



Using Trade Negotiations to Support the Goals of the Tourism Sector

The intention of negotiations for the liberalization of trade in services is often misunderstood to mean that once a country signs on to the agreement it is obliged to open its market immediately to all foreign service providers. This is not the case. The objective of negotiations for services trade liberalization, is the progressive removal of barriers to trade with a view to promoting the interests of trading partners while giving due respect to national policy objectives.

Barbados is currently involved in a number of negotiations with trading partners each of whom will be interested in ensuring that the trading rules established support their own national development goals and objectives. This article discusses some of the ways Barbados' negotiators may use trade negotiations to support and further the goals and objectives of the Barbadian tourism sector.

In each negotiating arena countries either individually or as part of a region, submit "offers" and "requests". "Offers" identify which sectors of the economy the country is willing to open (liberalize) to foreign investment and under what limitations, if any, the foreign service provider may operate in the domestic market.

As an example, if it was an objective of Barbados' tourism sector to increase the country's accommodation capacity by say 900 rooms at the four and five star level only over the next ten years with a focus on international brand name hotels, Barbados could articulate exactly that in its "schedules of commitments". To do so, Barbados would identify in its schedule that it places "no restrictions" on market access for four and five star international brand name hotels of at least 300 rooms each. Relevant restrictions must also be noted in the schedule and in this example would include the quantitative limit of three properties of 300 rooms each, (or maybe the equivalent thereof), within a prescribed time frame, if so desired.

If Barbados wished to attract, or specifically deny, investment by international fast food establishments, this should also be specifically articulated in Barbados' schedule by entering "no commitment" to liberalize market access for this particular sector. If it is felt that there is a need for investment by international firms specializing in environmental management services with a view to ensuring the sustainable development of the tourism industry, Barbados could commit to liberalizing market access for providers of specific environmental services identified as desirable.

In its negotiations with trading partners Barbados can also make "requests" of its partners with a view to improving trading conditions, securing previously unavailable markets, addressing injustices in the existing trading regime etc. Countries are not obliged to grant trading partners' requests but in the spirit of compromise and mutually advantageous bargaining, they may well do so.

In its requests to trading partners, Barbados may seek to address concerns regarding anticompetitive practices in the tourism industry, such as those perceived to occur in the global distribution of tourism products. Barbados could request for example that developed country trading partners provide local hotels and small regional airline carriers with more affordable access

to European and US owned Global Distribution Systems (GDS) which are the major mechanisms for the cross border trade of tourism products. Requests focusing on anticompetitive practices in the distribution of tourism services could also seek funding for a formal study on the impact of GDS' on the Caribbean tourism industry and a study on the impact of the consolidation of the European tour operator market on the Caribbean tourism industry. Such studies would allow Barbados to devise appropriate policy positions, negotiating commitments and further requests of trading partners.

With a view to enhancing efforts towards niche tourism, Barbados could request the EU and Canadian governments to introduce tax incentives for EU and Canadian businesses convening conferences or conventions in Barbados. This would mirror the Convention Tourism Tax Credit scheme under the Caribbean Basin Initiative which allows US businesses holding meetings in specific Caribbean countries to take applicable expenditures as a tax write-off. With business travel recovering and the emergence of a number of new convention facilities and service providers in Barbados, this could be a productive opportunity.

Also from the perspective of niche tourism, and with a view to enhancing opportunities for health tourism, Barbados could request the EU, Canada and the US to improve the portability of government-sponsored health insurance schemes to include local spa/medical/health facilities. With some local resorts now boasting world class standard spa facilities, as well as the emergence of very specific and unique medical facilities such as The Barbados Fertility Centre, such an arrangement could well be a boon to this type of tourism in Barbados.

The Private Sector Trade Team has discussed these and other possible requests with local tourism stakeholders and made recommendations to government negotiators. Ongoing work by the PSTT will focus on formulating negotiating offers that Barbados could make with a view to enhancing the tourism sector, as well as additional requests as appropriate.