SUMMARY RECORD OF THE TWENTY-SEVENTH MEETING
OF THE WTO COMMISSION FOR THE AMERICAS

Buenos Aires, Argentina, 23 May 1995

The twenty-seventh meeting of the Commission was officially opened by Mr. Francisco Mayorga, Chairman of the Commission and Secretary for Tourism of the Argentine Republic. During the opening ceremony, the Secretary-General of WTO, Mr. Antonio Enríquez Savignac, took the floor to thank the Chairman for his generosity in hosting the Commission meeting, the International Seminar on Tourism and Air Transport and the fiftieth session of the Executive Council. The opening ceremony was also presided over by the two Vice-Chairmen of the Commission, Cuba and Venezuela.

Representatives of fourteen States Members countries of the Commission, the Permanent Observer of the Holy See and representatives of fourteen Affiliate Members attended the meeting. The list of participants is contained in the Annex.

Adoption of the agenda

The Commission approved the following agenda, without amendment:

1. Adoption of the agenda
2. Communication of the Chairman of the Regional Commission
3. Preliminary remarks by the Secretary-General
4. Presentation of the results of the preliminary WTO study on tourism legislation in the Americas region
6. Presentation of the publication Tourism Market Trends in the Americas 1994
7. Preparation of the sixth programming cycle of the United Nations Development Programme
8. Preparations for the eleventh session of the General Assembly of the Organization (Cairo, Egypt, October 1995)
9. Place and date of the twenty-eighth meeting of the Commission
Communication of the Chairman of the Regional Commission

The Chairman of the Commission, Mr. Francisco Mayorga, began his address by welcoming the participants. He stressed the importance of the Regional Commission within the Organization's structure as a suitable forum for representatives of the various countries to express their views.

Mr. Mayorga especially emphasized the need to encourage all countries of the region to join the Commission, so that the Americas would be represented to the greater possible extent in the organs of WTO. He also indicated Argentina's commitment to continue working towards that goal.

He urged the Commission Members to raise their governments' awareness of the importance of the tourism industry and to endeavour to ensure that the national tourism administration enjoys the greatest possible influence, given that tourism is a key factor in the economic and social development of the countries of the region.

Preliminary remarks by the Secretary-General

After greeting all the delegations and thanking the Argentine authorities for their traditional hospitality and the facilities made available for the meetings, the Secretary-General particularly congratulated Mr. Mayorga on the successes achieved in his management of the Secretariat for Tourism of Argentina.

He then made a brief presentation on the following subjects:

1. the main activities carried out by the Organization;
2. the state of WTO, from the standpoint both of its financial situation and its staff;

In the first part of his presentation, the Secretary-General listed the activities of the Organization's general programme of work. He spoke of technical cooperation which has been affected by the reduction in UNDP's financial resources and by the low priority that the countries themselves accord to the tourism sector. The Organization continues to carry out sectoral support missions to identify projects that could be financed by UNDP or other bilateral or multilateral sources. Eleven missions had been carried out in the region in 1994 and a further seven were scheduled for this year. Referring to education and training, he drew particular attention to the appointment of Dr. Eduardo Fayos as head of that department. He spoke of the importance that was being given to seminars, such as that of educating the educators, and mentioned the success of the internship programme at the Organization's Headquarters for officials of national tourism administrations. In the area of environment and planning, the Secretary-General stressed the importance of the guide that the Secretariat had prepared for local planners and thanked Brazil for translating it into Portuguese. He also informed participants of the work of the Group of Experts in identifying indicators that could be used for measuring the carrying capacity of tourism sites. On the subject of statistics and market research, he named the regular publications produced by the Secretariat and the new publications on tourism market trends.
As to quality of tourism services, the Secretary-General referred to the work carried out to reduce obstacles to the movement of persons, the mobility of enterprises, and ways of ensuring food safety and of enhancing the security of tourists. He made special mention of the study that will shortly be distributed on the effects of the GATS on tourism. On the final point - press, publications and documentation - the Secretary-General spoke of WTO's efforts to upgrade the quality and increase the number of publication whose income from sales had doubled last year, as well as the conclusion of distribution agreements with more than twenty-five countries.

Referring to the situation of the Organization, the number of member States had increased from 109 in 1990 to 121 at present and prospects were good for the reincorporation of other Members. The negative side was Canada's withdrawal from WTO. The Argentine delegation requested the Commission to adopt a decision appealing to Canada to reconsider its withdrawal from the Organization. This decision is reproduced below.

**APPEAL TO THE GOVERNMENT OF CANADA BY THE MEMBERS OF THE WTO COMMISSION FOR THE AMERICAS**

At its twenty-seventh meeting, the WTO Commission for the Americas unanimously decided to include among its decisions an appeal for Canada to remain a Full Member of the World Tourism Organization, thus ensuring the active presence of countries from the north and the south of the region.

Canada's continued membership will serve to further the significant and estimable work it has undertaken for some time now in favour of other countries in the region and of the Organization as a whole. Especially worthy of mention are Canada's role as a Member of the Executive Council and its technical bodies, its sponsorship of the Ottawa International Conference on Travel and Tourism Statistics, its hosting of and participation in Executive Council sessions and meetings of the Commission for the Americas, as well as its valuable contribution to other programme activities in the fields of statistics, environment, training, institution building and application of computer systems.

The Commission can understand that, in a period of change, Canada may wish to evaluate and analyse its relations with international organizations. At the same time, the Commission considers it important to maintain the commercial and tourism integration process to which both Canada and other American countries are committed. Such a process calls for parallel active membership of organizations which, like WTO, are involved in furthering north-south integration and solidarity between the countries of the Americas and in improving the instruments serving tourism promotion and development.

The Commission requests its Chairman to inform the Executive Council of this decision and asks the Secretary-General to communicate it in turn to the Government of Canada.
The Secretary-General also noted that the United States would be representing Puerto Rico, so that this country was no longer an Associate Member of WTO. He stressed the importance of the Secretariat of the Affiliate Members - assisted by the Spanish Government - which increased the number of Affiliates to almost 300. At present, the state of the Organization's finances is sound. As to staff, the Secretary-General pointed out that as part of a policy to reduce fixed costs, the number of officials had decreased from ninety-three in 1990 to seventy-seven at present.

As to the outlook, the Secretary-General began by listing the most important meetings of the year, referring in particular to the Cadiz Forum in which the Declaration of Latin American Parliamentarians had been approved. He also reminded participants that the next session of the General Assembly would be held at Cairo from 15 to 22 October 1995.

**Presentation of the results of the preliminary WTO study on tourism legislation in the Americas region**

Under this agenda item the WTO Secretariat reported on the findings of the study and submitted an annex which listed the laws of the twenty-five countries that had replied to the WTO survey. The Secretariat thanked the Latin American Confederation of Tourist Organizations (COTAL) for its cooperation in preparing the report and requested Members to provide all possible information so as to be able to maintain an up-to-date inventory of laws.

This document, which was welcomed by the Commission, specified the chronological phases in the development of tourism legislation in the region, described the present situation in detail and formulated some recommendations.

**Application to the region of the general programme of work for 1994-1995 and suggestions for the programme for 1996-1997**

The document under this item of the agenda supplemented the information already provided by the Secretary-General on the six areas of the programme for 1994-1995.

The delegation of Jamaica took the floor to state that ministries of finance should come to realize the true importance of tourism for the economy and the need for incorporating this sector into the national system of accounts.

The Argentine delegation took the opportunity to explain that the Secretariat for Tourism, by express decision of the President of the Republic, not only reported direct to the Presidency but also formed part of the National Cabinet, so that permanent contact was maintained with the Ministry for Economic Affairs and the other ministries.

The representative of the Latin American Parliament spoke of the need for national parliaments to have a standing committee on tourism.
Referring to the general programme of work for 1996-1997, the Deputy Secretary-General pointed out that, given the wishes expressed by Members, the programme for 1996-1997 should reflect both continuity and renewal: continuity in its scope and in a large part of activities that correspond to the Organization's fundamental mission; and renewal in those activities that respond to the industries development and challenges worldwide and to the varying strategic needs of countries at different stages of tourism development.

**Presentation of the publication Tourism Market Trends in the Americas 1994**

The Secretariat presented this document which gave an analysis of the data on arrivals and receipts for 1994 in the region, according to subregion and country. Reference was also made to the region's main generating markets, tourism's contribution to the economy in the Americas and the qualitative factors that have influenced tourism trends in the region.

Members of the Commission were asked to forward to the Secretariat the greatest possible quantity of detailed tourism statistics so as to be able to perfect the data provided in WTO publications. Various delegations congratulated the Secretary-General on the quantity, quality and presentation of this and other Secretariat publications.

**Preparation of the sixth programming cycle of the United Nations Development Programme**

The Deputy Secretary-General presented this document which discussed the aims and methodologies of the Sixth Cycle, as well as the measures that Members should adopt to ensure that sufficient resources are allocated to the tourism sector. The ministries and other national tourism administrations have an important role to play in ensuring that UNDP's development assistance lends sufficient support to the tourism sector.

Among other matters, he mentioned that the structure of the official assistance for development had changed in recent years, as the share of this assistance channelled through the United Nations system had diminished. Ever-more resources were needed for emergency humanitarian and peace-keeping purposes, reducing support for long-term development activities. UNDP's technical assistance to countries depended to a considerable extent on core fund contributions. These contributions had more or less stagnated in recent years, and the Sixth Cycle clearly revealed a downward trend.

He also pointed out that the Sixth Cycle would maintain the basic framework revolving around "sustainable human development" and that four major objectives had been proposed that would constitute complementary and synergistic themes for UNDP programmes, viz., poverty elimination, environmental regeneration, job creation and the advancement of women and other disadvantaged groups. In all these programmes, tourism could made a decisive contribution.
The Deputy Secretary-General consequently urged the Members of the Commission to contact their National Coordinating Units or the UNDP Resident Representatives in their countries to ensure before the end of the current year to ensure that tourism development projects were included in the Sixth Programming Cycle.

Preparations for the eleventh session of the General Assembly of the Organization (Cairo, Egypt, October 1995)

Under this agenda item, the Secretariat informed participants about the Secretary-General's visit to Egypt in September 1994 and the magnificent conditions in which this important WTO meeting was being prepared. As on previous occasions, the Assembly will include Round Tables on important tourism topics. The Secretariat also reported on the structure of the Assembly and the timetable of the various meetings.

Place and date of the twenty-eighth meeting of the Commission

The Commission will hold its twenty-eighth meeting at Cairo on the morning of Monday, 16 October 1995 during the eleventh session of the General Assembly.

The Commission expressed its appreciation to the Secretary for Tourism of Argentina for his hospitality and the courtesies extended to participants.
SUMMARY RECORD OF THE INTERNATIONAL SEMINAR ON TOURISM AND AIR TRANSPORT

Buenos Aires, Argentina, 23-24 May 1995

The seminar was organized by the World Tourism Organization with the support of the Ministry of Tourism of Argentina. It was opened by Mr. Francisco Mayorga, Secretary of Tourism of Argentina, and by Mr. Antonio Enríquez Savignac, Secretary-General of the World Tourism Organization, both of whom welcomed the delegates and spoke of the need for aviation and tourism interests to work together.

Secretary Mayorga, in his opening remarks, spoke particularly of the progress that had been made by his own country in recent years through the stabilisation and strengthening of the Argentine economy, the privatisation of industry and the easing of regulatory constraints on competition. The need now was to plan the development of the infrastructure, including the development of airports to support new tourist flows and of an appropriate new regulatory regime for this. He stressed the importance of adapting legislation to suit the rhythm of the times and to think of aviation and tourism as allies.

The Secretary-General spoke also of the need to bring aviation and tourism interests together. He described how bad the situation had been in this regard when the WTO had begun its life twenty years ago and the enormous progress that had since been made to this end. But some countries had made more progress than others in this direction and there was still much to be done. He referred in this connection to the study by Stephen Wheatcroft, which the WTO had commissioned, entitled Aviation and Tourism Policies: Balancing the Benefits. It would be wrong, he stressed, to see this study as advocating the killing off of national airlines in the interests of the tourist industry. What it did advocate, and what he was urging upon governments, was the need for the coordination of national policies, taking account of all elements in the equation, so as to reduce regulatory constraints and promote healthy competition with a view to developing tourism as a vital part of the development of national economies.

The first session of the seminar was concerned with The economic situation and the outlook for tourism and air transport. Five papers were presented in this session, of which the first, presented by Mr. Ignacio Vasallo, Secretary of WTO Affiliate Members, dealt with Qualitative and quantitative tourism trends. Mr. Vasallo described how tourism had now become the world's largest single export industry. He spoke of its significance also as a relatively recent social and cultural development and of its interrelationship with developments in air and surface transport. He concluded by stressing the need for governments to lighten the burden of taxation and the need to upgrade professionalism in tourism and related industries.
There followed two presentations under the heading Broad lines of current air transport development.

Mr. Chris Lyle, Chief, Economics and Statistics, International Civil Aviation Organization (ICAO/OACI), described recent developments in the regulatory structure and content and went on to suggest where these developments might lead. He observed that governments were finding it increasingly difficult to keep up with the speed and complexity of these changes. He summarised the most important recommendations to emerge from the Air Transport Conference organised by ICAO in November 1994 and also those which had emerged from the conference on facilitation which had been held in April 1995. He concluded by stressing the importance of maximising the net national economic benefit rather than the benefit of airlines alone.

Mr. Geoffrey Lipman, President, World Travel and Tourism Council (WTTC), spoke in similar vein. He stressed the need for strategic forward thinking rather than the tactical adaptation of existing structures and described in visionary terms the sort of world which might come about in the first years of the twenty-first century. After putting numbers to the gains that might be achieved in terms of increased employment, tourist related output and gross domestic product, he expressed the view that existing regulatory barriers would be unable to resist the pressures for change. He concluded by making a number of specific recommendations.

Finally, under the heading Market prospect and response of the airlines, two further presentations were given by Mr. Rodríguez Nogueras, Chief of Industry Relations, Aerolíneas Argentinas and by Mr. Arnold Grossman, Vice-President, International Fairs, American Airlines.

Mr. Rodríguez Nogueras did not seek to match the wide sweep of the previous presentations but focused instead on some particular illustrations of the difficulties that might emerge from the attempt to reconcile aviation and tourism interests in practice. He pointed out, in particular, that it might not be practicable for an airline to provide new or increased service to match changing tourist flows because the necessary traffic rights were not available. The levels and conditions of air fares were now, in his view, of less importance than they had been fifteen years ago as determinants of tourists' choice of destinations.

Mr. Grossman spoke of the role which American Airlines had played in the development of services and of traffic between the United States and Latin America since it taken over Eastern Airlines' routes nearly five years ago. Over that period traffic had doubled and American Airlines was keenly interested in developing south-bound tourism. Unfortunately, as he explained, the US-Argentina bilateral agreement was restricting the pace at which the new direct service between New York and Buenos Aires, which was to be launched on 1 October 1995, could be built up to a daily frequency.
The session on the Development of commercial aviation worldwide was presented by Mr. Patricio Sepulveda, Regional Director for Latin America, IATA, and former President of LAN Chile, whose presentation, though narrowly entitled The liberalisation of air transport in the Americas region, did in fact begin with a global survey of the transition from the restrictive and protective regimes of the 'sixties to the widespread adoption of liberal policies today and the implications of these changes for airline strategies and industry structures. He then described the less consensual and less uniform evolution of aviation policies in Latin America and outlined the results so far achieved.

In the next session, under the heading Interaction between air transport and the tourism industry, Mr. Ray Colegate, WTO consultant, gave a presentation of the WTO study on tourism and aviation policies. This was a condensed version of his basic introductory report for the seminar.

There followed two more presentations under the heading of Experience of Countries with a tourism vocation, the first by Mr. James M. Lyngdoh, Secretary, Ministry of Tourism, India and the second by Mr. Fouad Sultan, former Minister of Tourism and Aviation of Egypt.

In his presentation, Mr. Lyngdoh spoke of some missed opportunities in the past but went on to describe the more positive steps that are now being taken to reduce the burden of restrictions on both international and domestic aviation so as to enable the industry to respond more positively to demand, including particularly the needs of tourism. He raised particularly the question of how best to coordinate decision making within government. In India, the Ministry of Tourism had responsibility for both aviation and tourism but other relevant responsibilities, such as those for customs and immigration, lay elsewhere.

Mr. Sultan described the positive results for his country that had flowed from the easing of restrictions on air services and the enhanced role allowed to the private sector in the tourism industry. He stressed the importance of building a relationship between the government and the private sector based on confidence and trust. The removal of the ban on charters had contributed enormously to the growth of inbound tourism and to the development of new resort areas, while the impact of the new policies on Egyptair had been positive.

In the discussion which followed a number of important points were made. Mr. Castelli for Brazil pointed out that some of the figures relating to his country, which Mr. Colegate had used in his presentation, were out of date and that more recently there had been an upturn in Brazil's tourist arrivals. Tourism was now being given a higher priority in Brazil and there had been some recent relaxation of restrictions on charter flights. He stressed however that his country did not intend to progress towards further liberalisation without careful thought. Mr. Colegate, in his response, welcomed this declaration, saying this was precisely what he advocated.
Mr. Pasha of Pakistan asked Mr. Sultan whether in his view the coordination of tourism related responsibilities within government was best achieved informally or through the establishment of formal institutional arrangements. Mr. Sultan explained that he had dealt with this problem on a personal basis and through informal channels, by going directly to those of his cabinet colleagues with direct responsibility or, if necessary, to the top. He added that personal involvement was both possible and vital in a developing country. The Secretary-General, said that Spain had recently introduced a coordination mechanism consisting of a committee chaired by the Minister of Tourism which reported directly to the Prime Minister, while in Mexico there was a similar coordinating committee which met monthly and which was chaired every third month by the President himself. Mr. Lipman suggested that the process should be taken a stage further by adopting "sunshine" procedures directly accessible by the private sector.

Mr. Pasha also asked Mr. Sultan what incentives Egypt gave for the construction of hotels. Mr. Sultan said that the developers of new hotels were given full tax exemption for ten years in tourist destinations or five years in major cities, together with a maximum rate of import duty of 5 per cent on imported materials and equipment and the right of foreign investors to repatriate their earnings freely.

In reply to another question from Mr. Pasha, Mr. Colegate said that a number of countries had so far adopted open skies policies, mostly within such groupings as the European Economic Area or the North American Free Trade Area, or in some cases on a bilateral basis, but few had yet adopted such policies towards all comers. Mr. Lipman added the Netherlands and Singapore to the list and explained that Singapore, which had only a tiny home market, had decided to grant admission freely to all comers while seeking itself to gain access to other countries’ markets wherever it could. Mr Sepulveda added that the process of liberalisation was beset by an element of inertia, which needed to be overcome and which was particularly strong in Latin America; but each country had to proceed at its own pace in the light of its particular circumstances.

The question was raised whether open skies could ever be achieved in practice without provisions to ensure reciprocity. Mr. Colegate drew attention to the situation of Spain, which had for many years accepted inbound charters on an unreciprocated basis in the interests of its tourism industry. Mr. Vasallo added that these unreciprocated services accounted for 70 per cent of Spain’s inbound traffic in support of tourism, which was Spain’s most important single industry. This was a prime example of the successful coexistence of a regulated regime for scheduled services with an unregulated regime for charters.

The Secretary-General reminded participants that, as Mr. Colegate had pointed out, the WTO study was not advocating open skies as necessarily being the only right policy to adopt. The argument was rather that governments should abandon restrictive and protective airline policies which stood in the way of the greater national advantage in favour of more liberal policies. Mr. Lipman intervened to add that he hoped nonetheless that governments would not exclude open skies from their evaluation of all possible policy options.
The third session of the day concerned the Development and management of infrastructure related to air transport. There were three presentations in this session, by Mr. Tomás Aranda, Commercial Director of AENA, the body responsible for managing Spanish airports and air traffic services; by M. Bernard Chaffange, Director of Lyon-Satolas Airport, France and by Dr. Francisco Paz, Under-Secretary General of the Presidency and Member of the Committee for Airport Restructuring, Argentina.

Mr. Aranda described the large scale and importance of Spain’s tourism industry and the large scale of the investment in new infrastructural development that was, in consequence, required, including motorways, other roads, ports and airports. The problem was exacerbated by the sharp peaking of arrivals in July and August, which accounted together for nearly one-third of annual traffic. Much of the new investment would be required not only at the principal tourist destinations, such as Palma de Mallorca, but also at many others among the 40 airports which AENA managed, where new investment would make a major contribution to regional economies. He pointed out that the landing charges for passenger services at Spanish airports were among the lowest in Europe and also among the lowest of the other main tourist destinations. Competitive handling services were now being introduced in Gran Canaria and the provision of fuel was to be privatised.

M. Chaffange described the arrangements which had been established in France for the ownership and management of the majority of that country’s airports, although he expressed some anxiety lest management effectiveness become impaired through the involvement of too many parties in the decision making process. There was, he said, a growing feeling among chambers of commerce and within the industry that things could be done better with less involvement of central government, although there was a risk that equally restrictive influences might take the central government’s place. He felt that the solution would probably lie in compromise but one which included provision for broader communication and consultation and the adoption of broad guidelines rather than a tightly determinative formula.

Mr. Paz described how many public services within Argentina had been transferred to the private sector over the last three years. Of more than 350 airfields and landing grounds, making up the National Airports System, the 31 airports covering 98 per cent of passenger traffic, had been singled out for privatisation. No further public funds would be made available for the development of airports once they had been privatised and such development would in future depend on private sector financing, as part of an overall development strategy.

The seminar concluded with a round table discussion in the course of which the five participants - Mr. Grossman, Mr. Lipman, Mr. Lyle, Mr. Sultan and Mr. Colegate - briefly set out the main points which in their own views had emerged from the seminar and then responded to questions and expressions of view from the floor. The discussion was moderated by Mr. Enrique Spinedi, Adviser to the Cabinet of the Ministry of Tourism of Argentina.
Mr. Grossman drew particular attention to the enormous opportunities for the development of tourist traffic to Latin America, especially from the United States. A key ingredient of such growth would in his view be the improvement and privatisation of airports. There was a need for more non-stop service and for better links between trunk carriers and regional airlines. So-called ecological tourism would become increasingly important. He was personally impressed by the information that had been dispensed and the enthusiasm that had been shown in the course of the seminar.

Mr. Lipman stressed again the need for governments to give proper recognition to the importance of tourism and to project their minds forward in their strategic thinking. He also stressed the importance of governments' withdrawing from the ownership of airlines and airports and also of their withdrawing from the micromanagement of aviation and tourism.

Mr. Lyle stressed the continuing need for dialogue. The common objective was to maximise overall benefits and he mentioned that, interestingly, not one of the 138 states which had taken part in the ICAO air transport conference in November 1994 had spoken against liberalisation, although some of them had expressed concerns about the pace and modalities of change. He also reminded his audience that open skies did give rise to a risk of excessive concentration, or at least to some impairment of competition. He finally suggested that the title of the WTO study should have referred to the maximisation rather than the balancing of benefits.

Mr. Sultan agreed with the arguments that had been expressed by Mr. Lipman and Mr. Colegate about the need to open up governments' regulatory policies towards airlines. The most important consideration for developing countries was to promote economic development and employment. The responsibility for tourism development lay with many diverse interests whereas governments sometimes had sole responsibility for aviation, a responsibility which they sought to retain and to defend. He had been fortunately placed to strike a balance between the two.

Mr. Colegate welcomed the opportunity to express a personal view. Since the earliest days of his involvement in airline regulation he had sought to promote the interests of the travel industry to the advantage of users. He stressed yet again the importance of governments' taking a comprehensive and systematic view of where the greatest national advantage lay and of establishing appropriate mechanisms to ensure that policies were fully coordinated to this end.
In the discussion which followed, Mr. Fernando Doze, Chief of Air Transport policy for Aerolineas Argentinas, pointed out that many airlines in Latin America had already been privatised and also expressed the view that the airlines of Latin America did not enjoy excessive protection. He was much concerned at the burden of taxation which airlines bear, as well as the level of airport charges, and cited a number of particular instances. Mr. Lipman intervened to give strong support to his view regarding the often high levels of taxation borne by airlines. Mr. Colegate added that the requirement for tourists to obtain visas often seemed to have little purpose other than the raising of revenue. Mr. Doze went on to say that governments were all too often inconsistent in the interpretation and application of regulatory requirements, which came as a result to represent a series of impediments. No airline, he said, was opposed to competition as such but airlines could not face competition if their own freedom to respond was shackled. He referred in this connection to the openness of Argentina to charter services from foreign countries which deny, or whose carriers deny, reciprocal opportunities to Aerolineas Argentinas. Mr. Lipman asked Mr. Doze whether, in his view, the appropriate response was to restrict incoming charters from those countries or to seek a removal of restrictions on both sides? Mr. Doze responded by pointing out that only a minority of incoming charter flights were bringing tourists to Argentina.

Mr. Sultan pointed out that insistence on precise reciprocity was appropriate only where once party's gain corresponded precisely to the other party's loss, narrowly defined. Where a gain by one party's aviation interests was offset by a gain - perhaps a greater gain - for the other party's tourism industry and general economy, broadly defined, insistence on strict reciprocity was self defeating. It was for this reason that Egypt had decided to allow unrestricted extra sections to foreign scheduled carriers during the peak season for tourist arrivals. Mr. Vasallo supported this view, particularly as it related to charter services.

At this point Mr. Ercole intervened to set out the view of the Argentine government, which was convinced of the interdependence of aviation and tourism and was in favour of liberalisation and competition in the interests of users. But there were, in his view, no blacks or whites in regulatory policy, only shades of grey. It was, for example, a matter for concern that most of Argentina's tourist traffic in recent years had been outbound and there was a need for reciprocity in terms of the frequency of services. Within the next year, or maybe five years, Aerolineas Argentinas would have to face competition from other Argentine carriers on international services. The government would also allow competitive new entry on domestic routes, although it would remain concerned to ensure the continued availability of service. But to achieve these changes successfully there was a need for organisations to change their ways of thinking. This was a difficult process and time would be needed to accomplish it.
Mr. Lipman intervened at this point to argue that competition was not just about frequency of service but also about product innovation and competing fares. Bilateral bargaining limited the opportunities that would be made available by a broader approach. Mr. Lyle added that the need was to look at the global balance rather than the narrowly defined bilateral balance on airline account, just as is the normal practice in other sectors of international commerce. Mr. Vladimir Rincon, speaking as representative of the national Tourism Corporation of Colombia, reminded delegates that, in the last analysis, the success of government policies for the development of tourism depended on the actions of the man in charge of the local customs post or immigration service, who might carry out his traditional duties in total unawareness of the liberal measures and international agreements that ministers had entered into.

The seminar was concluded without further discussion.