passports valid for at least six months beyond the intended period of stay in the Philippines plus tickets for onward journey. Holders of Hong Kong passports enjoy a seven-day visa-free entry to the Philippines. Holders of Chinese Taipei passports need a visa to travel to the Philippines but do not need any other special permit.

Limits on the importation of tobacco and alcohol by visitors are modest, and there are no restrictions on bringing in currency, although amounts over the equivalent of U.S.\$10,000 must be declared. The amount of money a visitor may take out of the country cannot exceed the amount brought in, and no more than PhP 5,000 may be taken out of the country. Exporting antiques and national treasures must be approved by the National Museum. Tight controls also exist on importing or exporting plant and animal products and soil.

Filipinos leaving the country must show their travel documents, including work permits or contracts, if applicable. There are concerns over attempts by Filipinos to enter other countries with forged work permits or contracts and visas. The potential abuse of Filipino citizens (especially students and women) by unscrupulous employers in other countries is also a concern.

The Philippines currently does not have machine-readable passports. This results in sometimes lengthy delays for Filipinos arriving in nations with more modern visitor screening systems, such as the United States.

As many other governments do, the Philippines imposes a departure fee (PhP 550) on all departing international passengers. Further, Filipinos must also pay a travel tax of PhP 1,620.

The Philippines has Approved Destination Status from China, but due to government funding restrictions, there is little tourism promotion and marketing in China. As a result, inbound travel from China is far less than might be expected. Visa applications are processed and released within three working days, which is much shorter than the processing period of other APEC economies.

The Philippines is a participant in the APEC Business Travel Card Program, but there have been reports of some airlines not familiar with the program denying boarding to business travellers because they lacked traditional visas. Work is underway to advise airlines of the terms and conditions of the APEC Business Travel Card Program.

#### 5.1.6.3 Labour and Employment

Foreign workers can be employed in hotels, resorts and restaurants with the approval of the Department of Labour and Employment. The lack of suitably qualified Filipinos must be demonstrated.

While the use of English is still fairly prevalent, especially in the tourism and business communities, there is concern about the long-term levels of English capability among front-line tourism workers. The government's emphasis on Filipino (the official language of the Philippines) and consequent de-emphasis of English-language instruction in schools means that English proficiency among of the young generation is declining.

Many resorts and hotels hire staff seasonally (for five months), mainly due to seasonal demand for products and services and to minimize labour costs. Labour law allows a worker to join a union on his or her first day of work, regardless of employment status. The Philippines exports labour to other economies such as Hong Kong, Australia, the United States and Canada. Overseas Filipino workers are employed for a limited period of time, sending money back home to support their families.

#### 5.1.6.4 Foreign Investment in Businesses and Land

The Philippines encourages foreign direct investment. Foreigners can lease private lands for 50 years, renewable for another 25 years under the *Investor Lease Act* (RA 7652). Tourism projects must have an investment of over U.S.\$5 million, 70 per cent of which must be invested within three years of signing the lease contract.

Tourism businesses, as other businesses, must apply for business permits or licences from local governments. There are no discriminatory barriers against tourism enterprises. However, the approval process for most businesses is seen as lengthy and complicated (an average of about six months for approvals from multiple agencies, depending on the nature of the business). There are also anecdotal complaints about inconsistencies in the approval process, depending on the local government units involved.

The Board of Investments operates a One-Stop Action Centre to inform foreign investors about investment processes and opportunities. It offers advice on conducting business in the Philippines, helps match potential partners, and deals with problems covering the establishment of business or investing in the country. The Board also publishes an annual Investment Priorities Plan that identifies priority areas offering incentives.

The government grants incentives to foreigners investing at least U.S.\$50,000 in a tourist-related project or in any tourist establishment. This incentive takes the form of a Special Investor's Resident Visa for as long as the investment subsists. The investor retains the right to remit earnings from his or her investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance. In case of liquidation, the investor is also allowed to repatriate the entire proceeds of the investment. Lastly, the right of succession is also recognized.

The Board of Investment can grant fiscal incentives to tourism enterprises engaged in the following activities, subject to the guidelines under Executive Order 226 and the Investment Priorities Plan:

Development of tourism estates—a large tract of land with defined boundaries in any of the destinations identified in the Philippine Tourism Master Plan. The estate must provide roads, water supply facilities, power supply, drainage and sewerage systems and other necessary infrastructure. The estate must be outside Metro Manila, be at least 50 hectares, and be operated under a unified continuous management.

- Establishment of tourist accommodation facilities—includes hotels, resorts, inns, pensionnes and special interest resorts outside Metro Manila.
- Agricultural—limited to commercial production and commercial primary processing of agricultural products and sericultural products (raw silk).
- Eco-tourism projects—a low impact, environmentally-sound and community-participatory tourism activity in a given natural environment that enhances that conservation of biophysical and cultural diversity, promotes environmental understanding and education, and yields socio-economic benefits to the concerned community.
- Historico-cultural heritage projects—conservation, preservation or restoration projects of Philippine national historical sites or properties such as shrines, monuments and landmarks.
- Medical or spa tourism—health care services or treatments of illness and health problems in order to maintain one's health and well-being.

#### 5.1.6.5 Taxes and Duty

A 10 per cent VAT is charged on most goods and services in the Philippines. As well, a retail sales tax on many commodities is set at a local level and varies across the Philippines.

Import duties have been lowered on some tourism products such as spa equipment. However, business leaders report that awareness of the liberalization of tariffs is still low in the business community. Also, import duties on other commodities, such as wine, beef and motorcoaches, remain high. Equipment used for adventure tourism by tour operators and outfitters, such as diving equipment and dive boats, is subject to a luxury tax.

A range of other charges affect tourism businesses. Hotels and restaurants are charged more than other industries for electricity. Airlines are charged customs and immigration fees. Airlines also add fuel surcharges and “war risk insurance” to the cost of tickets. The size of these add-ons varies by airline.

Printed promotional materials are charged 15 per cent duty based on estimated value if sent as air cargo. (However, they are exempt if they are checked as personal luggage.) Promotional videos and CDs are charged duty and are subject to examination by the Video Board for offensive content.

#### 5.1.6.4 Summary

Tourism is a potentially significant export for the Philippines. However, a history of natural, economic and political crises has constrained the sustained long-term growth of the sector. Media reports have exacerbated the impact of recent terrorist attacks and of SARS.

The Department of Tourism guides the development of tourism by setting policies, identifying product opportunities and conducting market research. The Department is marketing and promoting tourism aggressively to boost tourism throughout the nation. However, resources for effective tourism promotion are limited and require new partnerships with the private sector. A tourism strategy has been created, and new policies and strategies for tourism are released periodically. Further enhancements of tourism infrastructure, especially outside Manila, are needed.

The Philippines offers a relatively open welcome environment to *bona fide* visitors through minimal visa requirements. Filipinos travelling outside of country are required to pay exit fees and have their travel documents inspected.

The population of the Philippines is large, young and growing. There are concerns about unemployment and, perhaps unexpectedly, the availability of skilled workers for tourism positions.

In principle, the government encourages FDI and has implemented a number of initiatives to encourage it. However, other policies, such as a ban on foreign ownership of land, as well as alleged corruption act as barriers to FDI. Taxes and duties on some imported items used by tourism firms still exist.

Finally, the country’s efforts to grow its tourism industry are hampered by occasional sensationalistic and inaccurate media stories about the risk of travel to the Philippines. Efforts to ensure the media have current facts about visitor safety are continuing.

## 5.2 Tourism Impediment Matrixes



Both the 1996 and 2001 APEC reports on impediments to tourism contained a set of matrixes of impediments. A requirement for the Stage 2 project was to update the existing matrixes and to add additional economies, if feasible. A number of APEC economies complied with the request to either update their matrix or to provide their first matrix, although not all member economies responded.

As with the 2001 matrixes, restrictions on the import of alcohol, tobacco, firearms and drugs have not been included because these are common to all member economies. Taxes and charges are also common to all member economies. These have been included when representatives from a member economy cited them as a topic of concern. Thus, for example, VAT and retail sales taxes are normally not included.

## AUSTRALIA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visas required of all visitors to Australia other than New Zealand citizens.</li> <li>▪ The Electronic Travel Authority system is available to passport holders of 33 countries and provides a streamlined invisible visa system used by 85 per cent of tourists and short-term business visitors.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No limitations.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No limitations, except to National Servicemen.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No limitations, except cash over A\$10,000 must be declared.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Border controls and checks imposed to identify and deter unlawful activity on entering and departing travellers.</li> <li>▪ Comprehensive quarantine restrictions on import of foodstuffs and plants.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ A\$38 Passenger Movement Charge.</li> <li>▪ Additional charges (airport noise and other charges) also passed on to traveller.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Environmental planning and development laws and regulations at three levels of government (local, state and national). Not specific to tourism.</li> <li>▪ Travel agents, tour operators, wholesalers, retail travel agents, consolidators and some tour operators must be licensed by the state.</li> <li>▪ Queensland requires registration for inbound tour operators and imposes a mandatory code of conduct.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ Non-discriminatory.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Foreign Investment Review Board approval is required for acquisitions of substantial interest in existing Australian businesses with total assets of \$50 million or for establishing new businesses involving a total investment of \$10 million.</li> <li>▪ All tourism investment proposals that incorporate an accommodation facility, irrespective of value, must be submitted for review. Normally approved.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Hotel or motel developments under one title are normally approved.</li> <li>▪ Other accommodation facilities, such as guest houses or holiday flats, examined under policy applying to residential real estate (all urban land other than commercial properties).</li> <li>▪ New dwellings and vacant land normally approved subject to specific conditions.</li> <li>▪ Existing dwellings require approval, usually not given unless relocating to Australia.</li> </ul>

<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ In general, taxed at similar rates to other Australian industries. Tourism Refund Scheme allows refunds on GST.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but subject to withholding tax on interest and dividends.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ The temporary residence program allows stays of up to four years in a wide range of categories, including skilled employees and people establishing businesses.</li> <li>▪ Skilled employees in employment categories not subject to skills shortage are subject to a threshold salary requirement.</li> <li>▪ Working holiday visas apply to 16 countries.</li> <li>▪ Labour agreements exist to facilitate the employment of foreign nationals in certain skill areas.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ Temporary duty-free and tax-free entry of goods, including samples, advertising materials, goods for international exhibitions, and professional film and television equipment</li> </ul>

## CANADA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>All visitors to Canada require a visa, except those from 58 countries and administrative jurisdiction that have been granted exemptions.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>No restrictions.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>No restrictions, except cash or equivalent over C\$10,000 must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>No restrictions, except cash or equivalent over C\$10,000 must be declared.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>Visitors entering from the U.S. may expect lengthy delays due to security concerns.</li> <li>Some restrictions on import of foodstuffs and plants.</li> <li>Local officers have significant discretion in enforcing regulations.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>Many airports impose airport improvement fees; these vary by airport.</li> </ul>
<b>7. Other fees and charges</b>	<ul style="list-style-type: none"> <li>Federal government imposes a C\$12 air security charge to all airline tickets sold in Canada.</li> <li>C\$40 fee for air traffic control.</li> </ul>
<b>Impediments to the operation of tourism-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>8. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>Environmental planning and development laws and regulations at three levels of government (local, provincial, and national); these are not specific to tourism.</li> <li>Tour operators (including wholesalers, retailers and consolidators), hotels and travel agents are licensed under provincial legislation.</li> <li>Provinces and territories set residency and citizenship requirements for owners of corporations.</li> <li>Food service establishments are subject to local inspection and approval regarding sanitation.</li> <li>Most businesses (not just tourism) are also subject to local fire regulations and inspections.</li> </ul>
<b>9. Import policies</b>	<ul style="list-style-type: none"> <li>Non-discriminatory.</li> </ul>
<b>10. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>Investment Review is generally required for acquisitions of interests by WTO investors in Canadian businesses with total assets exceeding a threshold set every year; exceptions exist for certain sectors.</li> <li>Special requirements exist for acquisitions a cultural business. Investment in Canadian airlines is limited to no more than 25 per cent of assets of the airline.</li> <li>Direct acquisition of a business involved in providing transportation services with assets of C\$5 million or more must be approved by Transport Canada.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Indirect acquisition of transport businesses with assets of \$50 million or more or with assets between C\$5 million and C\$50 million that represent 50 per cent of the total international transaction must be approved.</li> <li>▪ The acquisition of transport businesses working in a federally regulated area with annual gross sales in excess of C\$10 million must obtain approval from National Transportation Agency.</li> <li>▪ Investments must demonstrate “net benefit” to Canadian economy.</li> </ul>
<b>11. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Some provincial regulations restrict purchase of farmland or shore frontage by non-residents, or give priority to provincial residents in the acquisition or leasing of public lands.</li> <li>▪ Some provinces impose additional land transfer taxes on foreign purchasers.</li> </ul>
<b>12. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ In general, taxed at rates similar to other Canadian industries. Tourism refund scheme allows refunds on GST. Foreign owners face differential land transfer taxes.</li> </ul>
<b>13. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but subject to withholding tax on interest and dividends.</li> </ul>
<b>15. Employment</b>	<ul style="list-style-type: none"> <li>▪ Temporary residence for the purpose of employment is subject to approval by the Department of Human Resources and Skills Development Canada. Decision on approval of work permit is based, in part, on whether qualified Canadians are available to perform job. Temporary residence visa is also required. Intra-company transferees working as managers or executives or with specialized knowledge and citizens of Chile, Mexico or U.S. do not need work permits.</li> <li>▪ Restrictions on posting foreign tour leaders in Canada.</li> </ul>
<b>16. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>17. Other</b>	<ul style="list-style-type: none"> <li>▪ Proposed regulatory changes to on-duty and driving hours for motorcoach drivers coming into Canada will deter tour operators from developing Canadian itineraries for the U.S. market.</li> <li>▪ Rising insurance rates are limiting to ability of tourism businesses to create new competitive experiences for the international market. Some businesses are operating with reduced insurance coverage, which exposes them to potential bankruptcy in the case of a major claim.</li> <li>▪ Airline restructuring has led to reduced air capacity between Canada and some offshore markets as well as difficulties for international passengers to easily book affordable air transportation between gateway cities and other destinations.</li> </ul>

## CHILE

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visas are required for citizens of Guyana, Haiti, Dominica, Cuba, Kuwait, Egypt, Saudi Arabia, United Arab Emirates, most African nations and most Eastern European nations.</li> <li>▪ Citizens of Australia, Canada, Mexico, and the U.S. are charged an “administration fee” equal to the cost of visa applications by Chilean citizens in those nations.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Import of some goods prohibited for bio-security reasons.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ U.S.\$26 at airports, added to price of ticket.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Municipal patent required for all businesses.</li> <li>▪ Some environmental regulations affecting developments in agricultural and rural areas and near national parks.</li> <li>▪ Lengthy delays and high rejection rates for proposed concessionaire activities in national parks.</li> <li>▪ Rigid legislation governing hours of work, including tourism businesses.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ Non-discriminatory. Tariffs generally low or non-existent.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No foreign ownership of land within specified limits of the frontier and coast.</li> <li>▪ Land on Easter Island (Isla de Pasqua) may be owned only by indigenous population.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ Foreign visitors are charged higher fees than Chilean citizens in national parks.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions on repatriation of profits.</li> <li>▪ Capital repatriation allowed after one year.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ 85 per cent of employees of professional service firms must be Chilean.</li> <li>▪ 85 per cent of all other firms with 25 or more employees must be Chilean.</li> <li>▪ Foreign employees must have work visa and valid contract.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>16. Other</b>	<ul style="list-style-type: none"> <li>▪ Multiple public sector agencies are involved in tourism planning, development and</li> </ul>

	<p>marketing, with no central co-ordination. SERNATUR lacks authority to ensure co-ordination and to reduce overlap and inefficiencies among multiple national government tourism initiatives.</p> <ul style="list-style-type: none"><li>▪ Budget and staffing levels for SERNATUR are insufficient to exploit significant marketing opportunities or to meet rising policy and planning demands, including co-ordination of strategic product development. Inadequate research on economic contributions of tourism, effectiveness of marketing campaigns and basic market research.</li><li>▪ The level of awareness of Chile in potential key international markets is low to nil; the country lacks a strong brand image.</li><li>▪ Many national parks are effectively closed to tourism due to concern over environmental impacts. Eco-tourism development is weak and unco-ordinated, and not a priority for the National Forestry Corporation (CONAF).</li><li>▪ There is a general lack of awareness of the importance of tourism in government, industry and the general public. Chile does not view itself as a destination country, nor place emphasis on providing good quality tourism services at a competitive price.</li><li>▪ The quality of human resources in tourism, especially but not exclusively tour guides, is poor.</li></ul>
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## CHINA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Tourist visa required.</li> </ul>
<b>2. Limitations on travel abroad</b>	
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No limitations.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ Foreigners outbound limited to U.S.\$5,000.</li> <li>▪ Chinese nationals limited to U.S.\$1,000.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No special concerns.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Airport construction charge (U.S.\$11).</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Foreign investment is encouraged but subject to approval from related administrative agencies.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No special limitations.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Permitted or encouraged.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Permitted or encouraged by central government.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No special taxes or charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No special controls.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No special limitations; reinvesting profits in China is encouraged.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Foreigners are subject to approval.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No special requirements.</li> </ul>



## CHINESE TAIPEI

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Citizens of 21 countries are granted visa-free entry for 30 days.</li> <li>▪ Citizens of three other countries can obtain a visa upon arrival, valid for 30 days.</li> <li>▪ Other countries must apply for visa prior to arrival.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but amounts in excess of U.S.\$10,000 or NT\$60,000 must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but amounts in excess of U.S.\$10,000 or NT\$60,000 must be declared.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No special concerns.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ NT300 (U.S.\$12) included in ticket price.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Licence needed for operation of hotels, travel agencies, and tour guides.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No limitations.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ No restriction on FDI in hotels or travel agencies.</li> <li>▪ FDI in the transportation sector (passenger transport, tour buses, aviation, harbour and marine operations) not allowed.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ None that discriminate against tourism.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restriction for goods and services and investments approved by competent authorities.</li> <li>▪ Nationals and residents are allowed up to U.S.\$5 million per year in foreign exchange settlements, companies up to U.S.\$50 million per year.</li> <li>▪ Non-residents can buy or sell up to U.S.\$100,000 in each foreign exchange transaction</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ Any foreign investment originally approved by the competent authorities may be freely remitted without restriction.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Foreign specialists and technical personnel in tourist and international tourist hotels are subject to approval.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ Goods of no commercial value can be imported. Others subject to normal duties.</li> </ul>

## HONG KONG SAR, CHINA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Most nationalities can enter without visa from 7 days to 6 months; covers 170 countries.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ HK residents with no criminal record can exit and enter with valid HK identity card.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No special restrictions.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ U.S.\$6 from 12 years of age.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Normal business registration applies for all business.</li> <li>▪ Hotels, travel agents and airlines need special licences to operate.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ Hotel accommodation tax of 3 per cent.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ No quota in the admission for employment of professionals, specialists, businessmen, manager or administrators.</li> <li>▪ Employment of foreign nationals in skilled tourism jobs may be subject to industry-specific requirements such as qualifications, professional knowledge, skills or experience.</li> <li>▪ Tourist guides must obtain a “Tourist Guide Pass” by attending specific training courses in Hong Kong and passing a test to demonstrate competence.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>

## INDONESIA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Reduction in number of countries offered visa exemptions reflecting both heightened concerns for security as well as the imposition of visa requirements on Indonesian visitors to other countries (reciprocal treatment).</li> <li>▪ Allowable stays for most visitors cut from 60 days to 30 days.</li> <li>▪ Staffing shortages limit locations where foreign residents can apply for visas; a particular concern in China, where applicants must go through Beijing Embassy only.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No formal restrictions, but pre-payment of income tax required: Rp 100,000 for departure from seaport, Rp 250,000 for land crossings, and Rp 1,000,000 by air.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but amounts over Rp 5,000,000 per person must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ Persons carrying over Rp.10,000,000 must have Letter of Permission from Central Bank.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Imports of more than 200 cigarettes, 50 cigars or 100 grams of tobacco, and more than one litre of alcoholic beverages require payment of duties.</li> <li>▪ Some import quarantine restrictions on plant and animal products.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ A passenger airport services fee of Rp 100,000 is levied by the airport authority for international travellers and from Rp 9,000 to 20,000 for travellers on domestic routes.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comment</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ All corporations offering tourism services must be licensed by local government. Approval process is lengthy.</li> <li>▪ Activities seen as against morals, religion, security and public order, such as casinos, are prohibited.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ Some limitations on importation of capital goods and other goods locally available; subject to 10 per cent VAT, 10 per cent duties and possibly luxury tax up to 75 per cent.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Foreign direct investment may be made up to 100 per cent foreign ownership in hotels and resorts in selected regions (Eastern part of Indonesia, Kalimantan, Bengkulu, Jambi and Sulawesi). The number of tour operators and travel agencies in Jakarta and Bali is limited to 30. FDI must be divested to Indonesian interests within 15 years of commencement of commercial operation.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Indonesia does not recognize the concept of freehold land right, although certain rights to use land are recognized.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ 10 per cent VAT on imports, manufactured goods and most services.</li> <li>▪ 10 per cent to 75 per cent sales tax on luxury goods.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ Amounts over Rp 5,000,000 being brought in must be declared. Amounts over Rp</li> </ul>

	10,000,000 being removed must have Letter of Permission from Central Bank.
<b>13. Repatriation of profit or capital</b>	<ul style="list-style-type: none"> <li>▪ Payments of dividends, interests, royalties and technical &amp; management fees for services performed in Indonesia to Indonesian and non-Indonesian residents are subject to withholding tax: <ul style="list-style-type: none"> <li>- Payment to Indonesian residents (except for technical and management services @ 6 per cent) is 15 per cent.</li> <li>- Payment to non-Indonesian residents is 20 per cent.</li> </ul> </li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Employment of foreign operational directors, managers, experts and specialized workers is permitted only if Indonesians are not available or qualified to fill these positions or jobs.</li> <li>▪ An expatriate wishing to take up or continue employment in Indonesia must possess a work permit. Expatriates who hold the post of director must also possess work permits.</li> <li>▪ FDI joint venture companies must either provide approved training or pay U.S.\$100/month/foreign employee to Department of Manpower to support training programs.</li> <li>▪ Every foreign expert or expatriate who has worked in Indonesia for 5 years must leave Indonesia and re-apply from outside the country to extend his or her stay beyond 5 years.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ Duty is charged on brochures, leaflets, catalogues and promotional materials worth more than U.S.\$1,000.</li> <li>▪ Importation of samples and models is limited to three pieces for display only and must be re-exported; no motor vehicles are permitted.</li> </ul>
<b>16. Other</b>	<ul style="list-style-type: none"> <li>▪ Media stories and some nations' travel advisories exaggerate the degree of risk associated with travel in Indonesia.</li> <li>▪ Foreign investors appear to still be uncertain about long-term political stability.</li> <li>▪ Limited internal domestic air connections.</li> <li>▪ Poor quality service in some sectors (such as taxis) and a lack of skilled labour in many industries.</li> </ul>

## JAPAN

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Since 2000, 62 nations have been granted visa exemptions.</li> <li>▪ Citizens of other countries require visa before departure.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restriction.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restriction, cash over JPY 1,000,000 must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No special restrictions.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Passenger service charge at some airports.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory tourism charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No special controls.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Working visa, general visa or specified visa required.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ Subject to regular customs duties</li> </ul>

## KOREA, REPUBLIC OF

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>Among APEC countries, nationals of China and the Philippines need visas to enter.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>No restrictions, except permission is required for males under the age of 30 who have not served military duty.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>No restrictions</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>Residents wishing to take more than U.S.\$10,000 need permission from the Bank of the Republic of Korea</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>The Republic of Korea has a green lane system. No special restrictions.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>Passenger service charge of U.S.\$11.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>No restriction of foreign-owned tourist business except on casino and golf course construction.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>No restrictions.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>No restriction on foreign-owned tourist businesses except on casino and golf course construction.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>No restriction on foreign-owned tourist business except on casino and golf course construction.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>No discriminatory tourism charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>It is possible to pay the cost to foreign shipping companies.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>Employment of foreign nationals in skilled jobs is permitted if the person has high technological skills and professional knowledge as recognized by the related industry.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>No restrictions.</li> </ul>

## MALAYSIA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visitors from most Commonwealth countries and countries with which Malaysia has a Total Visa Abolition Agreement do not require visas.</li> <li>▪ Citizens of Vietnam and Chinese Taipei require visas.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No limitations.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ Non-residents carrying more than U.S.\$2,500 in cash or travellers cheques required to declare. Malaysian currency more than RM 1,000 must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ Permitted limit RM 1,000. Non-residents permitted to carry out the same amount of foreign currency brought into the country.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No customs or barrier controls on personal effects.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Business licences required for the operation of tourist-related businesses.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Foreign equity limited to 30 per cent in travel and tour agencies.</li> <li>▪ Applications prior to Dec. 31, 2003 for foreign investment in hotel industry are exempt from local equity participation.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No restriction on foreign investment in property above RM 250,000</li> <li>▪ No restriction of first residential property owned.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory tourism charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory controls.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Malaysia permits employees with a valid work permit to be employed.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restriction on the import of promotional materials.</li> </ul>

## MEXICO

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visa free where equivalent conditions apply, including Australia.</li> <li>▪ Visas subject to 30-day delay for China, Hong Kong, Chinese Taipei, Russia, Vietnam.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restriction.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ U.S.\$10,000 maximum in cash.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ U.S.\$10,000 maximum in cash.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No special restrictions.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Arrival tax (U.S.\$19) included in ticket price, airport tax on international departures 150 pesos</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Non-discriminatory licence system.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No limitations.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Maximum 25 per cent foreign shareholding is permitted in: <ul style="list-style-type: none"> <li>- Domestic air transportation</li> </ul> </li> <li>▪ Maximum 49 per cent foreign shareholding is permitted in: <ul style="list-style-type: none"> <li>- Airport management</li> <li>- Sports fishing fleets, dive vessels, yacht fleets</li> </ul>                     (Operations subject to an agreement with a marina or must be Mexican vessels) </li> <li>▪ 51per cent foreign shareholding is permitted in: <ul style="list-style-type: none"> <li>- International overland passenger transportation and tourism services.</li> </ul> </li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No constraints except in coastal or restricted zones.</li> <li>▪ No direct ownership in these areas, must be a trust or a Mexican company (although companies may have 100 per cent foreign ownership).</li> <li>▪ Coastal zone 20 m from high tide must be leased.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ Bed tax 2 per cent, but no discriminatory charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Aircraft with Mexican registration must be flown by Mexican pilot.</li> <li>▪ Vessels with Mexican registration must have Mexican captain.</li> <li>▪ Tourist coaches with Mexican registration must have Mexican drivers.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ Entry procedure for goods and materials for conferences and exhibitions requires use</li> </ul>



	<p>of customs agent inwards and outwards.</p> <ul style="list-style-type: none"><li>▪ No facilities for bonding exhibition goods and display material; either pay duty or re-export.</li></ul>
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## NEW ZEALAND

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visitors from 50 countries with which New Zealand has visa waiver agreements do not require a visa. Includes 10 APEC economies (Brunei, Canada, Chile, Hong Kong, Japan, Korea, Malaysia, Mexico, Singapore, U.S.).</li> <li>▪ Australian citizens do not require visa.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ NZ\$1,000 in cash must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No restriction, but cash over NZ\$1,000 must be declared.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Border controls and checks imposed to identify and deter prohibited goods from entering New Zealand. On the spot fines for breaches.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Airport departure tax of U.S.\$13 not included in tickets.</li> <li>▪ GST on cruise travel for international travellers, but no tax for domestic air travel for international visitors.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory restrictions on foreign nationals.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No restrictions; second-hand coaches must conform to NZ design rules.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Consent required for overseas persons to take control of 25 per cent or more if investment in business exceeds NZ\$50 million.</li> <li>▪ Test of national interest is applied to investors and includes business acumen, financial commitment and good character.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Overseas persons require consent to take control of 25 per cent or more of land of more than 5 hectares or worth more than \$10 million, of any land on most offshore islands, and of any land over 0.4 hectares that includes or adjoins environmentally sensitive areas, including waterfront land.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory tourism charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No control over payments.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ Withholding tax on interest and dividends.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Working permit required.</li> </ul>
<b>15. Import of promotional Materials</b>	<ul style="list-style-type: none"> <li>▪ Commercial goods may be subject to duty and GST. Temporary importation exceptions available.</li> </ul>

## PAPUA NEW GUINEA

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Single entry visa for a maximum of 60 days can be obtained before or on arrival.</li> <li>▪ Business visa must be obtained before arrival.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ Limited to K5000 local currency only.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Quarantine inspection and active inspection of arriving passengers.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Departure tax U.S.\$7.50 included in ticket price, airport charge U.S.\$7.50 payable at airport.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ All businesses with foreign investor require certification. Limit on domestic borrowings in the first two years of operations.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ Non-discriminatory.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Specific tourism activities reserved for PNG citizens include: <ul style="list-style-type: none"> <li>- Provision of lodging in places such as hotels, motels, resorts with fewer than 10 rooms</li> <li>- Airport terminal kiosks and business concession leases</li> </ul> </li> <li>▪ Specific tourism activities reserved for PNG citizens or enterprises with 51 per cent PNG shareholding include: <ul style="list-style-type: none"> <li>- Tourist-related activities (village guest houses, village arts and shows and tourist guides</li> <li>- Travel agencies, wholesale tour operators/agents</li> <li>- Domestic airline operations</li> </ul> </li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Case by case basis after agreement of traditional landholders</li> <li>▪ 97 per cent of all land in PNG is "custom land," community-owned by family and clan groups.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory tourism charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ Approval required for all foreign currency borrowings, repatriation of profits and capital.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ Approval required for all foreign currency borrowing, repatriation of profits and capital.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Positions to be filled by expatriates subject to specific authorization.</li> <li>▪ Individual appointee subject to two levels of approval, Labour and Immigration.</li> </ul>

**15. Import of promotional materials**

- Tariff on imported material is currently 25 per cent; being reduced by 5 per cent every two years.

## PERU

<b>Impediments to individual travellers</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ No visa required for citizens of Western Europe, Asia, South or North America, Australia, New Zealand and South Africa.</li> <li>▪ Citizens from China, North Korea, Iraq, India, Cuba, Sri Lanka are required to apply for visas.</li> <li>▪ The visa costs U.S.\$14 for personal visitors and US\$31 for business visitors—good for 90 days and renewable for up to 90 days.</li> <li>▪ Tour groups can receive their visas from the Consulates of Peru abroad (processing time: 10-15 days), while individual travellers have to apply for their visas from the Ministry of Interior.</li> <li>▪ Diplomatic passport holders can obtain their visas from the Ministry of Foreign Affairs.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No limitations, except for the passport processing fee of U.S.\$15 plus U.S.\$40 tax intended to protect children in Peru.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No limitations, except cash or equivalent over U.S.\$10,000 must be declared.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No limitations.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Border controls and checks imposed to restrict exports of flora and fauna; Restrictions on exports of cultural artifacts more than 50 years old.</li> <li>▪ The National Institute of Natural Resources under the Ministry of Agriculture also imposes some restrictions on imports of agricultural products (such as seeds, vegetables and fruits) that may be brought to Peru by individual travellers.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ U.S.\$28.24 for international travellers for airport use and infrastructure.</li> <li>▪ Additional U.S.\$15 charged for international travellers and U.S.\$3.50 for domestic travellers</li> </ul>
<b>Impediments to the operation of tourism-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Foreign investment approval can be obtained at the national level, but business licences are issued at the local level. It usually takes about 1-2 months to complete the approval and licensing process. It may take longer if archaeological sites are involved, in order to protect the sites.</li> </ul>
<b>9. Import policies</b>	<ul style="list-style-type: none"> <li>▪ 10-15 per cent tariffs plus 19 per cent sales tax on imported products; 30-40 per cent excise tax on liquor and cigarettes.</li> <li>▪ Customs officials have limited English and lack of knowledge about duty-free goods from Ecuador and other Andean member countries.</li> </ul>

<b>10. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ No particular restrictions on foreign investment, except for 40 per cent ownership for foreigners in TV, newspapers and other cultural products.</li> <li>▪ For LAN Peru, foreigners can invest up to 49 per cent at the beginning; after six months, the foreign share can increase up to 70 per cent.</li> <li>▪ Foreigners are allowed to live in Peru if they bring a minimum of U.S.\$25,000 and create at least five jobs for Peruvians.</li> <li>▪ No casinos in hotels under 4-stars or restaurants under 5-forks.</li> </ul>
<b>11. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Foreigners are not allowed to buy property less than 50 kilometres from the border for security reasons.</li> <li>▪ Some restrictions also apply to agricultural land for conservation purposes.</li> <li>▪ Land occupied by indigenous people is protected—foreigners are allowed to lease or rent the land only.</li> </ul>
<b>12. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ 19 per cent taxes on air tickets and train tickets.</li> <li>▪ VAT free for foreigners for hotels/lodging.</li> <li>▪ High airport landing fee.</li> </ul>
<b>13. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions</li> </ul>
<b>14. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but subject to financial transaction tax which stands at 0.1 per cent in 2004. The rate may drop to 0.08 per cent in 2005, then to 0.06 per cent in 2006.</li> </ul>
<b>15. Employment</b>	<ul style="list-style-type: none"> <li>▪ Up to 20 per cent foreign workers can be brought in and employed in any business establishments, including tourism-related businesses.</li> </ul>
<b>16. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restrictions on tourism promotional materials, but they are subject to import duties unless exempted.</li> </ul>
<b>17. Other impediments</b>	<ul style="list-style-type: none"> <li>▪ Safety and security concerns of travellers in Peru.</li> <li>▪ Lack of stability of financial capacities of airlines in Peru.</li> <li>▪ Environmental protection of tourism resources is weak.</li> <li>▪ Lack of English-language skills among immigration and customs officials, National Agriculture Sanitary Services Employees and other tourism front-line workers</li> </ul>

## PHILIPPINES

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visas are generally not required to enter the Philippines for up to 21 days. Multiple entry visas permitting longer stays are available but are among the most expensive in the ASEAN region.</li> </ul>
<b>Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restrictions. Filipinos going abroad must present documents, including passport, visa and work contracts/permits for examination to determine authenticity.</li> </ul>
<b>Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions. Foreign travellers may bring in any amount of foreign currency. However, amount exceeding U.S.\$10,000 must be declared.</li> </ul>
<b>Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ For residents, written declaration of the funds' source and purpose of use is required to bring out foreign currency more than \$10,000 or its equivalent.</li> <li>▪ Non-residents may purchase foreign exchange from commercial banks only with proof they have previously sold the same amount to a bank for pesos.</li> <li>▪ At airports or other ports of exit, departing non-residents may reconvert unspent pesos of up to a maximum of U.S.\$200 without proof of previous sale of foreign exchange to banks.</li> <li>▪ No person may bring in or out of the country Philippine banknotes, coins or checks exceeding PhP 10,000 without authorization by the Bangko Sentral ng Pilipinas (Central Bank of the Philippines).</li> <li>▪ Foreign exchange may be freely purchased outside the banking system.</li> </ul>
<b>Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ No more than two cartons of cigarettes or two tins of pipe tobacco and up to one litre of alcohol may be brought in.</li> <li>▪ Some import quarantine restrictions on plant and animal products.</li> <li>▪ Removal of antiques or national treasures must be approved by National Museum.</li> </ul>
<b>Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Terminal fee of PhP 550.</li> <li>▪ Travel tax of PhP 1,620 for Filipinos travelling abroad.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory licensing for tourism businesses, but there is a lack of standards in procedures.</li> <li>▪ Licensing typically involves multiple approvals and can take up to six months.</li> </ul>
<b>Import policies</b>	<ul style="list-style-type: none"> <li>▪ Many tourism business operators still need information on liberalization.</li> <li>▪ Some high tariffs and customs approvals still exist on products used in tourism such as beef, wine, motor coaches.</li> </ul>
<b>Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Foreigners may not invest in small retail businesses (capitalization under U.S.\$2.5</li> </ul>

	<p>million).</p> <ul style="list-style-type: none"> <li>▪ Foreigners can invest up to 100 per cent in most tourism activities except for transportation, which is limited to 40 per cent.</li> <li>▪ Investment Priority Plan sets annual guidelines for investments.</li> <li>▪ With the passage of the <i>Foreign Investment Act</i> (RA 7042 as amended by RA 8179), foreign nationals are now allowed to invest up to 100 per cent equity participation in new or existing economic activities including restaurant operations that are incidental to the hotel business. Foreign equity participation of up to 40 per cent is allowed in the operation and management of utilities (including land, air and water transport).</li> <li>▪ Foreign equity participation is allowed up to 40 per cent of total equity in domestic market enterprises with paid-in equity capital of less than U.S.\$200,000. No limit is set for investment in domestic market enterprises with paid-in equity capital over U.S.\$200,000.</li> <li>▪ Foreign equity participation is also allowed up to 40 per cent of total equity in domestic market enterprises involved in advanced technology or employing at least 50 direct employees, with paid-in equity capital of less than the equivalent of U.S.\$100,000.</li> <li>▪ Foreign equity participation is allowed up to 40 per cent of total equity for ownership of private land and condominiums, as well as the exploration, development and use of natural resources, subject to the provisions of the Philippine Constitution.</li> </ul>
<b>Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Foreigners investing in the Philippines can now lease private lands up to 75 years based on RA 7652 (<i>Investors Lease Act</i>). Lease agreements may be entered into with Filipino landowners. Lease period is 50 years renewable once for another 25 years. For tourism projects, the lease is limited to projects with an investment over U.S.\$5 million, 70 per cent of which must be infused in the project within 3 years of signing the lease contract.</li> </ul>
<b>Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ Hotels and restaurants are charged higher electricity rates than other industries.</li> <li>▪ Local sales taxes are highly variable and sometimes seen as arbitrary by tourism businesses.</li> <li>▪ Airlines pay customs immigration quarantine charges.</li> <li>▪ Airlines also add fuel surcharges and “war risk insurance”; rates vary by airline.</li> </ul>
<b>Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, but amounts over U.S.\$10,000 must be declared.</li> </ul>
<b>Repatriation of profit or capital</b>	<ul style="list-style-type: none"> <li>▪ Removal of amounts over U.S.\$10,000 acquired as a bank loan must have Letter of Permission from Central Bank. Not required if money is part of personal assets. No more than PhP 5,000 may be removed from the country.</li> <li>▪ Foreign investments duly registered are entitled to privileges of full and immediate capital repatriation and remittance of dividends and interest.</li> <li>▪ No restriction to purchase foreign exchange to fund the repatriation provided such foreign exchange is purchased outside the banking system or is obtained from own personal funds. However, registration with the Bangko Sentral ng Pilipinas is required if</li> </ul>



	foreign exchange to repay the repatriation is purchased from a bank.
<b>Employment</b>	<ul style="list-style-type: none"> <li>▪ Employment of foreign nationals in hotels, resorts, and restaurants must be approved by Department of Labour and Employment.</li> </ul>
<b>Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ None, if material is brought in as personal luggage; duty charged if sent as air cargo.</li> <li>▪ Promotional videos and CDs are charged duty and are subject to screening by Optical Media Board for offensive content.</li> </ul>
<b>Other impediments</b>	<ul style="list-style-type: none"> <li>▪ Terrorist attacks in recent years have led to a lingering perception of risk in visits to the Philippines in some key international markets.</li> <li>▪ Land reform has resulted in parcels of land of sizes that are not attractive to potential investors.</li> <li>▪ Bank service charges and holding periods on deposits are seen as excessive by tourism businesses.</li> <li>▪ Continuity of policies due to political changes.</li> </ul>

## SINGAPORE

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ No visa required for Commonwealth countries and selected other countries including U.S. and most Western European countries.</li> <li>▪ Some other nationalities require visa on security grounds.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No restrictions, except to national servicemen.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Few goods are dutiable or under control.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Airport tax S\$10.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ Every local or foreign business must register with Registry of Companies and Business.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ Trade goods exceeding S\$300 require permits.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Potential foreign investors may discuss foreign investment proposals with the Economic Development Board.</li> <li>▪ The Economic Development Board provides one-stop investment promotion services to identify opportunities and help investors.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions on commercial, retail or industrial properties.</li> <li>▪ Residential properties limited to non-landed properties in buildings of six floors or more and apartments in approved condominium developments.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory tourism charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Foreigners must obtain permission of Controller of Immigration to enter Singapore to take up employment or engage in business.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>

## THAILAND

<b>Impediments to individual travel</b>	
<b>Impediment</b>	<b>Comments</b>
<b>1. Visa requirements</b>	<ul style="list-style-type: none"> <li>▪ Visa free for 65 nationalities, including 15 APEC members, staying up to 30 days.</li> <li>▪ For visitors from 76 other countries, including China, Russia, Chinese Taipei and New Zealand, visas valid for 15 days can be obtained on arrival.</li> <li>▪ Visa on arrival not available at some entry points.</li> </ul>
<b>2. Limitations on travel abroad</b>	<ul style="list-style-type: none"> <li>▪ No limitations on travel abroad by outbound travellers.</li> </ul>
<b>3. Foreign exchange (inbound)</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>4. Foreign exchange (outbound)</b>	<ul style="list-style-type: none"> <li>▪ Limits on the amount of baht that can be taken out of Thailand (50,000 Bht per person, but 500,000 if going to one of Thailand's neighbouring countries).</li> </ul>
<b>5. Customs or barrier controls</b>	<ul style="list-style-type: none"> <li>▪ Restrictions on alcohol and cigarettes only.</li> </ul>
<b>6. Departure taxes</b>	<ul style="list-style-type: none"> <li>▪ Airport service tax 500 Bht (U.S.\$8) payable in cash on departure.</li> </ul>
<b>Impediments to the operation of tourist-related businesses</b>	
<b>Impediment</b>	<b>Comments</b>
<b>7. Business licences and approvals</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory regulations covering all areas of business—hotels, tour operators, restaurants, etc.</li> <li>▪ All hotels over 79 rooms require full environmental impact assessment.</li> </ul>
<b>8. Import policies</b>	<ul style="list-style-type: none"> <li>▪ No limitations on imports.</li> </ul>
<b>9. Foreign investment (business)</b>	<ul style="list-style-type: none"> <li>▪ Foreign investment in hotels limited to 49 per cent.</li> <li>▪ Can be increased when financial difficulties occur, but must later be reduced to approved level.</li> <li>▪ Foreign investment in airlines limited to 30 per cent.</li> </ul>
<b>10. Foreign investment (property)</b>	<ul style="list-style-type: none"> <li>▪ Foreign investment in hotels limited to 49 per cent.</li> </ul>
<b>11. Taxes and charges</b>	<ul style="list-style-type: none"> <li>▪ No discriminatory taxes or charges.</li> </ul>
<b>12. Foreign exchange controls</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>13. Repatriation of profits or capital</b>	<ul style="list-style-type: none"> <li>▪ No restrictions.</li> </ul>
<b>14. Employment</b>	<ul style="list-style-type: none"> <li>▪ Work permits required for skilled and professional employees, up to three years.</li> <li>▪ Domestic pilots must be Thai nationals. Guides must be Thai nationals and completed TAT training program.</li> </ul>
<b>15. Import of promotional materials</b>	<ul style="list-style-type: none"> <li>▪ No restrictions; duties are charged on excess quantities.</li> </ul>

### **5.2.1 Summary**

The Stage 2 project was successful in updating the impediment matrixes and in increasing the level of reporting of impediments. Matrixes were developed for the first time for Canada, Indonesia and Peru. The existing matrixes for Chile and the Philippines were updated and expanded. Taken together, the workshops and interviews with government officials and private sector representatives were effective tactics in generating this expanded information.

A number of updates to the list of impediments were reported by member economies that responded to the request for updates (Chinese Taipei, Hong Kong, Singapore and Japan). Some of the changes reflected a tightening of visa restrictions, while other member economies reported a relaxation of visa requirements. There were reports in some of the participating member economies that operational matters occasionally delay the processing of visa applications. There were also some concerns about the costs of visas.

Travel abroad, the movement of foreign exchange into or out of the economy, repatriation of profits or capital, and the importation of promotional materials appear to be of minimal concern.

An easing of FDI restrictions was reported by several economies. Several member economies reported new or increased taxes and charges, particularly related to passenger air transportation. Industry in the five participating economies noted that some taxes posed serious impediments to their ability to be competitive.

There is substantial variation in how tourism is represented in the national governments of the five member economies. The structures range from a cabinet-level department whose mandate is exclusively tourism, through ministries and departments where tourism is combined with another portfolio, to a crown corporation (a corporation owned by the national government but operated outside the normal civil service structures). Generally, tourism operates in a relatively open marketing environment in the five member economies. The private sector in all five member economies cites areas of inefficiency, underfunding of tourism marketing, problems with the airline system, and infrastructure deficiencies. But the governments in each economy see tourism as an area that offers substantial economic and social benefits. However, because tourism is a highly fragmented industry, subject to decisions and actions by many agencies not ostensibly related to tourism, tourism generally does not have substantial political influence in the national government of the five member economies.

## 6 INDIVIDUAL ACTION PLANS AND THE COLLECTIVE ACTION PLAN

The IAPs for tourism from each of the five member economies are presented below, in Section 6.6. IAPs for 2004 are available for Canada, Chile, Peru and the Philippines. IAPs for 2002 are presented for Indonesia. The contents of the IAPs have been developed by representatives of the relevant ministries or other agencies in each of the five APEC member economies. The format of these IAPs follows the recommendations of the 2001 Stage 1 report, in which actions and proposed actions are presented under the rubric of the four APEC tourism policy goals.

A tourism CAP should be developed jointly by the members of the TWG through discussions both at regular TWG meetings and through exchanges of ideas and proposals between these meetings. The content of the CAP should reflect a consensus on initiatives that will advance the tourism policy goals among all APEC member economies. As noted in the Stage 1 report, these actions can take two forms:

- Commitments by individual member economies to initiate individual activities that will collectively contribute to APEC goals within the Tourism Charter.
- APEC-funded initiatives in research or other best practice studies that can then be used by member economies to help achieve the tourism policy goals.

A number of actions that could form part of the CAP were identified through a review of impediments, discussions with public and private sector representatives in the five member economies studied, a review of the contents of their IAPs, and a review of recommendations from the Stage 1 report. Sections 6.1 to 6.5. recommend initiatives that could be part of the CAP.

### 6.1 Development of Performance Measures to Assess Progress towards Goal 3

Goal 3 calls for the sustainable management of tourism outcomes and impacts through a number of activities related to certain sub-goals: (3b) fostering ecologically sustainable development opportunities across the tourism sector, particularly for SMEs, employment, and providing for open and sustainable tourism markets; (3c) protecting the social integrity of host communities with particular attention to the implications of gender in management and development of tourism; and, (3d) recognizing, respecting and preserving local and indigenous cultures together with the natural and national cultural heritage.

Each of the five member economies reported initiatives related to Goal 3. As work continues to achieve Goal 3, there is a need to develop and apply performance measures to assess the effectiveness of the various initiatives. No such performance measures exist yet in the five member economies studied. A pilot program to develop and test potential measures in connection with specific policy initiatives and associated development and planning activities would be helpful in furthering awareness of Goal 3. It would help ensure that the actions of member economies in this regard are effective.

## 6.2 Measurement of Tourism's Contribution to Government Revenues

The Stage 1 report included concerns over the potential use of tourism by many APEC member economies as a major revenue generator by governments. While the Stage 2 study did not find widespread discriminatory taxes against visitors *per se*, there is evidence that many activities that visitors engage in (such as dining out) or services that tourism businesses provide (such as diving tours) are subject to relatively high tax rates, whether in the form of retail sales taxes, VAT or duties on imported luxury goods.

The increasing development of TSAs by APEC member economies will allow government economists and statisticians to assess the relative importance of tourism as a source of all government revenues (taxes, duties, surcharges, licence and application fees, admissions to government attractions, and so on). Canada has recently completed a pilot project to demonstrate that such measurement is possible within the TSA framework. An extension of this work to other APEC member economies would provide valuable information on the relative importance of tourism as a source of government revenues. This, in turn, may help inform policy decisions about taxes that can affect the long-term competitiveness of the tourism sector.

## 6.3 Development of Initiatives to Promote Cultural Tourism

Tourism development that features and promotes a nation's culture or diverse cultures, including historic and archaeological sites, performing arts, visual arts, museums and galleries, crafts, and cuisine, can help achieve several key sub-goals of APEC tourism. These include: (2b) enhancing visitor experiences; (3b) fostering ecologically sustainable development opportunities across the tourism sector, particularly for SMEs, employment, and providing for open and sustainable tourism markets; (3c) protecting the social integrity of host communities with particular attention to the implications of gender in management and development of tourism; and, (3d) recognizing, respecting and preserving local and indigenous cultures together with the natural and national cultural heritage.

Initiatives related to cultural tourism can be taken on two fronts. The first is to encourage member economies to initiate pilot projects to identify cultural corridors or regions that offer a critical mass of cultural tourism resources, and then to co-ordinate further planning, development, packaging and promotion of these corridors or regions through public-private partnerships. Second, a study of best practices in the planning, development and marketing of cultural tourism products could be funded by the APEC TWG.

## 6.4 Implications of Trade Liberalization for Tourism Statistics

As noted earlier in the report, the GATS has a narrow operational definition of tourism. While the reasons for this reflect certain negotiating strategies by some WTO members, there is a need to recognize the much broader nature of tourism within the context of international trade at least for measurement purposes. One of the motivations behind the World Tourism Organization's promotion of the concept of TSAs was to ensure that international tourism statistics could be compared consistently and coherently. A number of APEC member economies have developed or are developing

TSAs; still others have long-term ambitions to implement this analytical tool. There is a need to examine the implications of the liberalization of tourism trade in services for the collection and analysis of tourism statistics, particularly in the context of TSA requirements. Such an initiative might be undertaken as a joint project between APEC TWG and the World Tourism Organization.

## **6.5 Continuation of the Tourism Impediments Study**

The consultative process employed in the review of impediments in both Stage 1 and Stage 2 projects has provided valuable information for participating APEC member economies. This has not only been the situation for developing economies, but also for developed ones such as Canada. The fact-finding and consultative processes facilitated the valuable exchange of information among public and private sector participants. In several cases, the discussions identified impediments (often in the form of administrative practices) that representatives from participating economies acknowledged as areas that should receive prompt attention.

Many of the findings provide important insights and information not only related to Goal 1 of the APEC Tourism Charter, but to the other goals as well. In other words, the examination of impediments to tourism growth provides information that is useful for a wide range of other APEC TWG initiatives and areas of interest.

A Stage 3 examination should involve a mix of developing, transitional and developed economies in APEC. China, as one of the world's fastest growing origin markets and destinations would be a logical choice. The issue of Approved Destination Status granted by China was raised many times during discussions in the workshops. Russia, with its social and economic structures continuing to go through dramatic transitions, would be another useful case study. The United States, as the world's largest inbound tourism market in terms of revenues earned, and the largest outbound market in terms of person-trips and expenditures, would be a good candidate for a third case study. Vietnam, as an economy at a transitional stage but one in which tourism is rapidly emerging as an important export, could be a fourth case study. Finally, as a complete free market economy, Hong Kong also presents an interesting case study due to its unique relationship with China on the tourism front.

## 6.6 Individual and Collective Action Plans

### 6.6.1 Tourism IAP 2004 – Canada

APEC Policy Goal	Improvements implemented since previous IAP*	Current actions/policy supporting achievement of goals	Further improvements planned
<b>GOAL 1: Remove impediments to tourism business and investment by:</b>			
(a) Promoting and facilitating the mobility of skills, training and labour		<ul style="list-style-type: none"> <li>▪ Canadian Tourism Human Resource Council and tourism education councils in each province and territory are co-operating in the development of job performance standards and employee certification in over 50 tourism-related occupations. Certification is portable across all parts of Canada.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Additional job certifications are planned, and efforts continue to increase industry adoption of the program.</li> </ul>
(b) Promoting and facilitating productive investment in tourism and associated sectors		<ul style="list-style-type: none"> <li>▪ Canadian government policy on foreign direct investment permits foreign investors to own up to 100 per cent of capital share in most tourism businesses; however, airlines have a cap of 25 per cent of foreign ownership.</li> </ul>	
(c) Removing regulatory impediments to tourism business and investment		<ul style="list-style-type: none"> <li>▪ The impacts of new legislation on marine liability and hours of service for motorcoach drivers on tourism businesses are being monitored.</li> <li>▪ A number of municipalities have adopted a new hotel room levy to go toward “destination marketing funds” to improve funding for local tourism marketing; other municipalities are exploring the same initiative.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Impacts of new legislation and regulations will be monitored as new laws come into effect.</li> </ul>
(d) Encouraging liberalization of service trade related to tourism under General Agreement on Trade in Services (GATS)		<ul style="list-style-type: none"> <li>▪ There is no regulatory discrimination in accessing tourism services in Canada.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The tourism industry is working to ease restrictions on the temporary posting of U.S. tour guides in Canada to assist with receptive tours. Efforts will also be made to obtain reciprocal treatment for Canadian tour guides</li> </ul>



<p><b>OAL 2:</b>  <b>Increase mobility of visitors and demand for tourism goods and services in the APEC region by:</b></p>			
<p>(a) Facilitating seamless travel for visitors</p>		<ul style="list-style-type: none"> <li>▪ The Government of Canada and some industry leaders are promoting improvements in intermodal linkages, especially between airlines and ground transportation.</li> </ul>	
<p>(b) Enhancing visitor experiences</p>		<ul style="list-style-type: none"> <li>▪ New product development in areas related to outdoor recreation, eco-tourism, culture and heritage, Aboriginal tourism, cuisine, spas and wellness, and meetings/conventions/incentive travel is being encouraged by the Government of Canada in partnership with industry.</li> <li>▪ The Government of Canada in partnership with industry is promoting a stronger focus on the experiential qualities of tourism products by tourism operators.</li> <li>▪ Canadian Transportation Agency is promoting voluntary compliance with ensuring greater accessibility to public transportation services by commercial suppliers.</li> </ul>	
<p>(c) Promoting inter- and intra-regional marketing opportunities and co-operation</p>		<ul style="list-style-type: none"> <li>▪ The Tourism Industry Association of Canada conducts the annual marketplace, RendezVous Canada, on behalf of the CTC.</li> <li>▪ The Government of Canada conducts sales missions, familiarization tours, workshops, and other promotional activities in key APEC markets.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Canadian Tourism Commission has launched a major branding exercise to raise the awareness and understanding of Canada as a destination.</li> </ul>
<p>(d) Facilitating and promoting e-commerce for tourism business</p>		<ul style="list-style-type: none"> <li>▪ The Government of Canada has created a consumer-based website to promote Canadian tourism products via the Internet.</li> <li>▪ Canadian tourism businesses have a high percentage of representation on the Internet, providing both information services and booking capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continual monitoring and updating of the Canadian Tourism Commission website for both consumers and businesses.</li> </ul>

(e) Enhancing safety and security of visitors		<ul style="list-style-type: none"> <li>▪ The Canadian Border Services Agency has been created to improve border security. The Government of Canada continues to implemented new security measures, including new baggage screening technology, new training for customs officials, and tighter airport and border security measures.</li> <li>▪ An air transportation security charge is now added to airfares to provide financial resources to cover costs of improved airport security.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The potential to incorporate biometric information on citizenship and permanent resident cards as well as passports will be explored.</li> </ul>
(f) Fostering a non-discriminatory approach to the provision of visitor facilities and services		<ul style="list-style-type: none"> <li>▪ Canada is one of the contracting parties of the WTO; therefore, there is no regulatory discrimination in visitor facilities and services.</li> </ul>	
<b>GOAL 3: Sustainably manage tourism outcomes and impacts by:</b>			
(a) Demonstrating an appreciation and understanding of our natural environment and seeking to protect that environment		<ul style="list-style-type: none"> <li>▪ Canada has ratified the Kyoto Accord.</li> <li>▪ Parks Canada and the tourism industry co-operate to ensure that tourism developments within the national parks system are environmentally sustainable.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work on implementation and monitoring compliance will begin.</li> </ul>
(b) Fostering ecologically sustainable development opportunities across the tourism sector, particularly for SMEs, employment, and providing for open and sustainable tourism markets		<ul style="list-style-type: none"> <li>▪ The CTC is developing quantitative indicators for use in measuring the sustainability of tourism in a variety of environments.</li> <li>▪ Environmental impact assessments are required for major infrastructure.</li> <li>▪ Canada is part of the World Tourism Organization's initiatives to develop a code of ethics for tourism sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work on implementation and monitoring compliance will begin.</li> </ul>
(c) Protecting the social integrity of host communities with particular attention to the implications of gender in management and development of tourism		<ul style="list-style-type: none"> <li>▪ The Canadian and provincial governments have enacted human rights legislation to ensure gender equality.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Government of Canada will continue to monitor compliance and identify needed changes in legislation or regulations.</li> </ul>
(d) Recognizing, respecting and preserving local and indigenous cultures together with the natural and national cultural heritage		<ul style="list-style-type: none"> <li>▪ The Government of Canada is working toward implementing self-governance for Aboriginal communities.</li> </ul>	

(e) Enhancing capability building in the management and development of tourism		<ul style="list-style-type: none"> <li>▪ The CTC has established a Product Improvement and Enhancement Committee to promote the competitiveness and quality of new tourism businesses.</li> <li>▪ The CTC produces a series of business-oriented publications to build professionalism of tourism operators including in areas of business planning, accessing financing, and dealing with rising insurance costs.</li> <li>▪ The Spa Association of Canada and the Government of Canada are working to develop internationally recognized labelling standards for spas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continual tracking of competitiveness of tourism businesses.</li> <li>▪ Ongoing evaluation of usefulness of publications for tourism businesses.</li> </ul>
<b>GOAL 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development by:</b>			
(a) Harmonizing methodologies for key tourism statistical collection, consistent with activities of other international tourism organizations		<ul style="list-style-type: none"> <li>▪ Work is continuing on refining the Canadian TSA.</li> <li>▪ An assessment of the World Tourism Organization's recommended methodological framework for TSAs and the Canadian TSA is being conducted.</li> <li>▪ Canada chairs the World Tourism Organization Statistical Committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ New modules for the TSA are being planned.</li> <li>▪ Improvements to the International Travel Survey will be implemented to improve data quality.</li> </ul>
(b) Facilitating the exchange of information on tourism between economies		<ul style="list-style-type: none"> <li>▪ The Government of Canada is active in the World Tourism Organization, OECD and other international bodies that promote the sharing of information on the economic magnitude of tourism.</li> </ul>	
(c) Promoting comprehensive analysis of the role of tourism in member economies in promoting sustainable growth			

<p>(d) Expanding collective knowledge base on tourism issues in order to identify emerging issues and implementations of the Tourism Charter</p>		<ul style="list-style-type: none"> <li>▪ The mandate of the CTC includes the provision of information to support sound decision-making by tourism stakeholders and businesses</li> <li>▪ Statistics Canada and the CTC actively assist the World Tourism Organization's efforts to provide training and technical advice to improve the quality of national tourism statistics, especially in the context of TSAs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ongoing evaluation of effectiveness and usefulness of CTC information products for industry.</li> </ul>
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\* First IAP for Canada, to be completed in future IAPs

## 6.6.2 Tourism IAP 2004 – Chile

APEC POLICY GOAL	Improvements implemented since last IAP	Current actions/policy supporting achievement of goals	Further improvements planned
<b>Goal 1: Remove impediments to tourism business and investment by:</b>			
(a) Promoting and facilitating the mobility of skills, training and labour	<ul style="list-style-type: none"> <li>▪ Program in labour skills competency, undertaken by the private sector continues.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program in labour skills competency undertaken by the private sector.</li> <li>▪ Identification of specific skills by sub-sector within hotel sector.</li> </ul>	
(b) Promoting and facilitating productive investment in tourism and associated sectors	<ul style="list-style-type: none"> <li>▪ Development of the investment attraction program named “All Chile” in some all regions. Improving public-private co-operation. Offer public land for tourism use in a project called “New Territories—Great Opportunities.”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Incentive mechanisms for tourism investment in Chile’s far northern and southern regions.</li> <li>▪ Development of an investment attraction program named “All Chile” in some pilot regions.</li> <li>▪ A campaign to attract investment in the tourism sector.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The integration of new regions into a plan aimed at attracting new investment in the tourism sector.</li> <li>▪ Promotion of the investment attraction program, called “Great Opportunities.”</li> </ul>
(c) Removing regulatory impediments to tourism business and investment;	<ul style="list-style-type: none"> <li>▪ No further improvement.</li> </ul>		
(d) Encouraging liberalization of services trade related to tourism under the General Agreement on Trade in Services	<ul style="list-style-type: none"> <li>▪ No further improvement.</li> </ul>		
<b>Goal 2: Increase mobility of visitors and demand for tourism goods and services in the APEC region by:</b>			
(a) Facilitating seamless travel for visitors	<ul style="list-style-type: none"> <li>▪ Visitors pay entrance fee only once during life of passport.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chile does not have restrictions on this matter except for the fee that must be paid for entering Chile. A reciprocity agreement has been signed with the U.S., Canada and Australia.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chile will continue to work on open skies agreements with APEC member economies.</li> </ul>

(b) Enhancing visitor experiences	<ul style="list-style-type: none"> <li>▪ The national website has been translated into English and French and is continually updated: &lt;www.visit-chile.org&gt;</li> <li>▪ Opening of Tourism Marketing Desk in Washington, DC, U.S. and Madrid, Spain.</li> <li>▪ Development of a new Chilean tourism image: “A Natural Inspiration”</li> </ul>	<ul style="list-style-type: none"> <li>▪ SERNATUR has improved its website and redesigned its contents.</li> <li>▪ Website redesigned September 2002.</li> <li>▪ Regular supply of brochures into the foreign countries.</li> <li>▪ Permanent training of information desk clerks.</li> <li>▪ Opening of Tourism Marketing Desk in Washington, DC.</li> </ul>	
(c) Promoting inter- and intra-regional marketing opportunities and co-operation	<ul style="list-style-type: none"> <li>▪ Agreement with some provinces in Argentina on development and joint promotion of some products.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agreement with Peru on joint promotion and product development.</li> <li>▪ Further promotion of inbound tourism.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Define products and joint promotion program that are still under execution.</li> </ul>
(d) Facilitating and promoting e-commerce for tourism business	<ul style="list-style-type: none"> <li>▪ No further improvement in tourism.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A study on e-commerce regulations has been undertaken.</li> <li>▪ The Government has approved a new regulatory scheme for e-commerce,</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enhance access and opportunities through e-commerce in tourism.</li> <li>▪ Advice on the use of e-commerce in tourism will be provided by private sector.</li> </ul>
(e) Enhancing safety and security of visitors	<ul style="list-style-type: none"> <li>▪ Co-ordination plan with National Police to protect tourist zones.</li> <li>▪ Special protection is also offered at certain periods, such as cruise arrivals.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strengthening of safety measures for tourist zones.</li> <li>▪ Application of more severe measures for the safety of tourist zones.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Follow up safety plans and programs in tourism areas that have been prioritized.</li> </ul>
(f) Fostering a non-discriminatory approach to the provision of visitors facilities and services	<ul style="list-style-type: none"> <li>▪ Training police and taxi drivers in tourism awareness.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tourism training for staff as “first contact” clerks at the frontiers.</li> <li>▪ Campaign to promote tourism awareness.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Additional courses to be prepared and implemented.</li> <li>▪ Campaign to be enhanced.</li> </ul>
<b>Goal 3: Sustainably manage tourism outcomes and impacts by:</b>			

<p>(a) Demonstrating an appreciation and understanding of our natural environment and seeking to protect that environment</p>	<ul style="list-style-type: none"> <li>▪ Development of new campaigns on environmental and tourism awareness at regional levels in Chile.</li> <li>▪ Studies aimed to identify capacities in protected areas (e.g. Easter Island and Torres del Pines Park).</li> <li>▪ Development projects to improve the relationship between tourism and the environment with the participation of local communities (San Pedro de Atacama).</li> <li>▪ “Tourist Interest Zones” such as Pucón and Villarrica have been created.</li> <li>▪ Initiation of international beach certification, “Blue Flag.”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Campaign for tourism and environmental awareness in Chile’s far northern and southern regions</li> <li>▪ Projects to improve the relationship between tourism and the environment with participation of local communities.</li> <li>▪ National and regional projects to create awareness of linkage of tourism and the environment.</li> <li>▪ Studies identifying tourism capacities in protected areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishment of codes of conduct for tourists</li> <li>▪ Development of new regional campaigns on environmental and tourism awareness in Chile.</li> </ul>
<p>(b) Fostering ecologically sustainable development opportunities across the tourism sector, particularly for small to medium-sized enterprises, employment, and providing for open and sustainable tourism markets</p>	<ul style="list-style-type: none"> <li>▪ Certification systems for tourist guides of eco-tourism and adventure.</li> <li>▪ Development of a tourism project, “Sendero de Chile,” in which eco-tourism variable is incorporated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improving co-ordination within the institution to promote sustainable technologies within small and medium-sized enterprises.</li> <li>▪ A program on the promotion of the use of clean technologies for tourism enterprises.</li> <li>▪ Preparation of integral tourism development programs at regional levels.</li> <li>▪ Seminars and workshop on tourism development that will lead to a deepening of local capacities for product development and eco-tourism marketing.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of a program on tourism development in potentially attractive tourism zones for national and international markets.</li> <li>▪ Promoting public and private sector design of sustainable tourism products.</li> <li>▪ Establishment of quality certification systems for tourism enterprises staff who work in the field of eco-tourism and adventure tourism.</li> </ul>

(c) Protecting the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism	<ul style="list-style-type: none"> <li>▪ Development of a program for agri-tourism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Training of families (especially women) in the field of local tourism management</li> <li>▪ Governmental program for development of agri-tourism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seeking an increase in financial support for rural areas tourism development schemes and projects</li> </ul>
(d) Recognizing, respecting and preserving local and indigenous cultures together with our local and natural cultural heritage	<ul style="list-style-type: none"> <li>▪ Development of a pilot program for regions with indigenous communities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integration of tourism development and planning with projects in indigenous areas.</li> <li>▪ Institutional co-ordination for tourism plans and projects within indigenous communities.</li> <li>▪ Carrying out studies to strengthen the advancement of management capacities within the indigenous communities in tourism areas.</li> <li>▪ Preparation of basic documents on the relation between tourism and indigenous communities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of eco-tourism projects in indigenous areas.</li> <li>▪ Development of regional workshops on cultural tourism (“Cultural Town Halls”).</li> </ul>
(e) Enhancing capability building in the management and development of tourism	<ul style="list-style-type: none"> <li>▪ Application of sustainability indicators to projects on Villarrica Lake (Araucania region).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proposal to develop and apply environmental sustainability indicators.</li> <li>▪ Promotion of “best practice” projects using sustainability indicators.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Application of sustainability indicators in tourism destinations as a priority.</li> </ul>
<b>Goal 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development by:</b>			
(a) Harmonizing methodologies for key tourism statistical collections, consistent with activities of other international tourism organizations	<ul style="list-style-type: none"> <li>▪ Preparing 2005–2006 Tourism Satellite Account.</li> <li>▪ Change in the methodologies of measuring inbound and outbound tourism, according to international parameters.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Co-ordination of the institutions that register tourism information.</li> <li>▪ Design and implementation of a geographic information system.</li> <li>▪ Development of a project on tourism database.</li> </ul>	



<p>(b) Facilitating the exchange of information on tourism between economies</p>	<ul style="list-style-type: none"> <li>▪ No further action.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participation in capacity-building events related to tourism.</li> <li>▪ Registration and analysis of studies, surveys from other economies.</li> <li>▪ Periodical responses to surveys, statistics from APEC, WTO and the Pacific Area Travel Association (PATA).</li> <li>▪ Participation at WTO workshop.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuation of efforts to improve the systematic delivery of tourism statistics.</li> </ul>
<p>(c) Promoting comprehensive analysis of the role of tourism in member economies in promoting sustainable growth</p>	<ul style="list-style-type: none"> <li>▪ No further improvement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strengthening of press communications at the national level.</li> <li>▪ Promotion of a Tourism Code of Ethics.</li> <li>▪ Seminars on sustainable tourism.</li> <li>▪ Permanent actions geared to foster the importance of tourism at local and regional levels.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development and publication of new documents on tourism as an economic activity.</li> </ul>
<p>(d) Expanding our collective knowledge base on tourism issues in order to identify emerging issues and assist implementation of the Tourism Charter</p>	<ul style="list-style-type: none"> <li>▪ Development of a 2002–2005 “Tourism Agenda,” in co-operation with public and private sector organizations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public–private co-ordination through a working group called “Round Table on Tourism”</li> <li>▪ Preparation of measures for tourism development through the Round Table on Tourism.</li> <li>▪ Implementation of the measures proposed at the Round Table on Tourism.</li> <li>▪ Participation in local and regional tourism sector related events.</li> <li>▪ Attendance in international tourism sector related events.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Permanent meetings with media representatives.</li> </ul>

### 6.6.3 Tourism IAP 2002 – Indonesia

APEC POLICY GOAL	Improvements implemented since last IAP	Current actions/policy supporting achievement of goals	Further improvements planned
<b>Goal 1: Remove impediments to tourism business and investment by:</b>			
(a) Promoting and facilitating the mobility of skills, training, and labour		<ul style="list-style-type: none"> <li>▪ Indonesia, collaborating with Australia under the Indonesia–Australia Partnership for Skill Development, carries out the Hotel &amp; Restaurant Project and the Tour &amp; Travel Project. The output of these two projects conforms to the Indonesia National Competency Standard.</li> <li>▪ Indonesia has implemented the Indonesia National Competency Standards and initiated the APEC Tourism Occupational Skills Standard (TOSS) Project as the common competency standards within APEC.</li> <li>▪ The project was finished at the end 2003, which means there is common competency standard within the APEC region.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia has initiated a continuation of this project, APEC TOSS Stage IV that aims:               <ul style="list-style-type: none"> <li>- to institutionalize the APEC TOSS network to support the Osaka Action Agenda</li> <li>- to further facilitate individual APEC member economies in their application of APEC TOSS system (running parallel or in conjunction with own national system)</li> </ul> </li> </ul>
(b) Promoting and facilitating productive investment in tourism and associated sectors		<ul style="list-style-type: none"> <li>▪ Foreign equity participation in tourism businesses is permitted up to 100 per cent on the islands of Kalimantan and Sulawesi and in the provinces of Bengkulu, Jambi, Mollucas, Papua and Southeast Nusa Tenggara.</li> <li>▪ The limit is 49 per cent in other provinces.</li> <li>▪ Foreign equity participation in travel agencies and tour operations is 49 per cent.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia will promote foreign investment up to 100 per cent capital share in eastern Indonesia according to national policy guidelines designed to balance development.</li> </ul>

(c) Removing regulatory impediments to tourism business and investment		<ul style="list-style-type: none"> <li>▪ Foreign business investment is allowed up to 49 per cent equity participation in travel and tour agencies, while in hotels and tourist resorts, 100 per cent foreign equity is allowed in eastern part of Indonesia.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Removal of regulatory impediments to tourism businesses and investment that do not affect local business and investment should be promoted progressively.</li> </ul>
(d) Encouraging liberalization of services trade related to tourism under the General Agreement on Trade in Services		<ul style="list-style-type: none"> <li>▪ Indonesia has offered three services in the tourism sector under GATS: hotels, tourist resorts, and tour operators and travel agencies.</li> <li>▪ Indonesia applies the MFN principle in tourism.</li> <li>▪ There is no regulatory discrimination in accessing tourism services.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia is formulating a strategy to implement progressive liberalization under the GATS context.</li> </ul>
<b>Goal 2: Increase mobility of visitors and demand for tourism goods and services in the APEC region by:</b>			
(a) Facilitating seamless travel for visitors		<ul style="list-style-type: none"> <li>▪ Initiated a free, short-stay visa for 11 countries, including 9 APEC member economies.</li> <li>▪ Indonesia has 13 international airports served by 35 airlines. Flight network covers major cities.</li> <li>▪ Indonesia has 656 ports for ocean-going and inter-island shipping; 127 of which are open to international shipping.</li> <li>▪ Indonesia has implemented the APEC Business Travel Card program.</li> </ul>	
(b) Enhancing visitor experiences		<ul style="list-style-type: none"> <li>▪ Indonesia is developing new tourism products based on eco-tourism, small-island tourism and sea cruising.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuing product development, especially for special interest markets to enhance visitor experiences.</li> </ul>

<p>(c) Promoting inter- and intra-regional marketing opportunities and co-operation</p>		<ul style="list-style-type: none"> <li>▪ Indonesia has been conducting the annual Tourism Indonesia Mart and Expo since 1993, with the mission to “sell all of Indonesia under one roof.” The event is on the international tourism market circuit and enjoys excellent participation internationally and domestically.</li> <li>▪ Indonesia is active within the ASEAN National Tourism Organization, especially on the task force on ASEAN Joint Marketing, “ASEAN as a single destination.”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia continues to implement inter- and intra-regional joint marketing efforts.</li> </ul>
<p>(d) Facilitating and promoting e-commerce for tourism business</p>		<ul style="list-style-type: none"> <li>▪ Under the National Team of Telecommunications and Information, Indonesia is implementing a policy study, “Electronic Tourism Information Services” (ETIS) as a pilot project for on-line tourism businesses.</li> <li>▪ Due to some constraints encountered, such as budget and technical difficulties, the results of ETIS study will not be implemented at the present time.</li> </ul>	
<p>(e) Enhancing safety and security of visitors</p>		<ul style="list-style-type: none"> <li>▪ Indonesia assigns tourism police to work in various destination regions around the country.</li> <li>▪ Bali Provincial Government has assigned traditional Balinese security guards to promote visitor safety and security.</li> <li>▪ The central government has delivered security equipment (police cars, motorcycles, communication equipment) to local government offices to improve visitor safety and security.</li> </ul>	

(f) Fostering a non-discriminatory approach to the provision of visitors facilities and services		<ul style="list-style-type: none"> <li>▪ Indonesia is one of the contracting parties of the WTO; there is no regulatory discrimination of visitor facilities and services.</li> </ul>	
<b>Goal 3: Sustainably manage tourism outcomes and impacts by:</b>			
(a) Demonstrating an appreciation and understanding of our natural environment and seeking to protect that environment;		<ul style="list-style-type: none"> <li>▪ Indonesia is implementing the commitments made at the Earth Summit in Rio De Janeiro in 1992, through the Agenda 21 approach to tourism.</li> <li>▪ Tourism development in Indonesia is based on the “balance of life” concept and the desire to utilize local knowledge, including the use of eco-tourism to emphasize community-based tourism. Community-based tourism involves the participation of local residents by motivating them to become responsible for the preservation of the natural and cultural environments.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia is conducting a preliminary study on food waste management in hotels and restaurants under the Green Productivity Program.</li> </ul>
(b) Fostering ecologically sustainable development opportunities across the tourism sector, particularly for small to medium-sized enterprises, employment, and providing for open and sustainable tourism markets		<ul style="list-style-type: none"> <li>▪ A new eco-oriented approach has been developed by the Government of Indonesia that must be carried out by all stakeholders, including SMEs. The approach is designed to meet conservation and development goals and offer a mechanism for sustainable development through the development of a village tourism model.</li> </ul>	

<p>(c) Protecting the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism</p>		<ul style="list-style-type: none"> <li>▪ A special concern of the government is to promote community-based tourism. The goals are to promote social welfare and empower local residents with the means to benefit from development in their community. Community tourism development is intended to allow local residents to keep a greater share of income generated by visitors; the program is based on competency, not gender.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia is fostering participation of local business and community members under the Green Productivity Program.</li> </ul>
<p>(d) Recognizing, respecting and preserving local and indigenous cultures together with our local and natural cultural heritage</p>		<ul style="list-style-type: none"> <li>▪ As stated previously, community-based tourism is designed to empower local communities to improve welfare and to encourage them to protect their natural and cultural heritage.</li> </ul>	
<p>(e) Enhancing capability building in the management and development of tourism</p>		<ul style="list-style-type: none"> <li>▪ Indonesia has substantial experience in capability building in tourism, beginning with a hotel and tourism academy in 1963 in Bandung. The academy is partnering with the Government of Switzerland to enhance its quality.</li> <li>▪ The government operates four tourism schools; the private sector operates many more. Almost all graduates from the hotel and tourism academy are absorbed by the industry because the curriculum matches industry needs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue awareness programs.</li> </ul>

<p><b>Goal 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development by:</b></p>			
<p>(a) Harmonizing methodologies for key tourism statistical collections, consistent with activities of other international tourism organizations</p>		<ul style="list-style-type: none"> <li>▪ Indonesia began developing a Tourism Satellite Accounting System in 2000, based on World Tourism Organization guidelines. The model is called Neraca Pariwisata Nasional (NESPARNAS).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work is continuing on developing NESPARNAS.</li> </ul>
<p>(b) Facilitating the exchange of information on tourism between economies</p>		<ul style="list-style-type: none"> <li>▪ Indonesia is an active member of the Communication Team for Tourism within the ASEAN forum.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work continues toward forming a partnership with interested economies.</li> </ul>
<p>(c) Promoting comprehensive analysis of the role of tourism in member economies in promoting sustainable growth</p>		<ul style="list-style-type: none"> <li>▪ Indonesia has proposed the APEC TWG conduct a survey among economies on the topic of the impact of tourism on member economies.</li> <li>▪ Indonesia has implemented the Tri Hita Karana (THK) Awards, which are based the principles of THK, i.e., the reflection of harmonious relations between man and his spiritual, social and natural environments. These awards have been successfully applied in Bali since 2000.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia is currently applying the THK concept to all provinces.</li> </ul>
<p>(d) Expanding our collective knowledge base on tourism issues in order to identify emerging issues and assist implementation of the Tourism Charter</p>		<ul style="list-style-type: none"> <li>▪ Indonesia has proposed APEC establish a crisis centre to analyze tourism issues in member economies.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indonesia is working towards a partnership with interested economies.</li> </ul>

#### 6.6.4 Tourism IAP 2004 – Peru

APEC POLICY GOAL	Improvements implemented since last IAP	Current actions/policy supporting achievement of goals	Further improvements planned
<b>Goal 1: Remove impediments to tourism business and investment by:</b>			
(a) Promoting and facilitating the mobility of skills, training and labour		<ul style="list-style-type: none"> <li>▪ Program in labour skills competency offered through CENFOTUR (a public tourism training centre, certified through TEDQual).</li> </ul>	
(b) Promoting and facilitating productive investment in tourism and associated sectors		<ul style="list-style-type: none"> <li>▪ Tax incentives for the hotel industry and major project development.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotion of investment through a national agency, "PROINVERSION."</li> </ul>
(c) Removing regulatory impediments to tourism business and investment		<ul style="list-style-type: none"> <li>▪ Development of open skies agreements to increase air access.</li> <li>▪ Airport concessions program.</li> <li>▪ Promotional regulations to foster cruising tourism.</li> <li>▪ Program to reduce air transport operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishment of new air routes and new ways to continue increasing accessibility to Peru.</li> </ul>
(d) Encouraging liberalization of services trade related to tourism under the General Agreement on Trade in Services			
<b>Goal 2: Increase mobility of visitors and demand for tourism goods and services in the APEC region by:</b>			
(a) Facilitating seamless travel for visitors		<ul style="list-style-type: none"> <li>▪ Peru does not have restrictions on this matter. An airport departure fee must be paid.</li> </ul>	



(b) Enhancing visitor experiences		<ul style="list-style-type: none"> <li>▪ PROMPERU has opened “i-tourism” offices in main tourism destinations.</li> <li>▪ Program to involve diplomatic representations in promotion</li> <li>▪ A new website: &lt;www.peru.org&gt;</li> <li>▪ Development of a new brand image for Peru: “Peru, The Land of the Incas.”</li> <li>▪ Design and implement a national marketing plan, PENTUR.</li> </ul>	
(c) Promoting inter- and intra-regional marketing opportunities and co-operation		<ul style="list-style-type: none"> <li>▪ Agreement with Chile on joint promotion in third markets and development of joint products.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Define products and joint promotion programs that are designed and being implemented.</li> </ul>
(d) Facilitating and promoting e-commerce for tourism business			
(e) Enhancing safety and security of visitors		<ul style="list-style-type: none"> <li>▪ Peru has implemented measures to strengthen air security against hijacking.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Extend safety and security measures to all Peruvian airports.</li> </ul>
(f) Fostering a non-discriminatory approach to the provision of visitors facilities and services			
<b>Goal 3: Sustainably manage tourism outcomes and impacts by:</b>			
(a) Demonstrating an appreciation and understanding of our natural environment and seeking to protect that environment		<ul style="list-style-type: none"> <li>▪ Signature of the Amazon River Declaration, pledging to promote tourism activities that don't harm the environment.</li> </ul>	
(b) Fostering ecologically sustainable development opportunities across the tourism sector, particularly for small to medium-sized enterprises, employment, and providing for open and sustainable tourism markets			

(c) Protecting the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism			
(d) Recognizing, respecting and preserving local and indigenous cultures together with our local and natural cultural heritage			<ul style="list-style-type: none"> <li>▪ Develop eco-tourism projects.</li> </ul>
(e) Enhancing capability building in the management and development of tourism			<ul style="list-style-type: none"> <li>▪ Develop a TSA.</li> </ul>
<b>Goal 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development by:</b>			
(a) Harmonizing methodologies for key tourism statistical collections, consistent with activities of other international tourism organizations		<ul style="list-style-type: none"> <li>▪ Peru has signed an agreement with the World Tourism Organization to develop a TSA.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop new tourism statistics publications.</li> </ul>
(b) Facilitating the exchange of information on tourism between economies			
(c) Promoting comprehensive analysis of the role of tourism in member economies in promoting sustainable growth			
(d) Expanding our collective knowledge base on tourism issues in order to identify emerging issues and assist implementation of the Tourism Charter			

**6.6.5 Tourism IAP 2004 – Philippines**

APEC POLICY GOAL	Improvements implemented since last IAP	Current actions/policy supporting achievement of goals	Further improvements planned
<p><b>Goal 1: Remove impediments to tourism business and investment by:</b></p>			
<p>(a) Promoting and facilitating the mobility of skills, training and labour</p>		<ul style="list-style-type: none"> <li>▪ To facilitate the movement of labour, the Philippines has streamlined the requirements and process to secure an Alien Employment Permit.</li> <li>▪ The Department of Tourism and APEC have organized the APEC Tourism Occupational Skill Standards workshop to develop an infrastructure as a common platform to facilitate cross-economies tourism investment.</li> <li>▪ The Department of Tourism and the Tourism Industry Board Foundation, Inc. jointly organized the first Tourism Resources Congress to pursue reforms in higher education and training as well as to address the gaps between education and employers' requirements.</li> <li>▪ The Department of Tourism, in co-ordination with the Japan International Co-operation Agency, organized a forum on the competitiveness of Philippine tourism vis-à-vis its ASEAN neighbours in the face of liberalization.</li> </ul>	

(b) Promoting and facilitating productive investment in tourism and associated sectors		<ul style="list-style-type: none"> <li>▪ The Philippines undertakes investment missions in co-operation with the Board of Investment.</li> <li>▪ Investment incentives are provided to foreign and local investors on a non-discriminatory basis as provided by law.</li> <li>▪ The Department of Tourism conducted consultations with the private sector on tourism commitments in the GATS as well as in the ASEAN Framework Agreement on Services to identify and address the tourism industry's needs.</li> <li>▪ Executive Order No. 313, also known as "Modification of the Rates of Duty on Capital Equipment, Spare Parts, and Accessories Imported by the Board of Investment Registered New and Expanding Enterprises" was issued and is being implemented.</li> </ul>	
(c) Removing regulatory impediments to tourism business and investment		<ul style="list-style-type: none"> <li>▪ Foreign equity participation of up to 100 per cent is allowed in most tourist accommodation facilities (e.g., hotels, tourist inns, pension houses, apartment hotels), travel agencies, tour operators, and professional congress organizing. Also, foreign equity participation of up to 100 per cent is allowed in restaurants, provided paid-up capital is not less than U.S.\$2.5 million.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Co-ordinate the amendment of the Constitution to allow foreign participation in the operation and management of public utilities as well as ownership, establishment and administration of educational institutions.</li> </ul>
(d) Encouraging liberalization of services trade related to tourism under the General Agreement on Trade in Services		<ul style="list-style-type: none"> <li>▪ The Philippines, as a signatory to the GATS, is undertaking various measures to conform to and improve on its commitments to liberalize trade in services.</li> </ul>	
<b>Goal 2: Increase mobility of visitors and demand for tourism goods and services in the APEC region by:</b>			

<p>(a) Facilitating seamless travel for visitors</p>		<ul style="list-style-type: none"> <li>▪ Further development of airports, seaports, roads and bridges is being undertaken to facilitate travel by residents and visitors.</li> <li>▪ The Philippines has developed roll-on roll-off vessels and is creating new routes to enhance the Strong Republic Nautical Highway Program.</li> <li>▪ Centennial Terminal 1 in Manila and Davao International Airport are open to provide more convenient services to travellers, including improved customs and immigration counters.</li> <li>▪ Granting of visa or entry requirements for selected tourist markets is done to facilitate visits. Multiple entry visas permitting longer stays are also available.</li> <li>▪ The Bureau of Immigration relaxes rules on tourist visas by modifying visa processing for Chinese nationals visiting the Philippines to encourage more tourists.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Encourage private sector investment through the Build-Operate-Transfer scheme and its variations.</li> </ul>
<p>(b) Enhancing visitor experiences</p>		<ul style="list-style-type: none"> <li>▪ To provide visitors with an array of product choices, new tourism products are developed such as eco-tourism; agri-tourism; health and spa tourism; adventure/nature tourism; and cultural, historical and pilgrimage tourism.</li> <li>▪ Standards for accreditation of tourism facilities and services have been developed and are being implemented by the Department of Tourism to ensure a high quality of visitor satisfaction and experience.</li> <li>▪ Eco-tourism standards are being formulated by the Department of Tourism as a component of the National Eco-tourism Certification Program.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuing product research and development.</li> </ul>

<p>(c) Promoting inter- and intra-regional marketing opportunities and co-operation</p>		<ul style="list-style-type: none"> <li>▪ The Philippines supports the promotion of “ASEAN as a Single Destination.”</li> <li>▪ Participation in international trade fairs, events and exhibitions is being undertaken to develop regional and international contacts with visitors, tour operators and other entities.</li> <li>▪ Familiarization tours for the diplomatic corps, media and travel agents are being undertaken to promote the Philippines in international markets.</li> </ul>	
<p>(d) Facilitating and promoting e-commerce for tourism business</p>		<ul style="list-style-type: none"> <li>▪ E-commerce law RA No. 8792 promotes and encourages the use of information technology to make business transactions more efficient and to facilitate the dissemination of information.</li> </ul>	

<p>(e) Enhancing safety and security of visitors</p>		<ul style="list-style-type: none"> <li>▪ Accredited tourism establishments are mandated to strengthen security measures for tourists and to report any untoward incidents to the Department of Tourism for appropriate action.</li> <li>▪ The Department of Tourism and the Philippine National Police have undertaken a program to implement stricter security measures to ensure the safety and protection of tourists by providing more tourist police in major tourist destinations.</li> <li>▪ Likewise, the Department of Tourism and the Philippine National Police have implemented the Tourist Oriented Police Corps program. Training seminars for police to become “front-liners” for tourists were conducted.</li> <li>▪ Initiated and conducted events to strengthen partnerships with national, regional and international agencies to counter terrorism and facilitate the exchange of information and expertise.</li> <li>▪ Encouraged tourism establishments to implement safety and security measures for tourists.</li> </ul>	
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(f) Fostering a non-discriminatory approach to the provision of visitors facilities and services		<ul style="list-style-type: none"> <li>▪ Accredited establishments are mandated to provide facilities that will enhance mobility of people with disabilities.</li> <li>▪ Accredited establishments are to provide special privileges or grant benefits to senior citizens.</li> </ul>	
<b>Goal 3: Sustainably manage tourism outcomes and impacts by:</b>			
(a) Demonstrating an appreciation and understanding of our natural environment and seeking to protect that environment		<ul style="list-style-type: none"> <li>▪ The Philippine Agenda 21 was formulated to provide a framework for the protection and conservation of natural and cultural resources.</li> <li>▪ General management plans are formulated for protected areas to conserve the natural and cultural environment.</li> <li>▪ National and regional tourism master plans have been prepared to provide strategic frameworks to sustainably manage the environment.</li> <li>▪ A National Eco-tourism Strategy was developed as a blueprint for developing areas for tourism for economic benefits while also protecting the environment.</li> <li>▪ The Department of Tourism and the National Mapping and Resource Information Authority jointly undertook a “tourism profiling” initiative using GIS technology.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Monitor implementation of environmental management plans, national and regional tourism master plans, and the national eco-tourism strategy.</li> </ul>



<p>(b) Fostering ecologically sustainable development opportunities across the tourism sector, particularly for small to medium-sized enterprises, employment, and providing for open and sustainable tourism markets</p>		<ul style="list-style-type: none"> <li>▪ Community-based tourism programs have been developed through non-governmental organizations, peoples' organizations and other co-operating agencies.</li> <li>▪ Entrepreneurial development for rural tourism was undertaken in destination areas to develop skills of local communities in souvenir manufacturing, crafts and gardening.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue providing training programs to local communities on sustainable tourism.</li> </ul>
<p>(c) Protecting the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism</p>		<ul style="list-style-type: none"> <li>▪ Gender and development concerns have been considered in the preparation of tourism plans. Gender is use as a criterion for evaluating tourism projects.</li> <li>▪ Accredited establishments are discouraged from permitting any person whom they believe to be either a prostitute or a pedophile, or to be of questionable character to have access to any facility of the establishment.</li> <li>▪ Accredited establishments are advised against promoting, encouraging or permitting activities that directly or indirectly facilitate prostitution, exploitation or abuse of women, men or children.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue information dissemination.</li> </ul>

<p>(d) Recognizing, respecting and preserving local and indigenous cultures together with our local and natural cultural heritage</p>		<ul style="list-style-type: none"> <li>▪ Socio-cultural impacts are considered in the formulation of tourism plans as well as in the development of tourism programs.</li> <li>▪ The World Tourism Organization's Code of Ethics has been disseminated to remind everyone to respect local culture and indigenous practices as well as to conserve the environment.</li> <li>▪ The indigenous sector must be represented in the formation of tourism plans.</li> </ul>	
<p>(e) Enhancing capability building in the management and development of tourism</p>		<ul style="list-style-type: none"> <li>▪ A capacity-building program is currently being undertaken for local government units to enhance their understanding of tourism and to enable them to create and implement their own development and marketing plans and programs.</li> <li>▪ Awareness programs in communities are raising consciousness about protecting the environment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue awareness programs.</li> </ul>
<p><b>Goal 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development by:</b></p>			

<p>(a) Harmonizing methodologies for key tourism statistical collections, consistent with activities of other international tourism organizations</p>		<ul style="list-style-type: none"> <li>▪ Philippine tourism statistical procedures are consistent with World Tourism Organization practices. The UN-approved system for developing TSAs has been adopted in the formation of the Philippine TSA.</li> <li>▪ The Department of Tourism is enhancing the Visitor Sample Survey System that provides statistical data and other information by updating questionnaires and reports to cope with increasing demands for information vital to planning, marketing and decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Operationalize the Philippine TSA to measure the economic contributions of tourism.</li> </ul>
<p>(b) Facilitating the exchange of information on tourism between economies</p>		<ul style="list-style-type: none"> <li>▪ The Department of Tourism website, &lt;wowphilippines.com.ph&gt;, is maintained to provide information and data to various publics in compliance with the e-commerce law.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Further improvements to the website.</li> </ul>
<p>(c) Promoting comprehensive analysis of the role of tourism in member economies in promoting sustainable growth</p>		<ul style="list-style-type: none"> <li>▪ Active participation in regional workshops, seminars and meetings on tourism.</li> <li>▪ Various studies and research are being undertaken by the Philippine APEC Study Center Network, academic institutions and other organizations on sustainable tourism development, liberalization and marketing.</li> <li>▪ The national Tourism Master Plan is being updated in consonance with international trends to address various gaps in the development of Philippine tourism.</li> </ul>	
<p>(d) Expanding our collective knowledge base on tourism issues in order to identify emerging issues and assist implementation of the Tourism Charter</p>		<ul style="list-style-type: none"> <li>▪ The Philippines actively participates in regional workshops, seminars and meetings on tourism to expand its information network. It jointly undertakes projects beneficial to the growth of national and global tourism.</li> </ul>	

## 7 CONCLUSION

Stage 2 of the examination of tourism impediments has built on, extended and updated the findings from Stage 1. More current and more detailed information on the nature and extent of tourism impediments in five APEC member economies has been gathered. Each of the five economies has also proposed ways to reduce or remove those impediments.

Beyond the identification of the tourism impediments, the discussions and exchange of information among public and private sector participants in the five case studies provided added value and benefits for the participants. This project helped some public sector representatives in agencies not directly associated with tourism better understand the potential impacts of some of their policy and regulatory decisions on the tourism sector. The workshops gave the private sector opportunities to voice their concerns in an environment in which open and candid communication was possible.

It is clear from these case studies that three particularly challenging impediments to the long-term growth of international tourism are:

- The relatively low profile tourism has in most political environments. The complex nature of tourism means that numerous government and even non-governmental organizations have impacts on the health of the tourism sector. However, tourism is often not a recognized area of concern for these organizations, so their actions can easily and negatively affect the health of tourism unintentionally.
- Tourism is highly fragmented, with tourism enterprises belonging to a number of very different industries such as transportation, accommodation, food services, travel trade (tour operators and travel agencies), recreation and entertainment. It is difficult, if not impossible, for the so-called tourism industry to speak with one voice to government in an effort to articulate the needs of the private sector.
- Tourism is highly vulnerable to external forces, including acts of terrorism, economic trends, natural disasters, weather and climate, and developments in competing destinations.

Member economies of the APEC Tourism Working Group strongly support the development of sustainable tourism, the protection of all members of society and the diverse cultures found in most member economies, and the conservation of the natural environment. The impacts of policies and initiatives designed to achieve these goals need to be measured objectively and systematically to determine the effectiveness of initiatives intended to further these important goals.

The reduction or removal of tourism impediments will require continuing dialogue and goodwill among both public and private sector organizations, including discussions with agencies that do not normally view themselves as being part of tourism. The detailed examination of impediments in Stages 1 and 2 as well as the development of IAPs and the CAP are valuable actions to achieve the goals identified in the APEC Tourism Charter.

## **APPENDIX**

### **Text of Workshop PowerPoint Slides**

#### **APEC Tourism Impediments Stage 2 Study: Introduction**

Stephen Smith  
Wenguo Cai  
The Conference Board of Canada

#### **Purpose of workshop**

- Identify impediments to international tourism
- Identify which impediments can be reduced or removed
- Recommend priorities
- Suggest strategies to reduce/remove impediments

#### **Background**

- Commissioned by APEC Working Group
- Key policy goal: strengthen multi-lateral trade by removing tourism trade impediments
- Stage 1 completed:
  - Identified tourism impediments – 2001
  - Developed new format for IAPs based on key policy goals
- This is part of Stage 2 (five case studies: Canada, Chile, Indonesia, Peru, Philippines)

#### **What we will cover today**

- Background of project
- Nature of impediments
- APEC's Tourism Charter, IAPs, CAP
- Impediments in the APEC Region
- Possible actions to remove/reduce impediments

#### **Outcomes of the workshop**

- List of key tourism impediments
- Priority ranking of those that can be overcome
- Suggestions or recommendation to government on reducing/removing tourism impediments

## **INTRODUCTION TO THE GATS, APEC TOURISM CHARTER, APEC'S IAPs AND THE CAP**

Prepared for the APEC Tourism Impediment Study Stage 2

Prepared by Wenguo Cai and Stephen Smith

### **Importance of tourism in APEC**

- WTTC estimates: Tourism in the APEC economies accounts for more than 100 million jobs; generates over U.S.\$2 trillion demand and U.S.\$400 billion in export earnings
- WTTC forecasts: By 2010, employment in the tourism sector in APEC will increase by more than a quarter (more than 30 million new jobs); export earnings will increase by almost two-thirds; and total tourism demand is expected to exceed U.S.\$3 trillion

### **Contribution of Tourism to the APEC Economies**

- A key source of economic growth
- A major employer of women and men
- A significant earner of foreign exchange
- A generator of business opportunities for SMEs
- An important contributor to government's fiscal and economic goals
- A catalyst of partnership between public and private sectors

### **Tourism Services and WTO/GATS**

- The tourism and travel-related services sector is one of 12 services sectors included in the CPC of GATS
- GATS now sets the “global rules of the game” for services trade, including tourism, among the 148 WTO member governments
  - “Progressive liberalization of services” through successive “rounds”
  - GATS 1994 resulted in no real liberalization (*status quo*)
  - Ongoing requests and offers process in the DDA

### **GATS Four Modes of Supply**

- Mode 1 – Cross-border supply
- Mode 2 – Consumption abroad
- Mode 3 – Commercial presence (investment)
- Mode 4 – Presence of natural persons (temporary entry)

### **Tourism Defined Narrowly in GATS**

- 9. Tourism and travel-related services composed of:
  - A. Hotels and restaurants, including catering (CPC 641-643)
  - B. Travel agencies and tour operator services (CPC 7471)
  - C. Tourist guide services (CPC 7472)
  - D. Other

### **Market Access in GATS Negotiations**

- WTO members offer market access through four modes of supply (only in sectors listed) by binding their commitments in national schedules—with limitations
- Grant national treatment to foreign firms and services suppliers—with limitations
- MFN treatment—to all WTO members (with exceptions)
- Remove restrictions on investment, movement of natural persons, etc.

### **APEC and Tourism Working Group (TWG)**

- APEC was formed in 1989. Its main goal is opening up the regional economies to a freer flow of trade in goods and services, including tourism
- At present, APEC has 21 members, including Canada, Chile, Indonesia, Peru and the Philippines
- TWG was established in 1991 as one of ten sectoral working groups within APEC
- TWG is supported by key international tourism organizations such as WTO, WTTC, PATA

### **APEC Tourism Charter**

- Adopted in Seoul in 2000 by the APEC Tourism Ministers
- A statement of **commitment** of APEC economies on tourism
- A platform for **partnership** with the private sector
- An agreed **process** among member economies for:
  - Removing tourism impediments and liberalizing tourism trade
  - Promoting positive policies for tourism that enhance competitiveness and build capacity
  - Identifying and addressing emerging issues in tourism
- A business **plan** that drives with TWG in APEC

### **APEC Tourism Charter**

- Four policy goals are set up by the Tourism Charter:
  - Goal 1: Remove impediments to tourism business and investment
  - Goal 2: Increase the mobility of visitors and demand for tourism goods and services in the APEC Region
  - Goal 3: Sustainably manage tourism outcomes and impacts
  - Goal 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development

### **APEC Tourism Charter**

- Goal 1: Remove impediments to tourism business and investment by:
  - Promoting and facilitating the mobility of skills and labour
  - Promoting and facilitating investment in tourism
  - Removing regulatory impediments to tourism business and investment
  - Encouraging liberalization of services trade related to tourism under GATS



### **APEC Tourism Charter**

- Goal 2: Increase mobility of visitors and demand for tourism goods and services in the APEC Region by:
  - Facilitating seamless travel for visitors
  - Enhancing visitor experiences
  - Promoting inter- and intra-regional marketing opportunities and co-operation
  - Enhancing safety and security of visitors
  - Encouraging non-discriminatory approach to provisions of visitor services and facilities

### **APEC Tourism Charter**

- Goal 3: Sustainably manage tourism outcomes and impact by pursuing policies that:
  - Demonstrate an appreciation of and seek to protect the natural environment
  - Foster ecologically sustainable development opportunities across the tourism sector
  - Seek to minimize tourism impacts on host communities
  - Recognize, respect and preserve local and indigenous cultures, together with natural heritage

### **APEC Tourism Charter**

- Goal 4: Enhance recognition and understanding of tourism as a vehicle for social and economic development by:
  - Harmonizing methods for key tourism statistical collections, consistent with other international agencies
  - Facilitating the exchange of information on tourism among economies
  - Promoting comprehensive analysis of the role of tourism
  - Expanding our collective knowledge base on tourism issues

### **Implementation of APEC Tourism Charter**

- Primarily through IAPs and CAP
- Research on emerging issues
- Advocacy with APEC
- Policy Goal teams
- Regular dialogue with the private sector
- Transparent and regular assessment

### **Implementation of APEC Tourism Charter**

- Individual and Collection Action Plans will be developed by economies through the TWG
- Key issues will be identified for consideration by consensus and will be non-binding to member economies, consistent with APEC practice
- TWG progress on Charter implementation will be reviewed by Ministers responsible for tourism within two years

### **Individual and Collective Action Plans**

- APEC's Bogor Goal: Free and open trade and investment in Asia-Pacific by 2010 for developed economies and 2020 for developing economies
- APEC member economies report progress toward the goal through IAPs and CAP submitted to APEC on annual basis (see <<http://www.apec.iap.org>>)
- Osaka Action Agenda highlights general principles to achieve the Bogor Goal (such as comprehensiveness, WTO-consistency, comparability, non-discrimination, transparency, standstill, flexibility, and co-operation)

## Individual Action Plans

- IAP covers 15 issue areas:

- |                                  |                                  |
|----------------------------------|----------------------------------|
| - Tariffs                        | - Non-tariff measures            |
| - Services                       | - Investment                     |
| - Standards and conformance      | - Customs procedures             |
| - Intellectual property          | - Competition policy             |
| - Government procurement         | - Deregulation/regulatory review |
| - WTO obligations/Rule of Origin | - Dispute mediation              |
| - Mobility of business people    | - Information analysis           |
| - Trade facilitation             |                                  |

## Tourism Services in IAPs

APEC Policy Goal	Improvements implemented since previous IAP	Current actions/policies supporting goal	Further improvements planned
1. Remove impediments			
2. Increase mobility			
3. Sustainably manage outcomes and impacts			
4. Enhance understanding of tourism development vehicle			

## Collective Action Plans

- CAPs detail the collective action of all APEC member economies in the 15 issues as mirrored in IAPs
- CAPs are used by APEC to outline actions and to monitor and report on progress towards the free trade and investment goals of APEC
- Details about CAPs can be found in the Committee on Trade and Investment Annual Report to Ministers

## APEC Tourism Impediments Study: Overview of Impediments

Stephen Smith  
Wenguo Cai

### *Date and location of workshop*

#### **What are tourism impediments?**

- Any factor such as a regulation, capacity constraint, policy or operating practice that limits the growth of tourism to or within the APEC Region
- Impediments may limit:
  - The ability of individuals to travel
  - The activities of tourism-related businesses

#### **Overview of Impediments in the APEC Region: Individual Travellers**

- *Visa requirements:* All members have requirements; often reflects reciprocity
- *Limits on travel abroad:* Generally no impediments
- *Inbound currency exchange:* Generally none, although among above a maximum may have to be declared
- *Outbound currency exchange:* Generally none, although among above a maximum may have to be declared

#### **Overview of Impediments in the APEC Region: Individual Travellers**

- *Customs or barrier control:* Common to every member economy; associated with security of society as well as bio-security
- *Departure taxes:* Most member economies have some form of departure tax; many are associated with airport or seaport improvements

#### **Overview of Impediments in the APEC Region: Tourism-Related Businesses**

- *Licences and approvals:* Common impediment; some associated specifically with tourism businesses; others general to all businesses
- *Import policies:* Generally none reported, although a few member economies have restrictions related to capital goods

- *Foreign investment in businesses:* Variable; some member economies report none; others have restricted sectors or limits on per cent of foreign ownership

**Overview of Impediments in the APEC Region:  
Tourism-Related Businesses**

- *Foreign investment in property:* Varies from none to significant restrictions
- *Taxes and charges:* Present in all member economies but generally none that are discriminatory against tourists
- *Foreign exchange controls:* Generally none
- *Repatriation of profit or capital:* Generally none, but there are exceptions

**Overview of Impediments in the APEC Region:  
Tourism-Related Businesses**

- *Employment:* Common area for impediments, typically involving need for government approval for temporary hiring of foreign nationals in certain sectors or jobs
- *Import of promotional material:* Generally none on items of no commercial value (e.g., posters, brochures)

*Additional slides presented impediments report for the member economy participating in the workshop*

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