

DRAFT DOCUMENT

ROADMAP FOR FOSTERING THE DEVELOPMENT OF SERVICES TRADE IN MOZAMBIQUE: A FOCUS ON TOURISM

I. Introduction

This document presents a roadmap aimed at contributing to discussions for fostering the development of trade in services in Mozambique, with the tourism industry as the fulcrum. It is based on the study conducted by the International Centre for Trade and Sustainable Development (ICTSD) on the Mozambique tourism sector and subsequent dialogues convened by ICTSD in relation thereto, consisting of a National Meeting on the Mozambique Case Study on Trade in Services and Sustainable Development and the Experts' Roundtable on Tourism Services: Developing a Roadmap for Implementation. These dialogues brought together a range of national stakeholders involved in tourism, including relevant ministries and non-state actors (private sector, academia and civil society).

Over time, this roadmap has been revised and updated to take into account comments and suggestions made by international experts in services trade as well as key government officials from Mozambique, with a view to crafting a concrete, coherent and holistic action plan for optimising the opportunities for services trade in Mozambique, particularly in the tourism sector. This roadmap is not meant to be an academic exercise but rather is intended to be utilised by the government of Mozambique as a practical tool in formulating the appropriate policy and regulatory reform given the institutional challenges and other issues determined in the course of the ICTSD study and dialogues.

It is worth noting that the Government of Mozambique has established a number of tourism institutions (e.g. the Ministry of Tourism in 2000, the Tourism Facilitation Commission in 1995 and the Tourism Fund in 1983) and released several policy documents (e.g. the *National Tourism Policy and Implementation Strategy* and the *Strategic Plan for the Development of Tourism*) which define key objectives for a thriving tourism sector. The roadmap presented here starts from the premise that notwithstanding these positive developments (and Mozambique's remarkable assets), which have led to tourism growth in the country, much remains to be done to further develop the industry. This could be of critical importance given that tourism has been identified as a priority sector for Mozambique and offers significant potential for poverty alleviation.

II. Defining and measuring tourism

A first challenge in analysing tourism is one of scope and definition. Tourism has been typically difficult to define and measure since it is comprised of sellers of not one particular product but many heterogeneous products. International efforts to improve understanding led to the development of the so-called Tourism Satellite Account (TSA)¹, which attempts to provide a credible measure of the true contribution of tourism to a national economy by identifying the activities and products related to tourism.

¹ "Tourism Satellite Account: Recommended Methodological Framework", Eurostat, OECD, and United Nations World Tourism Organisation, 2001.

The discussions leading to this draft reveal that the Mozambican Government is increasingly aware of the complexity of the industry and the fact that the scope of sectors which must be reviewed extends beyond hotels and restaurants or tour operators and travel agencies to include a wide range of other services, such as transportation and hotel construction services. *An important initiative is to begin a national discussion on whether it would be desirable to develop a TSA in Mozambique.* This could provide an avenue to better inform national policy decisions in the sector and to foster comparability of data at the international level.

III. The roadmap

The roadmap presented below points to a number of policy and institutional constraints that impede the development of the tourism industry in Mozambique. These bottlenecks go well beyond “tourism” itself to a wide range of other sectors, especially services. The private sector included in consultations in Mozambique has, in particular, voiced concerns that services and infrastructure needed to sustain tourism have lagged behind the development of the sector and effectively act as an impediment to its growth.

The roadmap focuses on remedies relating to market reforms and regulatory reform relating to services trade at the national level, and to some extent includes the regional dimension. Although issues relating to multilateral services negotiations have not been prioritised, these emerged as an area where there remain significant technical assistance needs.

Roadmap for fostering tourism development in Mozambique

Constraints	Remedies	Responsible institution
<i>Policy and institutional coordination</i>		
<ul style="list-style-type: none"> Despite efforts made, there remain difficulties in coordinating with the range of stakeholders involved in tourism. Disjointed efforts at the institutional level and uncoordinated policy documents risk minimising the benefits of such efforts. 	<ul style="list-style-type: none"> Establish a coherent and comprehensive national strategy for the development of the sector, which consolidates the variety of policy documents and fully takes into account the view of all stakeholders involved in tourism. Develop effective, more regular, mechanisms for coordination between relevant governmental agencies and for consultation with other stakeholders. Among the options for such a mechanism could be an inter-agency coordination meeting which operates at two levels – one at the highest possible level, i.e. ministerial, with the full support and political commitment of the head of government, if possible; and two, at the technical level, which should undertake the substantial preparation and/or consolidation of documentation 	<p>Ministerial cabinet, with primary focus on the Ministry of Tourism; different stakeholders; Active interest, commitment and participation of the head of state / government is crucial</p> <p>Ministerial cabinet, with primary focus on the Ministry of Tourism; different stakeholders; Active interest, commitment and participation of the head of state / government is crucial</p>

<ul style="list-style-type: none"> • Lack of private-sector organisational structures. While there exists the Marketing Commission, this is a broad private sector association which tends to focus more on the interest of goods' providers. 	<p>and issues for resolution at the political level.</p> <ul style="list-style-type: none"> • Consider creating sector or issue-specific business associations, which can better reflect the interests of the service sector. Options could range from providing encouragement for the creation and active participation of focused entities like a Hotel and Restaurant Association to broader coalitions such as a federation of services industries. <p>It must be ensured additionally however that these private sector organisations will be consulted in the development of policies and regulations in the tourism and related sectors.</p>	<p>Private sector for tourism</p>
Generic investment regime		
<ul style="list-style-type: none"> • Procedural aspects of licensing can be burdensome and increase both time and costs. Examples include heterogeneity of licenses across different segments and capital requirements such as bank guarantees and deposit • There is often a need to submit requests for obtaining licenses and permits to different institutions, in light of the multi-sectoral dimension of tourism. 	<ul style="list-style-type: none"> • Streamline licensing procedures to reduce time and costs. To impose a semblance of discipline, the appropriate agencies could, for instance, undertake a turnaround time of [30][60] days from full submission of application and all documentary requirements. • Consider further efforts to consolidate the processing of licenses between the different agencies. In line with the practice in some East and Southeast Asian countries which have successfully attracted investments over time, Mozambique could consider the establishment of a 'One-Stop Action Centre' for Investments, where all enquiries and processing could be funnelled into. 	<p>Government (through different agencies or public institutions)</p>
Transport Sector Constraints		

<ul style="list-style-type: none"> • Access to Mozambique from major international source markets within and outside Africa is limited and air tickets are expensive relatively to competing destinations in the region and outside (e.g. Brazil). • Airport taxes are high, further increasing the price of tickets. • Domestic air transport — potentially very important in light of the size of Mozambique and the distance between its tourism destinations — is limited and expensive. • Despite of growth potential in the face of high demand, the railway system and infrastructure are insufficiently developed. • Domestic transport to tourist sites and beaches, e.g. regular scheduled buses, are lacking. 	<ul style="list-style-type: none"> • Continue efforts initiated to progressively liberalise the air transport industry at domestic and international levels. Consideration to expand routes from major source markets (e.g. Europe) and main hubs in Africa. • Consider reducing airport taxes and expedite airport procedures. • Need to continue encouraging private sector participation to expand the railway and inward access to destinations, perhaps not only within Mozambique but in adjacent countries as well, in order to take advantage of economies of scale. The government strategy shall focus in more private sector concession or co-management of railway system and infrastructures. 	<p>Ministry of Transport and Communications & private air operators</p> <p>Ministry of Transport and Communications</p> <p>Ministry of Transport and Communications & private sector in Mozambique and SADC countries</p>
<ul style="list-style-type: none"> • Visas acquisition has been facilitated but still is constraint for tourists. 	<ul style="list-style-type: none"> • To facility movement of tourists the government introduced the entry visas — which can be acquired directly at airports — for other countries. Consider Visa elimination for some countries (Portugal, Spain, Italy, UK, France, China, Japan, USA, Canada, etc.) and ‘Univisa’ for entrance in SADC countries; involvement of other SADC countries area is crucial 	<p>Immigration authority and Ministry of Tourism in Mozambique and SADC countries</p>
Physical infrastructure		
<ul style="list-style-type: none"> • There is a general sense that basic infrastructure services such as sewage and electricity are inadequate to sustain the development of the sector. This in spite of Mozambique’s capacity 	<ul style="list-style-type: none"> • Consider increase managed private sector participation through public-private partnerships, such as concessions, as an avenue to attract needed capital and expertise. 	<p>Ministry of Energy & the electricity company (EDM)</p>

(for example the country is a net exporter of electricity).		
Education and training		
<ul style="list-style-type: none"> • The education imparted by the public system is insufficient to train workers at managerial and operational levels in the different segments of tourism and is not adequately geared to the needs of the industry. • Training at university level comes too late in the process. • Most of the staff in tourism institutions are not trained in tourism or related activities. • Lack of education capacity mitigates the ability to provide impact assessment studies and general analysis and direction to make informed policy choices in tourism. 	<ul style="list-style-type: none"> • The public education system needs to take a more flexible approach with efforts to match curricula to the needs of the public and private sector for tourism. • Teach and train in the variety of tourism-related activities earlier in the process (from primary level). Can also help create a “tourism culture” and enhance awareness of the importance of protecting the environment. • Consider involving the private sector more in teaching and training to develop human resources in tourism. • Foster enhanced participation by hotels in tourism training. 	<p>Ministry of Tourism, Ministry of Education and Culture and the private sector</p> <p>Private sector for tourism</p>
Sustainable tourism development		
<ul style="list-style-type: none"> • Un-managed tourism development may have a potentially negative impact on society and the environment. 	<ul style="list-style-type: none"> • Air transport reforms need to be undertaken step by step, taking into account infrastructure capacity and air safety. • Investment in accommodation and services and those in basic infrastructure need to be carefully planned and phased in a timely manner. • Introduction of private sector participation in infrastructure services, such as sewage and energy, requires a strong regulatory system and appropriate sequencing (i.e. the regulatory framework must be in place before liberalising). • Enhance the involvement of local communities in the tourism 	<p>Government (different agencies) and private sector</p>

	<p>process (e.g. in systems for granting land rights).</p> <ul style="list-style-type: none"> • Strengthen linkages to foster participation in tourism by populations in rural, remote areas. 	<p>Government (local administration), the municipalities and the communities</p>
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In the context of binding existing or autonomous liberalisation in international trade negotiations, specifically at the WTO, the foregoing reforms could be supported by complementary aid. The notion of 'Aid for Trade in Services' could for instance be considered by a least-developed country like Mozambique by agreeing to make binding, albeit conditional, commitments of the foregoing reforms if aid is provided by trading partners for the purpose of carrying out these reforms. A possible approach that could ensure that more developed trading partners are more forthcoming with the required resources would be to ascertain the extent to which technical assistance and capacity-building programmes could be motivated in sectors where Mozambique itself could benefit from increased investments. Would for instance negotiated conditional commitments in the transport sector, where Mozambique has a critical need for investments to upgrade their existing facilities merit a definite allocation of resources from certain trading partners? The commitments of Mozambique could be phased in over a period of time and conditioned on the technical assistance and capacity-building programmes accomplishing the objectives of such programmes as set out in paragraph 13 of the LDC Modalities at the WTO. In addition, the programmes should provide for safety nets to allow incumbent domestic suppliers to adjust to the competition or to 'gracefully exit' from the industry should it prove unable to compete with the foreign service suppliers. The programmes should likewise lead to enhancing universal access to the services by ensuring at the least that policies are geared towards this objective rather than simply furthering the commercial bottom-line of the service supplier(s). The commitments are conditional in the sense that should these objectives not be achieved through the liberalisation commitments undertaken by Mozambique, it shall be free to withdraw or modify its commitments in that sector after the lapse of a fixed, reasonable period of time.