Promoting Services Trade in ASEAN

Trade in Tourism Services

PAPER 7

MARCH 2018

ASEAN-JAPAN CENTRE

国際機関 日本アセアンセンター

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NOTES

The terms country and/or economy as used in this study also refer, as appropriate, to territories or areas; the designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the ASEAN-Japan Centre concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The following symbols have been used in the tables:

- Two dots (..) indicate that data are not available or are not separately reported.
- A dash (-) indicates that the item is equal to zero or its value is negligible.
- Use of a dash (-) between dates representing years, e.g., 2015–2016, signifies the full period involved, including the beginning and end years.

Reference to "dollars" ($) means United States dollars, unless otherwise indicated.

There are seven papers in total. The other six papers cover professional services; R&D services; telecommunication services; computer and related services; courier services; and maritime, air, rail and road transport services.

Prepared by Hikari Ishido (Chiba University, Japan) and Masataka Fujita (ASEAN-Japan Centre). The authors wish to thank the staff members of the AJC and Richard Liang for their research and statistical assistance. Errors and omissions are only those of the authors and should not be attributed to their respective organizations.

CONTENTS

I. INTRODUCTION

Tourism services is a service sector for all and promoted by all Member States of the Association of Southeast Asian Nations (ASEAN). In the sector the General Agreement on Trade in Services (GATS), administered by the World Trade Organization (WTO), lists[1] the following four job categories:

- 09A Hotels and restaurants (including catering)
- 09B Travel agencies and tour operators services
- 09C Tourist guides services
- 09D Other.

On this list no transport services are included. International travels of tourists to destinations are not covered under tourism activities as they are part of transport services. Domestic transportation services used by foreign travellers are not on this list, either, even though they are normally considered part of expenditures by travelers. In this paper, although travelers' expenditures are included fully or partially (e.g. only the domestic part) in tourism statistics, transport services used by travelers, whether international or domestic, are not considered.[2] The WTO list is for GATS negotiation and not intended to serve as a classification list by which services statistics are collected.

Out of the "three sources of value added", i.e. provision of (1) tangible products, (2) information and (3) amenities, tourism services tend to be amenities. Under the concept of "travel trade", tourism itself is seen as an important type of trade for ASEAN. The provision of tourism services tends to grow with economic development. In the ASEAN region, which records consistently vigorous economic advancement, the role of tourism services is becoming larger year after year. ASEAN (2015: 3) states that consumer demand for services has high-income elasticity: "as incomes rise, demand by consumers for services rises more than proportionately for tourism services".

Cooperative regional efforts to promote the ASEAN region as a single tourist destination are needed. Tourism services are by nature hospitality-oriented; however, economically speaking, they contribute to local employment and sustainability on a large scale. All ASEAN Member States promote the tourism sector.

The 19th ASEAN Tourism Ministers Meeting (M-ATM), held in January 2016, launched the ASEAN Tourism Strategic Plan 2016–2025, which states:"By 2025, ASEAN will be a quality tourism destination offering a unique, diverse ASEAN experience, and will be committed to responsible, sustainable, inclusive and balanced tourism development, so as to contribute significantly to the socioeconomic well-being of ASEAN people". The tourism ministers also took note of ASEAN's 50th anniversary in 2017 by agreeing to develop "Visit ASEAN@50: Golden Celebration", a collaborative tourism campaign to promote and showcase ASEAN as a single tourism destination. The campaign is to target major regional and long-haul source markets, such as China, Japan, the Republic of Korea, India, Australia, the United Kingdom, Germany, the Russian Federation, the United Arab Emirates, the United States and Canada, with three purposes:[3]

1 WTO, "Services Sectoral Classification List" (MTN.GNS/W/120, released on 10 July 1991).

2 The ASEAN-Japan Centre has issued another paper on tourism analyzed in terms of global value chains. In that paper, tourism expenditures include those by domestic transport services [AJC 2018].

3 Source: ASEAN Secretariat. http://www.aseantourism.travel.

- Achieving 121 million international visitor arrivals to the region by the end of 2017;
- Increasing tourism receipts to $83 billion; and
- Extending tourist visitations' average length of stay to 6–7 days, and to more than two ASEAN countries.

Many international organizations, including the ASEAN-Japan Centre, are providing full support to this initiative.

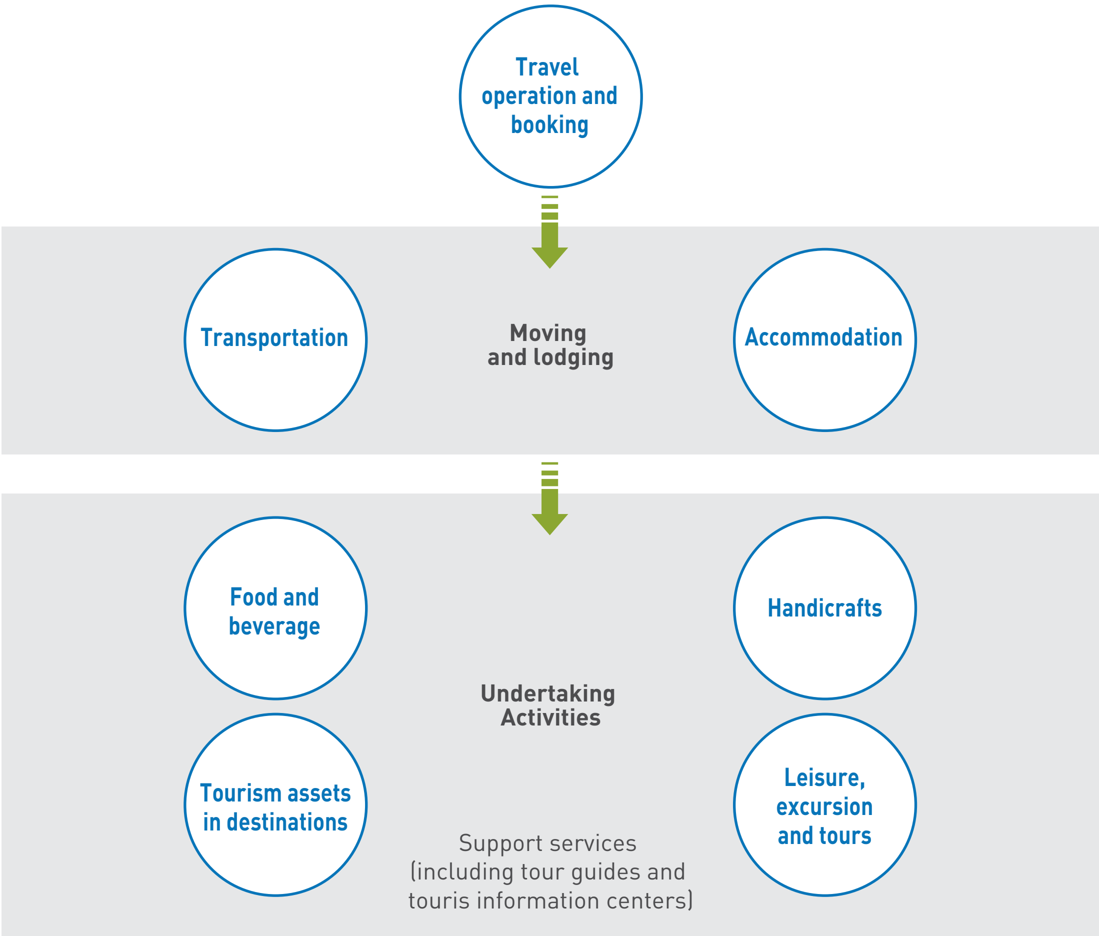
From the perspective of "tourism as trade in services", the WTO defines four types, or modes: Mode 1 (cross-border supply of services, mainly through the use of the internet), is used especially for online booking for tourism services. Mode 2 (consumption abroad, i.e. consumers moving to service suppliers' countries to purchase a service), most importantly foreign tourists using local restaurants and hotels, is a dominant form. Statistics on this mode, however, are limited as local restaurants seldom require customers to identify their nationality for statistical data collection. (Mode 2 statistics are typically collected through a travel expenditure survey at the entry or exit point of the country.) Mode 3 (supply of services through commercial presence) is a dominant form of tourism service, although this mode is not recognized as trade under the balance of payments (BOP) since the commercial presence is considered to be that of local companies. Mode 4 (supply of services through movement of natural persons from their home country to the country where consumers reside) is the least open mode of service supply. Foreign tour guides, for example, remain limited in their movement. Other tourism professionals, such as hotel managers, may receive wages and salaries when they move to other countries, which constitute Mode 4 payments. Thus, there is a need to promote tourism from the perspective of trade in services, with the trade-related concepts of Modes 1–4 in view.

Figure 1 presents a simplified view of tourism value chains.[4] As shown, travel operations and the booking of transportation and accommodation initiate value chains in tourism services. Then the use of transportation and accommodation takes place, followed by travel-related activities, i.e. consumption of food and beverages, visits to tourism assets at destinations, purchase of handicrafts, and the experience of leisure, excursion and tours.

Travels vary by purpose: pleasure, business, medical treatment, education and so on. Recently, new methods of tourism promotion including meetings, incentive travel, conventions and exhibitions (MICE); community-based tourism (CBT); long stays; gastronomic tours; and the like are emerging as key factors to which ASEAN Member States pay particular attention (box 1). In terms of promoting trade in tourism services, destination management organizations (DMOs) are also an important aspect of creating tourism services in an area in order to enhance inbound tourism through the cooperation of the private sector and organizations in the area.

4 A more detailed value chain of the tourism industry is provided in annex A.

Figure 1. **Tourism value chains: a simplified view**



Source: Adapted from the WTO "Tourism Value Chain".

Box 1. **Trend keywords**

MICE

Meetings, incentives, conventions and exhibitions (MICE) is a kind of tourism concept for promoting business meetings, incentive tours, conferences and exhibitions as a total package for business travelers. The ASEAN Secretariat sets the ASEAN MICE Venue Standards and manages certification for the venues that achieve a score of at least 75 per cent on all the criteria.

CBT

Community-based tourism (CBT) is a form of responsible and sustainable tourism that supports local communities and improves their livelihoods. CBT is expected to contribute its direct profit to local and ethnic communities.

DMO

A destination management organization (DMO) is a tourism promotion strategy using one entity to coordinate all the elements that make up a travel destination (e.g., entertainment, accessibility, branding, human resource training and pricing).

II. AN OVERVIEW OF THE TOURISM SERVICES SECTOR

The tourism industry is mainly represented by travel agency services and by hotel and restaurant services; domestic transport services and retail shops can be added. However, for the latter group of industries, it is difficult to discuss the activities that are related only to tourism. For the former, the focus is on hotels and travel agencies as they essentially serve only travelers.

With this in mind, hotel services (09A) and travel agency services (09B) are considered first in this section, and tourist guide services (09C) second, as the market openness of the sub-component remains limited.

1. Hotel services

Brunei Darussalam. The total number of hotels, resorts and apartments is 50, followed by homestays at 16, guesthouses and lodging at 15 and government guesthouses at 3. The total number of rooms and beds available are 4,317 and 6,079, respectively. The average length of stay for hotels in Q2 2017 was 2.2 days (Ministry of Primary Resources and Tourism of Brunei Darussalam). The country promotes the tourism industry in part to diversify the economy. However, its lower numbers of tourists and hotel rooms are due to inadequate infrastructure for the tourism sector and a lack of human resources in labour-intensive industries such as hotels and other hospitality businesses. Improvements in infrastructure play a key role in driving the tourism industry forward in the country, which affects the hotel industry. Generally speaking, Brunei Darussalam needs private sector input in its efforts to cultivate places of interest.

Cambodia. The country's overall policy encourages business initiative and local investment in lower-end hotels and guesthouses, which provide important employment and business opportunities to locals. However, there is no restriction on foreigners engaging in three-star or higher-rated hotel businesses, other than that the number of foreign employees working in a firm is subject to the labour law.

According to the Annual Tourism Statistics Report of the Ministry of Tourism of Cambodia, during 1997–2016 the numbers of hotels and guesthouses increased dramatically. The number of hotels in 2016 was 760 with 40,160 rooms, whereas in 1997 there were only 179 with 6,989 rooms. In 2016, the number of guesthouses was 2,170 with 32,463 rooms whereas in 1997 there were only 60 guesthouses with 477 rooms. These figures reflect the growth of the tourism industry, which also necessitates the establishment of more restaurants, particularly for the up-market consumer class.

Many hotels and restaurants prefer to use local products, depending on their availability and the competitive price of local food and beverage products. However, local production of processed food products is limited. Furthermore, as imported foods and beverages are needed for high-class consumers, local production of high value added products should be expanded in order to meet the demand and foster the healthy growth of the hotel industry.

Indonesia.[5] In terms of facilities, Indonesia has varieties of hotels catering to travelers. Hotels are categorized into two main segments based on their star rating: classified (one to five stars) hotels

[5] Summary information based on SPEEDA (online database) and the site of the Indonesian Ministry of Tourism (http://www.visitindonesia.co.in/index.php/en/about-indonesia).

and non-classified (no star rating). The non-classified segment, i.e. hotels that are low-priced and less furnished, accounts for some 90 per cent of the hotels in Indonesia. Domestic tourists who typically prefer staying at non-classified hotels dominate tourism, leading to development of the segment.

International tourists tend to prefer classified hotels. International hotel chains have traditionally focused on upscale or luxury hotels, whereas local hotels dominate the low-price segment. International groups are also penetrating into the growing mid-scale hotel segment, catering to the rapidly growing number of domestic and business travelers.

The hotel industry is marked by the presence of several international hotel chain giants such as Accor Group (France), Holiday Inn (United States), Sheraton (United States), Four Seasons (Canada), Kempinski (Germany), InterContinental (United Kingdom), Hilton International (United States), Ritz-Carlton (a subsidiary of Marriott International from the United States), Mandarin Oriental (Hong Kong), and Ramada Inn (operated by Wyndham Worldwide from the United States), as well as regional leaders such as Aston International. In addition, local players such as Santika Indonesia Hotels & Resorts, Tauzia Hotel Management, Hotel Sahid Jaya International and Aryaduta Hotel Group are aggressively increasing their market shares.

Lao People's Democratic Republic. The hotel and restaurant industry is the most substantial sector contributing to Lao tourism. According to the Ministry of Information, Culture and Tourism, the number of establishments has expanded constantly, with an average annual growth rate of 8–9 per cent. Today there are 2,527 establishments (545 hotels, 1,982 guesthouses) and 2,969 restaurants, which employ more than 167,800 people. The average room occupancy rate has remained more than 50 per cent in recent years: 54 per cent in 2014, 57 per cent in 2015 and 51 per cent in 2016.

Of the more than $700 million revenue for the tourism industry in 2016, the accommodation sector accounted for 39 per cent (food and beverage accounted for 22 per cent). More than 60 per cent of international visitors stayed at a hotel, whereas 39 per cent stayed at a guesthouse or other lodging. About 85 per cent of these hotels are owned by domestic private entrepreneurs. Foreign investors own about 11 per cent of the total, while the rest is in the form of joint venture. About 40 per cent of hotels in the country concentrate in the capital, Vientiane. Foreign investment and joint ventures show more rapid growth than domestic investment.

Both foreign companies (hotels and restaurants) and domestic hotels use about 80 per cent foreign products for inputs to provide services, whereas domestic restaurants use 95 per cent local products. The industry employs 2–3 per cent foreign workers, mostly at management level. However, many establishments lack an effective workforce and human resource management system. The hotel and restaurants industry in the Lao People's Democratic Republic is dominated by small and medium enterprises (SMEs), which make them very important to the Lao organizational and economic landscape. Yet these SMEs seem to underperform in their capacity and capability to operate effective business systems, including those related to training and development – the key to providing good-quality services.

Malaysia.[6] The hotel market is characterized by the presence of local and international hotel chains. The environment is conducive to investments in the hotel industry due to the country's growing tourism industry, favourable government policies, and government initiatives to promote tourism, such as international business and leisure tourism events. Rather liberal ownership opportunities for foreign investment in the country's hotel industry have attracted several international players,

[6] Analysis based on the site of the Malaysian Ministry of Tourism and Culture (http://www.motac.gov.my/en/) and SPEEDA (online database).

including Hilton Worldwide (United States), Hyatt Hotels (United States), Four Seasons Hotels (Canada), and Nikko Hotels International (Japan). In addition, large local hotel operators such as Berjaya Hotels & Resorts (Malaysia), Grand Central Enterprises (Malaysia) and YTL Hotels & Properties (Malaysia), which also have a widespread presence across many regions in the country.

Malaysia offers a wide range of accommodation facilities for tourists, from luxury resorts to budget hotels. The Ministry of Tourism and Culture assigns "star" and "orchid" ratings to hotels. The "orchid" category is designed specifically for classifying hotels that do not qualify for a star rating. "Orchid" hotels are required to meet the basic standards of accommodation, including clean and safe premises and hospitable staff workers. Conversely, the minimum requirements for a hotel to obtain a "star" rating not only cover the basic standards of cleanliness, safety and professionalism of staff, but also take into consideration the aesthetics of hotel premises and rooms; availability; and the variety and quality of facilities and services provided, including restaurants, swimming pools, laundry facilities and convenience stores. Orchid hotels are primarily managed by local entrepreneurs, whereas three-, four- and five-star hotels are operated by multinational companies. In an effort to standardize the rating of hotels to align with current trends and innovations in tourist accommodation services, the Ministry introduced the Tourist Accommodation Premises Classification and Rating System, which consists of six categories, namely city hotels, highland hotels, island/beach/lake/river resorts, innovative hotels and boutique hotels.

In 2009, the Government liberalized its foreign direct investment (FDI) policy for four- and five-star hotels, allowing up to 100 per cent foreign equity, to increase foreign investment in the hotel industry. In response to this policy change, major players entered the hotel market in 2010–2012. Other international players are expected to enter the market in the foreseeable future. The Malaysia Tourism Transformation Plan 2020, which is part of Vision 2020, the plan to transform Malaysia into a high-income country, is expected to boost the tourism industry.

Myanmar. According to the Ministry of Hotels and Tourism, the country had 1,575 hotels with 63,336 bedrooms in 2017. In addition, 64 properties financed by FDI are in the development pipeline; they will have 12,194 rooms. Although hotel services have been developed mainly by the Government, private suppliers currently serve foreign tourists by providing a variety of accommodations. Myanmar possesses great tourist potential and attractive sightseeing spots, yet much of the industry remains to be developed. In 2012, tourist arrivals surpassed the 1 million mark for the first time, creating demand for hotel services. In 2013, the Myanmar Tourism Master Plan was launched; it aims for 7.5 million annual tourist arrivals by 2020.

Philippines.[7] The hotel industry is attracting international tourist arrivals. The industry's performance depends on better air access and better accommodation facilities as well as increased marketing and promotional activities. The hotel industry has witnessed several acquisitions by large hotel groups and the entry of foreign players. Local players continue to develop new properties at both leading and developing tourist locations in the country. The National Capital Region (NCR-Manila) and the Central Visayas (Cebu) form the largest markets in the Filipino hotel industry.

The hotel industry is fragmented, with a mix of local and international players such as Ayala Land Hotels and Resorts (local), Starwood Hotels and Resorts (United States), Mariott Hotels and Resorts (United States) Vanguard Hotels (Singapore), Shangri-la Hotels and Resorts (Singapore) and The Ascott (Singapore). The luxury boutique hotel space is primarily dominated by international chains, whereas the mid-segment and budget hotel space is the domain of domestic brands.

[7] Analysis based on "VisitMyPhilippines" (http://www.visitmyphilippines.com) and SPEEDA (online database).

Singapore.[8] Singapore is consistently ranked as one of Asia's premier tourist destinations. As such, it is no surprise that the Lion City offers a diverse range of hotels, from luxury affairs to chic boutique spaces, as well as no frills, budget establishments.

According to the Singapore Tourism Board (STB), under the Ministry of Trade and Industry of Singapore, at the end of 2016, there were 413 hotels with nearly 64,000 rooms (hotels with more than four rooms). Another 5,500 rooms were in the pipeline. The average occupancy rate was 84.2 per cent, and daily revenue per available room was about US$147 in 2016.

The Singapore hotel industry initiated the Hotel Industry Transformation Map in 2016. It aims to accelerate business transformation and create a competitive industry by driving labour-lean business models; developing new solutions through innovation; growing businesses through internationalization; and building a strong pipeline of quality talent.

Thailand.[9] The hotel industry is an important part of the economy and has a symbiotic relationship with the development of tourism industry. The Ministry of Tourism and Sports (MOTS) is responsible for the tourism industry, while the Tourism Authority of Thailand (TAT), under the MOTS, is responsible for tourism promotion, to encourage both Thai and international tourists to travel in and around Thailand.

Thailand supplies various types of hotels to cater to diverse demands by tourists: luxury five-star hotels (mostly run by foreign suppliers), premium four-star hotels (often owned by Thai companies in the form of chain hotels and business hotels), medium-price three-star hotels (mostly small-scale, domestically owned hotels), and budget one- to two-star hotels (predominantly in the form of guesthouses with basic amenities). Accommodation fees fluctuate in response to seasonal demands: the lowest hotel prices are observed during the off-peak season, i.e. between May and August. Hotel prices tend to be higher during December and February when the weather is cooler, attracting higher numbers of domestic as well as international tourist arrivals.

The expansion of hotels is expected in key international tourist destinations including Bangkok, Phuket, Hua Hin, Cha Am, Pattaya, Phuket and Krabi. Potential locations currently receiving local tourists yet open for foreign tourists include the Khao Yai and Suan Pheng districts in Ratchaburi province.

Viet Nam.[10] The hotel industry in Viet Nam has been growing in recent years due to an increase in the number of tourists. This growth can be attributed to Viet Nam's emergence as a popular tourist destination with the rising income levels of residents, and overall improvements in the country's tourism and travel infrastructure. Furthermore, Viet Nam's hotel industry provides attractive FDI opportunities. Since 2015, foreign-owned enterprises have been allowed to provide services in hotels and restaurants with no limitation on invested capital or market access.

The hotel industry in Vietnam is, as in other ASEAN Member States, characterized by the presence of both domestic and international firms, of which the latter are heavily investing in this sector to expand their presence in the country. Serval domestic prominent investors are Sungroup, Vingroup, FLC, and Muong Thanh corporations. By the end of 2016, the total number of tourist accommodation establishments was 21,000, with 420,000 rooms. The number of three- to five-star and high-end tourist accommodation establishments was recorded as 784, with 91,250 rooms, accounting for 5.4 per cent and 28.7 per cent, respectively. There have been 545 FDI projects with registered capital of $11.5 billion from economies that include Taiwan Province of China, Hong Kong (China), Japan,

8 Analysis based on the site of the STB (https://www.stb.gov.sg) and SPEEDA (online database).

9 Analysis based on the site of the Thai Ministry of Tourism and Sports (http://www.mots.go.th/mots_en57/main.php?filename=index) and SPEEDA (online database).

10 Information based on the site of the Viet Nam National Administration of Tourism (http://www.vietnamtourism.gov.vn/english/) and SPEEDA (online database).

Singapore, Thailand, Indonesia, Malaysia, the Republic of Korea, the United Kingdom, France, Switzerland, Germany, and the United States.

The Viet Nam National Administration of Tourism (VNAT), under the Ministry of Culture, Sports and Tourism, is responsible for tourism-related policymaking. The Government undertakes initiatives to develop a skilled workforce for the hotel industry. It plans to develop the quality of labour in the industry to better assist visitors and improve service standards, encouraging revisits by tourists.

2. Travel agencies and tour operators services

Travel agencies. The role of travel agencies is mainly to plan package tours, customize group or private tours, and sell the tour products, as distinguished from tour operators, which conduct or deliver the tour products (see below). Recently, the role of travel agencies has been changing with the rapid expansion of internet access and use of mobile devices. Online travel agents, or travel booking sites, such as Amadeus, TripAdvisor, Expedia, Agoda and Airbnb, accounted for one-quarter of international travel trade in 2016, according to Phocuswright, a major travel trade research firm.

Travel fairs such as the Malaysian Association of Tour & Travel Agents Fair and the Travel Fair by Garuda Indonesia are other major channels for buying package tours or booking airlines, especially for individual and/or independent travelers in ASEAN.

The ASEAN Tourism Association (ASEANTA), formed in 1971, is a non-profit group of public and private tourism sector organizations from ASEAN. ASEANTA has grown to become an association of influence in the ASEAN tourism landscape, playing an integral role in shaping both the growth of tourism development and policies in the region.[11]

Tour operators (or land operators). From a business perspective, tour operators (or land operators) play an essential role in tourism. No package tour, customized group tour or even foreign independent tour can be arranged concretely without tour operators' involvement (figure 2), as they are familiar with local conditions. Tour operators play an important role in the travel trade in maintaining the security and comfort of foreign travelers:[12]

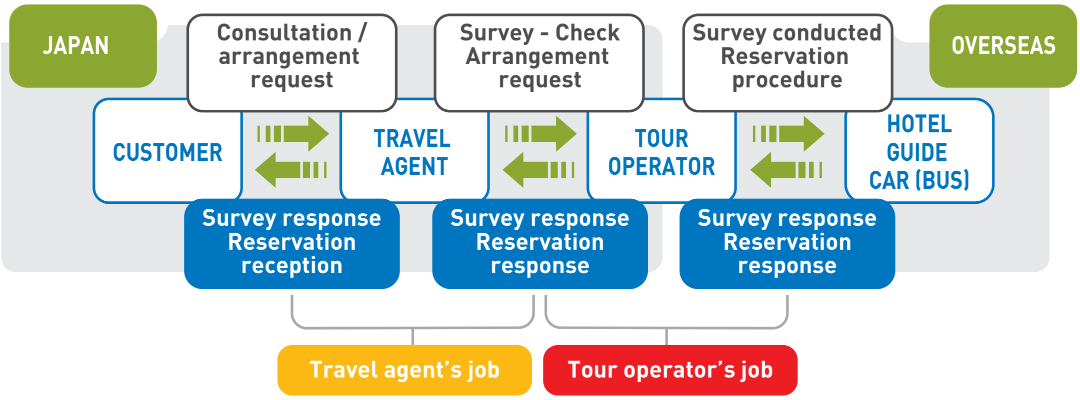
- Arrangement of transport and pick-up services at the destination
- Booking of hotels, including assistance with check-in and communication with hotel staff workers
- Arrangement of transport and tour guides for sightseeing
- Arrangement and booking of local tours
- Booking of restaurants
- Accompaniment and assistance with airline check-in at airports
- Other bookings and arrangements (i.e. sports, entertainments, concerts and other events)

In the Overseas Tour Operator Association of Japan (OTOA), 187 registered companies form a broad network of 811 offices in 245 cities in 80 countries (as of 1 June 2017). In order to expand

11 ASEANTA has the following objectives: Unite members in a common purpose, working in a close bond of cooperation, fellowship and assistance in furthering and protecting the interests of the members; strive towards the attainment of the highest standards of service and facilities for travelers and tourists; uphold the dignity and ethics of the tourism business and to strive towards its professionalism; foster and maintain the best of relationships among the ASEAN countries and their people; encourage, support and help develop tourism into and within the ASEAN region; act as negotiating body for members of the association and to make recommendations to government departments or agencies or other bodies in relation to any measure which may be taken involving members and/or the travel industry in ASEAN countries; and serve on or offer assistance to any government, statutory or International body in connection with tourism matters.

12 Information from the site of the Overseas Tour Operator Association of Japan (http://www.otoa.com/english/).

Figure 2. **Roles of travel agents and tour operators**



Source: Overseas Tour Operator Association of Japan.

ASEAN-wide trade in tourism services, an organizational body that coordinates and promotes tour operators' services would be helpful.

Brunei Darussalam.[13] Tourism is governed by the Ministry of Primary Resources and Tourism (MPRT), which is planning to diversify the country's tourism sector to include adventure tourism, ecotourism and Islamic tourism. The Government prioritized tourism in 2015, and provisions for tourism were made in the country's National Development Plan. The MPRT has this vision: "towards a sustainable growth and increase of tourists that would contribute significantly to the growth of economic activities related to tourism", and the mission: "to increase growth in the number of tourists by focusing on strengthening the attractiveness and diversity of tourism products and improving the quality of tourism services".[14] Under this umbrella plan, vision and mission, Brunei Darussalam is seeking inward foreign investment in tourism. The National Development Plan emphasizes the need to help develop new and downstream industries, including tourism.

The Association of Travel Agents Brunei (ATAB) is the officially recognized travel industry professional organization. It works closely with the Brunei Tourism Board and the Brunei Tourism Department in the development of strategies and the implementation of procedures aimed at enhancing the quality and diversity of travel-related services available in the country. The ATAB aims to promote, facilitate and develop high standards of quality and professionalism in the provision of inbound and outbound travel and tour services.[15] There are 67 travel agencies in the country.

[13] Information based on the Ministry of Primary Resources and Tourism of Brunei Darussalam (http://www.bruneitourism.travel/).

[14] Based on the Tenth National Development Plan of Brunei Darrusalam (http://depd.gov.bn/DEPD%20Documents%20Library/NDP/RKN%20English%20as%20of%2011.12.12.pdf).

[15] The ATAB wants to be a respected voice in Brunei for the common needs and operating standards of licensed tour and travel businesses; to facilitate public recognition of operating standards, training and professionalism in licensed tour and travel businesses, thereby increasing the service quality and contribution of the industry to Brunei's future, and simultaneously creating sustainable business benefits for ATAB members; and to work co-operatively with key stakeholders related to the industry – including government departments and related services and suppliers – to voice industry needs and develop mutually workable strategies. Source: https://www.facebook.com/bruneitravelagents/about.

Cambodia: In January 2016, the Ministry of Tourism issued promulgation No. 041, providing tourism licenses to tour operators and travel agents as follows:[16]

- For outbound services, tourism licenses are provided only to Khmer operators.
- For inbound services, tourism licenses are provided to both Khmer and foreign tour operators and travel agents.

Cambodia has 665 travel agents and tour operators that are officially registered. The companies operate tours in all the major tourist cities, offering personal attention and a wide range of travel, tour and visitor services.

It is possible to simply walk into a travel agent to arrange all bookings. Walk-in services usually include services such as air ticketing, tours and guides, bus and boat tickets, car and motorcycle rental, hotel reservations, passport services, visa extensions and foreign visas. Many upscale overseas tour operators now offer itineraries in Cambodia, teaming up with local ground operators to provide high-quality tours for discerning customers. They provide unique room and board options as well as adventures and exotic methods of transportation such as riding an elephant or an all-terrain vehicle through the jungle.

Indonesia.[17] The Association of Indonesia Tours & Travel Agencies (ASITA) was established in Jakarta in 1971 as a non-profit alliance operating under RI Law No. 9/1990 regarding tourism. ASITA spearheads the joint efforts of Indonesian travel agencies. All facets of travel agency operation are represented within ASITA's partnership, which provides a number of services to the tourism and travel industry, to achieve the following:

- To preserve the harmonious relationship and cooperation within its membership and externally, with both tourism-related and non-tourism-related parties and
- To improve the image of the Indonesian tourism industry by ensuring satisfaction and security, while also protecting and guaranteeing the interests of customers and other parties that are involved within the Association, without sacrificing the needs of its members.

Lao People's Democratic Republic. Out of 4.2 million travelers to the country in 2016, only 0.4 million or 9 per cent used the service of Lao travel agents, a big drop from 0.9 million or 19 per cent in 2015. Most international travelers to the country make their own trip arrangements or use different services, including online travel agencies, over local travel agents or tour operators. As of 2016, there were 381 local travel agents and 51 branches of foreign companies. They provided 12,960 job opportunities, including jobs indirectly supported by the industry.

According to the Lao Association of Travel Agents, in 2016 most travel agents experienced a drop in customer numbers. Lower use of local travel agent services is due to the fact that using a tour operator is more expensive (up to 20 per cent) than travelling independently. The ASEAN Community also poses challenges for Lao tour companies because tour operators in other countries can bring their own customers and tour guides into the country. For instance, buses from neighbouring countries bring tourists in. Changing business dynamics are slowing the growth of packaged travel. Therefore, travel agents should look to another tour segment for possible growth.

Malaysia.[18] The Malaysian travel industry includes companies involved in providing tourism-related services such as ticket booking, transportation, accommodation and other services. Larger

16 Information based on annual tourism statistics report of the Ministry of Tourism of Cambodia 2016.

17 Summary information based on SPEEDA (online database) and the site of the Indonesian Ministry of Tourism (http://www.visitindonesia.co.in/index.php/en/about-indonesia) .

18 Analysis based on the site of the Malaysian Ministry of Tourism and Culture (http://www.motac.gov.my/en/) and SPEEDA (online database).

travel agencies combine multiple components of travel (e.g. airline tickets, hotel accommodation, transportation) from suppliers to create package tours or "series" that are sold to travelers. To procure these individual components, agents make an upfront payment to suppliers. However, revenue from customers joining a tour is not received until much later. Therefore only large travel agencies with sufficient resources can grow in this industry, especially those engaging in long-haul tours, for which air ticket costs are higher.

Smaller agencies, which do not have the capacity to create their own packaged tours, sell thee pre-arranged tour packages of larger companies for a commission. They also tend to focus on smaller customized tours, where they do not have the burden of prepayment to suppliers. Some travel agencies focus mainly on corporate clients, arranging business trips and company tours. Several large multinationals have their own travel agency subsidiaries to arrange for their group's travel needs.

Travel agencies and tour operators in Malaysia require a business license from the Ministry of Tourism and Culture to operate in the country. They receive a commission for selling airline tickets or arranging accommodation for inbound and outbound travelers. Some travel agencies act as tour operators as well, arranging tour packages in addition to making airline and hotel bookings.

Myanmar. In 2017, there were 2,551 tour companies licensed for domestic services in Myanmar (2,510 local companies, 40 joint ventures and 1 foreign company). In 2016, the Government started to allow tourism companies to apply for a license to conduct outbound operations, and 429 companies now have permits to do so. Most of the companies expanding into the outbound market already have their inbound licenses and have a solid track record in tourism services. Very few start-up companies go into outbound travel on an exclusive basis, as the market is too small. Under the new regulations, local operators can partner with foreign companies.

Although local travel and tour companies have generally kept their domestic market shares, a rise in online holiday bookings has changed the local business model, as foreigners often prefer to travel individually and book their own holidays through the web rather than relying on local agents. These websites – usually foreign-owned – are undercutting local companies, as they are often able to offer discounts below what local operators can offer.

Philippines.[19] Travel agencies in the Philippines provide services for international as well as domestic tourism. Some of their most common services include airline bookings, sightseeing tours, accommodation reservations, car rentals and tour guides. In addition, these agencies assist international tourists with bureaucratic activities such as passport renewal, documentation for visa applications, travel insurance, exit permits, and foreign exchange and travelers' checks. Although most agencies primarily serve individuals and families, several work with corporate clients and those in the MICE category.

The Government campaigns that promote tourism in the Philippines, supported by the Department of Tourism, have been crucial in attracting international visitors. Domestic tourism, in contrast, has been spurred by the favorable economic conditions in the country. The growing spending power of Filipinos has prompted them to embark on more domestic and international tours. In addition, they tend to use travel agencies when travelling in groups or when planning international trips, which usually require a visa. This has been another demand driver for travel agencies that offer international tourism services for foreign travelers in the country. In the future, the country's continued economic development – resulting in a growing middle- and upper-income populace – will support the tourism sector. Travel agencies in the country are thus poised to grow.

[19] Analysis based on "VisitMyPhilippines" (http://www.visitmyphilippines.com) and SPEEDA (online database).

Singapore.[20] Operating a travel agency requires a license from the STB, which defines a travel agent as one that is in the business of supplying travel out of, into or outside Singapore on any conveyance, transport or accommodation, as well as tour services and other similar activities prescribed by the board. The National Association of Travel Agents Singapore (NATAS) represents a significant portion of the licensed travel agents in the country. The association acts in the interest of its member travel agents, especially when approaching government bodies or furthering industry development efforts. Travel agents play a key role in promoting Singapore as an attractive destination for local and international visitors by developing tour products and packages, facilitating travel arrangements, and supporting the efforts of the STB to market Singapore.

The travel agent industry is highly varied, with a growing number of large and small agencies catering to different interest groups. The number of new licensed travel agents in Singapore increased from 130 in 2009 to 163 in 2013 before declining to 145 in 2015.

Singapore is home to more than 1,000 licensed travel agents who offer unique travel experiences for local visitors and foreign tourists. Industry leaders have been operating for more than a decade and have diversified their businesses to keep up with the changing market structure. One of the vast changes in the travel agency industry has been the extension of services through online platforms, as consumers now primarily use the internet to gather travel information. This characteristic is driven by the high rate of internet penetration in Singapore (82.2 per cent as of 2015), as well as the immense popularity of "smart" devices and the social-media-savvy population. Many consumers make travel decisions on the basis of information available on the internet, such as through agents' websites, apps or blogs. It is thus imperative for travel agencies to have an online presence, as this helps disseminate information to prospective customers and also create a brand presence.

In August 2015, the STB and NATAS launched the Travel Agent Road Map. With a vision of enabling travel agents to go beyond ticketing and order-taking to become designers of travel experiences, the Road Map seeks to enhance the capability and sustainability of the travel agent industry. This is done through three main focus areas – business transformation, technology and manpower – and supported by tailored initiatives.

Thailand.[21] The travel and tour guide business is a restricted activity under the Foreign Business Act. Foreign workers wishing to get involved in the tourist business must incorporate a juristic person in order to apply for the license. The country is well endowed with travel agencies (2,642 in 2013) and tour operators (2,964), generating altogether $24 billion in receipts ($7 billion for the former and $17 billion for the latter), according to the National Statistical Office.

The travel agency industry is dominated by local players who have been in the business for years and have constantly altered and expanded operations to adapt to the changing market structure. Some of the basic services provided by travel agents include designing and managing tours for individuals, couples and families, as well as groups: local sightseeing trips, flight and hotel bookings, and coach and private car transfers.

Following region-specific trends, Thai travel agents provide special services such as booking cruises, organizing weddings of international clients, setting up and managing office trips, offering support to medical tourists, and so on. Travel agencies function as facilitators for customers' travel requirements. They are associated with service providers, also known as suppliers, for bookings related to hotels, sightseeing, transport, food, and the like. Travel agents work on commission, charged to customers on the cost provided by the supplier.

[20] Analysis based on the STB site (https://www.stb.gov.sg/) and SPEEDA (online database).
[21] Analysis based on the MOTS site (http://www.mots.go.th/mots_en57/main.php?filename=index) and SPEEDA (online database).

To start a travel agency, an individual or company needs a license from the MOTS. It is mandatory for travel agents to display their license number publicly, which helps earn customers' trust. Similar regulations apply for foreigners who wish to set up a travel and tour business in the country.

The long existence of a travel agency further boosts the trust factor for a potential customer; hence, customers prefer a retail travel agency over a new market entrant that offers only online travel services. That said, retail travel agencies are extending their services on the internet in order to benefit in terms of customer retention through both a retail and an online presence. Some of the media extensively used by travel agencies include their own websites and social media tools. It is important for travel agencies to ensure high visibility on social media platforms, as this would help them attract new customers through reviews, posted for free, from satisfied customers.

Viet Nam.[22] Travel agencies have been aided by the strong growth in the tourism industry in the country. According to the ongoing revised Tourism Development Plan 2015–2030, the Government aims to receive 17–18 million international tourists by 2020 and 28–30 million tourists by 2030, with tourism's contribution to GDP estimated to be 10 per cent and 12 per cent respectively. The presence of internationally known tourist destinations such as Ha Noi, Da Nang, Ho Chi Minh City, Ha Long Bay, Sa Pa, Hue, Hoi An, Nha Trang, the Mekong Delta, Phu Quoc Island and others as well as promotional activities by government agencies such as the Vietnam National Administration of Tourism (VNAT) are likely also to boost the growth prospects of travel agencies in the country.

To start a tour operator and/or travel agency, a company needs a license from a designated tourism authority. According to Viet Nam Tourism Law 2016, which took effect on 1 January 2017, a travel agent that conducts domestic tourism business applies for the licence at a provincial tourism authority whereas a travel agent that conducts international tourism business applies at the VNAT.

The travel industry is highly fragmented, with a large number of players. By the end of 2016, the number of international tour operators had reached 1,600. Of that, limited and joint stock operators continued to account for the largest proportions, 67.6 per cent and 30.6 per cent respectively. The number of state, joint-venture and private operators had seen a slight growth but maintained a small share (less than 1 per cent). The travel and tour guide business is a restricted activity under Viet Nam Tourism Law 2016. Foreign-owned enterprises wishing to get involved in the tourist business have to incorporate a juristic person in the form of a joint venture to apply for the license without limitations on capital.

Industry players offer varieties of services including customized package tours. The boom in Viet Nam's tourism industry has been facilitated by the growth of several agencies that make extensive travel arrangements by offering services such as airline booking, sightseeing tours, accommodation reservations, car rentals and tour guides. These agencies sell packages to tourists and business travelers.

Under the country's National Tourism Promotion Program over 2013–2020, the tourism industry is to be promoted on the internet through social networking media and through campaigns delivered through smartphones. Vietnamese tourism authorities and travel agencies are engaging in online marketing to introduce and promote the nation's major tourist attractions in a bid to increase the number of visitors and duration of visits and the consequent spending.

[22] Information based on the VNAT site (http://www.vietnamtourism.gov.vn/english/) and SPEEDA (online database).

3. Tourist guide services

As the front line in tourism services, tourist guide services take on the important role of promoting a positive image of tourism attractions through guides' language skills and extensive knowledge of cultural heritage, nature tourism, community-based tourism, religious sites, food tourism, and river tourism. The European Committee for Standardization defines tourist guides as described in table 1; as it shows, tour managers and tour escorts are distinct from tourist guides.

In ASEAN, there are more than 125,000 licensed tourist guides (table 2). The Southeast Asia Tourist Guides Association (SEATGA) is the largest ASEAN association of tourist guide companies and individual licensed guides in ASEAN Member States. Mostly the tourist guide associations are under the responsibility of the ministry of tourism or national tourism organizations, which manage the licensing for guides.

Table 1. **Job categories under tourist guide services**

Job category	Definition
Tourist Guide	A person who guides visitors in the language of their choice and interprets the cultural and natural heritage of an area; the person normally possesses an area-specific qualification, usually issued and/or recognized by the appropriate authority.
Tour Manager	A person who manages an itinerary on behalf of the tour operator, ensuring the program is carried out as described in the tour operator's literature and sold to the traveler consumer, and also gives practical local information.
Tour Escort	Representative of a tour operator providing basic assistance to travelers.

Source: European Committee for Standardization.
Note: Tour managers may or may not be tourist guides as well. They are not trained or licensed to work in specific areas unless they have met the proper requirements or have the legal right, depending on the region.

Table 2. **Number of licensed tourist guides in ASEAN, end 2016**

Brunei Darussalam	48
Cambodia	4,923
Indonesia	13,650
Lao People's Democratic Republic	1,275
Malaysia[a]	13,976
Myanmar[b]	6,949
Philippines[c]	550
Singapore	2,500
Thailand	65,000
Viet Nam[d]	18,391
Total	**127,262**

Source: SEATGA and various resources from ASEAN National Tourism Organizations, tourist guide associations and the Member States.
[a] Total number of tourist guides licensed by the Ministry of Tourism and Culture Malaysia, as of 2016 (source: Ministry of Tourism and Culture, Malaysia).
[b] Including Regional Tourist Guide 2939.
[c] Of the 550 licensed tour guides, only 255 are accredited by the Department of Tourism.
[d] 7,801 domestic licensed tourist guides and 10,590 international ones.

When considering a strategy to promote trade in tourism services, it is necessary to recognize the issues that tourist guides face: e.g. irregular guides, language barriers, connectivity, customs issues, visa problems and preservation of heritages. Among the subcategories of tourism services, tourist guide service is the least-liberalized area; they are not covered in the ASEAN Mutual Recognition Arrangement on Tourism Professionals (MRA-TP). The Common ASEAN Tourism Curriculum and the Regional Qualifications Framework and Skills Recognitions System consist of 52 qualifications, which include 242 competency units and 32 job titles across five levels and six work divisions. Yet tourist guide services have high growth potential: inbound tourism catalyzed through foreign tourist guide services can potentially create further demand as a multiplier effect, e.g. purchase of local crafts and other merchandise is expected as a result of promotion through social networking.

III. ASCENDANCY OF TRADE IN TOURISM SERVICES

1. Competitiveness of ASEAN tourism

The Travel and Tourism Competitiveness Index developed by the World Economic Forum[23] shows that there is a divergence across the ASEAN Member States in terms of scores and ranks: Singapore ranks 13th in the world, whereas Cambodia ranks 101st (table 3). It is therefore imperative for each of the ASEAN Member States to focus on upgrading the sub-components of the index values.

Scores on the index give an indication of the number of tourists attracted to a country. Table 4 shows tourist arrivals in ASEAN by country (2011–2015). With the economic growth of ASEAN at large, the number of tourist arrivals has been on a steadily increasing trend. The share of intra-ASEAN tourist arrivals is rather stable at 45 per cent of all arrivals. The balanced growth of the number of tourists from ASEAN Member States and from other countries suggests that the region continues to be attractive for all. This is also a good sign from the economic viewpoint, since tourism services need to be open to extra-ASEAN tourists in order to sustain growth.

Personal holiday dominates the main purposes of travel in ASEAN, with the average expenditure per day at about $100 (with some cross-country variations). The main mode of transport for visitors is air; for land-connected countries (Cambodia) and sea-connected countries (Indonesia), land transport and sea transport respectively are also much used. Each of the ASEAN Member States should fine-tune its policy focus on the basis of these and other cross-country observations.

[23] The Index scores the following four major components and their several sub-components:
(1) an enabling environment (with the following five sub-components: business environment, safety and security, health and hygiene, human resources and labour market, and information and communication technology readiness);
(2) travel and tourism policy and enabling conditions (with the following four sub-components: prioritization of travel and tourism, international openness, price competitiveness and environmental sustainability);
(3) infrastructure (with the following three sub-components: air transport infrastructure, ground and port infrastructure, and tourist service infrastructure); and
(4) natural and cultural resources (with the following two sub-components: natural resources and cultural resources and business travel).

Table 3. **World Economic Forum's Travel & Tourism Competitiveness Index**

Country	Score on Travel & Tourism Competitiveness Index (rank)	Score on Enabling Environment (rank)					Prioritization of Travel & Tourism
		Business Environment	Safety and Security	Health and Hygiene	Human Resources and Labor Market	ICT Readiness	
ASEAN Member States							
Brunei Darussalam	..	..	..	..	..	..	..
Cambodia	3.3 (101)	3.7 (125)	5.5 (88)	4.0 (109)	4.1 (110)	3.6 (101)	5.1 (29)
Indonesia	4.2 (42)	4.5 (60)	5.1 (91)	4.3 (108)	4.6 (64)	3.8 (91)	5.6 (12)
Lao People's Democratic Republic	3.4 (94)	4.7 (47)	5.4 (66)	4.3 (106)	4.6 (65)	3.1 (115)	4.7 (54)
Malaysia	4.5 (26)	5.4 (17)	5.8 (41)	5.2 (77)	5.2 (22)	5.2 (39)	4.7 (55)
Myanmar	..	..	..	..	..	..	..
Philippines	3.6 (79)	4.3 (82)	3.6 (126)	4.8 (92)	4.8 (50)	4.0 (86)	4.8 (53)
Singapore	4.9 (13)	6.1 (2)	6.5 (6)	5.5 (62)	5.6 (5)	6.1 (14)	6.0 (2)
Thailand	4.4 (34)	4.7 (45)	4.0 (118)	4.9 (90)	4.9 (40)	4.8 (58)	5.0 (34)
Viet Nam	3.8 (67)	4.5 (68)	5.6 (57)	5.0 (82)	4.9 (37)	4.2 (80)	4.0 (101)
Memorandum							
Spain	5.43 (1)	4.39 (75)	6.2 (18)	6.3 (24)	4.9 (34)	5.5 (29)	5.9 (5)
Japan	5.26 (4)	5.31 (20)	6.1 (26)	6.4 (17)	5.2 (20)	6.1 (10)	5.4 (18)
United States	5.20 (5)	5.44 (16)	5.2 (84)	5.7 (56)	5.5 (13)	6.0 (19)	5.3 (20)
Republic of Korea	4.6 (19)	4.7 (44)	5.8 (37)	6.4 (20)	4.9 (43)	6.2 (8)	4.6 (63)
China	4.7 (15)	4.2 (92)	5.0 (95)	5.4 (67)	5.2 (25)	4.6 (64)	4.8 (50)

Source: World Economic Forum (2017), *Travel & Tourism Competitiveness Report 2017*.
Note: ICT = information and communication technology. The index ranges from 1 (lowest) to 7 (highest). Due to rounding, ranks with the same score may not match.

Score on Travel & Tourism Policy and Enabling Conditions (rank)			Score on Infrastructure (rank)			Score on Nature and Cultural Resources (rank)	
International Openness	Price Competitiveness	Environmental Sustainability	Air Transport Infrastructure	Ground and Port Infrastructure	Tourist Service Infrastructure	Natural Resources	Cultural Resources and Business Travel
..	..	..	..	..	..	..	..
3.5 (58)	5.1 (51)	3.3 (130)	2.1 (96)	2.4 (108)	2.9 (102)	3.2 (62)	1.6 (76)
4.3 (17)	6.0 (5)	3.2 (131)	3.8 (36)	3.2 (69)	3.1 (96)	4.7 (14)	3.3 (23)
3.0 (71)	5.7 (14)	3.8 (98)	2.1 (97)	2.4 (111)	3.5 (86)	3.0 (71)	1.3 (107)
4.1 (35)	6.1 (3)	3.5 (123)	4.5 (21)	4.4 (34)	4.7 (46)	4.1 (28)	2.9 (34)
..	..	..	..	..	..	..	..
3.4 (60)	5.5 (22)	3.6 (118)	2.7 (65)	2.5 (107)	3.4 (87)	4.0 (37)	1.9 (60)
5.2 (1)	4.7 (91)	4.3 (51)	5.3 (6)	6.3 (2)	5.4 (24)	2.4 (103)	3.1 (28)
3.8 (52)	5.6 (18)	3.6 (122)	4.6 (20)	3.1 (72)	5.8 (16)	4.9 (7)	2.8 (37)
3.0 (73)	5.3 (35)	3.4 (129)	2.8 (61)	3.1 (71)	2.6 (113)	4.0 (34)	3.0 (30)
4.0 (43)	4.5 (98)	4.6 (31)	5.0 (9)	5.2 (15)	6.7 (2)	4.9 (9)	6.8 (2)
4.4 (10)	4.6 (94)	4.4 (45)	4.6 (18)	5.4 (10)	5.3 (29)	4.3 (26)	6.5 (4)
4.0 (38)	4.4 (106)	3.6 (115)	6.0 (2)	4.6 (26)	6.6 (3)	4.9 (10)	4.8 (13)
4.3 (14)	4.7 (88)	4.2 (63)	4.3 (27)	5.0 (17)	4.6 (50)	2.3 (114)	4.9 (12)
3.0 (72)	5.3 (38)	3.2 (132)	4.3 (24)	4.0 (44)	3.2 (92)	5.3 (5)	6.9 (1)

Table 4. **Tourist arrivals in ASEAN (2011–2016)**

Country	2011			2012			2013			2014			2015			2016		
	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total
Brunei Darussalam[a]	124	118	242	116	93	209	3 054	226	3 279	3 662	223	3 886	119	99	218	118	101	219
Cambodia	1 101	1 781	2 882	1 514	2 070	3 584	1 832	2 379	4 210	1 992	2 511	4 503	2 098	2 677	4 775	2 121	2 890	5 012
Indonesia	3 258	4 391	7 650	2 608	5 437	8 044	3 516	5 286	8 802	3 684	5 752	9 435	3 861	6 546	10 407	3 818	7 702	11 519
Lao People's Democratic Republic	2 191	532	2 724	2 712	618	3 330	3 041	738	3 779	3 224	935	4 159	3 589	1 096	4 684	3 083	1 156	4 239
Malaysia	18 885	5 829	24 714	18 810	6 223	25 033	19 106	6 610	25 716	20 373	7 064	27 437	19 147	6 575	25 721	20 271	6 486	26 757
Myanmar	100	716	816	151	908	1 059	219	1 826	2 044	1 598	1 483	3 081	1 763	2 918	4 681	403	2 504	2 907
Philippines	332	3 586	3 917	375	3 898	4 273	422	4 259	4 681	461	4 372	4 833	482	4 879	5 361	462	5 505	5 967
Singapore	5 372	7 799	13 171	5 733	8 758	14 491	6 115	9 453	15 568	6 113	8 982	15 095	5 748	9 483	15 231	5 936	10 467	16 404
Thailand	5 530	13 568	19 098	6 463	15 891	22 354	7 410	19 136	26 547	6 620	18 160	24 780	7 886	21 995	29 881	8 897	23 632	32 530
Viet Nam	838	5 176	6 014	1 364	5 484	6 848	1 440	6 132	7 572	1 495	6 379	7 874	1 301	6 643	7 944	1 461	8 552	10 013
ASEAN total	**37 733**	**43 496**	**81 229**	**39 845**	**49 380**	**89 225**	**46 154**	**56 045**	**102 199**	**49 223**	**55 861**	**105 084**	**45 992**	**62 912**	**108 904**	**46 570**	**68 996**	**115 566**

Source: ASEAN Secretariat.
Note: Details may not sum to totals due to rounding errors.
[a] Except in 2013 and 2014, data for Brunei Darussalam cover only visitor arrivals by air transport.

2. Tourism by mode of supply

Tourism services are essentially provided through Mode 2 (consumption abroad), as the service is supplied in one country to serve consumers from other countries. Tourism services suppliers may not be aware of their supply mode and in fact hardly recognize it as an international one. However, this mode of services supply affects the country's BOP through earning foreign exchange and is de facto equivalent to trade businesses.

The other relevant mode for tourism services is Mode 4 (movement of natural persons), in the sense that tourism professionals such as hoteliers move to provide services directly to consumers (travelers). Although the movement of this particular professional group and seven others is guaranteed under ASEAN's MRA, the movement of guides is still considerably restricted (section IV).

Goods and services consumed by foreign travelers are offered by both domestic and foreign entities in a country. When foreign companies provide goods and services for travelers, both resident and non-resident, that is considered supply of services through commercial presence (Mode 3). Thus, only part of Mode 3 supply (i.e. provision of goods and services for foreign travelers by foreign companies in the reporting economy) appears in tourism statistics.

This section examines travel expenditures. Although expenditures through different modes, in particular Mode 2 and Mode 3, are conceptually distinguishable, in reality, available statistics do not allow a clear-cut distinction. These statistics are partly derived from the BOP.

Travel expenditures that are captured in the BOP statistics (called "travel" in the services components) can be further broken down in accordance with the Extended Balance of Payments Services Classification as follows: goods, local transport services, accommodation services, food-serving services and other services (including health services and education services). These BOP-based travel statistics are somewhat different from travel expenditures, as recommended in the International Recommendations for Tourism Statistics 2008, developed by the WTO and the United Nations. For example, expenditures for international transport services are not included in travel in the BOP (instead being included under transport services), but are included in tourism statistics.[24] By definition, travel in the BOP includes also goods and services provided by foreign companies, as long as they are targeted at non-resident travelers.

In 2016, travelers from outside ASEAN spent $117 billion in the region (table 5), while ASEAN travelers spent at least $66 billion (table 6). On the export side, Thailand accounted for two-fifths of the ASEAN market, at $50 billion, followed by Malaysia and Singapore with $18 billion each. Generally speaking, the rise in travel expenditures in ASEAN has been gradual, reflecting a moderate rise in the number of tourist arrivals (table 4). In certain countries, however, particularly the CLMV countries,[25] expenditures have risen faster, as has the number of foreign tourists. In Myanmar, tourism is growing dynamically. These BOP-based data are considered as indicators of supply through Mode 2.

[24] For a detailed discussion on travel or tourism expenditures as used in the BOP statistics and tourism statistics in International Recommendations for Tourism Statistics 2008 and Tourism Satellite Account: Recommended Methodological Framework 2008, see UN, Eurostat, IMF, OECD, UNCTAD, UNWTO and WTO, *Manual on Statistics of International Trade in Services 2010.*

[25] Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam.

Table 5. **Exports of tourism services and its share in total exports of services and goods and services, 2005–2016** (Millions of dollars and per cent)

Country	Annual average 2005–2010	2011	2012	2013	2014	2015	2016
Tourism services export							
Brunei Darussalam	270	80	92	96	79	140	144
Cambodia	1 134	2 084	2 463	2 660	2 953	3 131	3 212
Indonesia	5 708	7 997	8 324	9 119	10 261	10 654	11 349
Lao People's Democratic Republic	235	406	451	596	642	679	712
Malaysia	13 761	19 649	20 251	21 500	22 600	17 680	18 084
Myanmar	66	325	539	959	1 612	2 101	2 177
Philippines	3 026	3 190	4 014	4 690	5 030	5 276	5 139
Singapore	9 471	17 930	18 796	19 209	19 134	16 743	18 386
Thailand	15 663	27 184	33 855	41 780	38 423	44 553	49 871
Viet Nam	3 388	5 710	6 850	7 250	7 330	7 350	8 250
ASEAN total	**52 723**	**84 556**	**95 634**	**107 858**	**108 063**	**108 309**	**117 325**
Share in total exports of services							
Brunei Darussalam	36.6	16.0	19.0	19.4	14.2	21.9	29.9
Cambodia	73.6	76.3	77.2	76.3	77.5	79.4	79.6
Indonesia	41.4	36.5	35.2	39.7	43.6	47.9	47.0
Lao People's Democratic Republic	70.0	73.9	78.1	76.3	83.9	85.0	85.7
Malaysia	50.5	50.6	49.9	51.1	53.7	51.0	53.3
Myanmar	19.6	42.9	43.8	34.9	51.4	54.5	57.6
Philippines	23.3	16.9	19.6	20.1	19.7	18.2	16.4
Singapore	12.6	15.0	14.8	13.8	12.5	11.3	12.3
Thailand	54.5	65.4	68.1	71.1	69.2	72.1	75.1
Viet Nam	57.1	65.7	71.2	67.7	66.3	65.3	66.6
ASEAN total	**43.9**	**45.9**	**47.7**	**47.0**	**49.2**	**50.7**	**52.3**
Share in total exports of goods and services							
Brunei Darussalam	2.8	0.6	0.7	0.8	0.7	2.1	2.6
Cambodia	14.6	26.8	27.9	26.5	26.3	25.2	24.2
Indonesia	3.6	3.8	3.9	4.4	5.2	6.2	6.8
Lao People's Democratic Republic	10.2	16.9	15.8	19.6	18.7	18.8	17.0
Malaysia	6.4	7.7	8.1	8.8	9.1	8.4	9.0
Myanmar	0.8	3.8	5.7	7.9	12.3	15.2	16.9
Philippines	5.1	5.6	6.0	6.9	6.7	7.3	6.9
Singapore	2.0	3.2	3.3	3.3	3.2	3.2	3.6
Thailand	6.6	10.3	12.2	14.6	13.6	16.2	17.8
Viet Nam	3.3	5.4	5.5	5.1	4.5	4.2	4.4
ASEAN total	**5.5**	**8.4**	**8.9**	**9.8**	**10.0**	**10.7**	**10.9**

Source: AJC, based on data from ITC, UNCTAD, WTO and ASEAN Stats.

Table 6. **Imports of tourism services and its share in total exports of services and goods and services, 2005–2016** (Millions of dollars and per cent)

Country	Annual average 2005–2010	2011	2012	2013	2014	2015	2016
Tourism services import							
Brunei Darussalam	503	605	571	530	583	459	500
Cambodia	124	264	314	355	401	491	497
Indonesia	4 964	6 255	6 771	7 675	7 682	7 299	7 739
Lao People's Democratic Republic	58	237	232	398	414	524	540
Malaysia	5 852	10 180	12 217	12 236	12 369	10 507	10 468
Myanmar	43	123	257	115	121	25	37
Philippines	2 058	5 368	6 247	7 833	10 598	11 660	11 274
Singapore	14 264	21 505	23 147	24 506	24 360	22 056	22 102
Thailand	4 769	5 717	6 248	6 481	7 072	7 592	8 336
Viet Nam	1 173	1 710	1 856	2 050	2 150	3 500	4 560
ASEAN total	**33 807**	**51 965**	**57 860**	**62 178**	**65 749**	**64 113**	**66 053**
Share in total imports of services							
Brunei Darussalam	38.9	33.3	21.6	18.5	26.7	27.8	22.9
Cambodia	14.9	20.1	20.5	20.2	21.3	25.7	25.2
Indonesia	20.3	19.7	19.8	21.9	22.9	23.6	25.3
Lao People's Democratic Republic	55.6	71.7	68.4	74.6	83.2	89.5	87.1
Malaysia	21.3	26.5	28.2	27.1	27.3	26.3	26.6
Myanmar	6.9	11.3	17.6	5.2	5.3	1.0	1.3
Philippines	23.3	43.6	43.8	48.0	50.7	49.4	46.5
Singapore	18.0	18.2	17.7	16.7	15.3	14.3	14.2
Thailand	13.1	12.4	13.7	13.7	15.6	17.9	19.8
Viet Nam	16.4	14.4	16.8	14.8	14.3	21.2	24.6
ASEAN total	**22.9**	**27.1**	**26.8**	**26.1**	**28.3**	**29.7**	**29.4**
Share in total imports of goods and services							
Brunei Darussalam	10.9	10.9	8.5	6.8	10.0	9.4	11.6
Cambodia	10.9	3.1	3.2	3.1	3.2	3.5	3.4
Indonesia	3.3	3.3	3.2	3.6	3.8	4.4	4.9
Lao People's Democratic Republic	2.0	8.6	6.8	11.0	8.7	8.9	10.1
Malaysia	3.2	4.9	5.7	5.6	5.7	5.6	5.8
Myanmar	0.5	1.4	2.8	1.0	0.9	0.2	0.2
Philippines	2.8	7.6	7.9	10.0	12.0	12.9	11.0
Singapore	3.5	4.4	4.6	4.7	4.7	4.9	5.1
Thailand	2.2	2.2	2.3	2.4	2.8	3.3	3.8
Viet Nam	1.1	1.6	1.6	1.5	1.4	2.1	2.5
ASEAN total	**3.1**	**5**	**4.7**	**5.0**	**5.3**	**5.5**	**5.8**

Source: AJC, based on data from ITC, UNCTAD, WTO and ASEAN Stats.

ASEAN expenditures abroad on tourism (that is, imports), which amount to half of foreign expenditures on tourism in ASEAN, are led by Singapore, followed by Malaysia and the Philippines. Unlike in exports, Thailand does not figure strongly. The outward orientation of tourism reflects the development stage of each country, but country characteristics may also play a role. For example, Filipinos' outgoing nature, as seen in overseas workers, seems to work also in tourism, in which the country is ranked second in ASEAN.

Foreign companies provide goods and services used for tourism through Mode 3. In 2015, this amount ($12 billion) was larger than that provided by ASEAN firms abroad ($8 billion) (table 7). The majority of expenditures for goods and services provided by foreign tourism services companies are in Singapore, which accounts for four-fifths of total expenditures, followed by Thailand, another big tourist destination. These two countries host almost all tourism activities by foreign companies in ASEAN. In contrast, in the supply of tourism services to the world by ASEAN firms (that is, exports), Malaysian companies sell the majority of such services, followed by Singapore. The presence of foreign firms is related to the existence of FDI.

Table 7. **Estimated sales of tourism services through foreign presence, 2015**
(Number and millions of dollars)

Country	Receipts from abroad		Supply to the world	
	Number of foreign entities	Estimated sales	Number of ASEAN entities abroad	Estimated sales
Brunei Darussalam	0	..	0	..
Cambodia	11	0	0	..
Indonesia	36	460	4	56
Lao People's Democratic epublic	0	..	0	..
Malaysia	45	421	48	7 275
Myanmar	4	1	0	..
Philippines	25	606	3	10
Singapore	83	8 368	151	749
Thailand	82	1 890	14	208
Viet Nam	29	133	1	0
ASEAN total	**315**	**11 879**	**221**	**8 298**

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters and Orbis.
Note: For estimated sales, see the estimation procedure in the main text.
Includes affiliates whose sales cannot be estimated (two for the Philippines, for supply to the world).

By source country, ASEAN is the largest home region for established tourism services companies in ASEAN, accounting for one-third of identified foreign affiliates in tourism in ASEAN (table 8, left column: 113 of 315). In terms of sales, however, United States affiliates sell the largest amount of tourism services – that is, about 40 per cent of total sales by tourism foreign affiliates in ASEAN – followed by Malaysian, European and Japanese firms. Foreign tourism firms operating in ASEAN include H.I.S. (Japan), JTB (Japan), Standard Chartered Plc (United Kingdom), Carlson Holdings Inc. (United States), American Express (United States) and Marriott International Inc. (United States). From ASEAN, large companies include Genting Berhad (Malaysia), TA Enterprise (Malaysia), Reliance Pacific Berhad (Malaysia), Berjaya Corporation Berhad (Malaysia), CDL Hospitality Real Estate Investment Trust (Singapore), Banyan Tree Holdings Limited (Singapore) and Hotel Grand Central Limited (Singapore). They also operate within ASEAN. In fact, one-third of tourism affiliates established by ASEAN tourism firms are located in ASEAN (table 8, right column). The second largest host region for ASEAN tourism firms is Australia.

Malaysia is particularly outstanding as both a host country invested in by foreign tourism services companies and a home country investing abroad in tourism. Because of the country's early opening to FDI; its business environment, which is conducive to tourism operations; and government assistance, including in license issuance and renewal, competition works well to bring favorable impacts and strengthens both foreign and domestic tourism firms.

Table 8. **Foreign affiliates in ASEAN and ASEAN affiliates abroad in tourism services, by source and destination economy** (Number and millions of dollars)

		Foreign affiliates in ASEAN		ASEAN affiliates abroad	
	Country	Number of affiliates	Estimated sales	Number of affiliates	Estimated sales
Developed countries	United States	19	4 657	15	6 825
	Europe[a]	45	1 782	14	147
	Australia	8	98	47	363
	Japan	65	1 280	14	56
	Others[b]	0	0	3	1
	Subtotal	**137**	**7 817**	**93**	**7 391**
Developing countries	ASEAN	113	3 173	78	853
	Malaysia	26	2 064	23	291
	Singapore	62	849	13	377
	Thailand	12	260	22	181
	Other ASEAN[c]	13	0	20	4
	China	0	0	17	41
	Others[d]	48	888	33	14
	Subtotal	**161**	**4 061**	**128**	**908**
Unspecified / Supernational		17	0	0	0
World		**315**	**11 878**	**221**	**8 299**

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters and Orbis.
[a] Germany, Italy, France, United Kingdom, the Netherlands, Switzerland, Spain, Denmark and Luxembourg.
[b] Canada and New Zealand
[c] Cambodia, Indonesia, the Philippines and Viet Nam.
[d] Cyprus, Bhutan, Brazil, the Republic of Korea, Hong Kong (China), Cayman Islands, India, Sri Lanka, Morocco, Mauritius, Maldives, Russian Federation, Turkey, and South Africa.

Sales of tourism services through foreign companies is Mode 3 supply.[26] Supplies through Mode 2 and Mode 3 are not necessarily exclusive mutually. As noted, Mode 2 sales as reported in the BOP statistics includes services provided by foreign firms for non-residents. This portion of tourism sales is also included in Mode 3, or supply through commercial presence. Knowing that the double counting exists between Mode 2 and Mode 3 and assuming that there is very little for Mode 4 (due

[26] See annex B for a list of large foreign affiliates engaged in tourism services in ASEAN, and annex C for a list of large ASEAN affiliates engaged in tourism services abroad. Note that sales figures are subject to overstatement or understatement, owing to the difficulty of standardizing data collection.

to, e.g. current prohibition of cross-border movement of tour guides), the total supply of tourism services by foreign firms in ASEAN and by ASEAN firms abroad is estimated as the sum of Mode 2 and Mode 3 (table 9). In 2015, the former reached $76 billion and the latter $117 billion.

Table 9. **Supply of tourism services through Mode 2 and Mode 3, 2015**
(Millions of dollars)

Country	Receipts of ASEAN from abroad			Supply from ASEAN to the world		
	Mode 2 (consumption of foreign tourists in ASEAN)	Mode 3 (sales of foreign companies in ASEAN)	Mode 2 + Mode 3	Mode 2 (consumption of ASEAN tourists abroad)	Mode 3 (sales of ASEAN companies abroad)	Mode 2 + Mode 3
Brunei Darussalam	459	..	459	140	..	140
Cambodia	491	..	491	3 131	..	3 131
Indonesia	7299	460	7 759	10 654	56	10 710
Lao People's Democratic Republic	524	..	524	679	..	679
Malaysia	10507	421	10 927	17 680	7 278	24 958
Myanmar	25	1	27	2 101	..	2 101
Philippines	11660	606	12 266	5 276	10	5 286
Singapore	22056	8 368	30 424	16 743	1 041	17 784
Thailand	7592	1 890	9 482	44 553	208	44 761
Viet Nam	3 500	133	3 633	7 350	..	7 350
ASEAN total	**64 113**	**11 879**	**75 992**	**108 309**	**8 592**	**116 901**

Source: Table 7 and table 8 of this paper.

Because of the sector's significant potential for income generation, all ASEAN Member States promote tourism, both collectively at the ASEAN level and individually at the country level. These efforts are partly reflected in a projection of the growth in travel and tourism investment (figure 3). According to the World Travel and Tourism Council (WTTC), ASEAN is the region projected to record the fastest expansion (6.3 per cent per year on average) of travel and tourism investment over the period 2016–2026 (figure 3). This expansion would be strengthened by institutional policy supports, including service trade liberalization (discussed in section III).

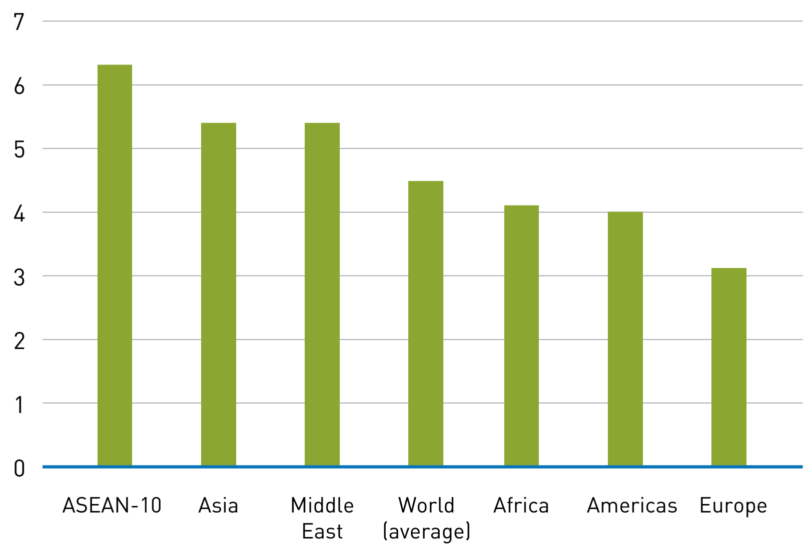
Tourism requires not only culture and sites to see and visit but also infrastructure for travelling. The World Economic Forum's Travel & Transport infrastructure scores and ranks provide a quick review of how the quality of such infrastructure in ASEAN Member States compares with that of other countries (table 10). Government policies should be made with consideration of how the various sub-components rank within the country.

Cambodia: Mobile phone penetration ranks high; the ranks for air transport infrastructure, ground transport infrastructure and health and hygiene could be improved.

Indonesia: Mobile phone penetration ranks highest; health and hygiene needs improvement.

Lao People's Democratic Republic: Safety and security ranks highest; mobile phone penetration needs improvement.

Figure 3. **Annual average growth rates in travel and tourism investment, 2016–2026**
(Per cent)



Source: World Travel & Tourism Council (2016).

Malaysia: Mobile phone penetration ranks highest; health and hygiene needs improvement, as in the case of Indonesia. This may reflect the geographical proximity of the two countries.

Myanmar: Health and hygiene ranks the highest; the ranks of tourism infrastructure, air transport infrastructure, ground transport infrastructure and mobile phone penetration need improvement.

Philippines: Tourism infrastructure ranks the highest; the ranks of ground transport infrastructure and safety and security need improvement.

Singapore: Ground transport infrastructure and safety and security rank the highest; tourism infrastructure needs improvement.

Thailand: Tourism infrastructure ranks the highest; safety and security needs improvement.

Viet Nam: Mobile phone penetration ranks the highest; tourism infrastructure needs improvement.

Table 10. **World Economic Forum's Travel & Transport Infrastructure scores and ranks, 2015**

Country	Rank							
	Composite	Composite Score (0-7)	Tourism Infrastructure	Air Transport Infrastructure	Ground Transport Infrastructure	Health and Hygiene	Safety and Security	Mobile Phone Penetration
Brunei Darussalam	..	..	..	..	..	..	..	..
Cambodia	15	3,4	16	17	17	17	13	7
Indonesia	11	3,9	13	11	13	16	11	9
Lao People's Democratic Republic	16	3,4	12	16	16	15	8	17
Malaysia	7	4,8	7	7	7	9	7	5
Myanmar	18	2,5	18	18	18	13	14	18
Philippines	13	3,5	10	13	15	12	15	13
Singapore	3	5,6	6	4	2	5	2	3
Thailand	9	4,4	2	5	11	11	18	6
Viet Nam	12	3,8	15	14	14	10	10	8
China	10	4,1	14	9	9	7	9	14
Hong Kong, China	1	5,9	9	3	1	2	3	1
Japan	6	5	8	6	3	1	5	11
Australia	4	5,1	5	2	10	3	4	12
India	14	3,5	17	10	8	14	16	16

Source: World Travel & Tourism Council (2016), Table 2-2.

IV. TRADE AGREEMENTS AND REGULATIONS AMONG AND IN THE ASEAN MEMBER STATES

Tourism is one of ASEAN's priority sectors for integration, in the context of liberalizing trade in services.[27] The tourism industry is likely to continue to be one of the leading sectors in ASEAN owing to continuing significant improvements in the quality of infrastructure and hotels, and the growing tourism industry. However, the industry faces significant risks with regard to aligning demand and supply, and is highly dependent on the high influx of tourists from countries such as China.

Table 11 shows the Hoekman Index[28] for the degree of liberalization of tourism services in each of the ASEAN Member States by mode.[29] As shown, there is a diversity in terms of commitments. As liberalization as a single market is desirable for the overall promotion of the tourism industry in ASEAN, harmonization efforts are needed through further commitments in countries where the index values are zero or small.

As mentioned in the previous section, Mode 4 (supply of services through the movement of natural persons) is administered separately under the MRA; however, the actual movement of professionals in tourism remains restricted because of the lack of coordination among domestic agencies. Under the MRA on Tourism Professionals (MRA-TP), ASEAN Common Competency Standards for Tourism Professionals are organized as follows: hotel services: front office, housekeeping, food production; food and beverage services; travel services; travel agencies; and tour operation.

As noted, tour guide services are excluded. However, through a regional agreement, ASEAN Member States have each sent a list of professionals to be registered at the ASEAN headquarters to be able to work in the ASEAN region. Cambodia,[30] for example, has registered 500 tourism professionals.

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27 The Coordinating Committee on Services (CCS), established in January 1996 subsequent to the signing of the ASEAN Framework Agreement on Services (AFAS), was tasked to undertake services integration initiatives under the AFAS with emphasis on seven priority sectors: air transport, business services, construction, financial services, maritime transport, telecommunication, and tourism (Bangkok Declaration, 1995). The CCS comprises officials responsible for coordinating the liberalization of trade in services and are typically represented by officials from the ministry of trade or commerce or from an economic planning agency.

28 Hoekman (1995) proposes an indexation method for measuring the GATS-style degree of commitment in the services sector. This method assigns values to each of 8 cells (4 modes and 2 aspects – market access (MA) or national treatment (NT)), as follows: first assign the value 1 when the sector at issue is "fully liberalized"; 0.5 when "limited (but bound)"; 0 when unbound" (where a government has not committed to liberalize) by subsector, by mode and by aspect (MA or NT), and take the simple average for aggregation; then calculate the average value by services sector and by country. The higher the figure, the more liberal the country's service trade commitments are to the FTA members. Using the database we constructed, we derived the "Hoekman Index" for each of the 155 subsectors. Then, the simple average at the level of the 11 sectors is calculated. The Hoekman Index takes a value between 0 and 1, with 0 referring to the most restricted and 1 being the most open.

29 Mode 4 is not committed under the AFAS 9th package; however, policy options for promoting trade in tourism services in Mode 4 exist.

30 http://www.akp.gov.kh/?p=105965.

Table 11. **Table 11. Hoekman Index for tourism services (average by mode) under AFAS 9th package**

ASEAN Member State	Mode	09A Hotels and restaurants (incuding catering)	09B Travel agencies and tour operators services	09C Tourist guide services	09D Other
Brunei Darussalam	Mode 1	1	1	0	0.5
	Mode 2	1	1	0	0.5
	Mode 3	0.75	0.75	0	0
Cambodia	Mode 1	1	1	1	0
	Mode 2	1	1	1	0
	Mode 3	0.5	0.75	1	0
Indonesia	Mode 1	1	1	0	0.5
	Mode 2	1	1	0	0.5
	Mode 3	0.5	0.5	0	0.5
Lao PDR	Mode 1	1	0.5	0	0.5
	Mode 2	1	0.5	0	0.5
	Mode 3	1	0.5	0	0.5
Malaysia	Mode 1	1	1	1	0
	Mode 2	1	1	1	0
	Mode 3	0.75	0.75	0	0
Myanmar	Mode 1	1	1	0	0
	Mode 2	1	1	0	0
	Mode 3	0.75	1	0	0
Philippines	Mode 1	1	1	0	0.5
	Mode 2	1	1	0	0.5
	Mode 3	1	0.75	0	0.5
Singapore	Mode 1	1	1	1	0.5
	Mode 2	1	1	1	0.5
	Mode 3	1	1	1	0.5
Thailand	Mode 1	1	0	0	0.5
	Mode 2	1	1	0	0.5
	Mode 3	0.75	0.75	0	0.5
Viet Nam	Mode 1	1	1	0	0.5
	Mode 2	1	1	0	0.5
	Mode 3	1	0.5	0	0.5

Source: Calculated from the specific commitment tables of the AFAS (9th package).

Notes: Compared with other services industries, the tourism sector is liberalized to a large extent for Modes 1–3 (see table 11 in this paper). However, because of the industry's characteristics and broad relationships with other industries, a number of hindrances can be identified in ASEAN.

Where sector headings differ from but are somewhat similar to the standard commitment table (as a template), the sector at issue is counted as committed; hence the index values are subject to interpretation. As for "09D. Others", committed subsectors differ across Member States. In this case, the index values assigned are 0.5 for all the (partial) commitments. For "09C. Tourist guides services", only the commitments in "Tourist Guide Services" (CPC 7472) are considered.

- As part of the Trans-Pacific Partnership negotiations, **Brunei Darussalam** will have to undertake specific labour reforms such as the creation of a worker's union and procedures for collective bargaining, prohibition of discrimination, enactment of minimum wage laws and creation of a mechanism for anonymous reporting of labour violations. Because of the labour intensity of the tourism sector, these reforms should be made a priority. In addition, the country lags severely in terms of its competition policy.
- Foreign equity participation for hotels and travel agencies in **Cambodia** is limited to 51 per cent.
- In **Indonesia**, the current regulatory concern is the difficult labour market. Because tourism businesses are people-oriented, the requirement that foreign employees pass an Indonesian language test before they can work in the country constitutes a problem in the tourism sector. Foreign equity participation was raised in 2016 (for travel agencies from 49 per cent to 67 per cent; for hotels of up to two stars from 51 per cent to 67 per cent; and for restaurants from 51 per cent to 100 per cent).
- In the **Lao People's Democratic Republic**, there is some restriction on the provision of services by travel agents through Mode 3, commercial presence. Many foreign business owners, including branches of foreign tour companies in the country, claim that the process is overly complex and the regulations are applied unpredictably. Foreign companies also describe confusion of roles between the ministries, with multiple ministries unexpectedly involved in the approval process. This encourages the illegal operation of foreign travel companies or individuals in the country.
- In **Malaysia,** tourism is an important earning industry. The Government has been playing a leading role in promoting tourism. Although the industry has generally been faring well, the geographical separation of the peninsular and island parts of the country necessitates "increased coverage and quality of telecommunications network, supply of electricity and water as well as transportation connectivity" in Sabah and Sarawak (Eleventh Malaysia Plan). The dominant contribution of Johor could be shared by the island destinations.
- In **Myanmar**, recent market liberalization initiatives have spawned an influx of international restaurant franchises from Asian countries in the past four years, followed by those from the United States starting in 2015.
- In **the Philippines**, foreigners can own 100 per cent of a restaurant, but only if they fully invest more than $2.5 million. For foreign projects involving investments of $5 million or more, the Government promotes four locations as special economic zones for tourism development: Metro Manila, Boracay, Cebu City and Mactan Island. All four locations are already the principal areas where international hotel brands have properties. The incentives for tourist-oriented enterprises to invest in these zones include income tax holidays, resident visas and 100 per cent foreign ownership.
- **Singapore** has no limitations in the tourism sector, except in beverage-serving services, which is unbound (70 per cent equity participation is permitted).
- The travel and tour guide business in **Thailand** is regulated by the Tourist Business and Guide Act. Businesses must apply for a TAT (Tourism Authority of Thailand) license with the Tourist Business and Guide Registration Office. As the travel and tour guide business is a restricted activity under the Foreign Business Act, a foreigner who wants to get involved in the tourist business must incorporate a juristic person in order to apply for the TAT license.
- In **Viet Nam**, foreign investors must pay particular attention to a number of areas. In accordance with the Tourism Law just passed by the National Assembly, only foreign tourism companies (not individuals) can collaborate with Vietnamese tourism companies to establish a joint-venture company that provides tourism services in the country. The same law requires travel services managers to have formal degrees, by reason of which thousands of them may have to attend school again to meet the higher requirements.

V. IMPACTS OF FURTHER LIBERALIZATION OF TOURISM SERVICES ON THE ECONOMY

Promotion of tourism services can bring about positive economic impacts through two channels: (1) direct effects, e.g. purchases of tourism packages and air tickets, transportation services, and payments to hotels, all of which contribute directly to the tourism sector, and (2) indirect effects, e.g. tourism suppliers' purchases of intermediate goods and services (e.g. office renting) and tourists' purchases of handicrafts and visits to restaurants and entertainment service facilities not directly covered in tourism packages. Liberalization of trade in services would create at least some of these impacts, through greater service variety and enhanced productivity. Also, opening the market for foreign tourism suppliers would lead to foreign exchange generation (because of the capital that comes with foreign suppliers) and employment creation (because of the labour intensity of tourism services), which translate into income generation in the host country.

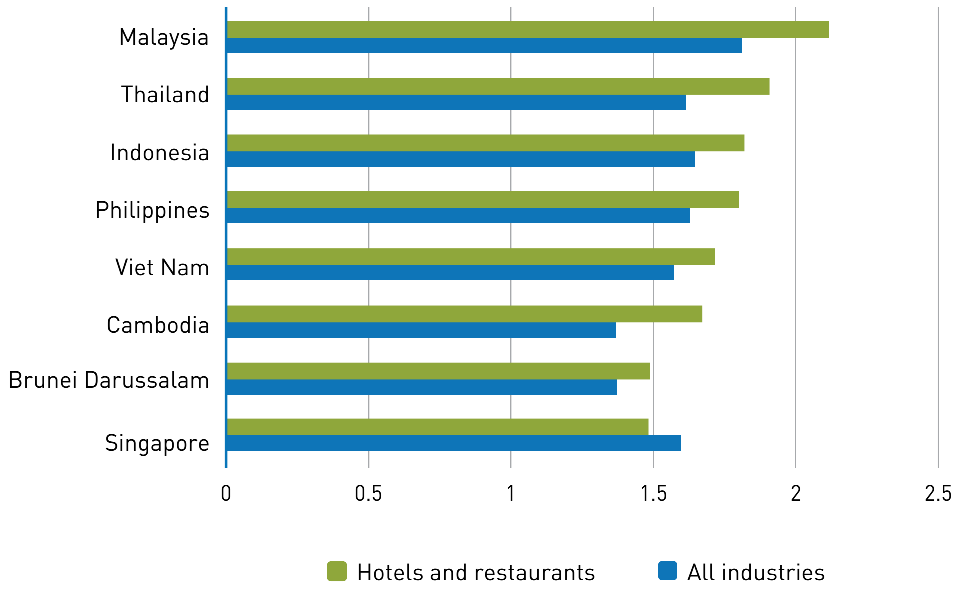
The tourism sector has direct as well as indirect multiplier effects (ASEAN and World Bank, 2015; Konishi, 2017): during a trip, tourists use transportation, accommodations, food and beverages, retail shops and entertainment facilities. After a tourism service is provided, additional tourists, as well as inward company investment, can be triggered through social networking promotion and conversations between those who consume tourism services and potential tourists and investors. To enable this favorable multiplier effect through these various channels, government policies should be formulated from an all-encompassing point of view.

Tourism linkages with other sectors go beyond those industries mentioned above to reach the whole economy. For example, economic sectors and development issues such as agriculture and natural resources, education, energy, environment, gender, private sector development, regional cooperation and integration, transport, and water and other urban infrastructure and services are all related to tourism and expected to derive synergies from each other (ADB, 2017: 22–23).

Thus, the tourism sector exhibits larger multiplier effects than the all-industry average. The hotel and restaurant industry, for example, shows larger linkage effects with other industries than the all-industry average in all ASEAN countries except Singapore (figure 4). In many ASEAN countries, one unit increase in demand for hotels and restaurants brings out 1.5 to 2 times more output increase in other industries, with Malaysia seeing the greatest effect. Therefore, further development of the tourism sector through further liberalization to allow foreign companies to work with local tourism firms, or to develop new tourism sites, is an important consideration.

In terms of the foreign equity participation rate, a major form of market entry by foreign service suppliers, majority foreign ownership (more than 50 per cent) is allowed in each of the ASEAN Member States in tourism services under the AFAS 9th package (table 12). What could be done to capture further positive economic impact is concerted ASEAN-wide institutional efforts. The "Visit ASEAN@50" campaign (see section I) is a good case in point.

Figure 4. **Multiplier effects of hotels and restaurants and all industries in ASEAN, 2011**



Source: OECD Input-Output table database (http://www.oecd.org/trade/input-outputtables.htm).
Note The Lao People's Democratic Republic and Myanmar are not covered in the OECD database.

Table 12. **Foreign ownership allowed in tourism services under AFAS 9th package**

Country	Foreign ownership allowed in tourism services (per cent)
Brunei Darussalam	70
Cambodia	100
Indonesia	70
Lao People's Democratic Republic.	70
Malaysia	70
Myanmar	100
Philippines	70
Singapore	70
Thailand	70
Viet Nam	100

Source: Specific commitment tables of each ASEAN Member State under the AFAS (9th package).
Note: Singapore's 70 per cent upper bound is under the unbound section for "Beverage serving services for consumption on the premises" (the original text states "Unbound, except up to 70% equity participation permitted"; see the relevant section in Annex D).

Liberalization in the tourism sector and its related industries disturbs competition, particularly among travel agents, in part because of the emergence of web-based reservation and operation, which can undercut the prices of local travel agents. In Cambodia, the Lao People's Democratic Republic, and Myanmar such imbalanced competition is taking place.

Singapore and Thailand have been moving beyond liberalization towards integration of the tourism sector in the overall development of the economy. In Singapore, the Hotel Industry Transformation Map was launched in 2016 to transform the hotel industry for sustainable growth through establishing labour-lean business models, developing new solutions through innovation, growing businesses through internationalization and building a strong pipeline of quality talent.[31] The Transformation Map helps the hotel industry stay abreast of consumers' changing needs and thrive despite the country's labour-constrained landscape. "Passion made possible", a slogan launched in 2017 by the STB with the Economic Development Board, suggests a new direction for the tourism sector towards its greater integration in overall development.

In Thailand, the Government has been supporting the tourism industry mainly through measures aimed at promoting international and domestic tourism. These measures include the following: in 2014, visa fees were waived for Chinese and Taiwanese tourists for three months during the high season (August to November), and this type of promotion is expected to continue; in 2015, tourism tax rebates up to B 15,000 were allowed for Thai citizens if the expenditure was for a domestic package tour or accommodation; and in 2015 Thai corporations could claim as a tax deduction up to twice the cost of seminars and training.

All ASEAN Member States require accurate information in order to fully understand and capture the economic phenomenon of tourism in its entirety and to effectively formulate public policies for businesses and consumers. In every country, the dearth of economic data in the tourism sector hinders policymakers and business strategists in making decisions on policies and trade and investment. At the regional level, such data are also required for negotiations.

VI. POLICY RECOMMENDATIONS AND PROMOTION MEASURES FOR TRADE IN TOURISM SERVICES

1. General policy suggestions

Liberalization of the tourism sector alone is not effective enough. As mentioned in the previous section, related industries such as transport services, retail stores and restaurant services should also be opened up. In those sectors where trade liberalization is fully attained, there should be a careful balance between community development and foreign investment promotion: although foreign suppliers of tourism services tend to use foreign intermediate inputs (e.g. computerized online systems developed by foreign IT suppliers), foreign investment in tourism should also contribute to community development, in the form of utilizing local resources (e.g., procurement of handicrafts).

[31] The STB developed and will implement the Hotel Industry Transformation Map, in partnership with the Singapore Hotel Association; the Food, Drinks and Allied Workers Union; and the Hotel Sectoral Tripartite Committee, as well as other agencies such as Workforce Singapore, SkillsFuture Singapore and International Enterprise Singapore.

Given that hotel and restaurant services are already liberalized, the limited movement of natural persons as service suppliers is a bottleneck. Implementation of the MRA on tourism professionals would thus be crucial, as these related services are covered.[32]

Figure 5 shows the general framework of the ASEAN Tourism Strategic Plan 2016–2025. As the Plan puts it:

Given that the strategic programs and projects are fully resourced and implemented, it is anticipated that by 2025:

- The GDP contribution of ASEAN tourism could increase from 12 per cent to 15 per cent.
- Tourism's share of total employment could increase from 3.7 per cent to 7 per cent.
- Per capita spending by international tourists could increase from $877 to $1,500.
- The average length of stay of international tourist arrivals could increase from 6.3 nights to 8 nights.
- The number of accommodation units could increase from 0.51 units per 100 people to 0.60 units per 100.
- The number of awardees for the ASEAN Tourism Standards[33] could increase from 86 to 300.
- The number of project interventions in the community-based tourism value chain could increase from 43 to over 300.[34]

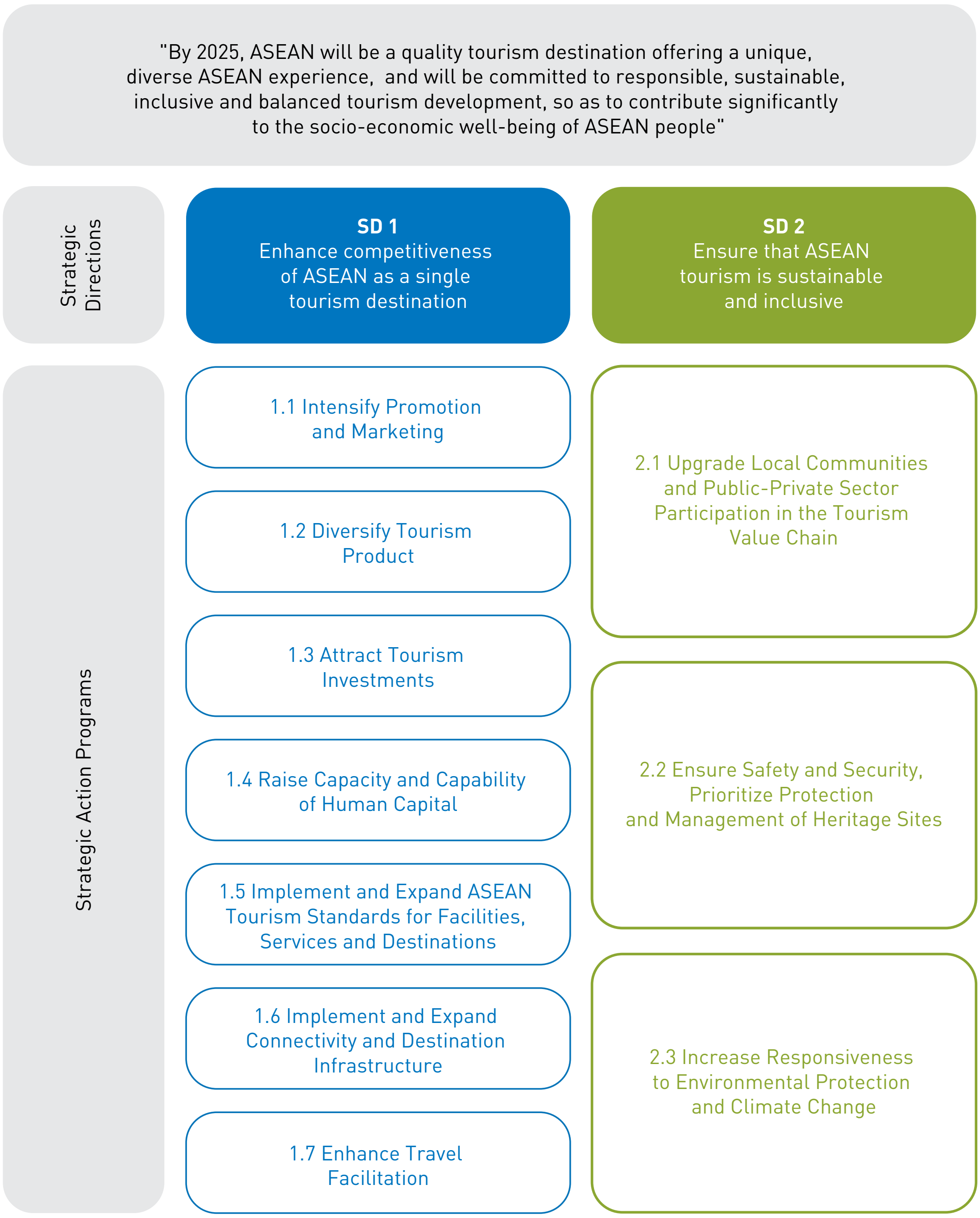
The ASEAN Tourism Strategic Plan has two strategic directions: "To enhance the competitiveness of ASEAN as a single tourism destination" and "To ensure that ASEAN tourism is sustainable and inclusive". Workable policy suggestions could be made in these directions.

32 The handbook on the ASEAN MRA-TP released in 2013 by the ASEAN Secretariat states that the MRA-TP will provide a mechanism for agreement on the equivalence of tourism certification procedures and qualifications across ASEAN (ASEAN, 2013). Once this is achieved, ASEAN nations will mutually recognize each other's qualifications for tourism. According to the handbook, the eligibility to work in a host country will be subjected to prevailing domestic laws and regulations of the host country. It seems that the "domestic laws and regulations" mentioned are actually rather difficult to comply with in a smooth manner.

33 ASEAN Tourism Standards are the criteria and requirements agreed upon by the ASEAN national tourism organizations in the following seven documents:
1. ASEAN Clean Tourist City Standard
2. ASEAN Community Based Tourism Standard
3. ASEAN Green Hotel Standard
4. ASEAN Homestay Standard
5. ASEAN MICE Venue Standard
6. ASEAN Public Toilet Standard
7. ASEAN Spa Services Standard

34 The outcome will be measured by the ASEAN Secretariat (Tourism Unit – Infrastructure Division).

Figure 5. **General framework of ASEAN Tourism Strategic Plan 2016–2025**



Source: ASEAN Tourism Strategic Plan 2016–2025
(http://www.asean.org/storage/2012/05/ATSP-2016-2025.pdf).

2. Workable policy suggestions

Where the ASEAN Tourism Strategic Plan 2016–2025 identifies two strategic directions, the World Tourism Organization identifies four factors as indispensable for promoting tourism services:

(1) **Enabling environment** (with five sub-components: business environment, safety and security, health and hygiene, human resources and labour market, and ICT readiness)

(2) **Travel and tourism policy and enabling conditions** (with four sub-components: prioritization of travel and tourism, international openness, price competitiveness and environmental sustainability)

(3) **Infrastructure** (with three sub-components: air transport infrastructure, ground and port infrastructure, and tourist service infrastructure)

(4) **Natural and cultural resources** (with two sub-components: natural resources and cultural resources and business travel)

Table 13 matches concrete activities under the ASEAN Tourism Strategic Plan 2016–2025 and the World Tourism Organization's four factors. International organizations (including the ASEAN-Japan Centre) are encouraged to identify and propose concrete projects promoting trade in tourism, possibly linking more than one ASEAN Member State.

Table 13. **Matching of activities under the ASEAN Tourism Strategic Plan 2016–2025 and World Tourism Organization's four factors**

Strategic direction and activity	(1) Enabling Environment	(2) Travel and Tourism Policy and Enabling Conditions	(3) Infrastructure	(4) Natural and Cultural Resources
Strategic Direction 1: To Enhance the Competitiveness of ASEAN as a Single Tourism Destination				
Strategic Action 1.1 Intensify Promotion and Marketing	**Activity 1.1.2** Expand the ASEAN regional destination-marketing program	**Activity 1.1.1** Enhance the ASEAN tourism statistical framework		
Strategic Action 1.2 Diversify Tourism Products	**Activity 1.2.2** Support the development of ASEAN sub-regional destinations/corridors targeting more inclusive tourism outcomes			**Activity 1.2.1** Complete the ongoing and identify new product development and marketing approaches
Strategic Action 1.3 Attract Tourism Investments		**Activity 1.3.2** Promote further liberalization of tourism services	**Activity 1.3.1** Prepare an ASEAN tourism investment program that identifies investment corridors where the convergence and consolidation of investments in tourism infrastructure and products will take place	

Table 13. **Matching of activities under the ASEAN Tourism Strategic Plan 2016–2025 and World Tourism Organization's four factors** (continued)

Strategic direction and activity	(1) Enabling Environment	(2) Travel and Tourism Policy and Enabling Conditions	(3) Infrastructure	(4) Natural and Cultural Resources
Strategic Action 1.4 Raise Capacity and Capability of Tourism Human Capital		**Activity 1.4.1** Continue the implementation of the ASEAN mutual recognition arrangement on tourism professionals (MRA-TP)		**Activity 1.4.2** Prepare and implement the ASEAN tourism human resources development plan in coordination with the ASEAN tourism resources management and development network (ATRM)
Strategic Action 1.5 Implement and Expand ASEAN Tourism Standards for Facilities, Services And Destinations	**Activity 1.5.2** Identify and implement new ASEAN tourism standards **Activity 1.5.3** Develop ASEAN tourist protection guidelines	**Activity 1.5.1** Promote the adoption and implementation of the ASEAN tourism standards certification system into the policy and regulatory and tourism HRD framework of the Member States		
Strategic Action 1.6 Implement and Expand Connectivity and Destination Infrastructure			**Activity 1.6.1** Enhance ASEAN air connectivity by supporting implementation of the ASEAN Single Aviation Market (ASAM) **Activity 1.6.2** Promote the development of cruise and river tourism, including its infrastructure for sea and river cruise **Activity 1.6.3** Implement the Agreement on the Recognition of Domestic Driving Licenses issued by ASEAN countries to promote drive/overland tourism across ASEAN **Activity 1.6.4** Promote the development of road connectivity along major tourism corridors	

Table 13. **Matching of activities under the ASEAN Tourism Strategic Plan 2016–2025 and World Tourism Organization's four factors** (conclued)

Strategic direction and activity	(1) Enabling Environment	(2) Travel and Tourism Policy and Enabling Conditions	(3) Infrastructure	(4) Natural and Cultural Resources
Strategic Action 1.7 Enhance Travel Facilitation			**Activity 1.7.1** Prepare white paper to implement the facilitation of intra-ASEAN and international travel (Article 2 of ASEAN Tourism Agreement 2002)	
Strategic Direction 2: To Ensure That ASEAN Tourism Is Sustainable And Inclusive				
Strategic Action 2.1 Upgrade Local Communities and Public-Private Sector Participation in the Tourism Value Chain			**Activity 2.1.1** Develop and implement the strategy on participation of local communities and private sectors in tourism development	
Strategic Action 2.2 Ensure Safety and Security, Prioritize Protection and Management of Heritage Sites	**Activity 2.2.1** Work with official bodies and organizations in support of safety, security and protection of key destinations in ASEAN	**Activity 2.2.2** Work with official bodies and organizations in support of the protection and management of heritage sites		
Strategic Action 2.3 Increase Responsiveness to Environmental Protection and Climate Change		**Activity 2.3.2** Prepare a manual of guidelines for incorporating environment and climate change mitigation, adaptation, and resilience		**Activity 2.3.1** Work with official bodies and organizations to address environmental (protection), and enhance climate change responsiveness

Source: AJC, based on ASEAN Secretariat (2015).
Note: A best-match attempt is made.

Tourism-related policy areas identified in table 13 should pay close attention to the following three parameters: (1) the value chain of direct and indirect impacts, (2) value composition, and (3) demand and supply creation, while tapping foreign as well as domestic people and resources.

The typical policy objective of tourism is to increase the value added that accrue to the economy. There are three important factors to consider in generating value added from tourism activities:

- ***n:*** number of foreign visitors
- ***u:*** unit (per-person) consumption
- ***r:*** local procurement rate or the rate of domestic value added (assumed to be the same across all the sectors listed in the table)

For any activity, including tourism, not all values used in the industry necessarily belong to the country where such activities take place. For example, in hotels and restaurants in ASEAN, 17 per cent of exports are imported inputs from abroad (AJC, 2018). In this case the local procurement rate or the rate of domestic value added is 87 per cent. Therefore, the total value created within the economy is

$$\text{Direct value created in tourism} = n * u * r \ldots\ldots (1)$$

This is the direct value derived from the tourism sector. However, as noted, the activities of the tourism sector affect other industries through a multiplier effect. This effect is between 1.5 and 2.0 (figure 4). In other words, one unit increase in demand for tourism activities brings out a 1.5–2 times increase in activities throughout the economy. This is indirect value added created in the economy because of tourism activities.

$$\text{Indirect value created in tourism} = (n * u * r)m \ldots\ldots (2)$$

where

m: multiplier effects of tourism sector

Therefore, the total value added created (direct and indirect) is as follows:

$$\text{Total value added created in tourism within the country} = n * u * r\,(1 + m) \ldots\ldots (3)$$

From the demand-side perspective, the number of visitors (*n*) as well as their unit consumption (*u*) can be enhanced through "local story-making". However, since demand (or consumption) of services and supply of services are usually made simultaneously, the supply capacity has to be generated. In this respect, the extent to which the tourism sector has to rely on imports for its goods and services provided (1 – *r*) raises another important consideration related to the capacity of the domestic firms. Therefore, a policy evaluation simulation was conducted with these two aspects (demand and supply) and four modes of service trade clearly in view.[35]

When the local procurement rate (*r*) comes closer to the maximum value of 1.0, the value added falling on a country becomes larger and larger. In calculating (*u*), a country needs detailed expenditures on tourism by non-residents for accommodation, food, (domestic) transport, and various tourism activities (culture, entertainment, sports). At this moment, not many countries can provide data in such detail. The tourism multiplier effect (*m*) is known, but the question is how to leverage this effect throughout an economy, as it is larger than the all-industry average of a country (figure 4).

Since tourism services have a unique feature known as high tradability and affect multiple industries (e.g., transport, retail, wholesale and restaurant services, agricultural production, cleaning, information communication), information on the four parameters was collected with country- and location-specific conditions in view.[36]

35 At a seminar held in Hua Hin, Thailand, on 30 November–2 December, 2017.

36 The detailed information and discussion, including the results of the policy evaluation, are also available at http://www.asean.or.jp/en/trade-info/report-the-4th-seminar-on-promoting-services2.

By and large, the commitments in tourism by the ASEAN Member States on trade liberalization under the AFAS (9th package) are rather modest or cautious, in the sense that neither Mode 2 nor Mode 4 is liberalized fully, although they are somewhat liberalized in practical terms (i.e. "consumption" by ASEAN tourists of tourist guide services in other ASEAN Member States is observed widely). This sort of barrier should be removed by raising the commitment levels under AFAS.

Table 14 shows a subjective policy evaluation of the trade in tourism services provided by the ASEAN Member States, which shows a wide disparity in scores. The ASEAN average score of 6.53 shows there is much scope for policy improvement.

By average score, the three highest-ranked policy components are

- Increase *u* (unit consumption) in Mode 4 (score of 7.33)
- Increase *r* (local procurement rate/ rate of domestic value added) in Mode 4 (score of 7.22)
- Increase *n* (number of foreign visitors) in Mode 4 (score of 6.89)

The five lowest-ranked policy components are

- Leverage *m* (multiplier effects of tourism sector) in Mode 3 (score of 6.00)
- Increase *r* (local procurement rate or rate of domestic value added) in Mode 3 (score of 6.10)
- Increase *n* (number of foreign visitors) (score of 6.20)
- Increase *r* (local procurement rate or rate of domestic value added) (score of 6.20)
- Leverage *m* (multiplier effects of the tourism sector) in Mode 1 (score of 6.20)

Table 14. **Subjective policy evaluation of trade in tourism services**

			B	C	I	L	My	Mm	P	S	T	V	Average
Mode 1 (Cross-border supply of services)	Demand-Side Policy	1 Increase *n* (number of foreign visitors)	3	7	4	8	9	4	8	9	6	4	6.2
		2 Increase *u* (unit (per person) consumption)	3	8	8	7	8	3	8	9	6	4	6.4
	Supply-Side Policy	3 Increase *r* (local procurement rate or rate of domestic value added)	3	8	7	8	8	3	8	9	4	4	6.2
		4 Leverage *m* (multiplier effects of tourism sector)	1	7	5	8	8	3	8	8	8	6	6.2
Mode 2 (Consumption abroad)	Demand-Side Policy	1 Increase *n* (number of foreign visitors)	7	9	8	9	9	1	9	8	3	3	6.6
		2 Increase *u* (unit (per person) consumption)	3	7	8	8	9	2	9	8	8	3	6.5
	Supply-Side Policy	3 Increase *r* (local procurement rate or rate of domestic value added)	6	7	9	8	7	1	9	8	8	5	6.8
		4 Leverage *m* (multiplier effects of tourism sector)	4	7	6	8	9	1	9	8	6	6	6.4
Mode 3 (Commercial presence)	Demand-Side Policy	1 Increase *n* (number of foreign visitors)	4	6	8	7	9	1	8	8	8	4	6.3
		2 Increase *u* (unit (per person) consumption)	1	8	8	8	9	1	8	8	8	-	6.56
	Supply-Side Policy	3 Increase *r* (local procurement rate or rate of domestic value added)	2	7	8	8	8	1	8	8	4	7	6.1
		4 Leverage *m* (multiplier effects of tourism sector)	4	7	3	8	8	1	8	8	8	5	6
Mode 4 (Movement of natural persons)	Demand-Side Policy	1 Increase *n* (number of foreign visitors)	7	8	8	8	7	..	7	5	6	6	6.89
		2 Increase *u* (unit (per person) consumption)	8	7	9	8	9	..	7	8	4	6	7.33
	Supply-Side Policy	3 Increase *r* (local procurement rate or rate of domestic value added)	7	7	9	8	8	..	7	8	5	6	7.22
		4 Leverage *m* (multiplier effect of tourism sector)	7	6	2	8	8	..	7	8	8	7	6.78
		Total score (out of 160)	70	116	110	127	133	22	128	128	100	76	101
		Average of all averages											6.53

Source: Based on the questionnaire survey conducted on 30 December 2017 at the "4th Seminar on Promoting Services Trade in ASEAN – Tourism Services" (29 November–2 December 2017, in Hua Hin, Thailand).

Notes: B = Brunei Darussalam; C = Cambodia; I = Indonesia; L = Lao People's Democratic Republic; My = Malaysia; Mm = Myanmar; P = Philippines; S = Singapore; T = Thailand; V = Viet Nam.

Workable policy suggestions are listed in annex E. Some highlights of policy suggestions are as follows. In order to increase the number of foreign visitors (table E1) at the local or community level, amenity-related improvements (including standards for hotels and for public toilets), as well as human resource development are important. At the country level, training programs for human resource development are crucial. At the ASEAN level, visa-free entry into ASEAN countries by non-ASEAN citizens is high on the agenda.

In order to increase the per person spending (table E2), an important step could be location-specific story-making (where there has been no local story to be shared by foreign visitors) and storytelling (where there are already local stories to share with tourists). In this connection, innovative types of tourism promotion (e.g., hotels under water or in trees, buses or trains converted into hotels) would also be an important consideration. How to legalize such new-style accommodations would be an important consideration, as conventional types of "positive-list" regulations do not work for them. Therefore, "negative list" regulations (e.g., regulations based on whether basic human health standards are not violated, rather than whether fire-safe facilities as well as evacuation areas are equipped with current technology) would be needed.

As for increasing the local procurement rate or the rate of domestic value added (table E3), the promotion of tourism-related SMEs is crucial. For leveraging the multiplier effects of the tourism sector (table E4), ASEAN-level support for developing regulations and standards in line with all the ASEAN members is needed; which aspect of the tourism-related value chain to focus on is up to each Member State.

Consideration of "competence", or the suitable level of policy implementation, is also important. There are two important parameters, scale economy and local diversity. The former concerns ASEAN-wide benefits deriving from a larger market size, most importantly enhancing ASEAN's degree of attractiveness as a single tourist destination through policy coordination. Local diversity concerns the uniqueness of each tourist spot in the locality. To promote local tourism assets, the best and natural approach is through local-level decision making. Depending on which of the two parameters becomes more important for the policy area at issue, the tourism subsectors should make mixed use of local, national and ASEAN-wide competencies for promoting trade in tourism services.

Another important aspect to note for tourism promotion is that "a single area cannot supply every service". In this connection, the "long tail" or "fat tail" is an important consideration. This concept recognizes the importance of demand for non-core parts of tourism services (e.g., imports of "non-core" flour for food-making, while "core" local foods are being emphasized): even though a local area prioritizes its own location-specific tourism assets, it will inevitably have to use inputs from other regions or countries. Rules of origin under free trade agreements (FTAs) are a useful reference point. Value added criteria involving ASEAN usually require 35–40 per cent of local value added.

The concrete policy suggestions discussed above are expected to facilitate not just the ASEAN-wide promotion of tourism services but also the ongoing negotiation for the Regional Comprehensive Economic Partnership (RCEP) involving ASEAN Member States and their dialogue partners (namely, Australia, China, India, Japan, the Republic of Korea and New Zealand). In view of the Initiative for ASEAN Integration, which was launched in November 2000 and has been spearheading regional integration with tourism being treated as a priority area,[37] the promotion of trade in tourism services in the ASEAN region through RCEP should move to a new dimension of catalyzing the establishment of "global hospitality chains".

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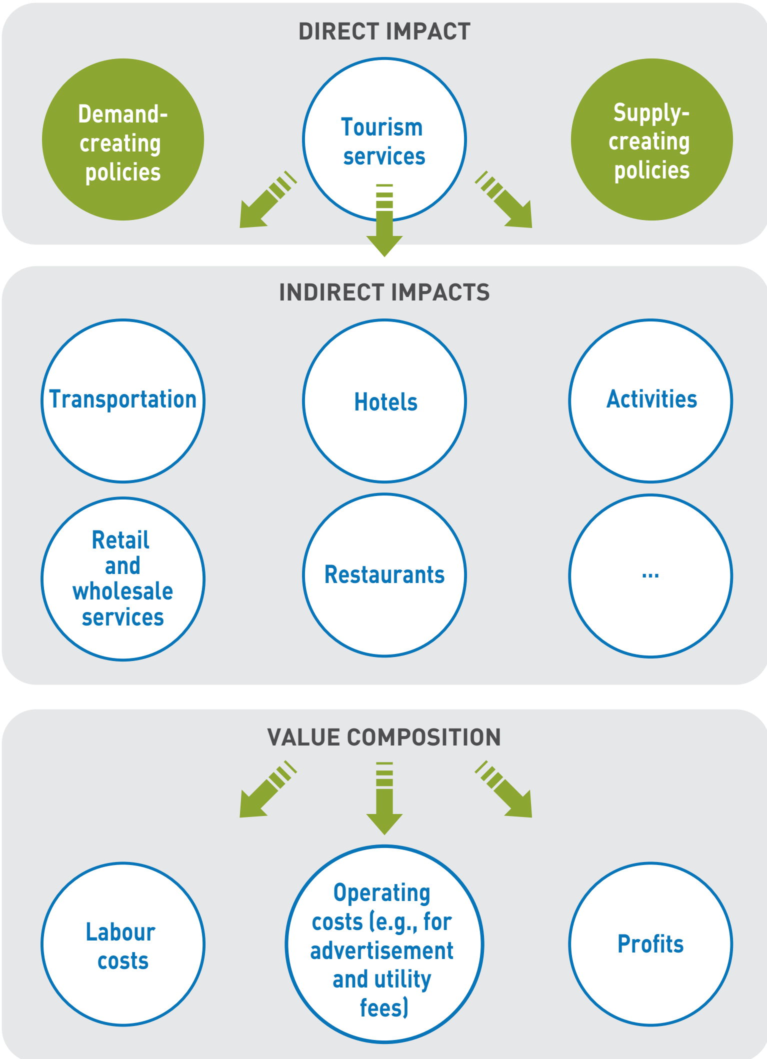
[37] Based on "The Regional Comprehensive Economic Partnership (RCEP): An assessment of the negotiations" (http://www.bilaterals.org/?the-regional-comprehensive&lang=en, posted on 10 January 2017).

Figure 6. **Framework for workable policy suggestions for tourism services**



Source: ASEAN-Japan Centre

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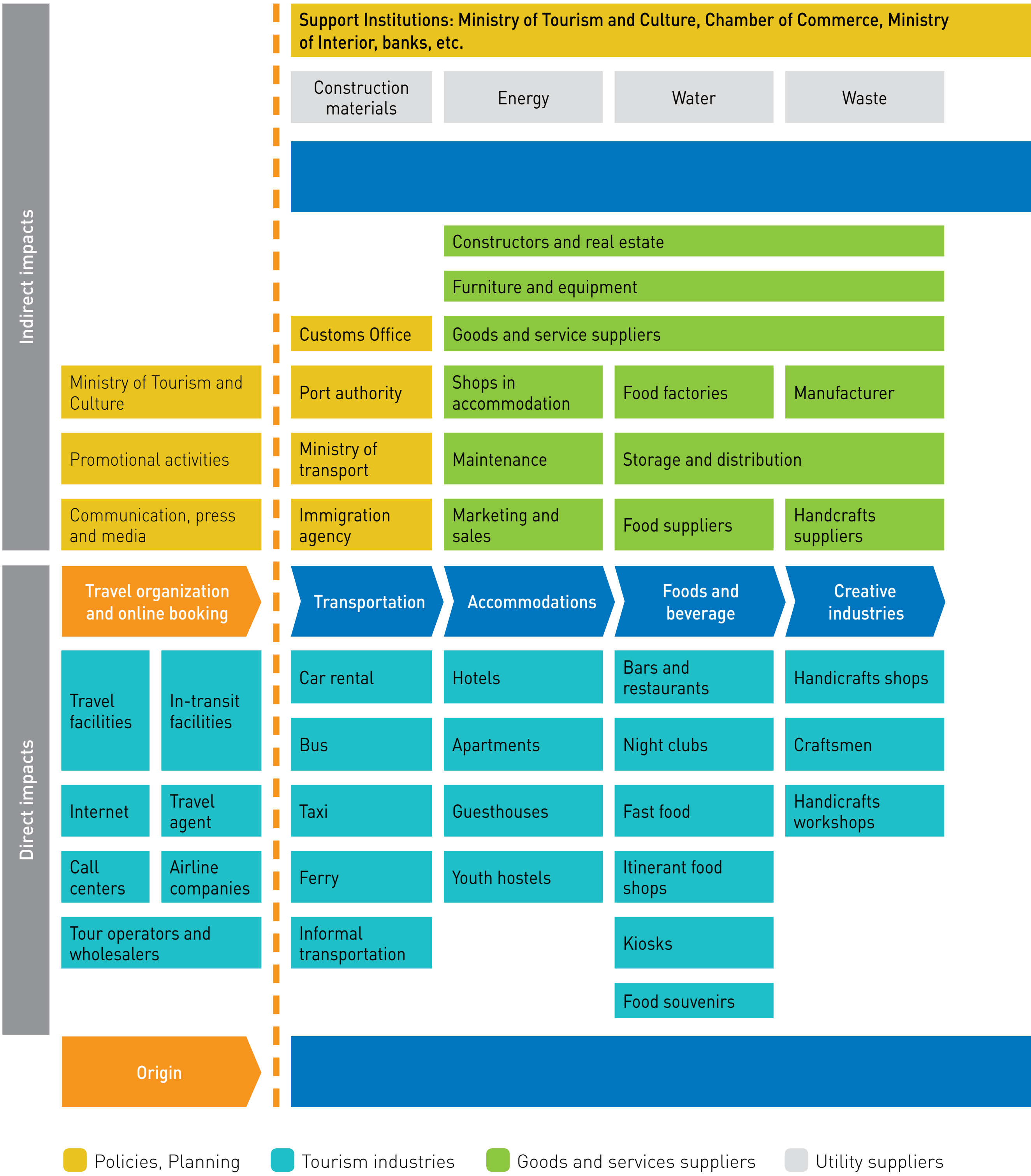
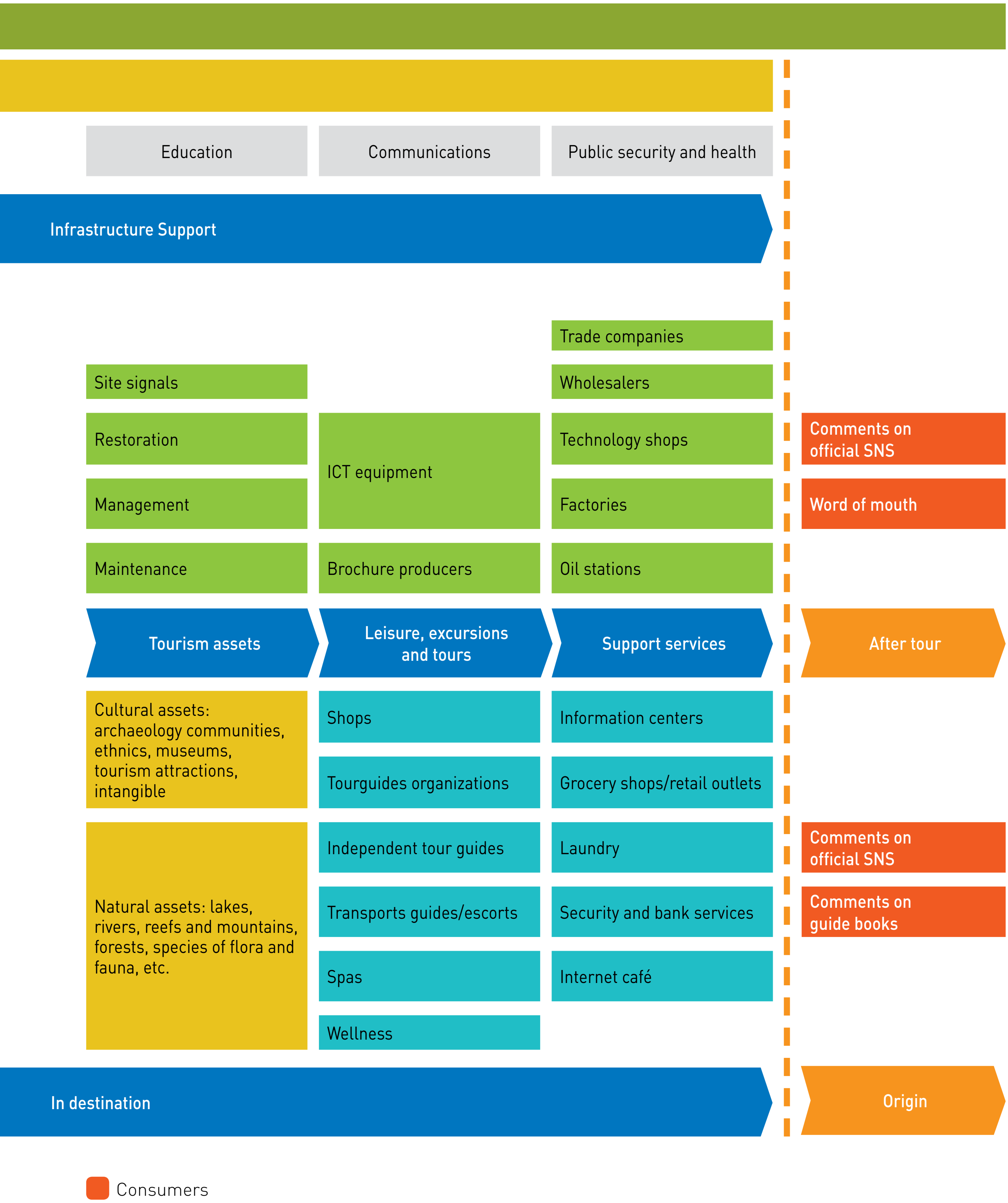
ANNEXES

Annex A. **A detailed value chain of the tourism industry**



Source: Authors, based on UNWTO's "Tourism Value Chain".


Education
Communications
Public security and health
Infrastructure Support
Trade companies
Site signals
Wholesalers
Restoration
ICT equipment
Technology shops
Comments on official SNS
Management
Factories
Word of mouth
Maintenance
Brochure producers
Oil stations
Tourism assets
Leisure, excursions and tours
Support services
After tour
Cultural assets: archaeology communities, ethnics, museums, tourism attractions, intangible
Shops
Information centers
Tourguides organizations
Grocery shops/retail outlets
Natural assets: lakes, rivers, reefs and mountains, forests, species of flora and fauna, etc.
Independent tour guides
Laundry
Comments on official SNS
Transports guides/escorts
Security and bank services
Comments on guide books
Spas
Internet café
Wellness
In destination
Origin
Consumers

Annex B. **Large foreign affiliates engaged in tourism services in ASEAN 2015**

	Name of foreign affiliate	Host country	Estimated sales ($ million)	Name of parent firm	Home country
1	Agoda Company Pte Ltd	Singapore	3 342	Priceline Group Inc	United States
2	Resorts World At Sentosa Pte Ltd	Singapore	1 696	Genting Bhd	Malaysia
3	Republic Hotels & Resorts Ltd	Singapore	535	Millennium & Copthorne Hotels Plc	United Kingdom
4	Philippine Seven Corp	Philippines	476	UNI-President Enterprises Corp	Taiwan
5	Hotel Properties Ltd	Singapore	410	Standard Chartered Plc	United Kingdom
6	Mcdonald's Restaurants Pte Ltd	Singapore	408	Mcdonalds Corp	United States
7	Nippon Tei Sato Co, Ltd	Thailand	374	Nippon-Tei[a]	Japan
8	Carlson Wagonlit Singapore Pte Ltd	Singapore	309	Carlson Holdings Inc	United States
9	Yum! Asia Franchise Pte Ltd	Singapore	223	Yum Brands Inc	United States
10	Starwood Asia Pacific Hotels & Resorts Pte Ltd	Singapore	183	Starwood Hotels & Resorts Worldwide	United States
11	Hotel Properties Ltd	Singapore	183	Wheelock Properties (Singapore) Ltd	Singapore
12	Hogg Robinson Singapore Pte Ltd	Singapore	180	Hogg Robinson Group Plc	United Kingdom
13	Laguna Resorts & Hotels Public Company Ltd	Thailand	154	Banyan Tree Holdings Ltd	Singapore
14	Shangri-La Hotels (Malaysia) Bhd	Myanmar	154	Kuok Brothers Sdn Bhd	Malaysia
15	Central Plaza Hotel Pcl	Thailand	150	Thailand Equity Fund	Thailand
16	Kentucky Fried Chicken Management Pte Ltd	Singapore	130	Triple Platform Sdn BHD	Malaysia
17	Shangri-La Hotels (Malaysia) Bhd	Myanmar	124	Aberdeen Asset Management Asia Ltd	Singapore
18	Starbucks Coffee (Thailand) Co Ltd	Thailand	123	Starbuck Corp	United States
19	Eastern Food Co	Thailand	120	--	Japan
20	PT Bayu Buana TBK	Indonesia	114	Oversea-Chinese Banking Corp Ltd	Singapore
21	Mos Foods (Thailand) Co, Ltd	Thailand	108	MOS Food Services Inc	Japan
22	Sona Topas Tourism Industry TBK	Indonesia	104	Christian Dior SE	France
23	Champion Foods Co, Ltd	Thailand	98	Ringer Hut (Thailand) Co Ltd	Japan
24	Ichibanya Midwest Asia Co, Ltd	Thailand	98	Ichibanya Co, Ltd	Japan
25	Minor Food Group (Singapore) Pte Ltd	Singapore	84	Minor International Pcl	Thailand
26	Sona Topas Tourism Industry Tbk PT	Indonesia	84	DFS Hong Kong Ltd	Hong Kong, China
27	Holiday Tours & Travel Pte Ltd	Singapore	76	Qantas Airways Ltd	Australia
28	Hotelbeds (Thailand) Ltd	Thailand	75	TUI AG	Germany
29	City Hotels Pte Ltd	Singapore	67	Millennium & Copthorne Hotels Plc	United Kingdom

Annex B. **Large foreign affiliates engaged in tourism services in ASEAN 2015**

	Name of foreign affiliate	Host country	Estimated sales ($ million)	Name of parent firm	Home country
30	Asiatravel.com Holdings Ltd	Singapore	66	Beijing Toread Outdoor Product Co Ltd	Switzerland
31	Dusit Thani Pcl	Thailand	63	Pioneer iNetwork Ltd	Hong Kong, China
32	Grande Asset Development Pcl	Thailand	62	Investor Group	Mauritius
33	Genting Integrated Resorts Operations Management Pte Ltd	Singapore	61	Genting Bhd	Malaysia
34	AAPC Singapore Pte Ltd	Singapore	56	Accor SA	France
35	JTB Pte Ltd	Singapore	56	JTB Corp	Japan
36	Food Junction Holdings Ltd	Singapore	47	Citigroup Inc	United States
37	President Hotel and Tower Co Ltd	Thailand	41	Intercontinental Hotels Group Intercontinental Hotel	Singapore
38	S.E.M. Thong Nhat Metropole Hotel Company Ltd	Vietnam	39	Indotel Ltd	Singapore
39	Bonheure (Thailand) Co, Ltd	Thailand	37	Uchiyama Holdings	Japan
40	Manila Peninsula Hotel, Inc	Philippines	36	The Hongkong and Shanghai Hotels, Ltd	Hong Kong, China
41	H.I.S. Tours Company Ltd	Thailand	35	H.I.S. Co Ltd	Japan
42	Turismo Asia Co Ltd	Thailand	34	TUI AG	Germany
43	Laguna Banyan Tree Ltd	Thailand	32	Banyan Tree Holdings Ltd	Singapore
44	ISS Facility Services Phils Inc	Philippines	31	ISS A/S	Denmark
45	JBB Hotels Sdn Bhd	Myanmar	30	Frasers Hospitality Ml Pte Ltd	Singapore
46	PT Pioneerindo Gourmet International TBK	Indonesia	29	Oversea-Chinese Banking Corp Ltd	Singapore
47	Harbour View Hotel Pte Ltd	Singapore	29	Millennium & Copthorne Hotels Plc	United Kingdom
48	New Sai Travel Service Co, Ltd	Thailand	26	SAI Travel Service Co Ltd	Japan
49	MOS Foods Singapore Ptd Ltd	Singapore	26	MOS Food Services, Inc	Japan

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters and fDiMarkets.

Notes: These 48 firms are not necessarily the largest. They are provided for illustrative purposes. Sales are estimated in the following manner: First, the ratio of sales to size of foreign affiliates (investment value, capital size, employment size, etc.) is calculated for available foreign affiliates in each ASEAN host economy; second, the ratio is applied to the affiliates whose size is available from the sources given; and third, some adjustment was made to eliminate unreasonable estimates by searching information on the affiliates in question. Nevertheless there are likely to be some, sometimes large, errors, and readers should use these data with utmost caution.

[a] Name of parent firm "Nippon-Tei" from Bloomberg.

Annex C. **Large ASEAN affiliates abroad engaged in tourism services, 2015**

	Name of ASEAN affiliate abroad	Host country	Estimated sales ($ million)	Name of ASEAN investing company	ASEAN home country
1	MGM Mirage Inc	United States	6 824	Genting Bhd	Malaysia
2	Hotel Properties Ltd	Singapore	183	Wheelock Properties (Singapore) Ltd	Singapore
3	Resorts World at Sentosa Pte Ltd	Singapore	170	Genting Bhd	Malaysia
4	Shangri-La Hotels (Malaysia) Bhd	Malaysia	154	Kuok Brothers Sdn Bhd	Malaysia
5	Central Plaza Hotel Pcl	Thailand	150	Thailand Equity Fund	Thailand
6	Millennium & Copthorne Hotels Plc	United Kingdom	126	Singapura Developments (Private) Ltd	Singapore
7	Shangri-La Hotels (Malaysia) Bhd	Malaysia	124	Aberdeen Asset Management Asia Ltd	Singapore
8	Tuan Sing Holdings Ltd	Australia	110	Grand Hotel Group Ltd	Singapore
9	Oaks Hotels & Resorts Ltd	Australia	104	Lodging Management (Labuan) Ltd Delicious Food Holdings (Singapore) Pte Ltd	Malaysia Singapore
10	Garuda Orient Holidays Japan Inc	Japan	49	Aero Wisata, PT	Indonesia
11	Destination Asia[a]	China	41	Destination Asia	Thailand
12	Tutt Bryant Group Ltd	Australia	18	TAT Hong Holdings Ltd	Singapore
13	Laguna Resorts & Hotels Pcl	Thailand	16	Banyan Tree Holdings Ltd	Singapore
14	Kentucky Fried Chicken Management Pte Ltd	Singapore	12	QSR Brands Bhd	Malaysia
15	Freight Management Holdings Bhd	Malaysia	11	Vibrant Group Ltd	Singapore
16	Acesite (Philippines) Hotel Corp	Philippines	10	Waterfront Philippines Inc	Philippines
17	Billionaire Srl	Italy	8	Far East Leisure	Singapore
18	Garuda Indonesia Holiday France	France	7	Garuda Indonesia (Persero) Tbk, PT	Indonesia
19	City Hotels Pte Ltd	Singapore	7	Republic Hotels & Resorts Ltd	Thailand
20	The Westin Tokyo	Japan	5	The Westin Singapore	Singapore
21	Royal Garden Hotel Ltd	United Kingdom	5	Goodwood Park Hotel Ltd	Singapore
22	Rendezvous Hotels (Australia) Pty Ltd	Australia	5	Rendezvous Hotels International Private Ltd	Singapore
23	Thai Airasia X Co Ltd	Thailand	5	Airasia X Bhd	Malaysia
24	Pojuca SA	Brazil	5	Minor International Public Company Ltd	Thailand
25	International SOS (Australasia) Pty Ltd	Australia	4	International SOS Pte Ltd	Singapore
26	TAJ SATS Air Catering Ltd	India	4	SATS Ltd	Singapore
27	Pacnet Services (A) Pty Ltd	Australia	4	Pacnet Global Corporation (S) Pte Ltd	Singapore
28	Laguna Banyan Tree Ltd	Thailand	3	Banyan Tree Holdings Ltd	Singapore

Annex C. **Large ASEAN affiliates abroad engaged in tourism services, 2015**

	Name of ASEAN affiliate abroad	Host country	Estimated sales ($ million)	Name of ASEAN investing company	ASEAN home country
29	Harbour View Hotel Pte Ltd	Singapore	3	Republic Hotels & Resorts Ltd	Thailand
30	Ascents Hotel Pty Ltd	Australia	3	TA Enterprise Bhd	Malaysia
31	Wales House Hotel Ltd	Australia	3	TA Enterprise Bhd	Malaysia
32	Thai Wah Plaza Ltd	Thailand	3	Banyan Tree Holdings Ltd	Singapore
33	Bangtao Grande Ltd	Thailand	2	Banyan Tree Holdings Ltd	Singapore
34	Interglobe Hotels Pte Ltd	India	2	Aapc Singapore Pte Ltd	Singapore
35	Macroasia Catering Services, Inc	Philippines	2	Sats Ltd	Singapore
36	Copthorne Orchid Hotel Singapore Pte Ltd	Singapore	2	Republic Hotels & Resorts Ltd	Thailand
37	JTB-TNT Co Ltd	Vietnam	2	JTB Pte Ltd	Singapore
38	Seaside Hotel (Thailand) Co Ltd	Thailand	1	Hotel Properties Ltd	Singapore
39	Hotel Grand Chancellor (Surfers Paradise) Pty Ltd	Australia	1	Hotel Grand Central Ltd	Singapore
40	Ascott Japan Inc	Japan	1	The Ascott Ltd	Singapore
41	Marque Hotels International Pty Ltd	Australia	1	Rendezvous Hotels International Private Ltd	Singapore
42	Success City Pty Ltd	Australia	1	Pan Pacific Hotels Group Ltd	Singapore
43	Hotel Grand Chancellor (Adelaide) Pty Ltd	Australia	1	Hotel Grand Central Ltd	Singapore
44	Hotel Grand Chancellor (Melbourne) Pty Ltd	Australia	1	Hotel Grand Central Ltd	Singapore
45	Hotel Grand Chancellor (Brisbane) Pty Ltd	Australia	1	Hotel Grand Central Ltd	Singapore
46	Grand Central Enterprises Bhd	Malaysia	1	Hotel Grand Central Ltd	Singapore
47	Hotel Grand Chancellor (Launceston) Pty Ltd	Australia	1	Hotel Grand Central Ltd	Singapore
48	Seaside Properties (Thailand) Co Ltd	Thailand	1	Hotel Properties Ltd	Singapore
49	Q's Dining Inc	Japan	1	Food Capitals Public Company Ltd	Thailand

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters and FDI Markets.

Notes: These 49 firms are not necessarily the largest. They are provided for illustrative purposes. Sales are estimated in the following manner: First, the ratio of sales to size of ASEAN affiliates (investment value, capital size, employment size, etc.) is calculated for available ASEAN affiliates in each host economy; second, the ratio is applied to the affiliates whose size is available from the sources given; and third, some adjustment is made to eliminate unreasonable estimates by searching information on the affiliates in question. Nevertheless there are likely to be some, sometimes large, errors, and readers should use these data with utmost caution.

ANNEX D.

SPECIFIC SCHEDULE OF COMMITMENTS FOR TOURISM SERVICES UNDER THE AFAS (9TH PACKAGE, SIGNED IN NOVEMBER 2015) BY ASEAN MEMBER STATES

Legend for this Annex:

(1) means Mode 1 (cross-border supply of services); (2) means Mode 2 (consumption abroad); (3) means Mode 3 (commercial presence); (4) means Mode 4 (movement of natural persons).

The meaning of the alphabetical classification in the right hand column of each specific commitment table is as follows.

N: none (no restriction)

U: unbound (no mention or no promise of liberalization)

A: limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

B: limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

C: limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;[38]

D: limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

E: measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and

F: limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment" (Part III: Specific Commitments, Article XVI: Market Access, subparagraph 2).

Under AFAS, the restriction types A, B and C are actually not used by the ASEAN Member States in the sector "Professional Services". In addition to these six types of market-access restrictions, the following two restrictions are observed.

G: Government approval requirement; and

H: Tax or fee payment requirement.

[38] Subparagraph 2(c) does not cover measures of a Member which limit inputs for the supply of services.

Hotels and restaurants (including catering)

Brunei Darussalam

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotel Lodging Services (CPC 64110)	(1) None (2) None (3) Joint-venture corporation with Bruneian individuals or Bruneian-controlled corporations or both the aggregate foreign shareholding in the joint-venture corporation shall not exceed 70% foreign equity.	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
Restaurants (CPC 642,643)	(1) None* (no alcoholic drinks and beverage is allowed) (2) None (3) Joint-venture corporation with Bruneian individuals or Bruneian-controlled corporations or both the aggregate foreign shareholding in the joint-venture corporation shall not exceed 70% foreign equity.	(1) N (2) N (3) EF70	(1) None* (no alcoholic drinks and beverage is allowed) (2) None (3) None	(1) N (2) N (3) N
Other Tourism Services - Youth Hostel - Golf Courses - Marina Facilities	(1) None (2) None (3) Joint-venture corporation with Bruneian individuals or Bruneian-controlled corporations or both the aggregate foreign shareholding in the joint-venture corporation shall not exceed 70% foreign equity.	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Cambodia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotels (CPC 64110)	(1) None (2) None (3) None for hotel three stars or higher[3]	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Restaurants (CPC 642, 643)	(1) None (2) None (3) Permit is granted taking into account characteristics of the area[4]	(1) N (2) N (3) N	(1) None (2) None (3) Unbound	(1) N (2) N (3) U
Travel agencies and tour operators services (CPC 7471)	(1) None (2) None (3) None, except foreign equity participation limited to 51% for travel agencies	(1) N (2) N (3) N,EF51	(1) None (2) None (3) None	(1) N (2) N (3) N
Tourist guides services (CPC 7472)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Indonesia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotels (CPC 64110) (3, 4, 5 starred hotels)	(1) None (2) None (3) In Eastern Part of Indonesia, Kalimantan, Bengkulu, Jambi, Sulawesi and East Nusa Tenggara (NTT), 100% of capital share can be owned by foreign investor, however, joint venture up to 70% in all other areas.	(1) N (2) N (3) EF70	(1) None (2) None (3) Higher paid-up capital is required of foreign services suppliers than of domestic services suppliers. This measures will be eliminated in the year 2020.	(1) None (2) None (3) E
Hotels (CPC 64110) (1 or 2 starred hotels)	(1) None (2) None (3) In certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara) joint venture with foreign equity participation up to 70% is permitted. For other areas, it is closed for foreign investment.	(1) N (2) N (3) EF70	(1) None (2) None (3) As indicated in the Horizontal Section	(1) None (2) None (3) E
Motel Lodging Services (CPC 6412/64120)	(1) None (2) None (3) In certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara) joint venture with foreign equity participation up to 70% is permitted in partnership with Indonesian Small and Medium Enterprises (SME's). For other areas, it is closed for foreign investment.	(1) N (2) N (3) EF70	(1) None (2) None (3) As indicated in the Horizontal Measures	(1) None (2) None (3) E
Letting services of furnished accommodations (CPC 64193)	(1) None (2) None (3) In certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara) joint venture with foreign equity participation up to 49%. For other areas, it is closed for foreign investment.	(1) N (2) N (3) EF49	(1) None (2) None (3) As indicated in the Horizontal Measures	(1) None (2) None (3) E
Meal-Serving Services with Full Restaurant Services (CPC 64210)	(1) None (2) None (3) In certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara) joint venture with foreign equity participation up to 70% is permitted. For other areas, it is closed for foreign investment.	(1) N (2) N (3) EF70	(1) None (2) None (3) Subject to prevailing local government's laws regarding to the moral or public order in accordance with the article XIV a) of the GATS	(1) None (2) None (3) G
Beverage-Serving Services without Entertainment (CPC 64310)	(1) None (2) None (3) In certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara) joint venture with foreign equity participation up to 49% is permitted. For other areas, it is closed for foreign investment.	(1) N (2) N (3) EF49	(1) None (2) None (3) Subject to prevailing local government's laws regarding to the moral or public order in accordance with the article XIV a. of the GATS	(1) None (2) None (3) G

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Beverage-serving services with entertainment (CPC 6432/64320)	(1) None (2) None (3) In certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara) joint venture with foreign equity participation up to 51% is permitted. For other areas, it is closed for foreign investment.	(1) N (2) N (3) EF51	(1) None (2) None (3) Subject to prevailing local government's laws regarding to the moral and public order in accordance with the Article XIV a) of the GATS	(1) None (2) None (3) G

Lao People's Democratic Republic

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotel lodging services, with 3 stars or more (Part of CPC 641) Meal-serving services with full restaurant service (CPC 64210) Beverage-serving services without entertainment (CPC 64310)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Malaysia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotel and restaurant services (CPC 64110) covering only: (i) Hotel Lodging Services (CPC 64110) (ii) Holiday Centre and Holiday Home Services (CPC 64192) (iii) Letting Services of Furnished Accommodation (CPC 64193) Covering the management and operational of hotels or resorts including, outlet which may not necessarily include ownership of such properties	(1) None (2) None (3) Joint venture corporation with Malaysia individuals or Malaysia – controlled corporations or both and aggregate foreign shareholding in the joint-venture corporation shall not exceed 70 per cent foreign equity (for 4&5 star hotel)	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Food-serving services (CPC 642) Beverage serving services for consumption on the premises (CPC 643)	(1) None (2) None (3) Joint-venture corporation with Malaysian individuals or Malaysian-controlled corporations or both and aggregate foreign shareholding in the joint-venture corporation shall not exceed 70 per cent foreign equity.	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
Travel Agencies and Tour Operators Services (CPC 7471) (For inbound travel only)	(1) None (2) None (3) Through joint venture with Malaysian individuals or Malaysian-controlled corporations or both and aggregate foreign shareholding in the joint- venture corporation shall not exceed 70 per cent.	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
Tourist Guide Services (CPC 7472)	(1) None (2) None (3) Unbound*	(1) N (2) N (3) U	(1) None (2) None (3) Unbound*	(1) N (2) N (3) U

Myanmar

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
A. Hotel and Restaurant Services Hotel and other lodging services (CPC6411 / 64110)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) Entitled to enjoy the exemptions under the Foreign Investment Law (2012) Chapter - XII, Article 27	(1) N (2) N (3) E
Motel lodging services (CPC 64120)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) If it is permitted by the Myanmar Investment Commission, the foreign investors shall be entitled to enjoy the exemptions and relief under the Republic of the Union of Myanmar Foreign Investment Law, Chapter XII Article 27.	(1) N (2) N (3) E
Meal serving services with full restaurant service (CPC6421 / 64210	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) Entitled to enjoy the exemptions under the Foreign Investment Law Chapter XII, Article 27	(1) N (2) N (3) E

Sector or Sub-sector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Beverage serving services without entertainment (CPC 64310)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) If it is permitted by the Myanmar Investment Commission, foreign experts and technicians shall have the right to pay income tax payable to the State in Foreign Currency at the rates applicable to the citizens residing within the country, according to the Republic of the Union of Myanmar Foreign Investment Law (2012), Chapter XII Article 27.	(1) N (2) N (3) E

Philippines

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotel, resort, pension houses, tourist inns apartelles lodging services (CPC 64110)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Meal Serving Services with Full Restaurant Service (CPC 64210)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Beverage Serving Services for consumption on the premises (CPC 6431 - 6431(2)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Singapore

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotel Lodging Services (CPC 64110)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Restaurant and Catering Services (CPC 64210/64230)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Beverage serving services for consumption on the premises (CPC 643)	(1) None (2) None (3) Unbound, except up to 70% equity participation permitted.	(1) N (2) N (3) U	(1) None (2) None (3) None	(1) N (2) N (3) N

Thailand

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
A. Hotel and Restaurants (incl. catering): - Hotel Lodging Services (CPC 6411) - Motel lodging services (CPC 6412) - Holiday centre and holiday home services (CPC 64192) - Camping and Caravan site Services (CPC 64195) - Meal serving services with full restaurant services (CPC 64210) - Catering services (CPC 64230) - Beverage Serving Services without Entertainment (CPC 64310)	(1) None (2) None (3) As indicated in 3.3 of the horizontal section	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
- Superior Deluxe or Six-star plus rated hotel (CPC Version 1.1: part of 63110)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Viet Nam

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Hotel Lodging Services (CPC 64110) Food serving services (CPC 642) Beverage serving services for consumption on the premises (CPC 643)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Travel agencies and tour operators services

Brunei Darussalam

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Travel agencies and tour operators services (CPC7471)	(1) None (2) None (3) Foreign equity participation should not exceed 70%	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Cambodia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Travel agencies and tour operators services (CPC 7471)	(1) None (2) None (3) None, except foreign equity participa- tion limited to 51% for travel agencies	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Tourist guides services (CPC 7472)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Indonesia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Travel Agent and Tour Operator Services (TA&TO) (CPC 7471)	(1) None (2) None (3) Maximum services providers 55 TA &TO. There should be license from Regional Investment Coordinating Body to establish TA&TO in Badung and Denpasar districts (Bali), except for special TA & TO i.e. ones which manage tourist demo a certain country	(1) None (2) None (3) Maximum services providers 55 TA &TO There should be license from Regional Investment Coordinating Body to establish TA&TO in Badung and Denpasar districts (Bali), except for special TA & TO i.e. ones which manage tourist demo a certain country	(1) None (2) None (3) Tour operator must be inbound tour operator in Jakarta and Bali	(1) None (2) None (3) E
Tour Leader Services (CPC 74710)	(1) None (2) None (3) Unbound	(1) N (2) N (3) U	(1) None (2) None (3) Unbound	(1) N (2) N (3) U
Tourism Consultancy Services (CPC 91136)	(1) None (2) None (3) Must be registered to Indonesian Ministry of Justice as Indonesian company. In the case of cooperation with a national company, it is required, to do; Joint venture, joint operation and Contract management. Foreign equity participation is permitted up to 70%.	(1) N (2) N (3) EF70	(1) None (2) None (3) Unbound	(1) N (2) N (3) U

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
International Hotel Operator (CPC 91135)	(1) None (2) None (3) Joint venture with foreign equity participation up to 70%	(1) N (2) N (3) EF70	(1) None (2) None (3) As indicated in Horizontal commitment a. Only in certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara), while in other areas, it is closed for foreign investment. b. Joint Venture with local Small and Medium Enterprises (SME's)	(1) N (2) N (3) EF

Lao People's Democratic Republic

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
B. Travel agencies and tour operators services (CPC 7471) Travel agencies services, inbound services only (Part of CPC 74710)	(1) None (2) None (3) Foreign equity participation limited to 70%;	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
Other: Tourism consulting services	(1) None (2) None (3) None. Subject to economic need tests.	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Malaysia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Travel Agencies and Tour Operators Services (CPC 7471) (For inbound travel only)	(1) None (2) None (3) Through joint venture with Malaysian individuals or Malaysian-controlled corporations or both and aggregate foreign shareholding in the joint-venture corporation shall not exceed 70 per cent.	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
Tourist Guide Services (CPC 7472)	(1) None (2) None (3) Unbound*	(1) N (2) N (3) U	(1) None (2) None (3) Unbound*	(1) N (2) N (3) U

Myanmar

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
B. Travel Agencies and Tour Operators Services Travel Agencies and Tour Operators Services (CPC 7471)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Tourist transport operation: exclusively operating a tourist business by motor vehicle, water craft or both	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Philippines

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
B. Travel agencies and tour operators services Travel Agencies and Tour Operator (CPC 7471)	(1) None (2) None (3) Up to 70% foreign equity is allowed	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
D. Other: Hotel management services for all hotel categories including boutique and specialty hotels	(1) None (2) None (3) Up to 70% foreign equity is allowed	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Singapore

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Travel Agencies and Tour Operators (CPC 7471)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Tourist Guide Services (CPC 7472)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Other Tourism Services - International hotel operator, - Tourism consultancy services, - Convention centre, - Tourist resorts include hotel, - Marinas, golf course and other - Sport facilities - Hotel management - Professional Congress Organizers	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Thailand

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
B. Travel agency and tour operator services (CPC 74710)	(1) Unbound (2) None (3) As indicated in 3.3 of the horizontal section and not less than half of the board of directors of the company must be Thai nationality	(1) Unbound (2) None (3) EF70	(1) Unbound (2) None (3) None	(1) U (2) N (3) N
Outbound travel information services (excluding accommodation and travel reservation services) (CPC Version 1.1 : part of 67813)	(1) None (2) None (3) Foreign equity participation must not exceed 70 per cent of the registered capital and shall only operate in the form of limited partnership	(1) Unbound (2) None (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Viet Nam

Sector or Subsector	Limitation on Market Access	A-H classification of \MA	Limitation on National Treatment	A-H classification of NT
Travel agencies and tour operator services (CPC 7471)	(1) None (2) None (3) None, except that: Foreign service supplying companies are permitted to provide services in the form of joint venture with Vietnamese partners with no limitation on foreign capital contribution.	(1) N (2) N (3) N	(1) None (2) None (3) None, except tourist guides in foreign-invested enterprises shall be Vietnamese citizens. Foreign service supplying enterprises can only do inbound services and domestic travel for inbound tourists as an integral part of inbound services.	(1) N (2) N (3) N

Others Tourist theme park	(1) None (2) None (3) Foreign service supplying companies are permitted to provide services in the form of joint venture with Vietnamese partners The capital contributions of the foreign side shall not exceed 70% of the legal capital of the joint venture.	(1) N (2) N (3) EF70	(1) None (2) None (3) Unbound	(1) N (2) N (3) U

Tourist guides service

Cambodia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Tourist guides services (CPC 7472)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Indonesia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Tour Leader Services (CPC 74710)	(1) None (2) None (3) Unbound	(1) N (2) N (3) U	(1) None (2) None (3) Unbound	(1) N (2) N (3) U

Malaysia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Tourist Guide Services (CPC 7472)	(1) None (2) None (3) Unbound*	(1) N (2) N (3) U	(1) None (2) None (3) Unbound*	(1) N (2) N (3) U

Singapore

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Tourist Guide Services (CPC 7472)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Thailand

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Outbound travel information services (excluding accommodation and travel reservation services) (CPC Version 1.1 : part of 67813)	(1) None (2) None (3) Foreign equity participation must not exceed 70 per cent of the registered capital and shall only operate in the form of limited partnership	(1) Unbound (2) None (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Other tourism services

Brunei Darussalam

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Other Tourism Services - Youth Hostel - Golf Courses - Marina Facilities	(1) None (2) None (3) Joint-venture corporation with Bruneian individuals or Bruneian-controlled corporations or both the aggregate foreign shareholding in the joint-venture corporation shall not exceed 70% foreign equity.	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Indonesia

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
D. Other Tourism Consultancy Services (CPC 91136)	(1) None (2) None (3) Must be registered to Indonesian Ministry of Justice as Indonesian company. In the case of cooperation with a national company, it is required, to do; Joint venture, joint operation and Contract management. Foreign equity participation is permitted up to 70%	(1) N (2) N (3) EF70	(1) None (2) None (3) Unbound	(1) N (2) N (3) U
International Hotel Operator (CPC 91135)	(1) None (2) None (3) Joint venture with foreign equity participation up to 70%	(1) N (2) N (3) EF70	(1) None (2) None (3) As indicated in Horizontal commitment a. Only in certain parts of East Indonesia (Sulawesi, Papua, Moluccas, Nusa Tenggara), while in other areas, it is closed for foreign investment. b. Joint Venture with local Small and Medium Enterprises (SME's)	(1) N (2) N (3) EF

Lao People's Democratic Republic

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Other: Tourism consulting services	(1) None (2) None (3) None. Subject to economic need tests.	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Philippines

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
D. Other: Hotel management services for all hotel categories including boutique and specialty hotels	(1) None (2) None (3) Up to 70% foreign equity is allowed	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Singapore

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Other Tourism Services - International hotel operator, - Tourism consultancy services, - Convention centre, - Tourist resorts include hotel, - Marinas, golf course and other - Sport facilities - Hotel management - Professional Congress Organizers	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Thailand

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
D. Other: Hotel management services (CPC Version 1.1: part of 63110)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Viet Nam

Sector or Subsector	Limitation on Market Access	A-H classification of MA	Limitation on National Treatment	A-H classification of NT
Others Tourist theme park	(1) None (2) None (3) Foreign service supplying companies are permitted to provide services in the form of joint venture with Vietnamese partners The capital contributions of the foreign side shall not exceed 70% of the legal capital of the joint venture.	(1) N (2) N (3) EF70	(1) None (2) None (3) Unbound	(1) N (2) N (3) U

Sources: http://myservices.miti.gov.my/widget/web/guest/protocol/-/56_INSTANCE_cxTW8VKZiDDD
For Brunei Darussalam, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_BD_SOC_(CCS_78).pdf
For Cambodia, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_CA_HC_(AFAS__5).pdf
For Indonesia, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_ID_SOC_(CCS_78).pdf
For Lao People's Democratic Republic, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_LA_SOC_(CCS_78).pdf
For Malaysia, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_MY_SOC_(CCS_78).pdf
For Myanmar, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_MM_SOC_(20140312).pdf
For Philippines, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_PH_SOC_(21Aug2015).pdf
For Thailand http://myservices.miti.gov.my/documents/10180/f0c1be7c-124f-47bf-b4f9-2fd6300ab7d1
For Singapore, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_SG_SOC_(20130509).pdf
For Viet Nam, http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_VN_SOC_(20150911).pdf

ANNEX E.

WORKABLE POLICY SUGGESTIONS FOR PROMOTING TRADE IN TOURISM SERVICES

In the "4th Seminar on Promoting Services Trade in ASEAN – Tourism Services" (held 30 November–2 December 2017, in Hua Hin, Thailand), subjective policy evaluations were made. The final reported results are covered in the following tables (the original memorandum form is retained in the answer texts provided by the ASEAN Member States).

Table E1. **Policy suggestions for increasing *n* (number of foreign visitors)**

Country	Local and community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Brunei Darussalam	Facilitation of travel (e.g. visa, airport procedures)	Improve connectivity infrastructure	Promote visa waiver arrangements and allow for the 5th freedom rights
Cambodia	• The new product of each tourist destinations and tour itinerary should be developed, • Tourism product diversification • Cambodia Community-Based Tourism Standard • Cambodia Public Toilet Standard • Cambodia Homestay Standard • Cambodia Green Hotel Standard	• Travel and tour code of conduct • The transparency of competition between local and international tour organizing. • The implementing of tourism law and legislations. • The policy of government in charge of tourism in order to support and allocate fund for tour subsidy. • Raising awareness and conducting training as well to be professional. • The participation of 4Ps (Public, Private, Partnership and People)	• Strengthening good cooperation with ASEAN Member States • Following the ASEAN' structure in order to improve skills and knowledge. • Working closely ASEAN Tourism Marketing Coordinator, and ASEAN Travel Association for Tourism Package Tours and Promotion • Review the ASEAN Standards (CBT, Homestay, Public Toilet, Green Hotel...)
Indonesia	• Create a new tourism destination like nature, heritage, and culture • Development of human resource (foreign language, hospitality)	• Digital tourism, such as development through digital media • Development of infrastructure	Free visa to enter the ASEAN countries.
Lao People's Democratic Republic	Emphasize on the improvement of existing tourism destination that already have some services, but need up grading. Encourage and support the provincial tourism authorities to complete tourism site development and management plans as well as zoning in order to attract suitable investments for each site.	Promote the development of infrastructure that is beneficial to the tourism industry that supports convenient access and services for all market age groups. At the same time, standards, quality, safety and hygiene are highly important agendas.	Expand international cooperation with countries, which are the target markets.

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Country	Local and community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Malaysia	• To build capacity for local tourism stakeholders to be more competitive in the industry. • To provide enabling business environment to ease procedures in operating tourism-related enterprises. • To promote community-based tourism • To promote sustainable tourism practices.	• To intensify promotion. • To facilitate tourist travel such as connectivity and visa. • To continuously improve and maintain tourism products, infrastructure and facilities. • To encourage innovation in the industry. • To reduce red tape and simplify the procedures.	• To promote ASEAN as a single destination. • To promote Intra-ASEAN travel. • To promote quality products and services by adopting the ASEAN Tourism Standards (i.e. MICE, Hotels, Homestay, Spa & Wellness).
Myanmar	Still need to develop and strengthen	Short term and long term policy and effective implementation, funding and capacity-building need to educate people, for social connectivity.	Harmonize tourism qualification, and MRA implementation.
Philippines	• Expand present tourist destinations • Develop, promote and market emerging destinations • Strengthen partnership with local government units, communities, private stakeholders for community-based tourism	• Utilizing new platforms for tourism promotion such as collaboration with travel bloggers, social media, chat room etc. • Rebranding campaign to instill country's tourism identity such as Amazing Thailand, Uniquely Singapore and Exciting Bicol (Philippines), among others. • While increasing the number of foreign visitors is important, it is also important to focus on the type of visitors that a country would want to attract. Retirees may have higher spending power than millennial tourists as they usually stay longer and prefer high-end tourism services. • Portability of health/ retirement insurance. This policy is specifically targeted towards retirees who would want to stay longer in the ASEAN region. • Support the development of infrastructure (seamless multimodal transport) to facilitate movement of people	• Policies towards improving connectivity within the ASEAN region should be implemented to promote seamless transportation • A regional air services agreement that will grant air traffic rights between Member States to facilitate movement of goods, services and people • Promote cruise tourism in the region (to be studied carefully) • Develop one ASEAN branding campaign • Develop promotion strategies that will encourage tourists to visit more than one ASEAN country • Tap ASEAN market • Active involvement/ participation in policymaking activities within the ASEAN • Promote openness to investments and implement strategies to attract foreign direct investments in the tourism sector
Singapore	Increase capacity-building of tourism professionals and service delivery	• Ease of travel facilitation such as Visa • Increase connectivity points via different transportation channels	Same as country-level policy suggestions
Thailand	Investment in human capital in local community	• Invest in tourist infrastructure. • Create new tourism products.	• Create new ASEAN tourism products such as cruise tourism, overland travel. • Reduce visa application procedure for non-ASEAN visitors.
Viet Nam	• Develop local attractions, environment • Create "discoveries" within destinations (create curiosity)	Promote short stay, single entry visa entrance	Promote "ASEAN" together as a destination attraction (many places to visit within one trip)

Table E2. **Policy suggestions for increasing *u* (unit or per-person consumption)**

Country	Local or community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Brunei Darussalam	Establishment of tourism business related enterprises	Ease of establishing MSMEs by local communities	Promote ASEAN as a single destination and encourage multiple ASEAN country visitations
Cambodia	Diversify and improve quality of products and services to meet quality standard and the need of foreign visitors.	Government agencies to introduce policies that could encourage people creating new type of business both products and services such as using Khmer traditional hospitality and re-producing the traditional craft art/ antique products which used in ancient time by Khmer people in previous centuries etc. Clustering tourism among provincial tourism agencies would also attract longer stay and so could trigger more money spending.	More activities for the exchange and cooperate in tourism promotion for ASEAN as a whole.
Indonesia	Create the attractions or calendar of events: monthly or annually	Collaboration with associations and airlines to make travel packages.	Joint travel package between ASEAN countries.
Lao People's Democratic Republic	Raise awareness of local people in heritage conservation especially to know the importance and significances of their culture and traditions.	Encourage local tour operators to development tourism programs that are linked nationally, regionally and internationally.	Free visa
Malaysia	• To diversify of products and services' offering. • To encourage local community to involve in the creative industry such as handicraft productions in order to support core tourism activities (spillover effects). • To provide attractive incentives in order to encourage innovation and value added activities.	• To promote high-yield segments such as shopping and MICE as the main tourism products. • To promote smart payment to easy purchasing transaction of products and services procured in the country. • To attract high-spending tourists for countries such as China, Germany, India, Japan, the Republic of Korea, etc.	• To establish one-stop centres in all ASEAN countries that sell iconic ASEAN products and services. • To further liberalize tourism services in ASEAN by providing a variety of products and services. • To improve ICT infrastructure by promoting online transactions in products and services.
Myanmar	Need quality product and quality services, to educate people, share knowledge and training.	Review the related sectors.	To adjust the imbalance in development and the development gap of the countries in the tourism sector.

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Country	Local or community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Philippines	• Tie up tourism promotion campaign with the one-town-one product program as tourists are likely to bring home unique souvenir items/ food products • "Let them stay longer" by diversifying destinations in the different regions of the country, as seen in the Bicol region of the Philippines • Quality over quantity of tourist. Also Promote quality standards in tourism services and products.	• Diversification of tourism products and services to address the different needs of every type of tourist should be promoted. There are nine tourism portfolios in the Philippines, focusing on each region's strengths and core value and matching it with what the tourist market wants. An example: matching regions known with culinary tourism with Chinese tourists who are known for spending on food and culinary experience on their holidays	• Liberalization of financial services in the region. Although a single currency may not be possible in the near future, access to different financial services in the region would help improve the overall experience of foreign tourists. Aside from the availability of ATMs that cater to international debit cards, cashless transactions using electronic payment systems should be promoted. • Tourism activities should be theme based rather than activity based. For example, in the Philippines there is an island, Catanduanes which we would like to focus on as an ecotourism destination and promote and market it as such for the entire island. The island has diversified tourist destinations, including scenic spots, falls, sun and beach, historical sites, culinary etc.
Singapore	Promote local products and artisans, as well as help develop effective packaging and storytelling to entice purchase, since travelers prefer to buy local products when at the destination.	• Ease of tax refund procedures and processes • More infrastructure development to ease travel domestically, as well as develop more integrated development to encourage spend (beyond tourist attractions, etc).	Same as the left
Thailand	• Develop more hi-end local products. • Promote the lessen-known tourist destinations focusing on hi-end segments.	• Develop all- inclusive health and wellness resorts. • Develop anti-aging products. • Promote tourism for all, long stay tourism	Promote long-stay tourists.
Viet Nam	• Promote local products at international standard • Develop exclusive products and services	Envision long term policies and at national level for consumption	

Table E3. **Policy suggestions for increasing *r* (local procurement rate or the rate of domestic value added)**

Country	Local and community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Brunei Darussalam	Encourage hotels to locally source materials	Support local MSMEs to develop and meet demands from the tourism sector, through financial, legislation and capacity-building.	Encourage cross-border sources of materials needed by the ASEAN tourism industry.
Cambodia	Need contract with local farmers/producers to supply the local products and services to tourism industry. To achieve that training is needed to make sure that they products and services supplied is met the standard and requirement of tourism industry.	Government should intervene to bring together the Industry and local farmer/producers and enforce a policy which encourage the buying of local products/services.	ASEAN should promote tourism by promoting the using of ASEAN products and services.
Indonesia	Develop the community for a traditional food management. Related to SMEs.	Sell the products during on festivals or events or introduce it through a festivals or events.	Reduce the import tariff or ease doing business (deregulation in ASEAN countries)
Lao People's Democratic Republic	Provide continuous support on community-based ecotourism development for poverty reduction and sustainability. Support tourism development that is inclusive and participatory.	Open and promote domestic and foreign investment in tourism projects.	Encourage and promote tourism investment by ASEAN member and private sectors in ASEAN cooperation.
Malaysia	• To build capacity of the local community in enhancing the quality of products and services. • To provide attractive incentives to local community. • To eliminate third party interferences in the supply chain of tourism products.	• To promote Buy Local Products campaign. • To impose special criteria for hotel in adapting local elements produced locally (i.e interior design, decoration, toiletries).	To organize trade fairs/ expos and business meetings between buyers and sellers among ASEAN countries.
Myanmar	Need to innovate, creative thinking effective utilize of the exciting resources.	Supported policy and adapt clear guideline.	ASEAN need to recognize the relation between goods and services.
Philippines	• Pursue eco, nature based tourism as well as community-based tourism in the region • Encourage more MSMEs in the locality and help them become competitive in terms of pricing and packaging (designs), among others	Convergence of different government agencies responsible for tourism development from transport ministries, investment promotion agencies and trade ministry, among others.	Continue to implement preferential treatment for tariff on goods within the region and promote liberalization of trade in services
Singapore	• Provide value added services to stay competitive • Improve service delivery	Encourage innovation and use of technology	Same as left
Thailand	• Reduce obstacles for tourism SMEs	Set up a national agency to enhance the capacity of tourism-related products and services.	Tax incentive for non-ASEAN members to Invest in hi-end tourism products.
Viet Nam	Develop technology to increase value added products and services	Purchase/learn from foreign 'value added' strategies	ASEAN countries cooperate at each countries strength to increase value for ASEAN area as a whole

Table E4. **Policy suggestions for leveraging *m* (multiplier effects of tourism sector)**

Country	Local or community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Brunei Darussalam	Encourage local business and community participation	Create national policies or legislation that support the active participation and facilitation of local business development	Ensure related sub-sectors will support the ASEAN tourism goals (communication, transport, health, immigration)
Cambodia	Government should invest in local community to encourage local creativity to create more value added products and services to attract more investors and to make them spend more money for local community	Better policy coordination at the government level to make sure that income from tourism sector would be used to develop country's economy and help reduce poverty.	ASEAN needs to make more efforts in mainstreaming money received from Tourism to fuel economic growth and to investment in tourism and other sectors of economy
Indonesia	Select the priority destination.	Joint promotion with a business partner for transportation and accommodation.	• Development of ASEAN Tourism website more attractive to make it easy for foreign people travel to ASEAN. • Budget allocation for tourism in each ASEAN countries.
Lao People's Democratic Republic	Promote human resources development at all levels to strengthen capacities and skills in tourism market research.	Promote tourism business management for stronger and sustainable growth of the private sector that is in line with the government's policy at national and provincial levels. Establish a systematic management mechanism that is applicable nationwide. Increase law enforcements and strict implementation of rules and regulations set forth.	Support the development of regulations and standards that is in line with the ASEAN scope of work.
Malaysia	To encourage more people to involve in the industry.	• To introduce new destinations, products and services in the country. • To revitalize/rebrand the aging products and services.	To further promote liberalization of products and services.
Myanmar	Adopt local community development policy.	Hard and soft infrastructure development policy need to support.	Expectation of the ASEAN connectivity.
Philippines	Maintain the local identity and culture of each community, hence a foreign tourist will have a different experience visiting each region of a particular country. An example of this is the tourism campaign of the Bicol Region in the Philippines, Exciting Bicol. Exciting is from the following concepts: Excellent, Competitive, Inclusive, Tourism and Environmentally Sustainable (EXCITES). This concept will answer maximizing revenues while minimizing impact on the tourist destination.	Local tourism plan should be aligned with national tourism development plan and should also be aligned with ASEAN and UNTWO initiatives	Implement complementary and not competing policies

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Country	Local or community-level policy suggestions	Country-level policy suggestions	ASEAN-level policy suggestions
Singapore	• Encourage innovation and variety of goods and services • Encourage community involvement for interaction with tourists, cultural exchanges	Encourage integrated developments – beyond tourist attractions, to upgrade retail, accommodation, transport options – online and offline	• Increase trade networks among ASEAN Member States • Expand infrastructure development to ease cross-border transportation of goods, people and services.
Thailand	• Enhance competitiveness of local guides. • Encourage local people to use hi-technology in tourism-related industries	• Allow foreign tourist guides to work in Thailand on the condition that they are certified by ASEAN standards. • Give more incentives for digitalized tourist information.	• Promote high-tech companies to establish in ASEAN.
Viet Nam	Promote recruitment of foreign professional to manage and share experience with local tourism-related professionals	Apply comprehensive tourism policies throughout all areas (not only big main cities)	

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