

The 45th APEC Working Group Meeting

10-11 September 2014, Macao, China

Summary Record of Discussion

1. Mr. Du Jiang, Vice Chairman of the China National Tourism Administration (CNTA) delivered his opening remarks. In the speech, he encouraged the TWG members to explore new ways of thinking and new direction for the tourism development for member economies and the whole region by using the platform of TWG to strengthen communication, share experience, learn and draw reference from each other.
2. Mr. Li Shihong, Director General of Marketing and International Cooperation Dept. of CNTA, Co-chair of the TWG, tabled the draft agenda. As no amendment was proposed, the agenda is adopted as Document 001.
3. Mm. Zhang Xinhong, Deputy Director General of Marketing and International Cooperation Dept. of CNTA informed business arrangements for the TWG45. Participants introduced themselves.
4. Mr. Pangeran Ibrani Situmorang, Program Director of the APEC Secretariat, briefed the report of the APEC Secretariat. Full report was tabled as Document 002.
5. Mr. Zheng Kang from the Ministry of Foreign Affairs of China provided updates on the APEC 2014 priorities development.
6. Promoting tourism market integration of the Asia-Pacific Region
Mr. Li Shihong – All economies committed to development and economic growth. APEC members complement each other to provide unique brands and routes economic integration is significant because it affects global economic growth.
7. Integrated Development of Tourism and Other Industries
Tourism is highly competitive and vast industry, need to make full use of geographic. The Program Director provided brief summary about the result from the workshop on discussion, with some highlights on integrating tourism with other industries such as: agriculture, real estate, health, and pension care. The Philippines agreed that there needs to be synergy with other industries.
8. The Use of Technology for Smart Tourism.
The meeting discussed the use of technology to develop smart tourism in the region. Given the wide scope of smart tourism, it was understood that reference is made for technology directly used/enjoyed by travelers. All representatives agree to share with all member economies of the experiences in developing smart tourism. Korea, Russia, Thailand Indonesia, Japan, Australia, the Philippines, and Papua New Guinea expressed their support, and shared their experience with smart tourism. Some economies such as Indonesia and Papua New Guinea also shared some concerns about challenges that they faced in building smart tourism especially to cover remote areas.

The meeting took note of the discussion and agreed with the inclusion of the paragraph on smart tourism in the draft Macao Declaration.

9. Connectivity-related Issue
 - a) Tourism-relevant issues and the APEC Blueprint on Connectivity
China briefed on the development of the blueprint to follow up the decision of the APEC Leaders in 2013. The Blueprint will become one of key deliverables for APEC 2014. The Blueprint aims to put forward APEC cooperation in connectivity in the future. Connectivity is the priority area which APEC

FINAL

economies will work together on its three pillars: 1) Physical connectivity, 2) Institutional connectivity, 3) People to people connectivity. Draft Blueprint was issued following the SOM3 meeting in Beijing in August. Relevant working groups are requested to provide their views and suggestions, including the TWG. US provided their response on visa policies. Indonesia and Thailand expressed their support for this.

The meeting noted the briefing and requested all inputs to be delivered to China and/or the APEC Secretariat.

b) Travel Facilitation Initiative (TFI) Development

The US briefed the group on TFI development, aimed at making travel in the region easier, faster and more secure. TFI include 6 pillars: Airport Partnership Program, ABTC, Trusted Travelers, Passenger Security Screening, Advanced Passenger Information, and Checked Baggage Facilitation. TWG is working on the airport partnership program through the travel-friendly airports proposal.

The meeting noted the briefing from the US.

Conclusion: The meeting agreed on the inclusion of connectivity related issues in the draft Macao Declaration

10. Enhancing low-carbon tourism cooperation in the Asia-Pacific Region
Tourism is a typical green economy, should completely benefit to the people and should be a sustainable development. The Philippines and Thailand expressed their support for the notion. The Philippines made reference to relevant United Nations programs on this.

Conclusion: The meeting agreed on the inclusion of low-carbon tourism cooperation in the draft Macao Declaration

11. Tourism Key Message for 2014 APEC Leaders' Declaration
China informed the group of the proposed wording to be included in 2014 APEC Leaders' Declaration:
 - 1) *We will make efforts to achieve the target of 800 million international tourists among APEC economies by 2025.*
 - 2) *We call on APEC economies to attach higher importance to tourism and develop it as a pillar industry.*Australia provided their support for this wording.

Conclusion: The meeting approved the proposal and will include it in the draft Macao Declaration.

12. Briefing on the arrangement for TMM8 on 12-13 September 2014
Macao, China presented the preparation and arrangement for TMM8, and the presentation is available as Document 028.
In a different occasion, China briefed the meeting on the agenda item for TMM8.

The USA sought clarification on agenda item 7 especially in relations with agenda item 8, and agenda item 10.

Conclusion: The meeting appreciated the Macao, China preparation and excellent arrangement for both TWG45 and TMM8. Some amendment were made to the TMM8 draft agenda to clarify the differences.

13. Independent Assessment of the TWG

FINAL

Lead Shepherd provided his summary of the result of the assessment, in which identified 6 main topics of recommendations to SCE: 1) Strategic Plan; 2) Projects; 3) The Agenda; 4) Meetings; 5) Reports; 6) Collaboration.

Japan, Chile, Thailand, the USA, Australia, PNG, Mexico, Malaysia, the Philippines, PATA and AICST provided their responses, which mostly expressing in-principal approval.

Japan and Chile responded that they would need more time to study the recommendation, and pick which to adopt.

PNG, Malaysia, and the Philippines proposed that APEC Secretariat to prepare a template for reporting. At the same time the implementation of the recommendation could be done in phases; base on the ease of implementation. Lead Shepherd was of the view that he will need to discuss more with members on the sidelines of the meeting.

Lead Shepherd encouraged all economies to think about the assessment and recommendations and to feedback. He hoped to come up a concrete way to move forward by the end of the meeting.

The Philippines highlighted that some of the items are already implemented.

Australia and the USA proposed the need to set goals for implementation as well as timeline.

Conclusion: The meeting noted the presentation from the Chair and the results of the assessment. The meeting agreed to further discuss the recommendations, especially to identify what and how to implement. The Lead Shepherd will discuss the reporting format, the role of the Secretariat, and the way forward with members.

14. APEC Tourism Strategic Plan (2015-2019)

Australia was invited to brief the meeting on their proposal on Labor and Skills Development and Mobility to be included as a new priority in the ATSP. (Document 004)

After Australia's proposal, the Lead Shepherd continued to introduce the 4 pillars of new strategic plan. The Lead Shepherd briefed the TWG on his proposal for the next ATSP. The 2015-2019 Strategic Plan proposal included 4 pillars for actions and projects:

1. Promote better understanding and recognition of tourism as an engine for economic growth and prosperity in the APEC region;
2. Ensure sustainable and inclusive growth in the travel and tourism sector, by encouraging socially, culturally and responsible tourism;
3. Promote labor, skills development and certification through increased cooperation in order to develop the tourism workforce of the region;
4. Promote competitiveness and regional economic integration through policy alignment and structural reform.

Australia, Chile, the USA, the Philippines, Indonesia, and PATA provided their in-principle approval for the new pillars of the ATSP. The USA agreed, thanked Australia for their proposal and referenced links to the Connectivity Blueprint.

Chile related the pillar number two with its views of the need for convergence between tourism and local culture preservation in their strategic direction of economy. In addition, it also supported the move to develop air connectivity in APEC region especially between Asia and South America.

The Philippines supported Australia's proposal on Labor and Skills Development and Mobility. The Philippines also made emphasis on infrastructure development that would connect our different economies, eventually will be able to maximize the benefit of tourism.

Indonesia agreed with the importance of labour and skills development and raised the issue about methods to promote understanding of the value of tourism industry especially to local governments,

FINAL

and sought best practices from other economies, especially on the use of Tourism Satellite Account (TSA). Lead Shepherd proposed further communication and cooperation with UNWTO on TSA. Philippines suggested also to learn from advanced economies such as Australia, New Zealand, and the USA. The Philippines also mentioned Canada as an example to have implemented local TSA to determine the impact of tourism on local communities.

PATA supported the proposed elements for the next APEC tourism strategic plan, commended Australia's proposal and acknowledged that the new pillar on human capital development (labour and skills development) was consistent with their work. PATA also informed the TWG that it had been asked to participate in side meetings at the G20 in Brisbane in November this year. During which 4 subjects would be discussed, including Tourism. The other 3 were Digital Futures, Low Emission Economies, Life Sciences and Food.

Australia thanked the Lead Shepherd for his work on the Strategic Plan and thanked the economies that had supported their proposal. Australia suggested the TWG consider using Tourism Research Australia's Tourism Scorecard and associated State of the Industry report as a model for producing the State of APEC Tourism Report. This report had been useful in demonstrating the value of the tourism industry for the Australian economy to counterparts in other government departments like the Treasury.

Lead Shepherd – reminded the TWG that the newly proposed strategic plan avoid duplication of work undertaken by other international organizations or fora, so by that way, we build on what they are doing to support the work of TWG, be flexible, to modify in time, will get result from different actions, will combine them through actions from the different pillars, have the opportunity to be able to build a specific, tangible result.

Conclusion: The meeting endorsed the new four pillars of the ATSP. A draft will be circulated for members' consideration. The group will have further inter-sessional discussion on the ATSP, and sought the Secretariat to organize a teleconference discussion on this. The ATSP will be discussed and finalized at the TWG46 in the Philippines.

15. Lessons learned from the Implementation of the third priority area of the strategic plan “Sustainability of businesses and destinations by providing an enabling environment based in sound principles of sustainable tourism.”

Indonesia delivered a presentation on “Shaping Quality Destination through Destination Management Organization and Destination Governance” (Document 010).

Malaysia and the Lead Shepherd provided their responses and questions to Indonesia, on how to determine the nature of the destinations, financial implications, and engagement with local community. On destinations identification, Indonesia will identify the main potential of the destination and decide the proper type of management/governance. Indonesia also engaged the local community by raising awareness in order to get support. Program is to be funded through national funding.

Conclusion: The meeting thanked Indonesia for the presentation and noted the lesson-learned shared.

16. Lessons learned from the Implementation of the fourth priority area of the strategic plan “Efficiency and Regional Economic Integration through Policy Alignment and Structural Reform”

FINAL

Thailand made presentation about its strategy to reaffirm its path towards political stability. The strategy contains of six components: building confidence, providing facilitation, improving logistic, delivery of products & services, marketing, and revamping tourist attractions (Document 024).

The Philippines on how they have implemented the strategies and actions on “Economic Integration through Tourism Development” (Document 025). The Philippines identified some lessons-learned from their experience: convergence is inevitable for tourism success; working with other government agencies, private sector and local governments is needed to make tourism a viable socio-economic force; Policy and legal framework is necessary for convergence to happen; Strong leadership and support from the highest policy and decision maker is key; Priority should be accorded to tourism in rule making and budget allocation.

Conclusion: The meeting noted with appreciation the presentation and the lesson-learned shared from Thailand and the Philippines.

17. APEC project development.

The APEC Secretariat presented the Proposed New templates for WG/Sub Fora Prioritization and for Committee Ranking and Prioritization are introduced, with new criteria and scoring system which will the prioritization more objective and more easily measurable. (Document 019)

Responding to Australia’s question, the Secretariat mentioned that the criteria for the committee were set more from a strategic and cross-cutting approach.

The Secretariat also provided briefing on the general project management issues (Document 005). He explained key issues such as the results from Session 1 2014 and the available fund for Session 2. TWG projects submitted for Session 2 2014 were tabled under Document 018.

Conclusion: the meeting took note of the Secretariat’s presentation. The Secretariat will further inform about the results of project concept notes submitted for session 2 2014, and will also keep the group informed of the pilot scoring system.

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

The Philippines briefed the group on the development of the project which was now at the stage of finalizing the Report of Tax Policy Inventory. Chile, Indonesia, Korea, Peru and the Philippines participated in the exercise. The Philippines also mentioned about next steps. The Philippines invited the contractor from KPMG to provide more detailed briefings.

KPMG presented the result of their consultation with the participating economies which is presented in the Report. KPMG reported the finding of similar taxes across the participating economies although the rates vary. They also highlight the relative stability of the rates over the past 5 years.

Peru, Chile, Indonesia, Thailand, and Viet Nam expressed their support for the project. Viet Nam is interested to participate in the process. Malaysia, and Brunei provided their suggestion about incentives to the industry such as through allowance and duty exemption, and constructing investment incentives. Japan, Singapore, and Hong Kong, China provided their updates about the tourism related taxation system in their economies. They also expressed readiness to share information.

PATA raised the issue of APD (Airport Passenger Duty) that burdens the travel and tourism industry. He urged Ministers to voice their opinion during WTM in November about this taxation, which will hamper tourism outbound, and may set precedent for other economies. WTTC encouraged other economies to participate.

The Philippines – Concern that tourism will be used by government to increase tax income. In the Philippines, only foreign airlines are mandated to pay common carrier tax. VAT refund has been proposed to Authority as many other destinations are practicing. Appreciate the interest from Vietnam and Thailand to participate in the project: next phase is to apply economic modeling. Suggest other economies to promote this project to their financial authorities as it is a good platform to come up with a concrete proposal to move forward as we need to improve structural mechanism to support growth of tourism industry.

Conclusion: The meeting noted the report from the Philippines and the KPMG. Participating economies are to provide their endorsement for the project to move forward to the next step.

19. Briefing by TWG Members on Tourism Development in their Economies

All member economies provided their report of tourism development: Australia (Document 007), Brunei (Document 029), Chile, China (Document 021), Hong Kong, China (Document 017), Indonesia (Document 011), Korea, Malaysia (Document 030), Mexico (Document 035), New Zealand (Document 034), Papua New Guinea (Document 031), the Philippines (Document 026), Russia, Singapore, Chinese Taipei (Document 032), Thailand, the USA (Document 014), and Viet Nam (Document 006).

WTTC welcomes this agenda as a learning opportunities about latest development. Australia responded to a question from the WTTC, noting that following an initial review, game changing reform priorities to achieve the upper range of the Tourism 2020 Potential were being considered. The Australian Government would continue to deliver Tourism 2020 in partnership with Australian state and territory governments and industry. Hong Kong, China has already prepared mobile applications for users' convenience. Free Wifi is already available in different places for both locals and tourists.

20. Guest Report

Macao, China presented its report on tourism development (Document 013).

AICST (Document 008), PATA (Document 036), and WTTC (Document 37) provided their views and updates on their works.

21. Future Meeting/Activities

The Philippines briefed the meeting about their plan for TWG46 to be held tentatively on 14-17 May, 2015 in Boracay Island (Document 027). The dates and place may be changed.

Vietnam confirmed that it will host the TWG47 and will inform the tentative dates and place in due course.

The Secretariat will report on communication received from the ICE to introduce about their activities on Business Tourism (Document 016)

Conclusion:

The meeting noted the indicative dates and venue for TWG45.

The meeting took note of confirmation from Viet Nam to host TWG46 and look forward to further information on the dates and venue.

FINAL

The meeting took note the Secretariat's presentation on the introduction on business tourism from the ICE. Comments from member economies need to be sent to the Secretariat before next Friday September 19.

22. APEC Secretariat sought the participants' consideration on the list of the document classification. An input was received from the Philippines about the access of the draft report from its project. The document was endorsed with the amendment, as Document 000.
23. The Chair closed the meeting and thanked all participants for their active contribution. On behalf of all participants, the Philippines expressed their appreciation to the Lead Shepherd for his effective handling of the meeting, as well as to China and Macao, China for hosting, hospitality and excellent arrangement.

-oOo-