

The Rise of Sub-Regional Tourism — Bloc by Bloc

The drive to more closely integrate Pacific Asia trade and economic development plans via regional and sub-regional cooperation blocs is giving a major impetus to regional travel and tourism, and indeed augurs well for its future.

Travel and tourism, and transportation, figure highly on the list of development priorities of these emerging blocs. The infrastructure and telecommunication links being set in place to create this growth will facilitate travel, especially business travel which, in most cases, is usually followed by leisure travel.

Even as they sign off on commitments to liberalise their economic policies under the umbrella of multilateral groupings like the World Trade Organization and Asia-Pacific Economic Cooperation, regional countries are looking inwards, for supply of labour, natural resources, cost efficiencies and markets.

Thinking regionally and acting locally while planning globally allows them to gain the negotiating and implementation experience in preparation for a world of open markets and borders.

Indeed, working through regional and sub-regional groupings is more convenient and efficient. Peoples of many neighbouring countries speak common languages, share common cultures and traditions. They have their differences, but can usually work them out, barring major international disputes.

In this edition of Issues & Trends, we look at five emerging Pacific Asia economic development blocs and their agendas for promoting travel and tourism.

The figures for intra-regional travel show large variations. While the percentage of intra-regional travel in some blocs can be as high as 38-41 percent of total visitor arrivals, it can also be as low as 8 percent for others.

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Indeed, these destinations can become their own best markets and balance their sources of visitors between domestic, regional and international sources.

Here is a review of the blocs, both established and emerging, and their development strategies.

Association of Southeast Asian Nations

Tourism cooperation is built very strongly into the guiding principles and objectives of this 10-member grouping, which was founded in 1967 by Singapore, Thailand, the Philippines, Indonesia and Malaysia. Today, it also includes Brunei, Vietnam, Lao PDR, Cambodia and Myanmar.

ASEAN is already recognised as one of the world's major tourism destinations. While it has a high level of intra-regional traffic, some bottlenecks persist.

For example, Vietnam, Cambodia, Lao PDR and Myanmar require fellow ASEAN citizens to have visas. This is expected to change after the January 2000 ASEAN Tourism Forum in Bangkok, the theme of which (Toward Seamless Intra-ASEAN Travel) has been specifically identified to remove constraints and impediments to travel within the region.

High on the agenda of the region's leaders is the implementation of the ASEAN Free Trade Area (AFTA) by the year 2008. This will include trade liberalisation and facilitation as well as non-border measures and investment promotion activities. New areas of cooperation, such as in services and intellectual property rights are being implemented. Cooperation in industrial development, small- and medium-size enterprises, infrastructure and regional investment promotion measures has also made considerable progress.

One of the main mechanisms for realising AFTA is the Common Effective Preferential Tariff (CEPT) Scheme which was launched on January 1, 1993 and covers both manufactured and agricultural products. The tariff reductions began in 1994. More than 90 percent of the total tariff lines in ASEAN are already included in it. By the year 2003, all tariffs for products in the Inclusion List should be no higher than 5 percent. Also under way is the harmonisation of customs matters and product standards to facilitate intra-ASEAN trade.

One area that will boost intra-ASEAN travel is the Plan of Action in Transport and Communications involving 45 projects and activities in multimodal transport, telecommunications, harmonisation of road transport laws, rules and regulations, airspace management, maritime safety and pollution, human resources, and air services liberalisation. A feasibility study is planned for the Singapore-Kunming, China (PRC) Rail Link Project and the development of the ASEAN Framework Agreement on the Facilitation of Goods in Transit.

Intra-ASEAN tourism has contributed significantly to regional economies. ASEAN tourism leaders are cooperating to develop and promote ASEAN as a single tourism destination product, facilitate intra-ASEAN travel and freer trade in tourism services, and promote sustainable tourism development.

One relatively new area is liberalisation of trade in services. The ASEAN Framework Agreement on Services was signed in December 1995 in Bangkok and talks held between 1996-98 to produce commitments on increased market access in the seven priority service sectors — air transport, business services, construction, financial services, maritime transport, telecommunications and tourism. An initial package of commitments is being implemented and talks are under way on a second package in preparation for implementation of the ASEAN Free Trade Area.

South Asian Association for Regional Cooperation

The South Asian Association for Regional Cooperation (SAARC) was established on December 8, 1985 in Dhaka at the first summit of the leaders of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

The promotion of tourism and transport cooperation is prominent on the list of 11 SAARC activities under the Integrated Programme of Action (IPA). The highest-priority objective is to curb the population explosion and alleviate poverty and the formidable socio-economic problems facing the people. However, translating political commitments into action is slow, mainly due to ongoing bilateral conflicts in other areas.

Most SAARC countries require visas to visit each other's countries. While that may be necessitated by political reasons, it is a major impediment to the promotion of intra-regional traffic. The

current visa-exemption scheme applies to 21 categories of people but covers mainly high-level judges, members of Parliament, heads of academic institutions, SAARC officials themselves, senior officials in foreign affairs and other such top categories. However, in line with the objective of the scheme to promote more people-to-people contact, an expert group has proposed nearly doubling the number of categories as well as improving the existing guidelines/procedures of the scheme. SAARC countries signed a free trade agreement called SA Preferential Trade Agreement (SAPTA) in 1993. It took effect in 1995 after ratification by each of the countries.

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A Tourism Committee was set up in 1991. That October, at its first meeting in Colombo, it agreed on an action plan to cooperate on training programmes, information exchange, marketing, investment, intra-regional tourism, among others. There was talk of producing joint brochures, videos and travel guides, as well as coordinating participation in trade fairs. Some of this has been done, but has had little impact, mainly due to problems beyond the control of the travel and tourism industry.

A Transport Committee covers roads, railways, inland waterways, shipping and air transport. Its activities are confined to exchange of data information, preparation of status papers, compilation of databases and directories of consultancy centres. A lot of data has been generated and disseminated. The hope is that there will be some movement on tangible issues such as eliminating bottlenecks to transport. One scheme in the works is a common motor vehicle driving license acceptable to all SAARC member states.

Brunei-Indonesia-Malaysia-Philippines — East Asian Growth Area

Set up in March 1994, BIMP-EAGA (or EAGA) is Asia's largest economic growth area, and constitutes Brunei; 10 provinces in the Indonesian islands of Kalimantan, Sulawesi, Maluku and Irian Jaya; Sabah, Sarawak and Labuan in Malaysia; and Mindanao and Palawan in the Philippines. Its area of roughly 1.54 million square kilometres is home to about 45.6 million people (1996).

EAGA is consistent with economic policies of the ASEAN Free Trade Area (AFTA), and with initiatives of APEC and the WTO. It is perhaps the fastest-moving sub-regional grouping in terms of aviation and tourism.

Between October 27-31, 1999, a BIMP-EAGA Trade and Tourism Fair is to be held in Bandar Seri Begawan. The show will open at Brunei's newly-renovated International Convention Centre and will allow hotels and resorts to exhibit along with catering equipment firms, computer and electrical companies, handicraft producers, various consumer goods companies, among others. Brunei will also be hosting the 2nd Tourism Strategic Planning

Workshop to formulate and implement joint tour schemes and marketing programmes.

To persuade national airlines to expand air links throughout the growth area and reverse the recent decline in passenger traffic, the Air Linkages Working Group is considering certain incentives such as reduction of landing charges and the granting of Fifth Freedom Traffic Rights (FFTR) to EAGA airlines on a bilateral basis. Brunei and Indonesia have agreed to grant FFTR to EAGA carriers, but a third country must be included for this to be fully implementable.

The year 2001 has been designated as "Visit EAGA Year" with a recommendation that it be incorporated in the "Visit ASEAN Millennium Year 2002." The Working Group on Air and Tourism has been asked to submit ideas to the ASEAN Tourism Forum.

One key element of the BIMP-EAGA infrastructure is Pan-EAGA Multi-Modal Transport Network System (PEMMTNS). As part of this system, a German company is conducting, at its own cost, a study for a Mindanao railway system. One component of the Pan-EAGA transport system, the Pan-Borneo Highway, is already being utilised at almost top efficiency, except for some glitches along border crossings. The Philippine and Indonesian components, however, remain uncompleted and await funding.

Indonesia, Malaysia, Thailand – Growth Triangle

The IMT-GT area consists of the two Indonesian provinces of northern Sumatra (North Sumatra and Daerah Istimewa Aceh), the four northern Malaysian states of Kedah, Penang, Perak, and Perlis, and five provinces of southern Thailand (Narathiwat, Pattani, Satun, Songkhla, and Yala).

Citizens of Thailand, Malaysia and Indonesia require no visas to cross over into each other's countries. The combined populations of the region would total several million, providing a large market, source of labour as well as potential for intra-regional travel. They also share Islamic, Chinese and Buddhist cultures.

There are enormous potential tourism investment opportunities in the IMT-GT area that would be

realised if policy and infrastructure impediments to cross-border investment were eased, and overall competitiveness enhanced. In tourism specifically, there is potential for medium-end business hotels, medium and high-end resorts, convention facilities, theme and marine parks, motels, integrated tourism estates, retirement communities, time-share condominiums and integrated recreational facilities.

The lack of adequate transportation connections is a significant constraint. Cross-border road and rail connections between Malaysia and Thailand are inadequate, and highway congestion is a problem. Ferry services between northern Malaysia and northern Sumatra are inefficient. Air transport infrastructure and services are inadequate, and must be improved to meet current and future IMT-GT demands.

There are also significant differences in the quality of road transport between the countries. Rural roads lack a reliable maintenance program and a number of roads need to be upgraded, some for tourism and some for improved access.

Air service in northern Sumatra is adequate for current use levels, but is limited in several respects. The airport at Banda Aceh was recently upgraded to international status, although the change has not yet been implemented. Although not congested, Polonia Airport (Medan) needs to be relocated because of its proximity to Medan, and consideration should be given to increasing the length of its runways. Tourism in the Lake Toba region could be enhanced if a landing strip capable of handling F-28s could be built on the south rim of the lake.

Infrastructure constraints in northern Malaysia are being addressed through expansion and improvements of passenger and air cargo facilities at Penang airport. In southern Thailand, a major constraint is the lack of direct service between Hat Yai and Medan and Banda Aceh.

Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation

BIMST-EC is the youngest of the regional groupings. Its June 1997 establishment was an important development signifying inter-sub-regional cooperation between countries which are either members of

ASEAN or SAARC. It strives to foster socio-economic progress in the member countries by promoting cooperation in eight priority sectors: trade, investment and industry, technology, infrastructure and transportation, tourism, energy, agriculture and human resource development.

The UN Economic and Social Commission for Asia and the Pacific has been keenly involved in BIMST-EC, and indeed conducted the initial study describing the status and prospects for cooperation in the eight priority areas. A separate study was conducted by ICAO on the feasibility of establishing a joint airline service.

An integrated Cooperative Work Programme comprises of many elements more or less to those of the other sub-regional groupings. The grouping will also promote intra-regional cooperation in eliminating non-tariff barriers, market access issues, services and preferential trading arrangements among Member States. It also calls for strengthening transport and communication linkages by improving efficiency of international land transport, removing constraints and bottlenecks, and reducing costs.

A Working Group on Tourism has been established and a BIMST-EC Meeting on Tourism was held in 1998 in India to develop an action plan for cooperation.

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Issues & Trends, Pacific Asia Travel is a monthly publication published for the members of the Pacific Asia Travel Association.

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