

**The 46th APEC Working Group Meeting
Boracay, the Philippines
17-18 May 2015**

Summary Record of Discussion

1. Welcoming, opening remarks, and introductions

Lead Shepherd (LS) Javier Esteban Guillermo Molina delivered his opening remarks. He expressed his happiness with the 2014 economic performance of the APEC Economies. He noted that the APEC TWG has an ambitious agenda. He also introduced the new Deputy Lead Shepherd (DLS) Jennifer Aguinaga whose candidacy was approved intersessionally.

Philippines, as the host economy, welcomed all the delegates and congratulated the lead shepherd for his works and also the new Deputy Lead Shepherd for her appointment. Philippines emphasized the benefit of hosting the APEC to the economy, especially with the theme of inclusive economies. He also provided tourism statistics and gave a short mention of the Taxation and Tourism conference that would commence on 19 May 2015.

TWG members from: Australia, Chile, China, Indonesia, Japan, Korea, Malaysia, Mexico, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States, and Viet Nam participated in the meeting. As guests, Macao, China; APEC International Center for Sustainable Tourism (AICST); International Air Transport Association (IATA); Incentive, Conference and Event Society of Asia Pacific (ICESAP); and Organization for Economic Cooperation and Development (OECD) were present.

2. Adoption of the Agenda

The LS presented a revised draft agenda which incorporated some changes from discussion during the Executive Committee meeting. The TWG adopted the agenda without further change. ([2015/SOM2/TWG46/001](#))

3. Business Arrangement

The Philippines as the host informed the meeting of the business arrangements.

4. Report of the Secretariat

Program Director of APEC Secretariat highlighted the results of the recent TWG meetings and reported on the key developments of APEC. His report covered highlights and key developments from TWG45: strategic directions from APEC Leaders/Ministers/Senior Officials, project updates, deliverables by and developments within APEC Secretariat.

The meeting noted the report from the Secretariat. (2015/SOM2/TWG46/010 [2015/SOM2/TWG46/026](#) and [2015/SOM2/TWG46/027](#))

5. Report on TMM8 and Minister's Declaration

The TMM8 was conducted in Macao, China, with over 150 attendees in 2014. The theme was Promoting Integration of APEC Market. Macao, China shared the five aims of the TMM8. Macao, China will continue its support to APEC and promote tourism.

The meeting noted the report from China. (2015/SOM2/TWG46/022)

6. APEC 2015 Priorities

The Philippines recalled its 1996 hosting of the APEC Leader's Meeting, with the vision: Better Living for its constituents. In 2015, the theme is "Inclusive growth" which the Philippines defined as "Everyone benefits, everyone contributes". The priorities include Regional Connectivity – Fostering participation of SMEs, investing in human capital, and building sustainable and resilient communities. The APEC Leader's Declaration 2015 will be outcome-based.

SOM Vice Chair gave his remarks and positive acknowledgement of what the TWG discussed. Lead Shepherd asked for SOM Vice Chair's support to transmit messages to the SOM on the importance of tourism industry. SOM Vice Chairs agreed, citing that tourism is arguably the most inclusive industry.

The meeting noted the briefing by the representative of the SOM Chair. ([2015/SOM2/TWG46/038](#))

7. TWG Programs for Sustainable and Inclusive Tourism

SMEs were identified as an important agenda item. SMEs play a big role in tourism. Philippines prepared a concept note for an SME study. A major concern is that SMEs do not understand the effect of free trade agreements because FTAs only affects big businesses. They recalled the Yokohama Declaration stating that SMEs should have access to global markets. It is also noted that tourism has the best opportunity to mainstream MSMEs.

Indonesia presented a summary of MSME facilitation in Indonesia. The Philippines also mentioned that there are many MSME facilitation initiatives in the different APEC economies but the challenge is how to collaborate at the APEC level.

At the request of the Philippines, Policy Support Unit briefed a concept note for a possible study on "Tourism SMEs and Inclusive Growth".

Philippines remarked there are supplier communities and destination communities and both are part of the tourism supply chain. Philippines also

introduced its One Step Project. Japan is concerned about travel safety. AICST offered to provide baseline knowledge, which PSU gladly welcomed. Malaysia commented that they need marketing and packaging skills and requested for the sharing of experiences. Thailand asked how the results of the study can be utilized. DLS inquired about the funding. The Philippines said that they would try to convince the PSU Board of APEC that it is a priority for funding or seek endorsement of the concept note for the next project management round.

Papua New Guinea said that they would like to know more about the One Step Project of the Philippines. Peru volunteered to co-sponsor the project. Chile agreed that tourism is a trade catalyst. Indonesia shared that not only government agencies should facilitate MSMEs but also local units. Lead Shepherd suggested to add “entrepreneurship” to the title.

The meeting endorsed the proposed concept note as commissioned by the Philippines. ([2015/SOM2/TWG46/016](#))

The Philippines will seek appropriate funding scheme to pursue the study concept note.

8. TWG Strategic Plan 2015-2019

The discussion was moved to the second day of the meeting with a view to incorporating final inputs and notes from the Champion Economies. Australia, Indonesia, the US and the Philippines supported the Strategic Plan and asked that it be first discussed in the meeting side-lines. LS made a reference to the decision from the TMM8 which in principle endorsed the four pillars of the strategic plan. LS acknowledged with appreciation the work of the champion economies. LS underlined that the activities can be adjusted according to the need.

Malaysia, Chile, Viet Nam, and Thailand congratulated the work by champion economies and the Secretariat. Malaysia sought clarification for the way forward. LS informed that the plan should be endorsed and LS would present it to the SCE. LS introduced the champion economies: Australia, Indonesia, Mexico, the Philippines, and the United States.

The TWG discussed the Strategic Plan for 2015-2019 to which all projects of the APEC TWG will be aligned for the next five years. Viet Nam also referred to APEC Connectivity Blueprint that the Strategic Action Plan should have specific element on people-to-people connectivity. LS and DLS explained that the people-to-people connectivity is covered throughout all the pillars. Viet Nam is invited to propose specific activities. Viet Nam proposed two activities: APEC Cruise Ships for APEC Youths and APEC’s Photo Contest for tourists. LS requested that these projects be aligned to one of the pillars. Viet Nam’s proposed activities were added to the strategic plan under the priority area “increased communication and the value of tourism”. Thailand suggested that the meeting approve the Plan in

principle so that more activities can be added in the future, to which US, Australia and Philippines agreed.

The meeting endorsed the Strategic Plan as a living document. ([2015/SOM2/TWG46/018rev2](#))

9. TWG Annual Work Plan for 2015

TWG Lead Shepherd briefed the group on the work plan and the intersessional discussion that was already concluded.

The meeting endorsed the annual work plan. ([2015/SOM2/TWG46/011](#))

10. Travel Facilitation Initiative

The USA updated the meeting that the TFI Steering Council mandate has been extended to 2017. The USA presented a self-funded concept note to review the TFI.

Japan said that PNR should be included in the TFI components in addition to API, as it will help facilitate processing of legitimate travelers.

Indonesia reported on their visa facilitation scheme.

IATA offered their assistance to work with member economies interested in implementing API/PNR.

Lead Shepherd welcomed the sharing of information between economies. Chile emphasized the importance of TFI. Mexico volunteered to send materials on relaxing visa for economic purposes.

USA commended Indonesia for following through on the previous outcomes of TWG meetings. USA also briefed the group about the role of the representative of TWG to the TFI Steering Council. Australia indicated its interest to be the TWG representative.

Lead Shepherd invited TWG members to appoint a new representative to the TFI Steering Council. Lead Shepherd also appealed for increased role of TWG in the TFI.

The meeting noted the briefing by the United States on the TFI. ([2015/SOM2/TWG46/003](#))

TWG members to endorse a new representative to TFI SC, noting the interest of Australia.

11. Mainstreaming of Ocean-related Issues (MOI)

TWG Lead Shepherd invited the Philippines to brief from their participation in the MOI meeting in Clark earlier in 2015. The next meeting for the MOI will be in Cebu, Philippines in 2015. The work plan of MOI will be endorsed by the SCE. TWG will need to submit its work plan as well. LS sought comments from Chair on whether and how TWG will participate.

Chile acknowledged the importance of discussing this issue for tourism and of exploring further work/projects.

OECD informed that they have specific stream of work about ocean economy and coastal tourism. They offered further sharing of information. The Philippines shared about balancing between ocean/marine economy and impact on tourism/environment. Thailand supported the Philippines. US shared about its project on Ocean and Fisheries Disaster Risk Management. Malaysia saw this as an opportunity to work with other working groups and cautioned about how much TWG will work on this. The Philippines suggested how different initiatives can be cascaded into TWG's plan. Russia also supported because ocean littering is happening very fast.

The meeting noted the report from the Philippines. ([2015/SOM2/TWG46/017](#))
TWG to seek volunteer economy to be a champion/representative to the Mol steering Council.

12. Housekeeping Issues/ Organizational Matters

At the LS' request, the Secretariat briefed the meeting on the TWG Terms of Reference and asked that members consider updating the Terms of Reference intersessionally. (2015/SOM2/TWG46/020)

The LS noted that 15 July 2015 is the deadline of submission of comments from different economies. Philippines suggested that the document align with the Strategic Plan and Australia agreed, noting that due consideration needed to be given to updating the Terms of Reference. Australia and the Secretariat highlighted the independent assessment report from last year as a valuable reference in this exercise. Indonesia, USA, and Philippines expressed support.

LS informed that he was approached by the World Economic Forum to start a dialogue with APEC Tourism TWG. They are interested in Smart Travellers and Open borders.

The meeting noted the briefing from the Secretariat and agreed to update the Terms of Reference intersessionally.

Secretariat to circulate the relevant documents to the TWG members.

TWG members to provide first feedback by 15 July 2015. A second round of input is scheduled until 15 August 2015.

13. Briefing on the Plan to Hold TMM9 and TWG 48

Peru announced their intention to host TMM9 and TWG49 in the first half of 2016. The theme of the meeting will be "Connecting Asia Pacific Tourism through Travel Facilitation". Peru highlighted their economy's characteristics that make them a suitable host. Peru proposed to hold a preparatory meeting during SOM1 2015. Peru proposed to circulate a draft document in July for group's consideration. ([2015/SOM2/TWG46/031](#))

Australia, Russia, the Philippines, Chile, Viet Nam, Malaysia, the US, and Thailand approved with Peru's hosting in the first half of 2016, with noting that the TWG should work harder and faster to provide deliverables by then.

DLS asked whether Peru planned to split the TWG and TMM in February and May, respectively. Chile proposed that a smaller-group/preparatory meeting be hosted on February/SOM1 instead while TWG and TMM be convened back-to-back as the past practices. Mexico supported Chile's suggestion. Japan needed further consideration and domestic consultation. Peru accepted Chile's suggestion.

TWG endorsed the plan by Peru to host the TMM9 and TWG48 in the first half of 2016.

Peru will provide first draft outcome document(s) at least one month before the TWG47 to allow members to review it.

Peru will provide further information on the tentative dates for the TMM9 and TWG48.

14. State of APEC Tourism

LS/Mexico suggested that the TWG produce a annual one-pager report on APEC Tourism Growth to be distributed during Leader's Week. The report will contain information such as important statistics, TWG projects, and key tourism information (such as UNESCO heritage). Russia supported and commented that OECD produces a similar publication every year so they may be able to help out. Indonesia, Malaysia, the Philippines, and Chile expressed support. LS sought assistance from partner organizations and TWG guests, including UNWTO and WTTC. IATA informed the body that meeting that have been producing a one-pager on the benefits of aviation industry and suggested that the same be produced but containing "outlook to the future". Australia supported the concept, noting it would help APEC economies demonstrate the importance of the industry. The US suggested the idea be socialised with the SCE/senior officials as they will be making recommendations to Leaders.

The meeting endorsed and supported this initiative.

The LS will work with relevant partners to produce a draft template for members' consideration at the next TWG meeting.

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

The Philippines gave an introductory statement on the updates on the project. KPMG as the contractor briefed the group on the final findings, which confirmed the likely negative impact that taxation on travel and tourism will have on economic growth. Subsequently, KPMG provided a more comprehensive update on the said project, citing the different phases and giving recommendations. Deputy Lead Shepherd asked how the demand was measured, which KPMG explained accordingly. Philippines added that the study had limitations that were taken into consideration. Korea, APEC PSU, Peru and Viet Nam also asked about other details on the taxation, such as price elasticity. KPMG, backed by

Philippines, explained. Philippines explained the process by which economies who participated in the study were selected.

The meeting noted the brief report and looked forward to the Conference to be held the next day. ([2015/SOM2/TWG46/021](#) and [2015/SOM2/TWG46/028](#))
TWG members – especially the participating economies – to review the draft report with respective agencies/stakeholders with a view to finalizing the report intersessionally.

16. TWG 01 2014A: “Develop Air Connectivity in the APEC Region”

Thailand gave a briefing on the development of the project in which IATA Consulting is chosen as the preferred contractor. IATA provided an overview of the benefits of air connectivity and plans for the project. Responding to the LS, IATA will need to consult their consulting arm to confirm whether the project can be completed before Leaders’ Week. Chile asked about the scope of the study. DLS asked about the difference between the “new” and “enhanced” air connectivity. The Philippines expressed its support for the project, especially for new routes and improved air connectivity, which was a recommendation from a previous TWG meeting. IATA explained that the available technology of the aviation industry today has technical limitations. APEC PSU asked about the definitions in the study, which they would discuss offline. Indonesia and Malaysia raised the question whether the study will be done at airport or economy level. Australia expressed support for the project and asked if the end product would include information to help airlines consider covering new routes. Lead Shepherd mentioned that the study will not only be useful to the tourism industry, but also to the transportation industry and other related industries. APEC Secretariat briefly explained that individual reports will be provided to all economies and encouraged all economies to work closer with the consultant especially in sharing information, as the key success to this project.

The meeting noted the project briefing and looked forward to supporting its implementation. ([2015/SOM2/TWG46/025](#))
IATA to discuss with the IATA Consulting on issues raised during the meeting and provided the information intersessionally.

17. TWG 02 2014A: “Developing Smart Traveller Programmes to Facilitate International Travel in the APEC Region”

Russia briefed the participants on the recent development of the project, whereby a meeting of experts was held in Moscow in April 2015. He also noted that they based the project on the Guidelines in Ensuring Tourist Safety from the TMM in 2012. The US looks forward to the development of the project. Lead Shepherd asked about the timeline of the project. Russia said that it would be ready by the TMM in Peru. Deputy Lead shepherd and Peru asked about the schedule of the workshop. The Secretariat suggested that the workshop could be held during a TWG meeting to allow participation of all TWG members.

The meeting noted the report from the Russia.

Russia to provide the TWG with the workplan of the project (following up the expert meeting) and the plan for the workshop in the second half of 2015.

18. TWG 01 2015: “Developing Traveller-Friendly Airports to Improve the Passenger Experience in the APEC Region”

The US gave a briefing on TWG 01 2015: “Developing Traveler-Friendly Airports to Improve the Passenger Experience in the APEC Region”. LS looks forward to the implementation of the project. IATA stated that the project is one of IATA’s key priorities and they will be happy to provide inputs. Lead Shepherd and Papua New Guinea asked about the timeline of the project. The US said that it will depend when they will get funding. Japan asked about the criteria for defining the “friendliness” of airports. Peru asked about volunteer economies. Philippines and Indonesia supported the project. Indonesia proposed its airport in Denpasar to be included in the project. DLS referred to APEC Secretariat on the schedule of the funding. USA also shared that the project has self-funding so it can be started even without waiting for APEC funding. Chile gave comments about friendly airports. Papua New Guinea expressed interest in the project. USA wrapped up on the project and connected it to TFI.

The meeting noted with appreciation that the project got the in-principle approval for funding. ([2015/SOM2/TWG46/012](#))

The United States will prepare the project proposal for review and endorsement by TWG members for circulation by the Secretariat.

TWG members especially the co-sponsors will provide quality assessment for the project proposal.

19. Proposed Concept Note on “Developing the tourism workforce through labour and skills development, certification and mobility in the APEC Region”

Australia presented their concept note on “Developing the tourism workforce through labour and skills development, certification and mobility in the APEC Region”, seeking endorsement from TWG members. Indonesia, Malaysia, Papua New Guinea, the Philippines, Japan and Thailand expressed support to the project. Malaysia, Papua New Guinea, and the Philippines volunteered to co-sponsor the project. The OECD welcomed the project and can provide complementary information for the study. Viet Nam shared that they are currently developing their Viet Nam Occupation Standards and they also expressed that they wanted to co-sponsor the project. Chinese Taipei asked about the scope of the project in terms of the kind/ level of work force it will focus on. Australia noted the HRDWG’s endorsement was also being sought and gave a closing statement.

The meeting endorsed the concept note. ([2015/SOM2/TWG46/004](#))

Four economies volunteered to be the co-sponsors of the project: Malaysia, Papua New Guinea, the Philippines, and Viet Nam.
Australia to provide a revised concept note based on the discussion for final submission to APEC Secretariat

20. Briefing by TWG Members on Tourism Development

The first presenter of country report is Australia. Their report gave an overview of their national tourism policy, *Tourism 2020*, and highlighted their visa policy reform and Restaurant Australia marketing campaign.

Chile's briefed on their tourism growth, key markets, and challenges (especially from disaster). Chile sought advice from APEC economies with experiences on Tourism Risk Management to share best practices.

China reported steady growth in 2014 and its programs on tourism mobility. Viet Nam asked China statistics related questions; however, China is unable to provide unofficial answers with the data on hand but promised to provide to Viet Nam.

Indonesia reported its strong growth in 2014 in both international visits and domestic tourism.

Japan briefed the meeting on the government's efforts to promote Japan as a tourism-oriented country and has already worked on their Action Plan. Japan also introduced tax consumption shops.

Korea reported its ongoing work to improve their infrastructure, specifically accommodation facilities. They are also fostering quality tourism content by promoting Hallyu-themed tourism products.

Malaysia reported on their positive growth in arrivals despite airplane incidents. This year's theme for Malaysia is Year of the Festivals. Malaysia also promotes voluntourism which is beneficial to them as well.

Mexico briefed the meeting on its effort to expand its attractiveness beyond beach destination, to include: gastronomical and cultural attractions. Mexico reported also on its work on infrastructure development.

Papua New Guinea's focus is on Cruise Tourism Development. They are opening a cruise tour with a span of less than two weeks. Indonesia and Mexico provided some advices to Papua New Guinea to consider also smaller vessels, diversity and innovation in the cruise islands.

Peru reported on the scheduling of their APEC hosting.

Philippines provided the meeting with key statistics and tourism policies.

Russia reported strong growth in domestic tourism, which compensates for the international visits and also increased their tourism competitiveness.

Singapore celebrated 50 years of tourism development in 2014 and they held several activities in the whole year. Their arrivals declined but their tourists are staying longer and spending more in Singapore.

Chinese Taipei reported strong growth with 23.3% growth in arrival in 2014. Chinese Taipei is also developing their cruise industry and muslim-friendly tourism.

Thailand introduced the 12 hidden gem cities which have potential to be new attractions.

The United States presented positive growth in 2014 as well as projection of strong growth until 2019. The US also introduced visa relaxation schemes for selected countries and sectors.

Viet Nam provided tourism statistics of their tourism and key tourism development.

21. Guest Reports

Macao, China reported its strong tourism growth, various tourism products and quality tourism programs.

AICST presented their Research-Projects on Crisis Management and Resilience, Water and Tourism, Leading Destinations, and Knowledge Management Portal. IATA updated on the state of the industry and improving passenger experience. They also presented their Fast Travel Program.

ICESAP participated as a one-off guest participant, and presented on their Accreditation Scheme as an industry self-regulation system that will support the growth of meeting and incentive tourism. They sought interested economies to nominate a representative from their economy to be a part of the Board of Governance of their accreditation scheme. Malaysia expressed their support and would coordinate with their Convention Bureau regarding this.

OECD explained their role in tourism, mostly on policy analysis. They currently have a study on sharing economy in tourism. OECD informed meeting about their open government data portal that will allow economies to make well-informed policies.

22. Future Meeting/Activities

Responding to the withdrawal of Viet Nam to host the TWG47, LS invited any member economy to volunteer. On a short notice, Thailand volunteered to host in Chiang Mai in August 2015. The meeting accepted Thailand's gracious offer. The host of the second meeting for 2016 (TWG50) is not yet decided, which hopefully will be decided in Chiang Mai.

The meeting noted with appreciation Thailand's volunteering to host the TWG47 within a very short notice.

TWG members to consider hosting the TWG49 and to announce their intention at the upcoming TWG47.

23. Document Classification

The Secretariat presented the final document classification of TWG46 and requested inputs from members. Documents will be classified according to the list.

The meeting accepted the classification with minor adjustment.
([2015/SOM2/TWG46/000](#))

24. Closing Remark

Lead Shepherd announced that the 46th TWG will be the last meeting for Mr. Pangeran Ibrani Situmorang as the Program Director of the APEC Secretariat. Members extended their appreciation for the service as well as the collegial/friendly relationship and best wishes for future endeavor. In his reply, Mr. Situmorang credited the Secretariat's service is possible due to assistance from Ms. Joyce Yong, the Program Executive for TWG. He provided his deep appreciation to the group's cooperation and hard work as well as members' warm hospitality throughout his service.

Lead Shepherd delivered his closing remarks.