

ASEAN Tourism Recovers: Part 1

After suffering major declines in visitor arrivals in 1998 as a consequence (at least in part) of the economic crisis, member countries of the Association of Southeast Asian Nations¹ are beginning to regain their old glory. Airlines and national tourism organisations are being restructured. Work is resuming with the development of roads, airports and other infrastructure that had to be shelved during the crisis period. Marketing money that had almost totally dried up due to the governmental budgetary shortfalls is also recovering.

Most of the return to growth is due to the rebound in Asian markets. Recovering economies are seeing strong growth from Korea (ROK), Chinese Taipei and Japan as well as "new" outbound markets like China (PRC) and India. Europe is as yet a little slower in responding. Though there is more than adequate airline capacity on the Europe/ASEAN sector, and exchange rates are favourable, the European market is in general being driven more by growth in arrivals from the UK and Scandinavia.

Although they are all part of the same economic grouping and cooperate with each other in terms of tourism promotion, the ASEAN countries are also vigorous competitors. Thus, each of them is having to take a number of policy and promotional measures to either rebuild lost markets or generate new ones. The following is an assessment of some of the policies and strategies being pursued by each of the ASEAN countries as they seek to rebuild both their tourism industries and their economies in the wake of the 1997-1999 economic crisis.

In this issue we will look at seven of the ASEAN countries (in alphabetical order) and the policies and strategies they are pursuing as they seek to rebuild their tourism industries and economies in the wake of the 1997-1999 economic crisis.

Brunei

Seeking to diversify its income base away from oil, Brunei is taking the same economic development approach as Dubai and Singapore in seeking to develop itself as a free trade zone. The year 2001 is going to

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be a landmark year for the tiny Islamic sultanate where oil is currently the mainstay. The country is going to host the global summit of the Asia-Pacific Economic Cooperation (APEC) caucus. Its director-general of tourism, Sheikh Jamaluddin bin Sheikh Mohammed, is also

chairman of the APEC tourism working group and of the ASEAN tourism marketing task force. It has declared 2001 as the year to Visit Brunei. The main marketing pitch is that the country is one of the most heavily rainforested in the world in relation to its land area (70%) and a perfect destination for genuine ecotourism adventure travellers.

In spite of its oil riches and the presence of one of the world's biggest royal palaces, many of its old kampongs (fishing villages) are still in existence with their old traditional way of life. In recent years, it has developed a Disneyland-style theme park called Jerudong which has free entrance and free rides, making it quite

1 Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

appealing to tourists. Golf courses have also come up. In cooperation with the private sector, Brunei Tourism and Royal Brunei Airlines are making some marketing forays into regional markets first. The country is also opening a new International Convention Centre to host the APEC meetings and the 2001 ASEAN Tourism Forum. It also has an open-sky agreement with the United States. Citizens of most European and ASEAN countries can get visa-free stays of up to 14 days. Germany has been identified as one of the two European markets, along with UK, for targeted marketing in 2000 and beyond.

Cambodia

Cambodia is winning acclaim for adopting the most progressive tourism development policies of the emerging ASEAN economies. It has opened up the country to the private sector by liberalising investment rules and regulations, initiating an open-sky policy and turning to international development agencies to fund infrastructure like roads, ports and airports.

Tourism is now the major contributor to the country's economic development. The government has defined Cambodia as a "Culture and Nature Tourism Destination." Although the Asian economic crisis led to a serious decline of -16% in tourist arrivals in 1997 and -15% in 1998, the situation is now improving dramatically. International tourist arrivals to Cambodia by air in 1999 reached 262,907, up +41% over 1998. Of these, 70.3% were first-time visitors and 28% businessmen. Average length of stay is 5.5 days and average expenditure US\$79/person per day. Estimated tourism revenue in 1999 is US\$190 million.

The number of classified and non-classified hotels totalled 179 with 6,989 rooms in 1998. The distribution of hotel rooms is as follows:

Area	Hotels	Rooms
Phnom Penh	105	5,265
Siem Reap	34	774
Sihanoukville	23	1,028
Other Provinces	46	1,292
Total	208	8,359

Source: Ministry of Tourism, Cambodia Royal Government

Tourism investment is being concentrated in the three priority areas: Phnom Penh, Siem Reap and Sihanoukville. Between 1993-98, the government approved tourism projects with a total registered capital of US\$1.6 billion, fixed assets of US\$1.86 billion and an employment potential of 10,967.

Indonesia

Indonesia is continuing to stay the course of tourism development in spite of some well-documented trials. The country is still facing considerable social, political and economic change, and tourism is being affected by this.

One of the main changes is the restructuring of the national tourism organisation. In line with the formulation of the new national unity cabinet, the Department of Tourism and Arts has been changed to the Office of State Minister for Tourism and Arts which will be responsible for formulating national policy and coordinating its implementation among the government, society and private sectors. The State Minister for Tourism and Arts will be assisted by five deputies responsible respectively for Tourism Product Development, Arts Product Development, Marketing and International Cooperation, Society Participation, and Human Resources Development and Information.

Also as part of the decentralisation and democratisation process, the State Minister will only be responsible for marketing the country's tourism as a whole, while individual provinces will be free to develop their own marketing and development plans in cooperation with their own local private sectors, but with the coordination and budgetary support of the central government. This is intended to make it a more autonomous and bottom-up function rather than top-down as it used to be.

First, however, the country still has to recoup its tourism image. The government has set four phases of programmes in which to do this:

1. 1999-2000: Rescue Phase
2. 2000-2001: Rehabilitation Phase
3. 2001-2002: Normalisation Phase
4. 2002: Expansion Phase

One critical element of the recovery strategy is the "Media Coverage" programme which the government describes as being "basically an effort to correct the inaccurate news on Indonesia which is wrongly

perceived or felt by foreigners abroad." The strategy is aimed to generate accurate and objective information on the country's current situation through TV coverage and features on Indonesia's main tourist destinations.

Lao PDR

Watching the progress made by its Mekong neighbours, the Laotian government has also adopted a liberal tourism policy under its New Economic Mechanism development policy. The government is striving to develop tourism to capitalise on the country's location in the centre of the Greater Mekong Sub-region with plenty of tourism resources such as nature, culture, archaeology, indigenous communities and historic battle sites.

Tourism has now been declared as a priority for national development in order to attract foreign currency. The government has facilitated investment in areas such as accommodation, tourist attractions and infrastructure nationwide, and made it easier to get visas on arrival at Vientiane's Wattay Airport, the Friendship Bridge border with Thailand and Luang Prabang Airport, reducing the fee from US\$50 to US\$30. In addition, many international border checkpoints have been opened with neighbouring countries. Finally, people from neighbouring countries are now permitted to visit Lao PDR for up to 15 days through the service of a travel company with the use of a border pass. A master plan for tourism has been formulated with the help of the World Tourism Organization (WTO).

Malaysia

Malaysia has repositioned its tourism campaigns under the new tagline "Malaysia – Truly Asia." This reflects Malaysia's position as a cultural melting pot, an amalgam of the three most important civilisations historically in Asia – Malays, Chinese and Indians. Tourism officials now say that Malaysia is where travellers can enjoy Asia's most multi-faceted experience in one destination.

Malaysia has a new US\$7 billion international airport capable of handling 25 million passengers a year by 2005. A US\$400 million Formula One motor racing circuit opened in October 1999 along with a US\$78 million National Theatre, and other enormous investments made or contemplated for the development of hotel and tourism projects. Tourism Malaysia, the national tourism promotion board, has reoriented its activities toward targeted market segments, in partic-

ular MICE (meetings, incentives, conventions and exhibitions), sports and leisure, resort stays, cultural interest and soft adventure.

Once the tourism sector stabilises, emphasis will be placed on the development of 11 key locations in the country based on their unique features: Kuala Lumpur (shopping), Penang (food), Langkawi (island resort), Pangkor (beach resort), Malacca (history), Taman Negara (adventure), Kinabalu (nature), Sarawak (indigenous culture), Tasik Bera (wetland nature tourism), Kenyir (recreation and adventure) and Danum Valley (forest ecology tourism). This is intended to ensure that tourism is directed mainly towards those regions that have the necessary infrastructure and unique features, without stretching the country's resources

Myanmar

In 1999, Myanmar received 196,677 international visitors through Yangon Airport and Mandalay Airport, and 239,389 through the Thailand and China (PRC) border entry points. Of this total, arrivals from Asia represented 120,864 (64.1%), with Japan and Chinese Taipei with more than 17% each; 8.6% from Thailand, 5.1% from Singapore, 3.7% from Malaysia. Visitor arrivals included tourists (60%), business travellers (30%) and Myanmar expatriates visiting friends and relatives (10%).

Compared with the number of arrivals in other ASEAN countries, total arrivals in Myanmar are low. This is because Myanmar is a secondary destination with no direct long-haul flights to Yangon. Flights to Myanmar are via Bangkok, Singapore and recently Macau. Long-haul charter flights are considered feasible in the future after the projected opening this year of the new Mandalay International Airport in Tada Oo.

The average length of stay for tourists is seven days and often includes a visit to the main cultural and religious sites in Yangon, Bago, Bagan, Mandalay and Inle Lake. For special-interest tours like ecotourism and nature-based tourism, the length of stay extends to 14 to 28 days and more.

Up to the end of 1999, a total of 554 travel agencies had been granted licenses to operate. There are 505 hotels and accommodation units with 14,335 rooms. These include 21 international standard hotels with total foreign investment. Over 4,000 trained tour guides in English, French, German, Japanese, Italian, Thai and Chinese have been issued with licenses.

Myanmar was the first of the Mekong region countries to start liberalising its entry visa formalities. Though all visitors must apply for a visa, over the last 12 years, the stay period has been extended from seven to 14 days and now to 28 days. Both tourist and business visas are valid for 28 days, extendable by 14 days for tourists and three months for business. The international entry ports for airlines are Yangon and Mandalay. However, the country is encouraging more cross-border travel from Thailand and China (PRC).

Myanmar has been focusing more on cooperation among its ASEAN neighbours to get visitors. Hence, it has signed tourism cooperation agreements with Cambodia, Lao PDR, Thailand and Vietnam and also works very closely with the Singapore Tourism Board and Tourism Authority of Thailand.

Philippines

As an entirely sea-locked archipelago, the Philippines is dependent almost entirely on air traffic for its tourism arrivals. The financial problems of its national flag carrier Philippine Airlines have long affected visitor arrivals. Now, the airline has "defied the odds by coming back from the grave and engineering a dramatic turnaround, a feat that has surprised the aviation world," according to a January 2000 press release. In June 1999, the airline's chairman Mr. Lucio Tan injected US\$200 million in fresh capital into the airline, narrowly beating a creditor-imposed deadline to rescue the carrier or see it liquidated. The airline is now gradually recovering.

Also under way is the two billion peso (about US\$57 million) airport passenger terminal that will replace the existing Ninoy Aquino International Airport (NAIA) in Manila. The terminal, which started construction in January 2000, will be built over a period of three years on a 65 hectare property under a build-operate-transfer scheme. Once completed, the airport will have an annual capacity of 13 million passengers. The present airport accommodates five million passengers a year.

Meanwhile, the Department of Tourism says that the improved regional economic situation and an aggressive marketing campaign by the local tourism industry in overseas markets is helping visitor arrivals climb again. However, to achieve the DOT's goal of 4.4 million visitor arrivals by 2004, the country needs an estimated nine million airline seats. To help it along, Singapore Airlines has joined forces. A formidable

roster of activities are slated under a Memorandum of Agreement between the DOT and Singapore Airlines, focusing on promoting the image, awareness and familiarity of both Philippines and SIA. Activities include participation in travel trade fairs such as ITB Berlin, organisation of sales missions and consumer promotions. The projects will be supplemented by travel trade and media familiarisation trips to selected destinations in the Philippines.

The DOT has also started to adopt more creative marketing strategies to get publicity mileage. One such joint project was with the oil company Elf Aquitaine of France which resulted in the first Elf Authentic Adventure held in the island of Samar and Leyte which generated over 70 million pesos (about US\$2million) worth of worldwide print and broadcast publicity.

One of the major target markets is the roughly two million Filipinos and ethnic Filipinos who now hold other nationalities and live abroad, most of them in the United States but also throughout the Middle East and Asia. The so-called "Balikbayan programme" is poised to become the most vital promotional tool under the administration's main tourism campaign, "Rediscovery."

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covering the remaining three ASEAN countries:
Singapore, Thailand and Vietnam

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Nepal Task Force Report and 12th PATA Adventure Travel & Ecotourism Conference Proceedings



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