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**FOLLOW-UP OF THE TRANSFORMATION OF THE ORGANIZATION INTO A
SPECIALIZED AGENCY OF THE UNITED NATIONS**

(a) Participation in the system 's coordination mechanisms

Note by the Secretary-General

The Secretary-General transmits to the Executive Council in the following document the report concerning WTO 's participation in the main coordination mechanisms of the United Nations system.

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Introduction

Following WTO 's transformation on 23 December 2003 into a United Nations Specialised Agency, WTO is participating on a regular basis in the coordination mechanisms of the United Nations system. This is in accordance with Article 2(1) of the 2003 "Agreement between the United Nations and the World Tourism Organization" which states that "In its relations with the United Nations, its organs and the agencies of the United Nations system, the World Tourism Organization recognizes the coordinating role, as well as the comprehensive responsibilities in promoting economic and social development, of the General Assembly and the Economic and Social Council under the Charter of the United Nations".

At its 73rd session, the Executive Council expressed its conviction of the benefits deriving from closer cooperation between WTO and other Agencies and Programmes of the United Nations and encouraged the Secretary-General to take an active part in the United Nation's system's coordination mechanisms.

In the following paragraphs WTO 's participation in the main coordination mechanisms since the Executive Council's 73rd session is described.

Chief Executives Board for Coordination (CEB)

The CEB is the forum that brings together, under the Chairmanship of the U.N. Secretary-General, the executive heads of 28 member Organizations including the Specialized Agencies, the International Atomic Energy Agency, the World Trade Organization, and the various funds and programmes of the United Nations.

WTO was represented by the Secretary-General at the first regular session for 2004 of the CEB held at Vienna on 2-3 April 2004, the first time that WTO 's Executive Head has participated in the CEB. The Secretary-General will also attend the second regular session of the CEB to be held at New York on 29 and 30 October 2004. Among the main issues on the CEB's agenda are the following: Staff and security; Strengthening the international Civil Service; Dialogue with staff representatives; the 2005 Review of the Millennium Declaration and Information Technology. As customary, the CEB Open Session (which will also be attended by WTO's Special Representative to the United Nations in New York) will be followed by a Private Meeting for Executive Heads only.

High Level Committee on Programmes (HLCP)

The HLCP addresses issues of strategic planning, policy and programme development and implementation. It acts as a forum for inter-Agency dialogue and enables experiences on policy development and programming to be shared.

WTO was represented by the Deputy Secretary-General at the eighth HLCP session in Florence, Italy on 15-17 September 2004.

Among issues considered by the HLCP on its agenda were the 2005 Comprehensive Review of the Implementation of the Millennium Declaration, Bridging the Digital Divide, Curbing Transnational Crime, Financing for Development and Conflict Prevention.

High Level Committee on Management (HLCM)

The HLCM acts on behalf of the CEB on matters affecting the administrative management of all member Organizations. It is entrusted with analyzing administrative management issues of common concern. Furthermore, HLCM identifies and promotes management reforms designed to improve services provided to member States and increase efficiency and effectiveness throughout the United Nations system. The HLCM also maintains a regular dialogue with staff representatives.

WTO was represented at the eighth session of the HLCM in Rome on 5 and 6 October 2004 by the Director of Administration. On this occasion, the key agenda items related to: Security and Safety of Staff; Strengthening the International Civil Service and Human Resources Management issues including measures to improve system-wide mobility.

Economic and Social Council (ECOSOC)

WTO attended for the first time as a Specialised Agency the summer session of ECOSOC held in New York from 28 June to 23 July 2004. The Secretary-General took part in the High Level Segment whose theme was "Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010". Annex 1 includes a copy of the Secretary-General's Address on that occasion.

ECOSOC has established various functional Commissions of which two are of particular interest to WTO, namely the Statistical Commission and the Commission on Sustainable Development. Both Commissions are regularly attended respectively by the Chief of the Statistics and Economic Measurement of Tourism Department and the Chief of the Sustainable Development of Tourism Department.

With respect to statistics, an Inter-Agency Coordination Group on Tourism Statistics has been constituted and held its first meeting in New York on 3 September 2004. Members of the Group include the United Nations Statistical Division (UNSD), the Organisation for Economic Development and Co-operation (OECD), the International Monetary Fund (IMF), the World Trade Organization (WTO-Trade), the International Labour Office (ILO) and, of course, WTO which in view of its designated role within the UN System acts as convener of the Group. The Group will meet twice a year and other Agencies as well as the UN Regional Commissions may attend. The objective of the Group is to prepare a multi-annual Work Programme, to identify themes to be studied and to determine respective responsibilities for each subject.

International Civil Service Commission (ICSC)

The WTO Chief of Personnel, accompanied by representatives of the Local Salary Survey Committee, attended the regular summer session of the ICSC to present the conclusions of the salary survey for general service staff in Madrid conducted in April 2004. These conclusions were subsequently accepted by the Commission and the new salary scales are now being applied at Madrid by WTO and other United Nations agencies located in the Spanish capital. It is recalled that WTO attends the ICSC's sessions in accordance with Article 16 "Personnel Arrangements" of the 2003 "Agreement between the United Nations and the World Tourism Organization".

Joint Inspection Unit (JIU)

The JIU 's main aim is to provide an independent view of system organizations through inspection and evaluation. JIU aims at improving institutional management methods and enhancing coordination within the system. The Chairman of the JIU will visit WTO Headquarters on November 2004 in order to meet the WTO Secretary-General and to discuss with WTO officials appropriate mechanisms for applying JIU recommendations at the WTO Secretariat.

Other contacts with the system

WTO 's Chief of Personnel took the opportunity of mission travel in New York to attend the meeting of the UN Human Resources Network held on 7-9 July 2004. Among the main subjects discussed were:

- Issues under consideration by ICSC, such as:
 - the review of the pay and benefits system,
 - the conditions of service of both Professional and General Service staff, and
 - the report of the Panel on the strengthening of the international civil service.

- Issues related to the work of HLCM and other Networks, such as:
 - inter-agency mobility, and
 - the Senior Management Service.

Other matters such as security and dealing with HIV AIDS in the workplace were also addressed by the Network.

WTO 's Chief of Publications regularly participates in informal meetings of sales officers representing not only U.N. but also Bretton Woods, OECD and European Institutions which take place on the occasion of major exhibitions and fairs. For a number of years now, including 2004, WTO has shared space on the United Nations stand at the Frankfurt Book Fair held annually in Germany.

The Chief of WTO's Documentation Centre attended the annual Inter-Agency meeting on "Knowledge sharing and Information Management" held at the United Nations in New York, from 20 to 22 September 2004. The meeting was attended by librarians, documentation and information managers from twenty-nine United Nations bodies and agencies.

Coordination Meeting convened by WTO

In decision CE/DEC/10(LXXIII), adopted in Hyderabad on 9 July 2004, the Executive Council recognized that "Coordination mechanisms serve, in particular, the important function of eliminating duplication and promoting complementarity between WTO's programmes and those of other institutions".

In this light, and having regard to the multi-disciplinary character of tourism, the Secretary-General decided to convene at Headquarters on 22 and 23 November 2004 a "United Nations Coordination Meeting on Tourism Matters".

The aim of this meeting will be to take stock of tourism-related activities planned or under way in other UN agencies so as, as far as possible, to promote synergy between the efforts of WTO and other institutions, to reduce overlap and to promote beneficial cooperation. A number of United Nations bodies and agencies have already confirmed their participation, in particular:

- *United Nations*
- *United Nations Department of Economic and Social Affairs (UNDESA)*
- *United Nations Chief Executives Board for Coordination (CEB)*
- *United Nations Economic and Social Commission for Western Asia (UNESCWA)*

- *Food and Agriculture Organization of the United Nations (FAO)*
- *International Civil Aviation Organization (ICAO)*
- *International Labour Office (ILO)*
- *United Nations Educational, Scientific and Cultural Organization (UNESCO)*
- *World Health Organization (WHO)*
- *World Meteorological Organization (WMO)*
- *Convention on Biological Diversity (CBD)*
- *International Trade Centre – UNCTAD/WTO*
- *United Nations Conference on Trade and Development (UNCTAD)*
- *United Nations Environment Programme (UNEP)*
- *World Heritage Centre (UNESCO)*

WTO's Special Representative to the United Nations in New York will also attend the meeting.

Conclusions

The Secretary-General has the intention to report orally to the Executive Council on the outcome of this Coordination Meeting as well as informing the Council of any lessons to be drawn from the CEB session in October.

A N N E X

Address by Francesco Frangialli,
Secretary-General of the World Tourism Organization,
on the occasion of the High-Level Segment and Investment Promotion Forum.
ECOSOC 2004

(New York, 29 June 2004)

Madam President,
Ladies and Gentlemen,

This is not the first time that I have had the honour of speaking before the Economic and Social Council. It is, however, the first time I am doing so on behalf of the World Tourism Organization in its new capacity as a specialized agency of the United Nations, a status it acquired thanks to the recommendation you made last year, and the decision taken by the General Assembly last 23 December on the basis of your recommendation.

In his statement welcoming this conversion, your Secretary-General underlined, and rightly so, that it had been so decided in view of tourism's contribution to sustainable development, poverty alleviation, and job creation.

This had already been highlighted by the United Nations in Brussels in 2000, and then in Johannesburg in 2002: tourism has its place in poverty-reduction strategies, especially in the least developed countries (LDCs).

I would like to briefly demonstrate this fact.

Over the past decade, the annual growth of tourist arrivals in developing countries overall, has been higher than the world average. Developing economies and those in transition enjoy a net surplus in their tourism trade balance with the OECD countries, something that can be said about very few other areas of their services sector.

In developing countries, international and domestic tourism creates a demand for a large number of workers, whether employees or entrepreneurs; tourism employs a substantial number of women, young people, and members of indigenous communities; it leads to the establishment of numerous small enterprises, often family-run, and opens up business possibilities for many others, outside the sector itself, which provide products and services to the tourism industry. In these countries, tourism constitutes exceptionally fertile ground for private initiative. It serves as a support for the market economy, and helps open it up to external trade.

Furthermore, in such countries, the foreign exchange income generated by tourism represents a substantial contribution to the balance of payments, financing imports, reducing foreign debt, and minimizing their dependence in this regard on a single export sector, which in most cases consists of the export of raw materials of low value and subject to international price fluctuations.

If we focus on the situation of just the least developed countries, we can see that their tourism receipts more than doubled in the 1990s, even if such receipts still represent but a tiny share, less than one per cent, of the world total. Tourism has become the main source of foreign exchange revenues for the forty-nine LDCs, not counting the oil industry, which is significant only in three of them. Tourism accounts for more than a sixth of their non-petroleum exports, far surpassing their second and third largest export earners (textiles and raw cotton). Tourism has become one of the main components of the GDP of many of these countries. If Botswana was able to graduate from the LDC list in the past, and if the Maldives is capable of doing the same today, it is thanks to tourism.

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It is true that the obstacles to tourism development faced by the LDCs, whether with regard to air access, infrastructure, communications, training facilities, or health conditions, are formidable. But they seem surmountable if they are given clear priority in national development strategies. The main difficulty undoubtedly has to do with one of the characteristics of the industry itself: leakages that, in economies that are insufficiently diversified and subject to dominance effects, flow out of the country in the form of induced imports or excessive repatriation of profits.

Development policies should therefore strive to reduce this handicap, but at the same time, aim to enhance the very strong links that tourism has with other related sectors, on whose development tourism's impact could be crucial: handicrafts, construction, local fishing and farming, in particular. In poor rural areas, where the latter economic activity is often under threat, tourism, especially ecotourism, seems to be one of the rare alternatives that make it possible to maintain employment and prevent emigration to large cities or abroad.

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Based on these considerations, the World Tourism Organization would like to make two strong recommendations to ECOSOC.

The first is to not lose sight of the conclusions of the Brussels Conference on LDCs. In our opinion, they should guide the assistance policies implemented thanks to the ways and means that were agreed upon in the Monterrey Consensus.

Using tourism as a vector of sustainable development of LDCs and as an instrument for creating wealth and jobs forms part of the body of commitments agreed upon by the international community, and which must be respected. The agreements concluded by the World Tourism Organization, an executing agency of UNDP since 1976, with major financial institutions such as the World Bank and the Inter-American Development Bank, form part of this set of commitments.

The second recommendation concerns the ongoing trade negotiations. The liberalization of tourism services has not been accorded its rightful place in the talks, which is tantamount to forgetting the fact that with 514 billion dollars of receipts in 2003, resulting from the international travel of some 700 million people, tourism is one of the largest components of international trade, if not the largest. Depending on the year, its volume is equal to or bigger than exports of oil, automobiles or food products.

The developing countries no doubt wish to obtain satisfaction from the World Trade Organization with regard to the elimination of export subsidies that tilt the competitive balance in the international cotton market. Many among you would welcome this. But it should not be forgotten that, in the balance of payments of LDCs, exports of tourism services are four to five times bigger than raw cotton exports.

It is true that tourism is formally a part of the General Agreement on Trade in Services (GATS) of 1994. But in the absence of a clear statistical identification and an adequate methodological approach that can be used in the negotiations, and due to the lack of an annex in this instrument, which other tertiary activities do have in order to establish the concrete implications of the agreement, the GATS has not as yet proven to be an operative instrument for this sector. After ten years since the Marrakech Agreement, no tourism-related dispute has been brought before the WTO's dispute settlement body, proof if anything of the lack of an effective tool for progressing further along the road to a significant liberalization of exchanges, a liberalization that, in the spirit of the Doha Development Round, should be aimed at benefiting the tourism industries of the LDCs first of all.

I wish to reiterate here the call that the WTO made at the Cancún Ministerial Conference, at the Symposium held last month in Geneva by the World Trade Organization, and again at the recent UNCTAD XI, for a "*liberalization with a human face*" of tourism and air transport, which would make it possible for the poorest countries to benefit from the competitive advantage they have in this area.

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Ladies and Gentlemen,

In keeping with the Millennium Development Goals adopted by the United Nations, and developed in greater detail at the World Summit on Sustainable Development in Johannesburg, the World Tourism Organization is committed to promoting tourism development that is fair and responsible at the same time.

For this purpose, it has implemented a specific programme in favour of tourism destinations in sub-Saharan Africa, where the majority of the LDCs are found.

Through the launch of an initiative called ST-EP (*Sustainable Tourism for Eliminating Poverty*) in conjunction with UNCTAD in 2002, and the establishment of a Foundation to conduct this activity, the WTO aims to harness tourism's notable potential as a driving force of poverty alleviation. I wish to invite the countries that are able to do so to join this initiative.