



Economic Literacy Series: General Agreement on Trade in Services

5: Tourism Liberalization, Gender and the GATS

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Introduction

Tourism is one of the oldest areas of economic activity to be covered under the WTO's General Agreement on Trade in Services (GATS). Tourism and travel related services account for about 11% of World GDP and employ about 200 million people worldwide. They also represent 34% of world service exports (UNESCO Courier, 1997). Furthermore, given that there are about 700 million international travellers per year, tourism and travel related sectors have become dynamic sources of income and a major strategic sector for development in many countries, especially those in the global South.

Tourism and travel related services are still strongly dominated by Northern countries. The main sources remain Europe and the US, with some new influx from Asia and Latin America. Almost half of world tourists come from six countries in Europe which are also among the world's top ten tourism earners/spenders). The US is number one in tourism spending/earning and the second most popular destination. East Asia and the Pacific are expected to be second in generating tourists in 2020. (UNESCO Courier, 1999).

The rise in technology, which is critical for success in the tourism and travel sectors, advantages the North, allowing for further consolidating of their stronghold over this sector. The control of core tools of tourism is found in the North: air travel, hotel, Internet and e-commerce. Increasingly electronic technology is facilitating the sale and marketing of airline tickets and hotel accommodations.

This is an important context from which to consider the likely consequences of the growing push for greater and rapid liberalisation in tourism by the North. Because the central tendency of liberalization is to reduce the role of developing country governments in directing tourism investment and policies, serious questions exist as to the future (and the limitations) of tourism as a tool for development in the South.

The political economy of tourism

Modern international tourism is rooted in the dynamics of colonialism and dependency. As Chachage (1999), Munt (1994) and Naipaul (1978) noted, early nineteenth century tourism focused on exploration, hunting and trading in colonial territories. This was a fact of colonial conquest and hence was linked to the issues of the alienation from land and natural resources with underlying ethnic racial, class and gender dynamics. This form of tourism and its gains were controlled by the colonial power, tour operators and owners of steamships and domestic railroads within the countries. This tourism was also primarily extractive and depleted natural resources such as skins, ivory and fauna, in order to sustain the wealthy.

The development of mass tourism in the 1950s and 60's led to the inclusion of the middle class in "fun and sun" adventures in the developing world. But even the new forms of tourism of the 1980's and 1990s still carry echoes of the past as it is increasingly returning to the theme of exploiting the "exotic" and nature. This is seen for example in the development of modern day 'adventure tourism'—hiking backpacking, trekking and

‘eco-tourism.’ These forms of tourisms are no more in the sole control of developing countries nor do they deplete or extract fewer natural resources than the previous tourism cycle. More visitors mean greater toil on local infrastructure with implications for the lives of the local people. Golf courses not only utilise arable land but also divert water from agriculture and local consumption. Elsewhere, other forms of tourism such as cruise shipping, which is reportedly one of the least beneficial tourism industries in terms of inflow of money and the retention of tourist dollars, contribute to a variety of environmental problems (mainly marine pollution) in terms oil waste and the production of sewage, garbage and noxious liquid substances.¹

Today the mechanism and devices of control and access to tourist arrivals and the struggle between sending and host countries over retention of tourist expenditures are different. But developing countries still have weak bargaining power vis-à-vis international tour operators and experience discrimination. Ultimately, these countries must survive in an increasingly competitive global tourism sector in which natural competitive advantage is becoming less and less significant.

Tourism is more than ever an information sensitive industry which is greatly impacted by modern technological innovations such as the Internet, worldwide web and electronic commerce. Unfortunately, these tend to widen the divide between developed and developing countries with the potential for siphoning much of the potential gains from tourism back to the developed countries. There is growing consolidation and centralization of the tools of the tourism trade among a few players. These players, who are primarily based in the North, control the information and online reservation services.

New information technology and networks such as the Internet therefore have an important affect on the trade competitiveness of developing countries (UNCTAD 2000). The development and interlink of tourism and e-commerce is resulting in the slow demise of travel agents; increasing resort to proprietary web pages; on-line one stop shopping; and a more complex tourism product—which involves the consumer being able to customise her/his itinerary. But many travel agents in developing countries do not have access to the investment capital to participate effectively with foreign tourism suppliers.

Tourism, economic development and equity issues

The biggest myth of tourism and development is that ‘tourism is quick, cheap and easy, given that the basic ingredients are sun, sea, smile and culture’. In its most basic form tourism builds on nature, adventure and culture (New Frontier 2000). Tourism is expected to generate revenue in the form of foreign exchange earnings, increased income, employment and development of infrastructure—all this is expected to arise from the net benefit of tourism receipts. Ultimately, tourism should also generate demand from other

¹ There are numerous requirements about the disposal of cruise ships' debris. For example, sewage should undergo biological treatment and garbage such as solid waste collection should be given to trash collection agency at port. Likewise, glass should be crushed and recycled at port. But there is no way to really hold cruise ships accountable.

sectors of the economy such as agriculture, manufacturing and other services. Growth in tourism is also argued to facilitate foreign capital inflows which reduce the need for domestic savings and capital accumulation.

Tourism can be good for development when it engenders a strong inflow of foreign exchange, and positive intersectoral linkages, which promote growth of other sectors. This increases overall income and employment in the economy. Tourism can also lead to immiserating growth (there is some growth but it is accompanied by rising poverty and unemployment) if the output of non-traded goods and services the tourism sector requires does not increase. Thus the conventional wisdom that tourism is unambiguously good is problematic. First, it does not recognise the drain of resources and loss of revenues abroad. Second, it often ignores distributional and other key factors associated with the goods and services used by the tourists (Grassl, 1999). Third, it ignores the social, gender equity and environment impacts of the welfare effects of tourism.

The trend towards more and more privatisation and liberalisation may in fact dissipate the benefits of tourism on development in spite of the widely acknowledged increasing demand for certain types of leisure activities and the availability of abundant female labour. Thus tourism development may not be in line with social, sustainable development for some of these reasons:

- Ownership of resources, which is skewed to the North and Northern based foreign direct investment.
- Most small and medium sized businesses, which are the major local players in developing countries, cannot compete with the large well financed and overly capital endowed foreign competitors.
- Problems around land (land grabbing and land speculation. The rapid expansion of tourism is encouraged by the privatization of government owned assets including parks, and community lands that have traditionally been the homes and sources of livelihood for many citizens for generations. Privatization and land speculation to establish game reserves or other tourist attractions creates greater inequality in access to common property resources and raises the price of existing real estate. In the worst case it may be associated with large-scale removal of entire groups of people. All of these have the impact of exacerbating poverty and crime and ultimately destabilizing the society.
- Ecological/environmental effects.
- Gender bias and inequities: trafficking , sex tours: women's health and morbidity
- Poverty and inequality.
- Displacement of other sectors, such as decline in domestic agricultural sector.

III. Tourism and Gender²

The issue of tourism, tourism development and gender equality is multi-dimensional. It ranges from the low profile and persistent issue of the lopsided responsibility for social reproduction and community resource management between men and women; the differential and gender-based nature and consequences of access to social and economic resources; the pervasive reliance on (and at the same time the invisibility of) women's labour in the hospitality sector; and the high profile issues of sex tourism and HIV/AIDS. All women from peasant women, indigenous women, working women, old women, young women and girls, and women who head household are affected to different degree by tourism and tourism development. Men of different social classes are also affected negatively and positively by changes in the tourism sector. And men in poorer classes may also suffer similarly to poor women from the welfare reducing impact of loss of access to resources. Undeniably, there are significant gender biases and inequality in terms of access to employment and physical and social resources that may predispose women to have greater vulnerabilities and constraints in enjoying the presumed benefits of tourism development.

We can demarcate these impacts across four categories: 1) Employment in the formal labour market, 2) Women's activities in the informal sectors and sustainable livelihood, 3) Women's social economic empowerment (in terms of consumption and access to resources including government services and 4) Women's influence and decision-making around tourism development policy.

Formal sector employment

Like all other forms of employment, access to tourism-related employment is gender based. Men tend to predominate in the formal sector of the tourism in some countries in the South. In India, women equal a small percentage of the employed (2.98%), and in Sri Lanka it is higher (14.9%). In the Caribbean and Latin America the percentage is significantly higher at 35% (Badger 1993). Men and women, who are seen as cheaper labour than men, are segregated due to gender stereotyping and sex segregation into different occupations. Even where women are the main tourism workers, they tend to predominate in the majority of menial, semi-skilled, domestic and service type occupations. For example in Barbados and Jamaica, women are employed in less stable, lower status work such as housekeeping, reception and other services. Due to lack of unionization, these jobs require low skill, are low paid and have the lowest security of tenure and benefits (Badger 1993). In some countries men are often employed as stewards, porters, and tend to be over-represented in professional managerial and supervisory positions. A recent survey of the literature on women and tourism by *Equations* points out the following:

² This section relies heavily on the set of articles in *Continuing saga of Marginalisation: A Dossier on Women and Tourism*, *Equations* 2000, in particular, Women and Tourism-Theoretical writing by Vivian Kinnaid and Derek Hall, Exploring the political role of gender in tourism research by Linda K. Richter, Invisible host, invisible guests by Mary Fillmore; and Badger 1993.

In the food sector of the industry women are at the bottom of the hierarchy as restaurant helpers, cooks (not Chefs) and waitresses--all the lowest paid parts of the food sectors. Chefs in fancier restaurants where salaries and tips are substantial are more likely to be males.

In the travel sector, women have access and employment to seasonal, part-time or minimum wage jobs. Women tend to dominate small travel agencies and the majority are travel agents but men control the major sectors: airlines, railroads, hotel chains, car rental companies, travel magazines. Foreign control areas are also male dominated. (*Equations*, 2000)

The sexual division of labour operates at all aspects of tourism and travel related industries. Given the condition of work, generally low pay, lack of benefits and absence of human resource development in this area, serious concerns arise about women's longer-term prosperity. Though increased tourism may mean more jobs for women questions must be raised about the nature, quality and type of work activities available; and the differential access of men and women to such opportunities. In addition, there is the larger picture of tourism relation to women's longer term interests and its potential for the transformation of gender inequalities and biases.

Informal sector activities and sustainable livelihoods

In the informal sector gender hierarchies also exist. Women dominate in the informal sectors where they provide a wide range of services to tourists--washing clothes, petty trading, cooking and childcare. The Equation survey and Badger 1993 report point to the fact that there are 'gender differences in the selling of memories (post cards and souvenir)'. Women are often involved in the production of ethnic handicrafts and the marketing of such items while men provide services and support women's home craft production. In some cases while women produce the works and sell them in local markets, men control the wholesaling in urban centres.

Overall, some women in some countries may gain financial autonomy and some measure of economic independence from their participation in informal markets linked to the tourism trade. In the Equation survey examples of Mexico, Kuna of Panama and Sani of Yunan, China are typically presented as examples of such gains. But some of the same researchers also noted that women appear to be invisible and neglected in cultural and historical attractions, though they may figure prominently in advertising, post cards and souvenirs (*Equations* 2000).

Sex tourism

Women are often exploited in the marketing of tourism (given existing gender perceptions and stereotypes that dominates social relations in the host and sending countries). As seen above, even in the formal labour markets there is the manipulation of the sexual division of labour that shunts women to the lowest paid jobs. Likewise, as

noted by Badger (1993) there is much manipulation of gender differences in order to 'feed the fantasy of the male tourist'. Very often this occurs at the benign level of women being offered opportunities in frontline (hospitality) positions in the tourism industry. Such opportunities are linked to women's presumed feminine qualities of being more sociable and more hospitable than men. But increasingly women are directly exploited as sexual playthings and earners of foreign exchange in prostitution (a traditional activity) and now the new explosion of sex tourism. As noted by Badger (1993) 'sex tourism is now becoming one of the 'steadiest, least seasonal and most lucrative opportunities for women'. The down side is that it has tremendous health hazards and it can be dangerous.

The issue of sex tourism has been raised as a key issue in the appeal of ASEAN (Association of Southeast Asian Nations) destinations. This is particularly the case in Thailand and Cambodia where there is an influx of young girls who are from Burma, Indonesia, Laos and China who are being exported to work in Thai bars and brothels (New Frontiers 1999). In Cambodia, children are often bought and sold like cattle in Bangkok or the beach resorts and there is an active slave trade in young sex workers (New Frontiers 1999). Vulnerable women and children are preyed upon and girls 13-17 are forced into sex work; many start as housekeepers and then go to Karaoke bars or nightclubs. The pervasiveness of sex tourism in Thailand has led to it being referred as 'Thighlandia'. This trend does not only apply to South Asia. Sex tourism is an enduring feature of Caribbean tourism. While in some cases such as the gay and paedophilia market the customers are exclusively male, this is not true for the Caribbean where there is high incidence of female customers patronising male sex suppliers.

Women's social and economic status and empowerment

Women's social and economic status and overall economic empowerment are influenced by their status and role in the family and community; their social reproduction responsibilities (as purveyors of food and essential services) and their access, ownership and control over their resources. Tourism impacts greatly on all of these, negatively or positively. In terms of family and community life, tourism can either bring greater access to basic services (road, water, electricity and sanitation) or it may reduce such access if services are diverted to hotels and resorts or there are restrictions on access to local resources due to tourism development. For example, it is reported that in Western Samoa, tourism has led to the commoditization of traditional beliefs and practices and undermines traditional customs that gave specific well-defined rights and resources to men and women. Through its direct impact on local prices (land and food) as well as its indirect impact via changes in the exchange rate, tourism can add to women's social reproduction burden. It certainly will impact their access to and ownership of economic resources. Furthermore, if tourism development is promoted via tax breaks for hotels and the construction of tourist attractions, this will divert resources from the social budget with negative implications for social services. All of these have negative impacts on women's daily lives, work activities, food & nutritional status, and access to education and health care. Thus as Fillmore (1994) argues, women often pay the cost of tourism disproportionately while reaping few of the benefits.

On the positive side, increased employment in tourism can increase women's financial and economic autonomy. Likewise, increased revenue from the tourist sector into the government coffers may be available for the promotion of social development. Thus much depends on the governments' ability and willingness to use fiscal and monetary measures to ensure that there is social development linked to increased tourism development. Governments would also have to take proactive measure to promote better jobs and working conditions at all levels of the tourism sector as well as special policies to promote women's involvement at the higher and more lucrative levels of the tourism sector. Whether such actions are possible and chosen by economic decision-makers will depend on two main factors: the opportunities and constraints built into the multilateral trading system which now governs tourism and the activism of women and other social activists to create governments that work in the interest of gender equity and human development. We will explore the first issue in next section.

Influence, power and decision making

In general, the political and economic forums that structure and drive tourism policy and tourism development are dominated by male economic agents. Few women get to play an active role in shaping tourism policy and practise at an official level. But increasingly, women in their many roles are finding ways to have an active voice in tourism. The struggle over the nature, extent and pace of further liberalization in this sector and other sectors is now ongoing over the liberalization agenda of the World Trade Organization. This arena provides a good space for women's activism on these issues locally, nationally, regionally and globally.

IV. International Trade in Tourism and the GATS: Implications for economic development and social and gender equality.

Thus defined, international tourism is increasingly becoming a significant part of global trade. It is one of the top five export categories for about 83% of countries in the world. International trade in tourism is concentrated in developed countries. The share of the South is about 1/3 of total international tourism. But it is a fundamental source of income and foreign exchanges for a number of Southern countries. Tourism is lauded for having a higher positive multiplier spillover effect than most economic sectors. It is widely claimed that for each job created in tourism there are 9 jobs generated in other areas. To date it is the only sector in the service area where developing countries have consistent surpluses.

East Asia and the Pacific are the fastest growing tourism areas, but there is a high degree of concentration of arrivals and receipts among and within the South. Singapore, Hong Kong and China each have a higher sum of tourist arrivals and receipts than the sum of Thailand, Indonesia and South Asia.

Tourism is also linked to other areas of the economy: agriculture, land and labour. It is also inextricably intertwined with air transportation, the major means used by tourists arriving in the South (a U.S. \$414 trillion industry), and communication. Given this, the

liberalisation of tourism has major implications for social development and gender equality.

Liberalization tends to 'prioritize global commerce over everything: self-reliance of communities, human rights and health and safety' (Pera and McLaren, 1998). Andrea Yoder writes that there is already a problem in enforcing standards in the tourism industry such as prior informed consent for local initiatives, and environmental regulations (Yoder 1998). Many of these pro-social and human development measures are already in conflict with WTO rules. Wallach and Sforza write that WTO orchestrated uniform global standards [which are designed by TNCs] to promote harmonisation of standards may 'facilitate the growth of consumer culture, [but they] militate against standards which reflect differences in cultural values. Such differences are seen as undesirable because they fragment the global market' (Wallach and Sforza, 1999).

In this context a great deal of attention and importance must be focused on the current negotiations for further liberalization of tourism under the GATS. According to *Equations*, the GATS impacts tourism via rules and regulations on the production, distribution and marketing of tourism services (mode of supply), tour operators supplying services cross-border in other countries (cross border supply), international visitors (consumption abroad), the flow of international hotel chains, branches or full ownership of hotel chains and agencies in other countries (commercial presence); and the activities of tour guides and hotel managers (presence of natural persons). It also has impacts on air transport and communications.

The direct impacts of the GATS as it relates to tourism would include:

- The GATS would allow foreign companies to merge or take over local companies. This is a threat to indigenous-owned and operated sustainable tourism initiatives.
- The GATS would allow upward pressure on the exchange rates with implications for real wages, price of land and other resources as well as for traditional exports such as agriculture, mining and fishing.
- Domestic regulation rules may impact governments' use of taxation policies to prevent de-industrialisation and de-agriculturalization.
- Governments will not be able to mitigate or limit the impact of the outflow of repatriated earnings from FDI, which will result in reduced welfare.
- GATS may also prove detrimental to eco and heritage tourism development.
- The GATS also has serious implication for pro-poor tourism that attempts to generate net benefits to the poor. The core of this strategy is to 'unlock opportunities for the poor with tourism rather than to expand the overall size of the sectors. But this requires domestic regulation to remove some barriers to entry and to enhance their ability to participate effectively in tourism.

The economics behind tourism liberalization as discussed in section II is based on the idea that tourism will yield overwhelmingly positive benefits on growth on development. But this is based on input / output studies that show that increased tourism implies across the board expansion of economic activity (Grassl,1999). This ignores distributional impacts and forward and backward linkages that are endemic problems in developing countries' economies. It also does not take into account that tourism growth may come with increased competition with other sectors such as domestic agriculture and other export areas. Most of these sectors are the ones which provide wages for women. And, while tourism may bring employment it is often seasonal and highly exploitative.

This discussion raises some important questions about the social and welfare impacts of GATS driven liberalization of tourism. It also points to some strategic interventions that are important for a promoting more balanced gender and social equity outcomes of GATS driven liberalization of tourism services. However, the strategic interventions dedicated to promoting the long-term strategic gender interest of women are predicated on a certain amount of latitude in developing countries ability to manipulate and regulate the agents, mechanisms and processes of tourism development. The fact that this latitude is constrained not just by the traditional conflict between the desires and influences of national elites and those of the poor but in the main is circumscribed by regional and multilateral trade rules makes it critical that these extra-national policies be fully interrogated for their social and gender accountability. Some important actions include:

Possible Actions That Women can Take Globally:

1. Call for a moratorium on the GATS to systematically assess the impact of the GATS, particularly on women, tourism and development.
2. Invite women to become active in the debate on trade in tourism.
3. Demand renegotiations of the GATS with the intent to promote economic and social justice, gender equality and sustainable development.
4. Encourage the inclusion of gender representatives of civil society at every level and occasion at which the regulation of trade in tourism services and other goods is considered and negotiated, both nationally and internationally.
5. Continue studying the GATS through the IGTN Economic Literacy Course (www.genderandtrade.net) and other resources.

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