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TOURISM AND DEVELOPMENT IN THE LEAST DEVELOPED COUNTRIES

Note by UNCTAD secretariat

Annexes

Annex 1:	Overview of the tourism performance of 30 LDCs, including 18 LDCs with a prominent tourism sector in 1998
Annex 2 :	Tourism performance and the question of graduation from, or admission in the Least Developed Countries category
Annex 3 :	Air transport services

Annex 1

Overview of the tourism performance of 30 LDCs, including 18 LDCs with a prominent tourism sector in 1998

1. LDCs with a prominent tourism sector

In four LDCs, tourism has remained the first export sector of the economy over the last decade and a half. These countries are the Maldives, the Gambia, Vanuatu and Tuvalu.

In the **Maldives**, the tourism sector was already by far the primary source of export earnings in the mid-1980s. During the 1985-1998 period, this dominate economic sector grow substantially. The gain in the annual number of international visitors, between 1985 and 1998, was estimated at 288,000. The combined performance of the tourism and air transport sectors has brought the domination of these related activities to a record level among LDCs: they accounted for nearly 75 percent of Maldives entire export economy in 1998.

The **Gambia** did not demonstrate strong growth in its tourism performance over the last decade, but managed to maintain tourism activities at the top of its economic scale. Since 1985, the sector has consistently accounted for more than half of the export economy (not including re-export activities), at a level seven times higher than that of the groundnuts industry.

In **Vanuatu**, the tourism and international business services industries now account for more than half of the entire exports economy. The number of international visitors increased substantially over the 1990s, after a period of instability in the tourism performance.

In **Tuvalu**, where international services now largely dominate the economy, tourism has remained the primary foreign-exchange earner, even though the performance of this sector has remained static over the last decade and a half, at an annual rate of 1,000 international visitors per year.

In three other LDCs (Comoros, Samoa, United Republic of Tanzania), international tourism has become the primary source of foreign exchange earnings since 1985.

In **Comoros**, tourism became the most important foreign-exchange earner during the 1990s, in spite of the inherent political instability. The number of tourist arrivals increased from 5,000 in 1985 to 27,000 in 1998. In 1998, the tourism sector alone accounted for more than half of all export receipts.

In **Samoa**, the tourism sector has overtaken the coconut products industry as the main source of income. In 1998, the tourism sector accounted for almost half of the total foreign-exchange earnings. As a result of the steady growth observed in tourism services and in international business services, the service export receipts of Samoa are now over three times greater than its merchandise export earnings.

Of all the LDCs, **the United Republic of Tanzania** demonstrated the most impressive tourism performance over the 1985-1998 period. There were 365,000 more visitor arrivals than in 1985. During this 13-year period, the tourism sector rose from fifth to first in the ranking of foreign-exchange earning sectors. Tourism receipts in 1998 (about $400 million) were estimated to be three times larger than the once dominant coffee export receipts. Tourism export earnings now exceed the combined value of coffee, cotton and cashew nuts exports, and despite the "leakage effect" entailed by the import expenditure of the tourism sector, the latter has the largest net positive impact on the balance of payments among all economic activities in the country. The United Republic of Tanzania is presently the first recipient of international tourism receipts among all LDCs.

In Haiti, Nepal, Senegal and Lesotho, four LDCs among those with a prominent tourism sector, tourism has remained one of the major sectors of the economy over the last decade and was accounted for the second largest source of foreign-exchange earnings in 1998.

Tourism was the primary source of export earnings in **Haiti** until 1985, a year in which the country recorded 150,000 international visitor arrivals. Consequently, after 1985, the tourism sector collapsed rapidly resulting from the serious political instability the country incurred. By 1998, tourist arrivals had regained momentum (150,000 arrivals), and the sector accounted for nearly a fourth of the total export earnings. Subject to further progress in the country's stabilization, the tourism sector has the potential to dominate the Haitian economy.

In **Nepal**, there were 254,000 more international visitors in 1998 than in 1985. As a result of the remarkable progress of the tourism economy in parallel to the rapid development of the manufacturing sector, these two sectors now account for more than half of Nepal's export economy.

With an average 280,000 international visitors per year in the second half of the 1990s, **Senegal** has become one of two (Ghana) of the most sought out tourist destination in West Africa. This sector, which ranked third of the country's export sectors in 1985, rose to second place in 1998. Only fish exports (20 percent of total exports) exceed tourism receipts, where international services account for nearly a third of total foreign-exchange earnings.

Although **Lesotho** did not demonstrate substantial growth in recent tourism performance, it continues to rely on international tourism as its second largest export sector. Only the clothing industry, after a rapid growth over the 1990s decade, largely exceeds tourism in terms of export earnings (43 percent of total exports, as opposed to 10 percent for tourism).

Finally, in Sao Tome and Principe, Lao People's Democratic Republic, Uganda, Cape Verde, Madagascar, Benin and Cambodia, tourism has become a prominent export sector (the second or third largest), and is regarded as one of the economic pillars of the future, or one of the very few sectors with a significant socio-economic impact.

In **Sao Tome and Principe**, remarkable progress in the tourism industry was observed at the end of the 1990s. Prior to this, the sector ranked third in export earnings, but was much less significant than the dominant cocoa sector. By 1998, tourism accounted for the second largest export earner, just below that of the cocoa sector (cocoa: 37 percent of total exports; tourism: 34 percent). Preliminary estimates of the country's balance of payments for 1998 and 1999 indicate that the tourism sector became the primary source of foreign exchange earnings in Sao Tome and Principe.

Lao People's Democratic Republic experienced rapid progress in tourism activities. The number of international visitor arrivals had grown to 260,000 in 1998, from 30,000 in 1992, thereby making tourism the second largest sector of the export economy accounting for 20 percent of total exports in 1998.

Also remarkable has been the tourism performance of **Uganda**. The number of tourist arrivals exploded from 27,000 in 1985 to 238,000 in 1998 making the tourism sector the second largest foreign-exchange earner after the coffee industry.

Cape Verde, which has a limited agricultural economy, enjoys considerable potential for tourism development. It demonstrated steady growth in its tourism performance during the 1990s. Tourism now equals, in economic terms, the traditionally large fisheries sector. When combined, the related air transport and tourism sectors account for more than half of the entire export economy of the country.

Substantial progress in tourism activities was also recorded in **Madagascar**, where the number of international visitor arrivals grew from 23,000 in 1985 to 133,000 in 1998, thereby making tourism the second largest source of export receipts, almost reaching the receipts of the all important coffee industry.

In **Benin**, the number of visitors tripled from 47,000 in 1985 to 152,000 in 1998. The tourism sector was the country's second most important foreign-exchange earner in 1998, after the cotton industry.

Cambodia enjoyed a phenomenal increase in its tourism activities during the waning years of the 1990s. The number of international visitor arrivals grew from 88,000 in 1992 to 220,000 in 1998. In 1998, only the wood-related industry (sawn timber and logs), accounting for 43 percent of the export economy, exceeded the tourism sector, which represented almost 10 percent of the total export economy.

2. LDCs with a less prominent tourism sector

Among the LDCs with a less prominent tourism sector (where tourism is not among the three largest sources of export earnings), 10 countries have recently demonstrated significant progress in tourism performance. These countries are Myanmar, Mauritania, Mali, Burkina Faso, Ethiopia, Yemen, Malawi, Bangladesh, Bhutan, and Zambia.

In **Myanmar**, a relatively diversified economy has been developing in spite (or as a result) of the political isolation of the country. In this context, tourism has remained the fourth largest export sector of the economy, still much smaller than the dominant primary and processing industries. However, phenomenal growth was observed in tourism performance during the 1990s. The number of tourist arrivals multiplied by seven, from

26,000 in 1988 to 194,000 in 1998. Like Cambodia and the Lao People's Democratic Republic (with comparable cultural assets as a basis for relevant specialization), Myanmar is rising to become one of the most valued tourist destinations in Asia. Moreover, it has the capacity to make the tourism industry a source of increased prosperity for the benefit of its people.

In **Mauritania**, tourism has grown and presently ranks third among the foreign exchange-earning sectors, although the dominant iron and fish industries represent over 90 percent of the entire export economy. Developing at a slow pace, the Mauritanian hospitality industry, through its dual sea-based and desert-based specialization, demonstrates potential for making tourism a third pillar of the economy.

Although the tourism industry is not among the leading economic sectors in **Mali** and **Burkina Faso,** they have experienced steady growth in tourism performance. As such they are encouraged to intensify their efforts through relevant sectoral policies.

In **Ethiopia**, where the number of overnight visitors doubled between 1985 and 1998, from 61,000 to 121,000, tourism accounts for less than 4 percent of the total export receipts of the country. In 1998, the air transport industry was the second largest sector of the economy in terms of export receipts. Coffee and air transport activities together represented more than half of the export economy. Though not commensurate with the advantageous importance of the existing air transport industry, Ethiopia’s tourism has been experiencing steady growth over the last 15 years. Considering the potential for tourism specialization based on its history and culture, tourism could conceivably become the primary source of service export earnings.

In **Yemen**, tourism growth has been relatively slow in terms of visitor arrivals, but significant in terms of tourist expenditures, as a result of a policy that promoted the destination to the up-scale market. Outside of the petroleum industry, which represents over 80 percent of the export economy, Yemen’s international tourism, in 1998, was close to becoming the second largest foreign exchange-earning sector of the economy.

Though accounting for a very small portion of the national economy (only 1 percent of total exports in 1995), the tourism sector, in **Malawi**, has demonstrated substantial growth since 1985. International tourist arrivals grew from 55,000 in 1985 to 215,000 in 1998. While remaining largely dominated by the tobacco industry, the economy of Malawi, like that of Lesotho, benefits from the South African tourist market. Eventually regional tourism may be responsible for one of Malawi's two or three largest sources of foreign-exchange earnings.

In **Bangladesh**, the number of international tourist arrivals grew during the 1990s, culminating at 163,000 in 1998. In Bangladesh, where manufacturing industries account for well over half of the economy, the tourism sector only represents 1 percent of the total export economy.

In **Bhutan**, where electrical energy accounts for a quarter of the export economy, the significant tourism potential has not yet brought the sector among one of the leading sources of foreign-exchange earnings. However, success has been demonstrated in the development of its hospitality industry. If this success is pursued and continued, a path of tourism development similar to that of Nepal is expected.

Though small in comparison with the dominant copper and cobalt industries, the tourism sector in **Zambia**, has demonstrated progress over the years, with an increase in the number of international tourist arrivals by 245,000 between 1985 and 1998.

The performance of these 10 least developed countries confirms the importance of tourism development in the southern African region as a result of the prominence of the South African market, and in spite of the remoteness from the European market.

Among the five LDCs that host little tourism and have not demonstrated significant progress in their tourism performance over the last decade, it is worth noting the two small island States of the Pacific, namely, Kiribati and the Solomon Islands.

In **Kiribati**, where the contribution of tourism to the export economy has always remained under 10 percent, 6 percent in 1998. The structural handicaps of extreme smallness and remoteness are the overriding factors explaining the stagnation of tourism performance (3,000 visitors in 1985; 4,000 in 1998) and the modest ranking of the sector among sources of foreign-exchange earnings. That copra exports were three times greater than tourism services exports in 1998 (nearly four times in 1985) is a clear indication that modern economic activities can find severe obstacles in overtaking the traditional economy when faced with insuperable structural disadvantages of “islandness”.

In the **Solomon Islands**, where political instability crippled the tourism sector in 2000, the performance of the sector demonstrated little growth (with a gain of only 4,000 visitors per year) between 1985 and 1998. The country, however, possesses cultural and environmental assets that are conducive to stimulating tourism development and could in theory achieve a tourism performance equal to that of Vanuatu. Solomon Islands tourism presently accounts for only 3 percent of total exports.

Among the LDCs that enjoy a less prominent tourism sector but have demonstrated progress in their tourism performance, Bangladesh, Ethiopia, Myanmar stand out as cases where the modest ranking of the tourism sector in proportion to total exports is not a reflection of the smallness of the tourism industry (each of these three countries plays host to over 100,000 visitors per year), but results from the overall diversification of the economy. In these LDCs, at least four or five economic sectors exceed tourism as sources of foreign-exchange earnings. These three countries are among the four most populated LDCs and have experienced substantial development in their manufacturing, services, and primary industries, respectively.

Finally, it is worth noting that, international tourism activities in Sierra Leone had experienced a remarkable level of performance between the mid-1980s and the mid-1990s prior to the civil war which resulted in economic decline and the collapse of the tourism industry.

This tourism development overview reveals that great diversity of situations exist in the tourism performance and potential of individual LDCs. Moreover, this diversity is closely linked to structural characteristics, in particular, physical and economic handicaps and vulnerability to external shocks.

Annex 2

Tourism performance and the question of graduation from, or admission in the Least Developed Countries category

Since the category of Least Developed Countries was instituted in 1971, only one country, Botswana, has graduated from LDC status. Other potential graduation cases, since 1994, have been Cape Verde, Maldives, Samoa and Vanuatu. Considering the methodology and criteria used by the United Nations in its periodic reviews of the list of LDCs and given that tourism is a common major economic activity among these five countries, there is strong evidence to indicate prominent role international tourism can have in lifting countries out of the Least Developed Country status. As indicated by the case of Senegal, tourism can also be an important sector in newly admitted LDCs.

The tourism performance of **Botswana**, where the annual number of international tourist arrivals increased by over 400,000 visitors between 1985 and 1995, was a major factor of the socio-economic evolution (income growth, social status improvement, economic diversification) that induced its graduation from the list of LDCs in 1994.

In the 1997 and 2000 reviews of the list of LDCs, **Cape Verde** was identified as a potential graduation case as its per capita income consistently exceeded the graduation threshold ($900 in 1997 and $1035 in 2000). This relative prosperity resulted from the positive impact of aid on the economy and the rapid development of the tourism sector. Over half of the country's export economy (based on air transport and the hospitality industry) is directly linked to international tourism. Although it met the graduation criteria, Cape Verde was not recommended for immediate graduation in 2000. The Committee for Development Policy and the Economic and Social Council of the United Nations did not recommend graduation for Cape Verde's economy on foreign aid and the real risk of disabling its socio-economic progress which would occur when the concessions associated with its LDC status were withdrawn.

Where the tourism and air transport sectors account for three quarters of the export economy, **Maldives** will be reconsidered for graduation in 2001 by the Economic and Social Council). This case is even more symptomatic of the prosperity impact that a rapidly growing sector can have on the overall socio-economic situation of a country and the inevitable implications on the status of that country as recipient of maximum concessions. In the 2000 review of the list of LDCs, the Committee for Development Policy observed that the Maldives met the graduation criteria relevant to the per capita income and the composite index of quality of life. The Committee also observed that the country had been suffering from low level of instability in its exports of goods and services, although the economic vulnerability of the country was recognized (through the Economic Vulnerability Index), principally as a result of the implications of the smallness of the archipelago. Tourism development has been, by far, the most significant factor explaining the relative prosperity of the Maldives and its sustained growth performance in the 1990s.

The economic progress of **Samoa** and its implications for eventual graduation from LDC status was first raised in 1997, when the United Nations observed that it met the graduation criteria through its per capita income and the composite index of quality of life.

International tourism had become, over the last decade, the first source of foreign exchange earnings and the economic sector with the most significant socio-economic impact. Although two other sources of value added (a highly specialized industrial activity and a growing offshore financial sector) also explained the progress in prosperity, tourism was largely responsible for earmarking Samoa, in 1997, for graduation three years later. Graduation was not confirmed in the 2000 review, but the country remains a “borderline” case as its tourism industry continues to prosper.

Equally interesting is the case of **Vanuatu,** which was “earmarked” in 1994 for graduation three years later. It was then pronounced eligible for immediate graduation in 1997, but was retained in the LDC category after a General Assembly decision, stipulating that the graduation should be re-examined in 2000 in consideration of the vulnerability of the country. In the 2000 review, the Committee for Development Policy observed that Vanuatu did not meet the graduation criteria of quality of life and economic vulnerability. The Committee therefore removed Vanuatu from the graduation list, by failing to meet the required 2 out of 3 graduation criteria. In this context, the United Nations recognized that only one of the three graduation criteria was met: the per capita income of Vanuatu is higher than the graduation threshold relevant to this criterion. An examination of the evolution of the economic structure of Vanuatu over the last decade reveals that the economic progress underscored by the national income aggregates is almost entirely explained by the development of international services in the domestic economy and in particular, by the substantial progress recorded in the international tourism sector.

The case of **Senegal** can also be interpreted in the light of the evolution of the tourism sector in that country: tourism activities, though a significant part of the Senegalese economy between the mid-1980s and the mid-1990s, did not demonstrate much progress during that period. Faster development was observed in Senegal’s tourism in the second half of the 1990s, with a gain of more than 100,000 visitors per year between the middle and the end of the decade. However, while tourism was demonstrating progress, the agricultural sector was incurring great instability. This context has not allowed tourism to stand out as an economically sustaining factor, and the economic instability experienced by the rural sector has entailed overall socio-economic regression and brought the country, in the 2000 review of the list of LDCs, to meet all criteria for inclusion.

Overall, it is important to note that all actual or potential graduation cases in the LDCs category (e.g. one African State and four small island States) have been significantly explained by the socio-economic progress induced by tourism development. A fundamental reason for this correlation, parallel to the direct income-multiplying effect of the tourist expenditure, is the wide-ranging impact that the tourism economy has on the overall economy of a developing country as a result of the efficiency effect of various international and domestic services that necessarily accompany the development of a prosperous tourism industry.

Annex 3
Air Transport Services

Trends and features of LDCs participation in Air Transport

The flow of international air travel toward LDCs has grown 31.1 percent between 1995 and 1999, rising from 10,538 million passenger kilometres in 1995 to 13,823 million passenger kilometres in 1999 (see Table 1 below). The participation of LDCs in world air transport, although low, has also increased from 0.53 percent to 0.59 percent of total world air traffic for the same period. Myanmar, Maldives, Yemen and Malawi saw their share of international passengers kilometres more than double. Other countries which showed strong rates of progression for this period were: Guinea, Uganda, Cape Verde, Madagascar, Lao People's Democratic Republic and Sao Tome and Principe. Some countries, however, saw negative growth rates mostly due to crisis situations. These were the Salomon Islands, Angola, Afghanistan and Lesotho.

Most countries with high growth rates in total air travel were, by correspondence, among the top countries growing in tourism. Such is the case of Myanmar, Lao People's Democratic Republic, Guinea, Cap Verde, Uganda and Madagascar. Some LDCs, such as Ethiopia and Bangladesh, are regional hubs whose growth reflects travel development to neighboring countries in the region. Others, in which air travel has registered among the highest increases in volume, but not growth, are established destinations, which present sustained success, such as the Maldives.

It is interesting to note that although international air transport has grown more rapidly (31.1 percent) than domestic traffic (15 percent) for the 1995-1999 period in the region, the inverse is true for a certain number of countries. Those countries in which high increases of passengers/kilometres, or volume of air transport, has increased based not on international travel but on the basis of domestic flights include Uganda, Mozambique, Lao People's Democratic Republic, Salomon Islands (domestic flights actually overtook a decrease in international volume), Sao Tome and Principe and Comoros.

Countries in which domestic travel increased greatly along with international travel include Burundi, the Maldives and Malawi. This could be the result of a dynamic form of tourism industry development which may be pushing the air transport market toward diversification with internal flights, given the fact that in 8 LDCs domestic travel represents a larger component of total travel than international flights. Among these are many of the larger tourism destinations such as the United Republic of Tanzania, Uganda, and the Solomon Islands (see Table 1).

Table 1
Countries in which the proportion of domestic travel
exceeds international travel

Country	Myanmar	Lao People's Democratic Republic	Sao Tome and Principe	Mozambique	Uganda	Solomon Islands	Angola	United Republic of Tanzania
Domestic/ Intl Travel	1.33	1.30	1.06	0.90	0.80	0.70	0.68	0.53

Source: ICAO, "The World of Civil Aviation, 1998-2001".

Air travel is a continually growing industry in all LDC countries except those in which political instability has compromised security such as in Angola, Afghanistan and Lesotho, and two others, Mauritania and the United Republic of Tanzania which registered small decreases during this period. Air transport is therefore highly responsive to destination conditions and to demand. It is also a highly efficient industry in resource allocation, as can be seen in the one to one correspondence in the regional distribution of world aircraft kilometres and passengers (see Table 2), although regional data may be covering particular country discrepancies.

Table 2
Regional distribution of aircraft kilometres and passengers - 1998

	Aircraft Kilometers (%)	World Passengers (%)	Passenger load factor
Europe	41.9	47.6	71
Africa	3.7	3.5	62
Middle East	4.2	4.8	66
Asia & Pacific	22.2	22.2	68
North America	20.3	15.8	72
Latin America and Caribbean	7.6	6.2	63

Source: ICAO, *The World of Civil Aviation, 1998-2001*.

LDCs are capturing a growing portion of world air transport as they develop themselves into attractive tourism destinations and as growing income levels promote tourism by local residents. Surprisingly, this is the case for a significant group in which fare expenditure and tourism expenditure are higher than income (see Table 3).

Table 3

LDC countries in which tourism expenditure (Tex) and Fare expenditure (Fex) are higher than Tourism income (Ti) or Fare income (Fi)

	Tex/Ti		Fex/Fi
Burundi	12.00	Angola	27.00
Angola	7.78	Samoa	8.00
Democratic Republic of the Congo	6.40	United Republic of Tanzania	5.60
Ethiopia	4.18	Solomon Islands	4.00
Bangladesh	3.88	Ghana	3.00
Soudan	3.75	Rep. Dem. Laos	3.00
Niger	1.39	Lesotho	3.00
Madagascar	1.31	Democratic Repulbic of the Congo	2.13
Cape Verde	1.20	Gambia	1.00
Uganda	1.01		
Yemen	0.99		

This phenomenon also explains why certain countries figured amongst the higher growing air transport countries, but without yet manifesting strong tourism growth. Having already developed a market for air transport that could be more profitably turned into an income revenue factor, these countries present strong tourism development opportunities.

Table 4
Countries with high proportion of domestic travel

Country	Increase in passenger /kilometers 1995-1999	% increase due to international flights	% increase due to domestic flights
Uganda	252.8	0.37	0.63
Mozambique	35.1	-0.02	1.02
Lao People's Dem. Rep.	30	0.48	0.52
Solomon Islands	10.7	-0.69	1.69
Sao Tome and Principe	4.3	0.49	0.51
Comoros	-3.3	0.24	0.76

The economic outlook and performance of tourism destinations depends greatly on the availability and conditions (such as prices, frequency, travelling time, etc.) of air transport services connecting tourism-generating countries and destination countries. With few exceptions, LDCs; national carriers are very weak because of the obsolescence of their fleet, inadequate infrastructure to support air navigation and low skills. Moreover, conflicting policies to protect national carriers and the lack of coherence between air transport and tourism policies are undermining the competitiveness and performance of tourism and its sustainability.

Main issues related with performance of ATS in LDCs

a) Geographical location and air traffic density

Distant LDCs are marginalized from air access in international routes due to long distances separating them from main tourist generating countries. In addition, low traffic density also puts them at disadvantage with those competing destinations in the same region that do have direct access and/or adequate connections. As a result, potential travellers to marginalized LDCs have to pay higher air transport fares, than their competitors who, with a higher density of traffic, have more competition among airlines and generally benefit from a multiplicity of differentiated cheap airfares in the same class. The combined effect of these factors tend to discourage tourists from visiting distant LDC tourist sites.

b) Domestic issues

Internally, LDCs mainly face the following problems affecting performance of their ATS: (a) Infrastructure, e.g. serious deficiencies in the quantity and quality of supply of ATS infrastructure (airports, air traffic control systems). The main reason for these deficiencies is that LDCs are bereft of the very high capital, technological and skill requirements for such infrastructure; (b) Financial constraints: the generalized and stringent limitations on public expenditure hamper the necessary investments not only in infrastructure, but also in national carriers (state-owned), which needs to be continuously modernized and upgraded to accommodate the changing international environment; (c) Consistency of air transport and tourism policies: on the regulatory front, governments frequently face a conflict between alternative air policy priorities including, protecting and fostering national carriers (frequently state-owned monopoly) and using air traffic rights as bargaining tools in international negotiations; (d) easing domestic traffic regulations, to increase competition and efficiency and to reduce prices. Even if the latter course is decided upon, LDCs lack the necessary financial resources to assess impacts of several policy options and to manage subsequent developments.

c) Possible options and cooperation schemes to foster the development of air transport services (ATS)

Regional cooperation among developing countries offers huge possibilities to LDCs, as a quick and viable option to overcome deficiencies in the supply of ATS. For instance, the liberalization of ATS and air access within the framework of "regional open skies[1]" polices among members of integration schemes, could be used by LDCs to overcome problems in improving their air access. ASEAN LDC members, have taken advantage of regional hubs such as Singapore, Malaysia, Indonesia and Thailand to overcome their problem of low density traffic and adequate connections. Similarly African LDCs could overcome similar problems by widening the liberalization schemes of ATS in the framework of all the integration agreements of which they are members. Some positive experiences have been realized by the liberalization of transport among SADC countries and with the implementation of the "Yamoussoukro Declaration" (April 1997) signed by six African countries namely Cape Verde, Ghana, Guinea Bissau, Sierra Leone, Nigeria and Gambia. This Declaration committed the parties to grant "open skies" among themselves. LDCs may also use other preferential arrangements such as APEC and the advantages granted by the European Union to ACP countries.

The experiences[2] from the implementation of ATS strategies by many developing countries offer some options that may be considered by LDCs. They may vary according to the specific context and markets of LDCs in different regions.

1. Airlines

Cooperation /association with foreign companies

There are several forms of association with foreign companies and may include: (a) Regional alliance in search of enhanced forms of cooperation and association with foreign companies. Achieved by pooling the resources of companies from neighbouring countries, thus increasing the volume and density of air traffic. (b) Entry into global alliances. This option is more feasible for carriers with large domestic markets or which have already

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[1] The open skies policy comprises basically the following elements: free access to all routes; no restriction on capacity and frequency in any route; no restriction in operation in any international markets; elimination of restriction on charters; liberalization of air cargo rules; absence of restriction in the conversion of revenues to hard currency and their repatriation; agreement on code-sharing; carriers to be able to ensure their own ground services abroad; no regulations on carriers alliances; non discriminatory access to CRS/GDS.

[2] See, "Background notes by the UNCTAD secretariat for the Expert Meeting on Tourism (8-10 June 1998) TD/B/COM.1/EM.6/2, and the Expert Meeting on Air Transport Services (21-23 June 1999), TD/COM.1/EM.9/2.

established a significant regional or long-haul international network, since this makes them more attractive to the other members of the alliance and gives them more bargaining power when negotiating with larger partners. This modality seems very attractive for Asia Pacific and African LDCs to take advantage of market share of the most powerful partners, e.g. Singapore, Malaysia, Thailand and Malaysia in ASEAN, and South Africa and Mauritius in SADC. (c) Association with large international airlines. This option could be very interesting for LDCs with a very high development of tourism. Smaller airlines are interesting to large trunk-line operators because they feed their hubs, but which maybe too small to become full members of the larger alliances.

The hub Strategy

LDC airlines may take advantage of the existing hubs in Africa and Asia Pacific to improve air access in the framework of regional and sub-regional agreements such as ASEAN and SADC. In the case of multiple hubs such as in the ASEAN sub-region, LDCs members may find the possibility of a better network connection with long haul carriers and their national carriers. Economically, this option is easier to achieve than the previous one, as the distances to be covered are shorter and thus the capital, fleet and personnel requirements are lower. When the hubs are supported by open skies policies, the possibilities of success increase exponentially.

2. Domestic policies

The domestic policy dimension of ATS service strategies should include measures that LDC Governments may apply to create an enabling environment to ensure coherence and convergence of tourism policies and air transport policies. This includes a two-track approach. The first, could be oriented to make changes in domestic regulations including easing regulations to enlarging market access, lifting route restrictions and allowing competition in some or all of them and abolishing or easing price controls. The undertaking of the liberalization of domestic air traffic can be assumed by LDCs autonomously or as an element of international negotiations such as open skies agreements. The second is the enhancing of national carriers and the promotion of investment in air transport infrastructure. This may be incorporated in both the master plan of transport and tourism development. It may include viable formulas and clear guidelines to promote investments by using multilateral funding, national budget resources to be earmarked, fiscal revenues to be hypothecated (such as tourism and airport taxes) and privatization of specific services including airlines.

3. International policies

Changes in international air transport regulations may include a number of initiatives, to be explored by LDC Governments regarding international flights, particularly through bilateral and regional negotiations. They deal in particular with: (a) Promoting international charter flights, which could be a viable formula for more marginalized LDCs. Some LDCs such as the Maldives have used this to complement the coverage by regular flights; b) International agreements to upgrade national carriers. LDCs whose national companies do not have adequate human resources or an adequate fleet can enter into agreement with another country under which they receive help for upgrading their national carrier. The other country's airlines operate under the beneficiary country’s flag, but uses its own crew and aircraft. Ideally this should be a temporary measure, to allow the national airline to upgrade its fleet and take the responsibility for its own human resource development; (c) Rationalization of air policy. This option is open to all LDCs within the framework of all the integration schemes that they are members of; (d) Open skies policies. This is an excellent complement to all the above; and (e) active participation of LDCs in the GATS 2000 negotiations to make effective provisions of Articles IV and XIX of GATS to increase their participation in international tourism. To this end, LDCs should clearly define their national interests, development objectives and possible conflicts between trade interest and development concern in achieving economically social and environmentally sustainable tourism.

Air transport in LDCs (millions of passenger kilometres)

Country	Total Travel 1995	Total Travel 1999	Intl Travel 1995	Intl Travel 1999	Domestic Travel 1995	Domestic Travel 1999
Afghanistan	276.3	129.3	201.5	89.5	74.8	39.8
Angola	833	597.4	625	354.6	208	242.8
Bangladesh	3,057.9	3,515.3	2,968.9	3,447.8	89	67.5
Benin	2,22.8	235	222.8	235	0	0
Bhutan	39.7	41.3	39.7	41.3	0	0
Burkina Faso	256.3	269.2	247.8	263.9	8.5	5.3
Burundi	2	2	1.7		0.3	2
Cape Verde	181.6	333.9	152.3	287.4	29.3	46.5
Central African Republic	222.8	235	222.8	235	0	0
Chad	230.6	235	224.3	235	6.3	0
Comoros	3.3		0.8		2.5	0
Equatorial Guinea	7.4		7.4		0	0
Ethiopia	1,795.6	2,485	1,681.2	2,358.1	114.4	126.9
Guinea	52	94.4	48	94.4	4	0
Guinea Bissau	10		6		4	0
Kiribati	10.4		6.2		4.2	0
Lao People's Dem. Rep.	48.1	78.1	19.5	34	28.6	44.1
Lesotho	7.9	0.5	7.1	0.5	0.8	0
Madagascar	630.6	1,036.7	471.4	840.9	159.2	195.8
Malawi	110.4	223.8	75	150	35.4	73.8
Maldives	71.4	501.4	66.7	470.4	4.7	31
Mali	222.8	235	222.8	235	0	0
Mauritania	301.2	290.4	247	255.1	54.2	35.3
Mozambique	290.4	325.5	171.5	170.9	118.9	154.6
Myanmar	147.2	355	14.9	152.5	132.3	202.5
Nepal	855.6	1,023.1	805	1,004.2	50.6	18.9
Niger	222.8	235	222.8	235	0	0
Rwanda					0	0
Samoa		243.5		241.8	0	1.7
Sao Tome and Principe	8.5	12.8	4.1	6.2	4.4	6.6
Sierra Leone	22.5	30.4	22.5	30.4	0	0
Solomon Islands	69.5	80.2	54.7	47.3	14.8	32.9
Sudan	680.5	693	516.3	588.3	164.2	104.7
Togo	222.8	235	222.8	235	0	0
Uganda	103.3	356.1	103.3	197.9	0	158.2
United Rep. of Tanzania	189	176.4	106.7	115.2	82.3	61.2
Vanuatu	146.5	178.3	146.5	178.3	0	0
Yemen	485.8	1,031.3	381.1	959.7	104.7	71.6
Zambia		34		32.4	0	1.6
TOTAL	12,038.5	15,514.3	10,538.1	13,823	1,500.4	1,725.3
Simple growth rate 99/95		29%		31%		15%

Source: ICAO