

Asia Pacific Economic Cooperation
Tourism Working Group 44th Meeting (TWG44)
Cusco, Peru, 9-10 April 2014

Summary Record of Discussion

1) **Welcoming, opening remarks and introductions**

Vice Minister welcomed delegates and hoped for fruitful discussion of TWG. He highlighted some agenda items of interest such as: travel facilitation, connectivity, and taxation which he thought had extreme importance for developing and maximising tourism potential in APEC Economies.

Ambassador Patino, Peru's Senior Official to APEC, welcomed delegates to Peru. He underlined the huge potential of tourism industry in the APEC region. He made reference to sustainable development as being high priority not only in APEC but also Peru's policy. Tourists' arrival from APEC has increased 136% in the last decade. He highlighted the meeting agenda items on preparation for TMM8, TWG strategic plan, connectivity and TFI. He also encouraged cooperation with private sector. He envisioned that the 2016 APEC year, chaired by Peru, would provide continuity on tourism cooperation.

Ms. Cristina Alegria, Deputy Lead Shepherd, provided her views on what the meeting would discuss, including: cross-cutting issues and need to work with other fora, and two important deliverables, the API and TTP. She also highlighted the need to work more closely with the private sector, which was well represented at the meeting by: WTTC and AICST.

2) **Adoption of the Agenda**

The Chair explained the draft agenda for the meeting and invited inputs/comments from members. No comments were raised so the agenda was adopted as document no: 2014/TWG44/001

3) **Business Arrangement**

The Chair invited meeting participants to introduce themselves. 14 Economies participated at the meeting: Australia, Chile, China, Indonesia, Japan, Korea, Malaysia, Mexico, Peru, the Philippines, Chinese Taipei, Thailand, United States and Viet Nam. Guest participants are: Colombia, Macau – China, WTTC, AICST, TRC Tourism and KPMG. The list of participants can be found under document: 2014/TWG44/PL.

The host provided logistics information for the TWG members.

4) **Report of the Secretariat**

Mr. Pangeran Ibrani Situmorang, Program Director, presented a report from the Secretariat on key developments in the Secretariat, including cross-cutting issues, project management, and future activities. He also briefed the meeting on the Policy Support Unit's 2014 Economic Trend Analysis. He invited members to read the report, and to access the reference document as contained in the document: 2014/TWG44/013.

He invited Mr. Raymond Salter from TRC Tourism, the contractor for the independent assessment to brief the meeting. Mr. Salter introduced himself and his plan. He presented his views about the challenges in tourism work due to the cross-cutting nature of the tourism industry and that it is not easily defined. Therefore, the tourism sector struggled to gain importance, for example, as compared to the manufacturing sector. He underlined the need for synergies with other working groups. While the TWG is still working well, there may be room for improvement. He would discuss TWG performance, values and inputs with

individual members during the course of the meeting. He planned to circulate a draft report in early May 2014 for consideration by TWG members.

5) **APEC 2014 Priorities**

China briefed the meeting on APEC 2014 priorities. She also briefed about dates of key meetings (Leaders, Ministerial, and SOM). She announced TMM8 will be held on 13 September 2013 in Macao, China. Her presentation is recorded as document 2014/TWG44/031.

Peru, as the host of WTTC Americas Summit, sought the reconsideration of TMM8 dates which is too close to the Summit, 10-11 September 2014.

6) **2014 Work Plan and Mid-Term Work Plan**

The Lead Shepherd, briefed the group about the current status of the mid-term work plan and strategic plan. He called for revision of the strategic plan to reflect new situations in travel and tourism industry. He was of the view that the existing pillars of strategic plan and mid-term work plan are still relevant and needed to be updated.

The Secretariat informed the participants about the request from the Standard Committee on Ecotech (SCE) for all working groups to improve their Strategic Plan. He also informed that the Secretariat will be able to provide support for the group in this exercise, taking into advantage the consultant funded by US-ATAARI.

The meeting noted the written inputs provided by the Papua New Guinea (Document 2014/TWG44/017)

Decision/Follow-up:

Champion Economies will lead the review of the APEC TWG Strategic Plan. They will provide preliminary inputs by Friday 2 May 2014. The Secretariat will provide reference documents and advice to the champion economies.

7) **Travel Facilitation Initiative**

The USA, representative of TWG to the TFI Steering Council, provided her report on TFI development. The report is available under document 2015/TWG44/007. The US will pursue the airport partnership program through the Tourism Working Group with the emphasis on tourist-friendliness for airports. She also encouraged other members to sit in the steering council so that the TFI could have broader participation and support in APEC.

8) **Cross-cutting Issue Coordination**

The Chair highlighted the need for the TWG to work with other WGs as tourism issues are often cross-sectoral, such as the TFI. He suggested member economies establish or continue closer collaboration with the relevant TFI agencies within each economy.

In this context, the Secretariat briefed the group on the request by APEC SOM Chair of China for all relevant APEC fora/Working Groups to provide inputs to the connectivity blueprint. APEC Policy Support Unit has prepared a template form Connectivity Blueprint Request for Information (RFI) which was tabled as Document 2014/TWG44/018. He also informed the meeting about a Symposium on Connectivity Blueprint to be held on May 13, 2014 in Qingdao, China and encouraged participation by TWG representatives at this symposium.

Decision/Follow-up:

It was agreed that member would provide their first inputs by 18 April 2014 to the Secretariat. Thereafter, the Secretariat will circulate a consolidated draft for the next round of discussion by 25 April 2014.

9) **China to brief on TMM8 Preparation (Substantive)**

China presented the preparation for TMM8 which will have the theme of "Building a New Future for Asia-Pacific Tourism Development and Cooperation." The theme will have five

sub-themes which further elaborates the point. In advance of the TWG45 and TMM8, a workshop will be held, although the topic has not been decided. China, with the advice of the TWG members, will decide on the workshop. The presentation is available as document 2014/TWG44/029.

Malaysia suggested the agenda be in line with the TWG strategic plan and the key outcomes from the High Level Panel Travel Facilitation Initiatives. It is also suggested that the AELM Leaders' Statement could have some reference to TWG work.

The Chair informed the meeting about two deliverables that were discussed and endorsed in 2013 to be presented to the TMM8, namely: Impact on Trusted Traveller Programs in Tourism in the APEC Region (2014/TWG44/015), and Advance Passenger Information: A Mechanism for Better Border Control Supporting Tourism and Business Growth in APEC (2014/TWG44/016).

Follow-up:

TWG Members to provide China on the topics for the pre-TMM8 Workshop.

10) **Macau, China to brief on TMM8 Preparation (Logistics)**

Macao, China presented on the preparation and plans of Macao, China to hold the TWG45 and TMM8. The presentation included the venue, dates, program, and hospitality arrangements. Presentation is recorded as document no: 2014/TWG44/028.

11) **Presentation of “Lessons Learned” from 2 volunteer member economies on the implementation of the strategic directions and actions of the first priority area (“Tourism as an engine of growth and prosperity in the APEC region”)**

Mexico presented its recent policy development which promoted an integrated approach to support tourism as a strategic industry in the economy. Mexico formed a tourism cabinet which comprised of relevant government agencies, business communities and the non-governmental organization addressing cross-cutting issues that will support tourism. The presentation is available as document 2014/TWG44/019.

12) **Presentation of “Lessons Learned” from 2 volunteer member economies on the implementation of the strategic directions and actions of the second priority area (“Inclusive growth in the travel and tourism sector.”)**

Peru presented Public Policy on Social Inclusion and Sustainable Development of Tourism

He underlined the importance of implementation for this to have effect, and presented three programs: tourism rural community development, products from our region, and for tourists our products. He explained some measures to ensure local population reap benefits from tourism, such as through joint planning and implementation by government, local authorities, and local population. His presentation is available as document 2014/TWG44/014.

13) **TWG 03 2011A: “Sustainable Development of Tourism Destinations”**

Australia briefed the meeting about the conclusion of project 03 2011 A in February 2014, which resulted in the research report, the Tourism Indicators User Manual and the Tourism Sustainability Assessment Tool. She invited TWG members to read the report and use the tools available through the APEC website at http://publications.apec.org/publication-detail.php?pub_id=1513. She encouraged Member Economies to provide feedback and share outcomes with the TWG. She also thanked the co-sponsors Chile and Russia, and passed her thanks to those Member Economies who participated in the Delphi surveys and provided feedback on drafts. She also noted the important work of the APEC Secretariat aiding the completion of the project.

14) **TWG 01 2013A: “An Assessment of the Role of Taxation in Promoting Travel and Tourism Growth in the APEC Region”**

Mr. Canizal of the Philippines as Project Overseers briefed on the background, development, and implementation plan of the project (Document 2014/TWG44/011). He thanked the

participants of the workshop on 8 April 2014 for their active contribution. He also thanked WTTC for their contribution as the co-sponsor of the project as endorsed by the APEC SOM. He invited the contractors from KPMG to provide briefing about the outcomes of the workshop.

Mr. Seccombe from KPMG thanked the participants for their inputs. A key issue would be to determine the economic sectors to be compared with travel and tourism industry. He mentioned key works to be done to advance the project: identification of economic sectors to compare, stakeholder identification, and stakeholder interview. A draft questionnaire has been prepared and will be shared with the participating economies for their inputs.

Some members: Australia, China, and Mexico conveyed that they would need to consult their capitals on the questionnaire in order to confirm their further participation. Some additional economies expressed their interest in joining the survey.

Decision Points/Follow Up:

Economies to confirm their participation and provide feedback (on stakeholder and questionnaire) to the Philippines and KPMG.

KPMG to provide the Philippines with the proposed key sectors for comparison.

15) **Proposed Project on Tourist-Friendly Airport**

The United States presented a concept note on tourist-friendly airports as document 2014/TWG44/002. The proposal has been discussed with the US representative in the Transportation Working Group. Upon endorsement, the concept note will be circulated to relevant working groups for endorsement/support. She sought endorsement and co-sponsors in addition to Mexico. The Philippines expressed its readiness to become co-sponsor of this project.

Decision Points/Follow Up:

The concept note is principally endorsed, and more co-sponsorship is welcome. Inter-sessional discussion will take place to finalise the concept note to be submitted for project session 2 of 2014.

16) **Proposed Project on Connectivity Within APEC Region**

Mr. Alex Rayner of Thailand presented the concept note on Developing Air Connectivity within the APEC Region (Document 2014/TWG44/012). The objective is to identify the gaps in air connectivity within APEC region and to recommend possible solutions especially between the Latin America and the Asian economies to promote travel and tourism. Thailand sought more co-sponsor for the project, and the Philippines announced its co-sponsorship to this project.

Decision Points/Follow Up:

The concept note is principally endorsed, and more co-sponsorship is welcome. Inter-sessional discussion will take place to finalise the concept note to be submitted for project session 2 of 2014.

17) **Project Under Consideration Session 1 2014: “Developing ‘Smart Traveller’s Programmes to Facilitate International Travel in the APEC Region”**

The Secretariat briefed the group about the status of this concept note, which had already been submitted for project session 1 2014. The results of the process would be available at the end of April 2014. Peru and Thailand reiterated their co-sponsorship for this project.

Decision Points/Follow Up:

TWG noted the presentation. The Secretariat will inform the results in due course.

18) **Briefing by TWG Members on Tourism Development**

Australia outlined recent changes to tourism responsibilities across the Government, with international tourism engagement moving to the Department of Foreign Affairs and Trade;

and tourism policy, programs and research moving to the Australian Trade Commission. She provided an overview of the Australian tourism industry and outlined the national tourism policy, Tourism 2020. She explained that economic diplomacy was at the core of the Australian Government's international engagement, with tourism playing an important role.

Australia briefed about the recent change in institutional handling of tourism issues by the Australian government. She informed the Australia's view of tourism being the heart of the international public diplomacy, which has great contribution. She mentioned about the latest national tourism strategy, high quality tourism, and addressing the labour availability in tourism sector.

Chile informed the meeting about its tourism products, the new tourism website that will help tourists in planning their visit.

China presented the group on the Chinese tourism revenues, as well as travel both inbound and outbound. She also introduced recent Chinese tourism law enacted in October 2014, which instructed among others the expediting of tourism development, and instituting tourism and leisure program for Chinese nationals. She also explained about development of quality tourism and brand building by China. Her presentation is available under Document 2014/TWG44/022.

Indonesia presented the 2013 Indonesia Tourism Performance (Document 2014/TWG44/023) in which he highlighted the growing middle class of about six million people. In addition to some characteristics of tourism in Indonesia, he highlighted the increasing international arrival and expenditure /foreign exchange earnings from tourism. He also touched upon the domestic tourism movement.

Japan explained the recent progress in tourism policy in Japan (Document 2014/TWG44/004). He introduced recent visa facilitation policy and its positive impacts on tourist arrivals from Malaysia and Thailand. Other key policy actions by Japan include: Muslim-friendly environment, multi-lingual signage, and tax-free shopping.

Malaysia presented the importance of tourism to its economy as the second major foreign currency earning after manufacturing. Malaysia also recorded increasing trend of international tourist arrival and receipts thereof (2001-2013). She introduced key achievements as well tourism program in 2014 marking the Visit Malaysia Year. Her presentation is available as Document 2014/TWG44/024.

Peru presented the consistently increasing trend of international tourist arrival to Peru from 2008 to 2013, including that from APEC economies. In the same way, international tourism receipts, and air passenger traffic have also increased. He introduced diversification of tourism offer in Peru.

The Philippines presented its tourism performance in 2013 and first two months of 2014. He stressed that visitor arrival continue to demonstrate robust growth arising from the efforts undertaken by the Department of Tourism to forge convergence programs among various government agencies to support tourism growth, such as the infrastructure, transportation, and social welfare. He also highlighted the various international meetings in the Philippines for 2014, such as the ASEAN and UNWTO as well as International Conference on Tourism and Climate Change, and the APEC 2015 calendar of events. He also informed that 2015 will be Visit Philippines Year.

Chinese Taipei reported the noticeable increase of inbound international tourism in 2010-2013 as compared to 1976-2009. Between 2010 and 2011 foreign receipts from tourism was also consistently raising. Chinese Taipei also explained some key policy actions in visa facilitation for cruise passengers and establishment of muslim-friendly environment (Document 2014/TWG44/026).

Thailand presented its tourism performance 2013/2014 which covers key markets of international tourists, target from international receipts and its key actions, including travel facilitation and protection of tourists. The highlighted policy action was improving the protection for the tourist by establishment of tourist court, tourist police and tourist assistance center. Presentation is available as Document 2014/TWG44/027.

The United States presented its Travel and Tourism Report. The report points out the

importance of travel and tourism industry to the US economy, the significant bounce of tourists arrival to the US after 2003, and the top ten markets of tourism. The presentation is available as Document 2014/TWG44/010.

19) **Guest Reports**

Colombia tabled a report about development of tourism in Colombia, which is recorded as Document 2014/TWG44/005.

Macau, China briefed the meeting about situation and planning as well as positioning of tourism in her economy (Document 2014/TWG44/006). She pointed to the number of total arrival to Macau, China and the increasing total expenditure from tourism. She laid out 4 key strategic issues for 2014: community tourism, awareness campaign, quality tourism services, and tourism mater plan.

Mr. Kean from AICST presented on sustainable tourism especially related to the use of water. He put forward the water-energy nexus as critical in understanding the challenges of water and energy availability. His presentation is recorded as Document 2014/TWG44/020. As a closing, he mentioned that he is stepping down from the AICST Executive Director position, and informed that he will be succeeded by Mr. Stewart Moore. He briefed some challenges especially in terms of funding that AICST had faced after its establishment in 2002.

Mrs. Marano from WTTC presented views from private sector on the travel and tourism development globally and in the region. She highlighted three strategic priorities of WTTC: freedom to travel, policies for growth, and tourism for tomorrow. She also conveyed five messages for government. Her presentation is available as Document 2014/TWG44/021.

20) **Improving Inter-Sessional Decision Making Process**

The Secretariat briefed the members on existing TWG practices for decision making. He also informed the group on good practices from other groups that could be considered by TWG. He made reference to discussion with some members about the need to improve TWG decision making processes, in line with the ongoing independent assessment.

The Chair encouraged members to be more engaged in the TWG inter-sessional processes. He also invited views about finding specific APEC agenda on tourism that will not overlap with other arrangements, and also on setting some threshold number of responses before any decision be made by TWG. Some members welcomed the idea of threshold in response. Further discussion will be needed to improve the process.

21) **Future Meeting/Activities**

The Philippines expressed their intention to host the 46th Meeting of the TWG (TWG46) to be held in within the first Semester of 2015. The US suggested that TWG46 be held in the cluster of SOM1.

The Secretariat referred to the discussion at TWG40 whereby Viet Nam proposed to hold a TWG meeting in 2015. Viet Nam responded that they would need to have internal consultation first and provide confirmation on hosting TWG47 hosting before the TMM8.

Follow-up:

Viet Nam to provide its response at the TWG45.

22) **Other Business**

Thailand delegation adviser drew attention to PATAmPower, a statistical web based tool that aggregates travel and tourism indicators. He asked if a tool like PATAmPower contained travel and tourism data on APEC, would it be useful and used by TWG to monitor and measure impacts of tourism. He mentioned the possibility of developing a customised database for the 21 APEC economies. He will be able to provide proposal to TWG, if considered useful.

Chair reminded that such statistic tool should avoid the impression of ranking one APEC

economy against the other.

23) **Closing Session**

The Chair drew the meeting's attention to the documents list for their review (Document 2014/TWG44/000). No response was raised. The Chair reminded all members about the need to engage and be involve in all TWG processes. The meeting participants thanked Peru for their hospitality and excellent arrangement and the Chairs for their leadership.

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