

관광서비스의 국제자유교역: 장애요인, 도전, 그리고 기회*

International Liberalized Trade of Tourism Services: Obstacles,
Challenges and Opportunities

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I. Introduction

The travel and tourism industry is the world's largest employer, said to be responsible for one in every ten jobs, and in many countries it is the largest services exporting section, making significant contributions to their balance of payments. Suppliers of travel and tourism-related services in the hotel, restaurant, transport, car rental, cultural and other travel related businesses can expect to benefit directly from the international trade liberalization achieved in the international agreements. One of the most significant results of the Uruguay Round is the General Agreement of Trade in services. Services occupy an increasingly important position in international trade-currently about 20% (WTO report). The Uruguay Round has not just been

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about lowering trade barriers and opening markets around the world. It has in fact been about completely overhauling the GATT trading system. This study reviews the nature of the Service industry and its liberalization. The obstacles, challenges, and opportunities associated with General Agreement of the Trade in Service (GATS) are discussed and articulated in the hospitality and tourism industry perspectives.

II . Services and Liberalization

In the marketing literature, goods and services are both described as products (Cowell, 1991). In simple terms, tangible products are often referred to as goods, while intangible products are often referred to as services. Services are a different type of product than goods (Foxall, 1985). For example, restaurant offer a tangible product in the form of food and a n intangible product in the form of atmosphere, advice on food and beverage selection, and speed of meal preparation. Up to now most academic research and discussion has centered on the issue, " How do services differ from goods?" A number of authors including Shostack (1977), Bateson (1979) and Berry (1980) have argued that there are significant distinctions between the two and have proposed several generalizations for management practice.

Kotler (1997) lists four distinct categories of products: (1) purely tangible goods, (2) tangible goods with accompanying intangible service, (3) a major intangible service with accompanying tangible goods, and (4) a pure intangible services. However, Levitt (1972) argued that there is no pure service industry because there are no pure intangible services, only industries with greater or smaller service components. It is very difficult to define a pure service and a pure good. A pure good implies that no element of intangible service is offered with the good the customer receives. A pure service implies that there is no element of physical goods in the service offered. However, Shocstack (1977) went further in the analysis of the categories of products and described a product continuum, known as a tangibility spectrum, which ranges from tangible dominant goods to intangible dominant services. Services tend to be more intangible than manufactured products: manufactured products tend to be more tangible than services. Clearly, services are provided in every sector of the economy: in retailing, wholesaling, trans-

protection, telecommunication, finances, health, education, and many other sectors, including tourism, hospitality, and leisure. For example, renting a hotel room, depositing money in a bank, visiting doctor, getting a haircut, or traveling on an airplane-all involve buying a service.

The production and distribution of services, one the other hand, is ultimately destined to satisfy individual demand and social needs. The latter element-social needs-is particularly relevant in sectors like health or education which in many, if not all, countries are viewed as a core governmental responsibility. they are subject to close regulation, supervision and control. Although social policy concepts-including equity and universal access-do not necessarily imply that governments also act as producers, public facilities have traditionally been, and continue to be, the main suppliers of services such as health and education in most countries.

It is impossible for any country to prosper today under the burden of an inefficient and expensive service infrastructure. Producers and exporters of textiles, tomatoes or any other product will not be competitive without access to efficient banking, insurance, accountancy, telecoms and transport systems. In markets where supply is inadequate, imports of essential services can be as vital as imports of basic commodities. The benefits of services liberalization extend far beyond the service industries themselves; they are felt through their effects on all other economic activities.

In 1999, the value of cross-border trade in services amounted to US \$ 1350 billion, or about 20% of total cross-border trade. this understates the true size of international trade in services, much of which takes place through establishment in the export market, and is not recorded in balance-of payments statistics. For the past two decades trade in services has grown faster than merchandise trade. Developing countries have a keen interest in many services areas including tourism. According to the World Travel and tourism Council, tourism is the world's largest employer accounting for one in ten workers worldwide. According to IMF data for 1999, tourism exports, estimated at US\$443 billion, were 33% of global services exports and 6.5% of total exports.

The GATS is the first multinational, legal enforceable agreement which covers trade and investment in services. Its basic aim is like that of the GATT for goods: to expand world trade by liberalizing markets and to put that liberalization process on a secure basis. GATS sets out general rules and principles that now apply to services, for the first time including travel and tourism and its components. Components included in "tourism and Travel Related Services" are

hotels, restaurants, travel agencies, tour operators, guides and other tourism services such as "Recreational, Cultural and Sporting Services" such entertainment, amusements, sporting and other such services.

The GATS agreement impacts on the tourism and hospitality services in different manners. The development on a global scale of world hotel brands demands and easing of market access and trading discrimination between countries in order to provide uniform products and services in a quality way. If different regulations for operation and control apply in different territories it is impossible to provide a consistent offering required by a brand definition. This partly explains the development of franchising which avoids many of these concerns but does not generate consistent high standards of customer care. Clearly the implications for GATS in the international tourism industry are of major significance if in the international negotiations real progress can be made to liberalize market access and give all operating companies equal national treatment.

One the other hands, it is too early to discuss the opportunities of the international tourism liberalization until addressing obstacles and challenges to the development of tourism promotion.

The aim of this paper is to articulate the clear nature of the GATS agreement and to bring out the obstacles, challenges, and opportunities of the international hotel tourism industry under the international agreement named GATS, hence the identified issues shake the minds of tourism policy makers and tourism services providers as well as its recipients for better preparation.

III . Hotel and Tourism Industry Under the GATS

Hotel Industry

Hotel industry has been in the forefront of opening barriers and encouraging and assisting the movement of travellers for the last fifty years. International hotelkeeping in itself facilitates the movement of people, trade and money-the very essence of GATS. Under-developed tourist

locations benefitted from new infrastructure, expertise, technical know-how, new employment, training and education and the provision of modern business and leisure facilities to stimulate local trade and the community. Hotel enterprises earned foreign currency.

Under the GATS hotel industry may experience following deregulation. First of all, many countries require joint venture arrangements where local partners are given superior authority with regard to ownership, management and control. Differing conditions appertain to state investment and government subsidies. Secondly, in many cases international companies are prevented from fulfilling their full role in exercising unfettered management control. this often causes conflict between manager and local investors. Third, Adoption of visa entry regulations and limiting carrier capacity reduces visitor volumes. Fourth, often management and corporate fees cannot be remitted due to lack of foreign currency or bureaucratic procedures. Fifth, High duties and local product preferences create difficulties in equipping hotel to uniform global standards. Sixth, Often hotels made uncompetitive by penal fiscal policies which deter visitors and reduce commercial viability. Seventh, the development on global scale of world hotel brands demands an easing of market access and trading discrimination between countries in order to provide uniform products and services in a quality way. If different regulations for operation and control apply in different territories it is impossible to provide a consistent offering required by a brand definition. this partly explains the development of franchising which avoids many of these concerns but does not generate consistency high standards of customer care.

Tourism Industry

The value of the international travel market would be even greater were it not for the large number of non-tariff restrictions affecting travel and tourism services. Government regulations applicable to travel and to the business operations of tourism-related firms inhibit the expansion of international tourism. The barriers confronting international tourism are many and varied. Some are peculiar to individual aspects of tourism, such as customers regulation, documentation formalities, and regulations affecting transportation, lodging and travel agencies. Some are more general in nature and apply to several aspects of tourism, such as market access and operation of subsidiary companies. Most of the obstacles do not lend themselves to quick solutions,

particularly when actions are required by national legislatures or other deliberative bodies.

A number of political, economic and social factors influence government actions and regulations affecting tourism. Travel advisories are issued or bans are imposed from time to time for political reasons. It is common, for example, for governments to prohibit travel to war zones or to territories of hostile nations in which the government has no means of protecting the life and property of its citizens. Special precautions also may be taken when outbreaks of contagious diseases occur in foreign countries, and these measures may result in discouraging or inconveniencing tourists. Also some burdensome practices, such as inspection of luggage and body searches, may be instituted for passengers' safety and security and to prevent smuggling.

Government monetary and financial policy goals operate to the disadvantage of foreign owned travel and tourism businesses. Exchange controls and restrictions on remittance of earnings tend to discourage the establishment of businesses by non-nationals. Investment laws which require minimum ownership by local nationals are intended to promote domestic economic development. Restrictions on the use of foreign-made promotional and advertising materials also are intended to stimulate local business enterprise. Discrimination against advertising materials also are intended to stimulate local business enterprise. Discrimination against the activities of non-established businesses often is designed to encourage inward investment and employment of local nationals. In some countries, tourism promotion offices are established as government monopolies, and private foreign companies are excluded to assure full control of the business.

Two of the main issues for tour operators, travel agents and other tourism businesses are denial of market access to foreign companies and discriminatory treatment of subsidiaries of foreign companies. In addition, of major concern to tourism and other service-oriented businesses are restrictions to trans-border data flows affecting information on flight, hotel and tour availabilities and reservations. Other important issues for international tourism are overly restrictive foreign exchange controls and limitations on the transfer of funds and repatriation of profits.

For travelers, and consequently for travel and tourism businesses, another set of important issues are those which constitute disincentives to international tourism and to purchases by tourists while abroad. These include difficulty in obtaining visa and passport approval, restrictive duty-free allowances for returning residents, and travel delays and inconveniences caused by

discriminatory treatment of airline ground handling and computer systems. the main question is what can be done to reduce or eliminate these obstacles to international trade in tourism and to ensure that at least the GATT countries do not impose new measures that would adversely affect businesses. It is clear that unless the GATS is successful in facilitating tourism, tourism companies will continue to be unable to market their services adequately.

IV. Adapting to the GATS

Increasing developing-country participation in tourism-services trade in an effective manner will require the adoption of a new generation of trade policies. In this endeavor, developing countries face the challenge of identifying and implementing policy instruments to foster national competitive tourism-related service firms, identify and overcome barriers facing the existing and potential exporters to reach final consumers in the most profitable tourist-originating markets, and to explore and develop strategic alliances through innovative mechanisms and schemes of international cooperation and integration in services with the main trade partners, to stimulate more investment and trade opportunities in tourism fuelled by the free flow of capital, technology and people as consumers and providers of services. To undertake such a venture, three main topics are crucially important for policy decision making in developing countries: (i) the fostering of a dynamic, efficient and competitive domestic service sector; (ii) the effective access to, and use of, information networks and distribution channels; (iii) the facilitation of movement of people as service providers.

Fostering a Competitive Tourism Sector

A prerequisite for an efficient and competitive performance of the tourism sector lies in the existence of well-functioning support sectors, in particular infrastructure (telecommunications, transportation, public utilities), public services (health, education and security-related services (e.g. consulting management and engineering)). In view of this, any strategic option for developing the tourism sector has to be conceived with a comprehensive perspective so as to ensure the

efficient linkages(backward and forward) of production with the marketing of tourism products in domestic and international markets. In this respect, it is necessary that such policy options consider as a key element the recognition that an efficient linkage of all the economic sectors be based on the adequate use of market mechanisms and strategic business alliances.

An innovative way to develop the service sector in an export-oriented perspective is the adoption and implementation of strategically oriented trade-policy devices. This new generation of policy instruments constitutes the Strategic Commercial policy(SCP), which encompasses both the autonomous and the contractual trade policy. Its implementation rests upon the use of market mechanisms and competitive advantages of domestic service-supplying as a means to increase their participation in international service markets

The crucial impact of both backwards and forwards linkages of the tourism sector and ancillary with other sectors of the economy such as agriculture, construction, transportation, financing, telecommunications, and professional services, in a context of globalization and internationalization of markets has increased the importance of reorienting, the development of strategies for tourism. Furthermore, taking into account that for many developing countries tourism and related services provide the main source of foreign currency and employment, such development policies should be aimed at bringing about four interrelated effects:

- (a) the value-added effect by retaining increasing proportions of value-added through the incorporation of local inputs, i.e. goods and services produced by domestic firms and local professionals;
- (b) the transfer-of-technology effect by increasing the capacity of countries to use, adapt, innovate and incorporate technologies, especially new information technologies in the production processes;
- (c) the positive foreign-exchange effect, by the generation of increasing proportions of foreign currency as a result of increasing trends in these exports and to propitiate the inflows of foreign investment, while simultaneously reducing the imported component of tourism services;
- (d) the skills-upgrade effect, through increasing the participation of local workers at all levels and by the reduction of foreign staff.

Experience suggests that as a modern tourism industry draws on the country's infrastructure

and many other sectors, the more developed and complex the rest of the economy, the greater the economic gains and the capacity to retain the value-added in the country. Moreover, through an increased participation of developing countries more tourism-generated wealth could be retained in the destination countries.

The formulation of a strategic commercial policy for tourism will have to be compatible with Art. XVI of GATS concerning the policy devices to be used for making market access attractive to foreign partners and with Art. XVII on the conditions under which national treatment might be granted. Furthermore, in the context of the ongoing liberalization of the tourism sector, developing countries also require a general competition framework encompassing adequate rules for the promotion of competition (establishing the rules of the game) particularly in a more competitive environment such as the tourism sector. Another important element to be considered are the ways and means to stimulate the production capacity, by making, within a limited time frame, selective and rational use of subsidies and incentives to develop their export capacity and to attract foreign investment.

Due to the strong backwards and forwards inter linkages of tourism and ancillary services with other sectors and economic activities, and in order to stimulate the above four interrelated effects, tourism policy makers should consider the need for some additional elements to complement competitiveness of the tourism industry.

- (a) The modernization and/or updating of the regulatory framework and programmes to support tourism

This will include a single law for the development of the tourism industry within the framework of a master plan of development for tourism. This effort should be complemented by changes in the legal framework of other activities such as transportation, telecommunications, high-value-added services, immigration laws and customs procedures to facilitate tourist flows, and public services.

- (b) strengthening the institutional capacity within the public and the private sectors. This is mainly related to the implementation and coordination mechanisms in the implementation of a master plan aiming at developing and/or carrying out tourism policies. Another important component of this institutional effort includes the strengthening of the

negotiating capacity at the bilateral, regional and multilateral level, and to ensure an effective and active participation in the ongoing and future negotiations.

(c) Adoption and effective application of international standards and rules

This aspect is mainly concerned with the adoption, implementation and effective use of international classifications of tourism establishments including hotels, restaurants, travel agencies, tour operators, and future negotiations.

(d) Strengthening competition rules or creating a more competitive environment

This includes:(i)the adoption of a law on the promotion and protection of free competition (anti-trust)in order to avoid fixing prices or geographical allocation of the tourism market;(ii)unfair competition legislation to avoid misleading advertisement on the kind or type of tourism services being provided protection devoted particularly to the information on the services that tourist agencies, operators, hotels, etc. provide to the highly specialized type of consumers.

Access to and use of Information Networks and Distribution Channel

Tourism is a sector where the importance of access to, and use of global distribution systems(GDS)as channels for providing services has generated considerable discussion over the past years. GDS are computerized systems that allow the display of availability, reservation and ticket issue for tourist products on an international scale. It has become increasingly important for the producers of tourism services to access to such distribution systems to participate effectively in many segments of the tourism market. As the global distribution systems evolve and compete with one another, the range of services they offer have multiplied. Beginning with reservation of air tickets, and extending to hotel bookings, ferries, tour operations and other services, these systems often provide the travel agent with back office accounting and management services.

There are information and network service providers who supply their services to clients in a

variety of sectors in tourism-related activities. For example, SITA operates one of the world's largest international data networks, providing an extensive range of telecommunications and information services to a broad customer base that includes international airlines, major reservation systems, large hotel chains, tour operators, airports, transport companies, multinational organizations, and car rental firms. Its services include a wide range of telecommunications products, mobile air-ground communications, and airport services.

Computerized reservations systems(CRS), the earlier form of GDS, provide on-line facilities for travel agents to make airline reservation and issue tickets. The systems are owned by major international airlines, and the early years of the use of CRS also evidenced a number of anti competitive practices including a bias in display in favour of the owner airlines. ICAO lists the following among the possible barriers to trade that could result from discriminatory behaviour on the part of CRSs:

- * priority accorded to the display of information of certain airlines
- * abuse of code sharing
- * unreasonable contractual conditions with certain travel agents for displaying their products, and
- * technical and commercial obstacles for limiting information on certain countries.

The United States in 1984 and the European Community in 1989 enacted legislation to ensure neutrality of information in the display of CRSs. However, subsequent studies have pointed out that although the display is neutral, there is a "halo effect" generated by the CRS in favour of the owner airlines, through the volume of additional business generated by the CRS and by the use of training methods that favour reservations by a certain company.

With respect to the use of GDS, small suppliers of tourism products, especially from developing countries, face a large number of difficulties. First, as late comers in the market, it is virtually impossible for developing country firms to create a new global distribution system. this is because in setting up a system experience in reservation, technological mastery and financial means are crucially important. In fact, the more recent systems are updates of the older systems. As the market for global distribution systems in Europe and the United States have reached a situation of saturation and high concentration, it is difficult to persuade the

current users to switch to a new system. The critical mass necessary for the launching of a system taking advantage of the economies of scale is so large that developing countries find it difficult to consider this as a possible alternative.

Second, although the display of information on CRSs is strictly speaking neutral, the system tends to work in favour of bigger airlines that have larger number of flights. Developing country airlines, and smaller airlines in general, are less frequently present on the screen.

Furthermore, small airlines and tour operators find the booking fees of the CRSs prohibitively high as are unable to take advantage of the reduced fees that arise from larger number of bookings. Here facilitators -in the form of intermediate firms or associations of small users- could play an important role in linking themselves to the reservation systems and making all the bookings for their subscriber firms, thus taking advantage of the reduced booking fees that come with larger number of bookings. Also, the optimal use of GDS requires an efficient "back office system" which is insufficiently developed in several developing countries, making their tourist and air transport enterprises less efficient.

Producers of tourism products increasingly use national distribution networks which are connected to GDS. This is less expensive, and travel agents are able to access the information through multi service terminals that allow the user to access a variety of information sources using the same terminal. Esterel in France, Start in Germany and Savia in Spain in Spain are examples of this. The development of national GDS would be an important step for many developing countries to negotiate effective access to international information networks in this area.

The final sale of tourism products in several developing countries is currently being handled primarily by international tour operators who contract hotel rooms from domestic hotel and resort owners in advance of the tourist high season. Hotel owners do not have the resources to invest in international advertisement campaigns and depend on tour operators for the resale of rooms in the international markets. This gives tour operators an upper hand during negotiations as the operators basically set the price and conditions. Information networks may provide developing countries with a way to present and sell their products to an international audience. As the end-user begins to increasingly access the service providers directly over a highly interactive media interface, the role of intermediaries will begin to diminish. Virtual tourist applications on the Internet allows the potential customer to coordinate his travel needs through online network

services, and this may provide small hotel owners in developing countries to establish direct contact with any Internet customer. However, in order to make effective use of such new trade opportunities, there is a need for change in attitudes towards networking as well as in the direction of proactive promotional policies. Here, once again, facilitators-in the form of intermediate firms or trade associations-may have a useful role to play.

To access effectively the international tourism market through information networks and distribution channels, developing countries may need to take into account the following imperatives;

- * enhance the tourism products that can be traded through GDS, including through the improvement of necessary infrastructures and strengthening of human resources,
- * develop commercial agreements of GDS through local partnerships, e. g. with local airlines which have close knowledge of local market conditions and enterprises,
- * seek at an international level solutions to the problem of booking fees(one such possible solution may consist in the travel agents paying for the bookings and the tourism service providers being free to reimburse them through a system of commissions),
- * seek direct connections with the airline through "direct-connect-sell",when such facilities become available, and
- * encourage the emergence of entities that facilitate the participation of small tourist operators in GDS by functioning as intermediaries.

One of the areas where multilateral efforts may be necessary would be the standardization of the electronic means of distribution of tourism services. There is a pronounced need for standardization of interfaces and of systems so that the cost of linking to a GDS can be reduced. Standardization with respect to the quality of distribution provided by the systems is also necessary. If true globalization of GDS is to be achieved, multilateral efforts would need to address making such systems accessible to countries with weaker purchasing power.

Movement of Natural Persons

Negotiations on movement of natural persons are still under way within WTO/OMC. Most

countries have had no problems in allowing intra-corporate transfers and high-ranking personnel. However, the rich endowment of qualified people, one of the most important issues for developing countries is the movement of persons without commercial presence. In this connection, what developing countries are looking for as a result of the negotiations on the movement of natural persons in the GATS framework, are not changes to facilitate the permanent immigration of manpower but to allow a temporary relocation of skilled persons, who will benefit the countries they are working in and their own country when they return. In the case of the tourism sector, this would imply the free movement of categories of individuals like chefs, hotel maintenance personnel, telecommunications and software experts, travel professionals and alike. The commitment under GATS leave much to be desired. In some cases these categories have not been offered and Where it has been, the offers are highly restrictive, i. e. subject to conditions like sectoral limitations, labour market and/or economic test.

V. Conclusion and Discussion

It can be concluded for the benefits of the services liberalization as follows: (1) an efficient services infrastructure is a precondition for economic success. Services such as telecommunication, banking, insurance and transport supply strategically important inputs for goods and services in the hospitality and tourism industry. Without the spur of competition they are unlikely to excel in this role-to the detriment of overall economic efficiency and growth. An increasing number of governments thus rely on an open and transparent environment for the provision of services. (2) access to world-class services helps exporters and producers in developing countries to capitalize on their competitive strength, whatever the goods and services they are selling. (3) there is strong evidence in many services, not least telecoms, that liberalization leads to lower prices, better quality and wider choice for consumers. Such benefits, in turn, work their way through the economic system and help to improve supply conditions for many other products. Thus, even if some prices rise during liberalization, for example the cost of local calls, this tends to be outweighed by price reductions and quality gains elsewhere. Moreover, governments remain perfectly able under the GATS, even in a fully liberalized envi-

ronment, to apply universal-service obligations and similar measures on social policy grounds. (4) A country's commitments in its WTO services schedule amount to a legally binding guarantee that foreign firms will be allowed to supply their services under stable conditions. This gives everyone with a stake in the sector-producers, investors, and users- a clear idea of the rules of the game. They are able to plan for the future with greater certainty, which encourages long-term investment. (5) Services commitments at the WTO help to encourage foreign direct investment (FDI). Such (FDI) typically brings with it new skills and technologies that spill over into the wider economy in various ways. Domestic employees learn the new skills (and spread them when they leave the firm). Domestic firms adopt the new techniques. And firms in other sectors that use service-sector inputs such as telecoms and finance benefit too.

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