

Statement by Ambassador Dr. Dinesh Bhattarai, Permanent Representative of Nepal to the United Nations at the side event: Successful South-South experiences by India, Brazil and South Africa (IBSA) at the 100th International Labour Conference on 14 June 2011 in Geneva.

**Madam Chairperson,
Fellow Ambassadors,
Distinguished Delegates,
Ladies and Gentlemen,**

I thank the ILO for their kind invitation to be a panellist in the side event entitled *Successful South-South experiences by India, Brazil and South Africa (IBSA)*, the combination of which has shown potentials to be the growth engine of the South, brought a collective voice on global issues and become an important vehicle for fostering socio-economic development and a forum to share experiences and identify best practices on South-South cooperation.

Let me briefly touch on the importance of tourism in national economy, poverty reduction, share some of the lessons learned and good practices from Least Developed Countries (LDCs), particularly from Nepal.

Madam Chairperson,

Although the history of travelling has been as old as the human civilization, the growth of large scale international tourism as an economic activity emerged after the World War II. Tourism is no more the exclusive luxury of the rich and the developed. The developing countries and Least Developed Countries have emerged as the new faces of tourism with big promises of South- South connectivity and cooperation.

Tourism has emerged as one of the main engines of socioeconomic progress for many countries and a development priority for a majority of the LDCs. It has been recognized as a tool for employment creation, poverty reduction, all-inclusive growth and human development. Development opportunities through tourism are on the rise in LDCs and Landlocked Developing Countries (LLDCs).

International tourism has grown substantially in recent times. Receipts from international tourism rose from \$ 2.1 billion in 1950 to \$ 445 billion in 1998, to 851 billion in 2009 and 919 billion worldwide in 2010. The income generated by tourism is almost 3 times higher than the total ODA mobilization globally.

Tourism has emerged as a major component of international trade in services. Tourism accounts around 35% of the world's export services and 70% in LDCs.

Tourism has come to be a major generator of economic activities. The labour intensive nature of tourism leads to high employment and consequently acts as stimulus for the national economy. It is one of the five top export earners in 150 countries and it is number one in 60 countries. In 7 LDCs, it is the single largest revenue earner.

Tourism is the main source of foreign exchange earnings for one third of developing countries and half of LDCs. It is among the top three foreign exchange earners in 23 out of 48 LDCs.

The commitment of the UN system to promote tourism in the development agenda reflects its increasing relevance. I welcome the ILO program for promoting the development of a South-South Cooperation Program on Poverty Reduction through tourism and decent work in the tourism industry to be implemented in Sub-Saharan Africa and South East Asia in 2012.

The multidimensional benefits and contributions through the development of tourism can include:

1. Fully developed tourism and hospitality industry can be an engine of growth, and has the capacity of transforming the country into a high quality export service economy.
2. Tourism can be an instrument of structural transformation, diversified livelihood opportunities, and reduction of vulnerabilities of individuals and households at the bottom, thus act as a vehicle for promoting South-South cooperation.
3. Tourism can be a contributor to an evolving economic order, and thus help narrow the gap by redistributing wealth from the richer and wealthy to poorer localities.
4. Tourism has been a sector of youth employment, and social protection. It absorbs around 8% of global jobs. Over 60% of the workforce in tourism is constituted by women. Half of the workforce is under 25 yrs of age meaning a big concentration of youth employment.
5. Tourism can contribute to poverty alleviation by developing a value chain approach to sustainable tourism development and reducing leakages by building linkages with other sectors of the economy.
6. Tourism links together a series of cross cutting activities that include both goods and services with concurrent positive impacts in other sectors of economy in LDCs eventually leading towards realizing the goal of their graduation from LDCs status.
7. Tourism has both forward and backward linkages. Tourism is one of the four main export sectors, which comes after oil, chemicals and automobile industries. It creates multiplier effects, and generates broad-based economic benefits, fostering stronger linkages between tourism industry and other sectors such as agriculture, food and beverages and transportation. Paying greater attention to other sectors

- stimulates economic growth and forestalls possible macroeconomic instability.
8. Tourism brings local investment and helps promote self help, produces incomes for the poorer part of the population. It brings people centric development connecting consumer to producer directly. Tourism contributes to achieving MDGs and other nationally and internationally agreed development goals that aim at poverty reduction.
 9. South-South tourism like South-South trade is relatively a new concept and appears to be on the rise. With the growing focus on South-South cooperation, this channel of tourism contains immense possibilities. South-South travelling offers everything to the visitor at an affordable price while creating jobs to the service providers, an ideal win-win deal indeed.
 10. It is also a factor contributing to world integration processes by bringing peoples of diverse socio cultural background together. It enhances people to people contacts which in turn promotes tolerance, harmony and understanding.

Last month, the international community met for the Fourth UN Conference on LDCs in Istanbul and adopted a Program of Action for the development of LDCs for the next decade. The PoA calls for supporting 'the least developed countries' efforts to develop a sustainable tourism sector, in particular through infrastructure and human capital development, increased access to finance and enhanced access to global tourism networks and distribution channels.'

We thank ILO for its contributions to the UN LDCs IV, participation at the highest level and personal commitment of the Director General to the cause of LDCs IV. ILO is a part of the global partnership for the development of LDCs. We urge the ILO to integrate the Istanbul Programme of Action into its strategic plan, cooperation framework, programmes and activities to ensure enhanced and targeted support to LDCs.

South-South Cooperation has an important role for LDCs' development, through its contribution to the implementation of the Istanbul Program of Action in areas such as human and productive capacity building, technical assistance and exchange of best practices.

ILO can provide settings and forums like this where governments come together, compare and share policy experiences, seek solutions to common problems, identify good practices and widely disseminate them for the benefits of others. ILO can contribute to skills development and capacity building through tourism related training.

We thank ILO for running Jobs for Peace Project in collaboration with UNPFN and FAO in order to contribute to national peace building and poverty reduction through engaging in productive employment activities and empowerment.

Tourism potentials in Nepal

Nepal is endowed with rich natural, historical and cultural treasures making it as one of the most attractive tourist destinations. Nepal has 10 World Heritage Sites declared by the UNESCO. The location of *8 of the 14 highest mountains in the world including* the highest mountain- the Mt. Everest in Nepal, makes it the best destination in the world for adventure tourism. The Nepali Himalayas have also attracted sages and seers from time immemorial in search of knowledge and enlightenment.

Nepal's location between India and China gives it immense opportunities for growth in tourism sector among others. The population of India and China combined is nearly one quarter of the world's total. Together they account for 16% of the world economy. Their emergence as growth poles produces neighbourhood dynamism for Nepal to benefit from their market and growth. Tourism is a sector of comparative advantage which can be instrumental in spreading the benefits and providing economic opportunities to the people of Nepal.

In Nepal, tourism contributes over 5% of total employment; over 6% of foreign exchange earnings. In 2008, 11% of investment was in tourism. Tourism's share of GDP is 3.6%. Tourism constitutes as one of the promising sub-sector as it generates more employment than any other economic sub-sector.

Recognizing the significant role of tourism in Nepal's economy and the comparative advantage it provides, Government has adopted various policies and programmes for the development of the industry. Prominent among them include:

1. Set up a Sustainable Tourism Network in 1997 in response to a recognized need for partnership and cooperation for the development of sustainable tourism in Nepal. It focuses on ecotourism, rural tourism, and pro-poor tourism.
2. It has identified health tourism, cultural tourism, educational and research tourism as its strong potentials. Nepal requires infrastructure development with the support of international community and participation of the private sector.
3. Nepal attaches huge importance to rural tourism as a vast majority of people live in rural areas. Rural tourism is expected to play an important role in country's inclusive development, and poverty reduction at the block level. It will help reduce dependency on agriculture, distributing the benefits to the population, and boosting GDP growth to reduce poverty.

4. Nepal designated 2011 as Nepal Tourism Year with the set target of welcoming one million tourists. The Tourism Vision 2020 envisages augmenting economic opportunities and increasing employment in tourism sector to one million, and annual international tourist arrivals to two million by 2020.
5. Nepal has adopted open-sky policies and entered into bilateral Air agreements with a number of countries.
6. We are working to develop ethnic museum in the country. The Museum aims to function as a living resource centre to inform and educate both Nepalese and foreign visitors interested to know and learn about the structure of Nepalese society.
7. Nepal opened up foreign investment in travel agency and tour operator services. It encourages public private partnership. Investment in tourism industry is a means of stimulating of growth over the long term.
8. FDI permitted in hotel industry. As per WTO commitments, up to 80% foreign equity allowed in hotel, lodging services and graded restaurants.
9. Tourism Industry Division in the Ministry of Tourism and Civil Aviation acts as tourism regulator dealing with registration, licensing, categorization of star hotels, providing facilities and incentives and monitoring and evaluation. Nepal Tourism Board formed as a partnership between the government and private sector tourism industry in Nepal handles the promotional aspects of tourism development.
10. Nepal is a party to two regional cooperation organizations. Tourism is one of the six broad sectors of cooperation in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). South Asian Association for Regional Cooperation (SAARC_ summits have underscored the vital contribution that tourism can make to the economic development of the SAARC. Nepal has proposed SAARC Tourism Board, SAARC visa for easy movements for SAARC nationals, discount on travel fares for SAARC nations. Efforts are on to reach agreement to facilitate the movement of people through improved travel infrastructures, collaboration in human resources development and promotion of SAARC region as a common destination through public-private partnership and joint campaigns.

Nepal is a multi-ethnic, multi-cultural, multi-religious and multi-lingual nation. Unique unity in vast diversity is our national strength. Nepal is making a democratic transition after over a decade long armed conflict. The transformation of armed conflicts into a democratic politics through peaceful means in Nepal provides a rare example in contemporary history.

There is a consensus among all political parties irrespective of their ideologies for the promotion and development of tourism as an effective tool of socio-economic development for reconstruction and rebuilding the country the post conflict phase. Tourism was free from conflicts in the past and remains free from politics today. Accordingly all political parties have pledged to stay away from any strikes in the year 2011. Nepal has the tradition of treating every visitor/guest as god- *Atithi Devo Bhavah*.

I invite you all to visit Nepal and be our honoured guests and support the process of ongoing socio-economic transformation within the overall framework of democratic policy.

Thank you.