

DECISIONS TAKEN BY THE WTO COMMISSION FOR SOUTH ASIA
AT ITS FORTY FIFTH MEETING

Colombo, Sri Lanka, 6 July 2004

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WTO COMMISSION FOR SOUTH ASIA
Forty-fifth Meeting
Colombo, Sri Lanka
06 July 2004

AGENDA

1. Adoption of the agenda
2. Communication of the Chairman
3. Preliminary remarks of the Secretary-General
4. Tourism market trends in South Asia for 2003
5. Brief report on WTO's STEP programme
6. Role of the Regional Commissions in:
 - a- The development of regional agendas
 - b- The preparation, implementation and evaluation of the general programme of work
 - c- The implementation of the Global Code of Ethics for Tourism
7. Regional activities
8. Preparation of the general programme of work for 2006-2007: Identification of strategic priority issues
9. Other matters
10. Place and date of the forty-sixth meeting of the Commission

PREAMBLE

1. The 45th meeting of the WTO Commission for South Asia was held in Colombo, Sri Lanka on 6 July 2004, at the invitation of the Government of Sri Lanka. Hon. Anura Bandaranaike, Minister of Industry, Tourism and Investment Promotion of Sri Lanka graciously inaugurated the Meeting together with the Foreign Minister and Secretary of Industry, Tourism and Investment Promotion. In conjunction with the opening ceremony, a new CD was officially launched by the Sri Lanka Tourism Board on its Annual Statistical Report of 2003.
 2. The 45th meeting was chaired by Mrs. Rathi Vinay Jha, Secretary of Tourism of India in her capacity as Chairperson of the WTO Commission for South Asia.
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DECISIONS

ADOPTION OF THE AGENDA

Agenda item 1 (document CSA/45/Prov.Agenda.)

3. After reviewing the provisional agenda and upon the proposal of the Secretariat, the Commission agreed to add two new agenda items (5) and (9) entitled "Brief report on WTO's STEP programme" and "Other matters" respectively.
 4. The provisional agenda was **adopted** with this modification and the final agenda of the meeting is located on page 2.
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COMMUNICATION OF THE CHAIRMAN

Agenda item 2 (document CSA/45/2)

5. In her communication, the Chairman stated that WTO had taken a lead in meeting the challenges faced by the region and other countries in Asia in the aftermath of the SARS crisis and other problems that plagued the tourism sector for the last few years. To this end, a series of measures were adopted under the auspices of WTO, which included a concerted response to the challenges of terrorism and SARS, and the setting up of institutional mechanism to tackle future crises.
 6. The Chairman recalled that in spite of the fact that international tourism went through a difficult phase in 2003, South Asia destinations by contrast could look back on a prosperous period. Tourism development in South Asia over the last few years has been characterised by a general improvement in quality and content of its tourism product. All South Asian nations have improved in transportation infrastructure with more airports and higher frequency and to more destinations.
 7. The Chairman went on to praise the efforts of the Commission in developing various regional activities and expressed the need to develop more regional and sub-regional approaches to stimulate and promote partnerships through the fora like BIMST-EC, SAARC and SASEC.
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PRELIMINARY REMARKS OF THE SECRETARY GENERAL

Agenda item 3 (document CSA/45/3)

8. The Deputy Secretary-General, on behalf of the Secretary-General, informed the Commission about the situation of world tourism and stated that in the last three years, the world tourism industry has been adversely affected by successive negative factors of war, terrorism and virus, but the industry has not collapsed, which once again proves its resilience in the face of crises. However, the crises have further delayed the tourism recovery and changed the tourist and industry behaviour in the various sub-sectors, especially in the field of air transport. There has been an increase in security and insurance costs on the supply side. World tourism has become more and more regionalized in the past two years due to geopolitical reasons as well as economic factors. He also mentioned the new challenges of the industry, which include non-tariff barriers to travel such as the proliferation of travel advisories, adoption of more restrictive visa policies or the tightening of security measures at rail stations and airports. He concluded his first part of the remarks by stating his confidence in the tourism industry's capacity to bounce back and grow in 2004; and especially from now onwards, with WTO becoming a UN specialized agency, tourism will be treated on an equal footing with other major activities of humanity.

9. The second part of the remarks detailed the main developments that have influenced the Organization and shaped its activities since the Commission's last meeting. Due to the increased volume and diversity of the WTO activities, the Secretary-General carried out a recent restructuring of the Secretariat by establishing a Technical Cooperation Service. He informed the Commission that the Organization's activities are continuing at a sustained pace and that its finances are in good shape.

TOURISM MARKET TRENDS IN SOUTH ASIA FOR 2003

Agenda item 4 (document CSA/45/4)

10. The WTO Regional Representative for Asia and the Pacific presented a document which highlighted the main tourism trends for 2003 both on a global and a regional basis. The year of 2003 was a highly irregular one with three scourges: war in Iraq, SARS and a persistently weak economy. This situation was further compounded by the exchange rate between Euros and USD – not so much impact on volume but more on the shift of travel flow. The year saw: 694 million international tourist arrivals representing a -1.2 per cent decrease which is the third one since 1950. The year ended with an absolute increase of 6.7 million arrivals as compared with 2000. The performance pattern of world tourism last year was further confirmed by the situation in air transport where a sharp drop of traffic due to SARS was followed by a steep climb showing a typical mirror effect in tourism during crisis.

11. In 2003, Asia and the Pacific experienced a sharp drop of 9.3 per cent in terms of international tourist arrivals. Needless to say, SARS dominated the result. The region followed the

same pattern of the world in terms of concentration of intra-regional travel flow both inbound and outbound. It also followed the European region with the new entrance of low cost airlines (LCA) which will most likely shape the immediate future of the industry.

12. For the second time in a row Asia and the Pacific took over from Americas the position of the second most visited region. Within the region, Northeast Asia is still the dominating sub-region taking 58 per cent of the market share. Yet the sub-region was adversely affected by SARS, with China suffering a more serious loss of the market share. Other destinations in Asia and the Pacific as a whole were also negatively impacted by SARS although some of these countries were not direct targets of the epidemic. The only exception on a positive note was South Asia which was almost immune to the impact. As a matter of fact India achieved an impressive +15 per cent of its international tourist arrivals. Other important destinations in South Asia like Sri Lanka and Maldives fared very well. In terms of world short term prospects for 2004, intra-regional and domestic tourism will probably still feature the tourism behaviour while the concept of value for money will persist. However, the above 4 per cent forecast of the global economy, especially in the major economies of the world such as the USA, Japan and Europe, gives confidence in the industry's ability to bounce back and grow. Even with the temporary interruption of oil prices the pent-up demand for travel is expected to be released especially in the second half of 2004.

BRIEF REPORT ON WTO'S STEP PROGRAMME

Agenda item 5

13 The Secretariat informed the member countries of the status and proposed course of action for the WTO newly established programme on Sustainable Tourism for Elimination of Poverty (STEP). Members were informed that it is the aim of the programme to set up 5,000 micro projects of STEP by 2015 with 100 million US dollars to be created for the STEP foundation. During the discussion, the Commission stated that the STEP programme is a step in the right direction and urges the Secretariat to expedite the process of implementation. The Commission also took the opportunity to thank the Government of the Republic of Korea for its initiative in this regard. The representative of Bhutan stated that through the poverty reduction programme, one needs to have a more focus on the aspect of employment generation and the gross national happiness.

**ROLE OF THE REGIONAL COMMISSIONS IN THE DEVELOPMENT OF REGIONAL AGENDAS;
THE PREPARATION, IMPLEMENTATION AND EVALUATION OF THE GENERAL PROGRAMME
OF WORK; THE IMPLEMENTATION OF THE GLOBAL CODE OF ETHICS (ITEM 6); REGIONAL
ACTIVITIES (ITEM 7); PREPARATION OF THE GENERAL PROGRAMME OF WORK FOR 2006-
2007: IDENTIFICATION OF STRATEGIC PRIORITY ISSUES (ITEM 8)**

Agenda items 6, 7 & 8 (documents CSA/45/5 a,b,c; CSA/45/6; CSA/45/7)

14. With reference to Agenda item 6, the Commission was apprised of the proposed guidelines for strengthening the role of regional commissions in preparing, implementing and evaluating the Organization's general programme of work. The Commission was further informed of the activities carried out and planned in the region since its forty-fourth meeting held in Beijing, China in October

2003 (Agenda item 7). In addition, a brainstorming discussion on strategic priority issues was held in order to prepare for the work programme of the Organization for 2006-2007 (Agenda item 8).

15. The Chairman of the Commission, while thanking the Secretariat for the various regional activities undertaken, encouraged the Commission to continue to take the regional and sub-regional approach in the field of technical cooperation. The Commission stated that the South Asian region should be able to achieve greater successes individually and collectively by ensuring stronger and sustained cooperation in intra-regional tourism development among Asian countries.
 16. During the discussions under item 7, it is felt that a regional agenda of South Asia should focus more on how to increase the region's market share in the global context and how the region should establish itself on the world map of tourism with more lines of strategic thinking.
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OTHER MATTERS

Agenda item 9

17. The Commission thanked Dr. Harsh Varma who is now the Chief of Technical Cooperation of WTO for his years of contributions to the betterment of Asia tourism and wished him well for his new assignment. The Commission also welcomed Mr. Xu Jing, the newly appointed Regional Representative for Asia and the Pacific of WTO.

18. The Commission also thanked Mrs. Rathi Vinay Jha for her dynamic chairing of the Commission on behalf of India and wished her best on the verge of her retirement from government service.

PLACE AND DATE OF THE 46TH MEETING OF THE COMMISSION

Agenda item 10

19. The Commission decided that its 46th meeting will be held in Pakistan during the first half of 2005 at the invitation of the Government of Pakistan.

20. The Chairman closed the 45th meeting of the Commission expressing, on behalf of all the Members, her sincere thanks and appreciation to the staff of the Sri Lankan Ministry of Industry, Tourism and Investment Promotion and Sri Lanka Tourism Board as well as to the WTO Secretariat for the successful organization of the meeting.

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