BARBADOS PRIVATE SECTOR TRADE TEAM

A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

TRAVEL AGENCY, TOUR OPERATOR SERVICES AND TOUR GUIDE SERVICES UNDER THE ECONOMIC PARTNERSHIP AGREEMENT (EPA)

The Economic Partnership Agreement (EPA) signed between CARIFORUM (the Caribbean Community and the Dominican Republic) and the European Community (EC) came into effect on January 1, 2008. Among other things, the Agreement covers issues such as market access for trade in goods, services and investment as well as other areas such as intellectual property rights, e-commerce, innovation and development cooperation.

For those engaged in the travel industry, following are a series of questions and answers designed to address many of the issues you may have regarding access to the EC for your business. Under the EPA, Travel Agency and Tour Operator Services are treated separately from Tour Guide Services.

EUROPEAN SERVICE PROVIDERS IN BARBADOS

Q: May European service providers offer travel services to consumers in Barbados, either as travel agents, tour operators or tour guides?

A: Barbados has not taken any liberalisation commitments for these two sub- sectors. This means that Barbados did not make a commitment to permit EC service providers to: i) supply services to Barbadians in Barbados from an EC state; ii) supply services to Barbadians temporarily located in the EC; ii) invest in/ establish a business in Barbados; or iv) who are European citizens to temporarily enter Barbados to provide these services.

Q: May a Barbadian Travel Agent invest in or establish a legal presence in the EU under the provisions of the EPA?

A: Yes. The Economic Partnership Agreement between the EC and CARIFORUM allows Barbadian companies to invest in and or establish a legal entity in the EC.

In both **Bulgaria and Portugal**, however, there is a condition that the business must be incorporated under national laws. There are some general conditions in the following countries that will apply, also:

Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Spain, Greece, Finland, Hungary, Ireland, Italy, Lithuania, Latvia, Malta, Poland, Romania, Slovak Republic, and Slovenia place limitations on the acquisition of land and real estate, while the following countries impose limitations that require senior management personnel or Directors to have either local citizenship or residency: **Estonia, Finland, Italy, Romania and Sweden**.

In **Poland**, there are limitations on the types of businesses that Barbadians may engage in under the EPA while **Bulgaria, France, Finland and Italy** limit the type of investment e.g. a maximum percentage for foreign shareholding or voting rights allowed by Barbadian nationals.

In the **EC** in general, there may be limitations placed on the treatment extended to branches and agencies.

Q: What happens if I don't want to open an office in the EC, but just want to contract my company's Accounting and Bookkeeping services to an entity in the EC?

A: The answer to this question is dependent on the level of staffing you want to send to Europe. The senior staff of a Barbadian entity responsible for setting up the business may remain for ninety (90) days during any 12- month period.

Key personnel (described under the EPA as managers and specialists) are allowed to remain in EC countries for up to three years. And if you are planning on sending graduate trainees to the EC, they may remain for one year.

If you plan on opening a travel business in Bulgaria, then the number of foreign managers must not exceed the number of managers who are Bulgarian citizens, in cases where the public (state and/or municipal) share in the equity capital of a Bulgarian company exceeds 50 %. For Barbadian companies interested in opening tour operator service operations in the following countries, there is a nationality condition imposed:

Bulgaria, Cyprus, Spain, France, Greece, Hungary, Italy, Lithuania, Malta, Poland, Portugal & Slovakia

Of course, all of these provisions are subject to the Barbadian staff meeting the normal visa and immigration requirements for the EC country in question.

Q: What happens if I do not want to open an office in the EC, but just want to contract my company's services to an entity in the EC?

A: Generally, the following provisions apply to personnel of Barbadian companies that wish to enter into a contract to provide services to a company in the EC:

1) If you are applying for temporary entry into the EC country, you must be supplying a service as employee of a business with a service contract for a period not exceeding 12 months.

2) The person from Barbados wishing to provide contract services in an EC country must have been an employee of the Barbadian business for at least one year before

application for entry, and must have at least three years professional experience in the relevant sector - in this case Accounting or Bookkeeping Services.

3) The person applying for temporary entry must have a university degree or equivalent qualification, and must also have professional qualifications where required by law.

4) The person shall not receive remuneration during their stay, other than that paid by their employer.

5) The temporary entry will be for a cumulative period not exceeding 6 months (or 25 weeks in Luxembourg) during a 12- month period or for the duration of the contract (whichever is less).

6) The visa permits only the contracted service activity, no other business activities.

7) The number of persons covered by the services contract shall not be larger than necessary to fulfil the contract.

In addition to these provisions, some countries impose their own restrictions on tour operators from CARIFORUM countries (including Barbados) wishing to provide contract services in the EC. Those countries and the conditions for travel agencies and tour operators are:

- **Belgium:** Economic needs tests will be applied, except when the annual wage is above the amount defined by relevant laws and regulations.
- **Denmark:** Economic needs tests will be applied except for stays of up to three months.
- **Ireland:** There is no commitment to permit the supply of these services. However, there is a commitment to permit tour managers to provide their services through this mode of supply.
- **Bulgaria, Greece, Finland, Hungary, Lithuania, Latvia, Malta, Portugal, Romania & Slovakia:** Economic needs tests will be applied.

For those Barbadian contractors offering tour guide services, the following conditions are in place:

- **Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Germany, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Romania, Slovakia, Slovenia & United Kingdom:** Economic needs tests will be applied.
- **Spain, France, Lithuania, Poland & Portugal:** There is no commitment to permit the provision of services through this mode of supply.

Q: Are there any agreements in place under the EPA for the recognition of licensing and qualifications in the travel sector between Barbados and the EC?

A: In order to provide travel or tour guide services in another country, a person's qualifications or business' licensing needs to be recognised in that country. The Agreement establishes a process for the private sector, through its relevant professional bodies, to negotiate the terms for mutual recognition of qualifications and licensing requirements.

The Agreement requires the relevant professional bodies for the tourism sector to commence negotiations with their counterparts in the EU within 3 years. The professional bodies will then make recommendations to the CARIFORUM- EC Trade and Development Committee, who will finalise the mutual recognition agreements.

Q: Is our travel agency allowed to provide services to a customer located in the EC from our offices here in Barbados?

A: There is nothing in the EPA that prohibits you from providing services from Barbados to an EC customer. However, you should be aware that for travel agencies and tour operators, **Bulgaria** and **Hungary** have no commitment to permit the supply of these services through this form of supply.

There are also no commitments for tour guide services in the following countries:

Bulgaria, Cyprus, Czech Republic, Hungary, Italy, Lithuania, Malta, Poland, Slovakia & Slovenia.

Q: I'm an independent Barbadian travel agent, working for myself, and I've been awarded a contract to provide my services to a company in the EC. Does the EPA allow me to service the contract and travel to the EC?

A: Yes it does, with some conditions. Generally, these conditions are:

- When you are applying for temporary entry as an Independent Professional, you must be a self- employed person established in Barbados and you must have obtained a service contract with the entity in the European Community for a period that is not more than 12 months.
- You also must have at least 6 years professional experience in the travel industry.
- When you apply, you must have a university degree or equivalent qualification, and professional qualifications where they are required by law.
- Once it is approved, your temporary entry will be for a cumulative period not exceeding 6 months (or 25 weeks in Luxembourg) during a 12- month period, or for the duration of the contract (whichever is less).
- Your visa will only allow you to work on the contracted service activity. You are not permitted to work on other business activities.

There are some individual countries in the EC that impose additional conditions on Independent Professionals wishing to contract with local businesses. Bulgaria and Hungary have no commitment to permit the supply of travel agency and tour operator services through this form of supply, and there are also no commitments for tour guide services in the following countries: **Bulgaria, Cyprus, Czech Republic, Hungary, Italy, Lithuania, Malta, Poland, Slovakia & Slovenia.**

The Barbados Private Sector Trade Team (BPSTT) is here to answer any questions you may have about conducting trade in the European Community under the terms of the CARIFORUM-EC Economic Partnership Agreement.

If after reading these questions and answers you still have queries, please contact us directly by email at info@tradeteam.bb, or by speaking with one of our Trade Officials at 1-246-430-6541.

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BARBADOS PRIVATE SECTOR ASSOCIATION

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