

Tourism After October 12

EVERY SO often, an event occurs in the life of an individual, an institution, or a country, which becomes a defining moment and a turning point. Driven by a sense of shock and bewilderment, the event triggers a sense of awakening, because something that was once considered "impossible" has become horrible reality.

In the history of Pacific Asia travel and tourism, the October 12, 2002, bomb blasts in Bali, the Island of the Gods, will go down as one such event – the regional equivalent of September 11, 2001.

While the devastating blast itself was a despicable, cruel act, it further underscored the growing vulnerability of the travel and tourism industry to global terrorism. If tourism is an industry of peace, and if a major objective of terrorism is to disrupt that peace, then in the eyes of the perpetrators, travel and tourism has clearly become a logical industry to attack.

That frightening thought perhaps has never crossed the desks of those who have long worked to position travel and tourism as an industry of peace. However, the reality is that, these days, the unthinkable seems to be happening with increasing frequency. In the Pacific Asia region, and indeed the world at large, the word "impossible" no longer holds water, no matter how scenarios may defy logic, morality and rational explanation.

Equally fearful is the rush to judgement about who is responsible. This finger-pointing when investigations have barely started, no arrests made and certainly no proper judicial process set in motion, is a travesty. Demonising people of any particular faith or community via implied generalisation is one of the worst

things happening today. An industry that survives on trying to eliminate cultural, ethnic and social barriers is having to contend with groups that are actively trying to raise them.

This edition of *Issues & Trends* will explore some of the implications for travel and tourism post 12/10.

The Impact on Bali

Of the 5,153,620 arrivals in Indonesia in 2001 (a slight increase over 5,064,416 arrivals in 2000) 1,422,714 arrivals went to Bali as the first point of entry. Bali is one of three major gateways for Indonesia, along with Jakarta and Bintan, just across the straits from Singapore.

In the last few years, Bali has been a major saving grace for the Indonesian tourism industry. Its public relations profile as the peaceful Island of the Gods has served it well. At most travel trade shows, up to 80 per cent of Indonesian sellers were from Bali.

At the time of writing, in the immediate aftermath of the bomb blast, hotels were emptying out and cancellations were pouring in. The implication: Bali is probably looking at several months of almost empty hotels. This will have a significant impact on the local economy and jobs. A Bali trade show that was set to start in Australia in mid-October was cancelled.

Once the shock subsides, and the industry begins to pick up the pieces, PATA expects to work closely with the Indonesian and Balinese tourism authorities to mount a recovery campaign. The Balinese authorities will find themselves in the unusual position of having to rebuild their image. The island's reputation as a safe and secure destination has irrevocably come undone.

However, the Indonesians will clearly have no shortage of friends and well-wishers. That alone will be a very good beginning.

The Impact on Indonesia

Indonesia's tourism industry has been on a roller-coaster ride since the economic crisis of 1997, which led to a steep decline in the value of the rupiah. That was followed by many months of political demonstrations that led to the May 1998 resignation of President Suharto.

Then came two difficult years as the foundations of democracy were being laid. The power shifts that followed in that large and diverse archipelago led to serious impacts on business and the economic interests of various players. Analysts have referred to this as the price of democracy.

In September 2002, the Indonesian tourism industry held the highly successful Travel Indonesia Mart & Expo in Jakarta. The show was unmarked by any demonstrations or other political problems – the first year since 1997 that the event had proceeded peacefully. The Bali bomb blasts undid all the benefits in seconds.

The setback came after Indonesian visitor arrivals in the first half of 2002 totalled 2,058,809, up marginally over same period 2001. Having seen positive shifts in the government structure for managing and running the tourism industry as a result of frequent changes in the political hierarchy, the country had been looking forward to an era of stable management and leadership.

One major policy shift was decentralising authority to the provinces. Under this, the central government would only be responsible for coordinating and marketing tourism at the national level while the provinces would take care of development at the local level. This would leave the provinces responsible for their own backyards and allow the local people to find the most effective means of governing and regulating their industries.

Overall, the promise of tourism development in Indonesia was bright. The country had tremendous underlying strengths in terms of cultural diversity, scenic beauty along with an abundance of qualified manpower at relatively low cost. Hotel

development was beginning to return. Several new airlines were also taking off, including Air Paradise, which was scheduled to offer direct services between Bali and Australia.

All this is now set to be affected. It is no longer a question of rebuilding travel and tourism but of rebuilding confidence in the underlying foundations of Indonesia as a destination.

The Impact on Asia

In some ways, Indonesia is a reflection of what is going on in Asia at large.

Asia is experiencing a period of profound change across the board – social, political, economic, demographic and environmental. Leadership changes have taken place in several countries and are likely to take place in several more. A transition to democracy and economic stability in the midst of such transition is bound to be a rocky ride. And that is certain to have an impact on travel and tourism.

Safety and security is now clearly a driving force in travel and tourism. The trends of the past few years have seen an increasing shift in business towards destinations such as China (PRC), Thailand, Vietnam and the Greater Mekong Sub-region. But, as has been mentioned in various PATA research documents, as well as in previous editions of *Issues & Trends*, Asia's cultural, social and ethnic diversity is both its best tourism asset and its worst political liability.

To manage the push-and-pull demands of the various groups, and to satisfy the craving for instant economic and social gratification after years of isolation and neglect, can be a daunting task.

Various parts of Asia have suffered as a result of local problems: Kashmir, Sri Lanka, Nepal, Fiji and the Philippines, to name just a few. Sectarian conflicts have had major ramifications in these destinations. Economically-developed countries are not immune either. Think of Ireland, Spain and the former Yugoslavia.

The Middle East, too, has suffered significantly from conflict. Lebanon was devastated by years of war in the

1970s. Egypt has been hit by sporadic terrorism attacks. Tourism was one of the first casualties of the Israel-Palestine conflict. The start of the Palestinian intifada in September 2000 derailed the celebrations planned for Millennium 2000 in and around the Christian holylands.

These defy any religious or cultural stereotyping. Extremism and violence are not exclusive to any caste, colour or creed, nor do they respect any caste, colour or creed.

It is also true that these problems are not unsolvable. Fiji's tourism industry is making a remarkable recovery after the coup of June 2000. Egypt appears to have curbed the attacks on tourists. The last one occurred in November 1997. The conflicting parties in Sri Lanka are now engaged in peace talks, raising hopes in that country that tourism will thrive again.

The Impact on Global Travel and Tourism

The risk to the future of the global travel and tourism industry is significant.

Immediately after the Bali bomb blasts, the value of the rupiah, global airline and tour operator stocks all fell – a clear indication of jitters in currency markets and the global travel sector.

Travel barriers and restrictions are cropping up like never before. Advisories and visas have already hurt both inbound and outbound travel. A detailed analysis of visa restrictions appeared in the September edition of this newsletter.

In the case of Bali, the ominous factor is that tourists appear to have been the deliberate target. It was a busy street in a popular, bustling destination where such things had never happened before – and were considered unlikely to ever happen.

It is now apparent that those who choose to target the travel and tourism industry no longer have to infiltrate high-security zones such as airports and aircraft – where they risk getting caught. Any public place or means of transportation where there is a group of people is now a potential target. Another suspected attack in the seas off Yemen targeted a French oil tanker. Are cruise ships now equally vulnerable?

The implications are mind-boggling.

If travellers will no longer travel to unsafe places, and if no place is safe, then where will people travel, especially if places previously considered safe become unsafe? If the very means of transportation are also considered unsafe, a whole new ball game emerges.

Is the entire industry set to become one big police state? What will be the costs of providing security: cameras at every street corner? Body searches at the entrance to trade shows and movie theatres? Is there any more point in relieving aircraft passengers of nail-clippers and knitting needles at airline security gates?

What will be the future of insurance costs? Are all these costs going to be sustainable at a time when many economies are already in turmoil and customers are cutting back on their spending?

What will all this mean for the hassle factor? Will people simply stop going out? Will they minimise or avoid entirely all forms of travelling for business and/or pleasure?

And what will it all mean for the future of human contact – the very heart of travel and tourism?

The trickle-down effect of these implications is chilling to contemplate. If, during growth days, travel and tourism creates jobs in many sectors, promotes economic development and boosts foreign exchange earnings, then it is obvious that in the bust days, the reverse will take place.

The worst impact will be on jobs at the lower rungs of society where jobs are most needed. This is all the more important in countries with large populations and increasing numbers of young people joining the work force.

At a time when global financial institutions are turning their attentions towards fighting poverty, any development that has a negative effect on jobs will clearly have a negative effect on poverty alleviation in the world's poorest countries, many of which are in the PATA region.

The definition of "sustainable" tourism has also taken on new dimensions. "Sustainable" once applied only to environmental issues. Now it is not just the sustainability of natural assets where they interface with tourism which is under question, but the resilience of the travel industry as a whole.

PATA's Response

PATA is committed to assist Bali and Indonesia – as valued members – in whatever way possible and is already on site and active:

- PATA's Vice President-Development, Mr. Peter Semone, spent an entire week in Bali, assisting the local industry and government in dealing with the many operational matters that followed from the tragic event.
- A Tourism Recovery Task Force for the Ministry of Culture and Tourism, Republic of Indonesia, will be commissioned by PATA to assist in Indonesia's medium- and long-term recovery.
- Plans and campaigns to promote and market the 2003 PATA Annual Conference in Bali next April will go full steam ahead.
- PATA's President and CEO Mr. Peter de Jong is planning to visit President Megawati Sukarnoputri, government officials and parliamentarians to reaffirm PATA's commitment to Indonesia's tourism industry.

Conclusion

If the travel industry is set to become a victim of conflict, the most pressing question is: "What can it do to avoid the downturn?" Here are some thought-promoters:

- Every crisis contains the seeds of an opportunity. It is now time for that much vaunted slogan: "walk the walk and talk the talk". Clearly the industry is going to have to break new ground and apply the full strength of its creative and moral character. This is a clear window of opportunity because it could allow the industry to problem-solve from a fresh perspective and make new partnerships.

- On September 21, at the PATA Board of Directors meeting in Manila, PATA President and CEO Mr. Peter de Jong called for a debate on the wider issues of peace, security and travel and tourism. He said: "After all, if we are today – as we constantly and rightfully claim – the world's largest industry and service sector, don't we have an obligation on behalf of our members to leverage our clout and implore world leaders to show restraint and to seek peaceful solutions to regional and inter-regional conflict? I, for one, would welcome that debate."

- Should we consider having peace ambassadors, perhaps

Nobel laureates like Jimmy Carter or Nelson Mandela, who can represent the industry, along the lines of the ambassadors used by UNICEF?

Is it time to revisit the real driving force of our industry – the desire to reach out to people – and give it priority over commercial forces.

Tourism cannot solve all the world's woes, even though it is directly exposed to many of the social, cultural, environmental and political challenges facing humankind. Perhaps we now need to firmly move such challenges on to the agendas of international conferences and think of new ways to bring the full moral and intellectual weight of the tourism industry to bear in the quest for peace.

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The editor and PATA's Strategic Information Centre welcome your comments and feedback. Please contact Mr. John Koldowski via e-mail at johnk@pata.th.com or Mr. Imtiaz Muqbil at imtiaz@loxinfo.co.th



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Mr John Koldowski

Mr Imtiaz Muqbil
Keen Publishing

**Editor and Managing Director-
Strategic Intelligence Centre
Writer and Researcher
Design and Production**

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