

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC
BANGKOK

TOURISM DEVELOPMENT IN THE ASIAN REGION

Report of the Symposium on Tourism Promotion in the Asian Region
12 – 15 November 1990
Hangzhou, China

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CONTENTS

	<i>Page</i>
Part One : REPORT OF THE SYMPOSIUM	1
Part Two : TECHNICAL PAPERS	13
1. Overview of tourism development in the Asian region	15
2. Economic impact of tourism in Indonesia	142
3. Economic impact of tourism in Malaysia	157
4. Economic impact of tourism in Thailand	182
5. Development of tourism and management of the environment in China	198
6. Environmental management of mountain tourism in Nepal	204
7. Environmental management of coastal tourism development in Thailand	236
8. Preservation and utilization of cultural relics and the development of the Chinese tourist industry	242
9. India's experience in the role of tourism in the preservation of historical and cultural heritage	245
10. Sociocultural integration in tourism development planning in Sri Lanka	251
11. Characteristics and importance of tourism in Australia.....	255
12. The role of tourism in socio-economic development in China	267
13. The structure of the Japanese travel industry and trends among Japanese overseas travellers	271
14. Singapore's experience in enhancing public awareness of tourism promotion	285
15. Visit Malaysia Year	289
16. Visit Thailand Year/Thailand Arts and Crafts Year	292

Part One
REPORT OF THE SYMPOSIUM

1. Organization of the Symposium

The Symposium on Tourism Promotion in the Asian Region was organized by the Economic and Social Commission for Asia and the Pacific (ESCAP) at Hangzhou, China, from 12 to 15 November 1990 in collaboration with the China National Tourism Administration and the Zhejiang Provincial People's Government. It was financed jointly by the Governments of China and Japan. The symposium was part of the project seeking the "maximization of the socio-economic benefits from tourism development."

2. Objective

The purpose of the symposium was to strengthen tourism officials' capabilities in taking effective steps to maximize the socio-economic benefits from the development of sustainable tourism and to minimize its adverse impact.

3. Attendance

The symposium was attended by participants from Australia, Bangladesh, China, India, Indonesia, Malaysia, Myanmar, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Viet Nam. A representative of the International Hotel Association South Asia also attended the symposium.

4. Opening statements

In his opening statement, Mr. Liu Yi, Chairman, China National Tourism Administration, stated that tourism in China had enjoyed a rapid development in the last decade. China's tourism infrastructure as well as the quality of service had greatly improved. In order to revitalize the tourist industry, the China Travel Fair had been held in Shanghai, which had attracted 1,000 tour operators from all over the world.

He remarked that the progress of the tourist industry had stimulated and supported the development of the national economy. Tourism also fostered international understanding and friendship.

He observed that tourism in the Asian and Pacific region had registered a steady growth in recent years. The number of international tourists received by the countries in the region had constituted an increasingly important proportion in the world tourism industry. He stated that China was willing to strengthen cooperation with international organizations as well as counterparts in the Asian and Pacific region. He concluded by expressing appreciation to ESCAP for holding the symposium in China.

The Chief, International Trade and Tourism Division, ESCAP remarked that the tourist industry was making a significant contribution to the economies of many countries in the region. Tourism was being recognized by an increasing number of governments as an important means of earning foreign exchange, generating employment opportunities and expanding the economic base through its linkages with the agricultural, industrial and service sectors.

He stated that ESCAP had undertaken a number of activities in the field of tourism, recognizing the importance of tourism in the socio-economic development of developing Asian and Pacific countries. In the ESCAP tourism programme, emphasis was given to the improvement of tourism development policies on the basis of an appraisal of the economic impact of tourism. ESCAP activities attached special importance to the development of human resources and minimizing the adverse impact of tourism on the social and physical environment. He concluded by expressing appreciation to the China National Tourism Administration and Zhejiang Provincial People's Government for the valuable support and cooperation extended for the symposium and to the Governments of China and Japan for financing the symposium.

Mr. Chen Jian, Deputy Director, Department of the International Organizations and Conferences, Ministry of Foreign Affairs, Government of China, stated that ESCAP provided an important channel to promote regional cooperation. China had enhanced its ties with ESCAP member countries by taking part in multilateral activities of ESCAP, from which all parties concerned had benefited.

He observed that China as well as many other countries of the region were rich in tourism resources. These resources should be developed more intensively so that they could bring about the positive multiplier effect on economic development. It was in the interest of all concerned to hold the symposium to exchange experience in the development of tourism. He remarked that the convening of the symposium was a clear manifestation of the commitment of ESCAP to regional cooperation in the field of tourism.

He noted that Hangzhou was a well-known tourist resort full of places of historic interest and legends and wished the participants a pleasant stay in Hangzhou.

Mr. Cai Songyue, Vice Governor, Zhejiang Province, stated that with China's reform and open policy as well as the support of the central government and the people at large, the tourist industry in China had made progress in the past decade. This industry had brought about significant economic benefits and contributed to the promotion of international understanding and friendship.

He remarked that Zhejiang was a beautiful coastal province with rich resources and a marked cultural heritage. It was the centre of silk and tea production in China. Hangzhou, the capital of Zhejiang Province, was famous for its scenic West Lake. He concluded by expressing his hope that many visitors both domestic and foreign would come to see Zhejiang Province and Hangzhou.

5. Technical sessions

Technical presentations were made on the following subjects:

- (a) The role of tourism in socio-economic development in China;
- (b) An overview of tourism development in the Asian region;
- (c) The economic impact of tourism in Indonesia;
- (d) The economic impact of tourism in Thailand;
- (e) China's experience in the environmental management of tourism development;
- (f) The environmental management of mountain tourism in Nepal;
- (g) The environmental management of coastal tourism development in Thailand;
- (h) The preservation and utilization of cultural relics and the development of the Chinese tourist industry;
- (i) India's experience in the role of tourism in the preservation of historical and cultural heritage;
- (j) Sri Lanka's experience in the integration of sociocultural considerations into tourism development planning;
- (k) The characteristics and importance of tourism in Australia;
- (l) The structure and approach of the Japanese travel industry and trends in Japanese overseas travellers;
- (m) Singapore's experience in enhancing public awareness in tourism promotion;
- (n) The 'Visit Malaysia Year';
- (o) The 'Visit Thailand Year'/'Thailand Arts and Crafts Year'.

The technical sessions were chaired alternately by Mr. Ravi Sawhney, Chief, International Trade and Tourism Division, ESCAP, Mr. Wang Ban Duo, Acting Director, Zhejiang Provincial Travel and Tourism Bureau and Mr. Qian Wei, Vice Director, Zhejiang Provincial Travel and Tourism Bureau.

6. Conclusions

The symposium received reports from a number of countries of the Association of South-East Asian Nations (ASEAN) on the results of an ESCAP project to measure the impact of tourism on their economies through an input-output analysis. The results indicated that in those economies, the contribution of tourism to output and employment growth was impressive in comparison to all other types of final expenditures. Its impact on foreign exchange earnings was substantial since the leakage was comparatively small. Its role as a source of government revenue depended greatly on the tax policy. ESCAP studies suggested that the tourism industry had the potential to play a major role in promoting economic development in many countries in the region. The symposium noted that in some countries domestic tourism played a significant role in economic development.

The symposium then went on to consider some of the broader environmental, cultural and social impacts which tourism could have in the countries of the region. It was noted that tourism had a symbiotic relationship with the environment. Unlike other industries, tourism depended for its long-term success on the ability of the country concerned to protect and foster its environment which was often the attraction that brought visitors to its shores. Like other industries, if not properly managed, tourism could have harmful effects on the environment. These effects could range from loss of aesthetic amenity through littering congestion to serious air and water pollution.

The cultural implications of tourism were discussed at length. It was considered that tourism could be a major force for the preservation and restoration of monuments and relics and for the continuation of traditional arts and handicrafts. Planning and management were required to ensure a positive outcome from tourism and to avoid degradation of historical sites by uncontrolled tourism.

The symposium recognized that the social impact of tourism had been a source of controversy in some countries. Tourism had been blamed for the erosion of traditional culture. Such an effect was due more to the normal process of economic development and needed to be viewed in its proper perspective.

The symposium recognized that there was a direct and important interrelationship between tourism development and the protection of the environment and culture. An unplanned and badly managed tourist infrastructure could adversely affect the socio-economic fibre of the destination. It recognized that a planned and well-managed tourist industry would enhance the financial inflows which could be harnessed to invest in environmental protection.

The symposium noted that for some countries inadequate infrastructure was a serious constraint in developing tourism. In such countries there was a need for national governments to appreciate the important contribution of tourism to economic development and to allocate more domestic resources to infrastructure development.

7. Recommendations

The symposium recommended that governments should:

(a) Endeavour to ensure that planning and development of tourism should avoid any detrimental effect on the environment and the cultural heritage of the receiving country;

(b) Work more closely with each other to prevent the Middle East crisis from having a major and long-term negative impact on the tourism industry, keeping in view the importance of the industry as a regional economic activity and foreign exchange earner: this was based on the concern that the Middle East situation could slow down the economies of the developed countries and have serious implications for the sustained growth of Asia-Pacific tourist industries;

- (c) Step up and maintain a regular flow of information and exchange of ideas;
- (d) Exchange guidelines, legislation, etc., already formulated by the countries in the region on environmental controls;
- (e) Step up efforts to preserve the touristic heritage and cultures of the Asia-Pacific countries and try to ensure that some part of the revenues earned from tourism are put to this purpose;
- (f) Work to reduce the large differences in seasonality of tourist flows in order to maximize the utilization of superstructures created for tourism and use legislative and pricing policies to prevent the overuse of specific tourist sites in order to minimize the negative impact of tourism;
- (g) Diversify tourism products to cater to the need for culture-oriented, leisure and adventure tourism;
- (h) Step up management and education campaigns for the preservation of the environment;
- (i) Devote more attention to publicizing the positive socio-economic benefits of tourism and, for that purpose, use effectively the proved and positive data presented at this symposium for wider dissemination to the public and media;
- (j) Place the problems of tourism in their proper perspective and endeavour to identify precisely the source of the problems so that effective remedial action could be taken.

The symposium recommended that ESCAP should:

- (a) Promote the application of the input/output analysis methodology it had established in measuring the economic impact of tourism;
- (b) Consider the compilation of legislation affecting tourism in the Asia-Pacific region which could be used by the various countries to draw up or refine their own national legislation;
- (c) Consider the compilation of a methodology for the measurement of the carrying capacity of tourist resorts in coastal and hill areas.

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Part Two
TECHNICAL PAPERS

1. OVERVIEW OF TOURISM DEVELOPMENT IN THE ASIAN REGION

Imtiaz Muqbil
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1. SUMMARY OF PRESENTATION

As other delegates will present detailed presentations, instead of giving a broad overview of tourism in Asia, a broad overview of the issues facing tourism in Asia will be presented here.

There is little doubt that Asia has been enjoying the most phenomenal growth rates of tourism in the world. This has been helped by the economic growth of countries in the region as well as their natural attractions. The cost has been right, people have been looking for new destinations and the advent of new, long-range aircraft has made it possible for people to travel these long distances. But in the course of the growth, many different issues have emerged.

The role of governments will be the most serious challenge facing the development of Asia-Pacific tourism. Governments are only perhaps marginally prepared for the changes taking place and have much to do in order to become better prepared.

The history of tourism to Asia goes back a long way. The Oriental Hotel in Thailand was founded in 1876. The airline Qantas was set up in 1920. The Pacific Asia Travel Association was set up in 1951 and the first ASEAN Tourism Forum was held in 1981.

But tourism came of age in the 1980s when the world experienced the most extended period of economic growth in peacetime history. Unfortunately, the recent Middle East crisis has changed the picture of peace and prosperity that is so essential to good tourism growth. What is emerging is likely to be both uncertain and dangerous.

The four major trends that took place in the Asia-Pacific travel industry in the 1980s were:

- (a) The globalization of travel: multinational companies like airlines, hotel chains, credit card companies, wholesalers and the vitally important global distribution systems (formerly known as computer reservation systems) expanded their empires.
- (b) Liberalization of travel: the liberalization of outbound travel from north-east Asia (places like Japan, Taiwan Province of China and the Republic of Korea) has changed traditional patterns of travel.
- (c) Changes in government policies: in the 1980s, governments, especially those like China, proved that the private sector could be encouraged to do business for mutual economic benefit, and tourism proved that it could earn foreign exchange, generate jobs and spread wealth to the rural parts of Asia.
- (d) The politicization of tourism at the local level: this has generated the support from the local authorities that is vital for tourism promotion.

Events like the opening up of China, the 1987 Visit Thailand Year and the various Visit Years launched by other countries have all helped bring tourists to the Asia-Pacific region. Tourism-dependent destinations like Hong Kong and Singapore have spent vast amounts to promote themselves. There have been special fares, special packages and special deals.

But now, with all this growth, the key issue in tourism has become not marketing but management and leadership. Governments and the private sector have proved that they can market and promote. That was the easy part. Now comes the hard part, managing and leading.

The issue is particularly important for the governments which are now having simultaneously to promote, conserve, develop, market, research, manage, follow-up and lead. They have to do this with limited funds and poor resources. Many governments themselves do not attract the proper calibre of people because of internal difficulties. Their own structures are not conducive to quick decision-making in a highly competitive world.

Governments have to start looking at themselves and their own hierarchies and make internal adjustments if they are to face the challenges of the future. Tourism is like a very good drug. It has helped raise economic levels to new highs and many countries have become addicted to it. But in order to prevent competitors from gaining a larger share of the cake, governments have to find ways of maintaining their national identities and upgrading the quality of their local industries. This is going to be a major problem.

Particular areas of concern are:

- (a) *The environment.* The preservation of each country's environment is going to be the key to selling tourism. But a clash is developing here with many countries' simultaneous desire to industrialize. Industries pollute and pollution is not good for tourism.
- (b) *Airports and air congestion.* New airports are being developed all over the Asia-Pacific region to develop new hubs and become gateways. This is good. Changi airport at Singapore is by far the most advanced; other cities like Tokyo, Bombay, Bangkok, Hong Kong and Sydney are likely to become more congested as air services increase.
- (c) *Airlines and air pacts.* One of the major trends of the future is going to be the development of new airlines in the Asia-Pacific region, particularly second-tier mainline carriers owned by private companies and third-tier commuter services. These airlines will have to survive and to do so, they will have to sell and develop.
- (d) *The air-route logjam.* The International Air Transport Association has called for the "political will" to be generated among regional Asia-Pacific states to overcome the problem of traffic jams in the skies as more aircraft cross them. Jams will cause unnecessary delays and congestion at regional airports.
- (e) *Global distribution systems.* This is one area of development that governments have to watch most carefully because it will mean total market control by people who have access to the computer systems. They are highly profitable and very powerful. If, in the next five years, a product is not listed in these systems, there is a good chance it will fail very badly in the international tourism market.
- (f) *North-East Asian market.* This has been one of the major developments of the 1980s. Countries that had grown used to thinking a tourist only had white skin now find that tourists also come in other colours and in different shapes and sizes. They have more money to spend than the "traditional" tourists from the west. But many countries do not have adequate guides and trained people to handle these "new" tourists.
- (g) *Europe 1992.* Just as the collapse of Eastern Europe was one of the major socio-political developments of the 1980s, so too will the unification of Western Europe be a major economic development for the 1990s. It will have a major impact on the way the Asia-Pacific sellers of travel do business. Though it is probably too early to tell exactly what kind of an impact, some preliminary details have emerged.
- (h) *Domestic tourism.* Though foreign tourism gets all the glory, domestic tourism could start receiving the attention it deserves in the 1990s. The truth is that the people in the region are becoming richer and showing a greater inclination to travel. This trend will continue.
- (i) *Role of international hotel chains.* These have not been given enough credit for the promotion of Asia-Pacific tourism. The presence of international hotels and the use of their widespread

worldwide marketing networks has played a major role in bringing tourists to Hangzhou and other parts of China.

- (j) *Aid programmes.* The European Economic Community, the United States Agency for International Development, and Japan's Overseas Economic Co-operation Fund are ploughing funds into tourism development.
- (k) *Economic impact of tourism.* Studying this subject is important, but taxpayers' money should not be wasted on it, as other issues are more important.
- (l) *AIDS.* This will be a major health issue of the 1990s. It will affect tourism in the Asia-Pacific just as it has in Africa.
- (m) *Other issues.* Other issues include the future inclusion of tourism in the talks on the Generalized Agreement on Tariffs and Trade; the need to set up proper laws governing tourism industries in the Asia-Pacific; the growth of marine tourism and cruising; the impact of industrialization; the opening up of countries such as Viet Nam, Cambodia, the Lao People's Democratic Republic and Myanmar; tremendous product diversification; competition among tour operators and wholesalers; education and training issues; the growing role of international organizations; the social transformation of Asia-Pacific countries; and finally, the role of the press. These issues will affect all countries.

2. PREAMBLE

This report is organized by issues rather than by countries. It is based on hundreds of interviews conducted since 1981 but appears without footnotes and considers the various issues affecting tourism. The views expressed are personal.

3. HISTORY OF TOURISM GROWTH TO ASIA

Where does one begin with the history of tourism in Asia? Thailand's Oriental hotel, the famous host to authors like Ernest Hemingway and Somerset Maugham, was founded in 1876. Other regional hotels like the Raffles in Singapore, the Manila in the Philippines, the Taj in Bombay and the Strand in Myanmar all have their unique histories. The Dutch airline KLM has been flying to Bangkok since 1929, Qantas was formed in 1920, Japan Airlines in 1951. Many Asian airlines were set up in the 1950s. The Gulf Arabs, fishermen once, often used to sail to the beaches of Bombay to seek shelter from the summer heat. South-East Asian countries gained independence after the Second World War and economic reconstruction programmes were launched. Tourism was not a major force.

The coming of the age of tourism to Asia can be dated to the founding of the Pacific-Asia Travel Association in 1951. The group which put it together were professionals, nearly all from the private sector, especially the airlines. Though called the Pacific Area Travel Association at the time, its major goal was to promote travel from tourism-generating countries of North America and Europe to the receiving Asia-Pacific countries.

In South-East Asia, the coming of age was marked by the holding of the first Association of South-East Asian Nations (ASEAN) Tourism Forum at Genting Highlands, Malaysia, in 1981. Though individual ASEAN countries had their own tourism promotion programmes, with the Philippines being the leader at the time, this was the first time these countries got together jointly to market themselves as a destination. The first Australian Tourism Exchange (ATE) was held in 1984, 17 years after the founding of the Australian Tourist Commission in 1967. Other regional developments include the founding of the International Air Transport Association offices in Singapore and Bangkok and the opening of the International Civil Aviation Organization's regional office in Bangkok.

These regional developments are indicative of the synergy within the industry which brought it to achieve common goals. This synergy has been responsible more than anything else for the development of Asia-Pacific tourism. No single country or institution can claim credit for having started today's tourism boom. It was a joint effort and a rising tide has lifted all boats.

Economically, tourism came of age in the 1980s. In the 1960s and 1970s, the world's trading system was based on the movement of tangible goods; the natural resources of Asia were being sold at bargain prices to finance the progress of today's developed countries. It was not until 1982 that tourism became Thailand's largest foreign exchange earner. Indeed, it was the growing awareness of its money-making potential that shook governments out of their lethargy. Countries like Indonesia and Malaysia, both oil-producing nations, started their tourism promotion drives to develop alternative sources of income because of declining oil and cash crop prices in the 1980s. This is now changing again but tourism is unlikely to receive less emphasis because of the oil price increase.

After steady growth in the 1960s and 1970s, the industry took off in the 1980s. The main reason for the growth in tourism was that the world experienced its longest peacetime economic growth in history. Double-digit inflation, high unemployment and a severe drop in industrial output strongly influenced President Jimmy Carter's defeat and the 1980 election of Ronald Reagan in the United States of America. Reagan's supply-side economic programme caused inflation and interest rates to drop in 1983. Across the Pacific, Japan was building up its huge trade surpluses and China's leader Deng Xiao Ping was pursuing his economic liberalization programme. In 1985, Mikhail Gorbachev came to power in the Union of Soviet Socialist Republics and withdrew its troops from Afghanistan in 1988-89.

There are four major trends that took place in the Asia-Pacific travel industry in the 1980s that are at the heart of today's tourism growth:

- (a) Globalization of the travel industry: This generated demand and kept aircraft seats filled through a vastly expanded distribution network. This includes the operations of multinational companies like airlines, hotel chains, credit companies, wholesalers and the vitally important global distribution systems.
- (b) Liberalization of travel: The liberalization of markets like Taiwan Province of China and the Republic of Korea and the greater incentives being given to attract them has led to huge competition for share of tourism, between countries, provinces, cities and the private sector.
- (c) Changes in government policies: In the 1980s, there was a distinct change in the thought processes of key governments, from seeing tourism as an industry by the rich for rich to become a solid means of earning foreign exchange, generating jobs and spreading wealth to the rural areas of Asia.
- (d) The politicization of tourism at the local level: This was a vitally important factor that generated the political support vital for the promotion of tourism.

Airlines are, as is well known, the single most important factor in motivating and transporting people, but no airline would put a single flight into a place without accommodation or with poor infrastructure facilities. The politicization of the industry is taking place in the rush to provide this infrastructure and, most important, make money for the private sector sellers of travel. This is both good and important.

One event which changed the face of the Asia-Pacific tourism industry was the Visit Thailand Year 1987. This event which marked the sixtieth birthday of H.M. King Bhumibhol, was intended to be a worldwide celebration and the promotional pitch was that world should come and join the Thais celebrate it. The timing was right. Economies were on the upswing, competing countries like Sri Lanka and the Philippines were going through a bad patch. Countries like China were on the uptrend. Then the Thais unleashed their promotional blitz. Thai International spent more on worldwide marketing that year than it spent on flying its planes. The results were phenomenal – tourism arrivals shot up from 2.8 million in 1986

to 3.4 million in 1987. Because of the long-term nature of tourism, the country recorded 4.2 million arrivals in 1988 and 4.8 million in 1989. The forecast for 1990 was about 5.3 million but the Middle East crisis was expected to slow that down.

As mentioned, a rising tide lifts all boats. Tourism then exploded around the Asia-Pacific area. Arrivals in Singapore and Hong Kong soared. If imitation is the best form of flattery, regional countries launched their own brands of Visit Whatever Years—the Philippines Fiesta Year in 1989, Visit Malaysia Year 1990, Visit Indonesia Year 1991 and a Visit ASEAN Year in 1992. This year, believe it or not, was also Visit Viet Nam Year that marked the 100th birthday of Ho Chi Minh and the 15th anniversary of the end of the Viet Nam war. Further from home, there is also a Visit India year 1991 and a Visit Africa Year. Some European countries are also trying to come up with similar tourism promotion themes. The Australians copied no one in celebrating their 1988 Bicentennial which did a lot to generate European stopover traffic for South-East Asia. Just to cite one example of how interdependent tourism has become and how a sneeze in one country can cause a cold in another: Alois Fassibind, general manager of the Royal Cliff Beach Hotel in Pattaya, Thailand, recently said that he had not realized how many people vacationed in the resort after business trips to China until after the business dried up and the hotel tried to find out why.

Though travel agents say that the impact of these Visit Whatever Years is difficult to judge, every form of selling support helps. The next major event to watch will be Visit ASEAN Year 1992. That year, which will mark the 25th anniversary of the founding of ASEAN as an economic grouping, is expected to bring 22 million visitors to ASEAN. Because Visit ASEAN Year was ordered by the heads of state at their summit meeting in Manila in 1988, governments have fallen in line, the airlines have agreed to come up with special fares and special packages. There is no doubt that the tourists will follow, depending on whether the airlines have enough seats and the hotels enough room. These themes provide a marketing slogan, but the South-East Asian tourism industry will have to careful not to overdo it.

The industry seems set to turn a full circle in the 1990s. It is interesting to note that some of Asia's first airlines were run by private companies—Air India and Japan Airlines for example—and then taken over by governments which are now returning them to private hands. Air Siam was founded in the 1960s to compete with Thai International and was driven from the market because the government-owned airlines did not want competition.

The marketing of the tourism industry was considered at first a problem that could be fixed by throwing money at it. That was the easy part, which is now over. The management of tourism became the issue as growth brought its own set of problems. Now, after the Middle East crisis, competition is set to heat up again, with new players and new issues.

4. ROLE OF GOVERNMENTS

The time has come for a critical evaluation of the role of governments in the development of tourism. The maximization of socio-economic benefits of tourism, the main thrust of this seminar, is only one part of the broader spectrum of infrastructure issues which governments will have to set right first. National tourism organizations (NTOs) are today in the unenviable position of being all things to all men. They have to promote, conserve, develop, market, research, manage, follow-up, lead. They have to do this with limited funds and poor resources. Governments are stretching their resources and spreading themselves too thinly in areas in which they have scant expertise. They have to sit down with the private sector and decide exactly in which areas they should get involved and in what shape and form. Traditionally, the government and the private sector both have their individual responsibilities. Throughout the region, there is talk of setting standards, enforcing regulations and training people. But governments themselves have precious little experience in these areas.

The first question that has to be asked is: are governments themselves attracting the right people? Many NTO staff would find it difficult to get jobs in the private sector. While the motivations and intentions of bureaucrats and ministers are by and large well-meaning, they all go through a learning process. How

can they oversee and manage a fast-growing industry with these kinds of changes taking place? A look at the pay scales within the Asian NTOs, their motivation schemes, in-house training facilities, opportunities for growth, decision-making apparatus and taking into consideration the problems of internal politics, cliques and factionalism, shows why governments have such a major problem on their hands. The will to make changes exists but the ability to manage them is limited.

Secondly, look at the NTO structures. With a few exceptions, tourism is a department of some kind under a larger ministry. The more the layers of bureaucracy it has to cross, the more politics and the slower the decision-making process. Again with a few exceptions, national tourism organizations have invariably faced financial difficulties. How many have not heard the familiar responses about the government having "other priorities"? In how many countries are tourism revenues recycled back into tourism development?

Another myth to consider is that which gives national tourism organizations most of the credit for the regional tourism boom. It is much more likely that the institutions most responsible for the expansion of tourism in this part of the world are, in order of importance, the airlines, the private sector, the governments and the press. It is true that airlines were up to now government-owned but they were able to mount as much promotional effort as they wished because they were self-financing and not dependent on government grants.

Once, governments were major players in small industries. They are now small players in this particularly big industry. As tourism and competition grow, the share of each country will remain small or stagnant. If it grows, it will grow marginally. It used to be a seller's market where governments could state their terms and conditions for investors wanting to come into the markets. Now, governments are doing all they can to attract investors and changing rules and regulations as necessary. Individual countries, no matter how big, are still tiny in the international spectrum of the nearly 200 members of the United Nations.

There is a need for national tourism authorities to conduct self-analysis that will critically examine the three roles most important to their functionality: the domain that is exclusively theirs, that which is exclusively the private sector's and that which needs to be joint. Though this was reasonably clear in the beginning, it is becoming increasingly confused by the industry's growth. The major tasks confronting governments now is where to draw functional lines. The private sector obviously seeks less government involvement but yet wants the government to adopt some form of leadership role. It wants more government money spent on promotions and infrastructure development. It does not want governments and government-owned airlines setting up hotel chains and tour companies. These are issues that will have to be decided in tandem. Two countries have recently given a quite clear idea of what the private sector sought from government. One was written by the travel industry in India and the other in New Zealand. They are too voluminous to include here in detail but copies are available. They provide a good starting point for good public-private sector relationships through a clearer demarcation of the role of each.

One major issue that governments will have to study very closely is the issue of industry leadership. There is little doubt that leaders are few and far between, particularly because the qualifications for leadership have become so high. One school of thought requires that leaders change every few years, the rationale being the infusion of new blood and new ideas and the opening up of promotional opportunities. While that may have its merits, here are two examples, one each in the public and private sectors, where a sustained leadership has done considerable good.

Mr. Joop Ave, Indonesia's Director-General of Tourism, has run his country's tourism industry since 1982. Fluent in several languages, he was Indonesia's longest serving chief of protocol before moving to his post in tourism. He has good political connections and is widely hailed as one of the best things that has happened to Indonesian tourism, even though not all his policies are agreeable to the private sector. Of all the ASEAN NTO chiefs, he is now the most senior. Through persuasion and drive, he has managed to raise Indonesia's tourism industry to highly respectable levels, one where Indonesia is now considered as important as Thailand and China. There are rumours that he will be moving on after 1992. If he does, it will be after the significant achievements of having marked 1991 Visit Indonesia Year, brought the annual conference and travel mart to Indonesia in the same year as the ASEAN Tourism Forum, and followed it all up with Visit ASEAN Year 1992.

The second good example of success through stability is Kurt Wachtveitl who, 23 years ago, became general manager of The Oriental Hotel in Bangkok and has made it one of the best-known hotels in the world. Through high service standards, superb guest relations and some very subtle public relations, The Oriental generates more positive publicity for itself and Thailand than any amount of advertising. Mr Wachtveitl, with the support of the hotel owners, has resisted efforts to move him to regional positions with the Mandarin Oriental chain in Hong Kong. He runs a tight ship and runs it well.

While other organizations may subscribe to the concept of changing people around to allow for promotions, to generate new blood and inject new ideas, there is also much to be said for putting the right man in the right job and allowing him to stay there.

So as governments scramble for a larger share of the tourism cake, another problem is emerging: who is in charge? Central, state and city governments are all competing against themselves for a piece of the action, especially in large countries like Australia, Indonesia, India and Malaysia, and even in Viet Nam and Cambodia. Every state and province has its own tourist bureau which spends a lot of money on tourism promotion. This is good in one way because they all have to promote their countries before they can promote themselves. A problem arises when states that are clearly not ready for tourism refuse to accept that fact and clamour for business because they see their neighbours getting it. Politically, this places central governments in a difficulty. They have to support everyone's bid for tourism respectability, stretching their resources even more. This is not a uniform Asian problem but it could well become one.

One policy more talked about than acted upon is the promotion of quality tourism. Stressing of quality over quantity is always talked about but NTO marketing personnel have few ideas about promoting quality travellers. They talk about promoting conventions and creating incentives. Nobody appears to want back-packers.

But this is a farce. Like other economic sectors, tourism is a growth-driven industry. Its primary reporting format is in terms of a number count. No country separates pure leisure travellers from business travellers and reports only the leisure travellers. Many countries are quick to lump overland border-crossers into the overall tourist figure to show growth to justify results to their superiors. Numbers based on entry and departure cards can be proven. Expenditure based on surveys is not objective enough. It is the right of governments to decide how they want to report their statistics but the public needs to be weaned away from this numbers mentality towards showing that quality rather than quantity is increasing.

Against public sector weaknesses, the growing strength of the private sector is clear. The most important phenomenon emerging in the Asia-Pacific tourism industry is the importance and influence of the private sector, not just in tourism but economies as a whole. Governments, realizing their limitations in financing and resources in a global marketplace, are turning increasingly to the private sector to meet their national economic objectives. There is no greater proof of this than the conversion of communism to capitalism. The reforms initiated by President Mikhail Gorbachev of the Soviet Union and the worldwide economic shift that it has triggered will be marked in history as the defeat of big government by big business. When governments like Viet Nam and Cambodia also start encouraging business initiatives and private investment, one knows the road which future economies will have to follow.

The speed at which the changes are taking place in what is now the world's fastest growing service industry is confronting governments with what will be the most serious challenge to the development of Asian tourism. Governments are trying to manage the widespread changes of today using the rules, regulations and methodologies of yesterday. The central question they have to ask themselves is: are they prepared for tomorrow? By and large, they are only very marginally prepared. But the Middle East crisis gave governments a golden chance to prepare for subsequent growth.

Table 1. Singapore. Visitor arrivals by residence 1980-1989

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
RESIDENCE										
TOTAL	2 562 085	2 828 622	2 956 690	2 853 577	2 991 430	3 030 970	3 191 058	3 678 809	4 186 091	4 829 950
Americas	172 047	185 274	186 719	204 079	213 860	218 977	231 721	260 580	281 803	316 097
Canada	20 875	24 194	24 948	27 842	26 919	31 028	32 635	36 621	42 645	55 254
Mexico	4 118	5 151	2 800	1 451	3 032	3 484	2 297	3 698	4 216	3 314
United States of America	135 765	143 592	150 667	167 437	176 883	176 260	188 185	211 369	226 766	247 996
Other countries in the Americas	11 289	12 337	8 304	7 349	7 026	8 205	8 604	8 892	8 176	9 533
Asia	1 646 265	1 853 569	1 978 953	1 892 990	1 959 289	1 960 682	2 031 093	2 344 358	2 586 664	2 996 254
ASEAN	1 028 098	1 116 416	1 182 811	1 062 617	1 056 981	1 008 468	1 001 273	1 073 986	1 158 029	1 257 038
Hong Kong	82 482	85 755	92 858	92 855	98 542	97 659	104 755	125 108	124 063	147 480
India	85 462	116 891	121 459	154 358	192 668	218 488	236 565	243 514	203 731	194 068
Japan	287 395	354 840	378 501	370 639	369 534	377 686	404 278	541 399	682 405	841 371
Pakistan	15 067	15 379	14 447	15 672	19 086	20 916	26 133	33 516	33 849	33 874
Republic of Korea	15 315	22 090	33 973	37 442	35 988	30 952	30 396	36 559	55 184	87 664
Saudi Arabia	18 525	20 173	21 653	20 744	21 829	20 904	19 306	19 495	20 902	20 857
Sri Lanka	15 478	20 987	21 201	23 131	25 681	25 198	28 106	28 382	38 209	50 843
Taiwan Province of China	56 328	55 343	65 081	68 008	80 270	82 761	100 388	148 363	152 111	223 806
Other countries in Asia	42 115	45 695	46 969	47 524	58 710	77 650	79 893	94 036	118 181	139 253
Europe	413 473	447 499	424 518	418 064	444 958	468 447	520 131	619 268	810 688	901 125
Austria	5 748	7 637	8 174	7 766	8 341	9 281	12 087	14 805	19 436	21 833
Belgium and Luxembourg	9 292	9 990	8 291	8 870	9 644	9 533	11 143	12 210	15 732	16 827
France	40 236	44 664	41 139	37 065	42 207	41 436	43 571	47 472	63 095	68 796
Greece	7 117	6 932	6 705	5 445	7 241	9 017	12 405	19 017	23 938	20 063
Italy	26 340	25 272	23 035	21 456	25 637	25 975	30 540	37 269	53 471	55 035
Netherlands	47 137	49 570	41 420	40 578	40 155	40 519	42 681	48 195	63 935	70 889
Scandinavia	32 098	36 117	35 956	37 191	40 802	45 386	53 593	67 905	86 949	95 218
Spain	8 298	6 466	6 492	6 240	6 777	5 966	6 500	8 860	14 121	15 655
Switzerland	21 972	25 465	26 154	25 369	27 856	32 249	35 571	40 355	56 271	62 552
United Kingdom	128 357	145 042	149 900	150 425	150 175	158 449	170 081	195 238	253 649	281 280
Germany	73 039	79 834	68 114	67 341	72 787	73 883	78 395	93 319	118 525	140 604
Other countries in Western Europe.....	3 921	4 418	4 559	4 706	4 697	5 422	6 712	8 440	11 542	13 065
Soviet Union & Eastern Europe	9 918	6 092	4 579	5 612	8 639	11 331	16 852	26 183	30 024	39 308
Oceania	311 846	326 029	351 203	325 438	359 150	368 784	390 403	421 204	458 046	558 904
Australia	239 186	258 609	281 963	259 437	291 141	300 825	315 868	330 178	361 493	450 235
New Zealand	63 043	57 984	59 888	56 983	58 877	57 452	62 301	76 507	97 083	86 665
Other countries in Oceania	9 617	9 436	9 352	9 018	9 132	10 507	12 234	14 519	17 470	22 004
Other countries n.e.c.	18 454	16 251	15 297	13 006	14 173	14 080	17 710	33 399	48 890	57 570

Table 2. Singapore. Visitor arrivals by residence and purpose of visit

PURPOSE OF VISIT RESIDENCE	NUMBER OF VISITORS							PERCENTAGE DISTRIBUTION						
	Holiday	Business	Business and pleasure	In transit	Others	Not stated	Total	Holiday	Business	Business and pleasure	In transit	Others	Not stated	Total
TOTAL	3 101 158	610 078	205 306	432 660	466 657	14 091	4 829 950	64.2	12.6	4.3	9.0	9.7	0.3	100.0
Americas	173 518	52 859	26 705	42 538	20 036	441	316 097	54.9	16.7	8.4	13.5	6.3	0.1	100.0
Canada	35 803	4 385	3 000	8 562	3 420	84	55 254	64.8	7.9	5.4	15.5	6.2	0.2	100.0
Mexico	2 623	107	176	151	254	3	3 314	79.1	3.2	5.3	4.6	7.7	0.1	100.0
United States of America	129 052	47 573	23 085	32 911	15 046	329	247 996	52.0	19.2	9.3	13.3	6.1	0.1	100.0
Other countries in the Americas	6 040	794	444	914	1 316	25	9 533	63.4	8.3	4.7	9.6	13.8	0.3	100.0
Asia	1 894 876	406 869	124 240	205 446	353 996	16 827	2 996 254	63.2	13.6	4.1	6.9	11.8	0.4	100.0
ASEAN	673 125	179 878	63 733	109 274	6 666	1 257	838	53.5	14.3	5.1	8.7	17.8	0.5	100.0
Hong Kong	85 447	35 389	8 551	10 066	7 798	229	147 480	57.9	24.0	5.8	6.8	5.3	0.2	100.0
India	104 039	26 188	10 711	17 763	34 328	1 039	194 068	53.6	13.5	5.5	9.2	17.7	0.5	100.0
Japan	695 241	87 323	13 169	23 688	21 210	740	841 371	82.6	10.4	1.6	2.8	2.5	0.1	100.0
Pakistan	17 430	5 089	2 945	3 499	4 763	148	33 874	51.5	15.0	8.7	10.3	14.1	0.4	100.0
Republic of Korea	45 073	12 761	6 375	7 592	15 439	424	87 664	51.4	14.6	7.3	8.7	17.6	0.5	100.0
Saudi Arabia	15 080	1 684	718	1 916	1 410	49	20 857	72.3	8.1	3.4	9.2	6.8	0.2	100.0
Sri Lanka	27 970	8 782	2 642	4 815	6 445	189	50 843	55.0	17.3	5.2	9.5	12.7	0.4	100.0
Taiwan Province of China	164 704	25 287	7 678	12 003	13 457	677	223 806	73.6	11.3	3.4	5.4	6.0	0.3	100.0
Other countries in Asia	66 767	24 488	7 718	14 830	24 784	666	139 253	47.9	17.6	5.5	10.6	17.8	0.5	100.0
Europe	620 070	98 554	35 877	92 641	52 316	1 667	901 125	68.8	10.9	4.0	10.3	5.8	0.2	100.0
Austria	16 552	1 605	640	2 152	855	29	21 833	75.8	7.4	2.9	9.9	3.9	0.1	100.0
Belgium and Luxembourg	10 303	2 524	933	1 938	1 107	22	16 827	61.2	15.0	5.5	11.5	6.6	0.1	100.0
France	44 177	10 023	3 444	6 881	4 125	146	68 796	64.2	14.6	5.0	10.0	6.0	0.2	100.0
Greece	10 963	2 870	526	2 081	3 513	110	20 063	54.6	14.3	2.6	10.4	17.5	0.5	100.0
Italy	37 906	5 655	1 711	6 047	3 559	157	55 035	68.9	10.3	3.1	11.0	6.5	0.3	100.0
Netherlands	49 974	7 262	2 471	7 523	3 530	129	70 889	70.5	10.2	3.5	10.6	5.0	0.2	100.0
Scandinavia	65 287	11 727	4 954	7 524	5 587	139	95 218	68.6	12.3	5.2	7.9	5.9	0.1	100.0
Spain	11 745	1 065	457	1 183	1 165	40	15 655	75.0	6.8	2.9	7.6	7.4	0.3	100.0
Switzerland	46 433	4 409	1 743	7 378	2 482	107	62 552	74.2	7.0	2.8	11.8	4.0	0.2	100.0
United Kingdom	199 221	30 359	11 835	26 331	13 152	382	281 280	70.8	10.8	4.2	9.4	4.7	0.1	100.0
Germany	99 920	15 132	4 967	14 114	6 224	247	140 604	71.1	10.8	3.5	10.0	4.4	0.2	100.0
Other countries in Western Europe	8 745	950	348	1 699	1 294	29	13 065	66.9	7.3	2.7	13.0	9.9	0.2	100.0
Soviet Union & Eastern Europe	18 844	4 973	1 848	7 790	5 723	130	39 308	47.9	12.7	4.7	19.8	14.6	0.3	100.0
Oceania	374 066	47 003	16 118	85 589	35 131	997	558 904	66.9	8.4	2.9	15.3	6.3	0.2	100.0
Australia	304 099	38 887	12 684	67 273	26 580	712	450 235	67.5	8.6	2.8	14.9	5.9	0.2	100.0
New Zealand	57 610	6 247	2 804	13 829	5 960	215	86 665	66.5	7.2	3.2	16.0	6.9	0.2	100.0
Other countries in Oceania	12 357	1 869	630	4 487	2 591	70	22 004	56.2	8.5	2.9	20.4	11.8	0.3	100.0
Other countries n.e.c.	38 628	4 793	2 366	6 446	5 178	159	57 570	67.1	8.3	4.1	11.2	9.0	0.3	100.0

Table 3. Singapore. Visitor arrivals by country or area of residence and mode of transport: January-June 1990

<i>Country or area</i>	<i>Air</i>	<i>Sea</i>	<i>Land+</i>	<i>Total</i>	<i>Distribution percentage</i>	<i>Percentage change over Jan-Jun 1989</i>
TOTAL	2 107 158	146 387	301 674	2 555 219	100.00	13.8
AMERICAS	141 299	7 526	16 292	165 117	6.46	7.7
Canada	26 014	924	4 365	31 303	1.23	16.6
Mexico	1 146	99	46	1 291	0.50	-12.4
United States of America	109 746	6 349	11 297	127 392	4.99	5.6
Other countries in the Americas	4 393	154	584	5 131	0.20	17.1
ASIA	1 317 030	117 362	210 120	1 644 512	64.36	2.3
ASEAN	487 748	95 582	102 806	686 136	26.85	16.7
Hong Kong	69 605	1 287	13 199	84 091	3.29	28.8
India	97 110	2 112	8 621	107 843	4.22	6.2
Japan	421 957	7 897	43 642	473 496	18.53	25.9
Pakistan	13 511	559	2 472	16 542	0.65	5.4
Republic of Korea	45 987	3 090	3 753	52 830	2.07	26.2
Sri Lanka	19 708	441	2 720	22 869	0.89	-2.7
Taiwan Province of China	87 579	3 918	20 574	112 071	4.39	22.2
West Asia	38 335	338	7 665	46 338	1.81	27.5
Bahrain	(1 264)	(5)	(98)	(1 367)	(0.05)	(-20.6)
Kuwait	(1 719)	(11)	(117)	(1 847)	(0.07)	(9.9)
Saudi Arabia	(8 751)	(59)	(581)	(9 391)	(0.37)	(5.1)
United Arab Emirates	(5 102)	(43)	(414)	(5 559)	(0.22)	(-0.6)
Other countries in West Asia	(21 499)	(220)	(6 455)	(28 174)	(1.10)	(52.9)
Other countries in Asia	35 490	2 138	4 668	42 296	1.66	14.7
EUROPE	384 406	16 725	52 498	453 629	17.75	4.3
Austria	10 679	241	949	11 869	0.46	21.5
Belgium and Luxembourg	6 706	211	720	7 637	0.30	1.8
France	29 648	893	3 491	34 032	1.33	6.2
Greece	7 883	994	299	9 176	0.36	4.2
Italy	22 026	706	1 529	24 261	0.95	-2.4
Netherlands	26 946	1 574	3 053	31 573	1.24	3.5
Scandinavia (Denmark, Finland, Norway, Sweden)	39 379	2 480	8 428	50 287	1.97	3.8
Spain	6 498	266	373	7 137	0.28	30.3
Switzerland	25 786	543	3 827	30 156	1.18	-5.8
United Kingdom	126 267	4 512	18 698	149 477	5.85	8.4
Germany	57 504	2 648	8 524	68 676	2.69	-2.6
Other countries in Western Europe	5 576	175	741	6 492	0.25	3.1
Soviet Union and Eastern Europe	19 508	1 482	1 866	22 856	0.89	9.4
OCEANIA	240 110	4 389	20 931	265 430	10.39	4.9
Australia	198 455	3 767	17 041	219 263	8.58	7.2
New Zealand	31 550	480	2 928	34 958	1.37	-8.9
Other countries in Oceania	10 105	142	962	11 209	0.44	11.7
OTHERS	24 313	385	1 833	26 531	1.04	0.3
Countries in Africa	23 138	232	1 422	24 792	0.97	-2.6
Not Stated	1 175	153	411	1 739	0.07	72.0

+ Excludes Malaysian citizens arriving by land.

Table 5. Singapore. Tourism's economic contribution

Year	Tourism receipts (1)		% share of exports of goods and services	Tourism's value added (1)		Ratio of tourism value added to net forex earnings (%) (1)	Ratio of tourism value added to GDP @ current market prices (%) (1)
	Millions of \$S	%Δ		Million of \$S	%Δ		
1980	3 068.4	25.8	5.7	1 694.0	-	14.7	6.4
1981	3 786.4	23.4	6.2	2 078.0	22.7	15.6	6.7
1982	4 034.2	6.5	6.2	2 211.0	6.4	15.6	6.4
1983	4 214.8	4.5	6.4	2 214.0	0.1	14.6	5.7
1984	3 965.0	-5.9	5.8	2 267.8	2.4	13.7	5.3
1985	3 653.0	-7.9	5.6	2 111.3	-6.9	13.0	5.0
1986	3 847.9	5.3	5.9	2 233.6	5.8	12.7	5.4
1897*	4 506.2	17.1	5.6	2 635.1	18.0	12.0	5.7
1988*	5 064.5	12.4	4.9	2 995.2	13.7	10.2	5.6
1989 (p)	5 669.1	11.9	4.9	3 340.3	11.5	10.5	5.5
Average 1980-89	4 181.0	7.0**	5.7	2 378.0	7.8**	13.3	5.8

Notes:

* Revised

** Annual growth rate

p (preliminary)

Source:

(1) Department of Statistics

Table 6. Singapore. Average occupancy rate of gazetted hotels 1980-1989

MONTH	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989			
										All hotels	AVERAGE OCCUPANCY RATE OF HOTELS WITH		
											50 - 200 rooms	201 - 400 rooms	More than 400 rooms
ALL MONTHS	86.1	85.7	80.8	75.5	75.5	65.9	64.7	68.7	79.3	86.4	87.7	86.4	86.2
January	81.9	85.4	75.6	73.2	70.9	66.3	65.4	60.1	73.3	80.3	80.3	77.0	82.0
February	82.9	88.4	85.7	71.7	73.1	65.3	59.9	64.9	72.1	81.2	85.3	81.1	80.6
March	87.5	89.1	83.3	76.6	77.3	69.3	63.4	65.0	77.7	87.1	85.5	87.9	86.8
April	83.1	86.7	76.6	71.6	79.0	64.7	62.4	64.4	77.9	83.7	85.6	84.6	83.0
May	83.6	82.8	77.3	75.1	78.6	66.3	63.4	65.3	74.2	79.8	77.8	79.7	80.2
June	80.9	84.2	81.6	73.0	73.4	64.1	63.8	64.4	77.1	82.4	82.5	82.2	82.4
July	85.9	83.8	83.6	73.4	74.8	63.9	64.3	71.6	82.5	90.0	93.2	90.5	89.3
August	92.4	90.3	86.0	78.9	80.0	66.3	69.4	74.4	84.5	90.5	92.4	90.8	90.2
September	83.8	82.6	77.9	77.2	74.2	64.1	64.4	71.3	81.6	91.2	93.3	91.1	90.9
October	90.8	86.0	82.3	77.8	77.5	64.7	67.8	73.7	83.8	90.9	91.8	90.8	90.8
November	92.7	88.2	84.7	81.8	75.3	67.9	66.5	75.2	86.4	93.2	95.8	94.0	92.3
December	87.8	80.9	74.7	75.6	71.3	68.3	65.1	74.7	80.0	86.7	88.7	87.4	86.0

Table 7. Singapore. Incoming scheduled flights of passenger airlines (as at December 1989)

Airline	Number of incoming flights per week	Type of aircraft	Maximum number of seats available on incoming flights per week			
			First class	Business class	Economy class	Total
1. Aeroflot Soviet Airline	2	IL-86	40	112	480	632
	2	IL-62M	24	36	204	264
2. Air Canada	4	B747	64	192	768	1 024
3. Air Mauritius	2	B747SP	24	52	498	574
4. Air New Zealand	4	B747	64	224	1 260	1 548
	1	B767	—	24	176	200
5. Air Niugini	2	A310	—	60	358	41
6. Air Seychelles	1	B767	—	30	169	199
7. Air-India	4	B747	64	160	1 284	1 508
	5	A310	—	145	845	990
8. Air Lanka.....	4	L1011	48	112	920	1 080
9. Alitalia	4	B742	48	112	1 572	1 732
10. Biman Bangladesh Airlines.....	3	DC10	—	90	732	822
11. British Airways	7	B747-400	126	518	2 058	2 702
	6	B747	108	420	1 728	2 256
12. Cathay Pacific Airways.....	15	B743	435	915	4 950	6 300
	4	L1011	56	212	856	1 124
	2	B747	70	72	674	816
13. China Airlines.....	13	AB3	—	377	2 873	3 250
	6	AB6	—	156	1 422	1 578
	4	B767	—	72	760	832
14. Civil Aviation Administration of China	3	B767	54	—	570	624
15. Czechoslovak Airlines	1	IL62M	—	18	156	174
16. Finnair	2	DC10	—	63	434	497
17. Garuda Indonesia	40	AB300	—	1 040	8 720	9 760
	21	B747	210	1 092	6 930	8 232
	10	F28	—	—	850	850
18. Indian Airlines	1	A300	—	33	238	271
19. Interflug	1	A310	—	42	166	208
20. Japan Air Lines	12	B747	264	888	3 072	4 224
	7	DC10	—	336	1 589	1 925
21. JAT Yugoslav Airlines	6	DC10	—	204	1 458	1 662
22. KLM-Royal Dutch Airlines	5	B747	90	415	1 430	1 935
	5	B74D	90	210	1 140	1 440
23. Korean Air	4	AB3	72	—	936	1 008
	2	DC10	24	—	498	522
24. Lauda Air	1	B767	—	30	213	243
25. Lot Polish Airlines	1	IL62M	—	—	168	168
26. Lufthansa German Airlines	4	B747-400	80	280	948	1 308
	3	B747-200	63	168	861	1 092
27. Malaysia Airlines	43	A300	1 032	—	9 546	10 578
	72	B737	864	—	6 768	7 632
	9	DC10	270	—	2 349	2 619
28. Myanma Airways	1	F28	—	—	80	80
29. Northwest Airlines	4	B747	72	192	1 336	1 600
30. Olympic Airways	4	B747	—	64	1 708	1 772
31. Pakistan International Airlines	2	B747	32	32	736	800
	1	B74M	16	16	238	270
32. Philippine Airlines	8	A300	—	192	1 776	1 968
33. Qantas Airways.....	32	B767	72	564	6 336	6 972
	13	B747	288	528	4 521	5 337
	8	B743	208	504	2 424	3 136
	6	B744	180	384	1 692	2 256
34. Royal Brunei Airlines	16	B757	256	384	1 728	2 368
35. Royal Jordanian	3	L15	51	—	636	687
36. Royal Nepal Airlines.....	2	B757	—	32	348	380
37. Sabena Belgian World Airlines	2	DC10M	—	70	318	388
38. Saudi Arabian Airlines.....	2	B747-300	72	76	638	786

Table 7 (continued)

Airline	Number of incoming flights per week	Type of aircraft	Maximum number of seats available on incoming flights per week			
			First class	Business class	Economy class	Total
39. Scandinavian Airlines System	6	DC10	60	450	768	1 278
40. Singapore Airlines	40	B743	800	2 160	13 600	16 560
	78	A313	936	1 836	11 970	14 742
	63	A312	756	2 052	9 036	11 844
	28	B747	504	1 344	9 128	10 976
	17	B744	408	1 190	5 372	6 970
	36	B757	576	-	5 976	6 552
	14	B74D	224	560	3 472	4 256
41. Swissair	3	DC10	66	189	408	663
42. Tarom Romanian Air Transport	1	B707	-	-	177	177
43. Thai Airways International	28	AB4	-	1 204	5 040	6 244
	12	AB3	-	-	2 964	2 964
44. Tradewinds	16	MD87	-	-	1 952	1 952
	7	SHS	-	-	112	112
45. Turkish Airlines	3	A310	54	-	576	630
46. United Airlines	7	B747	126	434	2 240	2 800
	4	B747SP	148	248	576	972
47. UTA French Airlines	4	B744	72	168	1 548	1 788
	1	B743	18	42	202	262
TOTAL	820	-	10 279	23 825	173 259	207 363

Table 8. Hong Kong. Visitor arrival summary by country/area of residence

Country or area	August 1990		August 1989		Growth rate
	No.	%	No.	%	
South-East Asia	59 549	11.6	48 394	12.0	+ 23.1
Thailand	14 092	2.7	11 414	2.8	+ 23.5
Singapore	12 291	2.4	9 859	2.4	+ 24.7
Malaysia	10 715	2.1	7 618	1.9	+ 40.7
Philippines	13 982	2.7	12 774	3.2	+ 9.5
Indonesia	7 811	1.5	6 020	1.5	+ 29.8
Taiwan Province of China	132 498	25.7	87 785	21.8	+ 50.9
Japan	121 605	23.6	99 907	24.8	+ 21.7
United States/Canada	56 250	10.9	46 253	11.4	+ 21.6
United States of America	46 573	9.0	38 435	9.5	+ 21.2
Canada	9 677	1.9	7 818	1.9	+ 23.8
West Europe	64 708	12.6	50 021	12.4	+ 29.4
United Kingdom	21 897	4.2	19 054	4.7	+ 14.9
Germany	7 451	1.4	6 723	1.7	+ 10.8
France	9 133	1.8	6 300	1.6	+ 45.0
Italy	10 250	2.0	6 610	1.6	+ 55.1
Australia/New Zealand	23 906	4.6	21 183	5.2	+ 12.9
Australia	19 087	3.7	17 074	4.2	+ 11.8
Other	56 744	11.0	50 000	12.4	+ 13.5
India	6 397	1.2	5 823	1.4	+ 9.9
Republic of Korea	20 799	4.0	17 129	4.2	+ 21.4
Middle East	1 528	0.3	1 561	0.4	- 2.1
South and Central America	3 200	0.6	3 110	0.8	+ 2.9
Total	515 260	100.0	403 543	100.0	+ 27.7

Table 9. Hong Kong. Cumulative visitor arrival summary by country/area of residence

<i>Country or area</i>	<i>January-August 1990</i>		<i>January-August 1989</i>		<i>Growth rate</i>
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	
South-East Asia	526 360	13.7	446 510	12.5	+ 17.9
Thailand	131 776	3.4	109 511	3.1	+ 20.3
Singapore	119 418	3.1	99 495	2.8	+ 20.0
Malaysia	86 599	2.3	70 755	2.0	+ 22.4
Philippines	115 246	3.0	109 414	3.1	+ 5.3
Indonesia	67 836	1.8	51 944	1.5	+ 30.6
Taiwan Province of China	913 140	23.8	799 041	22.4	+ 14.3
Japan	866 871	22.6	795 358	22.2	+ 9.0
United States/Canada	485 880	12.7	508 537	14.2	- 4.5
United States of America	388 133	10.1	412 002	11.5	- 5.8
Canada	97 747	2.6	96 535	2.7	+ 1.3
West Europe	456 046	11.9	464 683	13.0	- 1.9
United Kingdom	171 571	4.5	172 709	4.9	- 0.7
Germany	71 259	1.9	77 128	2.2	- 7.6
France	53 930	1.4	57 403	1.6	- 6.1
Italy	42 058	1.1	40 742	1.1	+ 3.2
Australia/New Zealand	191 716	5.0	197 941	5.5	- 3.1
Australia	161 032	4.2	168 905	4.7	- 4.7
Other	391 383	10.2	365 228	10.2	+ 7.2
India	51 447	1.3	50 542	1.4	+ 1.8
Republic of Korea	128 772	3.4	111 498	3.1	+ 15.5
Middle East	13 023	0.3	11 973	0.3	+ 8.8
South and Central America	25 986	0.7	24 469	0.7	+ 6.2
Total	3 831 396	100.0	3 577 298	100.0	+ 7.1

Table 10. Hong Kong. Cumulative visitor arrival details by country area of residence and mode of transport

Country or area	By air	By sea	By land	Total Jan.-Aug. 1990		Total Jan.-Aug. 1989		Growth rate
				No.	%	No.	%	
Asia	2 146 362	119 009	346 620	2 611 991	68.2	2 329 039	65.1	+ 12.1
India	49 007	300	2 140	51 447	1.3	50 542	1.4	+ 1.8
Japan	789 817	21 372	46 682	866 871	22.6	795 358	22.2	+ 9.0
Pakistan	8 884	243	3 598	12 725	0.3	12 321	0.3	+ 3.3
South-East Asia	452 710	16 112	57 538	526 360	13.7	446 510	12.5	+ 17.9
Indonesia	67 211	326	299	67 836	1.8	51 944	1.4	+ 30.6
Malaysia	77 714	2 008	6 877	86 599	2.3	70 755	2.0	+ 22.4
Philippines	104 214	2 299	8 733	115 246	3.0	109 414	3.1	+ 5.3
Singapore	96 748	5 353	17 317	119 418	3.1	99 495	2.8	+ 20.0
Thailand	101 898	6 042	23 836	131 776	3.4	109 511	3.1	+ 20.3
South-East Asia, other	4 925	84	476	5 485	0.1	5 391	0.1	+ 1.7
Republic of Korea	125 026	959	2 787	128 772	3.4	111 498	3.1	+ 15.5
Sri Lanka	3 016	48	304	3 368	0.1	3 424	0.1	- 1.6
Taiwan Province of China	671 102	24 084	217 954	913 140	23.8	799 041	22.4	+ 14.3
Asia, other	37 800	55 891	15 617	109 308	2.9	110 345	3.1	- 0.9
Australia and Pacific	171 921	5 580	22 233	199 734	5.2	202 701	5.7	- 1.5
Australia	140 864	4 490	15 678	161 032	4.2	168 905	4.7	- 4.7
New Zealand	26 044	598	4 042	30 684	0.8	29 036	0.8	+ 5.7
Papua New Guinea	1 687	9	73	1 769	*	832	0.1	+112.6
Pacific, other	3 326	483	2 440	6 249	0.2	3 928	0.1	+ 59.1
Americas	405 767	24 749	81 350	511 866	13.4	533 006	14.9	- 4.0
United States of America	308 168	19 418	60 547	388 133	10.1	412 002	11.5	- 5.8
Canada	79 899	3 866	13 982	97 747	2.6	96 535	2.7	+ 1.3
Argentina	801	51	126	978	*	734	*	+ 33.2
Brazil	3 984	214	1 027	5 225	0.1	5 179	0.1	+ 0.9
Mexico	3 386	131	537	4 054	0.1	4 537	0.1	- 10.6
Venezuela	1 023	179	499	1 701	*	1 366	*	+ 24.5
South and Central America, other	8 506	890	4 632	14 028	0.4	12 653	0.4	+ 10.9
Europe	386 204	16 740	55 366	458 310	12.0	466 007	13.0	- 1.7
United Kingdom	149 342	6 051	16 178	171 571	4.5	172 709	4.8	- 0.7
Austria	10 250	312	993	11 555	0.3	10 960	0.3	+ 5.4
Belgium	6 516	277	899	7 692	0.2	8 155	0.2	- 5.7
France	39 373	1 995	12 562	53 930	1.4	57 403	1.6	- 6.1
Italy	36 364	1 314	4 380	42 058	1.1	41 742	1.1	+ 3.2
Netherlands	17 085	834	3 797	21 716	0.6	20 661	0.6	+ 5.1
Portugal	6 965	689	765	8 419	0.2	4 964	0.1	+ 69.6

Table 10 (continued)

Country or area	By air	By sea	By land	Total Jan.-Aug. 1990		Total Jan.-Aug. 1989		Growth rate
				No.	%	No.	%	
Scandinavia	22 172	1 317	3 832	27 321	0.7	29 836	0.8	- 8.4
Denmark	4 608	321	694	5 623	0.1	6 310	0.2	- 10.9
Finland	3 012	128	587	3 727	0.1	4 730	0.2	- 21.2
Norway	3 084	310	634	4 028	0.1	4 334	0.1	- 7.1
Sweden	11 468	558	1917	13 943	0.4	14 462	0.4	- 3.4
Spain	8 498	344	1 346	10 188	0.3	8 249	0.3	+ 23.5
Switzerland	20 394	529	1 993	22 916	0.6	26 399	0.7	- 13.2
Germany	60 879	2 813	7 567	71 259	1.9	77 128	2.2	- 7.6
West Europe, other	6 541	165	715	7 421	0.2	7 475	0.2	- 0.7
East Europe	1 825	100	339	2 264	0.1	1 324	*	+
Middle East and Africa	41 002	652	3 968	45 622	1.2	42 888	1.2	+ 6.4
Middle East	12 091	109	823	13 023	0.3	11 973	0.3	+ 8.8
Bahrain	1 050	3	21	1 074	*	1 078	*	- 0.4
Islamic Republic of Iran	36	1	4	41	*	57	*	- 28.1
Kuwait	582	7	26	615	*	825	*	- 25.5
Lebanon	181	-	32	213	*	236	*	- 9.7
Saudi Arabia	2 630	12	82	2 724	0.1	3 144	0.1	- 13.4
Turkey	2 809	36	310	3 155	0.1	1 489	*	+111.9
United Arab Emirates	2 094	4	155	2 253	0.1	2 304	0.1	- 2.2
Middle East, other	2 709	46	193	2 948	0.1	2 840	0.1	+ 3.8
Israel	3 551	50	261	3 862	0.1	4 279	0.1	- 9.7
South Africa	12 211	227	801	13 239	0.3	12 954	0.4	+ 2.2
Africa, other	13 149	266	2 083	15 498	0.4	13 682	0.4	+ 13.3
Not identified	2 155	577	1 141	3 873	0.1	3 657	0.1	+ 5.9
GRAND TOTAL	3 153 411	167 307	510 678	3 831 396	100.0	3 577 298	100.0	+ 7.1

* Figures less than 0.1%

Table 11. Hong Kong. Visitor characteristics by major market area, August 1990

Characteristics	All countries		South-East Asia		Taiwan Province of China		Japan		United States of America/ Canada		Western Europe		Australia/ New Zealand	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
Sex %														
Male	56.7	57.0	53.7	55.4	57.3	55.4	52.3	53.3	57.6	59.1	58.2	60.1	52.8	53.5
Female	43.3	43.0	46.3	44.6	42.7	44.6	47.7	46.7	42.4	40.9	41.8	39.9	47.2	46.5
AGE%														
0 - 15 yrs	7.6	7.8	4.1	3.9	9.0	9.5	7.1	7.3	10.9	10.7	8.1	8.3	5.3	5.5
16 - 25 yrs	13.8	14.2	13.4	13.2	9.8	10.1	18.9	19.3	12.9	13.3	16.5	16.5	9.5	8.9
26 - 35 yrs	24.4	24.2	28.8	29.3	25.0	22.9	22.6	23.0	19.2	20.3	25.5	25.5	18.1	18.9
36 - 45 yrs	24.0	23.6	25.6	26.7	24.9	21.2	23.0	23.4	23.8	24.3	22.3	22.8	22.6	24.2
46 - 55 yrs	15.9	15.9	15.0	15.3	12.9	11.9	17.5	17.2	17.0	17.4	18.2	18.0	20.2	21.1
56 - 65 yrs	10.0	10.3	8.6	7.8	12.5	17.1	8.4	7.7	10.5	9.8	7.2	7.0	15.9	14.7
Over 65 yrs	4.3	4.0	4.5	3.8	6.0	7.3	2.6	2.1	5.7	4.2	2.2	1.9	8.4	6.7
Mean age (yrs)	37.3	37.1	37.8	37.5	38.2	39.3	36.0	35.5	37.5	36.9	35.6	35.4	42.2	41.6
TYPE OF ACCOMMODATION %														
Commercial	85.4	83.3	82.1	77.4	86.6	87.4	94.8	93.4	74.8	69.2	80.1	75.6	87.7	86.7
Other	14.6	16.7	17.9	22.6	13.4	12.6	5.2	6.6	25.2	30.8	19.9	24.4	12.3	13.3
LENGTH OF STAY (nights)	3.43	3.58	4.00	4.56	2.55	3.07	3.03	2.73	4.82	4.33	4.15	3.88	4.32	5.59

Table 12. Hong Kong. Visitor characteristics by major market areas, January - August 1990

Characteristics	All countries		South-East Asia		Taiwan Province of China		Japan		United States of America/ Canada		Western Europe		Australia/ New Zealand	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
Sex %														
Male	59.2	59.4	54.2	56.0	57.6	58.7	59.4	59.1	59.2	58.0	63.5	63.2	54.2	54.0
Female	40.8	40.6	45.8	44.0	42.4	41.3	40.6	40.9	40.8	42.0	36.5	36.8	45.8	46.0
AGE %														
0 - 15 yrs	5.3	4.8	7.5	6.9	4.5	3.6	3.2	3.1	7.3	6.4	5.6	5.0	7.0	6.7
16 - 25 yrs	11.7	11.5	12.1	12.6	8.2	7.3	16.3	16.6	9.3	9.0	12.3	11.7	11.4	11.3
26 - 35 yrs	23.4	22.6	26.4	27.6	22.4	19.4	22.0	22.0	20.7	20.3	24.5	23.8	19.8	19.5
36 - 45 yrs	23.8	22.9	24.9	25.4	21.8	17.6	24.0	23.9	24.4	23.9	24.2	24.6	24.2	24.5
46 - 55 yrs	17.6	17.3	15.3	15.0	14.8	13.9	19.9	19.2	18.5	18.2	20.7	20.4	19.2	18.8
56 - 65 yrs	12.5	14.2	9.3	8.4	18.3	25.1	11.2	11.4	12.5	13.7	9.4	10.4	12.1	12.8
Over 65 yrs	5.7	6.7	4.5	4.1	9.9	13.1	3.4	3.8	7.2	8.5	3.4	4.1	6.4	6.4
Mean Age (yrs)	39.6	40.4	37.3	37.0	42.5	45.4	38.9	38.8	40.2	41.1	38.4	39.1	39.8	40.0
TYPE OF ACCOMMODATION %														
Commercial	85.1	84.1	80.0	78.8	88.4	88.5	95.3	93.8	73.6	75.2	79.8	80.8	83.2	81.8
Other	14.9	15.9	20.0	21.2	11.6	11.5	4.7	6.2	26.4	24.8	20.2	19.2	16.8	18.2
LENGTH OF STAY (nights)	3.29	3.42	3.94	3.99	2.17	2.35	2.97	2.99	3.84	3.90	3.96	4.00	4.93	5.30

Table 13. Hong Kong. Visitor arrival details by country area of residence, 1989-1989

Country/Area	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Asia	1 225 440	1 324 661	1 409 509	1 459 001	1 594 222	1 709 471	1 900 989	2 438 483	3 470 449	3 449 836
India	38 641	44 915	50 132	54 238	65 575	72 689	69 300	74 370	78 476	76 065
Japan	472 182	507 960	515 697	502 175	584 013	635 767	727 219	1 033 525	1 240 470	1 176 189
Pakistan	10 193	10 654	10 306	11 450	13 527	12 992	15 941	17 123	20 906	18 958
South-East Asia	521 743	557 574	594 669	642 563	664 780	706 180	735 609	787 205	771 675	710 070
Indonesia	79 400	96 731	100 517	89 685	105 709	120 532	127 457	117 306	106 498	79 543
Malaysia	99 867	111 230	113 921	139 254	135 310	129 469	133 667	140 602	126 741	118 963
Philippines	98 628	104 690	104 505	92 500	97 887	112 147	118 189	143 865	158 712	162 135
Singapore	89 861	101 373	123 904	149 453	168 672	200 977	192 985	205 667	187 450	165 613
Thailand	148 671	137 715	145 860	165 962	151 222	136 697	156 908	174 182	185 955	175 546
South-East Asia, other	5 516	5 835	5 962	5 709	5 980	6 358	6 403	5 583	6 319	8 270
Republic of Korea	45 187	44 943	58 123	51 494	45 289	44 728	45 012	55 924	101 362	166 995
Sri Lanka	2 248	2 863	3 536	3 951	4 029	4 441	4 285	4 700	5 548	5 687
Taiwan Province of China	123 644	135 621	153 133	156 600	166 762	176 617	220 469	354 195	1 094 004	1 132 904
Asia, other	11 602	20 131	23 913	36 530	50 247	56 057	83 154	111 441	158 008	162 968
Australia & Pacific	200 920	234 376	244 952	256 833	310 749	301 856	306 756	298 052	306 839	311 088
Australia	166 170	201 793	216 486	228 107	278 071	275 494	276 390	253 849	259 163	259 025
New Zealand	28 236	26 809	22 804	22 685	26 544	23 219	27 629	41 403	43 639	43 061
Papua New Guinea	3 259	2 998	3 102	3 588	4 031	1 589	1 016	710	845	1 781
Pacific, other	3 255	2 776	2 560	2 453	2 103	1 554	1 721	2 090	3 192	7 221
Americas	438 908	476 343	464 607	545 804	682 210	781 056	861 112	981 316	952 097	812 919
United States	346 910	372 133	377 853	451 566	562 764	638 168	704 428	793 341	749 244	624 400
Canada	56 352	64 455	61 413	73 672	94 177	113 545	127 736	156 401	166 024	150 509
Argentina	9 435	8 142	966	801	1 206	1 171	2 452	1 860	1 459	1 176
Brazil	4 328	4 671	4 546	3 862	4 465	7 064	6 667	5 952	7 498	7 887
Mexico	8 674	11 339	6 014	3 699	6 933	7 890	5 536	7 174	8 437	6 978
Venezuela	2 974	4 063	3 759	1 427	1 543	1 908	1 766	1 953	2 370	2 091
South and Central America, other	10 235	11 540	10 056	10 777	11 122	11 310	12 527	14 635	17 065	19 878
Europe	343 438	409 688	390 070	403 684	437 378	502 073	575 034	690 312	782 201	714 756
United Kingdom	121 054	167 117	156 414	164 597	171 389	187 906	214 704	215 791	285 590	269 716
Austria	6 223	7 365	6 810	7 944	8 707	10 346	11 985	15 131	18 572	17 433
Belgium	6 833	7 022	5 839	6 291	7 559	8 876	10 032	11 942	13 331	12 401
France	42 335	50 488	49 162	44 050	49 906	60 731	73 536	87 779	98 174	82 561
Italy	30 165	33 369	31 919	32 330	34 356	42 856	48 074	61 433	70 582	59 515
Netherlands	13 519	15 107	14 029	15 139	18 178	20 923	24 397	30 182	35 405	30 827
Portugal	3 529	5 077	5 511	5 669	4 893	5 906	5 739	8 095	8 835	8 528
Scandinavia	20 245	21 703	23 286	24 976	29 164	36 421	42 079	50 388	54 059	47 140
Denmark	5 137	5 000	5 300	5 477	6 298	8 490	9 905	11 556	11 967	10 044
Finland	2 043	1 935	2 491	2 772	3 244	3 734	4 250	5 498	7 271	7 376
Norway	3 219	3 582	4 209	4 654	5 505	6 425	7 119	7 839	7 974	6 466
Sweden	9 846	11 186	11 286	12 073	14 117	17 772	20 805	25 495	26 847	23 254
Spain	9 675	9 320	8 624	8 274	7 210	8 347	9 851	13 100	14 038	13 155
Switzerland	20 434	21 893	22 155	24 123	25 842	30 963	33 571	37 644	44 481	41 051
Germany	61 869	62 926	58 170	62 941	71 411	79 687	90 608	109 203	123 737	118 919
West Europe, other	6 506	7 191	7 194	6 556	7 937	7 997	8 849	11 711	13 454	11 491
East Europe	1 051	1 110	957	794	826	1 114	1 609	1 913	1 943	2 019
Middle East & Africa	64 454	71 089	74 551	77 460	73 038	63 654	69 938	67 023	71 646	67 762
Middle East	32 306	28 877	30 633	30 608	30 507	27 048	23 773	21 454	20 467	18 299
Bahrain	2 238	2 493	2 949	2 670	2 177	1 923	1 915	1 940	1 889	1 577
Islamic Republic of Iran	5 539	467	306	380	1 003	911	796	210	117	84
Kuwait	2 102	2 203	2 083	1 915	1 781	1 599	1 466	1 227	1 398	1 196
Lebanon	2 490	2 121	1 681	1 619	1 569	1 304	749	293	350	341
Saudi Arabia	10 598	11 135	12 112	11 996	11 702	10 025	8 642	6 628	5 547	4 510
Turkey	1 613	1 546	1 610	1 623	1 354	1 909	1 894	2 593	2 596	2 673
United Arab Emirates	2 815	3 096	3 940	4 248	4 731	3 703	3 640	3 652	3 386	3 364
Middle East, other	4 911	5 816	5 952	6 157	6 190	5 674	4 671	4 911	5 184	4 554
Israel	2 883	3 510	4 271	6 743	4 958	4 848	6 327	7 264	7 793	7 682
South Africa	15 536	22 042	23 491	24 268	21 721	12 038	13 749	18 595	22 147	20 524
Africa, other	13 729	16 660	16 156	15 841	15 852	19 720	26 089	19 710	21 239	21 257
Not identified	8 360	7 093	8 323	10 767	10 140	12 198	19 518	26 703	6 060	4 809
GRAND TOTAL	2 281 520	2 523 250	2 592 012	2 753 549	3 107 737	3 370 308	3 733 347	4 501 889	5 589 292	5 361 170

Table 14. Hong Kong. Total tourism receipts, 1980-1989

Year	Total receipts		Receipts from servicemen, air crew members and transit passengers		Receipts from visitors	
	\$HK-MN	Annual growth	\$HK-MN	Annual growth	\$HK-MN	Annual growth
1980	6 471.94	+ 2.1	468.50	+ 11.4	6 003.44	+ 2.1
1981	8 102.87	+ 25.2	480.86	+ 2.5	7 622.01	+ 27.0
1982	8 710.84	+ 7.5	584.47	+ 2.6	8 126.37	+ 6.6
1983	11 283.21	+ 29.5	518.02	+ 21.6	10 765.19	+ 32.5
1984	13 820.62	+ 22.5	474.46	- 11.4	13 346.16	+ 24.0
1985	14 470.80	+ 4.7	523.69	- 8.4	13 947.11	+ 4.5
1986	17 863.21	+ 23.4	619.28	+ 10.4	17 243.93	+ 23.6
1987	25 437.16	+ 42.4	600.02	+ 18.3	24 837.14	+ 44.0
1988	33 328.30	+ 31.0	832.14	+ 38.7	32 496.16	+ 30.8
1989	36 905.24	+ 10.7	1 062.38	+ 27.7	35 842.86	+ 10.3

Table 15. Hong Kong. Receipts from visitors by major market areas, 1989 and 1988

Major Market Areas	TOTAL			PER CAPITA SPENDING			PER DIEM SPENDING		
	1989 \$HK-MN	1988 \$HK-MN	Annual growth	1989 \$HK	1988 \$HK	Annual growth	1989 \$HK	1988 \$HK	Annual growth
South-East Asia	4 578.96	3 565.41	+ 28.4	6.449	4.620	+ 39.6	1 608	1 232	+ 30.5
Taiwan Province of China	5 558.60	4 765.92	+ 16.6	4 907	4 356	+ 12.6	2 124	1 650	+ 28.7
Japan	9 113.70	9 149.21	- 0.4	7 748	7 376	+ 5.0	2 626	2 692	- 2.5
United States/Canada	5 631.99	5 936.84	- 5.1	7 268	6 486	+ 12.1	1 923	1 725	+ 11.5
West Europe	4 522.33	4 207.70	+ 7.5	6 345	5 393	+ 17.7	1 559	1 379	+ 13.1
Australia/New Zealand	2 601.15	2 030.15	+ 28.1	8 611	6 705	+ 28.4	1 616	1 289	+ 25.4
Other	3 836.13	2 840.93	+ 35.0	6 946	5 860	+ 18.5	1 929	1 632	+ 18.2
All countries or areas	35 842.86	32 496.16	+ 10.3	6 686	5 814	+ 15.0	1 955	1 710	+ 14.3

Table 16. Hong Kong. Visitor spending pattern by major market areas, 1989

Major Market Areas	TOTAL		SHOPPING		HOTEL BILLS		HOTELS		TOURS		OTHER	
	\$HK-MN	%	\$HK-MN	%	\$HK-MN	%	HK-MN	%	\$HK-MN	%	\$HK-MN	%
South-East Asia	4 578.96	100.0	2 304.76	50.3	1 296.84	28.3	584.15	12.8	83.45	1.8	309.76	6.8
Taiwan Province of China	5 558.60	100.0	3 652.17	65.7	873.63	15.7	601.51	10.8	109.74	2.0	321.55	5.8
Japan	9 113.70	100.0	5 213.62	57.2	2 316.73	25.4	788.06	8.6	163.71	1.8	631.58	7.0
United States/Canada	5 631.99	100.0	2 082.24	37.0	2 672.31	47.4	471.60	8.4	83.27	1.5	322.57	5.7
West Europe	4 522.33	100.0	1 645.60	36.4	2 003.09	44.3	432.69	9.6	110.55	2.4	330.40	7.3
Australia/New Zealand	2 601.15	100.0	1 302.64	50.1	955.59	36.7	165.35	6.4	62.93	2.4	114.64	4.4
Other	3 836.13	100.0	1 946.90	50.7	1 160.85	30.3	385.94	10.1	58.84	1.5	283.60	7.4
All countries or areas	35 842.86	100.0	18 147.93	50.6	11 279.04	31.5	3 429.30	9.6	672.49	1.9	2 314.10	6.4

Table 17. Hong Kong. Receipts from visitors, 1989 and 1988

Country or area	TOTAL			PER CAPITA SPENDING			PER DIEM SPENDING		
	1989 \$HK-MN	1988 \$HK-MN	Annual growth	1989 \$HK	1988 \$HK	Annual growth	1989 \$HK	1988 \$HK	Annual growth
South-East Asia	4 578.96	3 565.41	+ 28.4	6 449	4 620	+ 39.6	1 608	1 232	+ 30.5
Thailand	1 197.73	758.40	+ 57.9	6 823	4 078	+ 67.3	1 901	1 203	+ 58.0
Singapore	1 005.31	780.30	+ 28.8	6 070	4 163	+ 45.8	1 459	1 122	+ 30.0
Malaysia	602.68	569.05	+ 5.9	5 066	4 490	+ 12.8	1 149	1 023	+ 12.3
Philippines	1 137.54	934.47	+ 21.7	7 016	5 888	+ 19.2	1 741	1 514	+ 15.0
Indonesia	582.33	494.04	+ 17.9	7 321	4 639	+ 57.8	1 844	1 325	+ 39.2
Taiwan Province of China	5 558.60	4 765.92	+ 16.6	4 907	4 356	+ 12.6	2 124	1 650	+ 28.7
Japan	9 113.70	9 149.21	- 0.4	7 748	7 376	+ 5.0	2 626	2 692	- 2.5
United States/Canada	5 631.99	5 936.84	- 5.1	7 268	6 486	+ 12.1	1 923	1 725	+ 11.5
United States	4 858.95	5 237.96	- 7.2	7 782	6 991	+ 11.3	2 201	1 835	+ 10.1
Canada	773.04	698.88	+ 10.6	5 136	4 210	+ 22.0	1 476	1 193	+ 23.7
West Europe	4 522.33	4 207.70	+ 7.5	6 345	5 393	+ 17.7	1 599	1 379	+ 13.1
United Kingdom	1 631.05	1 452.34	+ 12.3	6 047	5 085	+ 18.9	1 320	1 075	+ 22.8
Germany	690.65	669.40	+ 3.2	5 808	5 410	+ 7.4	1 604	1 559	+ 2.9
France	466.99	447.50	+ 4.4	5 656	4 558	+ 24.1	1 611	1 490	+ 8.1
Italy	470.20	415.04	+ 13.3	7 901	5 880	+ 34.4	2 669	1 928	+ 38.4
Australia/New Zealand	2 601.15	2 030.15	+ 28.1	8 611	6 705	+ 28.4	1 616	1 289	+ 25.4
Australia	2 293.45	1 744.06	+ 31.5	8 854	6 730	+ 31.6	1 661	1 292	+ 28.6
Other	3 836.13	2 840.93	+ 35.0	6 946	5 860	+ 18.5	1 929	1 632	+ 18.2
India	354.34	260.84	+ 35.8	4 658	3 324	+ 40.1	1 165	934	+ 24.7
Middle East	146.27	144.04	+ 1.5	7 993	7 038	+ 13.6	2 126	2 011	+ 5.7
Republic of Korea	1 161.15	630.12	+ 84.3	6 953	6 217	+ 11.8	2 221	2 025	+ 9.7
South and Central America	360.29	249.96	+ 44.1	9 479	6 787	+ 39.7	2 534	1 763	+ 43.7
All countries or areas	35 842.86	32 496.16	+ 10.3	6 686	5 814	+ 15.0	1 955	1 710	+ 14.3

Table 18. Hong Kong. Visitor spending pattern, 1989

Country or area	TOTAL		SHOPPING		HOTEL BILLS		MEALS OUTSIDE					
	\$HK-MN	%	\$HK-MN	%	\$HK-MN	%	HOTELS		TOURS		OTHER	
	\$HK-MN	%	\$HK-MN	%	\$HK-MN	%	\$HK-MN	%	\$HK-MN	%	\$HK-MN	%
South-East Asia	4 578.96	100.0	2 304.76	50.3	1 296.84	28.3	584.15	12.8	83.45	1.8	309.76	6.8
Thailand	1 197.73	100.0	669.64	55.9	297.52	24.8	149.21	12.5	16.26	1.4	65.10	5.4
Singapore	1 005.31	100.0	399.14	39.7	349.08	34.7	146.92	14.6	27.45	2.7	82.72	8.3
Malaysia	602.68	100.0	233.74	38.8	183.13	30.4	100.07	16.6	22.88	3.8	62.86	10.4
Philippines	1 137.54	100.0	676.01	59.4	287.07	25.2	108.77	9.6	9.47	0.8	56.22	5.0
Indonesia	582.33	100.0	299.36	51.4	164.93	28.3	72.37	12.4	6.42	1.1	39.25	9.2
Taiwan Province of China	5 558.60	100.0	3 652.17	65.7	873.63	15.7	601.51	10.8	109.74	2.0	413.27	5.8
Japan	9 113.70	100.0	5 213.62	57.2	2 316.73	25.4	788.06	8.6	163.71	1.8	631.58	7.0
United States/Canada	5 631.99	100.0	2 082.24	37.0	2 672.31	47.4	471.60	8.4	83.27	1.5	322.57	5.7
United States	4 858.95	100.0	1 792.68	36.9	2 325.80	47.9	399.66	8.2	76.86	1.4	272.95	5.6
Canada	773.04	100.0	289.56	37.4	346.51	44.8	71.94	9.3	15.41	2.0	49.62	6.5
West Europe	4 522.33	100.0	1 645.60	36.4	2 003.09	44.3	432.69	9.6	110.55	2.4	330.40	7.3
United Kingdom	1 631.05	100.0	468.06	28.7	822.50	50.4	150.33	9.2	60.50	3.7	129.66	8.0
Germany	690.65	100.0	266.40	38.6	276.40	40.0	77.03	11.2	15.85	2.3	45.97	7.9
France	466.99	100.0	172.13	36.9	212.48	45.5	43.24	9.3	7.67	1.6	41.62	6.7
Italy	470.20	100.0	219.62	46.7	174.23	37.0	42.19	9.0	6.55	1.4	27.61	5.9
Australia/New Zealand	2 601.15	100.0	1 302.64	50.1	955.59	36.7	165.35	6.4	62.93	2.4	114.64	4.4
Australia	2 293.45	100.0	1 158.23	50.5	837.63	36.5	146.09	6.4	53.24	2.3	98.26	4.3
Other	3 836.13	100.0	1 946.90	50.7	1 160.85	30.3	385.94	10.1	58.84	1.5	283.60	7.4
India	354.34	100.0	152.53	43.0	124.69	35.2	41.38	11.7	3.62	1.0	32.12	9.1
Middle East	146.27	100.0	73.50	50.3	47.86	32.7	12.35	8.4	2.14	1.5	10.42	7.1
Republic of Korea	1 161.15	100.0	594.15	51.2	318.32	27.4	119.65	10.3	21.92	1.9	107.11	9.2
South and Central America	360.29	100.0	218.29	60.6	89.73	24.9	30.56	8.5	6.81	1.9	14.90	4.1
All countries or areas	35 842.86	100.0	18,147.93	50.6	11 279.04	31.5	3 429.30	9.6	672.49	1.9	2 314.10	6.4

Table 19. Hong Kong. Number of hotels and rooms as at year end, 1989 and 1988

	<i>All categories</i>		<i>High tariff A hotels</i>		<i>High tariff B hotels</i>		<i>Medium tariff Hotels</i>		<i>Hostels/ guest houses</i>	
	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>
No. of hotels	69	65	15	11	26	26	19	19	9	9
Type of room										
Single	1 143	839	139	27	491	323	276	243	237	246
Double/Twin	24 121	20 592	8 091	5 559	11 464	3 480	2 965	626	604	
Triple	76	88	-	-	32	32	22	36	22	20
Suite	1 691	1 363	635	448	845	689	171	186	40	40
Total rooms										
No.	27 031	22 882	8 865	6 034	13 292	12 508	3 949	3 430	925	910
%	100.0	100.0	32.8	26.4	49.2	54.6	14.6	15.0	3.4	4.0

Table 20. Hong Kong. Hotel room occupancy rate by category, 1989 and 1988

	<i>All categories</i>		<i>High tariff A hotels</i>		<i>High tariff B hotels</i>		<i>Medium tariff hotels</i>		<i>Hostels/ guest houses</i>	
	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>	<i>1989</i>	<i>1988</i>
<i>Month</i>										
January	88	90	87	90	90	91	84	89	83	89
February	75	81	72	81	77	81	73	78	83	87
March	86	95	83	94	88	96	88	95	88	94
April	88	92	87	90	88	93	90	95	87	92
May	83	92	82	89	82	92	84	95	85	93
June	76	91	73	86	78	93	71	95	89	91
July	71	93	68	87	72	95	68	96	86	93
August	72	92	68	86	74	94	69	95	89	93
September	76	92	73	89	78	93	73	95	83	91
October	81	98	80	99	83	98	76	98	87	95
November	82	95	83	95	83	95	76	95	86	93
December	75	86	65	80	80	87	75	88	84	86
Jan.-Dec.	79	92	77	89	81	92	77	93	86	91

Table 21. Hong Kong. Daily average number of rooms available and occupied by category, 1989 and 1988

<i>Category</i>	<i>No. of rooms available for sale per day</i>			<i>No. of rooms occupied per day</i>		
	<i>1989</i>	<i>1988</i>	<i>% Change</i>	<i>1989</i>	<i>1988</i>	<i>% Change</i>
High tariff A hotels	7 342	5 456	+ 34.6	5 629	4 854	+ 16.0
High tariff B hotels	12 117	11 377	+ 6.5	9 841	10 512	- 6.4
Medium tariff hotels	3 938	3 183	+ 23.7	3 043	2 962	+ 2.7
Hostels/guest houses	927	943	- 1.7	797	861	- 7.4
All categories	24 324	20 959	+ 16.1	19 310	19 189	+ 0.6

Table 22. Hong Kong. Hotel statistics summary, 1980-1989

<i>Year End</i>	<i>No. of hotels</i>	<i>No. of rooms</i>	<i>No. of employees</i>	<i>Hotel occupancy %</i>
1980	46	14 989	18 101	87
1981	47	16 323	20 394	87
1982	47	17 415	21 447	82
1983	48	17 570	21 409	83
1984	50	18 031	21 468	89
1985	51	18 180	21 867	88
1986	57	20 230	24 038	85
1987	56	21 022	25 684	90
1988	65	22 882	29 191	92
1989	69	27 031	32 629	79

Table 23. Hong Kong. Hotel room occupancy rate by month, 1980-1989

<i>Month</i>	<i>Unit %</i>									
	<i>1980</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>	<i>1986</i>	<i>1987</i>	<i>1988</i>	<i>1989</i>
January	82	83	70	74	78	86	84	80	90	88
February	78	79	83	72	74	76	72	84	81	75
March	91	91	87	83	86	94	83	88	95	86
April	90	90	85	82	91	92	85	88	92	88
May	89	89	86	83	92	90	84	91	92	83
June	83	86	79	79	89	91	86	91	91	76
July	81	85	79	79	86	83	82	89	93	71
August	87	87	82	79	88	85	84	89	92	72
September	89	88	79	87	93	89	86	93	92	76
October	98	97	94	98	98	97	95	98	98	81
November	97	95	90	95	97	93	94	95	95	82
December	81	78	75	83	90	84	84	88	86	75
Jan.-Dec.	87	87	82	83	89	88	85	90	92	79

Table 24. Hong Kong. Airline capacity statistics as at December 1989

Carrier	Number of incoming scheduled passenger flights per week	Type of aircraft	Aircraft capacity				Total	Total seat capacity per week	% Share by carrier
			First class	Business class	Economy class				
Air India (AI)	2	A310	-	29	181	210	420	0.20	
Air France (AFR)	5	B747	16	46	188	250	1 600	0.77	
	1	B747	24	100	226	350			
Air Lanka (UL)	2	L101	12	28	230	270	540	0.26	
Air Mauritius (MK)	1	B747	12	26	249	287	287	0.14	
Air New Zealand (TE)	1	B747	35	36	337	408	408	0.20	
All Nippon Airways (ANA)	7	L101	20	47	189	256	1 792	0.86	
Air Niugini (PX)	1	A310	-	30	179	209	209	0.10	
Alitalia (AZ)	4	B747	12	28	393	433	1 732	0.83	
British Airways (BA)	16	B747	18	70	288	376	6 016	2.89	
Canadian Airline International (CP)	13	DC10	12	34	200	246	3 198	1.54	
Cathay Pacific Airways (CX)	139	L101	14	53	214	281	72 923	35.07	
	83	B747	35	36	337	408			
China Airlines (CI)	69	A300	-	29	221	250	19 538	9.40	
	11	B767	-	18	190	208			
China National Aviation Corporation (CA)	12	A310	12	-	191	203	10 970	5.28	
	24	B737	-	-	123	123			
	3	B747	27	-	260	287			
	11	B757	8	-	190	198			
	7	B767	18	-	190	208			
	1	747S	27	-	260	287			
	10	146	-	-	80	80			
Dragonair (HDA)	13	B737	-	-	126	126	1 638	0.79	
Garuda Indonesia (GA)	7	DC10	-	42	232	274	2 650	1.27	
	3	A300	-	26	218	244			
Gulf (GF)	6	B767	15	18	179	212	1 272	0.61	
Japan Air Lines (JL)	22	B747	22	34	320	376	15 463	7.44	
	14	B767	-	24	209	233			
	13	DC10	-	48	227	275			
	1	L101	-	34	320	354			
JapanAsia Airways (EG)	7	DC10	48	225	273	1 911	0.92		
KLM-Royal Dutch Airlines (KL)	1	B747	18	42	228	288	490	0.24	
	1	B747	18	42	142	202			
Korean Air Lines (KAL)	13	A300	18	-	234	252	3 600	1.73	
	1	B747	36	-	288	324			
Lauda Air (NG)	1	B767	-	30	213	243	243	0.12	
Lufthansa German Airlines (LH)	1	B747	21	92	254	367	4 831	2.32	
	12	B747	20	110	242	372			
Malaysian Airline System (MH)	5	A300	-	24	222	246	3 373	1.62	
	3	B747	23	38	232	293			
	1	B747	27	36	328	391			
	3	DC10	-	30	261	291			
Northwest Airlines (NW)	10	B747	18	106	296	420	4 200	2.02	
Philippine Airlines (PR)	8	A300	-	24	222	246	6 330	3.04	
	8	B747	20	34	320	374			
	5	DC10	-	24	250	274			

Table 24 (continued)

Carrier	Number of incoming scheduled passenger flights per week	Type of aircraft	Aircraft capacity			Total	Total seat capacity per week	% Share by carrier
			First class	Business class	Economy class			
Qantas Airways (QF)	10	B747	28	42	332	402	4 251	2.05
	1	B767	6	17	208	231		
Royal Brunei Airlines (BI)	2	B757	16	24	108	148	296	0.14
Royal Nepal Airline Corporation (RNA)	4	B757	-	16	174	190	760	0.37
Singapore Airlines (SQ)	27	B747	18	48	326	392	10 584	5.09
South African Airways (SAA)	1	B747	28	76	195	299	299	0.14
Swissair (SR)	7	B747	24	84	153	261	1 827	0.88
Thai Airways International (TG)	67	A300	-	43	180	223	14 941	7.19
United Airlines (UA)	16	B747	18	62	320	400	9 316	4.48
	12	747S	37	62	144	243		
Total	729						207 908	100.00

Source: Civil Aviation Department of Hong Kong and airlines.

Table 25. Thailand. Number of tourist arrivals, average length of stay and revenue from tourism, 1960-1989

Year	Number of tourist arrivals	% Change	Average length of stay (days)	Revenues from tourism (million baht)
1960	81 340	+ 32.11	3.00	196
1961	107 754	+ 32.47	3.00	250
1962	130 809	+ 21.40	3.00	310
1963	195 076	+ 49.13	5.70	394
1964	211 924	+ 8.64	4.50	430
1965	225 025	+ 6.18	4.80	506
1966	282 117	+ 25.37	5.00	754
1967	335 845	+ 19.04	4.60	952
1968	377 262	+ 12.33	4.20	1 220
1969	469 784	+ 24.52	4.80	1 770
1970	628 671	+ 33.82	4.80	2 175
1971	638 738	+ 1.60	4.80	2 214
1972	820 758	+ 28.50	4.90	2 718
1973	1 037 737	+ 26.44	4.70	3 457
1974	1 107 392	+ 6.71	4.80	3 852
1975	1 180 075	+ 6.56	5.00	4 538
1976	1 098 442	- 6.92	5.00	3 990
1977	1 220 672	+ 11.13	4.51	4 607
1978	1 453 839	+ 19.10	4.84	8 894
1979	1 591 455	+ 9.47	5.09	11 232
1980	1 858 801	+ 16.80	4.90	17 765
1981	2 015 615	+ 8.44	4.96	21 455
1982	2 218 429	+ 10.06	7.79	23 879
1983	2 191 003	- 1.24	4.91	25 050
1984	2 346 709	+ 7.11	5.47	27 317
1985	2 438 270	+ 3.90	5.58	31 768
1986	2 818 092	+ 15.58	5.93	37 321
1987	3 482 958	+ 23.59	6.06	50 024
1988	4 230 737	+ 21.47	7.36	78 859
1989	4 809 508	+ 13.68	7.63	96 386

Table 26. Thailand. Average length of stay, 1989

Country or area	Days
Total average	7.63
The Americas	8.05
Argentina	8.15
Brazil	6.58
Canada	8.84
Mexico	5.28
United States	7.94
Other	7.14
Europe	10.91
Austria	12.49
Belgium	11.75
Denmark	11.21
Finland	11.01
France	11.12
Germany	13.40
Italy	9.68
Netherlands	10.08
Norway	10.65
Spain	7.41
Sweden	10.82
Switzerland	12.51
United Kingdom	9.77
East Europe	7.74
Others	7.70
Africa	8.46
Middle East	10.18
Israel	12.48
Kuwait	12.41
Saudi Arabia	10.28
Others	8.76
East Asia and Pacific	6.14
ASEAN	
Brunei Darussalam	5.81
Indonesia	5.24
Malaysia	4.82
Philippines	5.41
Singapore	5.79
Australia	7.49
China	10.50
Hong Kong	6.75
Japan	5.74
New Zealand	8.71
Republic of Korea	4.65
Taiwan Province of China	7.64
Others	7.68
South Asia	6.86
Bangladesh	6.60
India	6.72
Nepal	7.36
Pakistan	7.26
Sri Lanka	6.88
Others	7.38

Table 27. Thailand. Number of tourist arrivals by country or area of residence, 1989

Country or area	Residence		Nationality	
	Number	% Change '88/89	Number	% Change '88/89
Grand Total	4 809 508	+ 13.68	4 809 508	+ 13.36
The Americas	340 011	+ 13.43	366 016	+ 11.68
Argentina	1 103	+ 12.09	1 345	+ 11.71
Brazil	3 342	+ 43.43	3 725	+ 33.27
Canada	61 647	+ 21.24	68 450	+ 21.66
Mexico	3 957	- 13.92	4 017	- 14.80
United States	266 735	+ 12.40	282 924	+ 9.83
Other	3 227	- 12.62	5 555	+ 7.78
Europe	1 107 437	+ 22.29	1 207 332	+ 13.04
Austria	41 659	+ 13.75	42 880	+ 20.20
Belgium	23 030	+ 12.91	22 395	+ 11.05
Denmark	28 663	+ 10.69	29 707	+ 9.06
Finland	25 316	+ 40.02	26 015	+ 45.90
France	186 960	+ 20.83	189 282	+ 20.27
Germany	222 148	+ 19.41	220 824	+ 16.02
Italy	92 450	+ 8.12	92 399	+ 6.85
Netherlands	54 082	+ 11.68	57 331	+ 12.72
Norway	12 841	+ 0.25	13 316	- 1.11
Spain	23 982	+ 14.91	22 937	+ 13.63
Sweden	57 924	+ 21.24	58 691	- 20.11
Switzerland	75 320	+ 20.53	71 825	+ 19.56
United Kingdom	200 347	+ 48.28	293 059	+ 4.81
East Europe	22 638	+ 36.69	24 255	+ 30.29
Others	40 079	+ 16.85	42 416	+ 2.77
Africa	25 573	+ 2.84	27 484	+ 10.28
Middle East	130 751	+ 9.22	112 865	- 9.65
Israel	18 530	+ 25.70	18 316	+ 22.93
Kuwait	9 865	- 8.39	7 413	- 16.00
Saudi Arabia	54 984	- 19.23	42 976	- 21.55
Others	47 372	- 6.09	44 160	- 4.87
East Asia and Pacific	2 955 825	+ 14.43	2 844 662	+ 18.03
ASEAN	(1 129 719)	- 6.27	(1 120 461)	- 6.14
Brunei Darussalam	7 328	- 9.44	4 352	- 11.29
Indonesia	42 576	+ 19.77	39 209	+ 21.27
Malaysia	736 021	- 12.71	766 172	- 11.70
Philippines	53 391	+ 26.40	52 324	+ 29.74
Singapore	290 403	+ 5.13	258 404	+ 3.98
Australia	218 856	+ 51.30	198 940	+ 43.70
China	52 358	+ 57.02	57 454	- 57.42
Hong Kong	395 681	+ 4.17	259 574	+ 68.16
Japan	555 638	+ 22.86	546 967	+ 21.80
New Zealand	32 275	+ 35.67	35 005	+ 36.73
Republic of Korea	111 591	+ 74.36	110 665	+ 69.27
Taiwan Province of China	399 704	+ 71.87	396 184	+ 109.86
Others	60 003	+ 26.92	119 412	+ 100.02
South Asia	249 909	- 8.61	251 149	- 8.70
Bangladesh	41 765	- 22.08	39 179	- 22.08
India	120 032	- 1.12	125 773	- 1.37
Nepal	18 996	- 3.55	17 370	- 2.97
Pakistan	43 452	- 18.90	43 546	- 19.62
Sri Lanka	22 795	- 2.70	22 474	- 4.37
Others	2 869	+ 64.22	2 807	+ 64.25

Table 28. Thailand. Number of tourist arrivals by mode of transport, 1988-1989

Mode	1988		1989	
	Arrivals	% Change	Arrivals	% Change
Air	3 290 145	+ 23.99	3 904 223	+ 18.66
Land	895 078	+ 14.30	816 545	- 8.77
Sea	45 514	- 1.61	88 740	+ 94.97
Total	4 230 737	+ 21.47	4 809 508	+ 13.68

Table 29. Thailand. Number of tourist arrivals by month of arrival, 1988-1989

Month	1988		1989	
	Arrivals	% Share	Arrivals	% Share
Total	4 230 737	100.00	4 809 508	100.00
Jan.	327 921	7.75	392 973	8.17
Feb.	379 342	8.97	445 271	9.26
Mar.	362 973	8.58	436 935	9.08
Apr.	327 071	7.73	363 815	7.56
May	312 570	7.39	351 914	7.32
June	294 913	6.97	343 140	7.13
July	363 893	8.60	426 650	8.87
Aug.	375 194	8.87	418 958	8.71
Sep.	301 568	7.13	323 024	6.72
Oct.	349 476	8.26	379 960	7.90
Nov.	395 613	9.35	444 541	9.24
Dec.	440 203	10.40	482 327	10.03

Table 30. Thailand. Tourist profile, 1989

Unit: Percentage

Sex		Age	
Male	65.93	Under 15	4.05
Female	34.07	15 - 24	11.32
Frequency of visit		25 - 34	31.27
First visit	52.87	35 - 44	23.20
Revisit	47.13	45 - 54	16.37
Travel arrangement		55 - 64	9.92
Group tour	41.85	65 and over	4.87
Non group tour	58.15	Accommodation	
Purpose of visit		Hotel	96.72
Holiday	91.05	Friend's home	0.32
Business	6.50	Youth hostel	0.03
Convention	0.64	Apartment	0.03
Official	0.56	Guest house	0.58
Others	1.25	Others	2.32
Occupation			
Professionals		18.10	
Administrative and managerial		10.40	
Clerical, salesmen and commercial personnel		22.47	
Labourers, production and service workers		12.44	
Agricultural workers		1.10	
Government and military personnel		0.89	
Housewife or unpaid family workers		7.47	
Students and children		7.90	
Retired and unemployed		1.89	
Others		6.41	
Not stated		10.93	

Table 31. Thailand. Distribution of tourist expenditure, 1989

Type of expenditures	Percentage	Millions of baht
Shopping	36.87	35 537
Accommodation	27.09	26 114
Food and drink	16.22	15 635
Local transport and tour	13.73	13 232
Entertainment	4.79	4 612
Miscellaneous	1.30	1 256
Total	100%	96 386

Table 32. Thailand. Balance of international tourist trade, 1988-1989

Unit : Million

Balance of tourism	Year	
	1988	1989
Tourism revenues	B 78 859 \$ 3 121	B 96 386 \$ 3 753
Tourism expenditure*	B 15 209 \$ 602	B 19 293 \$ 751
Difference	B 63 650 \$ 2 519	B 77 093 \$ 3 002

Source of data: * Bank of Thailand.

Note: Exchange rate 1988 U.S \$1 = B 25.27
1989 U.S.\$1 = B 25.68

Table 33. Thailand. Comparison : revenue from tourism and other major exports, 1988-1989

1988		1989	
Tourism	78 859	Tourism	96 386
Textile products	58 627	Textile products	74 036
Rice	34 676	Rice	45 462
Rubber	27 189	Rubber	26 423
Tapioca	21 844	Tapioca	23 974
Canned fish	15 041	Sugar	19 244
Precious stones	13 758	Precious stones	16 419
Jewellery	9 725	Prawns	16 057
Prawns	9 698	Maize	4 093
Sugar	9 664	Tin	2 497

Source of data : Revenue from tourism-Tourism Authority of Thailand.
: Revenue from exports - Bank of Thailand.

Table 34. Thailand. Comparison : number of tourist and visitor arrivals from some countries in Asia, 1988-1989

Country or area	1988	% Change over previous year	1989	% Change over previous year
Hong Kong	5 589 292	+ 24.15	5 361 170	- 4.08
Singapore	4 186 091	+ 13.79	4 829 950	+ 15.38
Thailand	4 230 737	+ 21.47	4 809 508	+ 13.68
Malaysia	3 374 443	+ 1.51	3 673 024	+ 8.85
Japan	2 355 412	+ 9.31	2 835 064	+ 20.36
Republic of Korea	2 340 462	+ 24.86	2 529 584	+ 8.08
Taiwan Province of China	1 935 134	+ 9.89	2 004 126	+ 3.57
Indonesia	1 301 049	+ 22.70	1 625 925	+ 24.97
Philippines	1 043 114	+ 31.26	1 189 719	+ 14.05

Table 35. Thailand. Number of rooms of accommodation establishments in major cities 1988-1989

City	1988	1989
Bangkok	25 605	27 117
Pattaya	14 297	18 097
Chiang Mai	8 227	9 474
Kanchanaburi	1 865	2 288
Phuket	7 988	12 259
Hat Yai	5 779	6 233
Sungai Kolok	2 021	1 993

Table 36. Thailand. Number of rooms accommodation establishments 1988-1989

Region	1988	1989
Total	135 720	148 153
Bangkok*	36 099	37 565
Central (excluding BKK)	12 290	12 713
Eastern part	22 961	26 761
Northern part	19 428	21 275
South part	31 932	36 629
North-Eastern part	13 010	13 210

Note: No. of rooms includes rooms in small sized accommodation.

Table 37. Thailand. General information and economic indicators

Area	Total	513 115 sq. km (198 000 sq.mi)
Population	Total	55.54 millions
	Male	27.85 millions
	Female	27.69 millions (December 1989)

Unit : Millions of baht

Balance of payment	1988	1989p
Exports (f.o.b.)	399 230	509 670
Imports (c.i.f.)	501 401	650 350
Trade balance	- 102 171	- 140 680
Services receipts (Tourism revenues)	150 337 (78 859)	182 619 (96 380)
Services payments (Tourism expenditure)	95 961 (15 253)	111 469 (19 293)
Net services	54 376	71 150
Net transfers	5 972	6 250
Current account balance	- 41 823	- 63 280
Capital movements	72 605	150 207
Net errors & omissions	9 708	24 528
Overall balance	40 490	111 455

GDP at current price	1 456 100	1 703 600
GNP at current price	1 431 300	1 682 700
Per capita GNP	26 170	30 174

Source of data : National Statistical Office & Bank of Thailand

Note : 1989p Preliminary data.

**Table 38. Thailand. Profile of international tourist arrivals,
January - December 1989**

Unit : Percentage

Country or area	Total (Jan.-Dec.)		United	Canada States	Others	France America	Germany
	1989	1988					
<i>Characteristic</i>							
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
First visit	52.87	44.83	54.90	57.41	66.96	65.49	53.87
Re-visit	47.13	55.17	45.10	42.59	33.04	34.51	46.13
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	41.85	33.22	27.90	27.82	39.57	50.99	27.41
Non-group tour	58.15	66.78	72.10	72.18	60.43	49.01	72.59
Sex	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Male	65.93	65.76	59.91	57.92	57.39	58.39	63.99
Female	34.07	34.24	40.09	42.08	42.61	41.61	36.01
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	91.05	88.31	84.26	90.47	88.26	92.64	93.43
Business	6.50	7.52	11.09	6.56	7.39	6.04	5.49
Convention	0.64	1.05	0.85	0.57	1.30	0.19	0.12
Official	0.56	0.89	1.20	0.63	0.43	0.39	0.08
Others	1.25	2.23	2.60	1.77	2.62	0.74	0.88
Age	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	4.05	4.84	4.46	2.52	3.04	2.55	1.92
15 - 24	11.32	12.36	6.63	8.77	13.91	7.60	9.44
25 - 34	30.27	29.89	19.58	28.08	17.83	27.04	32.47
35 - 44	23.20	23.26	24.70	23.53	25.65	23.33	21.40
45 - 54	16.37	15.66	19.55	17.41	14.78	17.46	23.02
55 - 64	9.92	9.36	14.88	13.00	13.91	14.40	8.54
65 and over	4.87	4.63	10.20	6.69	10.88	8.62	3.21
Occupation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	18.10	13.79	28.18	27.44	29.13	25.29	23.50
Administrative and managerial	10.40	12.13	10.90	9.97	7.39	8.48	9.50
Clerical, salesmen and commercial personnel	22.47	21.09	13.52	13.50	18.70	10.42	11.49
Labourers, production and service workers	12.44	8.95	9.16	12.74	4.78	8.31	11.86
Agricultural workers	1.10	2.60	0.47	0.57	0.00	0.32	0.42
Government and military personnel	0.89	1.78	1.01	1.45	1.30	0.47	0.83
Housewife or unpaid family workers	7.47	7.70	7.86	6.81	7.39	0.88	3.52
Students and children	7.90	8.68	9.92	9.53	13.48	4.49	6.89
Retired and unemployed	1.89	1.57	8.31	6.06	1.74	8.52	1.43
Others	6.41	9.63	6.83	7.63	10.00	17.87	18.67
Not stated	10.93	12.08	3.84	4.30	6.09	14.95	11.89
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	96.72	93.51	92.87	94.89	94.78	97.19	95.86
Friend's home	0.32	1.06	0.47	0.38	0.43	0.15	0.13
Youth hostel	0.03	0.03	0.01	0.06	0.00	0.02	0.03
Apartment	0.03	0.13	0.03	0.00	0.00	0.00	0.00
Guest house	0.58	2.00	0.88	1.32	2.17	0.32	1.26
Others	2.32	3.27	5.74	3.35	2.62	2.32	2.72

Table 39. Thailand. Tourism profile by country of residence

Unit : Percentage

<i>Country or area</i>	<i>Italy</i>	<i>Nether-lands</i>	<i>Switzer-land</i>	<i>United Kingdom</i>	<i>Others Europe</i>	<i>Australia</i>	<i>New Zealand</i>
<i>Characteristic</i>							
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
First visit	64.03	59.56	51.30	62.59	58.49	56.94	65.16
Re-visit	35.97	40.44	48.70	37.41	41.51	43.06	34.84
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	42.86	30.92	21.19	26.73	32.42	24.34	21.64
Non-group tour	57.14	69.08	78.81	73.27	67.58	75.66	78.36
Sex	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Male	63.58	62.91	60.47	60.79	60.44	56.63	53.76
Female	36.42	37.09	39.53	39.21	39.56	43.37	46.33
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	92.74	88.93	93.33	90.93	91.29	90.77	91.69
Business	5.83	9.46	5.10	7.03	6.62	5.77	5.26
Convention	0.29	0.54	0.25	1.06	0.44	1.78	1.71
Official	0.41	0.20	0.49	0.17	0.47	0.41	0.00
Others	0.73	0.87	0.83	0.81	1.18	1.27	1.34
Age	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	2.12	1.95	2.40	3.13	2.97	4.72	2.93
15 - 24	12.64	9.19	13.44	13.93	12.73	13.29	16.38
25 - 34	38.70	29.38	36.59	30.66	29.24	27.25	29.10
35 - 44	19.62	22.60	19.18	19.30	21.46	21.47	20.17
45 - 54	16.76	18.24	15.06	16.61	17.81	17.59	16.50
55 - 64	6.69	13.01	8.93	11.18	9.65	10.41	10.15
65 and over	3.47	5.63	4.40	5.19	6.14	5.27	4.77
Occupation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	26.63	24.41	23.00	32.32	26.71	29.36	30.68
Administrative and managerial	8.40	11.33	9.76	11.56	10.16	12.47	12.10
Clerical, salesmen and commercial personnel	15.38	9.46	11.38	13.07	10.42	13.39	12.35
Labourers, production and service workers	15.78	9.52	12.60	12.05	12.21	13.51	12.59
Agricultural workers	0.37	0.34	0.39	0.53	0.63	0.78	1.47
Government and military personnel	0.45	0.67	0.54	1.14	0.75	1.26	0.73
Housewife or unpaid family workers	1.96	2.68	3.38	6.75	2.47	5.98	6.36
Students and children	8.65	6.98	6.62	8.56	10.69	10.00	8.56
Retired and unemployed	0.69	3.22	1.62	4.79	1.71	3.75	5.99
Others	16.84	13.15	17.66	5.69	12.53	6.42	6.23
Not stated	4.85	18.24	13.05	3.54	11.72	3.08	2.94
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	98.21	96.38	94.41	95.71	95.49	96.21	94.74
Friend's home	0.04	0.07	0.15	0.17	0.10	0.24	0.49
Youth hostel	0.00	0.00	0.00	0.03	0.01	0.02	0.00
Apartment	0.00	0.00	0.00	0.03	0.07	0.06	0.12
Guest house	0.24	0.54	0.98	1.03	1.04	0.55	0.61
Others	1.51	3.01	4.46	3.03	3.29	2.92	4.04

Table 39 (continued)

Unit : Percentage

Country or area	India	Japan	Malaysia	Philippines	Singapore	Taiwan Province of China	China
Characteristic							
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
First visit	51.10	60.23	29.16	50.78	32.75	88.25	67.67
Re-visit	48.90	39.77	70.84	49.22	67.25	11.75	32.33
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	28.84	59.49	34.05	34.82	33.58	82.81	53.02
Non-group tour	71.16	40.51	65.95	65.18	66.42	17.00	46.98
Sex	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Male	75.31	72.43	74.60	47.95	73.52	50.19	73.53
Female	24.69	27.57	25.40	52.05	26.48	49.81	26.47
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	88.48	88.25	97.23	81.58	88.29	95.28	75.78
Business	8.13	9.66	1.55	10.44	9.47	3.63	15.00
Convention	0.62	0.33	0.38	2.46	0.78	0.33	2.16
Official	0.96	0.57	0.19	1.79	0.32	0.27	2.59
Others	1.81	1.19	0.65	3.73	1.14	0.49	4.47
Age	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	7.48	2.62	4.44	4.03	4.44	4.13	2.84
15 - 24	16.77	9.89	12.60	8.50	9.02	9.88	6.03
25 - 34	33.33	21.47	33.83	32.14	33.04	31.35	24.14
35 - 44	24.45	24.61	22.85	30.13	26.81	22.39	23.36
45 - 54	11.49	21.74	14.75	15.44	14.43	13.71	24.57
55 - 64	4.66	13.71	7.98	7.08	8.91	12.16	13.97
65 and over	1.82	5.96	3.55	2.68	3.35	6.39	5.09
Occupation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	8.47	15.42	14.09	18.42	16.73	2.57	18.88
Administrative and managerial	4.18	25.73	7.28	7.68	11.45	4.17	6.72
Clerical, salesmen and commercial personnel	37.14	20.64	24.58	26.62	19.81	48.35	26.38
Labourers, production and service workers	13.27	10.01	21.61	17.00	9.13	1.98	11.72
Agricultural workers	0.62	1.87	2.37	0.75	0.37	0.87	2.24
Government and military personnel	0.58	0.91	1.12	0.97	0.62	0.21	0.86
Housewife or unpaid family workers	11.18	5.48	9.91	7.38	5.88	15.03	3.79
Students and children	14.51	7.48	7.23	6.04	6.29	3.83	3.53
Retired and unemployed	0.48	0.49	0.75	0.15	1.08	0.37	0.60
Others	2.71	3.07	3.48	7.31	3.41	4.03	4.05
Not stated	6.86	8.90	7.58	7.68	25.23	18.59	21.23
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	86.76	97.08	98.66	94.93	98.33	99.27	91.72
Friend's home	0.72	0.32	0.73	0.15	0.29	0.04	0.69
Youth hostel	0.03	0.02	0.08	0.07	0.03	0.00	0.00
Apartment	0.03	0.03	0.01	0.00	0.03	0.00	0.09
Guest house	5.38	0.36	0.05	0.30	0.12	0.05	0.09
Others	7.08	2.19	0.47	4.55	1.21	0.64	7.41

Table 39 (continued)

Unit : Percentage

Country or area	Hong Kong	Others, Asia	Middle East	Others
Characteristic				
Frequency of visit	100.00	100.00	100.00	100.00
First visit	63.48	54.37	39.66	58.02
Re-visit	36.52	45.63	60.34	41.98
Travel arrangement	100.00	100.00	100.00	100.00
Group tour	62.81	42.58	19.36	34.45
Non-group tour	37.19	57.42	80.64	65.55
Sex	100.00	100.00	100.00	100.00
Male	57.02	70.90	79.05	69.60
Female	42.98	29.10	20.95	30.40
Purpose of visit	100.00	100.00	100.00	100.00
Holiday	90.92	83.57	88.48	85.91
Business	7.79	8.69	8.81	11.16
Convention	0.72	1.26	0.44	0.84
Official	0.14	2.55	0.65	0.98
Others	0.43	3.93	1.62	1.11
Age	100.00	100.00	100.00	100.00
Under 15	6.38	5.19	6.76	4.04
15 - 24	15.66	9.25	17.12	9.07
25 - 34	37.01	29.57	35.99	32.50
35 - 44	21.59	26.41	21.64	28.73
45 - 54	10.56	15.61	11.36	14.78
55 - 64	5.82	9.35	5.11	8.09
65 and over	2.98	4.62	2.02	2.79
Occupation	100.00	100.00	100.00	100.00
Professionals	13.32	14.25	20.08	25.24
Administrative and managerial	8.17	5.88	6.29	7.81
Clerical, salesmen and commercial personnel	33.60	28.64	14.76	26.17
Labourers, production and service workers	9.83	10.59	16.10	7.53
Agricultural workers	0.51	0.78	0.53	0.70
Government and military personnel	0.84	1.41	1.09	0.84
Housewife or unpaid family workers	9.24	9.47	4.79	8.51
Students and children	7.66	8.95	18.40	7.11
Retired and unemployed	0.96	0.56	0.68	0.98
Others	3.73	5.46	6.01	6.83
Not stated	12.14	14.01	11.27	6.28
Accommodation	100.00	100.00	100.00	100.00
Hotel	98.73	94.02	96.45	95.40
Friend's home	0.03	0.29	0.12	0.14
Youth hostel	0.01	0.02	0.03	0.00
Apartment	0.02	0.11	0.00	0.00
Guest house	0.14	0.86	1.34	2.51
Others	1.07	4.70	2.06	1.95

Source of data : Immigration Division, Police Department.
Tourism Authority of Thailand.

Table 40. Thailand. International tourist arrivals by country of residence, January - June 1990

<i>Country or area</i>	<i>Total Jan. - June/90</i>	<i>Total Jan. - June/89</i>	<i>% Change 90/89</i>	<i>% Share</i>	<i>Air, land & sea</i>
Grand Total	2 586 916	2 334 048	+ 10.83	100.00	2 586 916
The Americas	182 757	161 303	+ 13.30	7.06	182 757
Argentina	722	608	+ 18.75	0.03	722
Brazil	1 552	1 484	+ 4.58	0.06	1 552
Canada	36 337	30 445	+ 19.35	1.40	36 337
Mexico	1 345	1 694	- 20.60	0.05	1 345
United States	140 679	125 409	+ 12.18	5.44	140 679
Other	2 122	1 663	+ 27.60	0.03	2 122
Europe	608 470	546 227	+ 11.40	23.52	608 470
Austria	21 378	20 520	+ 4.18	0.83	21 378
Belgium	10 039	9 715	+ 12.55	0.42	10 938
Denmark	16 534	14 246	+ 16.06	0.64	16 534
Finland	15 375	13 701	+ 12.22	0.59	15 375
France	106 526	97 691	+ 9.04	4.12	106 526
Germany	121 465	111 771	+ 8.67	4.70	121 465
Italy	47 568	40 690	+ 16.90	1.84	47 568
Netherlands	25 587	22 466	+ 13.89	0.99	25 587
Norway	7 171	6 042	+ 18.69	8.28	7 171
Spain	11 543	7 721	+ 49.50	0.45	11 543
Sweden	33 050	27 568	+ 19.89	1.28	33 050
Switzerland	38 357	37 204	+ 3.10	1.48	38 357
United Kingdom	122 405	108 386	+ 12.93	4.73	122 405
East Europe	13 002	11 973	+ 8.59	0.50	13 002
Others	17 571	16 530	+ 6.30	0.67	17 571
Africa	15 541	12 556	+ 23.77	0.60	15 541
Middle east	52 828	60 544	- 12.74	2.04	52 828
Israel	9 199	7 898	+ 16.47	0.36	9 199
Kuwait	4 468	4 704	- 5.02	0.17	4 468
Saudi arabia	11 686	25 897	- 54.88	0.45	11 686
Others	27 475	22 045	+ 24.63	1.06	27 475
South Asia and Pacific	1 596 215	1 429 200	+ 11.69	61.70	1 596 215
ASEAN	(584 849)	(627 375)	- 6.78	22.61	(586 849)
Brunei Darussalam	3 426	3 656	- 6.29	0.13	3 426
Indonesia	24 775	18 610	+ 33.13	0.96	24 775
Malaysia	363 631	435 629	- 16.53	14.06	363 631
Philippines	27 790	26 915	+ 3.25	1.07	27 790
Singapore	165 227	142 565	+ 15.90	6.39	165 227
Australia	122 569	100 607	+ 21.83	4.74	122 569
China	27 160	23 309	+ 16.52	1.05	27 160
Hong Kong	173 761	173 671	+ .05	6.72	173 761
Japan	321 348	260 581	+ 23.32	12.42	321 348
New Zealand	15 508	13 618	+ 13.88	0.60	15 508
Republic of Korea	70 331	53 065	+ 32.54	2.72	70 331
Taiwan Province of China	243 594	152 601	+ 59.63	9.42	243 594
Others	37 095	24 373	+ 52.20	1.42	37 095
South Asia	131 105	124 218	+ 5.54	5.08	131 105
Bangladesh	23 416	20 399	+ 14.79	0.91	23 416
India	63 811	59 275	+ 7.65	2.47	63 811
Nepal	9 469	10 572	- 10.43	0.37	9 469
Pakistan	22 100	21 229	+ 4.10	0.35	22 100
Sri Lanka	10 415	11 326	- 8.04	0.40	10 415
Others	1 894	1 417	+ 33.66	0.08	1 894

Source of data : Immigration Division, Police Department.

**Table 41. Thailand. Profile of international tourist arrivals,
January - June 1990**

Unit : Percentage

Country or area	Total (Jan. - June)		United States	Canada	Others, America	Belgium	France
	1990	1989					
Characteristic							
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
First visit	55.24	48.11	49.59	58.39	65.71	45.03	64.73
Re-visit	44.76	51.89	50.41	41.61	34.29	54.97	35.27
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	44.73	39.41	20.90	26.33	32.00	20.17	53.59
Non-group tour	55.27	60.59	79.10	73.67	68.00	79.83	46.41
Sex	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Male	64.82	68.14	64.07	58.31	58.86	62.71	56.30
Female	35.18	31.86	35.93	41.69	41.14	37.29	43.70
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	90.29	91.96	81.85	89.58	87.43	89.50	93.39
Business	7.06	5.78	12.70	7.48	10.29	8.29	5.34
Convention	0.85	0.56	1.20	1.43	1.14	0.28	0.24
Official	0.49	0.50	0.81	0.24	0.00	0.55	0.29
Others	1.31	1.20	3.44	1.27	1.14	1.38	0.74
Age	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	4.14	3.68	4.56	3.58	5.71	2.21	1.55
15 - 24	10.37	11.13	6.22	9.55	9.71	6.91	4.63
25 - 34	29.54	30.82	21.16	28.64	24.57	28.73	22.27
35 - 44	23.64	23.32	26.29	24.66	28.57	25.41	22.93
45 - 54	16.58	16.52	19.68	14.56	13.71	17.13	19.27
55 - 64	10.47	9.85	13.55	12.41	12.57	12.15	18.69
65 and over	5.26	4.68	8.54	6.60	5.16	7.46	10.66
Occupation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	17.82	16.23	27.68	24.98	28.00	25.97	23.27
Administrative and managerial	9.66	10.17	10.75	9.94	4.00	10.22	6.92
Clerical, salesmen and commercial personnel	24.34	22.64	16.23	17.34	17.71	16.85	12.69
Labourers, production and service workers	11.53	13.96	11.34	15.35	9.71	15.47	11.45
Agricultural workers	1.16	1.26	0.48	0.64	0.00	1.10	0.87
Government and military personnel	0.59	1.03	0.59	0.40	0.00	1.66	0.45
Housewife or unpaid family workers	7.41	7.44	6.54	6.21	5.14	1.38	0.55
Students and children	7.02	8.05	9.88	10.82	12.57	2.21	2.95
Retired and unemployed	1.90	1.85	6.41	5.17	1.71	4.14	10.45
Others	6.62	6.71	6.72	5.41	13.14	9.39	17.11
Not stated	11.95	10.66	3.38	3.74	8.02	11.61	13.29
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	98.31	96.30	96.18	97.37	98.86	99.17	98.71
Friend's home	0.53	0.42	1.37	0.40	0.00	0.00	0.34
Youth hostel	0.03	0.03	0.13	0.00	0.00	0.28	0.00
Apartment	0.03	0.02	0.07	0.00	0.00	0.00	0.00
Guest house	0.28	0.72	0.72	0.64	0.57	0.28	0.11
Others	0.82	2.51	1.53	1.59	0.57	0.27	0.84

Table 41 (continued)

Unit : Percentage

Country or area	Germany	Italy	Nether-lands	Spain	Switzer-land	United Kingdom	Others, Europe
Characteristic							
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
First visit	51.19	60.45	47.39	65.05	48.79	61.40	54.67
Re-visit	48.81	39.55	52.61	34.95	51.21	38.60	45.33
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	25.94	42.02	19.78	52.67	21.20	23.19	33.11
Non-group tour	74.06	57.98	80.22	47.33	78.80	76.81	66.59
Sex	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Male	63.64	64.55	63.04	54.37	63.86	61.35	60.46
Female	36.36	35.45	36.96	45.63	36.14	38.65	39.54
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	92.78	90.45	85.54	94.90	92.87	89.30	90.29
Business	5.61	6.12	12.50	3.88	5.79	7.14	7.29
Convention	0.59	1.74	0.87	0.73	0.34	2.50	0.60
Official	0.17	0.62	0.00	0.24	0.13	0.02	0.48
Others	0.85	1.07	1.09	0.25	0.87	1.04	1.34
Age	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	2.02	1.74	2.50	1.46	2.22	2.52	3.39
15 - 24	8.00	7.36	6.63	5.58	12.52	11.78	11.37
25 - 34	30.46	34.21	29.67	33.25	36.07	30.14	26.82
35 - 44	20.96	23.43	19.35	25.97	20.12	19.94	20.66
45 - 54	25.07	19.89	22.83	18.93	14.33	18.24	19.23
55 - 64	9.15	8.48	11.41	10.44	9.89	11.08	10.95
65 and over	4.34	4.89	7.61	4.37	4.85	6.30	7.58
Occupation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	23.77	22.42	22.39	26.21	25.30	30.36	27.92
Administrative and managerial	8.48	8.48	8.37	6.07	8.41	11.88	8.21
Clerical, salesmen and commercial personnel	11.98	24.66	10.54	22.09	13.32	14.49	11.00
Labourers, production and service workers	15.44	16.40	15.22	15.05	15.48	13.34	14.11
Agricultural workers	0.63	1.29	0.22	0.24	0.54	1.01	1.11
Government and military personnel	0.61	0.34	0.43	0.00	0.67	1.08	0.51
Housewife or unpaid family workers	3.44	1.12	2.61	3.64	2.96	7.71	2.47
Students and children	6.35	4.44	5.11	3.64	5.18	6.10	8.95
Retired and unemployed	2.37	0.96	2.17	2.43	1.08	5.49	1.54
Others	16.46	14.83	12.72	11.17	14.06	5.77	11.85
Not stated	10.47	5.06	20.22	9.46	13.00	2.77	12.33
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	98.37	99.04	97.50	100.00	97.98	98.09	98.06
Friend's home	0.59	0.34	1.09	0.00	0.81	0.64	0.58
Youth hostel	0.02	0.00	0.00	0.00	0.00	0.00	0.05
Apartment	0.04	0.06	0.00	0.00	0.00	0.05	0.02
Guest house	0.30	0.11	0.33	0.00	0.61	0.52	0.18
Others	0.68	0.45	1.08	0.00	0.60	0.70	1.11

Table 41 (continued)

Unit : Percentage

Country or area	Australia	New Zealand	India	Japan	Malaysia	Philippines	Singapore
Characteristic							
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
First visit	55.08	65.36	50.00	57.87	40.31	48.37	34.89
Re-visit	44.92	34.64	50.00	42.13	59.69	51.63	65.11
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	18.27	18.97	29.85	60.67	51.48	31.72	37.13
Non-group tour	81.73	81.03	70.15	39.33	48.52	68.28	62.87
Sex	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Male	55.01	54.85	75.56	73.81	71.57	48.73	68.20
Female	44.99	45.15	24.44	26.19	28.43	51.27	31.80
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	89.92	89.07	86.71	89.35	96.58	81.42	85.40
Business	6.49	9.07	8.77	8.85	1.84	9.89	11.76
Convention	1.90	0.82	1.07	0.26	0.74	3.86	0.90
Official	0.21	0.00	1.12	0.39	0.18	1.45	0.27
Others	1.48	1.04	2.33	1.15	0.66	3.38	1.67
Age	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	5.11	4.12	8.58	1.86	4.91	4.95	4.59
15 - 24	15.33	14.64	15.49	9.77	11.81	10.37	8.96
25 - 34	27.55	31.75	33.35	20.27	33.35	29.67	32.36
35 - 44	22.14	17.73	24.44	24.40	23.03	32.33	26.78
45 - 54	15.98	17.11	10.73	22.24	14.33	12.91	13.93
55 - 64	8.32	11.13	5.08	15.02	8.70	6.76	9.23
65 and over	5.57	3.52	2.33	6.44	3.87	3.01	4.15
Occupation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	27.87	31.13	9.14	17.25	13.98	16.77	16.40
Administrative and managerial	12.88	10.31	4.71	23.36	6.66	10.62	10.53
Clerical, salesmen and commercial personnel	13.66	14.23	36.85	22.43	28.17	25.09	21.34
Labourers, production and service workers	14.35	14.02	12.69	10.08	14.10	19.66	7.03
Agricultural workers	0.89	2.68	0.89	2.59	1.62	0.48	0.33
Government and military personnel	0.48	0.41	0.42	0.70	0.33	0.48	0.60
Housewife or unpaid family workers	5.39	4.95	9.75	5.82	10.87	5.79	5.68
Students and children	11.07	7.22	16.00	6.58	5.97	8.56	5.04
Retired and unemployed	3.76	4.12	0.23	0.37	0.55	0.60	1.07
Others	6.33	7.63	3.92	2.95	5.28	5.19	5.26
Not stated	3.32	3.30	5.40	7.87	12.47	6.76	26.72
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	98.60	97.73	94.31	98.69	99.15	96.74	99.01
Friend's home	0.28	0.21	1.40	0.46	0.21	1.45	0.40
Youth hostel	0.02	0.00	0.14	0.03	0.01	0.00	0.03
Apartment	0.00	0.00	0.00	0.00	0.01	0.12	0.02
Guest house	0.37	0.41	2.01	0.19	0.05	0.36	0.15
Others	0.73	1.65	2.14	0.63	0.57	1.33	0.39

Table 41 (continued)

Unit : Percentage

Country or area	Taiwan Province of China	China	Hong Kong	Others, Asia	Middle East	Others
Characteristic						
Frequency of visit	100.00	100.00	100.00	100.00	100.00	100.00
First visit	85.17	61.33	62.11	56.40	40.27	55.66
Re-visit	14.83	38.67	37.89	43.60	59.73	44.34
Travel arrangement	100.00	100.00	100.00	100.00	100.00	100.00
Group tour	79.08	45.92	60.92	45.02	15.10	22.98
Non-group tour	20.92	54.08	39.08	54.98	84.90	77.02
Sex	100.00	100.00	100.00	100.00	100.00	100.00
Male	53.29	75.65	58.36	69.53	78.24	68.58
Female	46.71	24.35	41.64	30.47	21.76	31.42
Purpose of visit	100.00	100.00	100.00	100.00	100.00	100.00
Holiday	95.04	75.65	91.79	85.19	88.26	71.81
Business	4.17	16.18	7.17	8.10	9.68	21.90
Convention	0.22	1.08	0.52	1.14	0.45	2.15
Official	0.23	3.39	0.16	2.20	0.39	0.90
Others	0.34	3.70	0.36	3.37	1.22	3.24
Age	100.00	100.00	100.00	100.00	100.00	100.00
Under 15	4.98	3.70	7.45	4.30	6.66	4.67
15 - 24	9.31	8.94	14.04	8.72	15.88	7.36
25 - 34	31.60	24.81	37.89	29.22	35.79	37.70
35 - 44	24.94	24.50	22.79	25.39	22.15	29.80
45 - 54	12.57	20.80	9.54	16.83	13.53	13.64
55 - 64	11.16	13.10	5.97	10.54	4.03	4.13
65 and over	5.44	4.15	2.32	5.00	1.96	2.70
Occupation	100.00	100.00	100.00	100.00	100.00	100.00
Professionals	2.62	18.34	11.03	14.13	20.30	26.39
Administrative and managerial	3.44	8.78	8.21	5.01	6.94	5.92
Clerical, salesmen and commercial personnel	46.33	25.12	36.10	28.49	17.06	27.11
Labourers, production and service workers	2.93	11.86	11.22	10.94	14.65	10.77
Agricultural workers	1.19	1.08	0.82	0.97	0.56	0.72
Government and military personnel	0.22	1.08	0.59	1.14	1.01	1.62
Housewife or unpaid family workers	15.33	1.54	9.11	8.87	5.20	9.69
Students and children	4.62	3.85	7.05	7.76	17.00	6.28
Retired and unemployed	0.25	0.92	0.86	0.41	0.28	0.90
Others	3.43	6.78	2.85	5.29	5.87	6.46
Not stated	19.64	20.65	12.16	16.99	11.13	4.14
Accommodation	100.00	100.00	100.00	100.00	100.00	100.00
Hotel	99.56	95.53	99.30	96.09	97.99	98.03
Friend's home	0.22	2.00	0.21	1.21	0.62	0.18
Youth hostel	0.02	0.00	0.00	0.01	0.00	0.00
Apartment	0.00	0.15	0.00	0.13	0.11	0.00
Guest house	0.02	0.62	0.09	0.42	0.34	0.72
Others	0.18	1.70	0.40	2.14	0.94	1.07

Source of data : Immigration Division, Police Department.
Tourism Authority of Thailand.

Table 42. Indonesia. Visitor arrivals

Year	Visitor arrivals	%	Length of stay (days)	Revenue (millions of \$US)
1979	501 480		7.5	188.0
1980	581 178	+ 11.9	10.3	289.0
1981	600 151	+ 6.9	10.3	309.1
1982	592 046	- 1.4	10.3	359.8
1983	638 853	+ 7.9	10.7	439.5
1984	700 910	+ 9.7	11.7	519.7
1985	749 351	+ 6.9	14.7	525.3
1986	825 035	+ 10.1	12.7	590.5
1987	1 060 347	+ 28.5	12.7	954.0
1998	1 301 049	+ 22.7	12.7	1 027.0
1989	1 625 965	+ 25.0	12.7	1 204.5
1990*	932 216	+ 38.7**	-	-

*) January-June 1990

**) +38.7% compared to January-June 1989

Source: Directorate General of Tourism

Table 43. Indonesia. Distribution of visitor arrivals by country or area of residence, 1984-1988

Country or Area	1984	1985	1986	1987	1988
United States	50 790	58 599	65 199	64 497	67 061
Canada	8 201	9 160	9 087	10 570	12 422
Other Americas	2 675	2 556	2 566	1 755	2 447
Total America	61 666	70 315	76 852	76 822	81 930
Austria	3 245	3 356	3 904	7 648	8 684
Belgium	3 382	3 488	4 734	6 523	7 484
Denmark	1 947	2 148	2 810	3 616	3 973
France	23 572	23 758	28 161	33 972	38 134
Germany	31 317	31 657	37 384	49 364	58 981
Italy	17 564	19 655	21 867	27 827	32 243
Netherlands	31 415	33 048	36 212	47 814	59 624
Spain and Portugal	3 739	4 047	4 757	6 469	8 318
Sweden, Norway, Finland	5 742	6 292	8 131	12 191	14 962
Switzerland	11 330	13 763	14 882	17 061	21 942
United Kingdom	35 948	36 854	42 144	49 020	62 068
Other, Western Europe	2 055	1 604	2 067	2 953	3 134
Soviet Union	155	202	194	57	351
Other Eastern Europe	820	994	1 784	1 252	1 714
Total Europe	172 231	80 866	209 767	265 767	321 612
Africa	1 087	711	1 451	774	1 607
Middle East	7 735	7 315	9 824	11 530	8 544
Brunei Darussalam	1 397	1 907	2 277	2 818	4 253
Malaysia	59 474	65 808	67 865	89 886	105 460
Philippines	8 001	8 553	9 295	9 648	10 218
Singapore	133 297	142 466	153 504	243 240	347 493
Thailand	6 617	7 468	8 046	8 224	8 705
Total ASEAN	208 786	226 202	240 987	353 816	476 129
Australia	107 347	122 982	122 404	133 151	147 836
Hong Kong	14 201	15 243	21 062	31 471	29 054
India	3 752	4 156	4 661	4 251	5 368
Japan	88 593	89 221	103 023	134 445	157 929
Republic of Korea	10 571	11 946	13 362	13 211	20 367
New Zealand	6 332	5 822	6 526	6 082	8 508
Pakistan, Bangladesh, Sri Lanka	3 544	4 126	4 471	3 860	2 018
Taiwan Province of China	12 535	7 994	8 091	23 891	33 889
Others, Asia Pacific	2 210	1 564	1 845	1 276	5 398
Total Asia Pacific (Excl. ASEAN)	249 085	263 054	285 445	351 638	410 367
Not stated	320	888	1 445	0	860
Grand total	700 910	749 351	825 035	1 060 347	1 301 049

Table 44. Indonesia. Tourism foreign exchange earnings

Year	Earnings (millions of \$US)	%
1969	10.8	-
1970	16.2	50.0
1971	22.6	39.5
1972	27.6	22.1
1973	40.9	48.2
1974	54.4	33.0
1975	62.3	14.5
1976	70.6	13.3
1977	81.3	15.2
1978	94.3	16.0
1979	188.0	25.1
1980	289.0	114.9
1981	309.1	7.0
1982	358.8	16.1
1983	439.5	22.5
1984	519.7	18.2
1985	525.3	1.1
1986	590.5	12.4
1987	945.0	60.0
1988	1 027.0	18.0
1989	1 204.5	17.2

Source : Bureau of Statistics

Table 46. Indonesia. Ten main contributors to tourism foreign exchange earnings

Nationality	Total foreign exchange (millions of \$US)
1985	
Japan	78.8
Singapore	72.6
United States	61.2
Australia	55.7
United Kingdom	39.6
Malaysia	31.5
Netherlands	30.2
Germany	27.9
France	17.1
Canada	13.4
1986	
Japan	106.0
Australia	60.6
United States	56.4
Singapore	53.5
United Kingdom	52.7
Germany	37.4
Netherlands	34.5
Malaysia	31.3
France	20.5
Italy	15.8
1987	
Singapore	162.8
Japan	114.1
Australia	67.4
United States	57.7
Malaysia	41.7
Germany	40.4
Netherlands	35.5
United Kingdom	33.5
France	22.1
Italy	16.4

Source : Bureau of Statistics

Table 45. Indonesia. Tourism investment projects, 1984-1989

No.	Project Hotel	Total Project	Value of investment		Work force		
			Thousand \$US + Million rupiah		Indonesian	Foreign	Total
1.	Hotels	259 *)	803 850.57	3 133.538,85	55,649	783	56 432
2.	Recreation facilities	58	59 818.00	415.910,275	12 157	91	12 248
3.	Marine tourism	17	9 410.00	78.586,30	1 278	35	1 313
4.	Travel bureaux	31	6 350.00	14.513,195	1 645	23	1 668
5.	Restaurants	15	-	30.944,46	565	10	575
	Total	380	879 428.57	3 673 493,084	71 294	942	72 236

*) Total Number of Rooms : 38 900

Table 47. Malaysia. Statistics on tourism arrivals by major market

Country or area		Year											
		1986				1987				1988			
		Malaysia	Peninsular Malaysia	Sarawak	Sabah	Malaysia	Peninsular Malaysia	Sarawak	Sabah	Malaysia	Peninsular Malaysia	Sarawak	Sabah
ASEAN	Brunei Darussalam	86 735	6 291	69 281	11 163	119 036	7 046	106 781	5 209	146 913	7 892	134 012	5 009
	Indonesia	56 407	33 469	2 807	20 131	39 566	31 461	3 613	4 492	42 901	32 406	5 118	5 378
	Philippines	18 060	13 235	2 464	2 361	18 455	13 764	2 350	2 341	17 551	14 452	655	2 444
	Singapore	2 156 034	2 132 130	17 596	6 308	2 220 196	2 196 094	18 601	5 501	2 330 089	2 305 698	18 352	5 839
	Thailand	205 784	204 455	1 033	296	211 932	216 228	1 375	328	239 124	237 851	944	329
	Sub-total	2 523 020	2 389 580	93 181	40 250	2 015 155	2 464 593	132 721	2 776	578	2 598 496	159 081	18 999
Others (exc. ASEAN)	Australia	84 847	80 567	2 291	1 369	90 129	85 846	2 760	1 523	59 430	94 437	2 951	2 048
	France	15 680	13 813	1 639	223	16 569	14 642	1 606	231	17 823	15 813	1 688	322
	Hong Kong	33 629	30 249	691	2 699	38 440	33 079	843	3 796	48 775	44 043	914	3 818
	India	36 532	35 090	787	655	37 608	36 494	655	659	40 930	39 414	812	704
	Japan	133 305	125 458	4 460	3 681	142 039	134 240	3 355	4 444	162 189	154 376	3 315	4 496
	New Zealand	5 142	8 434	483	225	9 111	6 771	679	261	9 993	9 122	607	264
	Taiwan Province of China	24 265	20 649	2 048	1 586	28 991	23 746	2 614	2 371	36 913	30 870	3 033	3 010
	United States	36 116	42 131	2 651	1 334	49 127	44 659	2 669	1 799	56 246	51 358	3 031	1 657
	United Kingdom	80 473	66 907	10 466	3 160	85 806	72 260	8 846	3 700	100 736	86 712	10 143	3 881
	Germany	27 589	25 586	1 428	575	28 884	26 865	1 253	766	31 980	29 552	1565	863
	Others	203 044	188 897	10 723	3 242	216 354	200 231	11 611	4 512	243 271	220 254	16 373	6 644
	Sub-total	694 442	638 201	37 367	18 874	743 798	661 633	38 181	23 984	848 286	775 945	44 432	27 909
Grand Total		3 217 462	3 027 781	130 548	59 133	3 358 983	3 146 226	170 902	41 855	3 624 864	3 374 443	203 513	46 809

1986, 1987 and 1988 figures for Peninsular Malaysia are estimates

Table 47 (continued)

Country or area		Year				
		1989				
		Malaysia	Peninsular Malaysia	Sarawak	Sabah	
ASEAN	Brunei Darussalam	159 130	9 076	144 599	5 455	
	Indonesia	46 035	34 997	5 407	5 631	
	Philippines	20 79	15 608	2 822	2 549	
	Singapore	2 457 992	2 432 722	19 215	6 055	
	Thailand	267 782	266 393	1 034	355	
	Sub-total	2 951 918	2 758 798	173 077	20 045	
Others (exc. ASEAN)	Australia	109 202	103 874	3 214	2 114	
	France	19 545	17 394	1 818	333	
	Hong Kong	64 463	59 458	666	4 139	
	India	44 299	42 567	1 000	732	
	Japan	186 060	177 532	3 643	4 885	
	New Zealand	19 599	9 669	649	281	
	Taiwan Province of China	48 202	41 675	3 327	3 200	
	United States	65 840	60 602	3 255	1 983	
	United Kingdom	119 231	104 054	10 954	4 223	
	Germany	35 718	33 098	1 698	922	
	Others	295 531	264 305	22 517	8 709	
	Sub-total	998 690	914 228	52 941	31 521	
	Grand total		3 950 608	3 673 024	226 018	51 566

**Table 48. Malaysia. Tourist receipts by major markets for Peninsular Malaysia, 1988
(preliminary figures)**

<i>Country or area</i>	<i>Total tourist receipts</i>	<i>Total expenditure</i>	<i>Per capita expenditure</i>	<i>Per diem of stay</i>	<i>Average length of stay</i>
Indonesia	22 406 592	32 405	691.45	88.65	7.8
Philippines	11 566 349	14 452	800.33	103.94	7.7
Singapore	861 527 962	2 305 898	373.62	103.78	3.6
Thailand	65 961 926	237 851	277.32	52.32	5.3
Brunei Darussalam	9 133 162	7 892	1 157.27	120.55	9.6
Total ASEAN	970 595 991	2 598 498	373.52	98.29	3.8
Hong Kong	36 615 158	44 043	831.35	122.26	6.8
India	30 259 901	39 414	767.74	97.18	7.9
Japan	177 203 771	154 376	1 147.86	182.20	6.3
Australia/New Zealand	106 996 061	103 553	1 032.96	127.53	8.1
United Kingdom and Ireland	84 127 401	88 782	947.57	106.47	8.9
Germany	35 911 056	29 552	1 215.18	166.46	7.3
Continental Europe	72 836 0 92	71 460	1 019.26	196.01	5.2
United States and Canada	53 583 292	64 856	826.19	110.16	7.5
Taiwan Province of China	23 967 212	30 870	938.36	120.30	7.8
Others	236 519 731	149 039	1 589.97	214.46	7.4
Total excl. ASEAN	863 018 675	755 945	1 112.22	150.30	7.4
Grand total	1 833 614 666	3 374 443	543.38	120.75	4.5

Source : Research and Development TDC

Table 49. Republic of Korea. Visitor arrivals by nationality, 1988-1989

<i>Country / area of residence</i>					
<i>Country or area</i>	<i>Visitors</i>		<i>Growth rate (%)</i>	<i>Percentage</i>	
	<i>1989</i>	<i>1988</i>		<i>1989</i>	<i>1988</i>
Asia	1 847 793	1 473 850	25.4	67.7	63.0
Japan	1 379 523	1 124 149	22.7	50.6	48.0
Taiwan Province of China	156 530	124 185	26.0	5.7	5.3
Hong Kong	68 504	62 298	10.0	2.5	2.7
Thailand	19 535	13 835	41.2	0.7	0.6
Malaysia	20 604	15 891	29.7	0.8	0.7
Indonesia	17 168	9 887	73.6	0.6	0.4
Singapore	23 559	18 016	30.8	0.9	0.8
Philippines	79 997	51 145	56.4	2.9	2.2
India	19 445	15 043	29.3	0.7	0.6
Middle East	16 773	15 778	6.3	0.6	0.7
Others	46 155	23 623	95.4	1.7	1.0
Americas	359 790	388 515	-7.4	13.2	16.6
United States	317 133	347 281	-8.7	11.6	14.8
Canada	24 885	24 488	1.6	0.9	1.0
Mexico	3 503	3 814	-8.2	0.1	0.2
Others	14 269	12 932	10.3	0.5	0.6
Europe	172 086	161 730	6.4	6.3	6.9
United Kingdom	34 423	33 276	3.4	1.3	1.4
Germany	31 321	30 561	2.5	1.1	1.3
France	17 912	18 103	-1.1	0.7	0.8
Netherlands	9 967	9 910	0.7	0.4	0.4
Sweden	5 750	6 770	15.1	0.2	0.3
Switzerland	6 417	6 857	-6.4	0.2	0.3
Italy	9 373	10 126	-7.4	-0.3	0.4
Denmark	4 428	4 316	2.6	0.2	0.2
Austria	3 486	3 421	1.9	0.1	0.1
Others	49 009	38 399	27.6	1.8	1.6
Oceania	20 490	18 495	10.8	0.7	0.8
Australia	15 639	14 426	8.4	0.5	0.6
New Zealand	3 129	3 039	3.0	0.1	0.1
Others	1 722	1 030	67.2	0.1	0.1
Africa	7 137	8 381	-14.8	0.3	0.4
Not stated	-	843	-	-	-
Total	2 407 296	2 051 814	17.3	88.2	87.7
Overseas Koreans	320 758	288 648	11.1	11.8	12.3
Grand total	2 728 054	2 340 462	16.6	100.0	100.0

Table 50. Republic of Korea. Visitor arrivals by month, 1988-1989

<i>Year</i>		<i>Visitors</i>		<i>Growth rate (%)</i>	<i>Percentage</i>	
		<i>1989</i>	<i>1988</i>		<i>1989</i>	<i>1988</i>
<i>Month</i>						
1	Jan.	175 910	126 211	39.4	6.4	5.4
2	Feb.	181 037	137 234	31.9	6.6	5.9
3	Mar.	223 559	173 089	29.2	8.2	7.4
4	Apr.	227 976	182 152	25.2	8.3	7.8
5	May	255 694	185 396	37.9	9.4	7.9
6	June	244 475	207 756	17.7	9.0	8.9
7	July	233 846	211 383	10.6	8.6	9.0
8	Aug.	243 512	216 431	12.5	8.9	9.2
9	Sep.	246 940	237 188	4.1	9.1	10.1
10	Oct.	266 560	247 602	7.7	9.8	10.6
11	Nov.	230 075	226 748	1.5	8.4	9.7
12	Dec.	198 478	189 272	4.9	7.3	8.1
Total		2 728 054	2 340 462	16.6	100.0	100.0

Table 51. Republic of Korea. Visitor arrivals by sex and age, 1989

<i>Sex</i>		<i>Total</i>		<i>Male</i>		<i>Female</i>	
		<i>Visitors</i>	<i>%</i>	<i>Visitors</i>	<i>%</i>	<i>Visitors</i>	<i>%</i>
<i>Age group</i>							
20 years and below		175 967	8.0	91 570	4.2	84 397	3.9
21-30 years		365 135	16.7	233 560	10.7	131 575	6.0
31-40 years		532 246	24.3	423 050	19.3	109 196	5.0
41-50 years		586 701	26.8	488 436	22.3	98 265	4.5
51-60 years		355 256	16.3	279 877	12.9	75 382	3.4
61 years and above		171 076	7.8	121 060	5.5	50 016	2.3
Total		2 186 384	100.0	1 637 553	74.9	548 831	25.1

Table 52. Republic of Korea. Visitor arrivals by sex and country or area of residence, January-July 1990

<i>Country or area</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Jan.-July 1989</i>	<i>Growth Rate (%)</i>	<i>(%)</i>
Asia	757 916	238 053	995 969	920 861	8.2	68.9
Japan	635 177	148 568	783 745	750 594	4.4	54.2
Taiwan Province of China	51 172	54 043	105 215	77 647	35.5	7.3
Hong Kong	21 744	10 895	32 639	33 089	-1.4	2.3
Thailand	4 350	3 469	7 819	6 101	28.2	0.5
Malaysia	5 927	3 223	9 150	8 690	5.3	0.6
Philippines	8 026	6 211	14 237	14 626	-2.7	1.0
Indonesia	4 003	2 104	6 107	4 471	36.6	0.4
Singapore	4 956	2 563	7 519	7 151	5.1	0.5
Brunei Darussalam	48	42	90	136	-33.8	★
Middle East	6 974	1 343	8 317	6 502	27.9	0.6
Others	15 539	5 592	21 131	11 854	78.3	1.5
Americas	109 386	66 964	176 350	183 181	-3.7	12.2
United States	95 191	59 694	154 885	-	4.6	10.7
Canada	9 349	4 601	13 950	14 239	-2.0	1.0
Brazil	2 063	1 167	3 230	1 831	76.4	0.2
Argentina	361	173	534	514	3.9	★
Others	2 422	1 329	3 751	4 308	-12.9	0.3
Europe	58 968	13 863	72 831	70 621	3.1	5.0
United Kingdom	13 096	2 632	15 728	15 849	-0.8	1.1
Germany	12 763	3 222	15 985	16 312	-2.0	1.1
France	7 287	2 103	9 390	8 843	6.2	0.6
Netherlands	3 301	949	4 250	4 323	-1.7	0.3
Sweden	2 227	627	2 854	2 808	1.6	0.2
Switzerland	2 740	695	3 435	3 665	-6.3	0.2
Italy	4 215	620	4 835	4 384	10.3	0.3
Others	13 339	3 015	16 354	14 437	13.3	1.1
Oceania	6 695	2 688	9 383	10 066	-6.8	0.7
Australia	5 583	2 331	7 914	8 366	-5.4	0.5
New Zealand	981	295	1 276	1 471	-13.3	0.1
Others	131	62	193	229	-15.7	★
Africa	1 729	409	2 138	2 609	-18.0	0.2
Egypt	249	49	298	446	-33.2	★
Libyan Arab Jamahiriya	135	23	158	191	-17.3	★
Others	1 345	337	1 682	1 972	-14.7	0.1
Sub-total	934 694	321 977	1 256 671	1 187 338	5.8	86.9
Overseas Koreans	96 429	92 566	188 995	186 160	1.5	13.1
Grand total	1 031 123	414 543	(1 445 666)	1 373 498	5.3	100.0
Jan.-July 1989	990 717	382 781	1 373 498	-	-	-
Growth rate (%)	4.1	8.3	5.3	-	-	-
(%)	71.3	28.7	100.0	-	-	-

(Less than 0.05%)

(Excluding crew members)

Source : Ministry of Justice

Table 53. Republic of Korea. Visitor arrivals by purpose of visit and country or area of residence, January-July 1990

<i>Country or area</i>	<i>Total</i>	<i>Pleasure</i>	<i>Business</i>	<i>Visiting friends or relatives</i>	<i>Official</i>	<i>Convention</i>	<i>Others</i>
Asia	1 124 936	853 533	111 208	13 599	1 539	1 374	143 683
Japan	802 898	687 957	85 258	1 967	721	381	26 614
Taiwan Province of China	115 486	95 202	5 066	2 815	132	394	11 877
Hong Kong	39 705	25 769	5 670	596	6	65	7 599
Thailand	16 117	5 608	1 298	285	44	76	8 806
Malaysia	12 872	6 689	1 591	182	11	60	4 339
Philippines	48 477	10 554	1 578	302	131	116	35 796
Indonesia	11 987	4 461	1 069	83	117	23	6 234
Singapore	14 963	4 614	2 401	121	-	50	7 777
Brunei Darussalam	90	74	6	3	-	3	4
Middle East	10 882	4 658	2 631	551	77	46	2 919
Others	51 459	7 947	4 640	6 694	300	160	31 718
Americas	214 164	71 331	49 341	31 970	10 170	720	50 632
United States	187 765	59 857	43 984	29 293	9 925	540	44 166
Canada	15 375	7 011	3 820	1 998	181	82	2 283
Brazil	3 989	2 391	256	315	10	22	995
Argentina	942	230	93	159	5	12	443
Others	6 093	1 842	1 188	205	49	64	2 745
Europe	106 798	19 219	41 457	2 887	459	476	42 300
United Kingdom	21 917	3 417	10 619	354	116	96	7 315
Germany	18 192	4 118	7 815	1 040	87	80	5 052
France	10 299	2 654	5 222	280	108	57	1 978
Netherlands	5 707	909	2 888	69	5	27	1 809
Sweden	3 153	695	1 780	117	25	17	519
Switzerland	3 524	980	1 993	137	20	31	363
Italy	5 465	1 007	3 409	83	16	18	932
Others	38 541	5 439	7 731	807	82	150	24 332
Oceania	11 234	4 094	3 561	702	146	88	2 643
Australia	8 831	3 489	2 899	666	123	70	1 584
New Zealand	1 501	520	614	30	8	8	321
Others	902	85	48	6	15	10	738
Africa	3 608	686	1 068	102	45	32	1 675
Egypt	807	133	122	8	7	8	529
Libyan Arab Jamahiriya	161	70	52	14	-	-	25
Others	2 640	483	894	80	38	24	1 121
Sub-total	1 460 740	948 863	206 635	49 260	12 359	2 690	240 933
Overseas Koreans	188 995	-	17 511	152 166	-	-	19 318
Grand total	1 649 735	948 863	224 146	201 426	12 359	2 690	260 251
Jan.-July 1989	1 542 497	880 465	227 941	199 458	13 289	5 416	215 928
Growth rate (%)	7.0	7.8	- 1.7	1.0	- 7.0	- 50.2	20.7
(%)	100.0	57.5	13.6	12.2	0.7	0.2	15.8

Source : Ministry of Justice

Table 54. Republic of Korea. Visitor arrivals by purpose of visit and country or area of residence, January-July 1989

<i>Country or area</i>	<i>Total</i>	<i>Pleasure</i>	<i>Business</i>	<i>Visiting friends or relatives</i>	<i>Official</i>	<i>Convention</i>	<i>Others</i>
Asia	1 028 774	780 064	116 522	7 684	1 533	2 295	120 676
Japan	767 232	648 697	90 847	1 689	627	1 100	24 272
Taiwan Province of China	87 735	68 541	5 339	2 311	193	11 158	
Hong Kong	40 312	25 619	6 345	577	7	108	7 656
Thailand	10 863	3 758	1 158	688	106	97	5 056
Malaysia	11 341	6 378	1 659	167	7	120	3 015
Philippines	45 612	11 167	1 549	246	171	185	32 294
Indonesia	9 484	3 192	774	71	159	96	5 192
Singapore	12 232	4 481	2 259	104	2	42	5 364
Brunei Darussalam	136	88	13	20	-	8	7
Middle East	8 963	3 435	2 234	411	51	144	2 688
Others	34 844	4 713	4 345	1 400	210	202	23 974
Americas	212 991	75 606	49 376	34 135	11 126	1 692	41 056
United States	188 290	64 708	43 942	31 317	10 958	1 358	36 007
Canada	14 507	7 169	3 904	2 161	77	159	1 037
Brazil	2 845	1 033	238	363	28	33	1 150
Argentina	1 044	247	82	132	4	11	568
Others	6 305	2 449	1 210	162	59	131	2 294
Europe	98 341	19 266	41 613	2 586	418	1 065	33 393
United Kingdom	20 002	3 975	10 464	308	65	132	5 058
Germany	18 588	4 450	9 457	1 275	71	100	3 235
France	9 570	2 748	4 884	232	96	164	1 446
Netherlands	5 802	904	3 097	59	6	40	1 696
Sweden	3 166	662	1 776	112	37	59	520
Switzerland	3 750	1 061	2 178	143	21	49	298
Italy	5 171	888	3 039	82	46	86	1 030
Others	32 292	4 578	6 718	375	76	435	20 110
Oceania	12 134	4 693	3 758	517	163	187	2 816
Australia	9 290	3 996	2 994	484	125	142	1 549
New Zealand	2 026	613	684	32	7	41	649
Others	818	84	80	1	31	4	618
Africa	4 097	836	1 214	88	49	177	1 733
Egypt	1 100	232	143	17	2	21	685
Libyan Arab Jamahiriya	191	62	81	14	1	17	16
Others	2 806	542	990	57	46	139	1 032
Sub-total	1 356 337	880 465	212 483	45 010	13 289	5 416	199 674
Overseas Koreans	186 160	-	15 458	154 448	-	-	16 254
Grand total	1 542 497	880 465	227 941	199 458	13 289	5 416	215 928
Jan.-July 1988	1 223 221	704 409	218 199	174 596	43 338	2 483	80 196
Growth rate (%)	26.1	25.0	4.5	14.2	- 69.3	118.1	169.3
(%)	100.0	57.1	14.8	12.9	0.9	0.3	14.0

Source: Ministry of Justice

Table 55. Japan. Visitor arrivals and Japanese overseas travellers, 1990

Month	Visitor arrivals			Japanese overseas travellers		
	1989	1990	chg. %	1989	1990	chg. %
1 Jan.	184 399 (76 077)	250 716 (128 280)	+36.0 (+68.6)	770 297 (645,599)	853 477 (720 950)	+ 10.8 (+11.7)
2 Feb.	193 229 (103 146)	215 371 (110 302)	+11.5 (+6.9)	739 671 (628 942)	895 524 (766 619)	+21.1 (+21.9)
3 Mar.	224 265 (113 953)	264 535 (137 326)	+18.0 (+20.5)	837 386 (710 964)	914 306 (759 534)	+ 9.2 (+6.8)
4 Apr.	243 236 (126 671)	292 215 (168 204)	+20.1 (+32.8)	719 827 (584 567)	836 099 (671 531)	+16.2 (+14.9)
5 May	237 725 (121 563)	285 972 (152 996)	+20.8 (+25.9)	725 567 (601 985)	799 332 (641 054)	+10.2 (+6.5)
6 June	219 898 (117 091)	253 306 (150 357)	+15.2 (+28.4)	821 463 (695 374)	953 599 (784 635)	+16.1 (+12.8)
1 - 8	1 302 752 (658 501)	1 562 115 (847 465)	+19.9 (+28.7)	4 614 211 (3 867 431)	5 252 337 (4 344 323)	+13.8 (+12.3)
7 July	276 173 (171 448)	307 789 (207 400)	+11.4 (+21.0)	872 138 (799 659)	1 003 433 (837 304)	+15.1 (+14.1)
8 Aug.	259 453 (149 376)	* 283 000	* +9.1	975 450 (829 045)	* 1 093 000	* +12.1
9 Sep.	246 776 (125 519)	* 284 000	* +15.1	864 238 (720 361)	* 968 000	* +12.0
10 Oct.	301 829 (157 725)			761 635 (623 072)		
11 Nov.	243 467 (118 310)			770 004 (836 270)		
12 Dec.	204 614 (117 811)			805 036 (696 691)		
1 - 12 Year	2 835 064 (1 498 691)			9 662 752 (8 106 523)		
1 - 9	2 085 154 (1 104 845)	* 2 436 000	* +16.8	7 326 037 (6 150 490)	* 8 316 000	* +13.5

Figures for Japanese overseas travellers are supplied by the Ministry of Justice.
Figures in brackets = no. of tourists.

**Table 56. Japan. Visitor arrivals by nationality, July 1990
(provisional figures)**

<i>Country or area</i>	<i>July 1989</i>	<i>July 1990</i>	<i>% Change</i>
Grand total	276 173	307 789	11.4
Asia and Middle East total	169 898	184 802	8.8
China	6 241	7 301	17.0
Taiwan Province of China	74 545	79 385	6.5
Hong Kong	3 068	3 939	28.4
India	2 695	2 683	-0.4
Indonesia	3 773	4 354	15.4
Islamic Republic of Iran	1 585	2 372	49.7
Malaysia	4 024	3 626	-9.9
Philippines	7 839	8 681	10.7
Republic of Korea	56 400	61 860	9.7
Singapore	2 149	2 355	9.6
Thailand	4 169	4 835	16.0
Europe, total	38 808	47 136	21.5
Austria	682	834	22.3
Belgium	793	853	7.6
Denmark	573	697	21.6
France	4 294	5 119	19.2
Germany	4 940	5 624	13.8
Italy	2 213	2 848	28.7
Netherlands	1 271	1 536	20.8
Norway	351	340	-3.1
Spain	1 139	1 523	33.7
Sweden	801	1 010	13.4
Switzerland	1 595	1 368	-14.2
Soviet Union	1 420	1 760	23.9
United Kingdom	15 888	20 170	27.0
Africa, total	892	993	11.3
South Africa	106	190	79.2
North America, total	54 933	61 607	12.1
Canada	5 274	6 355	20.5
Mexico	871	1 217	39.7
United States	48 374	53 546	10.7
South America, total	5 138	6 593	28.3
Argentina	356	408	14.6
Brazil	3 346	4 646	38.9
Oceania, total	6 219	6 393	2.8
Australia	4 289	4 781	11.5
New Zealand	1 550	1 313	-15.3
Stateless	285	265	-7.0
United Kingdom (excl. Hong Kong)	7 855	8 680	10.5
United Kingdom (Hong Kong)	8 033	11 490	43.0

**Table 57. Japan. Visitor arrivals by nationality and purpose of visit, July 1990
(provisional figures)**

Country or area	Total			Tourist			Business		
	1989 July	1990 July	% Change	1989 July	1990 July	% Change	1989 July	1990 July	% Change
Grand total	276 173	307 789	11.4	171 449	207 400	21.0	61 078	67 541	10.6
Asia and Middle East total	169 898	184 802	8.8	110 554	131 407	18.9	28 170	32 396	15.0
China	6 241	7 301	17.0	553	2 163	291.1	1 174	2 647	125.5
Taiwan Province of China	74 545	79 385	6.5	61 483	72 150	17.3	4 372	4 343	-0.7
Hong Kong	3 068	3 939	28.4	2 037	2 932	43.9	595	622	4.5
India	2 695	2 683	-0.4	773	838	7.1	919	910	-1.0
Indonesia	3 773	4 354	15.4	1 807	2 146	18.8	509	604	18.7
Islamic Republic of Iran	1 585	2 372	49.7	1 270	1 980	55.9	293	340	16.0
Malaysia	4 024	3 626	-9.9	2 907	2 236	-23.1	864	1 129	30.7
Philippines	7 839	8 681	10.7	1 403	2 299	63.9	756	865	14.4
Republic of Korea	56 400	61 860	9.7	33 708	39 277	16.5	15 502	17 827	15.0
Singapore	2 149	2 355	9.6	1 148	1 205	5.0	938	1 038	10.7
Thailand	4 169	4 835	16.0	1 938	2 516	29.8	1 255	1 154	-8.0
Europe, total	38 808	47 136	21.5	19 865	27 449	38.2	14 185	15 605	10.0
Austria	682	834	22.3	395	474	20.0	213	239	12.2
Belgium	793	853	7.6	475	574	20.8	284	-13.4	
Denmark	573	697	21.6	334	415	24.3	226	252	11.5
France	4 294	5 119	19.2	2 336	2 983	27.7	1 593	1 741	9.3
Germany	4 940	5 624	13.8	2 298	2 632	14.5	2 308	2 663	15.4
Italy	2 213	2 848	28.7	1 091	1 541	41.2	1 041	1 117	7.3
Netherlands	1 271	1 536	20.8	638	789	23.7	573	628	9.6
Norway	351	340	-3.1	201	204	1.5	134	122	-9.0
Spain	1 139	1 523	33.7	658	874	32.8	406	575	41.6
Sweden	891	1 010	13.4	541	605	11.8	312	368	17.9
Switzerland	1 595	1 368	-14.2	888	805	-9.3	668	465	-30.4
Soviet Union	1 420	1 760	23.9	40	845	2 012.5	135	442	227.4
United Kingdom	15 888	20 170	27.0	8 601	12 826	49.1	5 493	5 728	4.3
Africa, total	892	993	11.3	386	396	8.2	273	317	16.1
South Africa	106	190	79.2	11	50	354.5	76	115	51.3
North America, total	54 933	61 607	12.1	34 114	39 039	14.4	15 896	16 942	6.6
Canada	5 274	6 355	20.5	3 558	4 885	31.7	973	973	0.0
Mexico	871	1 217	39.7	689	1 052	52.7	128	98	-23.4
United States	48 374	53 546	10.7	29 611	32 999	11.4	14 726	15 799	7.3
South America, total	5 138	6 593	28.3	3 403	5 547	63.0	420	363	-13.6
Argentina	956	408	14.0	227	292	28.6	46	67	45.7
Brazil	3 346	4 646	38.9	2 662	4 167	56.5	240	176	-26.7
Oceania, total	6 219	6 393	2.8	2 982	3 394	13.8	2 113	1 887	-10.7
Australia	4 289	4 781	11.5	1 894	2 565	35.4	1 505	1 378	-8.4
New Zealand	1 550	1 313	-15.3	863	667	-22.7	555	476	-14.2
Stateless	285	265	-7.0	165	168	1.8	21	33	57.1
United Kingdom (excl. Hong Kong)	7 885	8 680	10.5	2 805	3 432	22.4	4 136	4 236	2.4
United Kingdom (Hong Kong)	8 033	11 490	43.0	5 790	9 394	62.1	1 357	1 492	9.9

**Table 58. Japan. Visitor arrivals by nationality, January - July 1990
(provisional figures)**

Country or area	Jan. - July 1989		Jan. - July 1990		% Change
	Number	% Share	Number	% Share	
Grand total	1 578 925	100.0	1 869 904	100.0	18.4
Asia and Middle East total	907 968	57.5	1 119 095	59.8	23.3
China	56 886	3.6	58 578	3.1	3.0
Taiwan Province of China	295 179	18.7	371 743	19.9	25.9
Hong Kong	19 471	1.2	23 171	1.2	19.0
India	18 546	1.2	16 311	0.9	-12.1
Indonesia	20 169	1.3	24 461	1.3	21.3
Islamic Republic of Iran	8 256	0.5	14 748	0.8	78.6
Malaysia	31 227	2.0	30 304	1.6	-3.0
Philippines	55 126	3.5	64 950	3.5	17.8
Republic of Korea	336 522	20.9	425 955	22.8	20.9
Singapore	21 524	1.4	25 060	1.3	16.4
Thailand	28 847	1.8	41 055	2.2	42.3
Europe, total	244 175	15.5	285 366	15.3	16.9
Austria	4 406	0.8	4 814	0.3	9.3
Belgium	4 124	0.3	4 555	0.2	10.5
Denmark	4 169	0.3	4 401	0.2	5.6
France	25 770	1.6	28 243	1.5	9.6
Germany	33 803	2.1	36 643	2.0	8.4
Italy	18 958	0.8	16 066	0.9	20.3
Netherlands	8 772	0.6	9 641	0.5	9.9
Norway	2 417	0.2	2 651	0.1	9.7
Spain	6 888	0.4	8 772	0.5	27.4
Sweden	7 972	0.5	8 636	0.5	8.3
Switzerland	9 402	0.6	8 989	0.5	-4.4
Soviet Union	8 914	0.6	11 573	0.6	29.8
United Kingdom	97 351	6.2	121 511	6.5	24.8
Africa, total	6 505	0.4	6 194	0.3	-4.8
South Africa	890	0.1	1 035	0.1	16.3
North America, total	352 446	22.3	370 335	19.8	5.1
Canada	34 477	2.2	37 799	2.0	9.6
Mexico	4 880	0.3	5 510	0.3	12.9
United States	310 676	19.7	324 320	17.3	4.4
South America, total	25 054	1.6	45 471	2.4	81.5
Argentina	2 820	0.2	3 096	0.2	9.8
Brazil	13 356	0.8	33 624	1.8	151.8
Oceania, total	41 245	2.6	41 696	2.2	1.1
Australia	30 764	1.9	31 309	1.7	1.8
New Zealand	8 822	0.6	9 095	0.5	3.1
Stateless	1 532	0.1	1 747	0.1	14.0
United Kingdom (excl. Hong Kong)	51 706	3.3	58 094	3.1	12.4
United Kingdom (Hong Kong)	45 645	2.9	63 417	3.4	38.9

**Table 59. Japan. Visitor arrivals by nationality and purpose of visit, January - July 1990
(provisional figures)**

Country or area	Total			Tourist			Business		
	1989 Jan. - July	1990 Jan. - July	% Change	1989 Jan. - July	1990 Jan. - July	% Change	1989 Jan. - July	1990 Jan. - July	% Change
Grand total	1 578 925	1 869 904	18.4	829 950	1 054 865	27.1	441 650	503 178	13.9
Asia and Middle East total	907 968	1 119 095	23.3	491 193	667 987	36.0	186 994	223 554	19.6
China	56 886	58 578	3.0	3 645	6 145	68.6	7 457	10 434	39.9
Taiwan Province of China	295 179	371 743	25.9	215 243	298 320	38.6	30 323	30 391	0.2
Hong Kong	19 471	23 171	19.0	12 041	16 011	33.0	4 535	4 719	4.1
India	18 546	16 311	-12.1	4 505	3 927	-12.8	5 843	5 716	-2.2
Indonesia	20 169	24 461	21.3	8 501	11 13	30.7	3 025	4 252	40.6
Islamic Republic of Iran	8 256	14 748	78.6	6 281	11 858	88.8	1 657	2 520	52.1
Malaysia	31 227	30 304	-3.0	22 203	18 732	-15.6	5 579	7 147	28.1
Philippines	55 126	64 950	17.8	11 209	15 969	42.5	5 538	5 625	1.6
Republic of Korea	330 522	425 955	28.9	170 872	239 447	40.1	102 192	129 068	26.3
Singapore	21 524	25 060	16.4	14 819	16 988	14.6	6 043	7 340	21.5
Thailand	28 847	41 055	42.3	13 237	21 282	60.8	7 572	9 245	22.1
Europe, total	244 175	285 366	16.9	101 621	126 644	24.6	113 459	128 628	13.4
Austria	4 406	4 814	9.3	1 672	1 882	12.6	1 932	2 265	17.2
Belgium	4 124	4 555	10.5	1 480	1 882	27.2	2 435	2 420	-0.6
Denmark	4 169	4 401	5.6	1 712	1 602	-6.4	2 285	2 584	13.1
France	25 770	28 243	9.6	10 708	11 593	8.3	12 620	14 483	14.8
Germany	33 803	36 643	8.4	12 932	12 727	-1.6	18 953	21 420	13.0
Italy	13 358	16 066	20.3	4 619	6 035	30.7	7 989	9 206	15.2
Netherlands	8 772	9 641	9.9	2 619	3 048	16.4	5 603	6 029	7.6
Norway	2 417	2 651	9.7	907	936	3.2	1 408	1 619	15.0
Spain	6 888	8 772	27.4	2 726	3 713	36.2	3 480	4 542	30.5
Sweden	7 972	8 636	8.3	3 087	3 473	12.5	4 539	4 733	4.3
Switzerland	9 402	8 989	-4.4	3 968	3 845	-3.1	5 025	4 670	-7.1
Soviet Union	8 914	11 573	29.8	2 058	2 639	28.2	687	2 188	218.5
United Kingdom	97 351	121 511	24.8	46 921	65 819	40.3	39 747	44 641	12.3
Africa, total	6 505	6 194	-4.8	1 913	1 664	-13.0	2 183	2 409	10.4
South Africa	890	1 035	16.3	80	119	48.8	718	783	9.1
North America, total	352 446	370 335	5.1	200 897	205 181	2.1	121 089	130 560	7.8
Canada	34 477	37 799	9.6	22 249	24 600	10.6	8 581	8 924	4.0
Mexico	4 880	5 510	12.9	3 629	3 784	4.3	778	1 100	41.4
United States	810 676	324 320	4.4	173 756	175 343	0.9	111 209	119 997	7.9
South America, total	25 054	45 471	81.5	14 551	33 376	129.4	2 871	2 866	-0.2
Argentina	2 820	3 096	9.8	1 892	1 867	-1.3	416	491	18.0
Brazil	13 356	33 624	151.8	9 428	27 567	192.4	1 433	1 325	-7.5
Oceania, total	41 245	41 696	1.1	19 090	19 183	0.5	14 852	14 901	0.3
Australia	30 764	31 309	1.8	14 144	14 732	4.2	10 995	10 644	-3.2
New Zealand	8 822	9 095	3.1	4 460	3 980	-10.8	3 532	4 020	13.8
Stateless	1 532	1 747	14.0	885	830	21.2	202	260	28.7
United Kingdom (excl. Hong Kong)	51 706	58 094	12.4	15 967	17 928	12.3	30 092	33 891	12.6
United Kingdom (Hong Kong)	45 645	63 417	38.9	30 954	47 891	54.7	9 655	10 750	11.3

Table 60. Japan. Visitor arrivals and Japanese overseas travellers, 1989.

Month	Visitor arrivals			Japanese overseas travellers		
	1988	1989	Chng.%	1988	1989	Chng.%
1 Jan.	148 022 (55 094)	184 399 (76 077)	+24.6 (+38.1)	607 991 (501 013)	770 297 (645 599)	+26.7 (+28.9)
2 Feb.	157 967 (79 034)	193 229 (103 146)	+22.3 (+30.5)	647 382 (549 036)	739 671 (628 942)	+14.3 (+14.6)
3 Mar.	180 800 (80 010)	224 265 (113 953)	+24.0 (+42.4)	715 727 (605 660)	837 386 (710 964)	+17.0 (+17.4)
4 Apr.	205 150 (100 527)	243 236 (126 671)	+18.6 (+26.0)	634 447 (513 674)	719 827 (584 567)	+13.5 (+13.8)
5 May	208 871 (96 285)	237 725 (121 563)	+13.8 (+26.3)	617 346 (506 461)	725 567 (601 985)	+17.5 (+18.9)
6 June	186 307 (83 571)	219 898 (117 091)	+18.0 (+40.1)	724 116 (605 786)	821 463 (695 374)	+13.4 (+14.8)
1 - 6	1 087 117 (494 521)	1 302 752 (658 501)	+19.8 (+33.2)	3 947 009 (3 281 630)	4 614 211 (3 867 431)	+16.9 (+17.9)
7 July	219 165 (117 307)	276 173 (171 449)	+26.0 (+46.2)	797 187 (671 497)	872 138 (733 653)	+9.4 (+9.3)
8 Aug.	209 956 (105 569)	259 453 (149 376)	+23.6 (+41.5)	898 183 (761 548)	975 450 (829 045)	+8.6 (+8.9)
9 Sep.	208 141 (95 495)	246 776 (125 519)	+18.6 (+31.4)	744 052 (619 892)	864 238 (720 361)	+16.2 (+16.2)
10 Oct.	248 067 (119 629)	301 829 (157 725)	+21.7 (+31.8)	669 913 (540 621)	761 635 (623 072)	+13.7 (+15.3)
11 Nov.	209 658 (94 380)	243 467 (118 310)	+16.1 (+25.4)	644 096 (543 503)	770 044 (636 270)	+16.0 (+17.1)
12 Dec.	173 308 (89 544)	204 614 (117 811)	+18.1 (+31.6)	706 427 (609 310)	805 036 (696 691)	+14.0 (+14.3)
1 - 12 Year	2 355 412 (1 116 445)	2 835 064 (1 498 691)	+20.4 (+34.2)	8 426 867 (7 028 001)	9 662 752 (8 106 523)	+14.7 (+15.3)
1 - 12	2 355 412 (1 116 445)	2 835 064 (1 498 691)	+20.4 (+34.2)	8 426 867 (7 028 001)	9 662 752 (8 106 523)	+14.7 (+15.3)

Figures for Japanese overseas travellers are supplied by the Ministry of Justice.

**Table 61. Japan. Visitor arrivals by nationality, January - December 1989
(definitive figures)**

Country or area	Jan. - Dec. 1988		Jan. - Dec. 1989		% Change
	Number	% Share	Number	% Share	
Grand total	2 355 412	100.0	2 835 064	100.0	20.4
Asia and Middle East, total	1 257 441	53.4	1 637 432	57.8	30.2
China	108 511	4.6	97 451	3.4	-10.2
Taiwan Province of China	411 314	17.5	527 969	18.6	28.4
Hong Kong	30 927	1.3	34 259	1.2	10.8
India	29 780	1.3	30 877	1.1	3.7
Indonesia	31 738	1.3	35 707	1.3	12.5
Islamic Republic of Iran	14 504	0.6	16 789	0.6	15.8
Malaysia	46 033	2.0	54 397	1.9	18.2
Philippines	102 418	4.3	96 624	3.4	-5.7
Republic of Korea	341 278	14.5	609 984	21.5	78.7
Singapore	35 480	1.5	37 822	1.3	6.6
Thailand	46 949	2.0	53 288	1.9	13.5
Europe, total	400 796	17.0	455 228	16.1	13.6
Austria	6 673	0.3	8 684	0.3	30.1
Belgium	6 483	0.3	7 606	0.3	17.3
Denmark	7 587	0.3	7 813	0.3	3.0
France	40 455	1.7	47 261	1.7	16.8
Germany	56 941	2.4	61 580	2.2	8.1
Italy	23 462	1.0	27 665	1.0	17.9
Netherlands	15 852	0.7	16 432	0.6	3.7
Norway	5 086	0.2	4 604	0.2	-9.5
Spain	11 133	0.5	12 877	0.5	15.7
Sweden	15 271	0.6	15 198	0.5	-0.5
Switzerland	16 433	0.7	17 286	0.6	5.2
Soviet Union	9 868	0.4	18 745	0.7	90.0
United Kingdom	154 582	8.6	177 259	6.3	14.7
Africa, total	10 510	0.4	11 883	0.4	13.1
South Africa	1 799	0.1	1 696	0.1	-5.7
North America, total	589 517	25.0	604 869	21.3	2.6
Canada	58 164	2.5	59 754	2.1	2.7
Mexico	10 977	0.5	9 053	0.3	-17.5
United States	516 259	21.9	531 625	18.8	3.0
South America, total	32 045	1.4	48 924	1.7	52.7
Argentina	4 493	0.2	5 278	0.2	17.5
Brazil	16 011	0.7	27 521	1.0	71.9
Oceania, total	62 007	2.6	73 972	2.6	19.3
Australia	45 572	1.9	55 586	2.0	22.0
New Zealand	14 811	0.6	15 564	0.5	5.1
Stateless	3 096	0.1	2 756	0.1	-11.0
United Kingdom (excl. Hong Kong)	88 216	3.7	93 333	3.3	5.8
United Kingdom (Hong Kong)	66 366	2.8	83 926	3.0	26.5

Table 62. Japan. Visitor arrivals by nationality and purpose of visit, January-December 1989

Country or area	Total			Tourist			Business		
	1988 Jan.- Dec.-	1989 Jan.- Dec.-	% Change	1988 Jan.- Dec.	1989 Jan.- Dec.	% Change	1988 Jan.- Dec.	1989 Jan.- Dec.	% Change
Grand total	2 355 412	2 835 064	20.4	1 116 445	1 498 691	34.2	677 137	801 902	18.4
Asia and Middle East total	1 257 441	1 637 432	30.2	599 089	896 988	49.7	278 688	346 826	24.4
China	108 511	97 451	-10.2	6 183	5 989	-3.1	10 929	13 432	22.9
Taiwan Province of China	411 314	527 969	28.4	284 854	392 102	37.6	54 357	52 831	-2.8
Hong Kong	30 927	34 259	10.8	18 283	21 692	18.6	8 430	7 979	-5.3
India	29 780	30 877	3.7	8 054	7 450	-7.5	10 347	10 479	1.3
Indonesia	31 738	35 707	12.5	12 727	14 974	16.2	4 641	6 530	40.7
Islamic Republic of Iran	24 504	16 798	15.8	11 559	12 766	10.4	2 445	3 371	37.9
Malaysia	46 033	54 397	18.2	32 354	37 959	17.3	7 952	10 558	32.8
Philippines	102 418	96 624	-5.7	16 859	18 968	12.5	8 851	9 993	12.9
Republic of Korea	341 278	609 984	78.7	131 337	318 753	142.7	131 105	191 506	46.1
Singapore	35 480	37 822	6.6	24 196	25 425	5.1	9 377	11 320	20.7
Thailand	46 949	53 288	13.5	21 157	24 390	15.3	11 857	14 605	23.2
Europe, total	400 796	455 228	13.6	170 164	189 901	11.6	183 010	209 437	14.4
Austria	6 673	8 684	30.1	3 019	3 327	10.2	2 811	3 701	31.7
Belgium	6 483	7 606	17.3	2 763	2 861	3.5	3 378	4 296	27.2
Denmark	7 587	7 813	3.0	3 073	-0.7	4 249	4 428	4.2	
France	40 455	47 261	16.8	16 872	19 934	18.1	19 117	23 068	20.7
Germany	56 941	8.1	21 417	22 672	5.9	31 632	35 266	11.5	
Italy	23 462	27 665	17.9	9 669	11 004	13.8	12 300	14 759	20.0
Netherlands	15 852	16 432	3.7	5 557	5 235	-5.8	9 485	10 336	9.0
Norway	5 086	4 604	-9.5	2 066	1 643	-20.5	2 662	2 731	2.6
Spain	11 133	12 877	15.7	5 422	5 522	1.8	4 967	6 250	25.8
Sweden	15 271	15 198	-0.5	6 343	5 863	-7.6	8 286	8 712	5.1
Switzerland	16 433	17 286	5.2	7 257	6 991	-3.7	8 564	9 615	12.3
Soviet Union	9 868	18 745	90.0	2 538	2 837	11.9	158	1 783	1028.5
United Kingdom	154 582	177 259	14.7	72 051	87 363	21.3	64 866	71 537	10.3
Africa, total	10 510	11 883	13.1	2 934	3 591	22.0	4 027	4 103	1.9
South Africa	1 799	1696	-5.7	162	165	1.9	1 461	1 310	-10.3
North America, total	589 517	604 869	2.6	293 935	341 914	16.3	184 008	209 379	13.8
Canada	58 164	59 754	2.7	39 065	38 001	-2.7	14 304	15 472	8.2
Mexico	10 977	9 053	-17.5	8 193	6 739	-17.7	1 313	1 434	9.2
United States	516 259	531 625	3.0	244 586	294 845	20.5	167 621	191 516	14.3
South America, total	32 045	48 924	52.7	19 403	29 330	51.2	4 835	5 626	16.4
Argentina	4 493	5 278	17.5	2 976	3 376	13.4	781	886	13.4
Brazil	16 011	27 521	71.9	10 648	19 963	87.5	2 432	2 821	16.0
Oceania, total	62 007	73 972	19.3	29 430	35 769	21.5	22 080	26 123	18.3
Australia	45 572	55 586	22.0	21 186	26 939	27.2	15 860	19 335	21.9
New Zealand	14 811	15 564	5.1	7 847	7 908	0.8	5 834	6 208	6.4
Stateless	3 096	2 756	-11.0	1 481	1 198	-19.1	489	409	-16.6
United Kingdom (excl. Hong Kong)	88 216	93 333	5.8	28 972	29 436	1.6	49 219	54 039	9.8
United Kingdom (Hong Kong)	66 366	83 926	26.5	43 079	57 927	34.5	15 647	17 498	11.8

Table 63. Australia. Tourism arrivals, January to December, three year comparisons

	<i>Arrivals</i>			<i>Percentage change</i>		
	<i>YTD 87</i>	<i>YTD 88</i>	<i>YTD 89</i>	<i>89/88</i>	<i>89/87</i>	<i>88/87</i>
Africa						
South Africa	9 600	9 400	8 000	-14.9%	-16.7%	-2.1%
Other Africa	7 900	10 900	9 300	-14.7%	17.7%	38.0%
Total	17 500	20 300	17 300	-14.8%	-1.1%	16.0%
America						
Canada	52 700	66 700	54 200	-18.7%	2.8%	26.6%
United States	309 000	322 300	260 700	-19.1%	-15.6%	4.3%
Other	11 300	15 400	11 700	-24.0%	3.5%	36.3%
Total	373 000	404 400	326 600	-19.2%	-12.4%	8.4%
Asia						
China	10 900	18 000	29 100	61.7%	167.0%	65.1%
Hong Kong	42 700	49 400	54 100	9.5%	26.7%	15.7%
India	7 400	10 700	10 900	1.9%	47.3%	44.6%
Indonesia	21 500	29 500	29 000	-1.7%	34.9%	37.2%
Israel	4 400	5 200	5 400	3.8%	22.7%	18.2%
Malaysia	47 100	52 100	44 300	-15.0%	5.9%	10.6%
Philippines	12 200	13 400	11 000	-17.9%	-9.8%	9.8%
Republic of Korea	6 900	9 200	10 400	13.0%	50.7%	33.3%
Singapore	5 700	63 500	65 200	2.7%	14.4%	11.4%
Taiwan Province of China	16 000	19 200	21 500	12.0%	34.4%	20.0%
Thailand	11 200	15 800	17 300	9.5%	54.5%	41.1%
Other	18 200	21 900	22 900	4.6%	25.8%	20.3%
Total	255 500	307 900	32 110	4.3%	25.7%	20.5%
Japan	215 600	352 300	349 500	-0.8%	62.1%	63.4%
Europe						
Austria	6 400	9 100	9 200	1.1%	43.8%	42.2%
Denmark	8 700	11 400	10 200	-10.5%	17.2%	31.0%
Finland	4 200	5 700	5 200	-8.8%	23.8%	35.7%
France	17 100	21 000	20 100	-4.3%	17.5%	22.8%
Germany	53 300	65 900	86 100	3.3%	27.8%	23.6%
Greece	7 100	8 100	7 400	-8.6%	4.2%	14.1%
Italy	19 300	25 200	20 500	-18.7%	6.2%	30.6%
Netherlands	17 300	22 400	20 100	-10.3%	16.2%	29.5%
Norway	4 300	5 200	3 700	-28.8%	-14.0%	20.9%
Sweden	21 900	26 900	24 100	-10.4%	10.0%	22.8%
Switzerland	21 300	2 600	27 400	5.4%	28.6%	22.1%
Yugoslavia	6 300	6 800	6 400	-5.9%	1.6%	7.9%
Other	15 900	22 500	23 300	3.6%	46.5%	41.5%
Total	203 100	258 200	245 700	-4.1%	21.0%	26.1%

Table 64. Australia. Short-term overseas visitor arrivals

	May (Month)			Year ended May (June 1989 to May 1990)			Year to date (Jan 1990 to May 1990)		
	1990	1989	% Chg	1990	1989	% Chg	1990	1989	% Chg
China	3 000	1 900	58	33 400	23 000	45	15 100	10 800	40
Hong Kong	2 600	2 500	4	57 900	49 800	16	24 700	20 900	18
India	1 300	13 00	0	11 500	10 800	6	5 100	4 600	11
Indonesia	1 900	2 300	-17	30 800	30 000	3	12 700	10 900	17
Malaysia	4 400	3 000	47	46 500	48 000	-3	21 700	19 500	11
Philippines	1 200	1 100	9	11 800	12 500	-6	5 900	5 100	16
Republic of Korea	1 000	700	43	11 800	10 000	18	5 300	4 000	33
Singapore	5 100	4 700	9	69 200	62 800	10	26 000	22 000	18
Taiwan Province of China	1 500	800	88	27 400	18 900	45	14 700	8 800	67
Thailand	1 700	1 500	13	18 200	17 900	2	9 200	8 300	11
Other Asia	2 000	1 600	25	29 900	26 300	14	12 000	10 400	15
Total Asia (excl. Japan)	25 800	21 300	21	348 200	310 000	12	152 500	125 300	22
Grand Total	149 900	136 600	10	2 132 600	2 241 400	-5	889 000	836 700	6

Source : Australian Bureau of Statistics

Table 65. Australia. Visitors, June analysis, 1988-1990

				% Change	% Change	% Change
	1990	1989	1988	90/89	90/88	89/88
Total	157 300	142 700	163 800	0.2%	4.0%	12.9%
United States	18 700	19 600	23 500	-4.6%	-20.4%	-16.6%
Japan	38 100	23 800	27 100	60.1%	40.6%	-12.2%
Europe (excl. United Kingdom and Ireland)	13 800	12 200	11 200	13.1%	23.2%	8.9%
United Kingdom and Ireland	14 100	14 700	13 600	-4.1%	3.7%	8.1%
Asia (excl. Japan)	25 400	22 900	24 400	10.9%	4.1%	-6.1%
New Zealand	37 000	39 500	51 800	-6.3%	-28.6%	-23.7%
Canada	2 600	2 100	2 900	23.8%	-10.3%	-27.6%
Other	7 600	7 900	9 300	-3.8%	-18.3%	-15.1%
Holiday	87 300	7 4000	93 400	18.0%	-6.5%	-20.8%
Visiting relatives	30 200	31 400	32 400	-3.8%	-6.8%	-3.1%
Business	17 500	17 800	17 300	-1.7%	1.2%	2.9%
Convention	2 000	1 800	2 400	11.1%	-16.7%	-25.0%
In transit	5 500	5 300	5 500	3.8%	0.0%	-3.6%
Other	14 800	12 400	12 800	19.4%	15.6%	-3.1%

Table 66. Australia. Visitors, January to June 1990

	1990	1989	1988	% Change 90/89	% Change 90/88	% Change 89/88
Total	1 046 300	949 400	1 008 400	6.8%	3.8%	2.9%
United States	123 300	132 200	146 800	-6.7%	-16.0%	-9.9%
Japan	226 600	170 600	159 900	32.8%	41.7%	6.7%
Europe (excl. United Kingdom and Ireland)	112 800	110 900	111 100	1.7%	1.5%	-0.2%
United Kingdom and Ireland	140 300	139 500	130 000	0.6%	7.9%	7.3%
Asia (excl. Japan)	178 000	148 200	147 700	20.1%	20.5%	0.3%
New Zealand	185 000	194 800	225 900	9.9%	-18.1%	-13.8%
Canada	25 000	26 800	28 100	-6.7%	-11.0%	-4.6%
Other	55 300	56 400	58 900	-2.0%	-6.1%	-4.2%
Holiday	571 200	520 900	546 200	9.7%	4.6%	-4.6%
Visiting relatives	203 700	200 000	197 700	1.9%	3.0%	1.2%
Business	117 900	114 400	114 600	3.1%	2.9%	-0.2%
Convention	12 600	12 800	20 200	-1.6%	-37.6%	-36.6%
In transit	35 900	40 100	44 500	-10.5%	-19.3%	-9.9%
Other	10 500	91 200	85 200	15.1%	23.2%	7.0%

Source : Australian Bureau Statistics

Table 67. New Zealand. Summary of short term visitor arrivals for the month of August 1990

Country or area/ Market	Total		Holiday		Visit Friend/Relative		Business	
	Number	% Change (1)	Number	% Change (1)	Number	% Change (1)	Number	% Change (1)
Australia	26 554	4.0	10 076	9.2	7 634	7.3	5 401	-0.2
United States	10 087	5.6	6 050	-4.5	1 232	33.3	1 155	26.5
Japan	9 636	24.8	8 492	24.5	253	21.1	319	-9.4
United Kingdom	4 059	3.7	1 463	-5.0	1 617	11.4	396	0.0
Canada	1 837	4.4	836	8.6	418	-7.3	88	-11.1
Singapore	517	-6.0	264	-20.0	55	-61.5	99	125.0
Germany	1 100	17.6	737	21.8	121	175.0	110	-28.6
North Asia (2)	3 168	-22.0	1 650	-41.4	583	12.8	264	-25.0
Netherlands	374	17.2	143	-7.1	176	60.0	33	200.0
Nordic (3)	693	75.0	319	26.1	55	0.0	77	133.3
Switzerland	297	0.0	231	31.3	0	-100.0	22	-33.3
Pacific Islands (4)	2 948	-1.1	792	-2.7	814	-26.0	220	-16.7
Latin America (5)	572	85.7	363	83.3	110	233.3	33	-25.0
Other	7 590	15.8	3 003	50.8	1 364	-24.8	660	39.5
Total	69 432	7.0	34 419	7.5	14 432	2.9	8 877	3.5

Note:

- 1 = Percentage change over this month last year.
- 2 = Hong Kong, Republic of Korea, Taiwan Province of China, China, Cambodia, Democratic People's Republic of Korea, Lao People's Democratic Republic of, Macau, Mongolia and Viet Nam.
- 3 = Denmark, Sweden, Norway, Finland and Iceland.
- 4 = Republic of Belau, Cook Islands, Fiji, French Polynesia, Guam, Johnston Island, Kiribati Republic of the Marshall Islands, Micronesia, Midway Island, Nauru, New Caledonia, Niue, Norfolk Island, Papua New Guinea, Pitcairn Island, American Samoa, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wake Island, and Wallace and Futuna Islands.
- 5 = Mexico, Central America, South America and the Caribbean.

Source : New Zealand tourism dept/dept of statistics (Migration).

Table 68. New Zealand. Summary of short term arrivals for year ended August 1990

Country or area/market	Total		Holiday		Visit friend/relative		Business	
	Number	% Change (1)	Number	% Change (1)	Number	% Change (1)	Number	% Change (1)
Australia	338 993	16.5	119 477	28.3	116 767	12.2	59 051	4.6
United States	137 610	-8.9	95 476	-12.1	14 063	2.7	132 000	7.8
Japan	106 016	11.5	89 542	10.3	2 227	18.2	6 309	0.7
United Kingdom	85 069	16.1	31 077	19.8	39 398	10.6	7 098	11.5
Canada	32 562	-4.0	18 967	-12.4	6 007	-5.5	2 001	23.7
Singapore	14 477	-2.9	11 027	-0.8	1 236	-25.4	1 254	7.1
Germany	26 204	19.3	20 412	21.3	2 592	22.3	1 522	-7.6
North Asia (2)	37 859	23.8	23 066	17.3	4 624	22.0	4 287	19.7
Netherlands	7 245	0.4	2 725	2.1	3 431	1.9	576	-11.8
Nordic (3)	14 964	0.1	10 131	-2.8	1 485	-12.6	1 540	14.4
Switzerland	9 988	10.7	7 610	11.8	1 370	6.0	401	-2.0
Pacific Islands (4)	40 715	1.5	12 661	13.4	13 813	-15.3	3 304	16.2
Latin America (5)	5 526	8.2	3 372	13.7	646	25.2	515	20.0
Other	108 794	14.9	34 875	21.7	23 947	-0.1	9 991	21.3
Total	966 022	9.4	480 418	9.0	231 606	7.0	111 049	7.6

Note:

1 = Percentage change over last year.

2 = Hong Kong, Republic of Korea, Taiwan Province of China, China, Cambodia, Democratic People's Republic of Korea, Lao People's Democratic Republic, Macau, Mongolia and Viet Nam.

3 = Denmark, Sweden, Norway, Finland and Iceland.

4 = Republic of Belau, Cook Islands, Fiji, French Polynesia, Guam, Johnston Island, Kiribati Republic of the Marshall Islands, Micronesia, Midway Island, Nauru, New Caledonia, Niue, Norfolk Island, Papua New Guinea, Pitcairn Island, American Samoa, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wake Island, and Wallace and Futuna Islands.

5 = Mexico, Central America, South America and the Caribbean.

Source : New Zealand Tourism Dept, Dept of Statistics (Migration)

Table 69. New Zealand. Summary of quarterly short term arrivals for major markets for June 1990 quarter

<i>Market</i>	<i>Number of arrivals</i>	<i>% of change (1)</i>	<i>Person nights</i>	<i>% of change (2)</i>	<i>Avg. length of stay (days)</i>	<i>Change (3)</i>	<i>% of change (4)</i>
Australia	72 261	14.8	1 087 434	19.6	15.05	0.60	4.2
United States	27 216	-2.0	376 002	-2.7	13.82	-0.10	-0.7
Canada	5 337	7.0	90 648	-11.2	16.98	-3.48	-17.0
United Kingdom	15 849	59.4	541 107	54.7	34.14	-1.03	-2.9
Japan	19 620	9.1	264 627	14.5	13.49	0.64	5.0
Germany	4 104	49.0	87 228	41.2	21.25	-1.18	-5.3
Singapore	2 952	-8.1	43 083	-25.5	14.59	-3.41	-19.0
North Asia	6 309	27.2	113 643	6.6	18.01	-3.48	-16.2
Netherlands	612	-9.3	20 997	25.2	34.31	9.46	38.0
Nordic	2 430	8.4	56 664	14.0	23.32	1.14	5.1
Switzerland	1 404	0.6	38 808	-15.8	27.64	-5.40	-16.3
Pacific Islands	83 25	7.7	232 299	-14.9	27.90	-7.38	-20.9
Latin America	1 251	19.8	16 110	-5.8	12.88	-3.51	-21.4
Other	23 148	13.5	775 791	20.9	33.51	2.06	6.5
Total	190 818	13.5	3 744 441	15.2	19.62	0.29	1.5

Summary of annual arrivals for major markets for June 1990 year ended

<i>Market</i>	<i>Number of arrivals</i>	<i>% of change (1)</i>	<i>Person nights</i>	<i>% of change (2)</i>	<i>Avg. length of stay (days)</i>	<i>Change (3)</i>	<i>% of change (4)</i>
Australia	336 774	20.1	5 408 084	17.7	16.06	-0.33	-2.0
United States	136 388	-12.6	2 035 103	-6.2	14.92	1.01	7.3
Canada	32 619	-7.5	719 309	-1.6	22.05	1.33	6.4
United Kingdom	84 432	16.7	3 135 950	10.2	37.14	-2.18	-5.5
Japan	101 977	8.4	1 178 892	2.3	11.56	-0.70	-5.7
Germany	26 215	21.1	796 914	21.0	30.40	-0.03	-0.1
Singapore	14 506	-4.1	223 676	-14.6	15.42	-1.91	-11.0
North Asia	38 556	41.4	747 819	46.6	19.40	0.68	3.6
Netherlands	7 229	-0.8	297 631	2.8	41.17	1.46	3.7
Nordic	14 662	-2.4	433 387	-3.7	29.56	-0.42	-1.4
Switzerland	9 925	10.5	378 423	12.2	38.13	0.58	1.5
Pacific Islands	40 340	-1.2	1 142 173	-24.7	28.31	-8.80	-23.7
Latin America	5 258	-3.5	105 513	5.2	20.07	1.66	9.0
Other	107 320	14.3	3 542 126	19.5	33.01	1.45	4.6
Total	956 201	9.5	2 0145 000	8.4	21.07	-0.20	-1.0

Note :

(1) = Percentage change of number of arrivals over same period last year

(2) = Percentage change of person nights over same period last year

(3) = Change of average length of stay over same period last year

(4) = Percentage change of average length of stay over same period last year

Source : New Zealand Tourism Dept, Dept of Statistics (Migration)

5. THE ENVIRONMENT

Of all the issues that tourism in Asia faces, none will be more complex and of greater long-term importance than the environment. Tourism, as the only major industry that makes a living from the environment, will be very much affected by the changes. Yet, sad to say, the amount being done by tourism for the environment is negligible in proportion to the size of the industry. The reason for this is that, largely, the problems are out of control, having their roots in matters that tourism can do little about.

In October 1990, Bangkok was host to the first ministerial-level conference on Environment and Development in Asia and the Pacific organized by ESCAP. The stage of the conference was set in the report entitled *State of the Environment in Asia and the Pacific 1990*. Some of the comments made in the report are startling.

The report quotes the Food and Agriculture Organization saying that the rapid loss of forest cover is possibly the most serious environmental threat faced by the Asia-Pacific region, with annual deforestation rates to two million hectares in the 1970s and five million hectares in the 1980s. It is caused by the expansion of croplands, shifting cultivation, commercial logging, fuelwood gathering, and forest fires. While the annual rate of conversion to croplands has levelled off to one million hectares (from four million hectares during 1950-76), about 30-80 million people are still involved in shifting cultivation, affecting 75-120 million hectares of forests, and some 800 million people are dependent on fuelwood for their energy needs.

Deforestation has been the primary cause of the loss of wildlife. It is estimated that the region has lost 68 per cent of its original wildlife habitat and over 600 animal species and 5,000 plants are rare or threatened.

The ESCAP report said the region has over 170 million hectares of wetlands with only 15 per cent under adequate protection and nearly half are moderately or severely threatened. Mangroves, of which some 63 of a total of 90 species are in the region, cover nearly eight million hectares or about one third of the world's total. Wetlands are under threats of conversion to other land uses, pollution, erosion, sedimentation and other sustainable wood harvesting.

The Pacific Ocean is said to be reasonably healthy, environmentally speaking. With 165 million square kilometres, it is the world's largest ocean and contains over two thirds of the world's coral reefs. Its combined South-East Asian and Pacific Islands seas support fishing totalling 11 per cent of the world catch. Overall, the ocean waters are still of good quality but the main problems are degradation of the coastal zones, nearshore pollution from industries and coastal communities, the destruction of coral reefs, a decline in nearshore fishing and threats to oceanic fishing.

The report says the Asian demographic profile is also changing, marked particularly by the rapid shift of population from rural to urban areas. Urban populations are growing at the rate of 3 to 5 per cent a year. There were 18 Asia-Pacific megacities in 1985, projected to increase to 52 in 2025. With a few exceptions, most major cities suffer from air pollution; the region's contribution to global carbon dioxide emissions increased from less than 0.4 billion metric tons to more than one billion metric tons from 1965 to 1985. The growth of cities and rapid industrialization have also brought complex problems of solid waste management and the disposal of toxic and hazardous wastes.

One of the reasons why the environment will become an issue is because it will affect the profits of the tour operators. Consumer protection laws in the various countries are being tightened and reports are emerging of clients that go back and sue the operators if the holiday destination, as well as the quality of the hotel and tour facilities, turn out to be different than those advertised. Tour operators are clamouring for governments to clamp down on wayward firms. Unfortunately, they are not doing much about it themselves. In a survey conducted in Thailand, asking if tour operators would support a hotel that they knew was dumping waste into the sea, most of them said no, but some added the qualifying remark that if the room situation were tight and that if they could not get rooms elsewhere, they might have to use that hotel. The philosophy was, "If I don't, someone else will."

It seems likely that the remaining beach resorts will eventually go the way of Bali's famous Nusa Dua complex. Though they arouse controversies through allegations of creating "ghettos" for tourists who are thus prevented from enjoying the "cultural experience" that is theoretically supposed to emerge from contact with the local people, they provide small and manageable enclaves that preserve their pristine nature.

Some success stories in the history of tourism and the environment will now be considered.

(a) Indonesia: the example of Nusa Dua

Environmental awareness become significant in Indonesian tourism when the combined study team of the World Bank and the United Nations Development Programme presented plans for the Nusa Dua Beach Resort in 1973. At that time, this 540 hectare plot of land comprised only coconut plantations, crab-grass and tall bushes. Today, it is the epitome of a successful environmentally-controlled tourist destination by which all other tourism developments in Indonesia will be measured.

What the study team recommended was the integration of environmental preservation into the master plan. Although the main reason for the creation of Nusa Dua was to preserve the Balinese culture from the onslaught of mass tourism, businesses, environmentalists and the government also arrived at a good working balance for tourism to succeed in Nusa Dua.

Among the requirements in the master plan was land use zoning, in which developments were laid out in clusters. Above all, the hotels' landscaping had to introduce the Balinese landscape, with the integration of detailed elements such as ornamental plants, Balinese wooden and stone statues, and quasi-Balinese neighbourhood ambience. The Bali Tourism Development Corporation was created to manage Nusa Dua.

Today, the concept of Nusa Dua is being replicated in other parts of Indonesia. Tourism development corporations patterned after the Bali Tourism Development Corporation have been created on Lombok Island, in Manado in north Sulawesi, and Biak in Irian Jaya.

Nusa Dua is not a new concept, nor any different from the lush green resorts of Princeville in Kauai, or Puerto Azul in the Philippines, or the resorts of Scotland, Lake Tahoe or Colorado. But what it did in Indonesia was reinforce the awareness that green sells, and that the preservation of the ecosystem invariably strengthens tourism.

All these resorts were planned with the idea of preserving the environment which attracted the developers there in the first place. Amid the flurry of laying down sewers and roads, trees were able to remain, and those that must be uprooted should be matched with new plants elsewhere.

The Nusa Dua experience also articulated the ingredients for a successful business enterprise. For every requirement to preserve the environment, a sub-industry of business opportunity was created. Demand increased for fast-growing trees, ornamental plants, fertilizers, water sprinklers, botanists and gardeners.

(b) Malaysia: Desaru

In October 1989, the Commonwealth Heads of Government Meeting held in Kuala Lumpur drew up the Langkawi Declaration on the Environment, a global plan aimed at arresting environmental degradation. The plan calls for Malaysia to implement fully the declaration under the sixth Malaysia Plan (1991-95).

Thus, in October of the same year, when the Johore State Government, the Johore Tenggara Development Authority (Kejora) and Desaru International Resorts Sdn Bhd signed an agreement to develop a \$M 2.6 billion mega-resort in Desaru, all eyes were watching to see how the developers were going to achieve a balance between the environment and development.

Desaru International Resort, spread over 1,680 hectares of land and 17 kilometres of beach in south-eastern Johore, is being billed by its developers as the "tourism jewel of the Asia-Pacific region". The resort's turnkey contractor, Kajima Corporation, has guaranteed that the first phase of the project will be completed in 1993.

The first phase of the project, covering about 1,080 hectares and costing \$M 1.9 billion, will have 10 hotels with a total of 3,000 rooms, 4,000 holiday homes, a winter wonderland with artificial snow, a marina and harbour, a tennis ranch, four championship golf courses, a handicraft and cultural centre and a sports centre.

The second phase will see the construction of a wildlife park with a 125-room jungle hotel and a visitor centre and jungle village which will include a Captain Mark Philips equestrian centre and riding stables. Hotel chains interested in some of the hotel contracts are Sheraton, Ritz Carlton and the Meridien.

Plans call for the resort to cope with 1.4 million tourists by 1994 and 1.9 million by 1997. When stabilized levels are reached, Desaru is expected to attract 1.8 million visitors who will spend more than \$M 692 million annually. For easy access to the resort, six 200-seat high speed catamarans will jet visitors from Changi Point in Singapore to Tanjung Belungkor in 45 minutes.

(c) Australia: Green keepers

"Sustainable development" is the new catchword in Australia's tourism development. Major Australian tourist attractions and tour operators are having to adapt to environmentally-conscious times, and Asian countries have much to learn from the Australia experience.

(i) Great Barrier Reef

The Great Barrier Reef, stretching 2,000 kilometres along the Queensland coast and attracting more than 500,000 international visitors a year, has been sustaining damage to its delicate corals and marine life. Since January 1990, the Great Barrier Reef Marine Authority has charged operators fees for permits to bring visitors to the reef.

Operators are responsible for their allocated areas and inspectors monitor their use. Revenue from the permit fees is used to fund the management and protection of the Great Barrier Reef Marine Park and the preparation of Environmental Impact Assessment reports.

(ii) Shark Bay

The dolphins of Monkey Mia at Shark Bay in Western Australia have experienced human contact since the 1960s. At first only the locals and a few visitors knew of the dolphins, but visitors from all over the world now flock to see them. Without proper supervision, the dolphins were being mishandled and the increased traffic was causing pollution problems.

The local shire council and the Western Australian Department of Conservation and Land Management now operate the reserve, controlling access to the dolphins and what they are fed. They have also set up a research and education centre, monitoring the dolphins, their offspring and health. New environmentally sensitive accommodation is expected with 90 caravan sites, camping grounds and self-contained cabins to accommodate 36 families. The resort is committed to ensuring that all sewage is removed inland and processed through underground septic systems.

(iii) Ayers Rock

Ayers Rock in Ulura National Park is a monolith which symbolizes Australia around the world. It is also a monolith in danger of damage.

The climb to the top of the rock is carefully controlled and so far, rangers say, little damage has occurred. However, at the base of the climb and the viewing areas used heavily by tourists, the delicate

dune soils and plant life are being eroded. Also, aboriginal rock art at the base is being damaged by too many visitors wanting to touch it.

Plans are being prepared to protect the rock and the land. In August 1990, the first 40 kilometres of bitumen road from Uluru to Kata Tjuta will be completed. The previous dirt road was badly rutted and caused drainage problems. It also went through the habitats of some rare species and aborigines were concerned at its proximity to sacred sites. The National Parks and Wildlife Service at Uluru says the new road bypasses both areas.

(iv) Gordon River

Measures controlling cruising of the lower Gordon River in the World Heritage wilderness area of south-west Tasmania appear to be combating erosion of the river banks.

Only one operator, Gordon River Cruises, is now licensed to cruise the river. The operator uses three vessels (for 100, 200 and 250 passengers) according to demand on runs from the fishing village of Strahan. They take visitors on half-day trips, across the sheltered Macquarie Harbour to the mouth of the Gordon River and then 15 kilometres upriver to Heritage Landing near Horseshoe Bend.

On entering the river, they are not allowed to exceed a speed of nine knots. Tachometers are fitted to the cruise vessels to record speeds and these are checked regularly by national park officers. Vegetation along the way includes rare and ancient Huon pine trees and at Heritage Landing, where the vessels dock for a brief rainforest interlude, passengers can walk to see a Huon pine that is estimated to be 2,500 years old.

Until last year, the cruises went further up river as far as is navigable to Sir John Falls. But this sector was placed off limits because of concerns over erosion. Had the measures not been introduced, it is believed the erosion would have caused a breaching of the river levees and flooding of low-lying adjacent forest.

Meanwhile, work is proceeding on a new design of cruise vessel which will allow a deeper navigation of the river. A research group from Woolongong University in New South Wales has studied wave heights and their relationship to rates of erosion while the Australian Maritime College at Launceston in northern Tasmania has tank-tested hull shapes.

(v) Gulf Savannah

A commercial guide system is now operation in the Gulf Savannah territory of north-eastern Australia which has the dual function of protecting the environment while introducing tourists to wilderness areas. Established by Queensland's Gulf Local Authorities Development Association (GLADA), it is believed to be a system unique in the world.

The nine Savannah Guides—eight in Queensland and one in the Northern Territory—are authorized to operate tours and act as guides on a commercial basis. But they must live in the areas they cover, have an intimate knowledge of the bush and act as guardians of the local environment. GLADA chief executive officer Mr. John Courtenay says the system is "pioneering a new form of tourism that is community-based."

The Gulf Savannah territory encompasses about 180,000 square kilometres of Australia's tropics, stretching from the southern shores of the Gulf of Carpentaria in the far north of Queensland and across the border to Borrolesla and the mouth of the McArthur River in the Northern Territory. Major natural attractions include national parks, hot springs, birdlife and the Undara lava tubes, a cave system formed by volcanic action 190,000 years ago.

One of the guides, Mr. Bruce Butler, who specializes in the Undara Tubes, recently went to Hawaii with the help of PATA and the United States National Parks Service to study volcanic action and the creation of lava flows. Next year GLADA plans to establish a permanent school to train Savannah guides. It already organizes training camps twice a year for the existing guides.

(vi) *Coconut Beach Rainforest Resort*

One of the trends set in motion by the environmental movement is the return to a belief in the theory that small can be beautiful. Epitomizing that theory is the Coconut Beach Rainforest Resort in Cape Tribulation, Queensland. In its August 1990 issue, PATA Travel News Asia-Pacific said that while the word "unspoilt" is rapidly becoming a cliché in tourist-brochure jargon, this ecologically immaculate resort is breathing new life into the phrase. It has only 27 rooms and will be expanded to a maximum of 60.

The resort is located on 20 hectares of one of the most famous rainforests in the world. Of the 315 properties on the World Heritage List, Coconut Beach is surrounded by two, the Great Barrier Reef and the Wet Tropics of Queensland. Originally envisaged as a hostel similar to other backpacker accommodation in the area, it became apparent during initial planning that a resort with higher standards catering for a wider range of visitors was more suitable. Due to the site's Heritage List location, approvals were required and obtained from the Douglas Shire Council, Queensland State Government and the Australian Commonwealth Government. Environmentalist opposition ran high but, because the licences had been procured, the project went ahead. In developing the site, the owning company, Darrell James Ltd, laid down a six-point code of "Tourism Environment Ethics" that sought to balance the "two apparently contradictory requirements of unspoilt nature on the one hand, modern facilities, services and creative comforts on the other." The code's preamble states "In all cases, it is Nature that is the tourism attraction." Stressing that "the tourist development shall not reduce the environmental attractiveness that drew the development to the site in the first place," the code adds, "the development must not degrade significantly the expectations of the community of either the traditional or their hoped-for environmental resources." In keeping with the code, timber structures were chosen as being most compatible with the unique location. As the site is in a cyclone-prone area, and in an exposed part of the coast, such buildings would normally be built of steel and concrete. But careful design and construction helped avoid this; even steel joint plates were avoided as they were visually incompatible with the concept. Either previously cleared or lightly vegetated areas were used to locate the accommodation units and larger buildings. Where possible, trees were left in place, either being built over or around. In some cases, a building's shape was dictated by the locations of trees.

Started in February 1988, the resort opened in March 1989. In a newspaper interview, Mr. Darrell Bresnahan said that in developing the resort, "I wanted to a) not rip people off; b) give them a good time and c) make them want to come back again and again." To achieve that aim, the place has to be kept well. The sewage tanks, three of 8,500 litres and one of 2,000 litres, are emptied periodically and sent to Cairns by road in tankers. Garbage is separated before being dispatched : glass and cans are sent to Cairns for recycling, paper, mostly consisting of food boxes, is incinerated on site and non-burnable products are sent off to a recognized council garbage tip. No rubbish is buried on site. Unbleached toilet paper is used throughout and the possibility of using environment-friendly chemicals is being investigated. The water supply comes from a fresh water stream into four 5,000 litre holding tanks with a reserve bore for emergency use. Consumption is about 2,000 litres per day, depending on occupancy.

Mr. Bresnahan says the systematic waste disposal facilities afford far more protection than "if a mob of campers in tents and vans were allowed there." He added, "The biggest complaint about development that I hear is that developers are taking raw land and recreating artificial lakes and gardens instead of utilizing the natural beauty of the place." With a small number of rooms and a high cost of development, operations and maintenance, the resort needs about 70 per cent occupancy to break even. The average length of stay during the first year operation was about two nights due to the high FIT clientele and the newness of the product. This trend is now approaching three nights as the resort becomes better known and the packages start working.

The room compendiums have information on the surrounding national parks and various flora and fauna as well as a list of nature videos and documentaries on environmental issues. The resort has a library of books on many aspects of the Wet Tropics vegetation and the marine life of the Barrier Reef. The many tours enhance the quality of the stay: guided bush walks, horse riding, push bikes, reef, cruises, diving, guided fishing tours, crocodile river cruises and tropical fruit tasting. Rooms have no television sets or videos although a television is available in the library area for guests wanting to watch one of the nature

videos. Rooms are serviced daily but there is no room service unless it is specifically requested. The product today is the result of extensive fine-tuning based on feedback generated from guest-room questionnaires. Stage II of the Resort, now on the drawing board, will add a small convention centre (to enable groups of naturalists etc., to conduct meetings) 25 more cabins, and a combination of boardwalks and swing bridges to facilitate bushwalks with more detailed information on the natural attractions. A canopy boardwalk (above the trees) is being discussed. Stage II is expected to allow a better room-to-staff ratio with only a small rise in operating costs.

(d) Environmental awards

One of the positive developments has been the almost overnight involvement of the international travel organizations concerned with environmental protection. The theme of the 1991 PATA conference to be held in Bali is Enrich the Environment. The Universal Federation of Travel Agents Associations has for the past three years passed resolutions at its annual conference upholding the need for a protected environment and pledging its cooperation with international clean-up efforts. The International Civil Aviation Organization is working to improve emission and noise regulations of aircraft engines.

In 1989, the ASEAN Tourism Association included for the first time in its Awards of Excellence one for the Best Conservation Effort. This award is given to an individual or organization which has best preserved the national heritage or natural environment or ecology of the ASEAN countries in the interests of tourism development. In 1990, PATA gave the first award for environmental enhancement which went to the Coconut Beach Rainforest Resort in Cape Tribulation, Queensland.

(e) Environmental friendly tourism

In a recent interview, Mr. Richard Bangs, managing director of Sobek, one of the world's recognized pioneers of adventure travel, said that if the travel industry's enormous collective power can be harnessed to protect the environment, it would go a long way towards conserving the product that is its very lifeline.

"Tourism, if handled properly, can be a major non-polluting, a non-despoiling, a really benevolent form of hard currency for any country," he said. "And I stress the words, *if handled properly*. If travel is handled responsibly, its benefits can trickle down to the village level. And if villagers can benefit from it, they have a motivation to keep it flourishing by saving the products that people come to see. If a villager can make \$US10 a day by guiding tourists into forests rather than \$US3 a day by cutting them down, just think which way he is going to go."

"We as an industry can rally up enormous power," he said. "There are great numbers of people who will get behind you just by being taken to the scene. It is an extraordinary opportunity." He urged the industry to reach beyond immediate basic issues like marketing and automation towards wildlife, national parks and other heritage issues because "if they are not around, we won't be around either. Nature has to be saved and we have to play our role in doing it."

Sobek's brochures do not flatter the destinations but confront customers with the stark facts: "Every minute of the day, an area the size of a football field is cleared of virgin tropical rainforests, a pace that eliminates a plot of jungle the size of Nebraska each year, and could obliterate all of the planet's remaining rainforest within our lifetime." The 1990 brochure features five "Environment" journeys to the rainforests of Indonesia, Africa, India/Nepal, Brazil and Costa Rica. A portion of the proceeds from these trips goes to the Rainforest Action Network (RAN) that is fighting deforestation. All who go on these tours also become automatic members of RAN.

In underscoring his directive for more industry involvement in conservation causes, Mr. Bangs maintained that the lead should be taken by a neutral body that all tour operators can feel comfortable with. If one tour operator took the initiative, others would not go along, for competitive reasons. "We are all a very friendly lot in this business but it is also a very competitive game." However, private industry has to take the

lead because “governments are always behind the times. It is industry and private business that makes the world run, and we are the people who must now address these issues in a proper way.”

“So much of this industry is presentation, facade and public relations. You are inundated with four-colour brochures and spectacular photography but if you go beyond the hotel lobby, there is a sewage pipe pumping waste into the sea. And this happens a lot. We are ultimately contributing to the eventual harm and death of the planet but we also have the power to change that. If 50 tour operators will boycott a polluting hotel, that hotel’s got some problems.”

Mr. Bangs admitted that economics and environment could be on a collision course. “The more money people make, the more they want to make and the more people they bring in, the more polluted it gets. They recognize that a balance has to be achieved but they cannot control that balance. When too many people come in, the specialness of that experience disappears.”

He cited the example of jungle treks on which orang-utans are a common sight. “Suppose you see one you know its mother has been shot by poachers, it’s a very human and personal experience and you take that back with you. And some people become more involved and devote their personal energy, money and contacts towards a very significant issue. They become personal advocates.”

He noted that, as in many parts of the world, travel tastes in the United States are changing dramatically. With “baby boomers” now getting older, **their own** travel demands are changing away from softer expeditions to something beyond the normal. “Cost is not normally a factor in this,” he said. “What they are looking for is an overwhelming experience, something away from Hawaii, Florida and the Caribbean.

Sobek’s 1991 brochure contains some new paths. Its “Exceptional Discovery” brochure features a new section called Going, Going, Go Now, comprising of trips to formerly special tourist places under imminent threat of disappearing. There are five: (a) the rainforests of Kalimantan where logging is so heavy that the Kayan tribe area is soon expected to be wiped out; (b) South-East Alaska where the planned presence of a copper mine in Glacier Bay National Park threatens to pollute the entire area and make it uninhabitable for wildlife; (c) Tanzania where the black rhinos are rapidly becoming extinct due to poaching; (d) the Bio-Bio River in Chile; and, (e) the Zambesi River in Africa where dams will create reservoirs that will wipe out valleys full of wildlife.

Sobek’s brochures feature a code of adventure travel ethics. This is how it reads:

Sobek ventures to uncommon places, to distinctive cultures, to exceptional yet fragile environments. We must always remember we are visitors on others’ soil, and we must tread carefully. As adventure travellers, we can do much for the world by simply understanding what we see, by learning to care about those we meet. In that spirit, Sobek endorses the Ecumenical Coalition on Third World Tourism’s Code of Ethics for Tourists. When you join us on a Sobek trip, we request that you do the same:

- 1) Travel in a spirit of humility and with a genuine desire to learn more about the people of your host country. Be sensitively aware of the feelings of other people, thus preventing what might be offensive behaviour on your part. This applies very much to photography.
- 2) Cultivate the habit of listening and observing, rather than merely hearing or seeing.
- 3) Realize that often the people in the country you visit have time concepts and thought patterns different from your own. This does not make them inferior, only different.
- 4) Instead of looking for the “beach paradise,” discover the enrichment of seeing a different way of life, through other eyes.

- 5) Acquaint yourself with local customs. What is courteous in one country may be quite the reverse in another—people will be happy to help you.
- 6) Instead of the western practice of “knowing all the answers,” cultivate habit of asking questions.
- 7) Remember that you are only one of thousands of tourists visiting this country and do not expect special privileges.
- 8) If you really want your experience to be a “home away from home,” it is foolish to waste money on travelling.
- 9) When you are shopping, remember that the “bargain” you obtained was possible because of the low wages paid to the maker.
- 10) Do not make promises to people in your host country unless you can carry them through.
- 11) Spend time reflecting on your daily experiences in an attempt to deepen your understanding. It has been said that “what enriches you may rob and violate others.”

The area in which ESCAP can be of further help is in environmental legislation. One of the things that needs to be done is a study on existing Asia-Pacific laws on tourism and the environment, why some work and why others do not. There is a need for an inventory of laws which have worked. Carrying capacity studies, in the absence of proper enforcement of environmental laws, are waste of time. Carrying capacities can only be established if they can be enforced. In many countries of Asia, they are non-enforceable.

6. ASIA-PACIFIC AIRPORTS AND THE LOOMING THREAT OF CONGESTION

It has not been a major consideration so far but the continued growth of air traffic to and within the Asia-Pacific region is raising the spectre of congestion at the major regional airports similar to that which struck North America and Europe in the late 1980s. By 1992, according to regional authorities, aviation industry growth could be hindered only by the ability of regional airports and air routes to handle it. Though about \$US40 billion is being spent in new airport developments which will alleviate the situation in the next century, industry officials are urging high-level political decisions to remedy what IATA calls “a looming crisis” in the early 1990s.

Indeed, airport congestion is going to be only of many aviation issues that Asia-Pacific countries will confront virtually simultaneously. Akira Kato, IATA's Regional Director, notes that liberalization of market access, capacity and pricing, privatization, multinational ownership and alliances, and computerised reservation systems (CRSs) will change the distribution system and marketing strategies even as regional governments and airlines grapple with the expansion of airports, management of air traffic control, training of pilots and maintenance personnel, improved security and modernization of equipment. While governments seek to update the administrative and legal machinery to handle the growth, customs and immigration officers are coming under pressure to keep the queues moving to prevent aircraft dispatch delays.

The situation is of concern because aviation has become a regional infrastructure requirement that has played a major role in propelling the Asia-Pacific region into its current position of pre-eminence. Cities like Hong Kong, Bangkok and Singapore are competing furiously to become the “aviation hub of Asia” and others are staking a claim. While long-haul passenger traffic commands most of the attention, two of the most important, but perhaps less noted, growth areas, are air/cargo and domestic/regional flights whose servicing needs on the ground and in the air are just as important as the long-hauls.

An economic outlook report by the consultancy firm SRI International forecasts that expanded exports of manufactured goods, increased per capita gross domestic products and stronger industrial

specialization will continue to make the Asia-Pacific region the world's fastest growing economic region. Moreover, the "quantum leap" of Japan as an economic and political power could lead to "greater co-prosperity," with the investment potential of the Republic of Korea, Taiwan Province of China, Hong Kong, Singapore and Australia coming not far behind.

This economic boom, says Mohammed Taib, Secretary-General of the Orient Airlines Association (OAA), has contributed to double-digit growth in passenger and cargo traffic of the OAA airlines in the last two years. "The expectation that it will continue to do so in the next five to 10 years will mean more challenges for the OAA member airlines." Based on limited data collection, Mr. Taib says, total inbound traffic in the Asia-Pacific cities reached nearly 35 million passengers in 1988-89, 25 per cent more than 1987-88. Of that, 76 per cent was intraregional traffic.

He says outbound traffic from Asia-Pacific cities reached 40.5 million passengers in 1988, up 43 per cent over 1987, with 80 per cent of those travellers being within the region. "Total resident departures of the region are estimated to grow at an annual rate of 8.5 per cent until 2000," Mr. Taib says. The total growth for passenger traffic in and out the OAA countries is anticipated to be 9.3 per cent annually until 2000 by when it will have reached nearly 200 million passengers.

Boeing forecasts that its B747-400 will soon be operating on "non-stop routes that were never possible this side of science fiction," from Singapore to London, Los Angeles to Hong Kong, New York to Seoul, Honolulu to Kuala Lumpur." Thirteen Asia-Pacific airlines are responsible for more than half of the total B747-400 orders. Mr. Lou Harrington, Vice President of Douglas Aircraft, says about 40 per cent of the 1,200 new aircraft expected to be bought by Asia-Pacific airlines will be long-range wide-bodies worth nearly \$US45 billion. Old aircraft will be making way for new. By 1995, the average age of the 423 wide body aircraft in the Asia-Pacific in late 1989 was 13 years. Of the 1989 count of 485 narrow-body aircraft, Mr. Harrington says, one third are 15 years old or more. By 1995, the narrow-bodies will be an average of 16 years old.

As these new aircraft fill Asia-Pacific skies and political pressure opens up new transcontinental air-routes for them to ply, they face the looming spectre of inadequate capacity at key regional airports. While deciding air-route changes takes time, implementing them is much quicker than the time frames involved in approving and building new airports. Says an IATA report, "Total airport capacity is controlled by three basic elements: runway, apron and terminal capacity. A shortfall in any single element can create congestion problems despite spare capacity in the others. Thus a balanced system capacity is essential."

Attaining this balanced capacity, as many airports are finding out, is easier said than done. IATA has already declared Tokyo Narita, Osaka, Hong Kong, Bangkok, Sydney, Bombay—the Asia-Pacific's main gateways—as being the most congested. Queues at airport counters are lengthening every year and peak hour delays are being reported with increasing frequency as aircraft wait for air traffic control clearance. Security concerns and problems with drugs and contraband smuggling, quarantine requirements and the influx of illegal immigrants disguised as tourists further chokes passenger flows. While ICAO officials say the situation is not currently critical, they expect the negative impact of massive growth rates to being making themselves felt within the next two to three years.

The Director General of the Civil Aviation Authority of Singapore, Mr. Lim Hock San said, "Tinkering around with band-aid or cosmetic solutions will only buy breathing space and time for the much-needed strategic orientation. What is needed is a quantum leap in capacity which would not only meet demand comfortably but in fact stimulate demand. To do this requires a look at the problem from a different and higher perspective than has hitherto been the case."

Perhaps the region's most congested airport is generally agreed to be Tokyo Narita where passenger movements of 19.5 million in 1989 were up over the 17.8 million in 1988. Peak-hour runway movements are already saturated and the non-availability of parking slots is one of the biggest aviation-political problems. Curfews further cramp the airport's potential. Plans of a new passenger terminal and a second runway, targeted for completion by 1993, are faced with environmental protests and the refusal of eight farmers to move out of the land area. The government is projecting annual increases of seven per cent until the year 2000 but given the way travel is booming, a more realistic double digit growth rate is expected to keep Narita inadequate until the end of the century.

Realizing that airport capacity is now the main block to its widely-publicized 10 million tourist-export programme, the Japanese Government is pushing ahead with plans to expand Tokyo Haneda and Osaka Kansai, both of which are being taken offshore to overcome the noise and environmental restrictions onshore. Tokyo Haneda will get three runways and a new terminal by 1998 at a cost of \$US5.6 billion. Osaka Kansai will be built 3.8 kilometres offshore with one runway for 24-hour usage. The 44-km by 1.25-km island on which it will be built, on a seabed reclaimed with garbage generated from the Kansai area, will have hotels and a conference centre. It will be linked to the mainland by a bridge with road and rail facilities. The estimated date of completion is 1993. However regional authorities fear that it may well be saturated from the day it opens. Meanwhile, to overcome pressure from foreign governments to do more to alleviate the congestion, Japan is encouraging flights to Nagoya, Fukuoka and Hokkaido, among other cities.

In the Republic of Korea, the thriving economy and the easing of travel restrictions for residents travelling abroad has seen passenger traffic rising at Seoul's Kimpo airport by 18 per cent in 1987, 23 per cent in 1988 and a huge 34 per cent in 1989. Short-term measures being planned at Kimpo include expanding Terminal One, making adjustments to Terminal Two and relocating general aviation traffic to another airfield. But the airport cannot be expanded any further. While the Government studies the feasibility of building a new airport to serve the Seoul metropolitan area, it has decided to build another new airport to replace Kimpo. It will be located on an island on the western sea near Seoul city and have two parallel runways of 4,000 metres.

The plan is to build the airport in three phases with an initial capacity of 30 million passengers, with both runways. Each subsequent phase will double the capacity to 120 million. The estimated cost for the first phase is about \$US1.3 billion. The airport is expected to go into the civil engineering phase next year and open by 1997. After that, Kimpo will be used as a domestic and/or general aviation airport. Regional airline officials are already optimistic that Seoul could become the next hub point for United States airlines and siphon some traffic from Narita.

At Hong Kong's Kai Tak airport, passenger traffic increased in 1988 by 21 per cent over 1987 and then dropped by six per cent in 1989 due to the drop in tourism to China. However, the airport is slowly coming back and the availability of new air routes to Europe over China and the Soviet Union could further bolster its position. But expanding Kai Tak is no longer possible and the airport is projected to reach 24 million passengers a year by 1995, assuming growth rates of five to six per cent.

In October 1989, the Hong Kong Government made the long-awaited decision to build a new airport at airport at Chek Lap Kok on the north coast of Lantau island. Located on a site of 1,000 hectares, the two-runway airport is expected to cost \$US16 billion, including the total infrastructure cost. The first runway was expected to be operational by 1997 with an initial handling capacity of 28 million passengers. Eventually, it should handle 80 million passengers. However, the Hong Kong Government's decision has promoted objections from China on the grounds that it will be left with bills to pay after 1997. Indeed, this new airport, plus Cathay Pacific's major fleet acquisition plans, are being paraded as living examples of the confidence that the colony's best known corporate entities have in the future of Hong Kong.

Hong Kong's closest competitor is Bangkok, the capital of a country that is seeking to position itself as a hub to all of South-East Asia. But traffic at the new international airport terminal at Don Muang opened in 1987 has grown so fast that it is virtually set to overtake its planned passenger capacity of 16 million by 1992, even though it had originally been felt to be enough to last until the year 2000. The inclusion of Bangkok airport on IATA's congested list has not surprised the Airports Authority of Thailand (AAT) which in July 1989 sanctioned a consultancy firm to weigh the feasibility of expending Don Muang as against building an entire new airport at the so-called "Cobra Swamp", Nong Ngu Hao, south-east of Bangkok. A decision about this is expected to be made shortly. The AAT meanwhile is making several internal adjustments in the physical structure of the airport and also planning new ways to expedite check-in to prevent the lengthy queues that quickly form, particularly around midnight when the flights to Europe leave.

At the western periphery of the Asia-Pacific rim, Bombay has clearly lost its once esteemed position in regional aviation. A new domestic terminal is expected to be completed in 1991 and a third international terminal has been approved but could take years to construct. The major problem though is the airport's

single runway about which nothing can be done because the airport area at Santa Cruz is surrounded by slums and shanty-towns. Airline officials say that even if the space were available, they would not be all that keen to land there. Travel in and out of India has been suffering from one set of constraints after another over the years. High fuel charges, intended to help the Indian airport authorities recoup the cost of terminal expansion, have backfired, causing airlines to overfly India.

At the southern periphery, IATA and ICAO officials have been working intensively at Sydney's Kingsford Smith Airport. Its location eight kilometres from downtown Sydney makes it very convenient for air travellers but it also means that there is strong local opposition to the airport, and to any further expansion. Over the last five years, the number of international passengers has almost doubled. Though reduced by the domestic pilots strike that began in August 1989, aircraft movements are now expected to take off again as the Australian Government embarks on another massive tourism promotion drive.

Plans have been approved for additional passenger terminal facilities which should be ready by 1992. But the airport comes under a curfew, the hours of which have recently been relaxed at the fringes, and its two runways are cluttered with commuter traffic, making it not uncommon for the scheduled passenger aircraft to be kept in holding patterns for up to 40 minutes. In March 1989, the Government approved the construction of a third runway but it is subject to a favourable environmental study which will only be completed by October 1990. Regional aviation officials are still sceptical about whether this will actually materialize. In the long-term, there has been talk of developing a new airport at Badgerly's Creek, 46 kilometres west of Sydney.

One key development being closely watched in the Asia-Pacific region is the planned construction of the first international airport at Macau where a private company has been formed to construct and operate it under government jurisdiction. Macau is clearly seeking to position itself as a future alternative to Hong Kong as the gateway to China and its strategic geographic position bolsters the possibility of achieving that objective after 1997. The regional gambling paradise is also anticipating a major growth in tourism from Japan, Taiwan and other South and South-East Asian countries. Projecting a passenger movement forecast of about four million by the year 2000, the Macau Airport Bureau is planning a first phase development of a 50,000 square metre, two-storey terminal with four passenger bridges, a 16,000 sq m cargo terminal and a 3,000 metre runway. Anticipated for completion by 1993, the airport will be curfew-free. The site selected allows all aircraft movements to be made over the sea and the passenger terminal has been designed to provide entrance and departure for passengers using surface transport to reach China.

While China's surrounding countries seek to position themselves as its "gateways", the Chinese themselves do not intend to miss out on development. Of the 80 airports in China, only eight can handle B-747 aircraft and 21 medium-sized jets, considered totally inadequate for a country of 1.2 billion people. To facilitate tourism and economic development, new airport construction is under way at one site (Yulin) and extensions are being carried out at three others. New terminals are under way in 10 cities with at least three intended to be capable of handling the B-747. Preliminary work is going on at seven airports while two other cities, Nanjing and Guilin, are to be reconstructed and expanded.

Among the five international gateway airports, Beijing is to get a new and large international terminal, Shanghai's terminal is being renovated and expanded, construction of a new terminal is to be started soon at Guangzhou, Kunming is being expanded and an extension is planned at Urumqi airport. One breakthrough that has helped achieve this pace of construction is the financing of the airports. Once budgeted by the central government, they have now been passed into the hands of the local and state governments which are looking abroad for cash. Xiamen airport was funded by a loan from the Government of Kuwait which has helped "greatly improve" its economic status and tourism promotion.

Regional industry analysts agree however, that Singapore will be the clear winner of the regional aviation race. While other governments agonize over the political, economic and environmental costs of airport expansion, Singapore's highly-rated Changi airport is due to open its second terminal in late November 1990, less than a decade after the main airport opened in 1981. The new terminal will raise

overall passenger handling capacity to 24 million per year. With an anticipated annual growth rate of seven to eight per cent over the next two decades, Terminal Two is expected to be at saturation point by 1998.

Singapore's Mr. Lim Hock San says that a site has already been reserved for the third terminal for which detailed designs will begin in 1991. He added, "Beyond the year 2000, land reclamation for additional runways and passenger terminals will proceed if the costs of reclamation are attractive." Regional IATA and ICAO officials, noting Singapore's prowess in international telecommunications, privately say the island state is best placed to become a central air-traffic control centre for the entire region. Public mention of this is taboo however, because of the political effects it would have on Singapore's neighbouring countries.

In other regional airport developments, Taipei's Chiang Kai Shek is also overstretched. The 6.5 million passengers it handled in 1988 is well beyond design capacity and a second passenger terminal is being built to double the capacity to 10 million passengers by 1994. In Malaysia, the Government is talking about privatizing the airports to increase their efficiency. In December 1989, Terminal Two opened Kuala Lumpur's Subang airport to handle domestic traffic and is expected to give the planned new airport corporation the breathing space needed to ponder future expansion. Jakarta's Hukarno-Hatta international airport handled 7.8 million passengers in 1988. In New Zealand, Auckland airport has been recording annual traffic growth of nearly 13 per cent annually between 1983-88 with nearly five million passengers in 1988. Planners have started talks with the airport community on development plans for the next century. These include a large main terminal building and a parallel runway north of the existing runway.

While national capitals are getting most of the attention, their state and provincial counterparts are not idle. Realizing the problems that are restricting growth prospects at the main airports, those in the regional cities are learning from them and planning for their own growths in the twenty-first century. Much work is under way at secondary cities in Japan, Australia, Malaysia, Indonesia, the Philippines, India and Thailand. Thailand is particularly well-suited for growth, its upcountry provinces being dotted with airfields built during the Viet Nam War. The Viet Nameese too are opening up their skies to international traffic and will soon be in market for funding and expertise. One problem already affecting these expansion plans is rising land costs as speculators move in and wait for governments to expropriate land.

The first priority, however, is tackling the some imminent problems of growth. When the air-congestion problems arose in Europe and the North America, IATA set up a task force to lobby governments and press for political action. This task force has now begun to look eastwards. The group met in February 1990 in Singapore and agreed to appoint a working group to continue urging Asia-Pacific authorities immediately to start implementing short- and long-term preventive measures like clearing land for runways and airport terminals, relaxing curfews to allow longer airport operation hours and agreeing on common air-space management systems that will dissolve the fragmented air-traffic control regions.

The Task Force Chairman, Capt. Richard White of New Zealand, said, "If this required expansion is not allowed to take place, governments will lose great opportunities for future job and wealth creation in their communities. I know this is politically difficult because politicians don't think beyond the next elections but it has to be done if countries are to continue enjoying the continued economic benefits of tourism inflows and cargo movements."

Amidst the search for technical and political solutions in the sky and on the ground, one voice has urging a look at the other side. In a series of speeches last year before his retirement as Executive Vice President of the Pacific Asia Travel Association, Mr. Ken Chamberlain warned that the anticipated growth may not materialize and that it may in fact become a victim of itself, particularly in the key tourism industry. "Growth means pressure, pressure on supply," he says. "We often feel our destinations are crowded now. What about when they will be called upon to handle two or three times as many people? Just when tourists have higher expectations and expect the process of travel to become easier, the danger is that the opposite is about to happen."

Referring to recent tourism industry trends, Mr. Chamberlain warned that "a combination of congestion, higher prices and lower quality is the recipe for turning off demand and restraining growth." He talked of the pilots' crisis and the potential impact of terrorism. But most importantly, he stressed the impact of tourism on destination communities from whom opposition will surface whenever there is rapid growth.

“The emerging new wave of opposition can be a particularly serious one,” Mr. Chamberlain stressed, “since tourism has grown to the point that it no longer has room to grow as freely as before. It is now bumping into the space of others. It is now so big that the prospect of its further development is that much more threatening to those who do not directly benefit from it.” He referred to surveys showing that Hawaii residents favour a hotel construction moratorium in their communities. In Queensland and Cairns, sites of extensive tourism development, anti-tourism councils have been elected. “Residents are not necessarily against tourism as much as they are against tourism in their own backyards.” How Asia-Pacific governments manage to reconcile the interests of a few as against the larger national interests is going to be of consideration concern in the next few years.

7. THE AIR ROUTE LOGJAM

The issue of air routes is also becoming very important to international airlines, particularly with regard to the efficient utilization of the highways of the skies at a time of increasing fuel prices. According to the International Air Transport Association, inefficient flights over uneconomical air routes are costing airlines millions of dollars a year, a waste that will eventually translate into higher air fares. The following are excerpts from a recent speech given by IATA's Regional Technical Director Capt. Hans Fugl-Svendsen at an aviation conference in Hong Kong:

“The most critical and uneconomical air routes in the region are due to political problems that lie in the aftermath of the Korean War, the India-Pakistan conflict, and the Viet Nam war. The provision of the most direct and efficient air routes across the respective borders of the states concerned is only possible with an understanding and political will to cooperate in such a provision. Unfortunately, despite the passage of time, it has still not been possible to resolve the political differences between the states involved.

“The second most important reason for less than optimum air routes in the region lies in the refusal by various military forces to allow civil airlines to pass through areas that they term “sensitive” even when such areas are not being used for military activity. The total lack of civil-military coordination of air traffic by some states seriously hampers the efficient flow of international traffic through such states.

“Finally in seeking the reasons for less than optimum air traffic routes it must be acknowledged that international air routes have traditionally been based on connecting various city pairs. The advent of the new long range aircraft and the increasing demand for direct international flights means that some of the countries overflowed by these long haul flights have to provide air traffic services with only very limited resources available for such provisions, further adding to the problem. In such cases airlines are having to operate along air traffic routes which are not the most efficient as the state concerned does not have the resources necessary to provide or facilities required to establish or support more efficient routings.”

(a) **Problem routes**

The seriousness of the current situation is manifested in an examination of just four of the most outstanding cases of less than optimum air traffic routes in the region.

(i) *Bangkok-Hong Kong*

The current air routes flown by airlines operating between Bangkok and Hong Kong or Bangkok to Japan, the Republic of Korea, and Taiwan Province of China follow an air route that is 60 nautical miles longer than the route listed by ICAO in the Regional Air Navigation Plan as the route the states concerned should have implemented following the 1983 ICAO Air Navigation Meeting in Singapore.

According to the present timetables there are 232 flights in each direction operating on this route every week. This adds up to 464 flights flying 60 nautical miles (nm) more than necessary each week for

a total of 27, 840 nm extra each week. On average a jet aircraft covers approximately 8 nm per minute of cruise flight which if used as a basis for determining the extra flight time involved indicates that at least 58 aircraft flight hours are wasted each week, or 3,016 hours per year corresponding to the approximate annual utilization of a medium-sized passenger aircraft.

As the average price of fuel for jet aircraft has risen to more than \$US1 per gallon, the 58 extra flight hours per week based on an even spread of aircraft types varying from the wide-bodied twins to the B-747 is approximately \$US156,000 per week or \$US 8,112,000 per year, on this one single ATS route alone.

(ii) Far East to Europe

Approximately 250 flights operate on direct flights each week between Europe and the Far East along an air route that is 160 nautical miles longer than the route agreed to by states concerned at the ICAO Air Navigation Meeting in Singapore in 1983 and published as an international requirement in the Regional Air Navigation Plan of ICAO.

The cost to airlines of this lack of implementation for political reasons corresponds to around 4,300 flying hours per year or the same as the utilization of one B-747 aircraft per year. The extra fuel consumed due to this extra mileage is over 12 million gallons per year at a price that is increasing almost daily.

As the amount of extra fuel required to fly the additional 160 miles restricts the available payload, airlines estimate that they lose over three tons of payload on each flight which must be added to the overall extra operation costs on this less than optimum route.

(iii) Japan to Beijing

The route mileage on the only available route between Japan and Beijing is 1,653 nm which is an additional 400 nm compared to the desired ATS route requested by IATA at the Regional Air Navigation Meeting in 1983. There are more than 60 flights operating on this route each week using 2, 600 more flight hours per year than the optimum route would require and using over 7 million extra gallons of fuel at a cost in excess of \$US 7 million per year.

(iv) Hong Kong to Europe

There are now around 40 flights a week leaving Kong Kong for Europe which if a shorter ATS route via China and the Soviet Union were available would save these operators 575 nm in each direction, corresponding to approximately 2 hours and 20 minutes per round flight. On a yearly basis this shorter route would save around 14 million gallons of fuel and almost 5,000 hours of flight.

These four less than optimum air routes are alone wasting over 40 million gallons of fuel a year which the airlines have to pay for. The extra flight time involved represents the yearly utilization of four medium-sized jet airliners and the loss in revenue through less than optimum payload adds significantly to the economic burdens of the airlines.

In addition to these costs there is a mounting problem of congestion along, in particular, the ATS routes to Europe over the Indian sub-continent. The rapid increase in the number of direct flights now operating and being planned on these routes is causing serious delays and restrictions to flight operations. They are often required to operate at lower than optimum flight levels, adding to operational costs. The curfew restrictions applied at many of the European destinations, as well as at some of the departure airports in the Far East, cause a majority of these flights to be scheduled during peak periods, adding an enormous burden to the air traffic control over India and Pakistan in accommodating this period of concentrated traffic.

To make matters even worse the advent of the long-range twin-engined aircraft has compounded the problem. As the long-range cruising speed of these aircraft is significantly less than the bigger aeroplanes, this often causes traffic conflicts along an air route where a faster aircraft is catching up on a slower aircraft ahead which is operating at the same altitude.

(b) Intermediate solutions

At the First Technical Conference held by IATA in Bangkok in 1989 under the theme "Coping with the Present, and Meeting the Future", participants agreed that using yesterday's ideas to solve tomorrow's problems must be avoided if the region is to cope with the increasing demands and the dynamic growth of civil aviation.

It was acknowledged that efforts must continue to provide more optimum air routes and to solve the political differences that now hampered such routes being implemented with resulting increased operational costs to the airlines.

The vast increase in air traffic over the Pacific, estimated to be up to 4,000 additional flights each year, demands the earliest possible introduction of modern technology to ensure that this traffic can be accommodated safely and efficiently. Efforts to do this are well advanced and ICAO, IATA and the states concerned are working on short- and long-term solutions finding new air routes to connect the North American continent with the Far East by the shortest distances.

The routes proposed transverse areas hitherto not flown by international flights and can first now be considered thanks to the improved relations between the Soviet Union and the other states involved. Some of the new routes being proposed would shorten the routes between New York, Chicago, and Washington, to Beijing by some 1,500 nm, making direct flights possible. By bringing the routes north of the present North Pacific tracks, more space will be available on these routes for flights to and from the West Coast.

As mentioned previously, another of the much needed air routes in the region is the route from Hong Kong to Europe over China and the Soviet Union. When this route becomes available it will significantly assist in alleviating some of the congestion problems being faced on the current route operating via the Indian sub-continent. It has also been noticed that such a route will provide faster connections between Australia and Europe by routing the flights via Hong Kong to other suitable airports in southern China.

(c) Long-term solutions

Looking to the future, it is essential that the technology and knowledge that are already available must be put to use to redraw the air map not only in this region but on a global basis. It is realized that to do this, states must begin to acknowledge, to a greater extent, the wealth and benefits that international aviation generates and establish a political will to provide the services and facilities required to support this activity.

It has already been agreed through the work of ICAO on the Future Air Navigation Systems that the future communication and navigation systems should be based on the use of satellites. Airlines are investing vast sums of money to equip their aircraft with the systems required to receive and transmit communication technology, so that air traffic control as presently performed can be revolutionized.

With modern technology, the control of air traffic over vast areas, regardless of state boundaries, can be maintained by only a few world-wide well-equipped centres, thereby saving states vast sums of money in having to provide this service.

As such a dramatic change is unlikely to be accepted for a great many years, it is necessary to find suitable areas where states will work together and make use of modern technology to provide a more efficient and cost effective service. Obviously over the vast land masses of China, the Soviet Union and Australia and all the Oceanic areas the earliest possible use of satellite communication and ADS control should be introduced.

To gain experience on the use of ADS several airlines are engaged in practical trials with the FAA and it would seem a natural evolution for these trials to be extended to air routes over areas where there is inadequate air traffic controller coverage and lack of ground-based aids to support any other form of air traffic.

The use of satellite communication and air traffic control via data links would greatly assist states suffering from a lack of English-speaking controllers as control of all en route traffic can be handled by one such centre.

(d) Solutions

To repeat the conclusion of the regional conference, namely that one cannot solve tomorrow's problems by resorting to yesterday's ideas and solutions, it must be remembered that some states have a lot of catching up to do to meet even today's standards and requirements. Should these states spend their resources on catching up or should they jump ahead and use modern technology to meet the air traffic demands?

The increasing traffic demands need to be met now by improving the capacity of the air routes that are available and by introducing such new routes as are required which can be flown safely and efficiently using today's systems. The need to start discussions amongst states on re-designating the flight information and air traffic control borders is apparent, so that states can avoid investment in expensive air traffic control equipment which could become redundant in the near future.

Several states have acknowledged that the provision of air traffic services is best left to private companies to organize and operate. IATA fully supports this tendency provided it is done in cooperation with the airlines as the users, and that it is done on a non-profit basis.

The technology that is needed exists to advance quickly into a new era of international aviation, but all too often the political will needed is not forthcoming, and the benefits and wealth that international aviation could bring to a country is overlooked to the detriment of the people and to the industry as a whole.

8. AIRLINES AND AIR PACTS

The winds of deregulation that began blowing from the United States in 1978 and spread to Japan, Europe and Australia in the 1980s are bound to affect the Asia-Pacific airlines in the 1990s. Two major developments are taking place in this part of the world.

Firstly, many of the airlines are going private. All Nippon Airways is a totally privately-owned airline. Japan Airlines, Singapore Airlines, Cathay Pacific, Malaysian Airlines, Air New Zealand and Qantas are among the airlines that have either been listed on the stock exchanges in their respective countries or are being partially privatized in other forms. Philippines Airlines is also expected to be privatized. Thai International is supposed to be listed in January 1991. There has been talk of Garuda Indonesia and Air India following suit. The competition between these airlines will be a major factor in spurring aviation growth as they take on their more established, formerly government-owned airlines. Governments are already showing a greater degree of flexibility towards these new airlines and frowning upon efforts by the more established carriers to keep them out. Unlike Dragonair, which had a unique set of problems and fought hard to overcome them, these other airlines are likely to succeed.

Secondly, there is the emergence of second-tier airlines like Asiana, Eva and Tradewinds among the majors, and Pelangi Air, Merpati, Sempati, Bangkok Airways, Aerolift, Pelita Air and Vayudoot among the minors. Their birth is the result of political decisions stemming from a governmental desire to see greater competition and take domestic feeder pressure off the mainline carriers. Balancing the development of the two will be difficult. There is good chance that these small feeder airlines that today depend heavily for favours from the bigger airlines will become important in their own right.

These developments have raised an important question. What exactly is a national carrier? Almost all airlines that have been sold or privatized are in part in foreign hands. There is talk of the two major domestic airlines in Australia getting international routes to compete with Qantas. After years of backing their "national" airlines, governments are now ruling that the private sector has an equal claim to the business.

While liberalizing their airline policies on one hand, governments are also doing the same to their policies in relation to bilaterals. Though supportive of their national airlines, they are encouraging more airlines to fly in, bringing in tourists which their own airlines do not have the capacity to transport. The interests of the country and tourism are being put ahead, even if only slightly, of the airline's interests. One of the best examples of the change is that which occurred in Indonesia when Garuda's former grip on Bali was broken in favour of a relatively freer sky policy that has allowed tourism to soar. Governments are seeking to open up secondary cities as a means of decongesting the capitals and spreading prosperity to the hinterland. Opening up aviation links to these cities does that well.

Governments are negotiating more long-term open-ended aviation agreements so that they do not have to renegotiate agreements each time the airline wants to mount more capacity. With key market countries, ways are being opened up for the respective airlines to lay on more flights whenever they feel the need. Again, the competition between the various countries is at the root of this and when they see Singapore doing things like signing equity agreements with Delta/Swissair, building new airport terminals while they are just opening their old ones, they become nervous.

The development of up-country hubs improves contacts between the various domestic cities and also acts as springboards for air travel to and from regional countries. Money is therefore suddenly pouring into airport development which once got a low priority when compared to electricity and water supply development. This trend is also improving the negotiating posture of governments in traffic rights talks: they now have more flexibility to trade second and third cities in their own countries in exchange for access to major tourist generating cities in the target markets.

9. GLOBAL DISTRIBUTION SYSTEMS (GDSs)

If Asia-Pacific governments have not been devoting much time to it, they had better start looking into how the advent of global distribution systems (GDSs) will affect tourist arrivals in their countries. Many regional NTOs are under the impression that this is an airline matter and that their respective national airlines will take care of it. As their name implies, GDSs are going to provide the most cost-effective means of distributing a travel product globally. All future booking for a travel product will be handled through GDSs, a system that could also spell the end of the role of the travel agent as we know it today. They will be able to computerize everything from visa information to weather data, hotel room rates, currency exchange rates, car rental services, city tours, everything. If NTOs do not know how they work, they should, quickly.

The following discussion is based on a study done by the Stanford Research Institute on global distribution systems, what they are and why they are important to airlines. One issue that has yet to be studied is what they will mean for the NTOs. Perhaps if some of the NTOs can get together, they might jointly fund a detailed study of the matter.

(a) Computerized Reservation Systems (CRSs)

Since their original introduction as internal airline automation tools in 1964, CRSs have evolved as both primary sources of competitive advantage, and as profitable businesses in their own right.

The financial benefits to an airline owner of a CRS consist of four components:

- (i) Booking fees charged to participating airlines and travel service providers;
- (ii) Fees received from travel agents;
- (iii) Reservation services provided to the airlines owner;
- (iv) An increase in airline earnings as a direct result of travel agents use of the airline's own CRS.

Regarding the first two components, namely, the sources of cash revenues which accrue to the CRS as a business, growth has been rapid, and the proportion of participant (i.e., transaction) fees as a percentage of the total has increased steadily.

The largest of the United States' CRSs, SABRE and APOLLO, have been extremely profitable for their owners. In 1987 SABRE produced a 26 per cent profit on sales of \$US 405 million. Although the largest of the United States CRSs are very profitable, opinions offer on whether these profits will continue.

Conventional wisdom is that the world-wide boom in air travel will continue, driving transaction fee income, and CRS profits, to new record levels. Some, however, challenge the conventional wisdom, arguing that this performance may attract new entrants, or consumer protection legislation, and suggestion there will be an oversupply of CRS capacity, forcing growing competition, pressure on fees, and increasing pressure to invest in new equipment.

Although the principle barriers to entry, "financial risk" and "economies of scale", appear substantial and new CRS alliances will develop largely based on existing systems, new, and more cost-effective technologies will allow ever-greater capacity in existing systems, with potential for downward pressure on fees.

(b) CRS as Global Distribution Systems

By the mid-1980s, the major non-American carriers faced a number of challenges including the move towards deregulation in many countries and increasing direct competition from American carriers. Without strong CRSs of their own, the non-American carriers faced the choice of either conceding worldwide CRS dominance to the American carriers or:

- (i) developing new systems (which would require major investments); and /or
- (ii) forming strategic alliances with United States carriers (which could include the purchase or lease of software).

The approach so far has been a combination of developing new systems (using regional consortia) and strategic alliances with the United States systems, resulting in the emergence of "global" CRSs (sometimes called global distribution systems, or GDS).

(c) Emerging trends

The airline industry is undergoing a period of irreversible change, influenced by a convergence of political, economic and technological factors. Politically, United States airline deregulation in 1978, the Single Europe Act of 1992 and even perestroika (with Eastern bloc airlines increasingly intending to compete commercially) have been the principle driving forces. Deregulation and economics are pushing globalization, with lower fares leading to rapid growth in demand, lower trade barriers (including a gradual disappearance of bilateral constraints), fostering global competition, and escalating equipment costs forcing airlines to achieve global economies of scale.

The dramatic improvements in both computer and communication technologies have provided the means, with CRSs, and emerging GDS consortia, for providing both electronic access to markets and yield maximization by computerized control of operations.

(d) Deregulation

The non-American airlines are proceeding with deregulation, albeit each in its own style and at its own pace. The sense of danger felt by many non-American carriers stems from the knowledge that some of the American carriers have the aircraft, the financial resources, the technology and the will to dominate the global airline industry.

The principal impacts of deregulation on the domestic United States airline industry were:

- (i) Realignment of route structures from linear (point to point) to non-linear (hub-and-spokes);
- (ii) Reduced fares leading to increased demand;

- (iii) Lowering of barriers to entry;
- (iv) Improving the economics of airline operations which is most important for the European and Asian carriers.

In Europe and Asia in particular, short-term defences are few and crumbling, consisting primarily of out-dated bilateral agreements and continuing regulation of international fares, neutralizing for the moment the large United States fleets and their aggressive use of CRSs and yield management technology to exploit profitably marginal seat pricing opportunities.

(e) Globalization

Four CRSs now dominate the huge American market. Recognizing this fact, and the technological and functional superiority of the American systems, all the consortia established in Europe and the Asia-Pacific region have sought some form of association with one or more of the American CRSs.

As equipment costs continue to rise, and as barriers to trade in services—including bilaterals—come under increasing pressure, airlines must achieve global economies of scale to compete as fares are forced down by the United States indirectly and, more slowly, by the European deregulation.

(f) Strategic issues

The emerging trends offer both threats and opportunities to the airline industry in particular.

Deregulation and globalization threaten traditionally protected home markets, yet offer opportunities in as yet unexploited markets.

The evolution of CRSs into global distribution systems dictates that all investors in the travel services industry, the “producer” (the airlines and the non-airlines travel service providers), the distributors (the travel agents), and the consumers and legislators have an interest in the outcome of the CRS alliances. However, not all of the participants are equally aware of the CRS issues, and the potential impact of CRS on their core business, nor are they equally able to influence the evolution of CRSs.

For those airlines which are investors in a CRS, there are additional issues relating to CRS as a business and the maximization of financial benefits from this investment.

For the travel agents, the concerns are to have neutral access to the widest possible range of travel products and services, to minimize direct selling by the airlines to major accounts, and to improve operating efficiency by CRS-associated automation.

For the consumer, and in most cases the legislators, the primary objective is wider choice, better services, and lower costs (although this may frequently be complicated by the governments' alternative role(s) as shareholder (s) in the national airline and promoter of tourism growth).

(g) Travel service providers (airline and non-airline)

For the travel service providers and the airlines in particular, the primary issues are the effectiveness of product distribution, its cost (i.e. efficiency) of distribution, and, increasingly critical, the use of the CRS alliance to gain access to new technologies in yield management.

(h) Effective product distribution

Effective product distribution depends on a clear sense of strategic vision, knowing which markets one intends to serve with which products, and within what time-frame. It is both an aggressive and defensive measure. It is aggressive in its penetration of selected channels of distribution in target markets,

and defensive in establishing a measure of control over the major originating points (for most carriers their national markets) by ownership of the national marketing company (effective distribution must, of course, be backed by adequate product availability, product quality, and pricing).

The critical issue in the selection of a CRS for the airline must be which one can best deliver product distribution requirements at the most competitive cost. Effective distribution will increasingly require the airline to list (total access) on all CRSs which control major agents in the target market area irrespective of whether the airline invests in a CRS.

(i) Distribution efficiency

Effective product distribution alone is not enough, and the second strategic issue for the travel service provider CEO is distribution efficiency, i.e. the net cost per unit of product sold.

The efficiency calculation requires a fundamental decision by the airline CEO as to whether to “buy” into a CRS—thereby increasing fixed costs in the distribution channel—or whether to “lease” distribution, i.e., to keep distribution costs variable by listing on all major CRSs and paying only a booking fee (for many smaller airlines, this may appear an increasingly attractive option as competition among CRSs increases). The decision ultimately hinges on the projections of revenues, variable cost, the investment, or development costs, and, most critical, the projected capacity utilization of the CRS, that is, decisions relating to the CRS as an investment.

(j) Access to technology

As globalization and deregulation increase competition amongst airlines, there will be a significant rationalization of capacity worldwide; the experience in the United States following deregulation suggests the winners will be those airlines best able to integrate data from their CRS into advanced, dynamic yield management systems which balance pricing and capacity optimize yield. Gaining access to the latest yield management systems as part of a CRS investment may increasingly be critical to airline viability.

(k) CRS as an investment

As legislation and competition reduce the competitive advantage to be gained by CRS ownership, the CRS decision will increasingly become an investment decision which regards the CRS as a business in its own right.

(l) Travel agents

As the dominant existing channel of distribution for airline and other travel products, the travel agents will be heavily influenced by airline CRS decisions.

The strategic challenge for the agents includes how to maintain a position as the perceived independent adviser to the consumer who is increasingly aware, and concerned about, CRS bias.

(m) Consumers and governments

Consumers and governments face many strategic issues in common, with the principle issue for consumers being access to the widest range to products and services at the lowest price. Governments, however, enjoy the power of legislation and this thought alone, together with the experience of what has happened in the United States, Canada and Europe to date, will undoubtedly influence the strategy of CRS providers.

(n) Direct consumer protection

In North America and Europe at least, there is increasing governmental interest in providing legislative control of CRSs aimed at protecting consumer interests.

It is probable that the dramatic growth in market power, and profitability, of CRSs which has accompanied airline deregulation was not foreseen by legislators when American deregulation was in the planning stage in the 1970s.

(o) Government as owner or shareholder

One of the government's roles which may influence its approach to CRSs is as owner or shareholder of the national flag carrier. Although this role has diminished somewhat in recent years, with the partial or total privatization of carriers, many governments still have financial control of the national airline.

(p) Conclusion

The primary function of both the CRS and the GDS is electronic distribution of travel products, and every airline and major travel service vendor will use one or more CRS systems to list its products and services. Whether an investment in a CRS system is a sound strategic decision should be evaluated as any other investment decision, considering whether it contributes to the strategic objectives, and whether it meets the required rate of financial return.

If an airline faces resource constraints and needs more seat capacity, for example, the CEO must ask whether or not an investment in a new business, such as CRS, is strategic to the core business.

In order to protect their burgeoning passenger base, the majority of Asian carriers will either develop their own regional CRS system (albeit based on an existing American CRS technology) or create a secure participation in an existing American-based CRS. This latter strategy depends on expectations of increased capacity of the existing, highly functional, American systems as well as falling telecommunications costs. This strategy also requires the exercise of influence over policy by way of contract and by equity investment.

Those airlines considering building a new core in the region must critically appraise the difficulties, delays and overruns faced by both AMADEUS and GALILEO in adapting the American systems to European conditions. The significant net cash outflow experienced by the American CRSs, the dramatic impact of the scale of economies on performance and the relatively small size of the regional market suggest caution must be exercised to avoid increasing distribution costs.

Whether the Asia-Pacific region ends up with one common system or as many as three separate systems, the high initial costs, the dramatic economies of scale and the small regional market suggest that if more than one system is established it is critical that each be developed along common technical lines so that at some point in the future they could, if it seems desirable or necessary, be merged with a minimal degree of disruption and expense.

There are those who will say that such a high degree of coordination is not possible, but in the face of the American monolith, an emerging single European community, and the high cost of failure, what is the alternative?

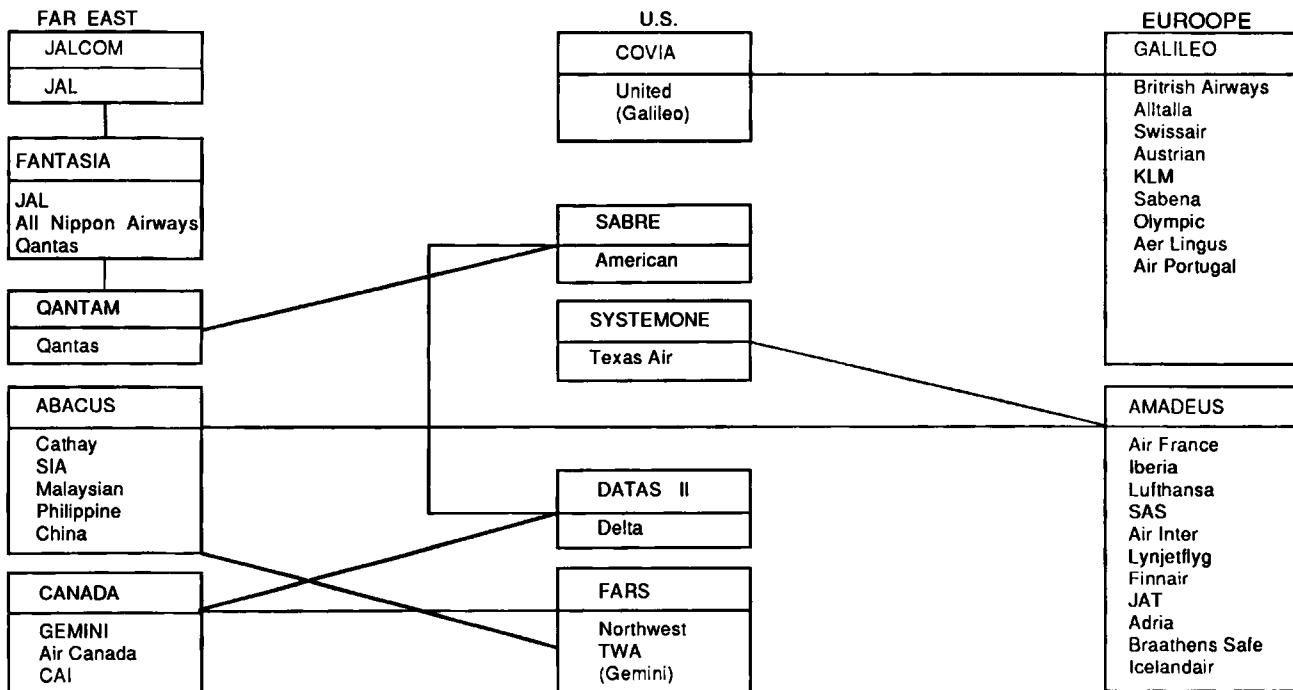
10. THE NORTH-EAST ASIAN MARKET

(a) Japan

In July 1985, the Government of Japan unveiled an Action Programme for Improved Market Access, a plan that was intended to help solve the imbalance of international payments between Japan and other countries. The official jargon summarized the Japanese position thus: "To keep a stable position in the international community, where interdependency is deepening, the promotion of overseas travel by Japanese people is becoming more important." Thus, officials said, encouragement of tourism had been incorporated into the action programme.

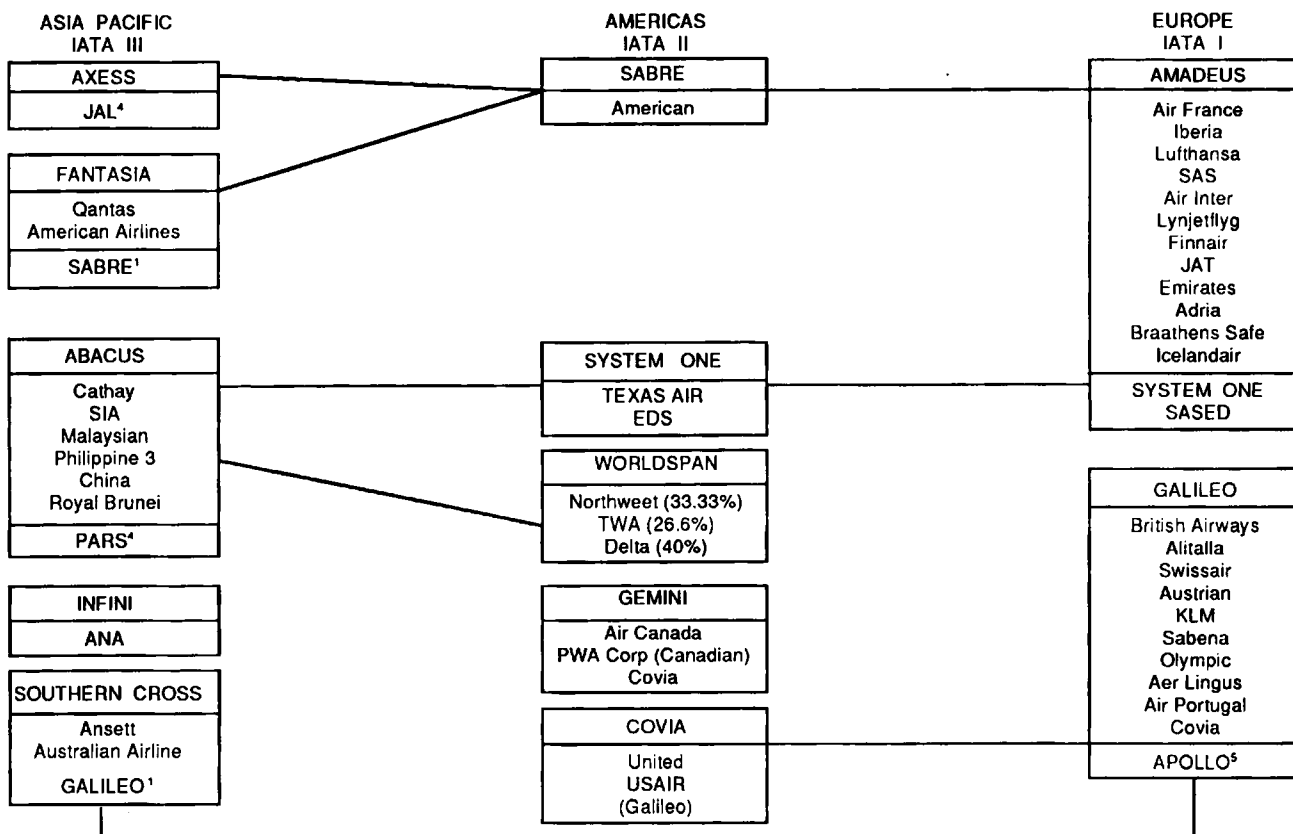
Complexity of worldwide CRS arrangements

Figure 1a Situation at first quarter 1991¹



Links shown between CRSs are in varying stages of development
 1 : Source: IATA Review: First Quarter 1989

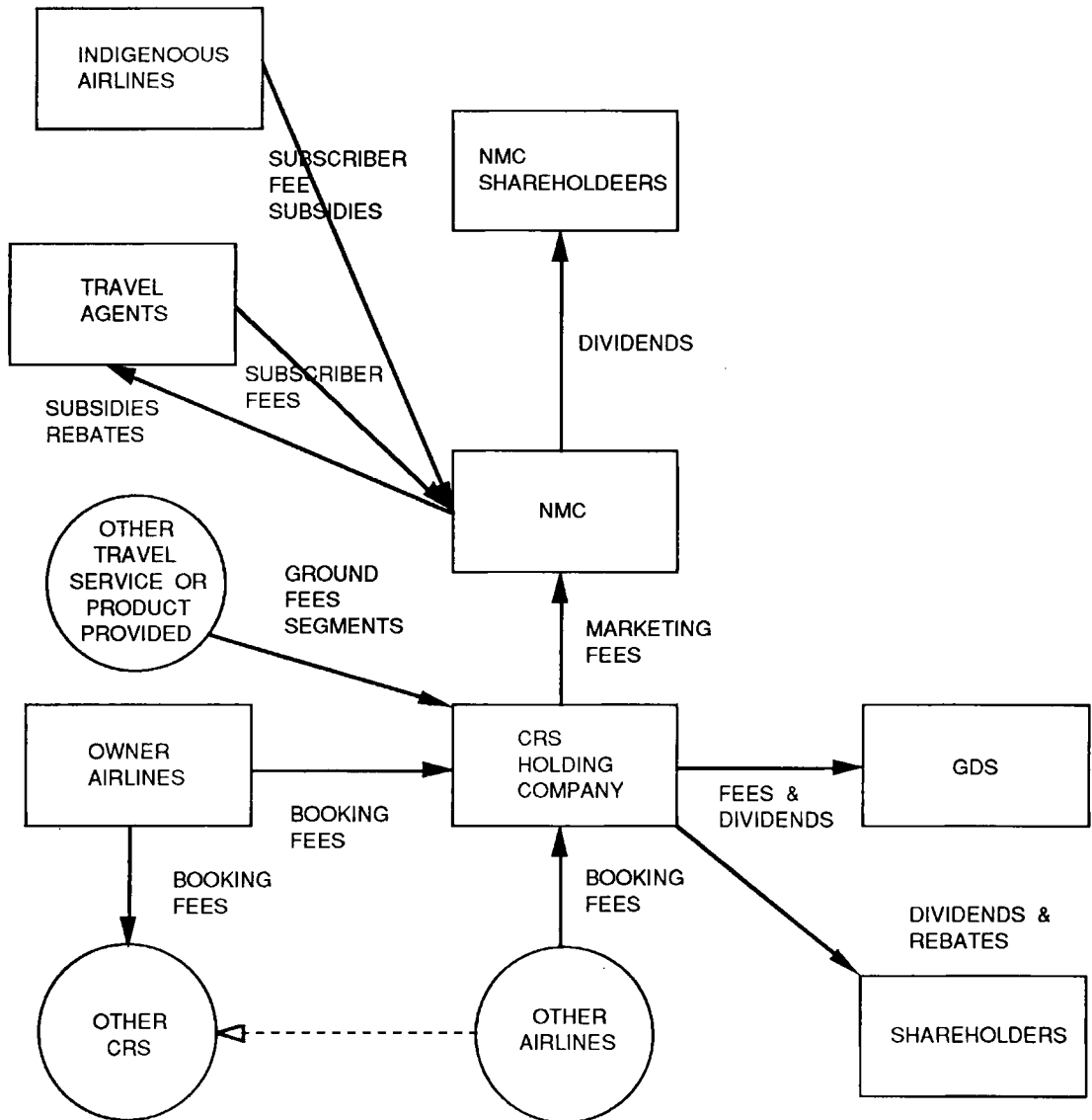
Figure 1b Situation at end first quarter 1990²



1. Technical and/or marketing alliances
 2. Source: SRI INTERNATIONAL
 3. Subject to Central Bank approval

4. Worldspan combines the NWA/TWA Pars system with Delta's Datus II
 5. Travel agents will be able to issue JAL tickets through United's Apollo in Japan

Figure 2. Major financial flows associated with CRS processing



The aim of the programme was to double the number of tourists going abroad from 5.5 million in 1986 to more than 10 million in 1991. This objective is well on its way to being achieved. Latest figures from the Japan National Tourism Organization indicate that Japan "exported" 9,660,000 people in 1989 alone, a number which would have probably crossed 10 million had it not been affected by the June 1989 developments in Beijing, a popular holiday destination until then, and the eight month Australian domestic pilots strike which ended in May 1990. In January-July 1990, the number of total outbound Japanese was 6,255,770, up from 5,486,349 in January-July 1989.

The reasons why Japanese are travelling abroad are said to be the appreciation of the yen, an increase in their leisure time and the development of package tours, plus greater market segmentation to cater to the various markets, ranging from honeymooners to adventure travellers and religious pilgrims. Officially, there is still some stigma about the fact that in 1987, only 5.6 per cent of Japanese travelled abroad as against 44 per cent of people in the United Kingdom, 10 per cent of Australians, 18 per cent of French and 16 per cent of Americans. The Government expects that Japanese overseas travellers will be spending \$US26.5 billion on overseas travel in 1991, up from only \$US7.2 billion spent in 1986.

According to a paper presented by Mr. Philip Yamanouchi, then General Manager of the JNTO's International Cooperation Department, at a seminar in 1988, "The promotion of overseas travel by Japanese people will be effective not only in the development of mutual understanding and a sense of international citizenship but also in contributing to the growth of economies of other countries and solving the imbalance of international payments between Japan and other countries."

In November 1987, Japanese industry set up the Overseas Travel Promotion Forum to coordinate with the Ministry of Transport on ways to promote Japanese travel abroad. One of the first measures was to cut the number of average yearly working hours for Japanese from 2,150 to 1,800 by the year 2000. This goal is to be attained when all businesses operate a complete five-day work-week and employees receive 20 days paid holiday a year.

The Government is also working to improve airport facilities, improve safety for its overseas travellers, publish educational handbooks and help subsidize the establishment of overseas promotional offices for countries that want to establish themselves in Tokyo but find it prohibitively expensive. Air transport capacity agreements are also being expanded to accommodate the growing need for more bilateral flights by Japan.

This programme will go down in history as one of the travel industry's most important events and a major factor that will shape Asia-Pacific travel trends. For the first time, the world has a country that is actually exporting its people to redress its embarrassingly large trade surpluses. At the receiving end, the Japanese have bought and expanded their hotel chain network. They have set up tour operators to provide the service which they claim the Japanese need and only Japanese can provide. They have, in so doing, opened themselves to charges that the trade surpluses are simply being recycled again to Japan, but the Japanese, even though they do buy Japanese consumer durables, also buy local jewellery and handicrafts. So some of that money does get left behind in the receiving country. In any case, governments in the region are anxious to attract the Japanese tourists.

Indeed, it is now becoming easy for Japanese to travel abroad and many of the things that are happening there will eventually be exported to the rest of the Asia-Pacific region. At a recent JATA congress, a senior official of JTB noted that many Japanese were bypassing travel agents when making bookings, often leaving within 10 days of their decision to go. Booking systems like Community Network, the telephonic supermarket, may eventually be expanded to cover travel bookings, if JATA allows it. To overcome congestion at Narita and Osaka, the airlines are pushing for access to secondary developing cities like Nagoya, Fukuoka and Sapporo.

The interesting thing about the Japanese market is that it is forcing the travel industry to become more specialized in its marketing efforts and this will be of general benefit to the industry. The travel market is no longer one homogeneous mass that can be reached by placing advertisements in a local mass circulation newspaper. The customary means of reaching the regular FIT or the conventioner or the incentive winner are no longer valid. Marketing entrepreneurs now have the chance to go after the culture

buffs, the divers, the adventurous, cyclists, handicapped, honeymooners, the elderly and so on. Indeed, one reason for the region-wide craze for golf tours began with the Japanese. This could also be marketed to Germans and Australians.

(b) The Republic of Korea

This area's residents are the next major outbound market but their Government has liberalized the market progressively. On 1 January 1983, the Government of the Republic of Korea proclaimed pleasure and vacation travel abroad for people over 50 years old only. As its trade surpluses continued to improve in 1986 and 1987, in July 1988 the age limit for sightseeing tours abroad was lowered to 40, then 30 and it became much easier to obtain passports. From 1 January 1989, the market was completely liberalized and is expected to touch 1.8 million by 1991. Though the priority travel destinations are the United States, Japan, Canada and Europe, this area's residents are already among the biggest spenders in many South-East Asian countries.

In 1989, according to a very informative regional newsletter produced by PATA's Vice President, Asia Hitoshi Kawai, overseas travellers from the Republic of Korea reached 1,210,000, an increase of 67.3 per cent 1988. In January-July 1990, the total number of outbound travellers was 659,143, up 34.4 per cent over January-July 1989. The 1988 Olympics acted as a trigger and there was growing criticism of the failure to liberalize travel. The potential of the outbound market is staggering. A survey carried out by the organizers of the Korean Overseas Travel Fair in 1989 showed that 89 per cent of 2,573 respondents intended to travel abroad within the next three years. Moreover, they also tend to follow the Japanese pattern. They have initiated talks with the ASEAN groups on establishing an ASEAN Promotional Centre for Tourism, Trade and Investment, similar to that which exists in Japan. This centre, to be funded by the Republic of Korea, will promote Korean-ASEAN contacts in those fields in the same way as the centre in Japan does. Among the first tourism projects to be initiated is a regional course for training Korean-speaking guides.

(c) Taiwan Province of China

According to PATA's East Asia Travel Market Newsletter, 2.1 million travelled abroad in 1989, an increase of 31.6 per cent over 1.6 million in 1988.

The province started liberalizing its outbound travel in January 1979 but at first placed a number of restrictions. People were allowed to travel abroad for pleasure only twice a year; males between 16-30 eligible for military service were denied applications for overseas travel for pleasure and the amount of foreign exchange that could be taken out was limited to \$US 70 per person per day. Soon after these regulations were promulgated, the Government banned applications to visit Hong Kong due to the political and social contexts and also because local travel agents were adopting dishonest and fraudulent practices.

In March 1983, as outbound travel continued to rise, the Government increased the application fees for outbound travel. The charge for a passport was doubled to \$US 25 and the processing fee for the exit permit was increased 800 per cent to \$US 100. Still, outbound travel grew by 5.3 per cent in 1983.

After martial law was lifted on 15 July 1987, the Government allowed the purchasing of foreign currency totalling \$US 5 million per person per year, partly to ease some of the pressure on the foreign exchange reserves and the ensuing result, an appreciation of the NT dollar. That same month, the Government also lifted restrictions on travel to Hong Kong as a first destination. Before the end of 1987 the Government also allowed civilians to visit relatives in China. Outbound tourism soared at once, causing a mass shortage of seats on all flights between Taiwan Province of China and Hong Kong.

On 1 July 1988, the Government liberalized outbound travel even further. People can now travel for pleasure overseas three times a year, up from twice a year; the age restriction for male travel is down from 30 to 26 years; the processing fee for an exit permit was halved to \$NT2,000; and policemen and soldiers are now eligible for applications for pleasure travel overseas.

One of the unique services offered by the Taiwan Tourism Bureau is a Travel Information Centre that has been operated at Taipei airport since 1981 to provide outbound tourists with a comprehensive preview of the main tourist attractions and acquaint them with “do’s and dont’s”. This centre also provides national tourist bureaus of other countries a marketing outlet for their videos, films, posters and brochures. The centre has one conference room, one exhibition room and five lecture halls with audio-visual equipment. Though it costs the Tourism Bureau about \$US1.1 million a year to operate, the centre is available for use by travel agents and civic groups free of charge.

(d) The receiving markets

The sudden growth in this market has caught many South-East Asian countries off guard. Many of them do not know how to deal with the visitors. Problems are emerging with a shortage of guides and interpreting facilities. Competition is also driving down prices as more travel agents emerge, resulting in shopping commission rackets. There is a problem with the growing backlash against the Japanese, in places like Queensland, Australia, and New Zealand. Local populations are not able to differentiate between Japanese investments and Japanese tourism. There are people who want both but there is also an equally vocal group that does not want either, merely because they are not getting anything out of it. This is a problem that will continue to increase in the future.

Table 70. Japan. Monthly departures of Japanese nationals classified by port, 1989

	JAN	% Chng	FEB	% Chng	MAR	% Chng	APR	% Chng	MAY	% Chng	JUNE	% Chng	JULY	% Chng
Grand total	770 297	26.7	739 671	14.3	837 386	17.0	719 827	13.5	725 567	17.5	821 463	13.4	872 138	9.4
Airport total	766 968	26.7	735 177	14.4	830 202	17.3	712 465	13.5	717 912	17.4	814 732	13.6	862 966	9.6
Shin-Chitose	344	-55.1	161	-88.5	990		632		356	13.0	802	173.7	931	450.9
Sendai	115		0	>>>>>	0	>>>>>	209	3.0	583	82.4	765	43.2	161	
Niigata	1 779	48.5	3 320	36.6	3 275	10.1	2 692	22.3	2 598	88.0	3 937	82.5	3 296	38.6
Haneda	21 586	9.0	15 536	1.1	23 063	17.4	18 802	12.7	18 866	11.6	20 684	15.8	17 099	1.7
Narita	479 122	29.1	465 331	14.9	513 668	19.2	446 960	14.7	433 996	19.9	502 048	14.8	565 020	12.3
Nagoya	53 707	38.7	49 420	30.3	55 221	58.5	49 630	29.3	52 430	32.0	60 893	30.1	60 136	24.4
Komatsu	600	-20.0	1 271	-15.7	972	22.0	829	39.1	974	36.8	1 183	-18.1	857	-23.8
Osaka	167 918	18.8	159 003	10.1	182 759	9.8	148 754	7.9	155 955	9.2	171 704	3.6	168 934	-0.9
Fukuoka	34 296	32.7	32 738	28.3	40 512	16.6	36 765	6.7	41 843	18.1	43 944	19.2	37 924	4.4
Nagasaki	1 180	15.2	1 490	20.9	1 808	-25.4	1 043	55.9	1 236	78.4	1 296	71.9	653	-26.0
Kumamoto	1 179	252.7	1 038	-22.8	1 640	-49.0	753	-8.7	1 212	-14.9	499	-65.8	625	-24.3
Kagoshima	1 285	44.5	1 188	-24.3	1 488	11.5	1 169	-35.1	2 111	4.9	1 530	-38.7	1 509	7.8
Naha	2 993	26.2	2 408	-4.3	3 372	-17.9	3 156	-21.3	3 824	-16.7	3 507	-6.0	4 329	5.5
Others	865	61.7	1 773	286.5	2 034	-20.2	1 080	226.3	2 028	232.5	1 989	299.4	1 492	-7.7
Seaport total	3 329	30.1	4 494	-7.2	7 184	-8.1	7 362	9.8	7 655	31.7	6 731	1.3	9 172	-4.8
Tokyo	146	-57.8	1 573	-5.5	393	-60.4	1 409	76.9	2	-99.6	507	-29.7	1 684	-33.4
Yokohama	27	237.5	124	933.3	289	>>>>>	570	-12.6	679	3.8	1 159	7.8	935	371.3
Osaka	249	42.3	619	-30.0	1 207	-16.7	1 665	91.5	794	0.8	693	64.6	1 657	46.4
Kobe	67	-20.2	538	-46.3	238	-75.4	531	-32.8	707	722.1	41	-92.9	554	-29.3
Shimonoseki	750	100.5	1 114	42.6	3 647	31.4	2 374	39.9	2 546	3.9	2 352	-3.4	2 143	-12.2
Others	2 390	33.0	526	5.6	1 413	-17.9	813	-56.3	2 927	130.5	1 979	40.2	2 049	-14.5

Table 70 (continued)

	AUG	% Chng	SEP	% Chng	OCT	% Chng	NOV	% Chng	DEC	% Chng	TOTAL	% Chng	% Share
Grand total	975 450	8.6	864 238	16.2	761 635	13.7	779 344	16.3	885 036	14.0	9 662 752	14.7	100.00
Airport total	962 103	8.7	854 808	16.0	751 796	14.0	764 167	16.2	797 136	13.9	9 570 431	14.8	99.04
Shin-Chitose	896		2 381	>>>>>	2 029		2 497	137.6	712	>>>>>	12 731	187.8	0.13
Sendai	524	64.8	559	27.9	506		1 534	109.5	158	-36.8	4 915	66.3	0.05
Niigata	3 445	21.6	3 399	61.4	2 977	56.8	2 581	-18.2	1 341	19.2	35 160	34.1	0.36
Haneda	19 568	0.3	21 127	7.4	20 360	7.9	23 342	19.1	20 978	8.2	241 011	9.5	2.49
Narita	641 556	11.0	547 483	16.1	405 278	14.6	466 228	18.3	506 833	14.3	6 034 023	16.2	62.45
Nagoya	64 441	23.0	57 974	30.5	54 186	29.6	54 267	25.4	60 031	28.9	672 336	29.8	6.96
Komatsu	981	-3.8	950	3.5	1 092	29.4	1 437	6.1	593	11.7	11 739	1.2	0.12
Osaka	178 779	-0.6	169 477	9.8	151 045	5.1	159 045	8.0	158 737	7.6	1 972 111	7.0	20.41
Fukuoka	41 457	1.4	42 533	19.8	43 765	-17.3	48 274	13.7	35 864	14.2	474 915	14.9	4.91
Nagasaki	730	-49.3	645	-13.9	1 198	-3.8	616	-61.1	1 707	-4.2	13 602	-6.1	0.14
Kumamoto	1 441	-26.2	870	33.0	2 079	121.2	636	-9.1	932	-7.1	12 253	-8.3	0.13
Kagoshima	1 614	2.6	1 832	-5.5	1 361	-32.8	1 928	43.0	2 334	28.9	19 040	-4.6	0.2
Naha	4 589	-0.5	3 198	-6.8	3 122	6.9	3 566	14.0	3 997	1.3	42 361	-3.2	0.44
Others	2 082	88.4	2 380	65.7	2 796	39.7	3 296	37.9	2 719	331.6	24 534	72.2	0.25
Seaport total	13 347	2.2	9 430	37.8	9 840	-3.7	5 877	-9.7	7 900	15.0	92 321	5.5	0.96
Tokyo	1 005	>>>>>	575	12.3	381	-4.7	60	-92.0	1 181	>>>>>	8 916	-4.4	8.09
Yokohama	664	11.0	594	42.1	1 015	2.8	943	-6.1	39	143.8	7 085	25.6	6.67
Osaka	2 029	4.4	600	44.9	664	5.4	224	-43.4	1 053	18.7	11 454	15.8	0.12
Kobe	1 228	-34.7	53	-94.3	699	773.8	41	-94.5	1 398	-35.2	6 195	-39.4	0.06
Shimonoseki	5 968	-1.1	3 072	135.6	4 887	-20.0	1 544	-42.2	984	-11.2	31 381	4.0	0.32
Others	2 453	-5.5	2 436	38.8	2 194	8.7	3 365	223.3	3 245	20.3	27 290	22.6	0.28

Table 71. Japan. Overseas travellers by destination and month (visitor arrivals from Japan)

	<i>Destination</i>	JAN	% <i>Chng</i>	FEB	% <i>Chng</i>	MAR	% <i>Chng</i>	APR	% <i>Chng</i>	MAY	% <i>Chng</i>	JUNE	% <i>Chng</i>	
A S I A	China	37 298	5.6	30 020	-4.4	53 543	-19.9	40 602	-11.7	53 651	-6.3	13 967	-71.9	
	Hong Kong	119 330	18.0	90 956	4.31	124 661	9.8	91 610	-1.6	93 130	-1.6	95 521	-12.4	
	India	6 220	30.1	5 522	-8.2	5 890	10.8	3 545	24.4	2 792	12.1	2 726	16.0	
	Jordan	279	-12.3	343	-7.5	426	-1.2	396	37.0	280	-4.4	246	-23.4	
	Macau	34 331	9.8	24 533	1.8	29 450	9.0	19 738	-6.3	25 369	-8.8	35 534	12.2	
	Malaysia													
	Maldives	685	-0.8	966	-0.7	1 016	-13.6	733	3.1	855	16.5	651	-1.9	
	Philippines	19 397	60.0	18 571	6.9	17 197	18.7	15 672	45.3	16 734	26.4	16 799	35.6	
	Republic of Korea	87 686	46.9	87 519	34.6	114 854	27.0	110 789	24.4	129 947	39.5	126 421	27.8	
	Singapore	62 894	32.8	59 097	19.5	75 070	21.4	55 784	12.8	57 074	20.4	66 194	22.8	
	Sri Lanka	1 002	35.8	670	-33.1	1 166	14.1	666	17.3	1 014	64.5	760	9.8	
	Taiwan Province of China	91 499	14.7	72 820	-1.9	99 754	6.2	75 204	1.1	76 903	8.4	83 662	10.6	
	Thailand	49 021	29.4	46 723	22.8	53 133	9.8	38 641	29.7	36 737	24.9	36 090	14.8	
	Turkey	2 092	39.7	2 925	31.7	3 472	30.6	3 065	-15.0	2 130	1.4	1 931	-19.3	
E U R O P E	Austria	5 234	21.0	15 390	25.5	15 481	-8.6	13 308	26.9	15 823	21.4	17 995	17.3	
	Belgium	6 550	58.1	7 985	-1.41	11 295	20.2	13 533	24.5	16 010	32.4	13 615	0.7	
	Bulgaria	336	33.9	392	18.1	562	21.9							
	Denmark	4 500	0.0	5 700	23.9	5 500	10.0							
	France	62 622	12.3	80 991	13.5	97 976	70.2	70 045	80.0	69 978	102.1	98 225	54.6	
	Germany	24 822	1.1	55 263	21.8	65 914	28.4	58 278	30.5	62 447	20.4	71 866	10.0	
	Greece													
	Hungary	1 055	72.1	1 289	66.5	2 297	84.6	1 342	30.2	2 098	17.6	3 257	64.2	
	Italy	25 549	-14.3	33 190	-1.5	33 669	2.6	28 745	1.2	37 408	20.5	34 954	14.0	
	Netherlands													
	Portugal	2 252	-2.7	2 376	-5.3	2 928	6.9	2 674	2.9	2 442	4.3	2 350	-9.6	
	Spain	16 717	63.8	13 944	37.6	17 202	-18.2	16 857	11.1	15 804	27.2	16 976	9.6	
	Sweden	2 407	-0.9	3 522	26.9	4 166	2.2	4 051	17.5	6 837	20.8	14 084	26.8	
Switzerland	13 173	21.8	25 708	7.6	35 097	14.5	31 659	13.5	40 700	13.2	50 840	14.4		
United Kingdom														
	Egypt	5 205	39.5	6 220	42.7	6 606	17.2	3 463	19.0	2 167	-2.7	2 226	-10.1	
	Morocco	1 200	14.8	1 146	-5.1	1 389	59.0	1 023	38.8	684	21.7	809	0.6	
	Seychelles	13	-39.1	22	-46.3	33	50.9	33	120.0	16	-5.9	28	12.0	
	South Africa	345	-1.1	395	-6.8	447	15.5	414	10.7	382	-11.4			
A M E R I C A S	Barbados	50	85.2	14	-48.1	14	7.7	27	22.7	40	66.7	26	44.4	
	Bermada	23	666.7	28	211.1	51	142.9							
	Brazil													
	Canada	13 372	71.9	14 479	29.9	21 782	28.0	24 054	20.7	35 619	35.2	47 320	21.1	
	Guatemala	310	30.8	320	10.3	376	17.5	282	2.2	246	23.0	199	4.2	
	Mexico													
	Uruguay	146	-0.7	141	-5.4	156	22.8	155	29.2	101	-9.8	107	33.8	
	United States	213 200	3.3	233 050	8.5	278 302	30.9	230 503	39.4	215 764	17.7	277 373	16.0	
Guam	49 013	9.3	48 606	7.2	45 912	1.9	34 237	7.5	38 571	15.3	49 582	14.6		
Hawaii														
	Australia	29 500	43.9	32 400	11.7	32 300	4.9	27 900	8.1	24 700	-7.5	23 800	-12.2	
	Fiji	592	630.9	644	436.7	764	352.1	712	419.7	996	415.5			
	Marianas	21 494	34.1	18 702	17.1	22 520	15.7	14 286	20.3	16 336	17.9	21 706	34.5	
	New Caledonia	2 552	192.1	2 428	81.1	2 730	57.3	1 854	77.4					
	New Zealand	8 965	26.8	9 459	-2.8	8 982	1.0	7 200	0.6	5 148	-19.4	5 643	-3.5	
	Tahiti	277	72.0	672	296.4	594	-46.2	328	-19.4	722	177.7	916	104.9	
Japanese overseas travellers		770 297	26.7	739 671	14.3	837 586	17.0	719 827	13.5	725 567	17.5	821 463	13.4	

Table 71 (continued)

Destination		JULY	% Chng	AUG	% Chng	SEP	% Chng	OCT	% Chng	NOV	% Chng	DEC	% Chng	Cumulative	% Chng
A S I A	China	16 171	-64.8	19 345	-69.2	20 609	-65.0	24 271	-55.4	24 180	-49.3	25 293	-29.7	358 800	-39.4
	Hong Kong	80 243	-19.4	99 907	-18.7	93 864	-17.3	88 264	-11.0	93 113	-6.6	105 590	-0.4	1 176 189	-5.2
	India	4 563	26.9	6 118	19.8									37 766	14.7
	Jordan	381	39.1	370	11.4									2 721	3.5
	Macau	22 023	-7.0	29 895	-9.2	29 867	5.3	26 754	6.5	27 348	12.7			303 892	2.5
	Malaysia													0	
	Maldives	1 130	-2.6	1 513	20.0									7 734	2.5
	Philippines	19 169	29.9	27 992	50.8									151 531	26.1
	Republic of Korea	110 916	11.1	127 106	17.4	133 617	33.4	140 641	18.0	122 208	4.8	83 719	5.1	1 379 523	22.7
	Singapore	76 432	19.6	91 839	26.0	83 129	26.4	68 595	27.2	71 279	18.5	73 584	31.3	841 371	23.3
	Sri Lanka	816	-19.7	1 002	-18.7	618	-29.0							7 714	-0.4
	Taiwan Province of China	66 312	-1.3	72 535	4.8	74 868	8.2	76 734	5.4	98 385	11.5	74 005	-0.4	964 631	5.8
	Thailand													260 345	21.0
Turkey	2 203	-16.6	3 273	11.8									21 091	5.2	
E U R O P E	Austria	23 780	11.1	29 646	5.7	18 943	6.2	16 282	33.8	10 523	43.2	9 933	36.9	192 038	15.5
	Belgium	13 106	-0.8											82 074	14.1
	Bulgaria													1 290	23.6
	Denmark													15 700	11.3
	France													479 937	49.1
	Germany													337 790	19.6
	Greece													76 000	28.4
	Hungary	2 645	23.1	4 717	6.4	3 433	47.3							22 133	36.1
	Italy	46 650	16.3	49 642	20.1									289 807	8.2
	Netherlands													0	
	Portugal	2 439	19.9	2 734	7.8									20 195	2.7
	Spain	19 408	16.2	23 066	49.4	21 171	53.8							161 145	23.9
	Sweden	11 839	6.7	14 263	2.6									60 369	12.3
Switzerland	61 163	15.5	78 680	19.0	53 317	36.1	38 847	17.9	24 697	31.9	18 397	32.2	472 278	17.6	
United Kingdom													8		
	Egypt	3 056	12.2	5 614	27.0									34 557	21.3
	Morocco	840	8.7	958	10.1	765	16.4							8 794	17.0
	Seychelles	52	940.0	48	166.7	37	12.1							282	43.1
	South Africa													1 903	1.7
A M E R I C A S	Barbados	15	-37.5											186	20.0
	Bermada													102	209.1
	Brazil													0	
	Canada	50 589	6.4											207 215	22.7
	Guatemala	293	3.9	390	23.5									2 386	14.3
	Mexico													0	
	Uruguay	11 4	4.6	118	-17.5									1 038	5.2
	United States	310 531	13.4	341 253	10.9	288 975	25.5	215 022	15.0	213 00	25.2			2 816 853	17.8
Guam Hawaii	53 103	0.1	56 192	34.5	52 960	9.3	41 063	23.9	40 982	10.1	46 127	26.7	533 748	12.6	
													0		
	Australia	29 400	3.5	31 200	1.6	27 700	-6.4	26 200	-17.9	29 200	-19.3	35 100	-1.1	349 500	-0.8
	Fiji													3 707	429.6
	Marianas	23 746	15.2	26 455	29.3	22 617	30.4	18 086	56.7	19 650	62.8	23 711	47.6	249 299	30.2
	New Caledonia													9 664	91.0
	New Zealand Tahiti	8 950	16.0	7 722	-1.5	8 041	11.5	7 766	-3.8	9 940	6.8	10 406	11.3	97 322	3.8
													3 509	56.2	
Japanese overseas travellers		872 138	9.4	975 450	8.6	864 238	16.2	761 635	13.7	770 044	16.0	805 036	14.0	9 662 752	14.7

Compiled by Japan National Tourist Organization

Table 72. Japan. Overseas travellers by age and sex, Jan-Dec 1989

Age/Sex	Total			% Change			Pleasure travel			% Change		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	9 662 752	5 974 982	3 687 770	14.7	14.4	15.1	8 106 523	4 621 393	3 485 130	15.3	15.7	14.9
0 ~ 4	71 420	35 839	35 581	20.4	20.1	20.8	55 788	27 992	27 796	23.6	23.1	24.1
5 ~ 9	104 828	52 581	52 247	22.3	21.4	23.2	86 187	43 104	43 083	24.5	23.8	25.3
10 ~ 14	148 429	75 170	73 259	13.7	13.3	14.0	133 802	67 844	65 958	13.8	13.4	14.2
15 ~ 19	319 900	132 138	187 762	18.0	18.1	18.0	295 803	122 227	173 576	17.5	17.5	17.5
20 ~ 24	1 214 873	432 125	782 748	14.1	16.6	12.7	1 152 800	401 254	751 546	13.4	16.2	12.0
25 ~ 29	1 477 297	732 931	744 366	13.8	13.4	14.1	1 356 613	614 770	714 843	13.7	13.6	13.9
30 ~ 34	981 639	685 744	295 895	15.8	14.6	18.5	810 010	540 804	269 206	16.5	15.3	18.8
35 ~ 39	934 420	715 154	219 266	5.3	4.5	7.9	713 129	515 696	197 433	7.7	7.5	8.3
40 ~ 44	1 114 165	869 996	244 169	21.8	21.1	24.4	821 165	597 488	223 677	24.7	24.7	24.7
45 ~ 49	941 662	707 131	234 531	18.8	17.7	22.3	694 602	473 149	221 453	22.1	21.9	22.5
50 ~ 54	776 515	547 656	228 859	15.6	15.5	15.8	594 020	373 808	220 212	16.5	16.9	15.8
55 ~ 59	627 130	404 585	222 545	14.3	15.2	12.6	521 409	305 006	216 403	14.3	15.6	12.5
60 ~ 64	482 553	296 598	185 955	11.8	11.8	11.9	432 741	250 212	182 529	11.6	11.5	11.7
65 ~ 69	275 997	166 090	109 907	13.8	13.7	13.8	256 724	108 225	13.5	13.4	13.6	
70 ~	191 846	121 207	70 645	7.2	5.4	10.6	181 730	112 540	69 190	6.8	4.8	10.3
Unknown	78	43	35	34.5	34.4	34.6	0	0	0			

Table 73. Japan. Monthly departures of Japanese nationals classified by port 1990

	JAN	% Chng	FEB	% Chng	MAR	% Chng	APR	% Chng	MAY	% Chng	JUN	% Chng	JUL	% Chng	Comulative	% Chng	% Share
Grand total	853 477	10.8	895 524	21.1	914 306	9.2	836 099	16.2	799 332	10.2	953 599	16.1	1 003 433	15.1	6 255 770	14.0	100.0
Air port total	849 236	10.7	891 747	21.3	902 252	8.7	827 769	16.2	791 105	10.2	945 771	16.1	989 873	14.7	6 197 753	13.9	99.07
Shin-Chitose	5 105	1384.0	2 008	1147.2	1 821	83.9	1 463	131.5	962	170.2	1 417	76.7	3 290	253.4	16 066	281.1	0.26
Sendai	0	-100.0	120		156		1 581	656.5	1 927	403.1	2 415	215.3	3 285	1940.4	9 484	480.4	0.15
Niigata	1 843	3.9	3 697	11.4	3 286	0.3	2 677	-0.6	2 429	-10.0	3 713	-5.7	3 730	13.2	21 381	1.8	0.34
Ilaneda	19 650	-9.0	19 516	25.6	23 483	1.8	18 993	1.0	19 325	2.4	19 947	-3.6	16 946	-0.9	137 860	1.6	2.20
Narita	544 715	13.7	569 413	22.2	565 228	10.0	525 979	17.7	483 206	11.3	591 933	17.9	644 667	14.1	3 925 141	15.2	62.74
Nagoya	64 872	20.3	68 203	38.0	67 550	22.3	63 833	28.6	64 621	23.3	76 371	25.4	72 423	20.4	477 873	25.3	7.64
Komatsu	613	2.2	1 289	1.4	1 142	17.5	1 028	24.0	1 455	49.4	1 341	13.4	1 242	44.9	8 110	21.3	0.13
Osaka	167 606	-0.2	178 389	12.2	184 191	0.8	159 744	7.4	161 150	3.3	184 536	7.5	186 045	10.1	1 221 661	5.8	19.53
Fukuoka	37 222	8.5	41 529	26.9	46 061	13.7	43 157	17.4	45 687	9.2	51 614	17.5	46 791	23.4	312 061	16.4	4.99
Nagasaki	1 024	-13.2	948	-36.4	1 391	-23.1	940	-9.9	697	-43.6	782	-39.7	722	10.6	6 504	-25.3	0.10
Kumamoto	1 326	12.6	731	-29.6	921	-1.4	431	-42.8	369	-69.6	602	34.1	461	-26.2	4 841	-23.1	0.08
Kagoshima	1 443	12.7	1 259	6.0	1 433	-3.7	1 353	16.6	1 740	-17.6	2 357	54.1	1 775	17.6	11 365	10.7	0.18
Naha	2 643	-11.7	2 512	4.3	3 039	-9.9	3 298	4.5	4 451	16.4	4 378	24.8	3 776	-12.8	24 097	2.2	0.39
Others	1 163	34.5	2 133	20.3	2 550	25.4	3 292	204.8	3 086	52.2	4 365	119.5	4 720	216.4	21 309	89.2	0.34
Sea port total	4 241	27.4	3 777	-16.0	12 054	67.8	8 330	13.1	8 227	7.5	7 828	16.3	13 560	47.8	58 017	26.3	0.93
Tokyo	1 167	699.3	1 902	20.9	2 086	430.8	1 739	23.4	1 160	57 900.0	1 765	248.1	1 741	3.4	11 560	102.3	0.18
Yokohama	19	-29.6	96	-22.6	197	-13.1	32	-94.4	84	-87.6	39	-96.6	1 377	39.8	1 844	-51.9	0.03
Osaka	428	71.9	723	16.8	1 142	-5.4	2 532	52.1	2 279	187.0	1 124	62.2	1 368	-17.4	9 596	39.4	0.15
Kobe	77	14.3	24	-95.5	1 043	338.2	63	-88.1	186	-73.7	169	312.2	1 843	181.8	3 405	22.7	0.05
Shimonoseki	425	-43.3	795	-28.6	3 082	-15.5	2 017	-15.0	1 744	-31.5	2 381	1.2	3 757	75.3	14 201	-4.9	0.23
Others	2 125	1.7	237	-54.9	4 504	213.8	1 947	139.5	2 774	-5.2	2 350	18.7	3 474	69.5	17 411	47.6	0.28

Table 75. Japan. Overseas travellers by destination and month (visitor arrivals from Japan), 1990

	Destination	JAN	% Chng	FEB	% Chng	MAR	% Chng	APR	% Chng	MAY	% Chng	JUNE	% Chng	JULY	% Chng	AUG	% Chng	CUMU-LATIVE	% Chng	
ASIA	China	20 352	-45.4	23 417	-22.0	35 705	-33.3	30 200	-29.1	41 900	-21.9	32 200	131.0					183 744	-20.4	
	Hong Kong	108 412	-9.1	107 780	18.5	116 818	-6.3	92 380	0.8	92 834	-0.3	118 788	24.4	108 254	34.9			745 266	7.2	
	India	1 214	15.8															1 214	15.8	
	Jordan	265	-5.0	360	5.0	589	38.3													
	Macau	38 388	11.8	36 034	46.6	34 801	22.3	27 491	39.3	33 380	31.4	48 367	36.1					218 461	30.0	
	Malaysia																			
	Maldives																			
	Philippines																			
	Republic of Korea	86 813	-1.0	95 579	9.2	118 876	3.5	119 600	8.0	123 641	-4.2	136 346	7.9	122 043	10.0			802 898	4.6	
	Singapore	78 629	25.0	86 925	47.1	93 805	25.0	67 697	21.4	65 762	15.2	80 678	21.9					473 496	25.9	
	Sri Lanka	2 296	129.1	1 784	166.3	1 998	71.4	1 798	168.8									7 868	124.5	
	Taiwan Province of China	79 911	-12.6	90 282	24.0	93 299	-6.5	78 054	3.8	75 430	-4.4	79 484	-5.0	64 632	-2.5			561 092	-1.2	
	Thailand	54 421	11.0	60 045	28.5	60 046	13.0	45 388	17.5	41 141	12.0	48 619	34.7					309 660	18.9	
Turkey																				
EUROPE	Austria	7 835	49.7	20 049	32.9	17 800	15.0	14 707	10.5	19 913	25.8							80 304	23.7	
	Belgium	3 827	-41.4	8 399	5.2													12 226	-15.8	
	Denmark	4 400	-2.2	5 100	-10.5	9 500	-6.9											7 007	-2.4	
	Finland	1 766	-22.4	2 492	27.5	2 749	-6.8											296 881	22.8	
	France	91 973	46.6	100 594	24.2	104 314	6.5													
	Germany																			
	Greece	8 789	9.1	21 774	20.5	13 254	4.3											43 817	12.8	
	Hungary																			
	Italy	47 057	84.2	54 257	63.5	48 543	44.2											149 857	62.2	
	Netherlands																			
	Portugal	2 246	-0.3															2 246	-0.3	
	Spain	18 828	12.6	21 359	53.2	21 950	27.6	21 044	24.8	20 000	26.6	103 181	28.1							
	Sweden	2 679	12.4	3 480	1.1	4 295	4.0	10 454	5.0											
	Switzerland	15 785	19.8	31 247	21.4	34 756	-1.1	36 031	13.6	45 330	11.2	59 477	16.9	68 694	12.2			291 320	12.7	
United Kingdom																				
AMERICAS	Egypt	5 913	13.6	8 129	30.7	8 179	23.8											22 221	23.2	
	Morocco																			
	Seychelles																			
	South Africa	362	4.9	467	91.4	681	52.3	409	-1.2									1 919	32.3	
	Barbados																			
	Bermuda	13	-43.5	17	-39.3	20	-60.8											50	-51.0	
	Brazil																			
	Canada																			
	Guatemala	225	-27.4	331	3.4	423	12.5	279	-1.1									1 258	-2.3	
	Mexico																			
	Uruguay																			
United States	265 324	24.4	267 222	14.7	279 103	0.3	194 647	-15.6									1 006 296	5.4		
Guam	54 195	10.6	60 582	26.2	54 338	18.4	43 133	26.0	47 932	24.3	53 243	7.4					313 423	18.1		
Hawaii																				
	Australia	38 200	29.5	39 700	22.5	41 700	29.1	35 000	25.4	33 900	37.2	38 100	60.1					226 600	32.8	
	Fiji																			
	Marianas	28 449	32.4	28 207	50.8	29 565	31.3	23 056	61.4	25 505	56.1	28 361	30.7	28 802	21.3			191 945	38.3	
	New Caledonia	2 409	-9.3	2 554	5.2	2 610	-4.5	2 052	10.7	9 625	-0.5							69 863	14.2	
	New Zealand	9 492	5.9	10 560	11.6	10 380	15.6	7 146	-0.7	5 985	16.3	6 489	15.0	10 175	26.4	9 636	24.8			
Tahiti																				
Japanese overseas travellers		853 477	10.8	895 524	21.1	914 306	9.2	836 099	16.2	799 332	10.2	953 599	16.1	1 003 433	15.1			4 298 738	13.3	

Table 76. Japan. Overseas travellers by age and sex, July 1990

Age/Sex	TOTAL			% change			Pleasure travel			% change		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	1 003 433	569 793	433 640	15.1	15.8	14.0	837 304	460 649	376 655	14.1	22.6	5.2
0-4	10 003	5 047	4 956	15.5	15.5	15.5	8 433	4 272	4 161	17.5	17.6	17.4
5-9	20 223	10 230	9 993	18.0	18.7	17.2	17 603	8 888	8 715	17.0	18.0	16.0
10-14	32 690	15 686	17 004	15.3	11.9	18.7	28 458	13 609	14 849	6.6	3.1	9.9
15-19	72 229	24 366	47 863	8.8	7.1	9.7	61 288	20 732	40 556	-0.2	-1.4	0.4
20-24	118 056	36 977	81 079	5.4	8.5	4.0	103 839	31 845	71 994	-0.9	3.3	-2.7
25-29	143 550	64 125	79 425	16.1	16.1	16.2	123 936	54 019	69 917	9.8	14.4	6.4
30-34	98 013	62 788	35 225	17.8	16.6	19.9	81 190	50 836	30 354	18.8	22.9	12.5
35-39	90 402	63 662	26 740	11.0	10.1	13.0	73 700	50 609	23 091	18.2	23.8	7.5
40-44	115 287	84 674	30 613	21.4	20.7	23.5	92 945	66 587	26 358	33.2	41.3	16.3
45-49	85 882	62 085	23 797	14.4	12.7	19.1	68 343	47 998	20 345	26.1	34.9	9.2
50-54	70 981	49 245	21 736	17.8	17.8	17.6	56 792	37 983	18 809	26.3	39.2	6.3
55-59	59 632	38 107	21 525	22.3	23.9	19.6	48 488	30 068	18 420	21.3	33.3	5.7
60-64	43 594	26 864	16 730	18.8	21.4	14.9	36 170	21 806	14 364	10.6	18.4	0.5
65-69	25 746	15 347	10 399	23.2	24.9	20.7	21 621	12 617	9 004	12.0	16.6	6.2
70-	17 142	10 588	6 554	16.7	18.0	14.7	14 498	8 780	5 718	4.2	5.8	1.9
Unknown	3	2	1	-72.7	-75.0	-66.7	0	0	0			

Table 77. Japan. Overseas travellers by age and sex, January-July 1990

Age/Sex	TOTAL			% change			Pleasure travel			% change		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	6 255 770	3 885 299	2 370 471	14.0	13.6	14.7	5 181 627	3 082 173	2 099 454	12.6	16.4	7.5
0-4	44 888	22 549	22 339	21.9	21.5	22.4	36 097	18 160	17 937	26.2	26.0	26.5
5-9	64 011	32 193	31 818	19.3	19.3	19.3	53 199	26 685	26 514	21.2	21.3	21.0
10-14	87 169	43 147	44 022	16.2	13.7	18.9	74 999	37 099	37 900	11.3	3.7	14.0
15-19	188 070	76 717	111 353	13.7	17.6	11.2	160 289	65 464	94 825	5.6	9.6	3.0
20-24	781 104	287 058	494 046	10.1	11.5	9.3	709 970	258 107	451 863	5.5	7.6	4.4
25-29	944 194	470 054	474 140	15.0	14.6	15.4	824 021	400 257	423 764	9.3	11.4	7.5
30-34	638 174	444 456	193 718	15.0	13.3	18.9	521 305	353 943	167 362	13.9	14.3	13.1
35-39	574 989	442 031	132 958	9.0	8.0	12.7	453 562	339 056	114 506	12.9	14.7	7.9
40-44	760 166	593 453	166 713	20.2	18.8	25.7	590 286	445 925	144 961	27.0	29.7	19.5
45-49	598 750	446 673	152 077	11.8	10.0	17.3	463 935	329 943	133 992	17.8	21.6	9.5
50-54	514 713	361 904	152 809	15.5	14.7	17.5	405 405	269 550	135 855	18.9	25.0	8.5
55-59	423 941	274 683	149 258	16.7	17.5	15.3	345 613	213 061	132 552	14.1	20.4	5.1
60-64	318 610	196 038	122 572	12.0	12.7	10.8	269 397	160 707	108 690	5.2	9.0	0.0
65-69	188 813	114 051	74 762	14.2	15.0	12.9	162 347	96 686	66 261	5.1	7.9	1.4
70~	128 158	80 280	47 878	10.4	8.9	13.2	111 202	68 730	42 472	0.7	-0.2	2.1
Unknown	20	12	8	-63.0	-62.5	-63.6	0	0	0			

Table 78. Outbound departures of Chinese from Taiwan Province of China by destination, 1989/1988

	1989 (% change)	1988 (% change)
Hong Kong	810 977 (+ 30.4)	621 846 (+218.1)
Japan	474 245 (+39.3)	340 488 (+15.4)
Thailand	258 668 (+67.0)	154 853 (+34.1)
United States	157 565 (-14.1)	183 402 (+11.6)
Republic of Korea	133 867 (+33.1)	100 569 (+2.6)
Philippines	80 678 (+82.1)	44 309 (+20.2)
Singapore	70 924 (54.2)	45 989 (+14.4)
Malaysia	59 936 (+41.9)	42 251 (-7.0)
Indonesia	23 301 (+22.7)	18 994 (+18.5)
Netherlands	13 897 (+49.8)	9 277 (+0.5)

Source: PATA

**Table 79. Number of outbound travellers from four countries/areas
in the region, 1987-1989**

	<i>1989 (% change)</i>	<i>1988 (% change)</i>	<i>1987 (% change)</i>
Japan	9 662 752 (+14.7)	8 426 867 (+23.4)	6 829 338 (+23.8)
Taiwan Province of China	2 107 813 (+31.6)	1, 601, 992 (+51.4)	1 058 410 (+30.2)
Hong Kong	1 813 702 (+15.5)	1 569 850 (+13.2)	1 386 484 (+14.9)
Republic of Korea	1 213 112 (+67.3)	725 176 (+42.0)	510 538 (+12.2)

**Table 80. Outbound departures of nationals of the Republic of Korea
by destination, 1989/1988**

	<i>1989 (% change)</i>	<i>1988 (% change)</i>
Japan	605 673 (+88.4)	321 526 (+64.1)
United States	183 741 (+37.3)	133 689 (+14.1)
Taiwan Province of China	95 135 (+79.5)	53 008 (+126.1)
Hong Kong	84 040 (+72.9)	48 596 (+90.0)
Thailand	42 007 (+99.2)	21 093 (+112.5)
Singapore	24 055 (+55.5)	15 469 (+45.9)
Philippines	23 327 (+224.9)	7 180 (+46.9)
France	22 754 (+33.0)	17 103 (+18.6)
Germany	17 830 (+58.8)	11 225 (+23.9)
United Kingdom	14 348 (+123.0)	6 435 (+37.4)

Table 81. Departures of nationals of the Republic of Korea by sex and destination, January-July 1990

<i>Destination</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Jan.-July 1989</i>	<i>Growth rate (%)</i>	<i>(%)</i>
Asia	427 432	231 711	659 143	490 390	34.4	74.8
Japan	283 722	157 003	440 725	328 175	34.3	50.0
Taiwan Province of China	37 820	25 411	63 231	52 260	21.0	7.2
Hong Kong	41 895	19 281	61 176	44 970	36.0	6.9
Thailand	20 588	13 535	34 123	22 240	53.4	3.9
Malaysia	4 046	1 494	5 540	3 164	75.1	0.6
Philippines	11 032	6 365	17 397	11 776	47.7	2.0
Indonesia	6 855	1 825	8 680	3 455	151.2	1.0
Singapore	11 992	5 325	17 317	13 098	32.2	2.0
Brunei Darussalam	33	10	43	52	-17.3	H
Middle East	5 232	739	5 971	9 145	-34.7	0.7
Others	4 217	723	4 940	2 055	140.4	0.6
Americas	87 482	58 269	145 751	113 871	28.0	16.5
United States	82 536	54 980	137 516	104 981	31.0	15.6
Canada	3 705	2 708	6 413	6 085	5.4	0.7
Brazil	303	182	485	534	-9.2	0.1
Argentina	139	91	230	723	-68.1	H
Others	799	308	1 107	1 548	-28.5	0.1
Europe	39 616	17 841	57 457	43 182	33.1	6.5
United Kingdom	7 278	4 684	11 962	8 587	39.3	1.4
Germany	8 920	3 502	12 422	9 433	31.7	1.4
France	10 571	5 759	16 330	12 511	30.5	1.9
Netherlands	2 723	996	3 719	2 042	82.1	0.4
Sweden	211	70	281	353	-20.4	H
Switzerland	2 149	768	2 917	2 858	2.1	0.3
Italy	1 748	721	2 469	1 778	38.9	0.3
Others	6 016	1 341	7 357	5 620	30.9	0.8
Oceania	7 377	4 293	11 670	8 618	35.4	1.3
Australia	3 263	2 023	5 286	4 178	26.5	0.6
New Zealand	303	104	407	277	46.9	0.1
Others	3 811	2 166	5 977	4 163	43.6	0.7
Africa	6 922	375	7 297	9 514	-23.3	0.8
Egypt	345	237	582	637	-8.5	0.1
Libyan Arab Jamahiriya	4 146	60	4 206	6 199	-32.1	0.5
Others	2 431	78	2 509	2 678	-6.3	0.3
Grand Total	568 829	312 489	881 318	665 575	32.4	100.0
Jan.-July 1989	446 720	218 855	665 575	-	-	-
Growth Rate (%)	27.3	42.8	32.4	-	-	-
(%)	64.5	35.5	100.0	-	-	-

(Less than 0.05%)

Source: Ministry of Justice

Table 82. Overseas travel by Hong Kong residents

Overseas travel by Hong Kong residents X destination, 1980-1989

Destination	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Asia and Pacific	714 399	852 115	907 184	889 677	888 403	874 889	915 295	1 034 994	1 165 972	1 365 604
Indonesia	8 156	8 619	8 943	9 574	10 207	12 383	16 198	21 560	27 914	33 636
Japan	99 907	136 188	174 480	199 348	184 296	198 612	149 281	150 113	157 613	204 870
Malaysia	28 238	30 752	36 771	30 650	26 584	27 569	31 044	39 135	42 418	51 059
Pakistan/India/Sri Lanka	8 927	10 474	12 205	11 509	10 171	9 889	10 544	11 201	12 541	19 333
Philippines	107 617	111 954	99 543	97 245	96 484	88 801	113 706	133 553	172 553	187 833
Republic of Korea	25 440	36 161	41 258	44 342	43 235	46 949	59 000	60 230	64 170	73 168
Singapore	53 172	59 071	63 784	70 817	81 110	76 358	80 023	89 318	92 458	113 307
Taiwan Province of China	260 459	306 961	306 824	288 202	294 231	270 872	276 616	271 318	264 572	281 212
Thailand	118 598	149 035	160 337	134 258	137 743	139 504	175 343	254 528	326 723	361 528
Other	3 885	2 900	3 039	3 732	4 342	3 952	3 540	4 038	5 010	39 658
Europe	84 067	96 424	94 053	99 841	106 381	113 010	112 277	130 954	138 448	156 938
United Kingdom	61 415	70 896	67 957	73 523	78 139	78 631	77 765	87 997	89 415	101 364
France	6 021	6 488	6 607	7 093	4 624	5 224	5 230	6 774	7 743	11 615
Italy	2 264	2 797	3 074	3 147	3 078	4 252	5 770	8 136	8 563	8 764
Switzerland	4 127	4 950	5 449	5 576	4 664	4 749	4 594	4 916	5 719	5 728
Germany	4 732	5 282	5 100	5 329	11 011	14 870	13 022	14 731	17 883	20 769
Other	5 508	6 011	5 866	5 173	4 865	5 284	5 896	8 400	9 125	8 698
Americas	95 017	97 485	105 604	118 459	116 066	111 001	134 486	161 817	191 629	201 149
United States	72 000	68 756	76 409	83 670	80 737	77 369	93 062	102 172	113 086	111 276
Canada	21 794	27 667	28 281	34 973	33 306	40 879	59 136	78 118	89 425	
South and Central America	1 223	1 062	914	697	356	326	545	509	425	448
Australia/New Zealand	18 651	20 612	23 904	25 838	30 469	41 114	55 038	70 196	83 757	
Australia	16 971	19 006	22 361	23 471	25 428	30 082	40 412	51 331	66 150	74 273
New Zealand	1 680	1 606	1 543	1 915	1 410	387	702	3 707	4 046	9 484
Other	3 908	4 065	4 108	3 440	3 674	3 515	3 850	3 681	3 605	6 254
Middle East	2 171	2 314	2 595	2 126	2 166	2 209	2 625	2 108	2 145	4 766
Other	1 737	1 751	1 513	1 314	1 508	1 306	1 225	1 573	1 460	1 488
Total	916 042	1 070 701	1 134 853	1 136 803	1 141 362	1 132 884	1 207 022	1 386 484	1 569 850	1 813 702

Remarks: 1. Hong Kong residents may travel to more than one country other than the destination claimed

2. Visitors to Macau and China are excluded

Table 83. Hong Kong resident departures by destination

Destination	Aug. 1990	Aug. 1989	Growth rate	Jan.-Aug. 1990		Jan.-Aug. 1989		Growth rate
				No.	%	No.		
Asia and Pacific	165 784	148 966	+ 11.3	1 057 877	74.0	925 773	+ 14.3	
Indonesia	4 728	3 429	+ 37.9	29 894	2.1	22 181	+ 34.8	
Japan	27 577	23 289	+ 18.4	172 614	12.1	137 051	+ 25.9	
Malaysia	7 624	6 019	+ 26.7	44 353	3.1	35 729	+ 24.1	
Pakistan/India/Sri Lanka	2 008	1 835	+ 9.4	16 597	1.2	11 574	+ 43.4	
Philippines	11 089	20 240	- 45.2	97 447	6.8	137 433	- 29.1	
Republic of Korea	9 448	6 674	+ 41.6	55 432	3.9	49 838	+ 11.2	
Singapore	16 467	11 806	+ 39.5	100 797	7.1	77 071	+ 30.8	
Taiwan Province of China	25 504	29 550	- 13.7	181 569	12.7	187 021	- 2.9	
Thailand	47 183	42 682	+ 10.5	275 833	19.3	247 820	+ 11.3	
Other	14 158	3 442	+ 311.3	83 341	5.8	20 055	+ 315.6	
Europe	19 051	16 431	+ 15.9	123 130	8.6	108 443	+ 13.5	
United Kingdom	12 681	10 538	+ 20.3	76 515	5.4	70 077	+ 9.2	
France	1 208	1 182	+ 2.2	9 467	0.7	7 911	+ 19.7	
Italy	907	688	+ 31.8	7 472	0.5	5 999	+ 24.6	
Switzerland	512	561	- 8.7	4 114	0.3	4 210	- 2.3	
Germany	2 446	2 436	+ 0.4	17 493	1.2	14 242	+ 22.8	
Other	1 297	1 026	+ 26.4	8 069	0.6	6 004	+ 34.4	
Americas	33 323	26 404	+ 26.2	170 130	11.9	144 864	+ 17.4	
United States	19 207	13 725	+ 39.9	98 062	6.9	80 437	+ 21.9	
Canada	14 073	12 632	+ 11.4	71 726	5.0	64 125	+ 11.9	
South and Central America	43	47	- 8.5	342	*	302	+ 13.2	
Australia and New Zealand	8 654	7 952	+ 8.8	70 477	4.9	57 926	+ 21.7	
Australia	7 285	6 521	+ 11.7	61 644	4.3	51 811	+ 19.0	
New Zealand	1 369	1 431	- 4.3	8 833	0.6	6 115	+ 44.4	
Other	1 031	644	+ 60.1	7 545	0.5	3 850	+ 96.0	
Middle East	738	531	+ 39.0	5 645	0.4	2 979	+ 89.5	
Other	293	113	+ 159.3	1 900	0.1	871	+ 118.1	
GRAND TOTAL	227 843	200 397	+ 13.7	1 429 159	100.0	1 240 856	+ 15.2	

Remarks: 1. Hong Kong residents may travel to more than one country other than the destination claimed
2. Visits to Macau and China are excluded
3. * Figures less than 0.1 per cent

Table 84. Passenger departures for Macau from Hong Kong

	Aug. 1990	Aug. 1989	Growth rate	Jan.-Aug. 1990	Jan.-Aug. 1989	Growth rate
Hong Kong residents	538 490	547 003	- 1.6	3 498 904	3 306 867	+ 5.8
Macau residents and Portuguese passport holders	54 290	51 846	+ 4.7	294 675	263 347	+ 11.9
Foreign visitors by nationality	86 369	73 695	+ 17.2	665 479	557 995	+ 19.3
South-East Asia	12 320	9 436	+ 30.6	112 129	86 224	+ 30.0
Taiwan Province of China	7 770	6 786	+ 14.5	46 784	41 844	+ 11.8
Japan	35 796	29 895	+ 19.7	289 886	219 950	+ 31.8
United States and Canada	6 802	6 796	+ 0.1	56 707	61 490	- 7.8
West Europe	10 421	9 009	+ 15.9	63 526	61 855	+ 2.7
Australia/New Zealand	3 100	2 877	+ 7.8	25 958	27 149	- 4.4
Other	10 160	8 896	+ 14.0	70 489	59 483	+ 18.5
GRAND TOTAL	679 149	672 544	+ 1.0	4 459 058	4 128 209	+ 8.0

II. THE EUROPEAN TOURISM MARKET AFTER 1992

One of the most significant questions being asked among the Asian countries is what is to be the future of tourism flows to the Asia-Pacific region after the changes due to occur in Europe in 1992. In a recent speech at the conference on world aerospace and air transport in London, Singapore Airlines deputy chairman Mr. Lim Chin Beng expressed concern about how a united Europe will treat outside airlines after 1992. "Asian airlines are asking what sort of operating environment external carriers will face," he said. "Will they gain more access or less? In short, will it be 'fortress' Europe or 'free' Europe?" He said the Asians were getting mixed signals partly because the European Economic Community (EEC) had not formulated a policy to be applied to outsiders. What airlines want to know is how the EEC is going to negotiate traffic rights as a single entity.

Mr. Lim raised a number of other aviation-related issues which will affect traffic flow from Europe to the Asia-Pacific. But while the industry awaits some firmer indication of aviation policies, the Pacific Asia Travel Association this year commissioned a study of the potential impact on tourism flow. The study was presented at this year's PATA conference by London-based Chris Friend Research. Among its findings:

- (a) Expenditure on foreign tourism by EEC countries amounted to over \$US65 billion in 1987. In that year, Germany was the highest spender of all the OECD (Organization for Economic Cooperation and Development) countries with a total expenditure on international tourism of almost \$US245 billion, some 15 per cent higher than the United States, the second-placed country. The United Kingdom and France, with Japan, were the next three highest spenders on international tourism.
- (b) Receipts from international tourism, at over \$US70 billion, showed a net gain for the Community as a whole. Spain's receipts from tourism were the highest within the EEC at over \$US14 billion.
- (c) The importance of tourism in the national economies of member states varies enormously. Spain, for example, was a marked net gainer from tourism, with a positive balance of over \$US12 billion. Germany, on the other hand, was a massive net loser with a negative balance of over \$US15 billion. Among the smaller countries, Denmark had relatively high receipts and expenditure, whereas tourism was of relatively little importance in the Irish economy.
- (d) With Ireland as the major exception, tourism within the EEC economy tends to redistribute wealth from the richer to the poorer countries.
- (e) The differences in per capita expenditure on international tourism reflect both geographical location and relative wealth. Comparatively prosperous countries such as France and Italy have relatively low expenditures because of their populations' easy access to Mediterranean resorts within their own borders.

(a) Characteristics of the long haul sector

In order to assess the future impact on tourism in the Asia-Pacific region of the changes under way within the EEC created by the single European Market, it will be necessary to trace the development of long haul tourism from the EEC over the last 20 years or so.

The number of long haul trips taken by travellers from EEC countries grew dramatically in the late 1970s, flattened out in the early 1980s and showed a decline in some countries up to 1985. There has been dramatically renewed growth in recent years. Much of the increase has taken place within the long haul holiday sector. One estimate puts the overall growth in long haul holiday trips from Europe from under 4 million in the mid-1970s to over 8 million currently.

The development of the long haul market can most easily be illustrated by using the example of the United Kingdom which country provides perhaps the most useful tourism data within Europe, particularly for long haul destinations. British estimates for long haul trips for all purposes were roughly one million in the mid-1970s. By 1981 the market had more than doubled, but then fell back to just under two million trips

in 1985. Since then the long haul sector has shown a further dramatic change, increasing at an average of 20 per cent each year.

Much of this movement has been due to changes in the relative popularity of long haul holidays. Thus during the same period long haul holiday trips by British residents rose from under half a million in the mid-1970s to reach a peak of over 1.2 million in 1981. During this period, the proportion of the British population taking any holiday abroad was relatively stable. The bulk of the additional trips were to North American points, stimulated by a weak dollar and the advent of cheap trans-Atlantic air fares. Even so, trips to other long haul destinations, especially the Asia-Pacific region, also showed rapid growth during this period.

The era of cheap fares ended, at least for a period, with the demise of Mr. Freddy Laker's operations. Combined with a strengthening dollar, this brought about a dramatic reversal in the demand for long haul holidays, especially in the more vulnerable "middle haul", North American, sector. The number of long haul holiday trips fell to under 800,000 by 1985.

Many of the middle haul holiday travellers were habitués of Mediterranean resorts looking for holidays in different and more exotic locations but at short haul prices. The more traditional true long haul market to Asia-Pacific destinations held up rather better during this period of decline. The Asia-Pacific share of British traffic rose significantly, reaching a peak in 1984 of 32 per cent of all British long haul trips.

The weakening of the dollar since 1985 has again led to increased long haul holiday travel, with North America the main beneficiary, though other regions have also shown significant gains. The previous peak of 1.2 million trips was passed in 1987. The estimate for 1988 was a record 1.75 million trips, and 1989 looks set to be even higher, with the previous year's total passed after the first nine months.

A similar, though less complete picture is evident in the data from other EEC countries. The data for Germany, though not complete, reflects the British experience. Over the last 10 years or so, the number of Germans holidaying abroad has risen steadily and most markedly in the last few years. During this period, the share taken by long haul holidays reached a peak in 1982, fell back in the middle of the decade and then grew again even more strongly. The pattern is very similar for both the French and Irish long haul markets.

(b) Influence of exchange rates

The common pattern across all these markets, of a rise in the long haul share up to 1981-82 followed by a dip and then a further, stronger rise, reflects the close relationship between the relative strength or weakness of the United States dollar and the demand for long haul holidays. This relates the sterling/dollar exchange rate to the share of the British holiday market gained by the long haul sector. Informed industry sources in other European markets confirm the powerful influence of exchange rates on the demand for long haul holidays.

(c) Asia-Pacific visitor arrivals from Europe

Comparable data for visitor flows between the EEC and the Asia-Pacific region are not readily available. The World Tourism Organization (WTO) collates figures on visitor arrivals from recipient countries but these are difficult to use comparatively for a number of reasons:

- (i) they represent the number of visitor arrivals, so that any traveller will be counted each time he enters a country on a tour of the Asia-Pacific region;
- (ii) some countries base their statistics on country of residence (the most useful for research purposes) while others use nationality, which would include European expatriates residing outside Europe. Whichever, European arrivals to Asian and Pacific destinations have risen steadily, especially from the mid-1980s, while those to North America dipped after the 1981 peak, with the strong dollar, but then rose sharply after 1985. Flows to other long haul regions have risen only slowly during this period.

(d) Differences within the European holiday market

Within the overall movement of long haul visitor traffic from the EEC there are marked differences between countries. Such differences are most evident in holiday traffic, and reflect, in part, the differential holiday departure rates that arise in the different EEC countries.

The proportion of the adult population taking at least one holiday away from home lasting at least four nights is estimated to range from less than one in three in Portugal, to three out of four in Denmark. There are also wide variations as to the location of the holiday, in the home country or abroad. The incidence of taking a holiday abroad reflects geographical location, especially access to Mediterranean beaches, and the relative wealth of the population.

(e) Size of the European long haul holiday market

The incidence of long haul holiday taking also varies widely within the EEC. Figures for holidays outside Europe, a rather wider definition of a long haul trip than generally used in PATA research, are provided by the EEC Omnibus Survey (1986). These range from 1 per cent of the population in Spain, Portugal and Italy, to 5 per cent in the United Kingdom and Ireland. France reported 4 per cent and West Germany 3 per cent.

Of more value to PATA members preparing their marketing plans for Europe is the relative size of the potential market, those currently planning a long haul holiday or intending to take one within a given period. Wide variations in target market size for any one country have been reported, largely due to differences in definition of "long haul" and in the questions used to obtain future holiday intentions. Given the volatile state of the long haul market, survey timing can also be crucial. Recent estimates based on comparable definitions indicate potential market sizes of about 3 million adults in Germany and between 2 and 3 million in France, Italy and the United Kingdom.

(f) Profile of the long haul traveller

PATA research studies indicate that the demographic profile of the EEC long haul holiday-taker varies quite markedly from the population as a whole. There are also some minor differences between countries. Age, socio-economic standing and region of residence are perhaps the most important differentiators.

In general, long haul travellers are younger than the population as a whole, though less so in the United Kingdom, with a market bias towards the 25-44 age range. In the absence of harmonized socio-economic classifications, terminal age of education (TEA) is the available guide. There is a high proportion with a TEA over 19 among potential long haul travellers, especially in France and Germany, reflecting a probable marked bias towards professional and managerial occupations.

In terms of holiday organization there has traditionally been more independent travel among European long haul tourists than would be found in the short haul sector. In the countries studied, the majority of past long haul holidays were independently organized. The use of some form of packaged holiday was lowest in the United Kingdom and highest in Germany, where charter operators entered the long haul market much earlier than in other countries.

The PATA definition of European long haul sector is "travel outside Europe and the Mediterranean basin". However, with the increased availability of charter flights from Europe to long haul destinations, and the parallel growth in interest in the sector among major tour operators, the proportions travelling on packages is likely to increase.

The regions in which long haul holidays are taken also vary considerably between the four countries. For example, Italy shows a high interest in Central and Southern American destinations; France in the Middle East, Africa and Latin America, and the United Kingdom in Asia-Pacific and North American holidays. Interest in trips in the future shows some changes from past behaviour, with the Asia-Pacific and

Latin American regions gaining from past behaviour, with the Asia-Pacific and Latin American regions gaining at the expense of the other sectors. Actual trips taken over the last year, however, are demonstrating the current strength of the North American, middle haul, sector.

(g) The single European market

(i) Aims and objectives

What are the aims and objectives of the single market? And what effect will the proposed charges have on the tourism market within the EEC? The purpose of the Single European Act aims to remove all internal frontiers by 1992. Three types of barriers are destined to be eliminated: physical, technical, and fiscal.

- a. The removal of physical barriers would mean no frontier controls at the EEC's internal boundaries. Thus travel within Europe would be easier, especially for EEC citizens. To be successful, however, and to deter the entry into the EEC of drugs, terrorists and other undesirable elements, controls at external points of entry would have to be strengthened.
- b. Member states will need to agree on common approaches to the control of drugs, terrorists and criminals, and a common policy on immigration procedures, visa requirements etc., for other nations. At external frontiers there will be, for example, a "fast" channel for holders of computer-read, single-format Euro Passports. Possible there will also be longer delays for non-community visitors at external frontiers, though they will automatically benefit from the removal of internal frontier controls. The cost of reorganizing immigration and custom halls is a major headache for Europe's main airports and seaports.
- c. Duty-free sales within the EEC will also disappear. The impact this will have on travel within the EEC, and especially on fares, is referred to later.
- d. A variety of hidden technical barriers currently exist that hamper the free flow of goods and services, and people, between member states. There have been previous, largely unsuccessful, attempts to harmonize product regulations. The plan now is only to harmonize essential health and safety regulations, and to rely on a programme of mutual recognition of other national standards and regulations.
- e. The most important fiscal barrier to be lifted will be the differential rates of Value Added Tax levied by member states. VAT is the main indirect tax within the Community and the main revenue provider for EEC funds. The impact of harmonized VAT rates is covered later.

(ii) The effects of the Single European Act

The effects of the Single European Act on tourism are not likely to be nearly as dramatic as for manufactured goods and other services, especially those in the financial sector. However, the proposals now being implemented will have a major impact on the tourism market, especially four main areas, air travel, the travel trade, accommodation and fiscal changes such as VAT harmonization.

(iii) Air travel

In December 1987 a first package of measures to provide a minimum level of liberalization of civil aviation within the EEC was agreed. Liberalization was designed to provide greater competition leading to lower fares, better service and more consumer choice. The main proposals were designed to achieve:

- a. more competitive pricing, with greater flexibility on tariffs, including new kinds of, and cheaper, fares without restrictions or the agreement of competitive carriers;
- b. more liberal capacity controls, increasing the current 50:50 capacity division between bilateral partners on a route to a 40:60 division;

- c. more liberal market access, allowing direct competition between airlines on major routes, expanded links between hub airports and regions and less restriction on fifth freedom rights for EEC carriers.

It was also made clear that this package of measures was agreed by transport ministers at the end of 1989. These included greater tariff liberalization, the scrapping of pre-arranged capacity sharing and increased route access, all to be achieved by the December 1992 deadline.

The liberalization of air travel within the EEC follows almost a decade after the deregulation of the United States air travel market. Will the outcome in Europe be in line with the pattern established in America, where deregulation has brought both problems and benefits? Certainly, the path to greater competitiveness within the EEC air travel market is not expected to be any easier than the American experience, and may well take much longer to achieve.

Of greatest concern are the linked problems of congested airports and over-stretched air traffic control. A recent IATA study has suggested that unless these issues are overcome, there is little chance that EEC regulators will provide air travellers with the lower fares and increased choice promised in the liberalization measures. If carriers cannot get access to an increased supply of take-off and landing slots at the already busy major airports, they will be unable to offer competitive services.

The major European hubs are already dominated by the national airlines, with smaller carriers relegated to less convenient secondary airports. Experience in the United States suggests that airport congestion has a negative effect on competition. The IATA study points out that increased capacity can be found, except perhaps at London's Heathrow and at Frankfurt. However, better use of Europe's airports would involve implementing existing expansion plans, with additional runways and terminals, at a time when conservationists and environmentalists are increasingly dominating EEC politics.

More efficient airport use would produce few gains until Europe's air-traffic control system is reorganized. The efficiency of the EEC's air travel market is already greatly hampered by the fragmented way in which air traffic is controlled. Few believe it could handle the increased traffic likely to be generated by the liberalization measures. Given the difficulty of getting European governments voluntarily to agree to any major change in the present system, the IATA report suggests that the best solution would be for the EEC to take a unifying role and set up a supranational body to oversee air traffic control. Resistance to such a move is likely to come from national flag carriers, unwilling to allow any increased competition. Already they are attempting to weaken the liberalization measures by setting up a number of mega-carriers through a series of mergers and marketing alliances, both within and across national boundaries. Many of these moves are currently being scrutinized by EEC regulators as well as by national monopoly control authorities.

Any increase in delays caused by continuing air congestion will present Europe's airlines with heightened competition, and from an area not likely to threaten American carriers. This comes from the new high-speed trains. On many inter-city routes up to 200 miles or more within the EEC, the rail network, much improved in recent years, especially in France, will provide as convenient and rapid a method of transport as air travel for both business and leisure travellers.

Other questions are raised by these liberalization moves within the EEC air travel market, not least by Asia-Pacific carriers concerned with their freedom of access to EEC markets. How will they fare, especially if the Community negotiates as a single entity over traffic rights within the EEC? At present, there are no final answers to such questions. Nor can there be until the present liberalization measures are implemented, Europe's air travel congestion is sorted out and a deregulated market extends its interest and influence beyond its present problems.

(iv) Travel trade

Both tour operators and retail travel agents are likely to feel the impact of the Single European Market, both directly and indirectly. Along with all other companies within the EEC, tour operators and travel agents will be affected by the relaxation of restrictions on the movement of capital and labour. These

will make cross border operations easier and could lead to major operators such as Thomsons in the United Kingdom, UTA in France and TUI in Germany opening up in the other countries. Currently, there appears to be little financial incentive for this to happen. In any case, a major limitation, particularly in the short haul market, would be the problem of adapting a product that has been successful in one national market for the very different operational conditions, and holiday needs and motivations, found in another.

Certainly, previous attempts, by the Britain's ILG in Germany for example, have not been successful. However, the more liberal conditions operating after 1992 would give the cross-border operator a better competitive stance against the sort of restrictive distribution systems encountered by ILG. Even if selling across national borders is ruled out, there is still the possibility of profiting from other markets through acquisition.

The long haul holiday sector presents greater opportunity to provide a common set of programmes across national boundaries. Kuoni is a striking example of a wholesaler able to operate in a number of different national markets. There exists a great commonality of motivations across Western Europe in the long haul sector.

Of more direct impact on the travel trade will be the effects of the EEC's Package Holiday Directive. Though not directly emanating from the Single European Market (SEM), this proposal is part of the same effort to standardize commercial behaviour within the EEC. It also reflects the strong consumer orientation of much EEC legislation. In essence, the directive makes tour operators strictly liable for damages if a customer can show that the holiday received did not match the claims made for it, regardless of whose fault this might have been.

The result of this major enhancement of the voluntary codes operating in some member states must be higher prices for package holidays and a possible restriction in consumer choice, particularly in the area of high risk adventure and skiing holidays. However much operators may attack the directive, it is in line with a general move to raise the quality of holiday packages to counter increasing product dissatisfaction from the consumer in some countries. It is also in line with the concern to maintain high standards frequently invoked at conferences by tourism organizations throughout the world.

Retail travel agents will also be affected by the direction on package holidays. The increased costs to be absorbed may have the greatest negative effects on the smaller, independent agents and wholesalers, already having difficulties with an increasingly complex travel market. The advent of computerized reservation systems (CRS), however, may enable them to compete more successfully with the larger chains. Agencies able to exploit the new technology will benefit from more comprehensive monitoring of availability and to react rapidly to the increasing pace of fare changes that will accompany the liberalization of travel. Increased use of CRS facilities would be of some importance in the long haul sector, given both the high proportion of independent travellers taking holidays to Asia-Pacific destinations and the above-average number of small independent wholesalers operating in this market.

(v) *Accommodation*

The situation regarding hotel accommodation within the EEC mirrors the changes in this sector found elsewhere. The two major trends are concentration and segmentation. The trend for hotels to concentrate into a number of major chains is well established and not directly related to the SEM. Much of the concentration by EEC-based hotel groups has in fact taken place outside the Community, rather than across internal frontiers. At the same time, the chains have increased their marketing efforts aimed at different segments, business as opposed to leisure travellers, for example, and providing different standards of accommodation directed at the specifically identified needs of distinct segments.

The increasing liberalization engendered by the SEM will accentuate both these trends. The dominance of large chains will increase, assisted by greater use of CRS facilities. The only limitation will come from any positive discrimination given by the EEC to smaller non-hotel types of accommodation, such as farmhouses, which cater for "alternative" forms of social tourism fostered by the Community. Such discrimination may come in the form of less stringent safety regulations.

Hotels will also be affected by changes in VAT, discussed below, as well as the increased consumer protection dealt with earlier.

(vi) Fiscal changes

The removal of fiscal barriers will bring about two important changes that will have an impact on the tourism market. The first of these is the harmonization of Value Added Tax (VAT), both the way VAT is applied and the way VAT rates vary widely across EEC member states. Some countries exempt or apply zero rates to certain goods. Others apply a lower rate to basic necessities such as food. Standard rates of VAT vary from 12 to 25 per cent and some countries impose a higher rate (up to 38 per cent) on selected luxury products. The EEC intends to harmonize VAT with a lower rate for essential items and a standard rate for all other commodities. Some flexibility would be allowed to member states on the actual rate set for the two levels.

The effect on tourism of the harmonization of VAT will most strikingly affect air transport. Hitherto, air fares have been exempt from VAT in most member countries. Thus the imposition of VAT, even at the lower rate, is bound to raise prices. A major benefit to the long haul sector will be that travel to destinations outside the EEC will not be liable for VAT.

There will be gains for the car rental business. A general reduction in VAT rates, to between 4 and 9 per cent, could help stimulate business, while a nearly uniform rate across the EEC would assist Community-wide marketing of the service. Hotel accommodation will also be affected, as VAT rates also currently vary widely across member states. A standard 15 per cent is proposed which will most adversely affect those countries, such as Belgium, Greece, Spain, France and the Netherlands, which at present impose a VAT rate of only 6 per cent.

The removal of duty-free sales will adversely affect airports, ferry operators and other tourism producers who could suffer significant revenue losses. Some operators, particularly ferry companies, are already planning to compensate for this loss by setting themselves up as attractive discount shopping centres. There will almost certainly be an increase in air fares from airports' loss of revenue from their duty free shops.

(vii) Summary of impact on Asia-Pacific travel

In the present climate of uncertainty over the rate of progress of implementing the changes proposed by the Single European Market to remove restrictions to free trade between member countries, and their final impact on the tourism market, it is not possible to predict with any confidence its final outcome. It would, in any case, be very difficult to isolate the economic effects of the SEM on the tourism sector.

What is clear is that the major impact of the proposed measures will fall on intra-European travel. There will almost certainly be increased travel within the EEC as a result of the removal of the different types of barriers and the increased standard of living that is expected to occur. Additional business travel will result from the increased cross-border commercial activity. Higher tourism flows will largely accrue to those countries which already rely most heavily on visitors from other EEC countries.

(viii) Impact of Eastern Europe

Clearly the changes in Eastern European are going to have a growing impact on European tourism and will affect tourism flows within the Community as well as traffic to and from the EEC. The availability of Eastern Europe, and Russia, as a tourist destination will be of importance, whatever the eventual relationship between the EEC and Eastern European states

However, at present, the outcome, both for the EEC and the wider world, is far from clear, even in the short- to medium-term. The current situation is that there is, naturally, a high level of interest in visiting the East among those living in Western Europe. This interest is presently taking the form of short trips to East European capital cities and to Berlin. This city must have been last winter's favourite weekend break

destination. It is expected to be more popular than Vienna or Venice by the end of the year, in spite of capacity problems.

Undoubtedly, the liberalization of Eastern Europe will mean some siphoning off of short-break demands from the EEC to the detriment of other short haul European destinations. With capacity currently limited by a relatively primitive tourism infrastructure, East Europe is unlikely to present any serious competition in the outbound long haul market from the EEC in the short-term. Indeed, the Asia-Pacific area is rather more likely to be affected by a switch to Europe from the North American market, particularly among those taking quasi-VFR (Visits to Family or Relatives) trips to reforge links with their East European heritage.

Hotel groups and car rental chains are already operating in Eastern Europe to ensure facilities are rapidly put in place to meet the potential demand for a more sophisticated level of tourism amenity than is currently available. Even so, it will be some time before a sufficiently robust infrastructure exists to match the likely demand for the new sights and experiences to be gained in the east. Until then, Eastern Europe is likely to remain of greater interest to the short-break holiday-taker and the business traveller from Western Europe, rather than the long haul vacationer from North America or Japan.

(ix) Impact on tourism to the Asia-Pacific area

The 1992 proposals will not markedly change the environment in which the travel market operates within the EEC. Nor are they likely to lead to any rapid shift in tourism flows in or out of the community, including to and from the Asia-Pacific area. The process set in motion by the Single European Market will affect a gradual change as increased competition slowly alters the environment within which the market operates. The Asia-Pacific area will benefit from increased EEC prosperity which will underpin the continuing expansion of the European long haul sector. Increased tourism flows from newer markets created by shifts in prosperity from the richer to the poorer regions of the EEC will take effect only slowly. In the short- to medium-term, the major markets for Asia-Pacific tourism will continue to be West Germany, the United Kingdom, France and Italy.

(x) Marketing the Asia-Pacific Region to a single EEC market

The various studies of the European market commissioned by PATA show that potential long haul holiday takers from the different European countries demonstrate different patterns of travel behaviour and of perceptions of Asia-Pacific destinations. However, they also share many of the same characteristics. They have a desire for new holiday experiences in exciting and different destinations far away from the standard Mediterranean holiday circuit; a confirmed interest in travel for its own sake; and the motivation to plan and undertake a holiday that involves flying up to half-way across the world. They also have a relative freedom from domestic and work commitments and are prepared to devote a large proportion of disposable income to their holiday.

In order to manage marketing and promotion on the multinational basis required for the EEC as a whole, it will be necessary to concentrate on the similarities that exist between nationalities and use these as the basis for a communication strategy. However, it is also necessary to recognize that important differences between nations do exist, even in otherwise similar market segments, differences that could outweigh the common approach, if complete product satisfaction is to be assured.

A comparative examination of the make-up of the various sets of market segments isolated in a number of studies of European national markets has found common features that suggest the existence of a number of "super" segments. Some of these multinational segments are more clear-cut than others and more evident in some of the countries studied. The evidence suggests that there are five main categories of long haul holiday taker with common elements in all the countries studied. These can be identified as those who seek either:

- a. Simple adventure;
- b. Active luxury;

Table 85(a). Indonesia. Visitor arrivals in West Java

Category	(1,000 persons)					
	1980	1981	1982	1983	1984	1985
Domestic	3 789	8 926	6 833	8 348	8 731	7 487
Share	(99.3)	(99.0)	(98.9)	(97.4)	(97.0)	(96.5)
Foreign	65	77	75	226	268	270
Share	(0.7)	(0.9)	(1.1)	(2.6)	(3.0)	(3.5)
Total	8 854	9 003	6 908	8 574	8 999	7 757

Source : DGT

(b). Malaysia. Local versus foreign (1989)

	Local 26.35 million	Foreign 3.95 million
Total arrivals	person trips	arrivals
Average daily expenditure	\$M 55.00	\$M117.00
Average length stay	4.9 nights	4.5 days

Source: PTN Survey

Malaysia. Local versus foreign mix: hotels (1989)

Hotel	Domestic %	Foreign %
Primula Beach Resort, Trengganu	80	20
Pelanggi Beach Resort, Langkawi	55	45
Genting highlands Resort	35	65
Kuala Lumpur Merlin Hotel	35	65
Pan Pacific Resort Pangkor	30	70
Federal Hotel Kuala Lumpur	30	70
Hyatt Saujana Subang	24	76
Cherating Holiday Villa, Kuantan	20	80
Holiday Inn Shah Alam	20	80
Holiday Inn On the Park	20	80

Source: PTN Survey

(c). Australia. The significance of tourism to the Australian economy

	1987-88	1988-89
TOURIST EXPENDITURE (\$M)		
International	4 860	5 935
Domestic	14 975	16 330
Total	19 834	22 265
EMPLOYMENT GENERATED		
International	104 900	119 800
Domestic	321 400	327 800
Total	436 300	447 600
CONTRIBUTION TO GDP (%)		
International	1.4	1.5
Domestic	4.1	3.9
Total	5.4	5.4

Notes: Employment figures are for jobs, not persons employed. The rounding of percentages accounts for the apparent incorrect addition of the international and domestic contributions to GDP for 1987/88.

Australia. Local versus foreign mix: hotels

	International (%)	Domestic (%)
SYDNEY		
Old Sydney Parkroyal	76	24
Ritz Carlton*	65	35
Sheraton Wentworth	50	50
Wynyard Travelodge	49	51
MELBOURNE		
Parkroyal	32	68
St Kilda Rd Travelodge	31	69
Windsor	43	57
ACT		
Park Hyatt	20	80
PERTH		
Parkroyal	26	74
GOLD COAST		
Hyatt Coolum	10	90
Hyatt Sanctuary Cove	25	75

*Projected for first 12 months

(d). Thailand. Local versus foreign (1989)

	Local	Foreign
Arrivals	24 750 172	9 598 292
AV daily expenditure	684.15 baht	1 447.76 baht
Av length of stay (in any one location)	2.93 days	3.44 days

Based on TAT survey of 14 destinations. Arrivals figure reflect repeat traffic

Thailand. Arrivals in all types of lodging (1988)

City	Domestic %	Foreign %
Bangkok	4.5	95.5
Chiang Mai	55.8	44.2
Kanchanaburi*	75.8	24.2
Pattaya	27.3	72.7
Phuket	29.9	70.1
Hat Yai	31.5	68.5
Sungai Golok	29.8	70.2

*Only hotel arrivals

- c. Culture;
- d. Resort recreation;
- e. Balanced recreation.

A sixth segment, which could be labelled "new enthusiasm," is rather less than evident across all four countries and is generally represented by new entrants into the long haul sector.

Asia-Pacific destinations, and other tourism providers, can usefully target the European long haul market by adapting their promotional plans to take account of the different sets of motivations, attitudes, perceptions and holiday requirements of clearly defined segments that operate across national boundaries. Such close focus marketing will ensure that specific product benefits are promoted to match the appropriate holiday needs of a clearly defined market segment.

12. DOMESTIC TOURISM

Domestic tourism is usually taken for granted in the Asia-Pacific tourism industry. It clearly came first, well before foreign tourism, and is major source of business. If foreign tourism were to disappear, for any reason, the battle would be for domestic tourism.

In spite of being numerically larger and greater spenders, in total, than foreign tourists, domestic tourists are largely neglected. They come in many forms: city dwellers who leave for home during long weekends (VFR traffic), companies which hold conventions at beach resorts, businessmen who go looking for new opportunities, college students who go on nature trips; even schoolchildren who visit local museums. All contribute to the recycling of funds from cities to the rural areas.

At a recent annual convention of the Travel Agents Association of India, two speakers debated the issue of which should come first: domestic or foreign tourism. The pro-domestic tourism speaker argued that it was important for facilities to be developed for local people because they, as taxpayers, should be the primary beneficiaries of any national development effort. The pro-foreign tourism speaker argued that as the foreigners generated more foreign cash for the country, they should get priority. Both views are valid, from their own perspectives. The economic boom in Asia over the last few years has generated a large middle class which is now taking advantage of facilities that could once only have been afforded by foreigners.

Generally, it is also true that the local hotels prefer to deal with locals because they are less fussy and can speak the local language.

In Indonesia, the best indicator of how domestic traffic has grown is perhaps the growth recorded by the national airline Garuda. In 1985, Garuda carried 3.8 million domestic passengers, or 10.87 per cent of its total passenger load that year. This rose to 4.2 million in 1986, 4.4 million in 1987, 5.2 million in 1988 and 5.4 million in 1989.

Becoming increasingly important is travel by foreign residents in a country. The Japan International Cooperation Agency recently did a survey of foreign resident/domestic travel in Indonesia, covering nine major tourist regions. The survey showed that foreign residents travelled on average 4.2 times a year, and Japanese residents 4.3 times a year. Their principal destinations were Bali (66.7 per cent), Yogyakarta (46.7 per cent), Jakarta (42.2 per cent), eastern West Java (42.2 per cent), Sumatra (24.4%) and Sulawesi (20 per cent).

In Malaysia, the Tourism Development Corporation set up Great Value Holidays (GVH) to promote domestic tourism. In 1986, in line with its policy to develop commercial projects to the private sector, GVH was privatized and is now owned by 43 members of the Malaysian Association of Tour and Travel Agents. The only company handling significant domestic tourism, GVH moves about 350 passengers a month, compared about 200 a month two years ago. The 1990 target is 400 passengers a month. According to

GVH's general manager Ivan Chan, half of the clients are Malaysians and the rest foreigners living in Malaysia. The most popular destinations are beach resorts. Most of the foreign clients stay in three to four star hotels while the Malaysians prefer two star hotels.

In Australia, travel agents consider selling domestic travel products to be dull and unremunerative while they equate the retailing of international (outbound) travel with glamour and profits. But the deregulation of Australian domestic aviation and the scrapping of the two airline policy seems to indicate that this will change.

From the economists' point of view, Australian domestic tourism is dominant. Its contribution to the nation's gross domestic product is over 2.5 times that of inbound tourism. However, the picture is changing as the inbound contribution is growing faster than domestic tourism. While domestic tourism's share of the Australian gross domestic product declined from 4.1 per cent in 1987/88 to 3.9 per cent in 1988/89, inbound tourism's contribution grew from 1.4 per cent to 1.5 per cent.

The Bureau of Tourism Research puts the Australian domestic market in 1989 at a massive 48.5 million trips involving 219.4 million nights away from home. Over three quarters of these trips were made in a private vehicle with only six per cent taking a flight. Some 43 per cent of domestic visitor nights were spent in the home of a friend or relative while only 17 per cent were spent in a hotel or motel with facilities.

One example of how the product is changing comes from Australian Airlines, which is not only one of Australia's two big domestic carriers but is also a major resort operator in its own right and a key wholesaler of domestic holiday packages. Several years ago, a rigid focus on the domestic market meant that holiday packages were almost exclusively seven, 10 or 14 days in duration. The packages used to be available only as land and air combinations and the tour base fare, which was available only to the airline, was invariably 25 per cent over normal economy tariffs. Nowadays, the Australian holiday product is available in land content modules easily adaptable to inbound itineraries.

One of the things that has to be remembered is that travel agents will only sell what makes them money. Domestic travel does not make much money. In India, for example, the railways do not give any commissions at all on ticket sales. The domestic airline Indian Airlines gives miserly commissions of 2.5 per cent. In countries like the Philippines, Australia and Thailand, the domestic commissions are about five per cent or less. Airlines say that as the fares are lower than the international sectors, they cannot afford to give high commissions. In India, agents have been fighting a long battle to convince the airline that agents are an extension of an airline's marketing arm and are actually saving the airline money rather than depriving it of funds.

It seems that this will change with the growing deregulation of Asia-Pacific aviation and the increase in competition. It is already happening in Australia where prior to deregulation, Australian Airlines and Ansett liberalized the availability of tour-based fares to domestic wholesalers and companies. Deregulation could lead to an increase in domestic commissions, possibly driving much greater travel agent participation in the selling of domestic holidays.

For all its good points and role in promoting culture, local tourism is far more responsible for creating socio-environmental problems than foreign tourism, though foreign tourism tends to get the blame. The graffiti seen scrawled on the temples of Angkor Wat, in the Taj Mahal and on the side of Ayers Rock are not done by foreigners. In Thailand, drink cans are thrown into the crystal-clear waterfall pools in national parks. College students go into the parks with their radios and make merry until the late hours of the night.

The Tourism Authority of Thailand has produced a booklet which, in cartoon form, tries to educate the young on the "correct" forms of travelling. The leaflet gave some indication of the kind of things that Thai travellers are doing wrong. It urges them to desist from writing graffiti at tourism sites, damaging historical monuments, breaking off stalactites and stalagmites as souvenirs, driving vehicles onto places they are not supposed to, dropping anchors on coral reefs, releasing oil into the sea and making bonfires in places other than those specified.

The Middle East crisis may be expected to refocus interest in the domestic market. While national tourism organizations see foreign exchange in international tourism, hotels see money, whether in foreign or domestic exchange. The domestic market is clearly going to be a major target of tourism in the 1990s.

13. THE ROLE OF INTERNATIONAL HOTEL CHAINS

Hotels are the primary employers in the tourism industry and play a major role in the socio-economic impact of tourism. Though not always given the credit, one of the major reasons why tourism has succeeded in Asia is because of the expansion of international and domestic hotel chains. They put vast amounts of money into promotion and have a distribution network. They also spend vast amounts trying to make it easy for the travel agent to book them. This distribution and marketing arrangement is becoming so important that banks do not generally give money to investors unless they can prove the backing of a reliable international hotel operator. Professionalism is becoming important and the hotel chains, whose main claim to fame is professionalism, have to put their money where their mouth is.

The Asia-Pacific region, with its diverse tourism accommodation, has provided a good hunting ground for these chains which today number more than 30. Companies like Sheraton, Holiday Inn, and Accor are taking the lead, pursued avidly by Australian chains like the Southern Pacific Hotels Corporation and Japanese chains like the ANA Hotels and the Pan Pacific. Other chains are ones with American names like Westin which are actually owned by the Japanese. Sensing the opportunities over last few years, many veterans of established hotel chains have broken off to set up their own operation like Omni, Beaufort and Argus.

There are fundamental differences in philosophies between these chains. Some, like Sheraton and Holiday Inn, believe in quantity, expanding aggressively in Australia, Indonesia and Thailand, with Indochina and Malaysia being the next major target markets. They are willing to go for lower technical service fees and are flexible enough to negotiate for management, franchise or equity operations. They are being assisted by the opening up of regional destinations, away from the cities where investors are newly emerging into the hotel business but do not know anything about it.

Other chains like the Regent and Mandarin are adopting a more careful approach, choosing quality over quantity. It is not surprising that most of the leading hotels of the world are in the Asia-Pacific region, and almost all are chain hotels.

One of the good things that has emerged from this competition is the growth in domestic chains. In Indonesia, there is the Griyawisata group; in Thailand, the Dusit Thani and Siam Lodge groups. Several other companies like Delton are trying to set up reservation and distribution arms for the independent hotels.

Hotels deserve a far better deal than they have been getting. Many are facing intense competitive pressures and need active government support. They pay their taxes, are major employers and play a tremendous role in training people. Many of them are publicly-owned companies. Governments need to do more to help them maintain their standards, especially through tax incentives.

14. AID PROGRAMMES FOR TOURISM

In the last few years, there has been a noticeable increase in international aid and grants to the tourism industry, particularly from the Japanese.

Among some of the major aid contributors are:

- (a) The European Economic Community (EEC) has given 1.6 million European Currency Units (about \$US1.76 million) for the establishment of an ASEAN Integrated Tourism Manpower Training Programme. This will eventually pave the way for an ASEAN Training Council to be set up with responsibility for providing policy direction for tourism training in the region,

establishing basic standards for each discipline, including curricular development, handling certification and awards and monitoring tourism programmes to ensure compliance and standards.

- (b) The EEC has also provided \$US2.68 million to conduct an Integrated Marketing Strategy for the ASEAN Tourism Industry on Selected European markets. This fund will cover technical assistance to ensure the effective implementation of programmes in target markets, promotional assistance in the production of collateral materials and the organization of travel trade promotions at ITB, WTM, SMTV and other direct travel trade activities, the establishment of a databank at the ASEAN Tourism Information Centre by undertaking an ASEAN Passenger Exit Survey and Tourist Expenditure Study, and a socio-economic impact study of tourism in the ASEAN region.
- (c) Japan's Overseas Economic Cooperation Fund in 1987 gave Thailand a 1.15 billion baht (about \$US46 million) low-interest loan for the development of several dozen tourism infrastructure projects nationwide. It has also approved a similar loan for the development of the Buddhist circuit in North India.
- (d) The United States Agency for International Development gave a grant of several hundred thousand dollars for the funding of a Coastal Resources Management Project study in Phuket, Thailand. Another United States grant was given for a study on U-tapao airport in Thailand.
- (e) The Japan International Cooperation Agency has been heavily involved in beach-resort studies in Indonesia, Malaysia, the Philippines and Thailand. These have focused on doing master plans-cum-feasibility studies with a heavy emphasis on the environment.
- (f) The Japanese Government also funds the ASEAN Promotional Centre for Trade, Investment and Tourism in Tokyo which organized tourism activities in Japan. This includes language courses for front-line tourism industry staff in the ASEAN countries, funding for an ASEAN stand at the Japan Association of Travel Agents bi-annual trade show and conference, and a promotional film, the first of its kind, to be ready for Visit ASEAN Year 1992.
- (g) The United Nations Development Programme and the World Tourism Organization are funding and executing a master plan for tourism development in the Philippines and also becoming involved in various regional manpower training programmes. The WTO, under new leadership, is seeking to recast its role in the Asia-Pacific region and is looking for opportunities to make its presence felt.
- (h) The Asian Development Bank is also looking more closely at putting money into tourism, an area that it has neglected so far because of its orientation particularly towards trade and industry.

These aid activities reflect a growing realization that tourism is no longer an industry for the rich by the rich but a grass-roots economic activity that contributes to national economic development and job creation.

15. ECONOMIC IMPACT

One of the latest trends is towards detailed studies of the economic impact of tourism and the so-called "leakage factor". ESCAP, with the express mandate of its members, has done a lot of work on this issue. The studies are full of calculations which prove little beyond the obvious that tourism earns a lot of money for countries and that some of it leaks out in the form of management fees of hotel chains, royalty payments, expatriate salaries, machinery imports, etc.. The studies also prove that in countries like Malaysia, Indonesia and India, the foreign exchange retention factor is higher than in Hong Kong and Singapore where a large percentage of the earnings is summarily dispatched back to countries of origin to pay for cameras and computers bought.

Economic impact studies are not worth the time, money and effort that go into them, and for many reasons.

If one was to include simply the cost of aircraft purchases by a national airline, it would wipe out half a country's tourism earnings. Without aircraft, computer systems, machinery, Swiss and German pastry chefs, etc., not much can be done. The private sector does not as a rule use foreign goods or hire foreigners, with the huge costs involved, unless it makes good business sense to do so. If governments want to stop it from doing so, they have to ensure that products and personnel of similar calibre exist domestically.

These economic impact studies should be dispensed with entirely as something to be funded with taxpayers money. If independent consultants and universities want to do them, they may. But, simply put, governments, especially central banks, already have figures on how much foreign exchange leaves the country, and why. Tourism planners need to concentrate on two things: one is the percentage contribution of tourism to national foreign exchange earnings and the overall balance of payments figure and the other the number of jobs created by tourism, both directly and as a result of the multiplier effect. As long as politicians can be persuaded to keep supporting tourism studies on the basis of these two factors, the rest should not be an issue.

Attempts to plug this leakage will only cause further political consternation in international trade talks where developing countries will come under fire for protectionism. It is generally becoming known that the way to open markets and develop initiatives is not by blocking one's opponent but by giving employees the opportunity to develop their own skills. Sad to say, in Asia, initiatives for local manpower and technological development are not sufficient. Universities and laboratories are among the most poorly-funded. Copyright and patent laws are not perfect. There is a certain cachet about things foreign which somehow tend to be associated with quality. Asia-Pacific countries complain about the transfer of technology issue. The multinational companies that are becoming probably the most dominant forces in the world are transferring technology anyway. Technology improves efficiency. Companies spend vast amounts on research and development.

The role of the airlines can be taken as an example. In many Asian countries, foreign airlines bring more tourists in than the national carrier. In many instances, these airlines do so even though there is virtually no outbound traffic. However, due to the growing prosperity of Asia, outbound traffic is increasing. The money the airlines make in domestic markets from selling tickets is repatriated. Is that leakage? No major study categorizes it so. Yet, if it was not possible for airlines to make money in a destination they serve, they would simply not serve it, and inbound tourism would suffer.

Basically, tourism cannot survive without credit cards, aircraft, payment of booking fees for global distribution systems, importation of New Zealand lamb chops and foreign general managers. The central bankers and finance ministers whose job it is to keep a daily watch on the financial situation are already doing so at a macro- level, and should be left to do it. All tourism leaders have to do is to give the private sector the initiative it seeks to develop its own resources and the economic impact will automatically be maximized. Forward-looking companies like Cathay Pacific and Singapore Airlines actually encourage initiative by giving cash and other rewards for ideas that improve efficiency and save time and/or money.

Foreign investments will not come without permitting investors to take out their money. Given the fact that governments are encouraging multinational companies to bring in money that does not exist in their own countries, that is a net gain for them in the first place. These companies then spend vast amounts promoting the country and their individual branches. They leave vast amounts behind. Many of them reinvest that money into their operations.

While all that is economically legitimate, two other more disturbing issues have come to light, shopping commission rackets and avoidance of tax payments by guides.

The shopping commission rackets are something that governments will have to check if they wish to minimize leakage of foreign exchange. Clear evidence is emerging that many international wholesalers

are setting up their own offices in this part of the world in order to cut costs, and subsidizing the cost of the tours through shopping commissions is becoming a key part of the cost-cutting drive.

The way it works is something like this. Because of stringent competition, wholesalers are forced to pare their tour prices to the bare minimum. But the margins on this are low and do not always cover their operational costs, especially the huge costs of printing brochures, automation, staff hiring and training. Moreover, airline commissions are very low. So, what they have begun to do is to approach various shops where the tourists are taken on an exclusive basis. If, say, \$US100 worth of goods are purchased, the tour leader has traditionally been receiving about 30 per cent which is then split with the local guide on a 60:40 or 70:30 basis. Usually, it is the tour leader and the local guide who have been free to choose the shops in this long-standing practice. The difference now is that the international operators are also seeking a share of the profits. One major wholesaler in Europe was long working in Asia through a resident manager who quite freely admitted to having a "no-cost" operation, meaning that his presence was totally subsidized by shopping commissions.

In some companies, this commission is now being split among the staff, much like the service charge in hotels. The system is good for all except the government because it is all tax-free money. The only tax the governments get out of it is based on the earnings reported by the shops to which the tourists are taken. In some countries, the tax departments are aware of this situation and are looking into it.

16. AIDS

AIDS is going to become a worldwide problem, the impact of which on the tourism industry will manifest itself perhaps more strongly five or six years hence. Countries like the Philippines and Thailand are going to be worst affected. Though the Philippines has been buffeted by so many different problems all at once that AIDS perhaps is a negligible part of the equation, Thailand has been directly affected. The Tourism Authority of Thailand admitted in its 1991 marketing plan that recent publicity over AIDS cases in southern Thailand had already led to a drop in the number of overland border crossings.

One must logically wonder how many Malaysian males are walking around with the virus, given its seven-year gestation period. It is very likely that they have passed it on to their girlfriends and wives. No country is immune to AIDS. Wherever there is prostitution, homosexuality, drug addiction etc., there is bound to be AIDS.

The AIDS crisis is confronting the tourism industry with an interesting dilemma of how to handle it.

Thailand's leading anti-AIDS crusader favours adopting the Australian approach, by confronting the problem head-on and using awareness as a means of bringing about the behavioural changes that are vital to stopping the spread of AIDS. The tourism industry in Thailand seems to be shy of any direct involvement in the problem, as it sees this as being a governmental problem. The Thai Government, contrary to popular belief, is doing a lot about it. The efforts are being led by Princess Chulabhorn, the youngest daughter of H.M. King Bhumibhol, a marine biologist who has taken considerable personal interest in the issues. All over Thailand, at major intersections are signboards warning of the AIDS spectre. These signs are all in Thai, except the numbers, a discretion intended perhaps not to scare away the foreign tourists. Not that it matters; as long as the locals are aware of the problem, the job is half done.

The view of the Tourism Authority, and that of many others, is that Thailand is well rid of those who come for sex. In a way, AIDS is a blessing in disguise because it has weeded out the sex tourists. Southern Thailand has still a lot of good tourism products to offer. Thailand has had a poor image for too long. The country is somewhat immune to the nonsensical mediocrities that appear in the western media, about sex and smut in Thailand. The Philippines too has had its share. Now the focus is shifting away from sex, and if the brothels of southern Thailand are being affected by the decline in sex tourism, so much the better for the country and tourism as a whole.

17. OTHER ISSUES THAT WILL SHAPE THE FUTURE OF ASIA-PACIFIC TOURISM

(a) Generalized Agreement of Tariffs and Trade (GATT)

One of the most important things which will happen in the future to open up tourism further is the inclusion of tourism as part of trade in services under the Generalized Agreement of Tariffs and Trade negotiations. For the past few years, many industrialized countries are pushing for this because it helps them improve their negotiating posture vis-à-vis the developing countries and counter accusations of trade imbalances and protectionism. GATT has so far covered tangible products like crops, textiles and industrial goods. But with the advent of the Japanese tourism programme which has been publicly declared as a means of recycling trade surpluses back to the countries concerned, developed countries are pushing for services to be considered in the calculations. There is talk of including air transport in the agreement, too, a position that has already drawn the support of Singapore Airlines because of the potential for greater freedom of the skies.

Services should be included in these discussions because money knows no boundaries and demanding accountability will go a long way towards removing barriers to travel. Thus, many regional countries which now impose exit taxes, foreign exchange controls and other curbs on outbound travel by their citizens will find themselves facing the embarrassing charges of double-talk, for no matter what they are called, exit taxes and foreign exchange controls are forms of protectionism that limit the basic human freedom to travel. When developing countries find themselves having to place these on the bargaining table, sooner or later they will have to give way. They cannot be signatories to World Tourism Organization conventions and pay lip service to the great friendship-building role of travel and then prevent their people from travelling abroad. Though they will do everything in their power to prevent this, and in the world of diplomatic bargaining there are many such ways, the pressure on them to open up their borders to free outbound travel will be tremendous. More markets with huge population bases, like Indonesia and India, will then open up.

(b) Laws

Perhaps nothing reflects the diverse state of the Asian tourism industry as the vast differences in its governing rules and regulations. The Philippines has a fully-fledged Ministry of Tourism with all its governing rules and regulations. India has a Ministry of Tourism that is sometimes shared with Civil Aviation and sometimes with something else. The Singapore Tourism Promotion Board is basically a promotional grouping. Indonesia has just enacted a tourism law. Thailand drafted one four years ago which is awaiting parliamentary consideration.

Table 86. Outgoing Thai nationals and residents of Thailand by month of departure and mode of transport, January-June 1990

	<i>Jan.-June/90</i>	<i>Jan.-June/89</i>	<i>%Change 90/89</i>	<i>Thai nationals</i>	<i>Thailand residents</i>
Total	457 083	396 952	+ 15.15	447,756	9 327
January	61 401	55 045	+ 11.55	60 320	1 081
February	59 931	53 006	+ 13.06	58 892	1 039
March	77 730	70 179	+ 10.76	75 884	1 846
April	103 477	80 843	+ 28.00	101 068	2 409
May	82 750	73 705	+ 12.27	81 116	1 634
June	71 794	64 174	+ 11.87	70 476	1 318
Air	336 285	304 114	+ 10.58	327 243	9 042
Land	104 597	81 509	+ 28.33	104 362	235
Sea	16 201	11 329	+ 43.00	16 151	50

Source of data: Immigration Division, Police Department.

Note : Outgoing refers to :

1. Thai nationals (including overseas Thai)
2. Residents of Thailand

Table 87. Outgoing Thai nationals by month of departure and mode of transport, January-June 1990

<i>Mode of transport</i>		<i>Total</i>	<i>% change 90/89</i>	<i>Air</i>	<i>Land</i>	<i>Sea</i>
<i>Month</i>						
January-June	1990	447 756	+15.14	327 243	104 362	16 151
	1989	388 891		296 337	81 267	11 287
January	1990	60 320	+ 11.73	43 247	14 533	2 540
	1989	53 989		38 900	13 939	1 150
February	1990	58 892	+ 13.20	41 256	14 978	2 658
	1989	52 024		39 730	10 612	1 682
March	1990	75 884	+ 10.62	56 143	16 492	3 249
	1989	68 600		52 539	13 933	2 128
April	1990	101 068	+ 28.13	76 160	21 968	2 940
	1989	78 879		65 249	11 708	1 922
May	1990	81 116	+ 12.31	58 107	19 786	3 223
	1989	72 223		52 341	17 666	2 216
June	1990	70 476	+ 11.56	52 330	16 605	1 541
	1989	63 176		47 578	13 409	2 189

Source of data: Immigration Division, Police Department

Table 88. Outgoing New Zealand residents. Summary of monthly short-term departures for August 1990

<i>Country or area market</i>	<i>Total</i>		<i>Holiday</i>		<i>Visit friend/relative</i>		<i>Business</i>	
	<i>Number</i>	<i>% change (1)</i>	<i>Number</i>	<i>% change (1)</i>	<i>Number</i>	<i>% change (1)</i>	<i>Number</i>	<i>% change (1)</i>
Australia	38 819	-1.2	21 417	-2.7	10 604	-1.6	5 093	6.4
United States	12 771	1.5	9 955	1.0	1 331	27.4	902	-26.8
Canada	1 386	7.7	594	-3.6	539	6.5	99	-30.8
United Kingdom	5 027	-4.2	2 673	0.8	1 760	-11.1	352	-13.5
Japan	990	9.8	330	-21.1	66	-33.3	396	44.0
Germany	561	104.0	231	162.5	110	233.3	132	9.1
Singapore	1 485	3.1	946	-11.3	121	-21.4	352	128.6
North Asia (2)	1 419	21.7	803	37.7	242	69.2	308	-17.6
Netherlands	374	0.0	99	50.0	209	-20.8	55	150.0
Nordic (3)	176	77.8	33	50.0	44	100.0	44	33.3
Switzerland	176	77.8	44	0.0	77	600.0	33	200.0
Pacific Islands (4)	11 308	1.6	8 635	1.2	1 210	-4.3	836	-6.2
Latin America (5)	649	247.1	440	300.0	44	33.3	55	25.0
Other	9 075	12.1	6 017	17.4	1 364	49.4	781	-4.1
Total	84 216	2.5	52 217	2.0	17 721	2.7	9 438	1.4

Table 88 (continued)

Country/market	Total		Holiday		Visit friend/relative		Business	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Australia	38 819	46.1	21 417	41.0	10 604	59.8	5 093	54.0
United States	12 771	15.2	9 955	19.1	1 331	7.5	902	9.6
Canada	1 386	1.6	594	1.1	539	3.0	99	1.0
United Kingdom	5 027	6.0	2 673	5.1	1 760	9.9	352	3.7
Japan	990	1.2	330	0.6	66	0.4	396	4.2
Germany	561	0.7	231	0.4	110	0.6	132	1.4
Singapore	1 485	1.8	946	1.8	121	0.7	352	3.7
North Asia (2)	1 419	1.7	803	1.5	242	1.4	308	3.3
Netherlands	374	0.4	99	0.2	209	1.2	55	0.6
Nordic (3)	176	0.2	33	0.1	44	0.2	44	0.5
Switzerland	176	0.2	44	0.1	77	0.4	33	0.3
Pacific Islands (4)	11 308	13.4	8 635	16.5	1 210	6.8	836	8.9
Latin America (5)	649	0.8	440	0.8	44	0.2	55	0.6
Other	9 075	10.8	6 017	11.5	1 364	7.7	781	8.3
Total	84 216	100.0	52 217	100.0	17 721	100.0	9 438	100.0

Source : New Zealand Tourism Dept/Dep of Statistics (Migration).

Note :

- 1 = Percentage change over this month last year.
- 2 = Hong Kong, Republic of Korea, Taiwan Province of China, China, Cambodia, Democratic Peoples Republic of Korea, Lao People's Democratic Republic, Macau, Mongolia and Viet Nam.
- 3 = Denmark, Sweden, Norway, Finland and Iceland.
- 4 = Republic of Belau, Cook Islands, Fiji, French Polynesia, Guam, Johnston Island, Kiribati, Republic of the Marshall Islands, Micronesia, Midway Island, Nauru, New Caledonia, Niue, Norfolk Island, Papua New Guinea, Pitcairn Island, American Samoa, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wake Island and Wallace and Futuna Islands.
- 5 = Mexico, Central America, South America and the Caribbean.

Table 89. Visitors from Asia to the United Kingdom

	'000										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	
Japan	162	164	159	170	201	211	205	297	388	499	
Hong Kong	48	66	68	73	83	78	82	91	98	103	
Singapore	30	30	37	43	53	56	46	56	46	46	
Malaysia	33	34	41	37	58	45	40	40	44	41	
Indonesia	15	15	14	20	20	23	20	23	17	18	
Philippines	8	8	11	19	13	19	11	16	8	14	
Thailand	15	9	13	15	22	16	13	30	26	26	
Brunei Darussalam	4	4	4	5	7	9	8	6	5	6	
Taiwan Province of China	6	5	8	9	15	15	9	20	17	37	
Republic of Korea	8	11	14	16	12	9	12	13	21	32	
India	73	91	81	103	119	122	136	136	125	137	
Pakistan		35	38	46	51	55	58	56	57	66	
Bangladesh		5	5	6	9	9	15	10	14	12	
Sri Lanka		11	10	10	11	13	12	8	12	10	
Total		488	503	572	674	680	667	802	878	1 047	
% change		-	+3	+14	+18	+1	-2	+20	+9	+18	
Others		6	10	4	6	12	11	12	(30)	16	

Source: International Passenger Survey

Table 90. Expenditure of Asian visitors to the United Kingdom

Value £ STG.

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Japan	50	46	43	75	94	101	156	199	244
Hong Kong	31	33	35	43	36	52	59	65	65
Singapore	16	16	22	33	36	29	32	39	29
Malaysia	21	20	25	39	49	33	25	36	32
Indonesia	11	9	13	13	13	18	14	22	26
Philippines	3	3	4	4	9	7	6	6	12
Thailand	3	7	6	19	10	9	25	13	14
Brunei Darussalam	5	3	4	6	8	10	9	5	7
Taiwan Province of China	1	2	2	6	7	12	11	10	27
Republic of Korea	3	5	5	5	4	4	7	10	29
India	45	28	38	43	50	51	62	56	67
Pakistan	15	14	26	29	44	49	49	40	56
Bangladesh	2	2	2	3	4	12	6	11	15
Sri Lanka	7	3	7	9	11	5	4	6	5
Total	213	191	232	327	375	392	465	517	628
% change	-10	+21	+41	+15	+5	+19	+11	+21	
Others	2	6	3	3	6	6	15	17	11

Table 91. Australia: outbound from Asia to the United Kingdom

	Month of December			% change 89/88	% change 89/87	% change 88/87
	1989	1988	1987			
Total	247 400	245 800	222 800	1	11	10
United States	21 500	25 200	28 600	-15	-25	-12
Japan	35 100	35 500	26 700	-1	31	33
Europe (excl. United Kingdom and Ireland)	33 900	34 600	34 100	-2	-1	1
United Kingdom and Ireland	43 800	41 500	53 200	6	24	18
Asia (excl. Japan)	47 000	36 800	36 300	28	29	1
New Zealand	45 000	45 900	40 200	-2	12	14
Canada	5 400	6 700	6 800	-19	-21	-1
Other	15 700	19 600	14 900	-20	5	32
Holiday	127 100	132 400	121 000	-4	5	9
Visiting relatives	80 900	76 900	67 500	5	20	14
Business	13 000	12 800	11 300	2	15	13
Convention	800	2 200	2 100	-64	-62	5
In transit	6 900	7 800	8 400	-12	-18	-7
Other	18 700	13 700	12 500	36	50	10

	January to December			% change 89/88	% change 89/87	% change 88/87
	1989	1988	1987			
Total	2 080 300	2 249 300	1 784 900	-8	17	26
United States	260 700	322 300	309 000	-19	-16	4
Japan	349 500	352 300	215 600	-1	62	63
Europe (excl. United Kingdom and Ireland)	245 600	256 200	203 200	-4	21	26
United Kingdom and Ireland	285 100	273 400	208 700	4	37	31
Asia (excl. Japan)	321 000	308 000	255 300	4	26	21
New Zealand	449 300	534 300	427 300	-16	5	25
Canada	54 200	66 700	52 700	-19	3	27
Other	114 900	136 100	113 100	-16	2	20
Holiday	1 107 000	1 237 000	938 300	-11	18	32
Visiting relatives	459 900	448 500	370 200	3	24	21
Business	230 800	234 300	195 300	-1	18	20
Convention	25 400	56 700	31 100	-55	-18	82
In transit	78 600	88 700	100 900	-11	-22	-12
Other	178 600	184 100	149 100	-3	20	23

Source: Australian Bureau of Statistics, Catalogue No. 3401.0

The central thrust of the laws is all the same: the promotion and development of tourism to the respective countries. The approach, however, is different, patterned on the basis of each country's respective problems and objectives. What works and what does not and why is the subject to another study and conference so that tourism administrators may have a chance to compare notes. This is another issue that needs to be studied in detail and perhaps ESCAP can pursue it further.

The issue is important because the laws need to be just enough to provide leadership and direction and prevent malpractice and ensure an orderly development of tourism without suffocating the initiative and incentives of the private sector. There has been some trend towards the establishment of self-regulatory tourism councils which appear on paper to be a good concept.

In some countries, the laws on tourism encompass hotel classification. But this is one of the more difficult issues faced by the travel industry, especially in countries where hotel classifications do not exist. Moreover, it is doubtful what exactly should these laws cover: tour operators, inbound or outbound tourists etc., or the protection of tourists, both inbound and outbound.

Many of the various rules and regulations are already under the control of other departments like the trade and commerce ministries, the police departments, the justice ministries and others. These departments often do not want to relinquish control of their jurisdictions. This is one of the most difficult problems. What administrative structure is needed and is appropriate to the various conditions and what should be done to enforce laws? These could be a criteria for a more detailed ESCAP or WTO study so that those countries that are still struggling with such problems can learn from those that have already found the answers. The central question is not what exists but how well it works.

It is interesting to note that countries that were the first to promote tourism, like the Philippines, India and Sri Lanka, have proper tourism ministries, while the latecomers are still grappling with the problems of trying to set up the appropriate administrative structures. A good legal framework is important for the development of an industry and to prevent abuse. But much more work on this needs to be done.

(c) Marine and riverine tourism

From the cruise ships that go island-hopping between the ASEAN countries to the cruises up the rivers of China and Thailand, the Asia-Pacific region has become a force to be reckoned with in the field of marine tourism. From Cebu to Bali, Langkawi and Phuket, Goa to Sydney, the Asia-Pacific region is bursting with ports that are perfect for good cruises. Though most of the cruise potential so far has been concentrated in the American market, the emergence of Japan as a major outbound market is raising expectations in the region and generating demand. Asia-Pacific trade are increasingly featuring exhibitors offering cruises.

The country that is taking the lead to develop itself as the cruise capital of Asia is Singapore, already its de facto aviation hub. By mid-1991, the Port of Singapore Authority (PSA) expects to complete its \$S40 million International Passenger Terminal (IPT) at the World Trade Centre (WTC). The WTC complex already has supporting facilities like car parks, access roads, bus terminal, food outlets, banking and telecommunication services.

An L-shaped finger pier extension is being built from the WTC building to provide for two berths for passenger liners. The berth will cater for cruise ships of up to 230 metres in length and 160 metres in width, 10 metres in draught and 52 metres in height. The pier can also berth six ferries, four to Sentosa and two to the southern islands. Present facilities include two berths which can each berth cruise ships of up to 170 metres in length, 9.5 metres in draught, and 52 metres in height.

The purpose-built IPT will have upgraded facilities such as duty-free shops, travelators and baggage handling services. A bridge from the pier will link the passenger gangway to the second storey of the WTC building. Arriving passengers will be conveyed by an aerobridge along the linkway to the second storey of WTC. Escalators will bring them to the arrival hall on the first storey for immigration, health and customs clearance.

Departing passengers will enter the WTC concourse, and proceed by lift/escalator to the second-storey departure hall for clearance before boarding the ships. Construction of the IPT began in mid-1989 and is to finish by late 1991. This will no doubt serve as a major springboard for cruise travel in South-East Asia.

Of note too is the appearance of junks, hydrofoils, catamarans and amphibian aircraft for short hops between the various coasts. The more competition, the better the price. The Economist Intelligence Unit did a study on Asia-Pacific tourism until the year 2000 and forecast that there would be a distinct swing in outbound European travel towards beach tourism. If that is to be the case, travellers would love to go places by sea rather than by air. The combination of fly-drive-cruise packages will be irresistible.

(d) The impact of industrialization

One of the major problems that tourism will face in the future is the clash with the growing need to industrialize in many countries. Areas like Japan, Taiwan Province of China and the Republic of Korea, once agri-based countries themselves, have emerged over the years to become industrial entities for which tourism is not as important a part of the overall economic equation as it is in other countries of South and South-East Asia. The Japan National Tourist Organization is one of the most poorly funded NTOs in the region. Though figures show that arrivals in these countries are actually rising, most of them are probably business travellers and company employees on training missions. Arrivals in the Republic of Korea, however, are doing well so far largely because of the Olympic Games and the momentum to be generated from the declaration of 1994 as Visit Korea Year.

With many South-East Asian countries rushing to industrialize, they are going to have to do so very carefully. One of the most closely watched places will be in Thailand where the hinterland of the famous beach resort of Pattaya is to be turned into a major industrial complex under a 100 billion baht (about \$US4 billion) programme, complete with seaports, an international airport, chemical, cement and natural gas plants stretching all the way from Laem Chabang to Rayong. Not only Pattaya but the touristic appeal of that entire coastline will be affected, with Pattaya in the middle.

The overview report published by the Eastern Seaboard Development (ESD) committee puts it thus: "Today, the Eastern Seaboard Development is a unique, integrated development programme for Thailand. It is based on new infrastructure and industrial activities that will boost the Thai economy, external trade and regional balanced growth in the country." In essence, it is designed to decongest Bangkok and attract foreign investment as Thailand strives to become the next newly industrialized country (NIC). The difference between this and other Thai plans is that this one actually began in 1983 and is set for completion by 1993-94.

Hoteliers and tour operators know that the ESD programme will wreak phenomenal changes in the way they do business. There is concern about the environment impact, unbridled growth and population congestion, plus the ability of the infrastructural facilities to cope even today. Condominiums are making the coastline look like an extended stretch of Waikiki, minus the surf. The Thai Government also wants to position the area as another stepping stone to Cambodia and Viet Nam.

What will this mean for Pattaya itself? The industry is not sure. The Thai Government, in August 1989, approved a major development plan to improve the resort and maintain its touristic quality. These projects, which will cost about 3.5 billion baht (\$US140 million), were recommended in a study by the Japan International Cooperation Agency. The study broke up the area into various market niches and classified the improvement projects into two phases, waterfront improvement and infrastructure/utilities for the entire Pattaya region.

Among the first questions that have to be asked is where tourism stands in the broader context of economic development. Tourism has to be developed together with the other aspects of economic development for the simple reason that it is not possible to put all the eggs in one basket. But there is an inherent clash developing between the objectives of industrialization and tourism. Good planning and foresight is necessary if both areas are to be developed in equal proportion.

(e) Opening up Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam

The opening up of Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam is to the Asia-Pacific region what Eastern Europe is to the west. Other regional countries, particularly Thailand, are scrambling to position themselves as hubs to these countries, though Thailand seems to have a clear lead so far because of its geographical position. Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam have all enacted investment promotion laws and tourism is being given priority because of its high foreign exchange earnings potential. As tourism destinations, these countries could be important in the future because of their high curiosity factors, their greater contemporary attraction and their superb combination of culture and beach resorts, the same attractions that helped put ASEAN on the map. International hotel chains like the Southern Pacific Hotels Corporation have already established a foothold and many others are looking around.

Thailand is seeking not just to become the aviation hub of Asia but also the main stepping stone to those countries as part of [the previous] Prime Minister Chatichai Choonhavan's stated plan to convert former battle zones into trade zones. The Thais are seeking to reach these markets and comparatively lower labour costs, in conjunction with foreign partners, and the governments concerned are giving them a warm, if careful, reception. These countries will probably offer future competition for the countries of South-East Asia, especially Thailand, for tourism and investment dollars.

But first, of course, they have to develop access to their countries. All three have state-run airlines that need considerable improvement in terms of facilities and services. Though these airlines, not surprisingly, are protective of their own terrain, pressure is building for them to show some flexibility. Viet Nam is served by Thai International, Air France, Garuda, Philippine Airlines and Malaysian Airlines in addition to the eastern bloc airlines for a total of about 25 flights a week. Lufthansa made a breakthrough in 1990 with the first flight from Frankfurt via Singapore. Cambodia is served by its own Kampuchean Airlines, Lao Aviation and the Viet Nameese airline Hang Kong Vietnam, a total of three flights a week. Vientiane is served by Thai International, Air Vietnam and Kampuchean Airlines. More flights will eventually be added. A new airline called Air Saigon is planned; whether or not it ever flies is yet a moot point; it was supposed to begin operations in May 1990. More flights will be added. The run from Bangkok to Ho Chi Minh City is one of Thai International's most fully-booked routes. Qantas recently asked for fifth freedom rights into Ho Chi Minh City from Bangkok and was politely refused. The Thais will try to protect the run for as long as possible.

One of the latest developments has been the establishment of secondary destinations in Thailand as a stepping stone to Myanmar. On 13 October 1990, there was a test flight on the Chiang Mai-Pagan-Mandalay-Chiang Mai route. This was the first since the Second World War. An 18-seat Bandeirante aircraft was used. Tour operators will build around this five- and six-day programme first to Myanmar and later to the Lao People's Democratic Republic and south China. The flight was called a charter, approved by the Myanmar and Thai aviation authorities as the best way to meet their national tourism promotion policies without dabbling with the bilateral air traffic agreements. All future flights will be the same. While the Thais can position Chiang Mai as on the road to becoming a Golden Triangle hub, the Myanmarers are keen to demonstrate their encouragement of private sector initiatives as part of the promulgation of their new tourism law. For the first time, the Myanmar authorities gave visas on arrival at Pagan to the 18 passengers on the charter.

Myanmar officials, aware that tourism is being hurt by the publicity about the political situation in Yangon, are anxious to develop alternative entries. Also for the first time, tourists can fly to the cultural spots in northern Myanmar without passing Yangon or flying Myanmar Airways.

Though initial flights will use the Bandeirante, plans are afoot to boost aircraft size. Bangkok Airways, which operates a 37-seat Dash 100, is to take delivery of a 55-seat Dash 300 in late October 1990, either of which could be used for the Lanna tours according to demand. The aircraft may eventually be based in Chiang Mai itself.

Talks are also planned about operating similar tours to Sipsong Panna in China's southern Yunnan province and to points in the Lao People's Democratic Republic. An Asian Voyages spokesman said an agreement in principle had been secured from the Myanmar authorities about the overflights and the matter would now be taken up with Thai authorities for clearance.

Another major breakthrough was announced in early November 1990 when a Bangkok-based company called Trans-Indo won rights to fly direct flights from Bangkok to Phnom Penh, the first since the end of the war in the area. Trans-Indo, which is basically involved in supplying aid material to Cambodia and flies United Nations personnel as well as aid workers, was allowed to use some of the surplus seats on the aircraft to fly tourists.

While Trans-Indo will act as the wholesaler, a number of tour packages have been built around Phnom Penh and Angkor Wat, ranging in price from \$US1,900 for a four-day programme, including a full day at Angkor, to \$US2,800 for an eight-day package including four days at Angkor and its environs.

(f) Growing diversification of the product

One of the most striking phenomena at international travel shows is that they are expanding not just in size but also variety. At the ITB, already the world's largest trade show, another three halls are to be added, an increase that will allow all the Asia-Pacific exhibitors to be brought together in one hall. The new sellers coming are creating tremendous demand for trade show space and this is likely to continue; no matter what kind of a market, from honeymooners to the elderly, there is a travel product that can be suited to their needs. The major question that these sellers have to answer is how to reach most cost-effectively their target markets.

As demand exists, supply is following—one is seeing a greater segmentation of the travel marts. For example, the Pacific Asia Travel Association organizes an annual adventure mart. New shows coming include business travel, conventions and incentives, etc.. Individual associations are probably not far behind. Again, governments need to take the lead in this area and organize them into groupings with proper regulations to ensure an orderly development that will meet the wider interests of all concerned. It is better that this is done while the industry is still developing rather than later when it becomes larger and certainly much more unwieldy.

(g) Competition among tour operators

International tour operators are moving into the Asia-Pacific region. Like the hotel chains, there is money to be made in expanding distribution networks and ensuring quality standards. Also, the profits are bigger as money stays in the same pocket. This trend is likely to accelerate as the operators seek to branch out on their own and develop their own product/brand names rather than sell the products of another wholesaler. Because of the increases in airline and hotel capacities, they are also getting good deals from both, enhancing their profits.

It is perhaps too early to say how this will affect the operations of the existing tour operators who handle most of the major accounts. But it would be fair to say that some sort of change will certainly take place. Many of the operators are also diversifying their product lines and setting up their own hotels and cruise companies, for example. Keeping unit costs down is becoming a major element of tourism.

(h) Education and training

More work is going to be done in education and training in the travel and tourism industry than any other, and rightly so. From Japanese language courses organized in the ASEAN countries to the award-winning efforts of the Indian Institute of Travel and Tourism Management, government and private companies are putting much more money into training. The results of these courses will take time to show, but they will appear in time.

One of the problems that the industry faces, however, is that teachers are poorly paid, which means that the quality of trainers themselves is poor. Most of the people who have any expertise are working in their respective fields of expertise. Others who gain that expertise through sheer hard work join the private sector. Unless the salary levels of the training and education institutions can be raised to higher levels, the quality of the people they turn out will remain mediocre. This is why many of the hotels are doing their own in-house training so that they can use their own people to train and keep the people who are trained.

There is equally no money in writing about tourism; textbooks, for example, are sorely lacking. No historical research on tourism in the Asia-Pacific region could be found to prepare for this paper. Yet, the people who are responsible for shaping Asia-Pacific tourism, the founding fathers of the Pacific Asia Travel Association, are dismissed as being part of the old guard. Publishers say their recollections would make no profit; regional organizations should help.

(i) The growing role of international organizations

The present symposium is a clear example of the growing role of international organizations in tourism. This is one of the most important developments for the region because of the respectability that these organizations bring to the industry and their usefulness as lobbying groups and forums for the exchange of information. There are many today: ESCAP, the Pacific Asia Travel Association, the ASEAN Tourism Association, the ASEAN Sub-Committee on Tourism, the Society of Incentive Travel Executives, the International Conference and Convention Association, the East Asia Travel Association and so on.

Two major developments are taking place within these organizations:

- (i) The first is that they are having to justify their existence. They all serve a valuable purpose if they work well and in order to do so they need a commitment from serious industry leaders in order to attract the right membership. Many countries had no qualms about dropping out of the WTO and the Universal Federation of Travel Agents Association because they did not see these as helping them. On the other hand, many regional airlines in 1990 joined the International Air Transport Association because they finally decided that the time had come to have a say in shaping IATA's policies. Thus, in order to justify their existence, these associations are having to deliver quality membership services which can only help the industry at large. How they do it is up to them, but whatever they do, it is bound to be for the overall good, even though some will help a few personal ambitions along the way.
- (ii) The second thing is the proliferation of smaller associations within the regional countries themselves. In addition to the chapters of the major associations being formed in various countries, everyone from guides to convention organizers are setting up their own associations to look after their interests. There is nothing like such pressure to promote the interests of the industry and as long as it can be guaranteed that these associations are well-intentioned, it should not be a problem in dealing with them.

The harmony between these associations is also compatible. The bigger associations, PATA for example, are shifting in focus from strategic to tactical. They are having to solve bigger issues like airport congestion, environmental problems and training. As they assume a greater role in those areas, the smaller associations are taking over the former tactical roles of organizing courses, individual training programmes, etc.. This is an appropriate combination that should be encouraged by governments.

One major development is the greater energy that will be directed towards tourism when wider economic groupings flourish. Australia has proposed the creation of an Asia-Pacific Economic Council and preliminary meetings on this have already been held. Along with the efforts to take up tourism under the GATT, this will only give tourism greater respectability and increase its influence in world economic forums. An industry worth two trillion dollars a year should have a voice in proportion to its size, especially when it also has loftier goals to achieve like bringing people together in a shrinking, borderless world.

(f) The role of the press

The press is becoming more closely involved in tourism for two major reasons: one is that the importance of tourism as a world business is making it more important as a market and is raising the demand for data, and the second is that there is money in it. Tourism advertising is becoming a major force and the proliferation in the number of travel and tourism magazines is testimony to this.

An industry so full of news—mergers and acquisitions, environmental problems, airport congestion, new products and processes, etc.,—cries out to be covered, and covered well. This has highlighted the need for people in tourism to learn how to deal with the press and the need for more tourism information on how the press works.

In Thailand, tourism courses for the public relations and sales/marketing staff of various companies have been started.

The reason for maintaining good media relations is important from one key aspect: if properly done, it can save companies and governments millions of dollars. Press conferences are organized to help spread the word about good things at least cost. But many of these efforts require specialists now lacking. The media wants good quality information that it can rush to print in the least possible time. Providing this information is an art.

(k) Social transformation

Lastly comes the subject of the social impact of tourism. This is one of the thorniest issues and perhaps one of the most complex. In many ways, this is best left to the universities and think tanks to handle on their own, with the conclusions and recommendations referred to the governments and the various industry associations for action. It is not something that governments should be funding with taxpayers' money.

The best bulwark against a degradation of society and culture is tourism because it allows people to make money by preserving their way of life and showing it to visitors.

There have been many critical studies produced about tourism transforming pristine cultures into mindless twentieth century cultures. But the researchers who conducted these studies cannot prove that tourism was directly responsible for the changes. The influence of the electronic media, particularly television, has had perhaps the most significant and long-lasting impact on society, followed by industrialization in general. Tourism gets blamed because it is a highly visible industry full of glamour and a perception of fancy. But it has little effect compared to other industrial sectors that inflict more damage on society. What is needed are more studies of how tourism has positively affected society.

In Thailand, farmers are selling off their land because of big money being offered by real estate speculators who will eventually develop it into golf courses, housing estates, factories or hotels, depending on where they see the most profit. The farmers' lifestyle is changing and tourism is in no way responsible.

Tourism does have a direct impact in two respects:

- (i) It accentuates the gap between rich and poor. There is something uncomfortable about people sitting in the grill room of a restaurant, ordering a meal that will cost more than the waiter earns in two months. But one needs to be able to see that there is no difference between that and a person walking into a department store and buying the latest model in expensive stereos after being serviced by a salesman.
- (ii) It can abet social prejudices. Racial, religious and other forms of discrimination stemming from people who cannot communicate with each other is a major problem. Technology is helping to change that. One of the most marvellous instruments that is coming onto the market is the pocket translator which helps businessmen overcome problems with stock

phrases. Sooner or later, this will be expanded into full fledged translating machines that will go a long way towards helping people communicate with each other. In the meantime, there will always be a gap between waiters and shopkeepers who cannot speak 24 languages and those who wonder why they cannot.

Tourism is a major socio-economic force. The problem it faces today is that the profits to be made out of it have enabled people who just want to squeeze tourism dry to take advantage of the legal loopholes before an organized system can be put in place. Governments have much to do at a time when the changes in the industry are increasing. Today, however, the future directions of the industry are clearer in terms of technological and economic change than they were five years ago. Governments will have to spend the next few years taking stock and identifying their future strategic directions so that they can eliminate short-term speculators. No problems will ever be solved totally but if more can be, everyone will be better off.

2. ECONOMIC IMPACT OF TOURISM IN INDONESIA

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1. Tourism in the Indonesian economy

The decline of oil prices starting in 1984 greatly influenced the Government to shift its policy from relying on oil to non-oil exports as a source of foreign exchange. Foreign exchange is needed to finance imported capital goods and other products necessary for increasing economic development in the country. The change in policy resulted in a sharp increase in foreign exchange earnings from non-oil exports. In 1987, for the first time, earnings from non-oil exports were greater than from oil. In 1989, even with relatively better oil prices, the non-oil exports contributed more than 60 per cent in total export earnings.

One important source of foreign exchange from non-oil exports is tourism. Even though its role in generating foreign exchange is still relatively very small, its share is rapidly increasing. Moreover, the indirect effect of tourism, which is not easily quantifiable, is believed to be even larger.

Tourism also has another important role in the economy. It helps develop other related sectors such as transportation, telecommunications, hotels and restaurants, manufacturing industries, trade and services. To a great extent employment is also generated by the tourist industry, directly and indirectly. No less important is its contribution to government earnings, through taxes and surpluses of government enterprises catering for tourism.

With the strong commitment of the Government and serious efforts to develop tourism in Indonesia, this industry has been growing rapidly in recent years. The number of tourists coming to Indonesia has increased on the average by more than 30 per cent over the past three years, reaching more than 1.5 million in 1989, compared to an increase of only around 5 per cent in previous years. Other statistics related to tourism, such as the number of hotel rooms, occupancy rates, and number of room-nights sold in classified hotels, clearly support this evidence of rapid growth in the tourist industry in recent years.

This rapid growth in tourism in Indonesia can optimistically be expected to be maintained, or even accelerated, considering that the number of tourists coming to Indonesia is still much smaller than those going to neighbouring countries. The still relatively unspoilt natural beauty and rich traditions and cultures of the people will also be important assets for further development. Of course, the necessary facilities, such as transportation, accommodation and development of destination areas must not be neglected.

2. Objectives of the study

Despite the increasingly important role of tourism in the Indonesian economy, an analysis of tourism is still lacking. Especially needed is an analysis with the main objective to explore the role of tourism quantitatively in different aspects of the economy at the macro-level. The existing studies only deal with efforts to describe trends and profiles of tourism in Indonesia employing statistics on tourism and related activities. At the micro-level descriptions of destinations and their facilities are plentiful as part of tourist promotion.

The object of this paper is to measure and analyse the role of tourism in the Indonesian economy. The measurement will be done by using the latest input-output table, which was constructed for the year 1985. Since, however, during the last five year period the input-output structure has not changed very much, the results of the analysis are expected to be applicable to the current situation. Moreover, if it does change, by knowing the direction of the changes, the outcome of the analysis can be interpreted to indicate the present situation.

As is known, tourism contributes in many different ways towards economic progress, and this study will try to include all the different aspects of the economy within the restriction imposed in an analysis of the input-output table.

The study will be confined only to international tourism, more specifically to tourists from abroad visiting Indonesia. It does not take into account Indonesian tourists going abroad nor domestic tourists. This limitation is based on the importance of the contribution of tourism to the inflow of foreign exchange. Foreign tourists visiting Indonesia have a direct effect on foreign exchange earnings. In addition, the available data only permit an analysis of tourists from abroad going to Indonesia. No data is available on Indonesian tourists going abroad.

In studying the impact of international tourism on the economy of Indonesia, the following will be considered:

- (a) The contribution of tourism to gross domestic product;
- (b) The contribution of tourism to government revenue;
- (c) The contribution of tourism to foreign exchange earnings after discounting leakages;
- (d) The impact of tourism on employment;
- (e) The impact of tourism on income distribution;
- (f) The linkages between tourism and the rest of the economy.

The results may be useful for the Government, especially for the Directorate General of Tourism, in providing inputs to help in planning and policy formulation. They may be useful to other government agencies, particularly the Planning Board, and will provide insight into tourism and the Indonesian economy for others involved in the industry.

This research has been sponsored by ESCAP, and the results will be useful for intercountry comparison in the region, especially among ASEAN countries. This is possible, since the methodology used is more or less standard. The definition and scope of tourism employed in the study follows the existing studies performed in other countries, coordinated by ESCAP.

The intercountry comparison will enhance the usefulness of the findings in this study. Regional strategies on tourism development may be analysed and suggested by ESCAP to individual countries.

3. Development of tourism in Indonesia

During the first five year development plan (Pembangunan Lima Tahun, abbreviated as PELITA), 1969-1973, the number of tourists visiting Indonesia increased sharply, by more than 39 per cent per year. But this rapid increase was mainly due to the small number of tourists in 1969, resulting from unfavourable political conditions in the years before. The period 1969-1973 marked the beginning of the implementation of a systematic economic development put forward by the "New Order" Government. Since then, the influx of foreign tourists visiting Indonesia has grown rapidly.

The real effort to develop tourism in Indonesia, however, only started in the second Pelita, beginning in 1974-1975. In the State Policy Guidelines, 1988, it was reiterated that tourism needs to be seriously developed since it has an important role in the Indonesian economy. Among others, it functions as a source of foreign exchange earnings, for employment creation and distribution, and for regional/provincial development. Important efforts to promote tourism should include the development of tourism objectives/destinations, tourism promotion and marketing, education and the provision of infrastructure and tourism facilities, and the increased awareness and participation of society in tourism development.

The growth of tourism as reflected by the number of tourists for the period 1969-1989, and its projection, is given in table 1. As expected with stronger promotion, the development of facilities and conducive policies, growth has accelerated during PELITA IV. This rapid growth is expected to continue during PELITA V with a stronger commitment and more serious efforts to develop tourism in Indonesia. This consideration arises from the fact that the share of Indonesia in ASEAN as a fast-growing tourist destination area is still very small. In 1985, out of 14.4 million visitors, Indonesia received only 8.9 per cent, compared to Thailand, Singapore and Malaysia with 28.9, 28.6 and 23.1 per cent, respectively.

4. Definition of tourism and tourism sectors

To get a better understanding of the analysis, what is meant by tourism must be defined at the outset. At the United Nations Conference on International Travel and Tourism held at Rome in 1963, a tourist was defined as a temporary visitor in a foreign country staying for at least 24 hours for a purpose other than taking up an occupation in the country visited. In this case the purpose of the journey may be one of the following:

- (a) Leisure recreation, holiday, health, study, religion or sport, or
- (b) Business, family, mission or meeting.

Tourists must also be distinguished from travellers termed excursionists, who are visitors in a country staying for less than 24 hours. Excursionists include those who travel on cruises, but travellers in transit are excluded, since they are not considered to be visitors.

Tourist industries should include all the industries providing goods and services to tourists, even though these industries also cater for local residents. In the analysis, the components directly used for or by tourism must be identified separately.

Using the guidance from the tourist expenditure survey conducted by the Central Bureau of Statistics (1989), the 1985 Indonesian Input-Output Table and the Guidelines on Input-Output Analysis of Tourism, the sectors directly related to tourism, which are called tourism sectors, are identified as follows:

- (a) Hotels and other accommodation;
- (b) Restaurants;
- (c) Entertainment and attractions (in the Indonesian input-output table this industry is classified as services; the use of parks, museums etc., that are free of charge is excluded);
- (d) Shopping (the trade margins for items bought by tourists are included in the wholesale and retail trade sectors in the input-output table; the items bought by tourists will also be differentiated whether locally-produced or imported);
- (e) Domestic transport service; and
- (f) International transport service (tourist arrivals by air, sea and land using local or foreign carriers will be separated; for income analysis only earnings from national carriers within the country are relevant).

5. Tourism input-output table

An important tool for analysing the impacts of tourism in the economy is the input-output table for tourism. This tourism input-output table is especially constructed from the regular input-output table to show tourism as a separate sector.

Sectors directly contributing to tourism by providing goods and services, as stated before, are called tourism sectors. These tourism sectors must be disaggregated into two components, transactions generated by tourism demand and the ones purely serving domestic consumption.

The non-tourism sectors, depending on the importance of the sectors, may stand alone or be aggregated with other sectors. The consideration of a sector to stand alone is based on the following factors:

- (a) Whether the sectors are important in the Indonesian economy;
- (b) Whether the sectors are significantly affected indirectly by tourism.

Exports of goods and services are also divided into two categories. The first one is exports of goods and services in the regular sense, where goods and services are delivered to foreign countries crossing the boundary of the Indonesian territory. This is called non-tourism exports. The second one is tourism exports, which is equivalent to goods and services bought or consumed by foreign tourists in Indonesia.

The format of the tourism input-output table is given in appendix A.

6. Construction of 1985 tourism input-output table for Indonesia

To construct this tourism table, the 1985 input-output table for Indonesia consisting of 66 sectors (Central Bureau of Statistics, 1980) was used. First of all, exports must be disaggregated into those resulting from tourism demand, and regular exports. Then the inputs, primary and intermediate, of tourism sectors must also be divided into two categories. The last step is aggregation of the remaining non-tourism sectors.

For the disaggregation of exports, the information collected from a survey on expenditure and opinions of foreign tourists conducted in 1984/1985 by the Central Bureau of Statistics and the Directorate General of Tourism was utilized. The survey provided information of tourists' expenditure in Indonesia classified by:

- (a) accommodation;
- (b) domestic flights;
- (c) bus and railway transportation;
- (d) food and beverages;
- (e) entertainment;
- (f) sightseeing tours;
- (g) souvenirs and shopping;
- (h) package tours;
- (i) personal health and care;
- (j) guiding expenses; and
- (k) others.

The expenditure of foreign tourists is estimated by multiplying the number of tourists and the average expenditure per tourist. The dollar value is converted into rupiah using a monthly weighted average exchange rate of Rp 1,108.22 per dollar in 1985. The breakdown of expenditures by different categories is obtained by using the percentage distribution of expenditures from the above-mentioned

survey. The number of tourists is ascertained from the Economic Indicators 1988, published by the Central Bureau of Statistics.

The 11 categories of tourist spending are further disaggregated to conform with the 66-sector classification of the input-output table. Secondary information is used for this disaggregation. The results of this computation are exports due to tourism broken down by 66 sectors as used in the input-output table. The regular exports are then obtained by subtracting these figures from the total exports in the input-output table.

From the breakdown of expenditure, the output of the tourism sector bought or consumed by tourists is estimated. The output of international tourism sector is assumed to be consumed and bought only by tourists. Consequently, other final demand of output of these sectors is assumed to be zero. Similarly, no output of these sectors is used by other sectors as intermediate input. Therefore, the output of the international tourism sector is equalled to the spending of tourists on this tourism sector. For example, the output of the tourist hotel sector is equalled to the expenditure of tourists on hotels.

The output of non-tourist tourism sectors is obtained by subtracting the output of international tourism sector obtained above from the total output of the sector. This non-tourist tourism sector is also called the domestic tourism sector.

The next step is to estimate the inputs, primary and intermediate, of the tourism sectors, used separately for production for domestic and tourist needs. Dividing the inputs proportionally to the outputs of domestic and international tourism sector is certainly unreasonable, because commodities consumed by local people and tourists are, to a certain extent, different. Tourists, generally, go to different restaurants and stay in different hotels than local people. Transportation and services used by tourists are also very likely to be different from those used by local people.

The separation of inputs for domestic and international tourism sectors is conducted by using any information that can be obtained on the input structure of commodities consumed by tourists. A great deal of the information is qualitative. In some cases, due to a lack of information, the input structure is only estimated. Tourists, for instance, consume more alcoholic drinks than local people. On the other hand, paddy is hardly needed by tourists. Tourists use more air transport, buy more souvenirs and handicrafts etc..

The same procedure is applied for the estimation of primary inputs for tourist and domestic tourism sectors. Qualitative information is widely used to obtain some light on what is the most reasonable pattern of value added of international and domestic tourism sectors. For example, the surplus of restaurants, as well as wages and salaries of their employees, catering for tourists is believed to be higher than that of those restaurants catering for local people. Similarly the composition of value added of hotels serving tourists is different from hotels for local people. More tourists stay in luxury hotels than local people.

After the estimation, the input structure and the value added composition, a balancing process is applied to guarantee the consistency of the estimates. Therefore, some of the coefficients of inputs, and composition of value added are real. However, some are only hypothetical based on reasonable estimates.

The separation of exports into tourist and regular exports is necessary in order to conduct the impact analysis. The tourist exports, which are coded 660 in the table, act as an independent variable, simulated to explore the impact on generating gross domestic product, government revenue, foreign exchange earnings, and employment, as well as the impact on income distribution.

7. Level and patterns of expenditure

Tourism affects the national economy through tourist spending in the country. The demand for goods and services created by tourists will have positive economic impacts and help to speed up the economic development of the country.

The number of visitors and their average length of stay are two factors which directly determine the total amount of expenditure of foreign visitors. The overall average expenditure of one visitor per visit in 1988 was \$US790. This average expenditure is higher than the amount expended in the year 1985, \$US699.5, despite the fact that the average length of stay was longer in 1985 (12.7 days) compared to 1988 (11.6 days). Therefore, the daily spending of tourists in 1988 was really higher than in 1985.

Given that the estimated number of tourists in 1985 was 750,000, the estimated foreign exchange earnings were \$US524 million. In 1988 the earnings from tourists were \$US966 million, since the number of tourists in 1988 was 1.2 million. Compared to total export earnings of \$US18,587.7 million in 1985 and \$US19,218.5 million in 1988, the contribution from tourists was still very small, only 2.82 per cent in 1985 and 5.03 per cent in 1988. However, the contribution was rapidly growing, almost doubling during the period 1985-1988. In 1989 the percentage increased again to 6.02 per cent, a figure obtained by assuming that average tourist expenditures only increased by 10 per cent. The number of tourists in 1989 was 1.5 million, and the total export earnings was \$US22,158 million.

To give a clearer picture of tourist expenditure, table 1 shows the relationship between the average length of stay and average expenditures by purpose of visit. The average daily expenditure per visitor in 1988 was \$68.1. Business travellers had the highest daily expenditure of \$108.2, while pleasure travellers only spent \$60.3 daily. With almost the same length of stay, visitors for business and official missions spent much more during their visit. On the average they spent more than \$US1,000, while those visiting for pleasure only spent around \$US700.

The types of commodities and services bought by tourists will have important effects on the economy. Expenditure on goods and services with a high value added and labour intensive ratio will directly increase gross domestic product and create more employment opportunities. The increased production of goods or services with more linkages will have a strong effect on the economy as a whole. This pattern of expenditure on goods and services has a very important role in economic impact analysis.

Table 1. Visitors' length of stay and average expenditure by purpose of visit, 1988

<i>Purpose of visit</i>	<i>Average length of stay (days)</i>	<i>Average exp. per visit (\$US)</i>	<i>Average daily expenditures (\$US)</i>
1. Pleasure	11.8	711.7	60.3
2. Business	10.0	1 082.1	108.2
3. Business and pleasure	10.3	1 070.3	103.9
4. Conference	8.1	864.6	106.7
5. Official mission	12.9	1 148.6	89.0
6. Others	14.2	855.8	60.3
Overall	11.6	790.0	68.1

Table 2 presents the expenditure of tourists classified by category of expenditure. In all, expenditure for accommodation constituted the largest percentage (almost 31 per cent) of total tourist budgets. As expected, expenditure on food, souvenirs and shopping was the second largest with 17 and 18 per cent respectively. Altogether, entertainment and tours occupied about 19 per cent of all tourist spending. Other expenditures are for domestic transportation, and for personal health care.

8. Methodology for economic impact analysis

The analysis of the influence of international tourism on the Indonesian economy covers its impact on sectoral output, gross domestic product (GDP), government revenue, foreign exchange (discounted for leakages/imports), employment and on income distribution.

(a) Impact of tourism on sectoral output

The basic equation used is

$$X = (I - A^d)^{-1} F^d$$

X = Vector matrix of output (domestic product)

Ad = Coefficient matrix of domestically produced intermediate inputs with separation of domestic and foreign tourist tourism sectors

I = Identity matrix

$(I - A^d)^{-1}$ = Leontief inverse matrix or output multiplier matrix

F^d = Vector matrix of final demand on domestic products; in this study, it is equalled to tourist expenditures

Table 2. Tourist expenditure patterns, 1988 (%)

<i>Expenditure item</i>	<i>Percentage</i>
1. Accommodation	30.75
2. Domestic flights	7.67
3. Bus and train	2.02
4. Food and beverages	16.76
5. Entertainment	5.54
6. Sightseeing tours	3.77
7. Souvenirs and shopping	18.07
8. Package tours	9.59
9. Health Care	0.49
10. Guiding services	0.75
11. Others	4.59
Total	100.00

Note: Tourism expenditure patterns were calculated by using the total expenditure of all visitors.

(b) Impact of tourism on gross domestic product (GDP)

Gross domestic product is the total of gross value added generated by all economic entities in a country during one fixed period (one year). Gross value added covers: (a) wages and salaries, including income tax, (b) operating surplus, including corporate income tax, (c) depreciation and (d) net indirect taxes.

To measure the direct and indirect effects of tourism on gross value added generation, the formula used is as follows:

$$X = (I - A^d)^{-1} F^d$$

$$V = V X = V (I - A^d)^{-1} F^d$$

$$V = \text{Coefficient matrix of gross value added to the output}$$

(c) Impact of tourism on employment

According to the definition used for Population Census and in the input-output table, the working population comprises persons 10 years of age and over, who worked, or performed economic activities for pay or profit, or assisted in obtaining pay or profit for the duration of at least one hour during the week before the survey. The pay and profit includes wage/salary and all benefits, bonus and all income generated from rent, interest and profit, in terms of cash and/or in kind.

In the 1985 Indonesian input-output table, employment data is only presented by sector (66 sectors) as a vector. Due to a lack of data, the employment matrices by sector and occupation and by sector and educational attainment have not been compiled.

To measure the direct and indirect effects of tourism on sectoral employment, the model used is as follows:

$$X = (I - A^d)^{-1} F^d$$

$$L = L X = L (I - A^d)^{-1} F^d$$

$$L = \text{Coefficient matrix of employment to the output}$$

(d) Impact of tourism on government revenue

In Indonesia, government revenue is obtained from tax levies and non-tax income. The non-tax income is received mainly from oil production, which is in practice not affected by tourism, and will be treated as an exogenous variable for this study. Therefore, the analysis will only cover the impact of tourism on government income from taxes.

There are two types of tax, direct and indirect tax. Direct tax is levied on wages, salaries and business profits. The business profit is part of operating surplus. The formulae to be used in the analysis are:

$$GR = GR_t + GR_{nt}$$

$$GR_t = GR_{dt} + GR_{idt}$$

$$GR_{dt} = GR_{dt}^w + GR_{dt}^o$$

$$GR_{dt}^w = PW (I - A^d)^{-1} F^d$$

$$GR_{dt}^o = QO (I - A^d)^{-1} F^d$$

$$GR_{idt} = R (I-A^d)^{-1} F^d$$

GR = total government revenue

GR_t = government revenue from taxes

GR_{nt} = government revenue from non-taxes

GR_{dt} = government revenue from direct taxes

GR_{idt} = government revenue from indirect taxes

GR_{dt}^W = government revenue from direct tax on wages and salaries

P = coefficient matrix of direct tax on wages and salaries

W = coefficient matrix of wages and salaries to output

$PW (I-A^d)^{-1}$ = Multiplier matrix of direct tax on wages and salaries: this will be used for measuring the effect of one rupiah's tourist expenditure on direct tax of wages and salaries

GR_{dt}^O = government revenue from direct tax on operating surplus

Q = coefficient matrix of direct tax on operating surplus

$QO (I-A^d)^{-1}$ = Multiplier matrix of direct tax on operating surplus: this matrix will be used for measuring the effect of one rupiah's tourist expenditure on direct tax of operating surplus

R = coefficient matrix of indirect tax to output

$R (I-A^d)^{-1}$ = multiplier matrix of indirect taxes

If GR_t^T is government revenue from taxes generated by tourism and GR_t^N is the total government revenue, GR_t^T/GR_t^N is the contribution of tourism in generating government revenue from taxes.

(e) Impact of tourism on foreign exchange discounting leakages

As described above, tourist expenditure will generate directly and indirectly outputs in several sectors. In the process, the output will need proportionally imported goods and services as inputs. The spending of tourists, which is treated as exports, must be deducted by these imported goods and services in order to account for leakages. Exports of tourism are defined as foreign exchange obtained from tourism. Net exports are, therefore, the difference between foreign exchange from tourism and value of imports needed for domestic products to satisfy tourism consumption. The formulae used in the analysis are:

E^T = foreign exchange obtained from tourism (all tourist expenditure)

$M^T = M (I-A^d)^{-1} E^T$

M^T = imported goods and services needed to produce domestic output in order to satisfy tourism demand

M = coefficient matrix of imported component of input to output

$M (I-A^d)^{-1}$ = import multiplier matrix, used for measuring the effect of one rupiah's tourism on foreign exchange

If E^N is the total export of goods and services, $(E^T - M^T)/E^N$ will be the contribution of tourism to foreign exchange.

(f) Impact of tourism on income distribution

According to the structure of the input-output table, income distribution is only viewed as a sectoral difference of per worker income. Two variables related to income are wages and salaries, and value added. By comparing the sectoral income per worker before and after the impact of tourism, changes in the income distribution can be observed.

Since in the input-output table wages and salaries are only accounted for paid workers and on the other hand employment also covers unpaid family workers, adjustments need to be made to get actual income per worker (the wage rate). To measure income distribution, standard statistical measurements (standard deviation) will be used. In addition, a proxy calculation for Gini coefficient will also be tried. The formulae employed are the following:

$$W = W (I-A^d)^{-1} F^d$$

$$V = V (I-A^d)^{-1} F^d$$

$$L = L (I-A^d)^{-1} F^d$$

W = vector matrix of wages and salaries affected by F^d

V = vector matrix of value added affected by F^d

L = vector matrix of employment affected by F^d

F^d = vector matrix of final demand; it will then be used for final demand before and after the impact of tourism

By using W , V and L , and sectoral income per worker can be calculated as the following:

$$D_i = \frac{W_i}{L_i}, \quad D_i = \text{wages and salaries per worker, sector } i$$

$$E_i = \frac{V_i}{L_i}, \quad E_i = \text{value added per worker, sector } i$$

9. Results of the impact analysis

(a) Capacity to generate output and value added

The total amount of tourist spending of 582.5 billion rupiahs in 1985 generated an output of 928.8 billion, or a multiplier of 1.59 times. This multiplier in generating output is larger than the multipliers of regular exports (1.37) and other forms of final demand (1.58).

The value added ratio for commodities consumed by tourists, however, is the smallest. As can be seen from the data below, the value added ratio is the largest for export commodities. This is mainly caused by the high value added ratio of the main export commodities, oil and gas.

	<i>Final demand</i>	<i>Output</i>	<i>2/1</i>	<i>Value added</i>	<i>4/2</i>
Tourism exports	582.5	928.8	1.59	509.9	0.55
Regular exports	22 183.5	30 421.2	1.37	20 388.7	0.67
Other forms of final demand	85 130.5	135 073.2	1.58	76 747.3	0.56
Total	107 896.9	166 423.2	1.54	97 645.9	0.58

The multiplier effect of exports is small, because export commodities still mainly consist of non-manufacturing products, such as, oil, gas and estate crops, even though the export of manufacturing products is fast growing. On the other hand, tourism exports concerned with commodities and services possess wide linkages with other production activities. The data below are the output of commodity and services resulting from direct tourist expenditures and their indirect effects, for only the 10 largest outputs.

<i>Commodity groups</i>	<i>Value of output (billion of Rps)</i>		
	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>
1. Hotels (T)	203.3	-	203.3
2. Restaurants (T)	77.2	-	77.2
3. Textiles and leather products	34.8	21.8	56.6
4. Amusements and recreation (T)	53.9	-	53.9
5. Transport services (T)	40.6	-	40.6
6. Processed foods	10.1	29.4	39.5
7. Air transport (T)	39.2	-	39.2
8. Gasoline and LNG	4.0	26.8	30.8
9. Trade	-	29.4	29.4
10. Livestock, poultry and slaughtering	-	26.3	26.3

Note: T=Tourism sector

There is no indirect effect on hotels, restaurants, amusements and recreation, transport services and air transport, because these are the separate sectors servicing only tourism demand. As is well understood, the largest output is hotel services which are directly consumed by tourists. The indirect effects are large for processed food and trade services. However, these are not the largest sectoral outputs generated indirectly by tourism. The largest sectors are textile and leather products and then processed foods as shown in the table above.

(b) Employment creation

The production of goods and services consumed by tourists is more labour intensive than the production of goods and services for regular exports and final demand. The employment created by the expenditures are respectively 552,000, 4,586,800 and 61,321,300 jobs. This means that a spending of one million rupiahs by tourists created employment for 0.96 persons, while for regular exports the same sum only created employment for 0.21 persons, and 0.72 persons for other final demand.

APPENDIX A

FORMAT OF TOURISM I-O TABLE

	NON TOURISM 010 . . . 240	TOURISM 251 . . . 312	NON-TOURISM 320 . . . 400	480	610 . . . 640 650 660 . . . 900
010 . . . 240					
251 252 . . . 311 312					
320 . . . 400					
490 500					
510 . . . 550					
590					
600					

Sector classification of 1985 tourism input-output table

<i>Code</i>	<i>Sector</i>	<i>Commodities</i>
010	Paddy	paddy
020	Other food crops	maize, cassava, groundnut, soybean, vegetables
030	Fruit	banana, papaya, orange, mango, rambutan, duku,
040	Estate crops	rubber, sugarcane, coconut, palm oil, tobacco, coffee, tea, clove, pepper, nutmeg
050	Livestock, poultry and slaughtering	cattle, buffalo, goats, sheep, pigs, fresh milk, chickens, ducks, eggs, fresh meat
060	Wood and other forest products	logs, firewood, rattan, resin, wild animals
070	Fishery products	fish, shrimps, crabs, shellfish, salted and dried fish
080	Crude oil and natural gas	crude oil, natural gas
090	Other mining and quarrying products	coal, iron and tin ore, nickel ore, bauxite ore, copper ore, gold, silver, crude salt, stone, clay
100	Processed and preserved foods	processed meat, processed milk, canned fruit, vegetables, fish, flour, rice bread, noodle, sugar
110	Beverages	alcoholic and non-alcoholic beverages
120	Cigarettes and other tobacco products	clove cigarettes, cigars, white cigarettes, processed tobacco
130	Textile and leather products	yarn, thread, textile, wearing apparel, made-up textile goods, footwear, leather products
140	Wood, bamboo and rattan products	sawn wood, plywood, furniture, rattan and bamboo pleating
150	Paper and paper products	pulp, paper, paper board, paper boxes, printed materials
160	Chemical products	fertilizer, basic chemicals, plastic materials, medicines, cosmetic materials, soap, coal products
170	Refined petroleum and LNG	avogas, avtur, gasoline, kerosine, solar, liquified or natural gas
180	Rubber and plastic	smoked rubber, crumb rubber, tyres, rubber footwear plastic wares
190	Cement and other non-metallic mineral products	ceramic and earthenware, glassware, glass, cement products, bricks, tiles
200	Basic metal products	iron and steel, non-ferrous base metals
210	Machinery and equipment	kitchen apparatus, agricultural tools, metal furniture and fixtures, structural metal products, machines, communication equipment, electrical appliances, batteries, ships, trains, motorized vehicles, aircraft
220	Other industrial products	scientific and optical equipment, watches, clocks, jewellery, musical instruments
230	Electricity, gas and water supply	electricity, gas, water
240	Building and construction	residential and non-residential buildings, roads, bridges, piers, seaports, construction and installation of electricity, gas, water and communications
251	Domestic, wholesale and retail trade	merchandise for domestic consumption
252	Tourism, retail trade	merchandise for tourists
261	Domestic, restaurant	restaurant services for residents
262	Tourism, restaurant	restaurant services for tourists
271	Domestic, hotel	hotel services for residents
272	Tourism, hotel	hotel services for tourists
281	Domestic, railway and road transport	domestic services of railway and road transport
282	Tourism, railway and road transport	railway and road transport services for tourists
291	Domestic, water transport	domestic services of water transport

<i>Code</i>	<i>Sector</i>	<i>Commodities</i>
292	Tourism, water transport	water transport services for tourists
301	Domestic, air transport	domestic services of air transport
302	Tourism, air transport	air transport services for tourists
311	Domestic, services allied to transport	domestic services allied to transport
312	Tourism, services allied to transport	services allied to transport serving tourists
320	Storage and warehousing	storage and warehousing services
330	Communication	postal and telephone services
340	Banking and other financial intermediaries	bank services
350	Real estate and business services	
360	Public administration and defence	
370	Social and community services	
381	Domestic, amusement and recreational services	
382	Tourism, amusement and recreational services	
390	Other services	
400	Unspecified sector	
490	Total intermediate input	
500	Total imported input	
510	Wages and salaries	
520	Operating surplus	
530	Depreciation	
540	Net indirect taxes	
550	Subsidy	
590	Gross value added	
600	Total input	
480	Total intermediate demand	
610	Private consumption expenditure	
620	Government consumption expenditure	
630	Gross fixed capital formation	
640	Change in stock	
650	Non-tourism exports	
660	Tourism exports	
690	Total final demand	
700	Total demand	
710	Import of goods and services	
720	Import sales tax and duty	
790	Total imports	
799	Trade and transport margin	
800	Total output	
900	Total supply	

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3. ECONOMIC IMPACT OF TOURISM IN MALAYSIA

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1. Introduction

A large number of developing countries, including those in the Asia-Pacific region, have embarked on aggressive tourism development programmes. These programmes primarily aim to find solutions to national economic problems relating to the balance of payments, incomes, unemployment and low standards of living. In addition, they also aim to foster regional as well as international understanding, peace and goodwill.

In spite of the well-intended aims of these tourism programmes, there appears to be a lack of understanding of the total economic impact of tourism. Awareness of the economic implications of tourism has been confined largely to such areas as total visitor arrivals, gross foreign exchange earnings and contribution to the balance of payments, direct employment and regional dispersal of development. Concomitantly, much effort has been directed to the collection of basis statistics relating to these.

Tourism has now become one of the key activities in Malaysia. It has been earmarked to play an important role in the socio-economic development of the country. The government has actively promoted both domestic as well as international tourism. The Committee on Invisible Trade (COMIT) has identified the tourist industry as having a good prospect to help alleviate the deficit in the services account of external trade.

Although tourism is at present not a substantial sector in the Malaysian economy, it is potentially significant in terms of meeting the objectives of development, particularly those of income and employment creation and the generation of export earnings. A range of stimuli has been provided to promote the tourist industry including incentives for infrastructure, building and hotel upgrading, the granting of pioneer status, an open skies policy, partial exemption of import tax to local tour operators and the expansion of tourist service expertise.

Nevertheless, to date, apart from the study by Sakai, Sakamoto and Toida¹, very few in-depth attempts have been made to analyse empirically the impact of tourist expenditure on the Malaysian tourism sectors as well as on the economy. Equally, there is a lack of comprehensive information pertaining to the status of tourism, especially in terms of its economic role in the economy and its capacity to generate income, employment, investment, foreign exchange and linkages.

In view of this shortcoming, a project has been initiated by the Economic and Social Commission for Asia and the Pacific (ESCAP), under the auspices of the Malaysian Ministry of Culture and Tourism, to analyse empirically the expenditure pattern and behaviour of domestic and international tourists as well as the ramifications these may have for the national economy. This project is to be based on a sample survey of tourists and an application of an input-output model which disaggregates the tourist sectors.

It is hoped that the findings of this study can shed useful insights on the economic role played by tourism in Malaysia and can contribute towards the setting of policies which are commensurate with national development objectives.

¹ Sakai, H. Sakamoto, H. and Toida, M. Measurement of economic impact of international tourism by input-output model : a case study of Malaysia, Singapore and Thailand. Paper presented at the ESCAP workshop in Bangkok, 1983.

2. Objectives, scope and guidelines

This part of the paper outlines the objectives, scope and guidelines of the study.

(a) Objectives

The general aim of the project is to measure empirically and analyse the economic impact of domestic and international tourism in Malaysia. In turn, the specific objectives of the project are as follows:

- (i) To analyse the tourist profile and expenditure pattern;
- (ii) To measure and analyse the impact of tourism on the economy;
- (iii) To provide policy recommendations for securing the greater socio-economic benefits from tourism development.

(b) Scope

The scope of the project embodies two components, namely:

- (i) Tourist profile and expenditure behaviour
 - a. The trends and travel patterns of domestic and international tourists;
 - b. Tourist profile;
 - c. Tourist consumption and expenditure distribution.
- (ii) Economic impact of domestic and international tourism
 - a. The contribution of tourism to Gross Domestic Product (GDP);
 - b. The contribution of tourism to government revenue;
 - c. The contribution of tourism to foreign exchange earnings discounted for leakages;
 - d. The impact of tourism on employment;
 - e. The impact of tourism on income distribution;
 - f. Linkages between tourism and the rest of the economy.

(c) Guidelines

In conducting the project, the following guidelines are to be adhered to:

- (i) In measuring the economic impact, input-output analysis shall be applied based on ESCAP's guidelines for the input-output analysis of tourism.
- (ii) In studying the contribution of international tourism, detailed analysis shall be made of:
 - a. Foreign exchange outflows in various forms, including imports related to tourism;
 - b. Direct, indirect and induced employment created by tourism;
 - c. Linkages between tourism and various sectors, particularly agriculture and small industries;
 - d. The impact of tourism on regional development.

3. Data

This section describes the sources and scope of the data used in the project.

(a) Tourist survey

In order to calculate the expenditure patterns and distribution of tourists for this project, a mail survey of a sample of domestic and foreign tourists in selected hotels (including chalets, rest-houses, and private lodgings) was conducted.

The adoption of a mail inquiry as opposed to face-to-face or direct interview approach to solicit the expenditure data from the tourists was primarily because it was practical and convenient. It may be noted that tourists are temporary visitors staying at least 24 hours in the country (or location) visited and whose purpose of journey can be classified under one of the following (i) leisure and (ii) business, family, mission or meeting. Accordingly, by focusing on a mail inquiry of hotel guests, there is a strong probability of capturing a proportionately large share of genuine domestic as well as foreign tourists. The direct interview approach, while it is feasible, can be problematical in terms of attempting to identify the tourists. Whereas this problem is not substantial with respect to international tourists, it is significant for local tourists, since most of them can be excursionists, or day-trippers, rather than genuine domestic tourists.

(i) Sampling frame

The selection of hotels is based on the class of hotels and number of rooms in the individual geographical regions. For this purpose the information given in the Tourism Development corporation of Malaysia TDC publication, namely, "Supply of Hotel Rooms in Malaysia", was used. The regional sample of tourists is shown in table 1.

Table 1. Sample of respondents by region and category of tourists

<i>Region</i>	<i>Class I</i>			<i>Class II</i>			<i>Class III</i>			<i>Total</i>
	<i>D</i>	<i>S</i>	<i>OF</i>	<i>D</i>	<i>S</i>	<i>OF</i>	<i>D</i>	<i>S</i>	<i>OF</i>	
Northern	103	14	49	90	17	48	160	31	76	588
Central	130	66	107	45	12	42	158	63	118	741
Southern	38	6	24	26	4	7	148	18	48	319
East Coast	18	2	4	32	3	9	103	15	47	233
East Malaysia	8	-	5	10	-	4	73	-	27	127
Total	297	88	189	203	36	110	642	127	316	2008

Note : Class I : > 100 rooms
Class II : 50 - 99 rooms
Class III : < 50 rooms
D = Domestic tourists
S = Singaporean tourists
OF = Other foreign tourists

(ii) **Questionnaire**

Structured questionnaires have been used to solicit the information pertaining to tourist profiles and expenditure patterns. The questionnaire forms prepared for the three categories of tourists are basically similar except for certain parts whereby characteristic inquiries for each tourist category are deemed necessary.

The questionnaire forms contain five main sections, namely:

- a. Information about the trip;
- b. Information on package/group tour;
- c. Expenditure;
- d. Tourist profile;
- e. Tourist expectations.

(b) Supplementary surveys

Two supplementary surveys were also conducted to gather supporting data for the impact analysis of tourism. A survey of a small sample of local travel and tour agencies was carried out to estimate the cost components of package tours. This information is relevant for disaggregating the foreign tourist expenditures on package or group tours into their constituent sectors of accommodation, transportation, food, and so forth.

Another survey was also carried out in a number of the large hotels to ascertain the proportionate share of expenditure by tourists on in-house shopping and other services. This is because in some hotels the tourists staying are provided the convenience of charging their shopping list to the hotel bills. Nevertheless, it was found that extremely few tourists enjoyed such a convenience.

(c) Input-output table

The Department of Statistics has recently published the 1983 60-industry input-output table for Malaysia.² This table serves as the starting point for developing the analytical model to be used in this project. The basic structure of the Malaysian input-output table is shown in figure 1.

To select the input-output industries for this project, initially, an input-output table at 105-industry level was prepared using the underlying data made available by the National Accounts Division of the Department of Statistics. The 105 industrial classification was then compared with the expenditure items contained in the tourist survey questionnaire. The industries represented in the 105-industry input-output table that were reflective of the itemized goods and services in the questionnaire were accordingly retained, whereas those that were not were aggregated. In this way a final listing of 40 industries was arrived at.

(d) Harmonization of tourist expenditure data

In order to apply the input-output model in the impact study, the tourist expenditure survey data has to be made consistent with the input-output table for 1983. This calls for harmonization between the two types of data.

² Malaysia, Department of Statistics. 1983 Input-Output tables for Malaysia. 1988.

Figure 1. Basic structure of Malaysian input-output tables

	To From	Row Number	INTERMEDIATE DEMAND									TOTAL INTERMEDIATE OUTPUTS	FINAL DEMAND						GROSS OUTPUT							
			Agriculture	Mining	Manufacturing	Electricity, gas & water	Construction	Other services	Government services	Producers of private non-profit services	Other personal and household services		Imputed bank service charge	Private consumption	Government consumption	Increase in stocks	Gross fixed capital formation	Exports (excluding re-exports)		Total final demand	Total demand	Total imports	Re-exports	Commodity taxes		
			1-6	7	8-38	39-40	41	42-54	55-58	59	60		61	62	63	64	65	66		67	68	69	70	71	72	73
INTERMEDIATE INPUTS	Agriculture	1-6	QUADRANT 1									QUADRANT 2														
	Mining	7																								
	Manufacturing	8-38																								
	Electricity, gas & water	39-40																								
	Construction	41	Intermediate output and usage									Final output and demand														
	Other services	42-54																								
	Government services	55-58																								
	Producers of private non-profit services to households	59																								
	Other personal and household services	60																								
TOTAL INTERMEDIATE INPUTS	61																									
PRIMARY INPUTS	Miscellaneous (hunting, trapping & game propagation; sanitary services-private; domestic services)	62	QUADRANT 3									QUADRANT 4														
	Non-competing Imports (coal mining)	63	Primary inputs to production									Primary inputs to final demand														
	Total imports	64																								
	Commodity taxes	65																								
	Invisibles (balance items)	66																								
	Value added	67																								
	GROSS INPUT	68																								

A series of adjustment procedures has been carried out to transform the expenditure data from the tourist survey to render it comparable with the input-output table, as follows:

- (i) Adjustment of tourist expenditures on goods and services for marketing margins and commodity taxes;
- (ii) Adjustment of costs of tours for group and package tourists to account for their local components;
- (iii) Supplementation of expenditure on domestic air transportation for those international tourists arriving by inbound Malaysian Airlines System (MAS) flights;
- (iv) Estimation of average tourist expenditure on individual goods and services;
- (v) Allocation of the itemized expenditure by tourists into their corresponding industries in the input-output table;
- (vi) Deflation of the individual expenditure items to 1983, the reference year of the input-output table, using a set of producer price indices;
- (vii) Translation of (vi) into total tourist expenditure on each industry.

Essentially, the itemized expenditure vector of domestic tourists forms part of private consumption of the input-output table. The itemized expenditure vector of international tourists, on the other hand, forms part of the export column of the input-output table.

4. Analytical framework

Three types of analyses are necessary for this project. The examination of tourist profiles and expenditure patterns is based on a descriptive analysis using frequencies, ratios, shares, percentages and the like. The analysis of the contribution of tourism to macroeconomic variables such as GDP, employment and government revenue makes use of partial multipliers, which are worked out from the input-output table, and relating these to sectoral distribution of tourist expenditure. The elucidation of impact of tourist expenditure on income and employment is made by calculating the total multipliers for the individual industries.

5. Tourist profile, travel pattern and expenditure distribution

(a) Major items

Domestic and Singaporean tourists exhibit a similar pattern of expenditure on major items. Table 2 shows that the expenditure on shopping and souvenirs represents the highest component followed by that on services, transportation, hotels and food. An average non-Singaporean tourist spends more on each of the major items compared with a typical Singaporean tourist. An average domestic tourist spends the least on every item.

The highest amount of expenditure on shopping and souvenirs by domestic tourists occurs in the central regional whereas that by Singaporean and other foreign tourists occurs in the southern and northern regions respectively.

(b) Sectoral expenditure

The tourist expenditure pattern on major and individual items as well as in each geographical region have already been described.

Table 2. Distribution of tourists by expenditure on major items (\$M)

No. Items	Northern			Central			Southern			East Coast			East Malaysia			National		
	D	S	OF	D	S	OF	D	S	OF	D	S	OF	D	S	OF	D	S	OF
1 Hotels	116.80	651.90	1016.90	147.10	476.40	992.90	95.90	229.30	716.40	153.30	363.60	673.50	590.50	706.60	1 623.30	154.20	459.90	941.10
2 Food	55.90	183.30	361.20	71.30	162.80	352.00	53.70	111.90	203.90	72.50	122.50	270.50	162.80	376.60	495.00	70.40	157.10	329.90
3 Transportation	515.60	969.70	2363.30	525.60	2 552.00	444.70	391.50	1 945.00	487.10	439.60	2 118.60	1 088.20	98.30	2 831.30	597.30	684.70	2 383.80	
4 Services	279.81	230.50	431.30	722.30	1 876.90	1 750.20	144.90	166.80	414.60	551.40	613.40	915.20	2 231.30	100.00	402.50	849.10	1 146.20	1 168.10
5 Shopping & souvenirs	2 538.70	3 944.60	6 985.50	3 249.40	2 495.00	5 932.30	1 084.20	5 906.60	3 105.40	2 053.00	687.80	2 507.80	627.20	32.00	3 634.00	3 084.20	3 353.80	5 937.80

Note : Food refers to food outside hotels
 Transportation includes road, sea and air transportation and expenditure on petrol
 Services include medical, education, entertainment, recreation, personal and business services
 D = Domestic
 S = Singaporean
 OF = Other foreign

An important step towards the impact analysis is the transformation of the survey data into a sectoral expenditure structure which is consistent with the framework of the 1983 input-output table. In this project this has been made, using the procedures as outlined in section 3 (d) above.

The end result of this exercise is a tourist expenditure vector, disaggregated according to the 40-industry classification of the basic input-output table to be employed in the impact analysis, and valued in 1983 prices. The vector is presented in Table 3 together with a disaggregation into tourist categories.

The total tourist expenditure is found to be \$M3,894 million, of which \$M3,405 million comprise the basic value, \$M295 million marketing margins and \$M194 million commodity taxes. Other foreign tourists constitute the highest expenditure at \$M2,725 million. The expenditure by domestic tourists is the smallest, at \$M239 million.

Characteristically, local products are widely purchased by Singaporean and other foreign tourists; these include fish products, pottery and pewterware. Other foreign tourists' purchase of pewterware is equivalent to the combined expenditure on this item by Singaporean and domestic tourists. Singaporean tourists tend to spend significantly more on both local and imported beverages and wine compared to the other tourist categories.

Two salient points may be made about the tourist expenditure distribution illustrated in table 3. First, tourist expenditure has tended to be concentrated on eight sectors; in descending order in terms of value they are hotels and restaurants (with \$M1,703 million), air transportation (\$M954 million), land transportation (\$M209 million), other manufactured products (\$M130 million), textiles (\$M116 million), wholesale and retail trade (\$M87 million), cultural services (\$M84 million) and business services (\$M80 million). Secondly, a large number of local productive sectors benefit from tourist expenditure, though this is not as substantial as compared to these eight sectors. There are only 11 sectors without any tourist expenditure; most of these are involved in non-tradables such as water, gas and electricity, construction and communications. Thus, the impact of tourist expenditure is evidently quite diverse.

6. Contribution of tourism to macroeconomic variables

An attempt is made here to elucidate the contribution of tourism to the macroeconomic variables of output, gross domestic product, employment, commodity taxes and non-competing imports. The economic implication of tourism on foreign exchange earnings discounted for import leakages will also be examined.

(a) Output

That tourism generates economic activity in all sectors is evident from table 4. Directly, tourism has no implication either on plantation crops, forestry and logging, mining, meat and dairy products as well as on several other sectors, but when the full ramifications of the tourism activity are realized these sectors will be seen to derive some benefit. Accordingly, every individual sector has a part of its production devoted to tourist expenditure. This production is generated directly as well as indirectly.

In terms of value, the service sectors derive the larger benefit from tourism. Of the top six sectors, five, namely hotels and restaurants, air transportation, business services, wholesale and retail trade and land transportation, comprise service sectors. This is followed by manufacturing which has five sectors whose tourism-related output is more than \$M100 million. These consist of other food products, products of petroleum and coal, textiles, meat and dairy products and other manufactured products. Within the primary sector, agriculture, livestock and fishing gain proportionately more from tourism in terms of sectoral output compared to plantation crops, forestry and logging. Table 4 shows that \$M254 million of the output of agriculture and livestock and \$M161 million of fishing are destined, directly and indirectly, for tourism.

Table 3. Expenditure by sector and category of tourists, 1983 (\$M million)

No.	Sector	D	S	OF	Total	(%)
1	Agriculture and livestock	2.34	9.09	12.49	23.92	0.65
2	Plantation crops	0.00	0.00	0.00	0.00	0.00
3	Forestry and logging	0.00	0.00	0.00	0.00	0.00
4	Fishing	0.40	2.47	0.79	3.66	0.10
5	Mining	0.00	0.00	0.00	0.00	0.00
6	Meat and dairy products	0.00	0.00	0.00	0.00	0.00
7	Food canning	0.41	0.36	3.30	4.07	0.11
8	Bakeries and confectioneries	1.12	2.40	7.34	10.86	0.29
9	Other food products	0.25	1.46	2.19	3.90	0.11
10	Beverages	1.51	9.18	21.77	32.46	0.88
11	Tobacco products	1.10	1.69	4.41	7.20	0.19
12	Textiles	12.53	28.16	75.93	116.62	3.15
13	Wearing apparel	0.00	0.00	0.00	0.00	0.00
14	Leather products	2.89	7.44	19.84	30.17	0.81
15	Wood products	0.80	2.57	2.47	5.84	0.16
16	Paper and publishing	0.50	1.05	5.33	6.88	0.19
17	Chemicals	2.12	6.60	13.51	22.23	0.60
18	Products of petroleum and coal	9.70	16.10	8.56	34.36	0.93
19	Rubber products	1.07	1.12	5.69	7.88	0.21
20	Glass and clay products	0.87	0.80	3.57	5.24	0.14
21	Other non-metal	0.00	0.00	0.00	0.00	0.00
22	Metal products	1.01	8.66	33.85	43.52	1.18
23	Non-electric machinery	0.59	0.78	3.65	5.02	0.14
24	Electrical machinery	1.93	13.94	22.02	37.89	1.02
25	Transport equipment	0.00	0.00	0.00	0.00	0.00
26	Other manufactured products	7.28	48.31	73.96	129.55	3.50
27	Water, gas and electricity	0.00	0.00	0.00	0.00	0.00
28	Construction	0.00	0.00	0.00	0.00	0.00
29	Wholesale and retail trade	8.20	26.66	51.64	86.50	2.34
30	Hotels and restaurants	109.14	453.62	1 140.07	1 702.83	45.98
31	Land transportation	15.24	53.88	139.65	208.77	5.64
32	Water transportation	0.66	1.23	7.53	9.42	0.25
33	Air transportation	16.69	76.94	860.50	954.13	25.88
34	Communications	0.00	0.00	0.00	0.00	0.00
35	Business services	7.47	40.99	31.06	79.52	2.15
36	Private services	2.30	1.75	8.55	12.60	0.34
37	Culture services	11.10	32.78	39.77	83.65	2.26
38	Motor repair services	0.00	0.00	0.00	0.00	0.00
39	Personal services	2.98	9.24	18.70	30.92	0.83
40	Government services	0.00	0.00	0.00	0.00	0.00
41	Commodity tax	17.11	70.65	106.67	194.43	
	Total	239.31	929.92	2 724.81	3 894.04	100.00

Note : D = Domestic
S = Singaporean
OF = Other foreign

Table 4. Contribution of tourist expenditure to output

No.	Sector	Gross output (\$M million)	Output due to tourist expenditure (\$M million)	Ratio (%)	Output by tourist category		
					Domestic	Singaporean	Other Foreign
1	Agriculture and livestock	4 673.50	254.49	5.45	17.03	69.63	167.83
2	Plantation crops	3 434.50	35.54	1.03	2.51	9.38	23.65
3	Forestry and logging	3 056.70	7.65	0.25	0.62	2.38	4.65
4	Fishing	1 951.80	161.23	8.26	10.53	43.66	107.04
5	Mining	9 058.00	102.69	1.13	8.68	25.79	68.23
6	Meat and dairy products	1 538.10	129.83	8.44	8.31	34.10	87.42
7	Food canning	427.50	10.91	2.55	0.79	2.26	7.85
8	Bakeries and confectioneries	663.50	21.12	3.18	1.71	5.34	14.07
9	Other food products	1 1026.00	223.40	2.30	14.60	60.70	148.73
10	Beverages	571.60	59.68	10.44	3.88	16.57	39.24
11	Tobacco products	878.10	5.59	0.64	0.75	1.50	3.35
12	Textiles	1 314.30	134.90	10.26	14.29	37.05	83.56
13	Wearing apparel	746.50	4.13	0.55	0.22	1.00	2.90
14	Leather products	32.20	22.69	70.48	1.80	7.27	13.62
15	Wood products	2 971.00	16.51	0.56	1.48	5.69	9.34
16	Paper and publishing	1 128.40	40.52	3.59	2.72	10.12	27.67
17	Chemicals	2 656.90	64.60	2.43	4.30	17.97	42.34
18	Products of petroleum and coal	4 254.30	186.01	4.37	17.82	47.41	120.77
19	Rubber products	3 970.90	12.48	0.31	1.35	2.83	8.30
20	Glass and clay products	497.00	10.54	2.12	1.16	2.32	7.05
21	Other non-metals	1 715.40	13.96	0.81	0.87	3.83	9.24
22	Metal products	4 013.90	74.15	1.85	2.78	17.25	54.12
23	Non-electric machinery	1 125.80	24.67	2.19	1.72	6.58	16.37
24	Electric machinery	5 779.60	37.50	0.65	2.10	5.54	19.86
25	Transport equipment	3 475.40	19.10	0.55	0.77	3.14	15.19
26	Other manufactured products	449.70	113.47	25.23	4.68	50.03	58.76
27	Water, gas and electricity	2 611.90	198.49	7.60	12.89	51.55	134.05
28	Construction	1 3209.60	37.26	0.28	2.45	10.02	24.79
29	Wholesale and retail trade	11 015.20	321.75	2.92	22.17	84.33	215.26
30	Hotels and restaurants	2 852.30	1 768.91	62.02	112.30	466.46	1 190.16
31	Land transportation	4 969.30	267.94	5.39	19.09	69.30	179.55
32	Water transportation	2 102.50	25.84	1.23	1.84	5.39	18.61
33	Air transportation	1 935.90	1 047.51	54.11	19.00	86.85	941.66
34	Communications	1 132.00	54.23	4.79	3.32	13.54	37.37
35	Business services	8 828.90	343.25	3.89	23.23	104.07	215.95
36	Private services	567.20	12.60	2.22	2.30	1.75	8.55
37	Cultural services	1 225.20	93.44	7.63	12.29	36.40	44.75
38	Motor repair services	406.20	16.88	4.16	1.05	4.20	11.63
39	Personal services	308.20	45.40	14.73	3.84	12.79	28.77
40	Government services	1 1295.60	10.86	0.10	0.70	2.79	7.37

Notes : D = Domestic
S = Singaporean
OF = Other foreign

Three sectors—leather products, hotels and restaurants and air transportation—have more than 50 per cent of their output catering for tourism. In fact, in the case of leather products approximately 70 per cent of its output is directed to tourism. There are three other sectors which have 10-25 per cent of their output related to tourism activity; these comprise beverages, textiles, other manufactured products and personal services. Looking at the overall production structure, therefore, it may be inferred that these sectors' activity is predominantly oriented towards the tourist industry.

It is also apparent that there is still a large number of sectors whose production is not significantly geared towards tourism. Most of these comprise manufacturing sectors. There are 27 sectors with less than five per cent of output catering for the tourist industry. Further, there are 10 sectors having less than one per cent of their output destined for tourism.

Comparatively, non-Singaporean tourists play the greatest role in the production activity of individual sectors. In almost all sectors the proportionate share of tourism-related output generated via the expenditure by non-Singaporean tourists tends to be the greatest. This is most evident in the case of agriculture and livestock, fishing, other food products, products of petroleum and coal, water, gas and electricity, hotels and restaurants, land transportation, air transportation and business services. The influence of Singaporean tourists on sectoral output is generally very much less when compared with that of other foreign tourists, except in the case of other manufactured products and cultural services.

It is evident, therefore, that from the viewpoint of production, only a limited number of manufacturing and service sectors devote any substantial portion of their activity to cater for tourist demand. From the point of view of value, the hotels and restaurants and air transportation sectors have more than \$M1 billion worth of output associated with tourism. Lastly, much of the tourist-related output in the individual productive sectors is generated by non-Singaporean travellers.

(b) Identification of tourism sectors

Adopting ESCAP's basis for identifying the tourism sectors, that is, by examining the proportionate share of sectors in total tourist expenditure (as listed in table 3) and the tourist-related output share of sectors, it has been found possible to delineate the tourism sectors for Malaysia. These comprise the following:

<i>No.</i>	<i>Sector</i>
1	Agriculture and livestock
4	Fishing
9	Other food products
10	Beverages
12	Textiles
18	Products of petroleum and coal
26	Other manufactured products
29	Wholesale and retail trade
30	Hotels and restaurants
31	Land transportation
33	Air transportation
35	Business services
37	Cultural services
39	Personal services

(c) Gross domestic product

The gross domestic product (GDP), or value added, comprises the payment for factors of production of labour, land, capital and entrepreneurship. The distribution of the GDP emanating from tourism may be gleaned from table 5.

Table 5. Contribution of tourist expenditure to gross domestic product (GDP)

No.	Sector	GDP	GDP due to	Share
		(\$M million)	tourist expenditure (\$M million)	(per cent)
1	Agriculture and livestock	2 793.60	152.13	5.97
2	Plantation crops	2 825.70	29.24	1.15
3	Forestry and logging	2 205.90	5.52	0.22
4	Fishing	1 674.20	138.31	5.43
5	Mining	7 262.70	82.34	3.23
6	Meat and dairy products	156.40	13.20	0.52
7	Food canning	85.50	2.18	0.09
8	Bakeries and confectioneries	160.80	5.12	0.20
9	Other food products	2 285.40	46.31	1.82
10	Beverages	260.80	27.23	1.07
11	Tobacco products	322.00	2.05	0.08
12	Textiles	313.10	32.13	1.26
13	Wearing apparel	222.30	1.23	0.05
14	Leather products	8.80	6.20	0.24
15	Wood products	831.40	4.62	0.18
16	Paper and publishing	455.10	16.34	0.64
17	Chemicals	953.60	23.19	0.91
18	Products of petroleum and coal	253.10	11.07	0.43
19	Rubber products	1 673.20	5.26	0.21
20	Glass and clay products	203.70	4.32	0.17
21	Other non-metals	618.20	5.03	0.20
22	Metal products	772.20	14.27	0.56
23	Non-electric machinery	375.90	8.24	0.32
24	Electric machinery	1 461.70	9.48	0.37
25	Transport equipment	855.30	4.70	0.18
26	Other manufactured products	168.20	42.44	1.66
27	Water, gas and electricity	1 006.20	76.46	3.00
28	Construction	3 998.50	11.28	0.44
29	Wholesale and retail trade	7 047.10	205.86	8.08
30	Hotels and restaurants	1 019.70	632.39	24.81
31	Land transportation	2 159.40	116.42	4.57
32	Water transportation	1 010.60	12.42	0.49
33	Air transportation	715.30	387.05	15.18
34	Communications	883.10	42.30	1.66
35	Business services	6852.10	266.39	10.45
36	Private services	352.40	7.83	0.31
37	Cultural services	758.70	57.86	2.27
38	Motor repair services	144.80	6.02	0.24
39	Personal services	190.20	28.02	1.10
40	Government services	7 110.90	6.84	0.27
Total		62 447.80	2 549.28	100.00

In terms of value, significantly large GDP is generated in the four service sectors of wholesale and retail trade, hotels and restaurants, air transportation and business services. In each case the GDP exceeds \$M200 million. This trend follows closely the trend observed earlier for sectoral output. Two other sectors, namely, agriculture and livestock, and fishing, have GDP values exceeding \$M100 million. Inter alia, this implies that a relatively significant level of agricultural income has been generated indirectly via tourism, largely by way of food purchases in hotels or in restaurants and eateries outside the hotels.

Other sectors that have a moderate level of income generated by the tourist industry include mining, water, gas and electricity as well as cultural services. In each of these sectors tourism-related GDP is more than \$M50 million.

Looking at the sectoral share of aggregate GDP, it is apparent that three sectors benefit the most. These are hotels and restaurants, air transportation and business services. Collectively, they account for half of the GDP generated in the economy through tourism. Almost invariably the proportionate share of total income achieved by manufacturing sectors is small, being less than two per cent in each case. Thus, the capacity of tourism to generate income in manufacturing activities is still small compared to either services or agriculture.

(d) Employment

The level of employment created directly and indirectly in each sector of the economy by tourism is indicated by table 6. Five sectors stand out when viewed in terms of tourism-related employment generation. These are hotels and restaurants (with 66,690 workers) agriculture and livestock (40,540), wholesale and retail trade (33,460), land transportation (12,490) and plantation crops (11,120). Almost invariably these sectors are fairly labour-intensive. Concomitantly, they have pervasive technological linkages with the other sectors, so that any general expansion in the latter will induce a relatively high level of production activity and employment.

It is fairly clear that employment in the manufacturing sectors does not depend significantly on the tourist industry. In other words, employment in these sectors is much more dependent on other final expenditure categories like export and non-tourist domestic private consumption demand.

The comparatively high capacity of tourism to create agricultural employment is encouraging. This is in line with the moderate income share generated directly and indirectly in agriculture by the tourist industry. The same may be said in respect of fishing where its proportionate share of total tourism-related GDP is about four per cent.

Table 6 shows that in percentages the same top five sectors mentioned earlier constitute the larger proportions of total employment. The share of aggregate employment achieved by the remaining industries is extremely small, being in the order of less than one per cent except for mining (with 3.7 per cent), other food product (3.4 per cent), water, gas and electricity (1.2 per cent) and construction (1.4 per cent).

(e) Commodity taxes

Commodity taxes refer to sales and excise taxes, surtaxes, import duties and other indirect taxes. Table 7 presents the extent of indirect taxes generated directly and indirectly in each sector by tourism. Of a total of \$M2,402 million in commodity taxes collected in the economy, \$M110 million, or 4.2 per cent, consist of taxes stemming from tourism.

Treating the commodity taxes as government revenue, it may be observed from the table that around half to the taxes (\$M61 million) collected as a result of the tourist industry can be associated with one sector, namely, hotels and restaurant. Evidently, the service and other indirect taxes imposed on hotels and restaurants contribute substantially to government revenue. The next most important generator of government revenue is land transportation, with \$8 million. Other sectors which are important from the viewpoint of commodity tax generation included textiles, wood products, products of petroleum and coal, other manufactured products and air transportation. These sectors contribute between \$M2 million and \$M6.6 million to government revenue.

Table 6. Contribution of tourist expenditure to employment

<i>No.</i>	<i>Sector</i>	<i>Employment ('000)</i>	<i>Employment due to tourist expenditure ('000)</i>	<i>Share (%)</i>
1	Agriculture and livestock	744.40	40.54	20.28
2	Plantation crops	1 074.40	11.12	5.56
3	Forestry and logging	31.70	0.08	0.04
4	Fishing	90.30	7.47	3.37
5	Mining	64.90	0.74	0.37
6	Meat and dairy products	11.00	0.92	0.46
7	Food canning	14.70	0.38	0.19
8	Bakeries and confectioneries	32.70	1.04	0.52
9	Other food products	17.60	6.88	3.44
10	Beverages	7.80	0.10	0.05
11	Tobacco products	17.20	0.02	0.01
12	Textiles	64.40	1.86	0.93
13	Wearing apparel	73.10	0.06	0.03
14	Leather products	1.10	0.76	0.38
15	Wood products	136.90	0.48	0.24
16	Paper and publishing	10.30	0.09	0.04
17	Chemicals	8.70	0.12	0.06
18	Products of petroleum and coal	2.80	0.11	0.06
19	Rubber products	69.40	0.19	0.09
20	Glass and clay products	5.40	0.01	0.01
21	Other non-metals	46.80	0.14	0.07
22	Metal products	51.60	0.82	0.41
23	Non-electric machinery	10.10	0.05	0.03
24	Electric machinery	119.70	0.96	0.48
25	Transport equipment	20.20	0.08	0.04
26	Other manufactured products	78.80	1.92	0.96
27	Water, gas and electricity	56.80	2.42	1.21
28	Construction	345.60	2.75	1.38
29	Wholesale and retail trade	485.80	33.46	16.74
30	Hotels and restaurants	176.30	66.69	33.36
31	Land transportation	217.80	12.49	6.25
32	Water transportation	5.50	0.03	0.02
33	Air transportation	4.90	1.15	0.58
34	Communications	13.60	0.16	0.08
35	Business services	1.10	0.07	0.03
36	Private services	49.60	0.13	0.07
37	Cultural services	3.50	0.07	0.03
38	Motor repair services	122.70	0.44	0.22
39	Personal services	118.40	1.15	0.57
40	Government services	837.10	1.95	0.97
	Total	5 244.70	199.90	100.00

Table 7. Contribution of tourist expenditure to commodity taxes

<i>No.</i>	<i>Sector</i>	<i>Commodity taxes</i> <i>(\$M million)</i>	<i>Commodity taxes due to tourist expenditure</i> <i>(\$M million)</i>	<i>Share</i> <i>(%)</i>
1	Agriculture and livestock	21.00	1.15	1.04
2	Plantation crops	16.20	0.17	0.15
3	Forestry and logging	48.40	0.12	0.11
4	Fishing	6.60	0.55	0.50
5	Mining	25.00	0.29	0.26
6	Meat and dairy products	7.00	0.60	0.54
7	Food canning	3.70	0.09	0.09
8	Bakeries and confectioneries	6.60	0.21	0.19
9	Other food products	44.80	0.92	0.83
10	Beverages	5.70	0.60	0.54
11	Tobacco products	210.60	1.34	1.22
12	Textiles	23.20	2.39	2.17
13	Wearing apparel	55.40	0.31	0.28
14	Leather products	0.20	0.14	0.13
15	Wood products	360.00	2.00	1.82
16	Paper and publishing	25.40	0.91	0.83
17	Chemicals	36.20	0.88	0.80
18	Products of petroleum and coal	119.70	5.23	4.75
19	Rubber products	21.00	0.07	0.06
20	Glass and clay products	6.30	0.13	0.12
21	Other non-metals	26.50	0.21	0.20
22	Metal products	59.90	1.10	1.00
23	Non-electric machinery	31.40	0.69	0.62
24	Electric machinery	206.10	1.34	1.22
25	Transport equipment	228.90	1.26	1.14
26	Other manufactured products	10.00	2.52	2.29
27	Water, gas and electricity	18.20	1.39	1.26
28	Construction	297.20	0.84	0.76
29	Wholesale and retail trade	68.40	1.99	1.81
30	Hotels and restaurants	98.10	60.85	55.24
31	Land transportation	151.60	8.17	7.42
32	Water transportation	3.00	0.04	0.03
33	Air transportation	12.20	6.60	5.99
34	Communications	2.30	0.11	0.10
35	Business services	24.70	0.96	0.87
36	Private services	4.90	0.11	0.10
37	Cultural services	25.60	1.95	1.77
38	Motor repair services	21.40	0.89	0.81
39	Personal services	6.70	0.99	0.89
40	Government services	61.80	0.06	0.05
Total		2 401.90	110.15	100.00

Slightly more than two thirds of government revenue in the form of commodity taxes is derived from the three service sectors of hotels and restaurants, land transportation and air transportation. However, in terms of tax dispersion, commodity taxes tend to be slightly more pervasive in manufacturing as compared to either agriculture or service sectors.

(f) Foreign exchange discounted for import leakages

One pertinent aspect of tourism development concerns the net benefit in terms of foreign exchange earnings that may be derived from tourist expenditure in the country.

Table 8 provides a picture of the inflow and outflow of foreign exchange associated with international tourism in Malaysia. The approach adopted to obtain this picture is to estimate the foreign exchange earnings accruing to each individual sector in the economy and discounting these for import leakages.

The first column of the table indicates the sectoral expenditure by Singaporean and other foreign tourists on locally produced goods and services as derived from table 3. The aggregate value of this expenditure is \$M3,394 million. The sectoral non-competing imports are shown in the second column. The value of \$M947 million represents the total amount of non-competing imports (comprising raw materials and other intermediate inputs) of the individual sectors which are required in their production to cater for all tourist demand. The third column shows the sectoral expenditure on imported final goods by the domestic, Singaporean and other foreign tourists and which totals \$M93 million. Both of these imports are essentially leakages of foreign exchange.

In the final column of table 8 is presented the net balance (surplus or deficit) of foreign exchange in each of the production sectors. Overall it may be seen that tourism has resulted in a foreign exchange surplus of \$M2,354 million. The sectors that show significant foreign exchange surpluses include hotels and restaurants (with \$M1,483 million) air transportation (\$M581 million), land transportation (\$M161 million) and cultural services (\$M72 million). In fact, these sectors appear to be the dominant contributors to the national foreign exchange earnings. The foreign exchange surplus generated in the remaining agricultural, manufacturing and service sectors is invariably small or moderate.

Except for agriculture and livestock, the primary sectors have recorded deficits in their foreign exchange net balance position. Foreign exchange deficits are also indicated in 11 manufacturing sectors but in only three service sectors. It is evident that the service sectors are important within the context of tourism-related foreign exchange contribution to the economy.

7. Economic impact of tourism

One of the central aims of this project is to analyse the impact of tourism on the Malaysian economy. The impact of tourism will be examined here in terms of income and employment multipliers and linkages.

(a) Income

The impact of tourism on income generation may be assessed from table 9. Direct income refers to income generated within the sector. Indirect income constitutes the income generated in other sectors of the economy as a result of backward linkage effects. Induced income comprises income generated as a result of subsequent rounds of household spending.

Generally, direct income requirements are large in the primary and service sectors. In the primary sector the direct income coefficients range from 35 to 73 percent of output value. In the service sector the coefficients average 28 per cent of output value.

There are six tourism sectors which have comparatively high direct and indirect income coefficients. These comprises agriculture and livestock, other food products, wholesale and retail trade, hotels

Table 8. Contribution of tourist expenditure to foreign exchange discounted for import leakages

<i>No.</i>	<i>Sector</i>	<i>Tourist expenditure (\$M million)</i>	<i>Sectoral non-competitive imports (\$M million)</i>	<i>Expenditure on imported final goods (\$M million)</i>	<i>Surplus (+) or deficit (-) (\$M million)</i>
1	Agriculture and livestock	19.67	15.96	2.34	+ 1.37
2	Plantation crops	0.00	2.00	0.00	- 2.00
3	Forestry and logging	0.00	0.58	0.00	- 0.58
4	Fishing	3.23	8.42	0.03	- 5.22
5	Mining	0.00	6.36	0.00	- 6.36
6	Meat and dairy products	0.00	14.32	0.00	- 14.32
7	Food canning	3.20	0.78	0.54	+ 1.88
8	Bakeries and confectioneries	8.18	4.07	1.72	+ 2.39
9	Other food products	3.60	26.87	0.06	- 23.33
10	Beverages	18.42	8.10	12.71	- 2.30
11	Tobacco products	4.24	0.70	2.24	+ 1.30
12	Textiles	86.40	35.10	19.66	+ 31.64
13	Wearing apparel	0.00	1.36	0.00	- 1.36
14	Leather products	20.51	3.24	7.89	+ 9.38
15	Wood products	5.04	0.86	0.04	+ 4.14
16	Paper and publishing	5.31	11.09	1.11	- 6.89
17	Chemicals	13.26	17.51	7.95	- 12.20
18	Products of petroleum and coal	24.66	76.10	0.00	- 51.44
19	Rubber products	4.65	0.74	2.37	+ 1.54
20	Glass and clay products	3.93	1.88	0.52	+ 1.53
21	Other non-metals	0.00	3.35	0.00	- 3.35
22	Metal products	41.32	21.75	1.19	+ 18.38
23	Non-electric machinery	3.17	7.80	1.54	- 6.17
24	Electric machinery	26.75	17.86	10.00	- 1.11
25	Transport equipment	0.00	9.16	0.00	- 9.16
26	Other manufactured products	104.18	33.88	20.97	+ 49.33
27	Water, gas and electricity	0.00	37.73	0.00	- 37.73
28	Construction	0.00	7.50	0.00	- 7.50
29	Wholesale and retail trade	78.30	29.31	0.00	+ 48.99
30	Hotels and restaurants	1 593.69	110.91	0.00	+ 1 482.78
31	Land transportation	193.53	32.13	0.00	+ 161.40
32	Water transportation	8.76	6.07	0.00	+ 2.69
33	Air transportation	937.44	356.89	0.00	+ 580.55
34	Communications	0.00	5.63	0.00	- 5.63
35	Business services	72.05	17.81	0.00	+ 54.24
36	Private services	10.30	1.10	0.00	+ 9.20
37	Cultural services	72.55	0.89	0.00	+ 71.66
38	Motor repair services	0.00	3.58	0.00	- 3.58
39	Personal services	27.94	6.33	0.00	+ 21.61
40	Government services	0.00	1.72	0.00	- 1.72
Total		3 394.28	947.36	92.88	+ 2 354.04

Notes : 1. The sectoral tourist expenditure comprises spending by Singaporean and other foreign tourists.
2. Expenditure on imported goods comprises spending by domestic, Singaporean and other foreign tourists.

Table 9. Partial and complete income multipliers

No.	Sector	Direct	Direct and indirect	Rank	Direct indirect and induced	Rank	Type I income multiplier	Type II income multiplier
1	Agriculture and livestock	0.3922	0.5539	(4)	0.7599	(13)	1.4120	1.9374
2	Plantation crops	0.7344	0.7739	(1)	0.8643	(7)	1.0538	1.1769
3	Forestry and logging	0.4747	0.5447	(5)	0.7639	(12)	1.1474	1.6093
4	Fishing	0.3491	0.3765	(17)	0.8877	(5)	1.0784	2.5424
5	Mining	0.3204	0.3639	(19)	0.8430	(9)	1.1358	2.6308
6	Meat and dairy products	0.1278	0.4205	(13)	0.4550	(29)	3.2907	3.5607
7	Food canning	0.1112	0.3927	(16)	0.4418	(31)	3.5325	3.9743
8	Bakeries and confectioneries	0.0853	0.3529	(21)	0.3627	(35)	4.1377	4.2529
9	Other food products	0.1782	0.5561	(3)	0.6922	(18)	3.1204	3.8837
10	Beverages	0.2274	0.3990	(15)	0.5484	(22)	1.7547	2.4116
11	Tobacco products	0.1626	0.2791	(28)	0.4961	(27)	1.7163	3.0504
12	Textiles	0.0859	0.2344	(35)	0.5219	(25)	2.7292	6.0772
13	Wearing apparel	0.2197	0.3102	(26)	1.0132	(4)	1.4122	4.6122
14	Leather products	0.1016	0.3288	(24)	0.5061	(26)	3.2377	4.9836
15	Wood products	0.1985	0.4567	(11)	0.4663	(28)	2.3004	2.3490
16	Paper and publishing	0.2201	0.3302	(23)	0.6761	(19)	1.5004	3.0715
17	Chemicals	0.1334	0.2568	(31)	0.4253	(33)	1.9253	3.1891
18	Products of petroleum and coal	0.1254	0.2031	(37)	0.3111	(36)	1.6203	2.4814
19	Rubber products	0.1961	0.5332	(6)	0.7784	(11)	2.7194	3.9516
20	Glass and clay products	0.1822	0.3234	(25)	0.4325	(32)	1.7755	2.3740
21	Other non-metals	0.1276	0.2567	(32)	0.3017	(38)	2.0111	2.3642
22	Metal products	0.0976	0.2725	(29)	0.3050	(37)	2.7932	3.1263
23	Non-electric machinery	0.1268	0.2372	(34)	0.4482	(30)	1.8705	3.5353
24	Electric machinery	0.1713	0.2523	(33)	0.8513	(8)	1.4731	4.9708
25	Transport equipment	0.1069	0.1649	(39)	0.7455	(14)	1.5430	6.9769
26	Other manufactured products	0.0455	0.1522	(40)	0.2205	(40)	3.3427	4.8423
27	Water, gas and electricity	0.2534	0.3720	(18)	1.3206	(1)	1.4680	5.2110
28	Construction	0.1831	0.3511	(22)	1.3093	(2)	1.9176	7.1500
29	Wholesale and retail trade	0.3072	0.4073	(14)	0.7160	(16)	1.3259	2.3310
30	Hotels and restaurants	0.2920	0.5269	(7)	0.6198	(21)	1.8044	2.1222
31	Land transportation	0.1906	0.3604	(20)	0.5469	(23)	1.8911	2.8694
32	Water transportation	0.2087	0.2978	(27)	0.3779	(34)	1.4270	1.8106
33	Air transportation	0.1604	0.2576	(30)	1.1593	(3)	1.6056	7.2258
34	Communications	0.4240	0.4685	(10)	0.7820	(10)	1.1050	1.8442
35	Business services	0.4028	0.4734	(9)	0.8734	(6)	1.1753	2.1682
36	Private services	0.3289	0.4385	(12)	0.7293	(15)	1.3331	2.2175
37	Cultural services	0.0957	0.2173	(36)	0.5301	(24)	2.2706	5.5385
38	Motor repair services	0.0923	0.2014	(38)	0.2844	(39)	2.1814	3.0804
39	Personal services	0.4055	0.4914	(8)	0.6208	(20)	1.2116	1.5307
40	Government services	0.5845	0.6666	(2)	0.7116	(17)	1.1404	1.2175
	Average	0.2308	0.3714		0.6424		1.9373	3.4063

and restaurants, business services and personal services. They fall within the third top ranking in terms of capacity to generate income directly and indirectly. However, except for other food products, these sectors tend to have direct income coefficients which are larger than the indirect income coefficients. They are therefore relatively less income labour-intensive than they appear from a straightforward analysis of their direct income requirements.

Two other tourism sectors—fishing and beverages—have moderate direct and indirect income coefficients which are greater than the economy-wide coefficient. The remaining five tourism sectors of textiles, products of petroleum and coal, other manufactured products, air transportation and cultural services are ranked low in terms of capacity to generate direct and indirect income.

Obviously, if income generation is the national development aim, and if tourism is to provide a vehicle to achieve this, then the strategy should be directed towards creating greater and pervasive linkages between the tourism sectors and other domestic productive sectors, particularly wage-intensive sectors. A greater integration with the supplying industries should be promoted, with emphasis on labour-intensive rural and small-scale industries.

The priority of tourism development efforts undoubtedly should be on the five income-intensive tourism sectors, particularly the service sectors. This will be in line with the prevailing government policy to develop the service sector. Since these service sectors also cater for the needs of local residents, including entrepreneurs, businessmen and industrialists, any added emphasis on their development will directly enhance not only income, but also output that can be provided to the growing local needs.

In terms of capacity to generate direct, indirect and induced income, four tourism sectors stand out. These are agriculture and livestock, fishing, air transportation and business services. Every \$M1 million of tourist final demand for the output of these sectors generates total income of between \$M0.76 million and \$M1.16 million. This is greater than the national average of \$M0.64 million.

An interesting observation is that in each of these sectors, the induced income component is substantially larger than the indirect income component. In the case of fishing, air transportation and business services the induced income component is five times or more the indirect income component. These sectors therefore are strategic within the perspective of overall income generation in the economy.

An almost identical picture is apparent with respect to the remaining tourism sectors. In each of these sectors, such as textiles, products of petroleum and coal, wholesale and retail trade, cultural services and personal services, the induced income component is much more than the indirect income component. Accordingly, when completed income expansion due to successive rounds of consumer spending is considered, these sectors become prominent. Their complete—direct, indirect and induced—income multipliers are each greater than the economy-wide average.

It seems clear, therefore, that when all income components are considered, the tourism sectors offer a good potential to induce the generation of income in the national economy, especially via household expenditure. Evidently, the induced income-generating capacity of the tourism sectors is in most cases larger than that of the manufacturing sectors.

(b) Employment

The extent of direct, indirect and induced employment generated in each sector per \$M1,000 of final expenditure is given in table 10. Looking at the economy as a whole, a diverse range of employment requirements prevails. Five sectors stand out in terms of direct employment generation, namely, agriculture and livestock, plantation crops, other manufactured products, motor repair services and personal services. The employment generated per \$M1,000 final expenditure in these sectors ranges from 159 to 380 persons.

Within the context of tourism, only four out of the fourteen key sectors can be regarded as labour intensive. These include agriculture and livestock (with 159 workers directly required per \$M1,000 final

Table 10. Partial and complete employment multipliers

<i>No.</i>	<i>Sectors</i>	<i>Direct</i>	<i>Direct and indirect</i>	<i>Rank</i>	<i>Direct and indirect induced</i>	<i>Rank</i>
1	Agriculture and livestock	159.29	189.52	(5)	224.77	(4)
2	Plantation crops	312.83	318.38	(2)	367.60	(2)
3	Forestry and logging	10.38	18.31	(31)	52.98	(26)
4	Fishing	46.27	49.22	(20)	73.21	(20)
5	Mining	7.16	10.67	(37)	33.86	(34)
6	Meat and dairy products	37.14	121.73	(7)	148.45	(7)
7	Food canning	34.42	75.11	(15)	100.09	(14)
8	Bakeries and confectioneries	49.34	102.44	(10)	124.86	(13)
9	Other food products	51.60	96.36	(12)	131.74	(10)
10	Beverages	13.57	34.53	(24)	59.94	(22)
11	Tobacco products	19.61	39.18	(23)	56.93	(23)
12	Textiles	49.02	81.58	(14)	96.47	(16)
13	Wearing apparel	97.87	120.87	(8)	140.64	(8)
14	Leather products	33.65	73.10	(17)	93.97	(18)
15	Wood products	46.09	65.60	(18)	94.68	(17)
16	Paper and publishing	9.09	19.73	(30)	40.74	(31)
17	Chemicals	8.28	17.24	(32)	33.59	(35)
18	Products of petroleum and coal	5.66	6.89	(39)	19.87	(40)
19	Rubber products	17.49	140.58	(6)	174.51	(6)
20	Glass and clay products	10.91	25.04	(27)	45.61	(28)
21	Other non-metals	27.30	40.04	(22)	56.37	(24)
22	Metal products	12.84	24.29	(28)	41.59	(30)
23	Non-electric machinery	8.93	22.13	(29)	37.18	(32)
24	Electric machinery	20.71	31.50	(26)	47.54	(27)
25	Transport equipment	5.80	13.47	(34)	23.96	(39)
26	Other manufactured products	175.27	192.60	(4)	202.32	(5)
27	Water, gas and electricity	21.75	32.21	(25)	55.84	(25)
28	Construction	26.16	45.60	(21)	67.98	(21)
29	Wholesale and retail trade	44.10	53.71	(19)	79.62	(19)
30	Hotels and restaurants	61.81	103.82	(9)	137.34	(9)
31	Land transportation	43.83	74.05	(16)	96.95	(15)
32	Water transportation	2.61	8.94	(38)	27.88	(37)
33	Air transportation	2.55	11.80	(36)	28.24	(36)
34	Communications	11.99	15.52	(33)	45.33	(29)
35	Business services	3.13	6.14	(40)	36.23	(33)
36	Private services	87.39	99.13	(11)	127.04	(12)
37	Cultural services	2.84	12.43	(35)	26.21	(38)
38	Motor repair services	302.17	316.84	(3)	329.69	(3)
39	Personal services	384.12	392.52	(1)	423.76	(1)
40	Government services	74.11	85.36	(13)	127.77	(11)
	Average	58.48	79.70		103.33	

expenditure), other manufactured products (175 workers), hotels and restaurants (62 workers) and personal services (384 workers). The average direct national labour coefficient is 58.

Six tourism sectors—agriculture and livestock, other food products, textiles, other manufactured products, hotels and restaurants, wholesale and retail trade and personal services—fall within the top third ranking of sectors in terms of direct and indirect employment generation in the economy. However, as in the case of output, much of the employment generated comprises direct employment. In every sector the direct employment component well exceeds the indirect component. Again this is a reflection of the low backward linkages that each of these sectors have with labour-intensive supplying sectors.

It appears evident that if tourism is to play a dominant role in achieving the national objective of full employment, then the appropriate strategy should aim for a more diversified linkage between the tourism and non-tourism sectors. The focus should be on the promotion of greater linkages with the labour-intensive rural, agricultural and urban small-scale industries which can also result in their rapid overall growth and development. At present, the capacity to generate indirect employment is strong among manufacturing sectors, particularly meat and dairy products, and rubber products.

When total employment multipliers are considered, one of the previously mentioned tourism sectors no longer become strategic. However, looking at the direct, indirect and induced employment multipliers it becomes obvious that only two tourism sectors—agriculture and livestock, and personal services—generate significant levels of induced employment in relation to indirect employment. It may therefore be inferred that any final expenditure, including tourist expenditure on the output of the above six tourism sectors, would not generate pervasive and substantial employment in the economy.

From this perspective, the major challenge would be to implement tourism sector policies and strategies that would generate a comparatively high level of induced employment. A scrutiny of table 10 points to the fact that this can become feasible if emphasis can be accorded to six tourism sectors that have total employment multipliers which are greater than the national average. These comprise fishing (with induced employment coefficient of 24), beverages (25), products of petroleum and coal (13), air transportation (16), business services (30) and cultural services (14). Invariably, any tourist final expenditure on the products of these sectors will eventually generate a significant impact in terms of employment generation in the national economy.

(c) Linkages

The result of the linkage computations are given in table 11. The table also ranks the sectors in terms of forward and backward linkages. Ranking provides a basis for assigning priorities to different sectors in the economy from the viewpoint of development strategy. Thus, the procedure allows the sectors to be ranked in descending order of priority in terms of their potential generation of linkages.

Evidently, very few tourism sectors have high backward linkages with the rest of the economy. The sectors that have strong backward linkages are other food products, beverages, textiles, and hotels and restaurants and land transportation. To an extent that the first three sectors are characteristically linked with rural and small-scale industries, the result augurs well in terms of the development of rural, cottage, artisanal and small enterprises.

The lack of tourism sectors with relatively high backward linkage coefficients substantiates the earlier findings pertaining to the generally low or only moderate income and employment-generating capacities of the tourism industry. The result also highlights the urgent need to enhance the technological linkages between the tourism sectors and their supplying sectors. At present, the majority of manufacturing sectors tend to have strong backward linkage indices.

Table 11. Backward and forward linkages

<i>No.</i>	<i>Sectors</i>	<i>Backward</i>	<i>Rank</i>	<i>Forward</i>	<i>Rank</i>
1	Agriculture and livestock	1.6166	(16)	2.4704	(5)
2	Plantation crops	1.1785	(38)	1.8814	(8)
3	Forestry and logging	1.2817	(35)	1.4941	(3)
4	Fishing	1.1380	(40)	1.6931	(11)
5	Mining	1.1979	(37)	2.6566	(4)
6	Meat and dairy products	2.3052	(1)	1.3165	(22)
7	Food canning	2.0016	(4)	1.0154	(39)
8	Bakeries and confectioneries	2.0249	(3)	1.0289	(35)
9	Other food products	2.2250	(2)	3.2115	(2)
10	Beverages	1.6835	(11)	1.0620	(33)
11	Tobacco products	1.3910	(29)	1.0203	(38)
12	Textiles	1.8050	(7)	1.5562	(13)
13	Wearing apparel	1.4845	(23)	1.0430	(34)
14	Leather products	1.9030	(5)	1.0246	(36)
15	Wood products	1.7903	(8)	1.3219	(21)
16	Paper and publishing	1.4380	(25)	1.5175	(14)
17	Chemicals	1.5398	(19)	1.8445	(9)
18	Products of petroleum and coal	1.6273	(15)	2.4018	(6)
19	Rubber products	1.6668	(12)	1.2034	(26)
20	Glass and clay products	1.5934	(17)	1.1447	(28)
21	Other non-metals	1.5746	(18)	1.4080	(19)
22	Metal products	1.6901	(10)	1.7572	(10)
23	Non-electric machinery	1.4899	(22)	1.3058	(23)
24	Electric machinery	1.3433	(31)	1.1908	(27)
25	Transport equipment	1.2974	(34)	1.4149	(17)
26	Other manufactured products	1.4585	(24)	1.1004	(31)
27	Water, gas and electricity	1.6539	(14)	2.1251	(7)
28	Construction	1.7322	(9)	1.3690	(20)
29	Wholesale and retail trade	1.3900	(30)	3.6453	(1)
30	Hotels and restaurants	1.8785	(6)	1.4137	(18)
31	Land transportation	1.6546	(13)	1.6173	(12)
32	Water transportation	1.4199	(26)	1.4206	(16)
33	Air transportation	1.4191	(27)	1.2373	(25)
34	Communications	1.1655	(39)	1.2920	(24)
35	Business services	1.2488	(36)	2.8503	(3)
36	Private services	1.4100	(28)	1.0000	(40)
37	Cultural services	1.4997	(21)	1.1137	(30)
38	Motor repair services	1.5382	(20)	1.1433	(29)
39	Personal services	1.3212	(33)	1.0217	(37)
40	Government services	1.3242	(32)	1.0676	(32)
	Average	1.5600		1.5600	

On the other hand, slightly more tourism sectors have comparatively high forward linkage indices. These include agriculture and livestock, fishing, other food products, textiles, products of petroleum and coal, wholesale and retail trade and business services. These sectors should therefore be expected to induce investment opportunities in those sectors that utilize their products as inputs.

Taking an overall view of linkage effects, only two tourism sectors—other food products and textiles—would possess the most extensive technological linkages with the rest of the economy.

8. Policy recommendations

The guidelines for policy formulation can be considered with reference to the following impact brought out by the input-output technique:

- (a) Gross domestic product;
- (b) Government revenue;
- (c) Foreign exchange;
- (d) Employment;
- (e) Income distribution;
- (f) Linkages.

These are essentially the scope of projects as envisaged for Malaysia. Each of these dimensions is now discussed.

(a) Gross domestic product

The contribution of tourism to the gross domestic product (GDP) and income generation may be examined from the following aspects:

- (a) GDP in the tourism sector and its share in total GDP;
- (b) GDP in other sectors of the economy as a result of backward linkage effects;
- (c) the GDP multiplier arising from induced income as a result of subsequent rounds of spending.

As estimated in section 6(c) above, the tourism GDP is \$M2,549 million. This constitutes 4.08 per cent of total GDP. The comparatively small proportionate share of tourism GDP in the aggregate is a reflection of the prevailing structure of the Malaysian economy, which is primarily commodity-based and directed towards non-tourist domestic private consumption and export. In other words, the Malaysian tourism industry is characteristically in the take-off phase.

Looking at the sectoral output and GDP in relation to tourism, sections 6 (a) and 6 (c) indicate that the expenditure by other foreign tourists accounts for a substantially large proportion of tourism-related output and income in the domestic sectors. On this basis, therefore, further promotion of international tourism to generate sectoral growth and income should be actively pursued.

Of the identified fourteen tourism sectors, evidently four obtain proportionately high output and income directly from tourist expenditure. These comprise hotels and restaurants, wholesale and retail trade, air transportation and business services. These sectors, however, have comparatively low capacities to generate indirect as well as induced income. In fact, the findings of the income multiplier analysis show that it is the tourism sectors other than these four that can generate high indirect and induced income in the economy. For instance, the fishing and beverages sectors have moderate indirect income coefficients whereas the agriculture and livestock, fishing and business services sectors have strong induced income coefficients.

In view of the fact that income generation is an important aim of Malaysia's development plans, tourism policy should, among other things, aim to foster greater tourist expenditure on these tourism sectors. While the direct income impact of tourism expenditure in these sectors is small, the indirect and/or indirect income effect is significant. This is brought about via their backward technological linkages with domestic supplying sectors and high subsequent rounds of household spending.

(b) Government revenue

Section 6 (e) has shown that about half of the government revenue collection from tourism originates from the hotels and restaurants sector. The other key sectors in terms of government revenue include textiles, wood products, products of petroleum and coal, other manufactured products and air transportation.

In the case of the hotels and restaurants, textiles and wood products, the backward linkages are comparatively high, as shown in section 7 (c). Accordingly, a significant proportion of their taxes are indirectly generated. Thus, government revenue from these sectors can be enhanced simply by encouraging greater expenditure by tourists on these sectors.

For products of petroleum and coal, other manufactured products and air transportation, much of the income from commodity taxes is generated directly since these sectors do not possess extensive backward linkages. Thus, for these sectors government revenue can most generally be increased by raising the tax rates associated with their products or services.

Parts of the services provided to the tourists by the communication, cultural services and government services sectors are still provided free of charge. A review should therefore be made with the aim of putting some charge on these services.

(c) Foreign exchange

The impact of tourism on foreign exchange earnings can be examined by looking at:

- (i) The relative importance of tourism as a foreign exchange earner, and
- (ii) The net foreign exchange earnings after allowing for imports to service the tourist sectors' requirement.

The tourism industry in Malaysia makes a positive contribution in terms of foreign exchange. This has been well brought out by section 6 (f). The estimation of foreign exchange earnings stemming from international tourists' expenditure, discounted for import leakages due to tourism-related intermediate and final imports, points to a surplus of \$M2,354 million. This is derived from an aggregate international tourists' expenditure of \$M3,394 million less leakages of \$M947 million in intermediate imports and \$M93 million in final imports.

Sectorally, tourism generates a foreign exchange surplus in 20 production sectors and a foreign exchange deficit in the remaining 20 sectors. Of the 14 integral tourism sectors, 10 have recorded foreign exchange surpluses. This is led by hotels and restaurants (with \$M1,483 million), followed by air transportation (\$M580 million), land transportation (\$M161 million), cultural services (\$M72 million), business services (\$M54 million), other manufactured products (\$49 million), wholesale and retail trade (\$M49 million), textiles (\$M32 million), personal services (\$M22 million) and agriculture and livestock (\$M1 million).

Malaysia's balance of payments for the most part after independence has been favourable, but this has almost invariably been due to huge surpluses in the capital account which more than offset the deficits in the current account. The services account of the balance of payment has been in deficit for some years. In this context, therefore, the development policy for tourism should focus on further enhancement of the tourism sectors since these undoubtedly contribute positively to foreign exchange earnings.

Tourism policy should also be directed at reducing the leakages stemming from imports of final goods by tourists. Although section 6 (f) has shown the imports of final goods by tourists to be relatively small at \$M93 million when compared to sectoral non-competing imports (\$M947 million) and total tourist expenditure (\$M3,394 million), there is still scope to reduce the import content. Possible strategies include improvement of shopping and souvenir items in terms of product quality and range, production of import equivalents, especially high-value items such as jewellery, perfumery and electrical and non-electric machinery as well as greater sales promotion. The view expressed by some of tourists that the local shopping and souvenir items are not of high quality should be of concern to the local tourist industry.

Further consolidation of the local souvenir trade should be made. The textiles and other manufacturing sectors, both of which are associated with the production of souvenirs, significantly contribute to foreign exchange earnings.

Policies aimed to develop further and improve the accommodation, food and transportation services sectors should be pursued unabated. The hotels and restaurants, land transportation and air transportation sectors collectively contribute 90 per cent to the aggregate (net) foreign exchange. These policies can focus on upgrading accommodation and restaurant facilities, providing efficient and affordable transportation and enhancing the skills of workers.

(d) Employment

The impact of tourism on employment can be viewed in the following ways:

- (i) Direct employment in the tourism sectors;
- (ii) Indirect employment in the backwardly-linked sectors;
- (iii) Induced effects on employment as a result of successive rounds of household spending;
- (iv) Total effects on employment which is reflected in the complete employment multipliers.

Section 7 (b) above clearly indicates that the tourism sectors generally tend to generate high direct employment but low indirect and induced employment. This is particularly the case in the key tourism sectors of agriculture and livestock, other food products, textiles, wholesale and retail trade and personal services.

Indirect and induced employment generation capacity is much more evident among the less strategic tourism sectors such as fishing, beverages, products of petroleum and coal and cultural services. These sectors tend to show indirect and induced employment-creation capacity which is greater than the national average. If generation of employment is a major development objective, then the tourism policy should aim to promote these sectors.

As in the case of income, if employment generation is to be enhanced via tourism then the strategy should be directed towards creating greater and pervasive linkages between the tourism sectors and other domestic productive sectors, particularly labour-intensive areas. A greater integration with the supplying sectors should be promoted, with emphasis on labour-intensive rural and small-scale industries.

(e) Income distribution

The analysis of impact of tourist expenditure given in section (c) has shown to a rather skewed GDP distribution from tourism. This can be substantiated further by a Lorenz curve which shows it to move sharply away from the diagonal.

The policy in this case is similar to that envisaged for income and employment, that is, a promotion of greater linkages between the tourism and non-tourism sectors especially rural, agricultural and small-scale manufacturing. A policy aimed to diversify tourist expenditure patterns away from the limited number of sectors as is evident at present may also promote better income and employment distribution.

4. ECONOMIC IMPACT OF TOURISM IN THAILAND

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1. The existing situation and trends

(a) Tourism growth

Tourism in Thailand in recent years grew at a very high rate. The number of international tourists increased from 2,191,003 in 1983 to 4,230,737 in 1988. As a result of the government campaign Visit Thailand Year in 1987, the rate of increase in international tourists from several tourist origins was marked. The annual growth rates for Europe and East Asia and Pacific in 1987 and 1988 were about 20 per cent per year (see table 1).

From 1982, the income from tourism has exceeded the income from traditional exports of rice, ranking as the first foreign exchange earner of Thailand. The income from tourism increased from 21,455 million baht in 1981 to about 50,024 million baht in 1987 (see table 2). The overall rate of growth in the number of tourists from 1987 to 1988 was 21.47 per cent.

(b) Origins of tourists

In 1988, the majority of international tourists (about 56.97 per cent) came from East Asia and the Pacific area and about half of these (or about 28.22 per cent of the total) came from other ASEAN member countries. About 6.50 per cent of the total came from South Asia, 7.75 per cent came from the America, 25.24 per cent from Europe and about 2.95 per cent from the Middle East (see table 3).

(c) Outgoing tourism

During the period 1981-88, the number of outgoing Thai nationals reached a peak in 1983, increasing from 560,893 in 1981 to 766,186 in 1983. After that, the figure decreased to a low of 541,383 in 1986. This was partly the result of exit fees imposed at Bangkok airport and the Thai-Malaysian border in the south.

The number of outgoing Thai nationals through airports increased from 413,067 in 1986 to 534,460 in 1988 and those travelling by land increased from 102,595 in 1986 to 165,876 in 1988.

The revenue from international tourism in dollar terms increased from \$US 1,089 million in 1983 to about \$US1,946 million in 1987. Tourist revenue in 1983 converted into Thai baht was about 25,050 million baht at the exchange rate of 23.00 baht/dollar. Revenue in 1987 was equivalent to 50,023.9 million baht converted at the rate of 25.71 baht/dollar (see table 4). The rate of increase in income from tourism was higher in terms of Thai baht, partly because of the depreciation of the baht, as well as an increase in length of tourist stays and average spending per day.

(d) Impact of tourist spending

Generally, an increase in tourism income would lead to a rise in real wages and hence consumption in the exporting country. Tourism promotion would increase a country's income and this would generally result in an increase in the wealth of the people. In fact, tourism income must link with other productive sectors of the economy. This depends on how tourist spending is distributed.

According to the Tourism Authority of Thailand, a very large portion of tourist spending in Thailand was for shopping. On average, in 1988, tourists spent about 38.53 per cent of their total spending on shopping, 24.05 per cent on accommodation, 15.90 per cent on food and about 13.09 on domestic

Table 1. International tourist arrivals to Thailand by nationality, 1983-1988

unit : person

<i>Nationality</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>	<i>1986</i>	<i>1987</i>	<i>1988</i>
The Americas	174 123	192 887	215 395	244 308	292 448	327 727
Argentina	994	1 156	1 138	1 992	1 456	1 204
Brazil	1 528	1 896	2 864	2 637	2 293	2 795
Canada	25 104	26 732	31 649	36 700	44 174	56 265
Mexico	1 818	3 710	4 162	2 704	4 141	4 715
United States of America	140 401	155 326	171 247	196 429	235 878	257 594
Others	4 278	4 067	4 335	3 846	4 506	5 154
Europe	462 033	480 168	511 517	621 514	794 320	1 068 043
Austria	10 681	11 257	12 092	14 141	21 458	35 673
Belgium	9 765	9 647	10 487	12 321	17 112	20 167
Denmark	13 237	14 787	19 945	19 390	21 803	27 238
Finland	4 254	4 781	7 241	9 286	11 450	17 831
France	51 017	60 500	71 984	100 439	131 648	157 381
Germany	87 791	95 705	99 768	119 441	148 382	190 339
Italy	36 812	38 282	43 331	52 039	65 928	86 472
Netherlands	26 211	28 348	29 132	34 061	41 562	50 862
Norway	7 392	8 206	8 534	9 209	10 527	13 466
Spain	10 037	7 147	6 951	8 946	12 679	20 185
Sweden	19 374	21 047	23 193	27 546	35 953	48 864
Switzerland	23 165	25 387	30 725	37 074	45 101	60 073
United Kingdom	143 299	133 209	124 964	147 221	184 415	279 604
East Europe	4 880	6 959	8 409	10 711	15 327	18 616
Other	14 118	14 906	14 761	19 689	30 975	41 272
Africa	17 317	15 236	11 192	13 683	18 873	24 922
Middle East	78 226	101 108	104 813	110 619	117 547	124 923
Israel	8 238	6 237	7 219	8 984	11 188	14 900
Kuwait	8 137	8 922	8 069	9 099	8 220	8 825
Saudi Arabia	32 004	37 817	41 966	56 569	58 632	54 778
Other	29 847	48 132	47 560	35 967	39 507	46 420
East Asia and Pacific	1 278 182	1 351 360	1 374 141	1 617 404	2 042 459	2 410 043
ASEAN	762 149	795 715	782 744	908 482	1 077 359	1 193 739
Brunei Darussalam	1 704	1 919	2 756	3 326	4 419	4 905
Indonesia	26 387	28 061	30 443	28 281	27 979	32 331
Malaysia	576 116	592 472	554 979	652 913	765 226	867 658
Philippines	37 063	30 955	34 958	29 894	39 700	40 330
Singapore	120 879	142 308	159 608	194 068	240 035	248 514
Australia	73 295	78 334	92 813	94 662	110 747	138 443
China and Taiwan Province of China	116 211	113 136	129 895	186 272	280 488	323 729
Hong Kong	26 750	40 853	64 016	83 957	132 251	154 365
Japan	223 614	221 945	221 485	259 381	341 899	449 086
New Zealand	11 308	11 281	11 490	13 059	17 072	25 601
Republic of Korea	26 601	27 432	29 086	30 679	37 039	65 379
Other	38 254	62 664	43 412	41 012	45 604	59 701
South Asia	181 122	205 950	211 212	210 564	217 311	275 079
Bangladesh	21 484	25 659	25 075	23 629	25 321	50 281
India	108 408	120 074	128 140	119 539	117 579	127 515
Nepal	17 741	17 697	14 049	14 441	11 843	17 901
Pakistan	25 314	33 164	37 708	37 339	43 331	54 172
Sri Lanka	7 297	8 572	15 406	14 683	23 501	
Other	878	784	834	933	1 180	1 709
Grand Total	2 191 003	2 346 709	2 438 270	2 818 092	3 482 958	4 230 737

Source: Tourism Authority of Thailand

Table 2. Comparison of revenue from international tourism and other major Thai exports, 1981-1987

(millions of baht)

<i>Exports</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>	<i>1986</i>	<i>1987</i>
Tourism	21 455	23 879	25 050	27 317	31 768	37 321	50 024
Textile products	12 531	14 049	14 351	19 155	23 578	31 268	48 555
Rice	26 367	22 504	20 157	25 932	22 524	20 315	22 703
Tapioca	16 446	19 769	15 387	16 600	14 959	19 086	20 661
Rubber	10 840	9 490	11 787	13 004	13 567	15 116	20 539
Integrated circuits	-	-	5 829	7 352	8 248	12 818	15 179
Maize	-	-	8 486	10 147	7 700	9 261	3 928
Precious stones	-	-	6 214	6 129	6 350	8 150	11 550
Sugar	9 571	12 933	6 338	5 222	6 247	7 271	8 573
Prawns	-	-	-	-	-	4 391	5 749
Tin	-	5 265	5 280	5 647	-	-	-
Total	97 210	102 624	118 864	136 138	140 598	164 997	207 461

Source: Tourism Authority of Thailand

Table 3. International tourist arrivals to Thailand by nationality and mode of transport

unit : person

<i>Country of nationality</i>	<i>Total Jan.-Dec. 88</i>	<i>Total Jan.-Dec. 87</i>	<i>% Change 88/87</i>	<i>% Share 88/87</i>	<i>Air</i>	<i>Land</i>	<i>Sea</i>
Grand Total	4 230 737	3 482 358	21	100.00	3 290 145	895 070	45 522
The Americas	327 727	292 448	12	7.75	313 334	8 986	5 407
Argentina	1 204	1 456	-17	0.03	1 175	27	2
Brazil	2 795	2 293	22	0.07	2 178	60	557
Canada	56 265	44 174	27	1.33	53 099	2 627	539
Mexico	4 715	4 141	14	0.11	4 667	19	29
United States of America	257 594	235 873	9	6.09	247 121	6 178	4 295
Other	5 154	4 506	14	0.12	5 054	75	25
Europe	1 068 043	794 320	34	25.24	1 028 430	34 983	4 630
Austria	35 673	21 458	66	0.84	34 711	899	63
Belgium	20 167	17 112	18	0.48	19 779	331	57
Denmark	27 238	21 803	25	0.64	25 967	1 205	66
Finland	17 831	11 450	56	0.42	17 656	153	22
France	157 381	131 648	20	3.72	153 999	3 043	339
Germany	190 339	148 382	28	4.50	181 706	7 193	1 440
Italy	86 472	65 928	31	2.04	85 247	1 070	155
Netherlands	50 862	41 562	22	1.20	48 817	1 885	160
Norway	13 466	10 527	28	0.32	12 884	524	58
Spain	20 185	12 679	59	0.48	20 012	151	22
Sweden	48 864	35 953	36	1.15	45 116	3 512	236
Switzerland	60 073	45 101	33	1.42	57 126	2 781	166
United Kingdom	279 604	184 415	52	6.61	268 318	9 795	1 491
East Europe	18 616	15 327	21	0.44	16 550	1 817	149
Other	41 272	30 975	33	0.98	40 492	619	161
Africa	24 922	18 873	32	0.59	24 594	305	23
Middle East	124 923	117 547	6	2.95	124 185	675	63
Israel	14 900	11 188	33	0.35	14 900	0	0
Kuwait	8 825	8 220	7	0.21	8 814	10	1
Saudi Arabia	54 778	58 632	-7	1.29	54 480	260	38
Others	46 420	39 507	17	1.10	45 991	405	24
East Asia and Pacific	2 410 043	2 042 459	18	56.97	1 531 482	842 800	35 761
ASEAN	1 193 739	1 077 359	11	28.22	346 000	825 170	22 569
Brunei Darussalam	4 906	4 419	11	0.12	4 554	315	37
Indonesia	32 331	27 979	16	0.76	28 914	3 167	250
Malaysia	867 558	765 226	13	20.51	113 594	733 189	20 875
Philippines	40 330	39 700	2	0.95	38 732	1 288	310
Singapore	248 514	240 035	4	5.87	160 206	87 211	1 097

Table 3 (continued)

unit : person

Country of nationality	Total	Total	% Change	% Share	Air	Land	Sea
	Jan.-Dec. 88	Jan.-Dec. 87	88/87	88/87			
Australia	138 443	110 747	35	3.27	129 828	7 733	882
China	134 942	85 771	57	3.19	134 593	128	221
Hong Kong	154 365	132 251	17	3.65	153 770	582	13
Japan	449 086	341 899	31	10.61	445 701	3 126	259
New Zealand	25 501	17 072	50	0.61	23 227	2 250	124
Republic of Korea	65 379	37 039	77	1.55	64 723	645	11
Taiwan Province of China	188 787	194 717	-3	4.46	188 174	585	28
Other	59 701	45 604	31	1.41	45 466	2 581	11 654
South Asia	275 079	217 311	27	6.50	267 570	7 329	180
Bangladesh	50 281	25 321	99	1.19	48 952	1 305	24
India	127 515	117 579	8	3.01	123 777	3 660	78
Nepal	17 901	11 843	51	0.42	17 489	396	16
Pakistan	54 172	43 331	25	1.28	52 540	1 585	47
Sri Lanka	23 501	18 057	30	0.56	23 109	377	15
Other	1 709	1 180	45	0.04	1 703	6	0

Source: Tourism Authority of Thailand

Note: Since the Immigration Division changed its method of data collection in February 1988, some tourists from Taiwan Province of China are included in the number of tourists from China; also Hong Kong tourists are included in the figures for British nationals.

Table 4. Revenue from international tourism, 1985-1987

Country of residence	1985		1986		1987	
	Revenue/a		Revenue/b		Revenue/c	
	Million Baht	Million \$US	Million Baht	Million \$US	Million Baht	Million \$US
Total	31 767.86	1 170.95	37 321.91	1 420.63	50 023.89	1 945.70
North America	3 546.63	130.73	3 825.46	145.62	4 590.01	178.53
Canada	441.42	16.27	467.85	17.81	719.63	27.99
United States of America	3 105.21	114.46	3 357.61	127.81	3 739.79	145.46
Europe	6 794.33	250.44	11 303.66	430.29	130.59	5.08
France	947.85	34.94	2 972.30	113.14	15 052.99	585.49
Germany	1 399.61	51.59	2 769.02	105.41	2 812.51	109.39
Italy	611.75	22.55	702.57	26.74	2 832.99	110.19
Netherlands	398.19	14.68	498.95	18.99	1 179.41	45.87
Switzerland	654.02	24.11	933.51	35.54	741.61	28.85
United Kingdom	1 086.40	40.04	1 431.66	54.50	1 003.23	39.02
Other Europe	1 696.51	62.53	1 995.65	75.97	2 106.40	81.93
Middle East	4 983.41	183.69	2 782.09	105.90	4 376.84	170.24
Asia and Pacific	16 082.42	592.79	19 134.20	728.37	3 333.14	129.64
Australia	1 566.51	57.74	2 223.28	85.01	23 848.42	927.60
China and Taiwan Province of China	1 138.17	41.95	1 882.35	71.65	2 129.57	82.83
Hong Kong	1 418.15	52.27	2 334.18	88.85	433.35	16.86
India	949.93	35.01	1 008.25	38.38	4 017.11	166.25
Japan	2 475.93	91.26	2 776.88	105.71	1 116.98	43.45
Malaysia	3 600.23	132.70	3 695.01	140.66	4 787.05	186.19
New Zealand	101.28	3.73	156.05	5.94	254.27	10.28
Philippines	340.92	12.56	190.69	7.26	4 611.44	179.36
Singapore	1 986.80	73.23	1 924.29	73.25	2 562.16	99.66
Taiwan Province of China	-	-	-	-	3 926.49	152.72
Other Asia and Pacific	2 504.50	92.31	2 933.22	111.66	2 895.11	112.61
Other countries	361.07	13.30	275.50	10.45	304.19	11.83

Source: The Tourist Consumption Expenditures and Attitudes Survey 1985-1987 conducted by the Tourism Authority of Thailand

Note: /a Exchange rate : \$US1 = B27.13

/b Exchange rate : \$US1 = B26.27

/c Exchange rate : \$US1 = B25.71

travelling (see table 5). It was estimated that Japanese travellers, with the highest spending per day of about 4.224 baht, generated the highest income of about 10,583 million baht in 1988. This was followed by tourists from Malaysia and Hong Kong whose tourism income generation was reported to be about 6,900 million baht and 6,395 million baht respectively (see table 5).

Table 5. Income from tourism in 1988

unit : baht				
<i>Country</i>	<i>Tourists (persons)</i>	<i>Average length of stay (days)</i>	<i>Expenditure per head/ day</i>	<i>Income from tourism</i>
America				
Canada	50 849	9.47	2 130	1 025 579 140
United States of America	237 309	7.94	2 910	5 483 458 531
Other	11 604	6.37	2 993	221 192 059
Europe				
France	154 724	12.38	2 147	3 920 208 599
Germany	186 040	14.51	1 723	4 553 729 228
Italy	85 507	9.20	1 983	1 560 199 371
Netherlands	48 425	11.90	1 709	984 691 528
Switzerland	62 491	13.78	1 862	1 603 786 859
United Kingdom	135 112	9.42	2 049	2 607 455 068
Other	233 312	10.61	2 188	5 268 652 914
Asia and Pacific				
Australia	144 651	8.66	2 480	3 107 166 721
New Zealand	23 789	10.01	2 002	476 836 812
China	33 344	10.01	2 512	838 602 430
Hong Kong	379 850	6.28	2 581	6 395 746 862
India	121 394	6.19	2 615	1 954 738 497
Japan	452 244	5.54	4 224	10 583 069 026
Philippines	42 241	5.93	2 274	569 512 086
Malaysia	243 206	3.89	2 104	6 900 818 879
Singapore	276 222	5.35	2 639	3 899 616 799
Taiwan Province of China	232 567	6.97	3 668	5 929 767 009
Other	306 965	7.96	2 786	6 808 160 773
Middle East	144 025	7.80	2 490	3 514 681 538
Other	24 866	8.14	3 170	641 663 604
Total	4 230 737	198.31	57 269	78 252 239 272
Average	-	7.36	2 533	-

Source: Tourism Authority of Thailand

2. Economic impact of tourism

For analytical purposes, the following notations are defined.

(a) Input coefficients matrix

The input coefficients table comprised the intermediate input coefficients and the primary input coefficients. The coefficients were defined as follows:

$$a_{ij} = X_{ij} / X_j \quad (1)$$

$$i = 1, 2, \dots, n; \quad j = 1, 2, \dots, n$$

and

$$v_{hj} = V_{hj} / X_j \quad (2)$$

$j = 1, \dots, n;$

$h =$ wage bill; operating surplus depreciation; indirect taxes

where

$X_{ij} =$ value of intermediate inputs of i -th used by sector j -th

$V_{hj} =$ value of primary inputs h -th used by sector j -th

$X_j =$ value of gross output of sector j -th

(b) Inverse matrix

This was a matrix of inversion of the input coefficients matrix. Rewriting the input-output table in matrix notation the condensed form is obtained as follows:

$$AX + F = X + M \quad (3)$$

where

A was the input coefficient matrix =

a	a	:
11		1n	
:		:	
:	a _{ij}	:	
:		:	
a	a	:
nl		nn	

X was the output vector =

X
1
:
X
n

F was the final-demand vector =

F
1
:
F
n

M was the import vector =

M
1
:
M
n

From equation (3), X can be solved at equilibrium as follows:

$$X = [I - A]^{-1} (F - M) \quad (4)$$

The expression $[I-A]$ was the inverse matrix. While A was a matrix of composite input coefficients each element of which comprised two components: domestic and imported input. If imports were subtracted from (3), the equation reduces to

$$A^d X + F^d = X \quad \dots\dots\dots (5)$$

where

x_k = ratio of output generated by component k -t of final demand

X_{jk} = output of sector j -th generated by component k -th of the final demand

F^d_{ik} = final demand for domestic products of sector i -th in the component k -th of the final demand which generates the output.

Table 6 indicated that, at the assumed equilibrium, a unit increase in total final demand would raise gross output by the magnitude of 1.5060. As a matter of fact, the greatest magnitude of output multiplier was generated directly and indirectly by the export component of final demand. Its magnitude was 1.8004 in 1985. The output multiplier for an increase in one unit of the gross fixed capital formation was unexpectedly low, compared with the multipliers generated by the domestic and foreign tourists' expenditure in the same year of 1.4613 and 1.5035 respectively. Its magnitude was only 1.2624. This might be a result of the Thai economy dipping in 1985 in one of its cyclical economic downswings. It could be interpreted that, despite the cyclical downswing of 1985, the tourism industry exhibited not only a significant demand-led growth phenomenon, but it might even have helped to counter the cyclical fluctuation in that year as well.

Table 6. Impact of final demand component on domestic output, 1985

	unit : thousand baht								
	<i>Private consumption expenditure</i>	<i>Thai tourist expenditure</i>	<i>Foreign tourist expenditure</i>	<i>Government consumption expenditure</i>	<i>Gross domestic fixed capital formation</i>	<i>Increase in stock</i>	<i>Export</i>	<i>Special exports</i>	<i>Total</i>
1	152 252 620	2 283 984	1 696 551	12 449 420	24 504 956	12 233 933	61 433 704	7 178 124	274 033 290
2	323 998 268	5 094 742	5 201 336	24 105 441	28 371 737	1 668 927	170 763 480	19 380 146	578 584 078
3	80 866 926	3 477 650	1 338 743	17 935 195	70 842 940	932 994	46 966 935	9 308 360	231 669 742
4	346 586 605	16 606 467	6 649 577	140 677 394	175 920 122	15 594 741	63 494 281	36 041 292	801 570 478
5	699 817	4 008 162	3 621 392	275 691	344 551	30 481	136 123	231 854	9 330 071
6	68 429 795	3 035 409	3 845 683	5 100 991	2 835 199	241 147	1 425 706	5 636 704	90 550 634
7	1 544 654	1 291 595	3 302 753	2 164 106	651 516	51 382	461 532	830 012	10 297 550
8	3 776 863	719 123	2 203 650	1 223	1 508	123	2 473	401 355	7 106 317
9	6 242 132	19 636	402 700	36 957	39 170	2 505	26 123	981 727	7 750 949
TTL	984 397 679	36 536 767	28 262 384	202 746 418	303 511 233	30 756 233	344 710 356	79 971 575	2 010 893 109
LOU	1.5141	1.4613	1.5035	1.4632	1.2624	1.3692	1.8004	1.6537	1.5060

(c) Impact of final demand component on gross value added

The gross value added generated by each final demand component was derived by utilizing the following equations:

$$V = V [I-A] \quad \text{Fk} \dots\dots\dots (9)$$

where V was the diagonal matrix of value added coefficients = $\begin{matrix} \dots\dots\dots 0 \\ 1 \\ \vdots \\ \vdots \\ j \\ \vdots \\ 0 \dots\dots\dots \\ n \end{matrix}$

v_j = the value added coefficient
 v_j = value added of sector j / output of sector j

It should be noted also that the indirect tax was one component of the value added. Moreover, the direct tax on factor income, i.e., personal income tax and corporate income tax, could be traced indirectly through the impact on two components of wages and salaries and operating surplus.

The overall repercussion of final demand on the gross value added, shown in table 7, indicated that an increase in total final demand of one unit created value added income or GDP of 0.7532 unit. The domestic tourists' expenditures value added multiplier was 0.7838 while that for foreign tourists' expenditure was 0.8088 under the interindustrial relationships in 1985.

Table 7. Impact of final demand component on gross value added in 1985

unit : thousand baht

	<i>Private consumption expenditure</i>	<i>Thai tourist expenditure</i>	<i>Foreign tourist expenditure</i>	<i>Government consumption expenditure</i>	<i>Gross domestic fixed capital formation</i>	<i>Increase in stock</i>	<i>Exports</i>	<i>Special exports</i>	<i>Total</i>
1	96 948 293	1 454 348	1 080 295	7 927 286	15 603 762	7 790 072	39 118 491	4 570 738	174 493 284
2	115 383 655	1 814 361	1 852 322	8 584 533	10 103 865	594 346	60 813 024	6 901 741	206 047 847
3	26 668 299	1 146 859	441 491	5 914 669	23 362 588	307 683	15 488 758	3 069 711	76 400 059
4	209 022 856	10 015 191	4 010 292	84 841 105	106 095 636	9 405 029	38 292 755	21 736 137	483 419 002
5	428 971	2 456 906	2 219 826	168 992	211 201	18 684	83 440	131 088	5 719 109
6	32 445 732	1 439 228	1 823 416	2 418 616	1 344 299	114 339	675 993	2 672 622	42 934 246
7	869 408	726 974	1 858 954	1 218 067	366 706	28 920	259 773	467 172	5 795 974
8	2 783 598	530 003	1 624 120	901	1 111	91	1 822	295 804	5 237 450
9	4 532 622	14 259	292 414	26 836	28 443	1 819	18 968	712 865	5 628 225
TTL	489 083 434	19 598 130	15 203 129	11 101 005	157 117 611	18 260 983	154 753 025	40 557 878	1 005 675 195
LOU	0.7532	0.7838	0.8088	0.6535	0.8129	0.8083	0.8387	0.7532	

In terms of sectoral multipliers, the amusement service sector had its own value added multiplier of 0.93285, while personal services and hotel services had their value added multipliers of 0.907922 and 0.894841 respectively (see table 8). These three service subsectors were among the top three sectors in creating value added when final demand in total increased by one unit.

The findings also indicated that the wage component of value added income or GDP created by the increases of total final demand in the hotel industry was 0.337772 compared with 0.394898 in the personal services sector, 0.313043 in the travel agency sector and 0.248493 in the restaurant sector. When the entrepreneurs' receipts or "operating surplus", which was created by the increase in final demand, was studied, it was found that the operating surplus multiplier of total demand in the amusement sector was the highest, followed by the agriculture and the restaurant sectors. Their multipliers were 0.605394, 0.599699 and 0.514877 respectively. However, when one looked at an increase in the indirect tax generated by these sectors from an increase of final demand, the light and heavy industries came first and second in generating indirect taxes. Their multipliers were 0.088714 and 0.082920 respectively. On the contrary, the amusement sector created only 0.029120 of indirect taxes after the final demand increase of one unit and ranks as number seven among the whole nine sectors. It was interesting to note that the restaurant services and hotel industry ranked third and fourth in the creation of indirect taxes. In terms of operating surplus creation, the hotel industry ranked as eighth with a multiplier of 0.396671 while restaurants ranked third with a multiplier of 0.514877 in the indirect taxes vector.

The findings imply that the effect of an increase in total final demand gave rise to the income multipliers in a rather satisfactory direction as far as the non-tradable sector, the service sector and the tourism subsectors were concerned. Thus, the policy of government promotion of tourism and services industry should be welcomed. It would directly induce an increase in wages and salaries, operation surplus or entrepreneurial income in an acceptable fashion. However, the possible weak point of the service industries might lie in the creation of indirect taxes, if any, for the Government. The Government might strengthen this loophole through use of personal income and corporate income taxes to substitute for indirect tax revenues in the future.

The low indirect taxes multiplier might also imply the need for a rapid restructuring of the tax system. For instance, value added tax might be one alternative available if acceptable to the general public.

Table 8. Coefficient of the final demand impact on gross value added

	<i>Wages and salaries</i>	<i>Operating surplus</i>	<i>Depreciation</i>	<i>Indirect taxes less subsidies</i>	<i>Total</i>
1	0.184676	0.599699	0.056832	0.028949	0.870156
2	0.221756	0.442326	0.057068	0.088714	0.809863
3	0.192180	0.383566	0.060015	0.082920	0.718681
4	0.316053	0.411117	0.089889	0.041808	0.858868
5	0.313043	0.497045	0.055631	0.024359	0.890078
6	0.248493	0.514877	0.045135	0.058891	0.867396
7	0.337772	0.396671	0.102771	0.057627	0.894841
8	0.236028	0.605394	0.062317	0.029120	0.932859
9	0.394899	0.438216	0.042996	0.031810	0.907922

3. Leakages

(a) Impact of the final demand components on imports

To calculate the extent of imports generated by each final demand component, the following equation can be applied:

$$M_k = A^m [I-A]^{-1} Fk^d + Fk^m \dots\dots\dots (9)$$

where

A = input coefficient matrix for imports

$$A = \begin{matrix} & \begin{matrix} m & & m \\ a & \dots & a \\ \vdots & & \vdots \\ m & & m \\ \vdots & & \vdots \\ a & \dots & a \end{matrix} & ; & a_{ij} = M_{ij} / X_j \end{matrix}$$

Fk^m was the final demand of component k for imports.

Table 9 indicates that the impact multiplier of total final demand of imports for the hotel industry was 0.3463 compared to a magnitude of 1.10 for heavy industry and 0.599 for the agricultural sector.

In fact, the component of final demand like gross fixed capital formation (with a multiplier of 0.3465), private consumption expenditure of non-tourists (with a multiplier of 0.2477) and domestic tourists' expenditure (with a multiplier of 0.2162) ranked as the top three components of final demand in terms of their import multipliers (see table 10). In addition, the overall import multiplier of total final demand was 0.2468 per one unit of increase in total final demand. This implied that the domestic tourists whose consumption pattern tended to create leakage of foreign exchange was biased towards imports directly and indirectly.

Table 9. Ranking of import multipliers of final demand

	<i>Multiplier</i>	<i>Rank</i>
Agriculture	0.599146	2
Light industry	0.132657	4
Heavy industry	1.101474	1
Non-tradable	0.032739	6
Travel agencies	0.004390	9
Restaurants	0.017865	7
Hotels	0.346334	3
Amusements	0.014538	8
Personal services	0.045265	5
Total	0.2468	-

Table 10. Impact of final demand component on imports in 1985

unit : thousand baht

	<i>Private consumption expenditure</i>	<i>Thai tourist expenditures</i>	<i>Foreign tourist expenditures</i>	<i>Government consumption expenditure</i>	<i>Gross domestic fixed capital formation</i>	<i>Increase in stock</i>	<i>Exports</i>	<i>Special exports</i>	<i>Total</i>
1	33 365 976	500 532	371 797	2 728 275	5 370 231	2 681 051	10 229 448	1 524 336	56 771 647
2	37 133 256	583 905	596 122	2 762 711	3 251 669	191 275	5 247 359	983 371	50 749 668
3	79 979 107	3 439 469	1 324 045	17 738 289	70 065 172	922 751	20 117 080	4 984 886	198 570 800
4	8 603 846	412 248	165 073	3 492 249	4 367 133	387 132	953 003	252 697	18 633 380
5	2 423	13 880	12 540	955	1 193	106	471	280	31 848
6	1 110 508	49 260	62 409	82 781	46 011	3 913	23 137	10000	1 388 020
7	470 850	393 712	1 006 765	659 676	198 599	15 662	140 687	45 185	2 931 136
8	58 945	11 223	34 392	19	24	2	39	7	104 650
9	327 343	1 030	21 118	1 938	2 054	131	1 370	585	355 569
TTL	161 052	5 405 259	3 594 261	27 466 892	83 302 085	4 202 024	36 712 594	7 801 348	329 536 717
LOU	0.2477	0.2162	0.1912	0.1982	0.3465	0.1871	0.1917	0.1613	0.2468

When one looked at the sectoral import multiplier of total final demand, it was found that the greater the tourists' expenditure on hotel services, the more domestic resources leaked. A 0.34 unit of import cost burden needed to be sacrificed for a one unit increase in final demand. As already mentioned, 73.98 per cent or 4,109.58 baht million baht of total private consumption demand (domestic plus international tourists' demand) for hotel services was from foreign tourists compared with just 26.02 per cent or 1,445.42 million baht for domestic tourists in 1985. Thus, the promotion of deluxe and high class hotels (in other words the recent internationalization of the hotel industry) implied immediately a higher import demand for intermediate and final goods and services in the industry. Thus, one may conclude that to promote the tourism industry some domestic resources that leak through imports might have to be sacrificed.

The import cost of tourism consists of two components. First, the promotion of the tourism industry in Thailand induces an increase in expenditure mainly by Thai tourists on goods and services in restaurants which are partly imported. Second, international tourists' expenditure on hotel services also increased imports of goods and services. This should be balanced by foreign earnings from international tourists. Thus, it was the indices of net foreign exchange earnings that would indicate cost-benefit of the tourism industry.

(b) Net foreign exchange earnings by exports

The net foreign exchange earnings could be defined as the direct foreign exchange earnings by the exports of a particular sector minus the imported inputs required for the production of such exported goods. The table showing the net foreign exchange earnings by exports was computed by the following equation:

$$Z = EX - A^m (1 - A^{d-1}) EX \quad (11)$$

where

$$Z = \text{vector of net foreign exchange earnings by exports}$$

Table 11. Net foreign exchange earnings by exports in 1985

	<i>Gross export earnings</i> (A)	<i>Import requirements for exports</i> (B)	<i>Net foreign exchange earnings</i> (A-B)	<i>Net foreign exchange earnings ratio</i> (A-B)/A
1	14 978 020	1 944 808	13 033 212	0.870
2	135 778 726	25 816 493	109 962 233	0.810
3	30 984 680	8 691 264	22 203 416	0.719
4	50 966 652	7 193 038	43 773 614	0.859
5	133 046	14 625	118 421	0.890
6	5 020 495	665 735	4 354 760	0.867
7	681 780	71 695	610 085	0.895
8	400 883	26 916	373 967	0.933
9	970 563	89 368	881 195	0.908
TTL	239 824 845	44 513 942	195 310 903	0.814

Table 12. Net foreign exchange earnings by foreign tourist expenditure (FTE) in 1985

	<i>Gross export earnings</i> (A)	<i>Import requirements for FTE</i> (B)	<i>Net foreign exchange earnings</i> (A-B)	<i>Net foreign exchange earnings ratio</i> (A-B)/A
1	0	0	0	-
2	2 380 197	452 562	1 927 635	0.810
3	150 456	42 326	108 130	0.719
4	2 460 836	347 303	2 113 533	0.859
5	3 388 332	372 452	3 015 880	0.890
6	3 665 590	486 070	3 179 520	0.867
7	4 109 902	432 194	3 677 708	0.895
8	2 237 934	150 257	2 087 677	0.933
9	404 143	37 213	366 930	0.908
TTL	18 797 390	2 320 378	16 477 012	0.877

Table 13. Net foreign exchange earnings by exports (EX) and foreign tourist expenditure (FTE) in 1985

	<i>Gross export earnings</i> (A)	<i>Import requirements for EX and FTE</i> (B)	<i>Net foreign exchange earnings</i> (A-B)	<i>Net foreign exchange earnings ratio</i> (A-B)/A
1	14 978 020	1 944 808	13 033 212	0.870
2	138 158 923	26 269 055	111 889 868	0.810
3	31 045 488	8 733 590	22 311 546	0.719
4	53 427 488	7 540 342	45 887 146	0.859
5	3 521 378	387 077	3 134 301	0.890
6	8 686 085	1 151 806	7 534 279	0.867
7	4 791 682	503 889	4 287 793	0.895
8	2 638 817	177 173	2 461 644	0.933
9	1 374 706	126 580	1 248 126	0.908
TTL	258 622 235	46 834 320	211 787 915	0.819

$$Z = \begin{pmatrix} Z_1 \\ \vdots \\ Z_n \end{pmatrix}$$

$$EX \text{ Was the vector of exports} = \begin{pmatrix} EX_1 \\ \vdots \\ EX_n \end{pmatrix}$$

From the elements in Z and EX, the index of net foreign exchange earnings of sector i, z_i can be written:

$$z_i = \frac{Z_i}{EX_i}; \quad i = 1, 2, \dots, n. \quad (12)$$

The formula could be extended to cope with the analysis of net foreign exchange earnings of international tourists' expenditure. The EX vector is simply substituted by the private consumption expenditure (PCE) of international tourists.

The marginal increase in export demand produced gross export earnings of 239,824.8 million baht. The output supply for exports, on the other hand, required the supply of imports worth of 44,513.9 million baht. Thus, net foreign exchange earnings were 195,310.9 million baht, giving a net foreign exchange earnings ratio of 0.814. The expenditure of international tourists gave rise to foreign exchange earnings of 18,797.4 million baht while requiring imports of 2,320.4 million baht. Thus, the net foreign exchange earnings produced by expenditure of international tourists was 16,477.01 million baht, with the net earnings ratio of 0.877. The hotel sector gained the most in net foreign exchange earnings of 3,677.7 million baht. The total tourism subsector alone gained a net foreign exchange income of 11,960.78 million baht if international tourists' spending in Thailand is included. This was in fact 72.59 per cent of total net earnings of 16,477.01 million baht in 1985. In the tourism subsector the net foreign exchange earnings ratios induced by international tourists' spending rank in descending order: the amusement sector 0.933; the hotel industry 0.895; travel agencies 0.890; and restaurants 0.867. In order to arrive of some criteria of priority ranking of industries in order to formulate a development strategy, net foreign exchange earnings as an export of goods and services were combined with international tourists' expenditure. The final ranking of net earning ratios was thus obtained; in descending order of magnitude, they are amusements (0.933); personal services (0.908); hotels (0.895); travel agencies (0.890); agriculture (0.870); non-tradables other than the tourism subsector (0.859); light industry (0.810); and heavy industry (0.719). Thus, the policy implication derived from this finding was simply that the promotion of the tourism industry was cheaper than the promotion of any other industries as far as the cost of imports and the benefit of export earnings were concerned.

4. Impact on employment

(a) Impact of the final demand component on employment

One of the most crucial issues among developing countries is now much the tourism industry creates job opportunities and employment.

In this study employment was expressed in terms of number of employees generated by the present level of each final demand component. It was derived by using the following equations:

$$L_k = L [1 - A^d]^{-1} Fk^d \dots \dots \dots (13)$$

where

$$L_k = \text{vector of the number of employees;}$$

L = employment coefficient matrix

$$L = \begin{matrix} 1_1 & 0 & \dots & \dots & 0 \\ 0 & & & & \\ \dots & & & & \\ \dots & & & & \\ 0 & \dots & \dots & 0 & 1_n \end{matrix}$$

$1_j =$ employment coefficient of sector j
 $= \frac{\text{Number of employees in sector j}}{\text{Output in sector j}}$

Data on sectoral employments were obtained from the labour force survey of the National Statistical Office. They were arranged in such a way that the above computation can be accommodated.

The following results were obtained. A marginal increase of one unit of final demand of component private consumption expenditure (PCE) created a total employment demand for labour of 14.01 million persons. The domestic tourists' expenditure created a labour demand of 342.967 persons compared with employment of 251,509 persons resulting from the international tourists' expenditure. The expenditure on gross fixed capital formation or investment caused the employment of 3.13 million persons in one year.

Table 14. Impact of final demand component on employment

	<i>Private consumption expenditure</i>	<i>Thai tourist expenditure</i>	<i>Foreign tourist expenditure</i>	<i>Government consumption expenditure</i>	<i>Gross domestic fixed capital formation</i>	<i>Increase in stock</i>	<i>Exports</i>	<i>Special exports</i>	<i>Total</i>
1	9 984 213	149 776	111 254	816 391	1 606 952	802 260	4 028 615	470 717	17 970 178
2	984 433	15 480	15 804	73 242	86 204	5 071	518 846	58 884	1 757 965
3	175 249	7 537	2 901	38 868	153 526	2 022	101 783	20 172	502 058
4	2 492 126	119 409	47 814	1 011 539	1 264 951	112 134	456 555	259 154	5 763 680
5	4 847	27 759	25 080	1 909	2 386	211	943	1 481	64 617
6	278 248	12 343	15 637	20 742	11 528	981	5 797	22 920	368 196
7	7 819	6 538	16 719	10 955	3 298	260	2 336	4 202	52 127
8	20 570	3 917	12 002	7	8	1	13	2 186	38 704
9	66 626	210	4 298	394	418	27	279	10 479	82 731
TTL	14 014 132	342 967	251 509	1 974 046	3 129 272	922 966	5 115 168	850 195	26 600 255
LOU	0.0216	0.0137	0.134	0.0142	0.0130	0.0411	0.0267	0.0176	0.0199

(b) Total employment coefficient

The total employment coefficient represents the employment generated by one unit of final demand for domestic output of a particular sector. The equation for calculating the vector of total employment coefficient was the following:

$$e = L [1-A^d]^{-1} \dots \dots \dots (14)$$

The total employment coefficients which showed the employment generated by one unit of final demand for domestic output of each particular sector indicated that agriculture, light and heavy industry,

and restaurants ranked as first to fourth in terms of their employment generation, as final demand increases marginally. The coefficients ranged from 0.075158 persons per 1,000 baht of final demand in the agricultural sector to 0.015962 persons per 1,000 baht of final demand in the restaurants sector. The hotels, travel agencies and amusement sectors showed a smaller magnitude of employment coefficients. They were 0.012252, 0.011989 and 0.009377 persons per 1,000 baht of final demand.

Table 15. Total employment coefficient

1	0.075158
2	0.024691
3	0.021130
4	0.014248
5	0.011989
6.	0.015962
7	0.012252
8	0.009377
9	0.147739
TTL	0.199545

5. Linkages effects

(a) Backward and forward linkage effects

The index for illustrating “backward linkage effect”, al_j , and that for “forward linkage effect”, be_i , were defined as follows:

$$al_j = \frac{b_{ij}}{1 + \sum_{n=1}^n b_{ij}} ; \quad j = 1, 2, \dots, n. \quad (15)$$

$$be_i = \frac{b_{ij}}{1 + \sum_{n=1}^n b_{ij}} ; \quad i = 1, 2, \dots, n. \quad (16)$$

The preceding indices were computed by using the inverse matrix, $[1-A]^{-1}$. The column sum of the inverse matrix, b_{ij} , showed output generated by one unit of final demand for sector j and al_j was the normalized index of the column sum to the total sum, $\sum_{ij} b_{ij}$. The row sum of the inverse matrix, b_{ij} , showed the output generated by one unit of final demand of each vector, and was the normalized index of the row sum to the total sum, $\sum_{ij} b_{ij}$.

The backward and forward linkages through the equilibrium of interindustrial relationships, in this analysis, was an ex post index which measured the inducement to sectors or groups of sectors when final demand changes at the margins. Table 16 shows that light industries, heavy industries and hotel industries had their backward linkage indices greater than the unity. They were 1.259783, 1.210298 and 1.096353 respectively. For forward linkages effect, the non-tradable (services sectors other than tourism subsectors) sector, heavy and, light industry, and agriculture sectors had their indices greater than the unity. They were

1.717916, 1.648181, 1.444943 and 1.423878 respectively. These sectors were those whose increase in final demand by one unit at the margin would induce high backward and forward linkages. It might be interpreted that the policy of the Government in promoting the tourism industry, especially the hotel industry, and also the tour agencies sector (the backward linkage index was 0.987215) was quite correct. That is to say, the ranking of their backward linkages come after only light and heavy manufacturing industries. Thus, the promotion of hotel activities and strengthening the role of tour agencies in the past in the tourism industry, which resulted in the induction of the economic activities, was in fact correctly pursued.

For the forward linkage effect on the Thai economy, the ranking of industries more or less balanced in 1985. Investment, for example, in supply would eventually bring about high forward linkages in other sectors if this investment occurred in sectors like the non-tradables, heavy and light industries and the agricultural sectors. The forward effect in the non-tradables sector might come from the infrastructural investment in electricity and water, transportation and communications, etc.. For the same reason, the investment in the heavy and light manufacturing industries brought about changes in the other receiving sectors too.

5. DEVELOPMENT OF TOURISM AND MANAGEMENT OF THE ENVIRONMENT IN CHINA

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1. Introduction

Tourism in China is a new industry, and came into being only within the last ten years. China abounds in tourist resources. Therefore, exerting a major effort to develop tourism is appropriate in promoting the optimal coordination and allocation of resources. But, as tourism is one of the ways mankind makes use of resources, its development runs into the enormous worldwide challenge of development versus the environment. The problems of population, resources and environment caused by the development of tourism are becoming more and more obvious factors affecting both the development itself and the healthy advance of societies, and are thus attracting general attention. The Government of China, while developing tourism, is paying great attention to the protection and management of the environment, and putting great effort in tackling and solving problems and environmental pollution arising from the development of tourism, achieving remarkable results. Yet, it is also necessary to understand that owing to the shortness of time and practical difficulties, the new task of protecting and managing the environment is extremely difficult to comprehend.

2. The interrelationship between the development of tourism and the environment

Tourism is a kind of social activity and a way of life, with resources and the environment as its basis and human beings as its main constituent. The purpose of developing tourism is also to make a reasonable use of resources and to meet the general needs of a continuously developing society. Therefore, the essential relationship between the development of tourism and the environment is that between human beings and the environment in its essence. In order to protect scientifically and manage the environment, it is of primary importance to recognize the dialectical relationship between the development of tourism and the environment. In practice, it can be seen in the following aspects:

- (a) The interrelationship between development and environment is a linked pair of contradictions. They influence each other, provide premises for each other and move both towards and away from each other. The development of tourism has a double effect upon the environment, both positive and negative. On the other hand, the environment's reaction to the development of tourism is also two-sided: promotional and detrimental. The development of tourism can simply be regarded as active and protection passive.
- (b) Generally speaking, the ecological environment for tourism evolves from the natural ecological environment. It is an intermediate form between the rural ecological environment and the urban ecological environment. Thus it has fragility and transition as its characteristics. Any change in development is, to a great degree, dependent upon the quantity and strength of exploitation. An excess in building and tourist activity will be possibly detrimental to the water, soil, plant cover and climate, and hasten the transition to an urban ecological system. As a result, the place visited will lose its charm.
- (c) The two-sided effects and influence of the development of tourism upon the environment vary with different ways of exploitation. The exploitation activity includes planning, construction and management. Their effects and influences upon the environment differ in degree; reasonable ways of exploitation serve as a necessary premise for maintaining a benign environment and for the generation of tourism.

- (d) Generally speaking, environmental problems caused by the development of tourism refer to the negative effects upon human development resulting from human exploitative activities. The negative effects are mainly seen in two respects.

Firstly, the inappropriate exploitation and construction of touristic resources causes the ecological environment to deteriorate. For example, large-scale construction will play havoc with natural scenery, diminishing the water supply, adversely affecting the soil, and causing a negative change in the ecological environment and climate.

Secondly, the development of tourism has introduced a great number of tourist activities; touristic-generated wastes of all kinds have surpassed the self-purifying capacity of the places visited and thus caused environmental pollution.

The interrelationship between the development of tourism and the environment is influenced by certain natural and social economic laws. Only when the human activity of exploitation is in conformity with objective laws can the development of tourism and the environment be of mutual benefit. Otherwise, the destruction of the environment will be unavoidable, and tourism will come to a stop. This forms the fundamental aim to protect and manage the environment.

3. Environmental management in China's development of tourism

The Chinese Government has paid attention to environmental protection and management in the development of tourism. China has adopted various regulations and approaches to strengthen environmental preservation, emphasizing comprehensive management and eliminating the problem of environmental pollution in the exploitation of tourism. It has thus achieved a balance between its social, economic and environmental benefits. The main points are summarized below.

(a) **The establishment of institutions of management basic for national environmental protection**

The executive departments responsible for environmental protection are formed by a three tier system of management composed of national, provincial (regional), and municipal (county) institutions. These carry out unified supervision and management of work concerning environmental protection within their own administrative areas.

The protection of tourist spots constitutes a very important item of environmental protection and management in the exploitation of tourism. The resources of tourism, and especially natural scenic resources, are not merely an important factor in maintaining an ecological balance, but also the major material basis for providing people with attractive surroundings for tourism and rest. China has classified touring resorts into scenic spots, natural protection areas, and places of human and historical interest.

So far as the formation of the system of management is concerned, the practice in the scenic spots of Tai Mountains has provided noteworthy experience. Unified management has been exercised in 28 departments within the area. This practice has assured the successful implementation in the area of all necessary tasks, and has made the Tai Mountains area one of the advanced places in China for carrying out environmental protection and management. Up to now, China has created 84 tourist scenic areas at the national level, and more than 400 scenic areas on the provincial and municipal levels. They take up more than one per cent of the total land area (among them, seven scenic areas at the national level, 13 scenic areas at the provincial level and many scenic areas on the municipal or county level are located in Zhejiang; they occupy about 2.6 per cent of the total land of the province). China has set aside some 400 natural protection areas (Zhejiang province has eight), and more than 10,000 places specified as protected for their historical relics, among which 500 are major (Zhejiang province, for example, has some 2,000 protected historical sites). All the protected historical sites at the national and provincial levels have established corresponding administrative management branches, and have specified areas of protection

and control of construction. The establishment of this protection system has enormous significance in managing the resources of tourism and the environment.

(b) The strengthening of the legal framework for environmental protection

Legislation is the key for improving environmental management. Only with the establishment of rules and regulations in the country can the administrative departments effectively manage by following established rules and laws. Therefore, passing laws and managing by legislation is the essential guarantee in the development of tourism and protection of the environment.

In order to meet the needs of the economy and the development of the tourism industry, China, from the 1980s, has formulated appropriate policies, laws and regulations. Among these, specific legislation has been passed giving protection to the resources and the environment. In 1985, the State Council, upon the basis of the Report on Strengthening the Management and Protection of Famous Scenic Spots (jointly sanctioned in 1981 by the National General Bureau of Construction, the State Council's Leading Group for Environmental Protection, the National Bureau of Historical Relics and the National General Bureau of Tourism), issued regulations governing the Temporary Practice of Management of Famous Scenic Spots. Subsequently the Law on Protecting Historical Relics (1982), the Forest Law (1984), the Law of Environmental Protection (1989), the Law of Protection against Water Pollution (1989), the Regulations for Protection against Noise Pollution (1989), Law of Protection against Air Pollution (1989), the Protective Law of Ocean Environments (1989) and other laws and regulations have been issued. Recently the Law of City Planning has also been passed. A Law for Tourism is now being drafted, which includes the development of tourism and the protection of the environment. The establishment of these laws and regulations has given clear-cut legal regulations for the use and exploitation of tourist resources and the protection of the environment.

According to these laws and regulations, all levels of local government and tourism departments in scenic areas have various corresponding local regulations and rules concerning the development of tourism and protection of the environment. They are of important practical significance.

(c) The establishment of scientific plans and the control of the management of lands and buildings for environmental protection

The planning of touristic scenic areas involves designating local land and water areas as areas of biological importance, historical and social sites, and also the methods of protection of the whole environment. Planning will also define the scope of the protected areas and their reasonable environmental volumes, and will put forward ways to dispose of sources of pollution so as to ensure quiet, beautiful and fresh tourism surroundings. The plans sanctioned after deliberation for scenic touring areas are legal entities, and cannot be altered at will. In the last 10 years, based upon the investigations and assessments of resources, China has compiled more than 100 plans for as many famous scenic areas and tourism areas, and has thus guided the construction, management and protection of these areas. When implementing the plans, the Government has exercised a strict control over the plans and management of areas environmentally important.

- (i) Planning and management of the use of lands. The planning and coordination among the uses of land, bodies of water, vegetation and buildings has to be reasonable, and cannot be altered or intruded upon at will. No special land is to be set aside in the touristic scenic areas for either individuals or units. No irrelevant construction projects are to be built within touristic scenic areas; and any environment-polluting units are required to move out within a specified period of time. Within the protected areas, any items are prohibited which might be out of harmony with the scenery, contaminate the quality of the environment, or interfere with tourism activities. Taking the West Lake touring area of Hangzhou as an example, the authorities concerned have been exercising strict management of the land according to the plan in recent years, and have removed a number of non-tourism concerns which either obstructed the view or polluted the environment.

- (ii) **Construction planning and management.** Buildings are an indispensable component of the touristic areas. Good planning of buildings will set off the beauty of the environment, and add charm to the environment; while an improper planning will create a negative effect, damaging not only the soil and water, the topography and the vegetation, but also harm the spatial environment. Therefore, construction, planning and management are very important environmental tasks in the development of tourist sites. The following principles are observed in carrying out this task: as far as the relationship between human activities and nature, and between buildings and the environment is concerned, human activities and buildings are always subordinate, while nature and the environment are always foremost. Thus, the repair of ancient buildings stresses restoration to original forms; and the protection of historical relics has environmental control as its premise; as to the development of man-made buildings within the scenic areas, buildings should suit the environment, with an additional consideration of their spatial appropriateness. Generally speaking, small buildings are preferred to large ones, scattered arrangements to dense design, low buildings to high ones, and hidden ones to obvious ones. In construction, local and raw materials are mainly used and the number of new buildings is strictly controlled. When carrying out the plans, the principles of construction management are closely observed, and damage to the environment is avoided in construction. After the developmental construction, efforts have been made to restore the soil to a natural condition and replant vegetation. Therefore, a reasonably good environmental effect is achieved, preventing damage to the environment owing to improper planning, the expansion of man-made construction and the urbanization of scenic areas.

(d) Great efforts needed to oversee the implementation of the tourist environment and to control pollution

Steps should be taken as early as possible concerning environmental pollution and damage occurring in the development of tourism. It is estimated that each tourist in one tourist entity will discard, just in solid materials, waste of an average of 0.3 kg; and the accumulated amount is very large. What is more, owing to the increasing number of tourists, and the increasing frequency of socio-economic activities, the air, water, soil, noise and other pollution within touristic areas are becoming all the more obvious. Among these, the discharge of domestic sewage is a major source of nourishment for a great number water plants. Untackled, this situation would undoubtedly lead to the pollution of the water and the soil.

In protecting and improving the tourist environment, the following four types of areas require special effort:

- (i) In the tourism areas known for their natural scenery, primary importance is attached to the protection and restoration of forests and vegetation, the preservation of the soil and features of the landscape, and removing polluting plants and enterprises. Such places are the Yellow Mountains, the Lu Mountains, and the Three Gorges of the Yangtze River.
- (ii) In seaside tourist areas featuring bathing beaches, reefs and rocks, emphasis is laid upon preserving the quality of sea water and beaches, and disposal of domestic sewage and solid garbage. Among these places are Beidai River, Qindao, Dalian and San Ya.
- (iii) In touristic cities famous for their lakes or other scenic spots, the protection of the water quality, pollution control, and deurbanization are the most important tasks. Examples are found in Hangzhou (the West Lake), Wuxi (the Tai Lake), Wuhan (the East Lake), Beijing (the Kunming Lake, the North Lake), Suzhou, Nanjing and Kunming.
- (iv) Caves and ancient buildings of historic and human significance found in the beauty spots mentioned above constitute a special type because of their limited space. Therefore, the work of prime importance here is to restrict the number of tourists, prevent noise and air pollution and expand outside space. Places of this type are the Imperial Palace, the Summer Palace, the gardens in Suzhou, the Dunhuang caves, and caves in Hangzhou and Guilin.

In the past ten years, China has taken concrete measures against environmental pollution and destruction caused by tourism and achieved good results. In Zhejiang province, for example, strenuous efforts have been made to protect and improve the environment of the West Lake. A sewage pipeline 10km long was laid along the lake and the lake was dredged by digging out 760 km³ of silt. In order to keep the lake water clear, diversion works were built consisting of an underground pipeline, a tunnel through a mountain, and an open ditch. Every day, 300,000 tons of water from Chian-tang River is diverted into the lake, changing the lake water twice as often as before. Consequently, the average transparency of the lake water has risen from 30 cm to 60 cm or more. Fuel-powered boats are all replaced by battery-driven ones in an effort to purify the air and water in the lake area. About 10 boats are dispatched every day to scoop up floating litter on the lake surface, which amounts to about 250 tons a year. Meanwhile 12 factories by the lakeside have been moved away, and 14 closed down. More than 50,000 m³ of anti-regulation constructions have been demolished. Cooking ranges in lake area units are reconstructed in a way that frees the West Lake forever from dark smoke. The green belt around the lake has been expanded and extended by over 10,000 m³. A number of scenic spots have been established, renovated and restored. Thanks to these comprehensive reforms, the general tourism environment of the West Lake has been noticeably improved. This achievement has won high praise from the United Nations environment officials and from tourists and experts from various countries.

(e) The need for diligent workers in charge of environmental management and technical monitoring

Ecological protection relies on science and technology as well as management, which is the essential point of environmental preservation in developing the tourist industry. In the past ten years, along with economic development, professionals working in environmental protection have increased to number more than 100,000. A network of environmental protection systems and technical monitoring throughout the country has been well established.

4. Problems in environmental protection and aims for further improvements

- (a) China's present administrative system governing scenic spots tourism is far from satisfactory. A scenic spot often finds itself under the control of several departments. In consequence, multiple administrative offices shift responsibility onto one another. This kind of situation cannot guarantee centralized management of the environment and the effective adoption of protective measures.
- (b) The unwise exploitation of tourist spots still occurs here and there. In some tourist areas people are prone to ignore environmental protection and long-range interests. They go in for large-scale construction, sabotage the natural features of hills, destroy forests and plants, set up buildings against regulations simply for material gain. The disastrous effect of their action is in soil erosion, the drying up of water sources and reduced vegetation. Moreover, some enterprises producing polluting wastes have not been brought under permanent control. Urbanization in the tourist areas tends to become increasingly serious.
- (c) Some popular resorts suffer from over-use by excessive numbers of tourists which create another kind of pressure and damage to the environment.
- (d) Funds for environmental protection in the exploitation of tourist spots are not readily available. Environmental management lacks sufficient economic controlling power.
- (e) The technological staff working for environmental protection and the equipment at its disposal are not equal to the special and general demands of preserving resources and improving the environment. One needs to be reinforced and the other modernized.

In order to suit the needs of the long-range development of China's tourism industry and to solve the problems mentioned above, a substantial improvement should be made in the field of environmental

protection and management. People's environmental consciousness should be developed so as to bring about a desire to preserve the environment. This should be a primary task for a civilized nation. Only by so doing can the mass participation necessary for the preservation of the environment be secured. In light of this, a sensible system to manage tourism and the environment should be devised, making overall plans to tackle problems in a comprehensive way, assessing and monitoring the environment effectively, guaranteeing technical services, seeking financial sources and increasing funds for environmental protection. These, and only these steps, can help the tourist industry develop in a way harmonious to the environment and conducive to the welfare of mankind and future generations.

6. ENVIRONMENTAL MANAGEMENT OF MOUNTAIN TOURISM IN NEPAL

Harka Gurung
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1. Introduction

Nepal covers an area of 147,181 square kilometres mainly along the south slopes of the Himalayas. The Himalayan range within Nepal undoubtedly forms the most central and extensive section of the whole system. Within its territory congregate a panoply of over 1,300 peaks and pinnacles including the highest mountains. Of the total land area of the country, 37 per cent is hilly terrain and another third mountainous. The sharp transition from the southern tropical plain to the high snow ranges provides a wide range of flora and fauna. Here also converge Indo-Aryan caste groups and Tibeto-Burman tribes with their distinctive cultures. The country is a land of immense physical and cultural diversity.

(a) Tourism growth

The country, however, remained a sequestered land until a few decades ago. Even Marco Polo had occasion to remark that "The country is wild and mountainous, and it is little frequented by foreigners, whose visit the king discourages." It is on record that in the course of 54 years (1881-1925), about 153 Europeans, mostly British, visited Nepal but these were for official purposes to the capital Kathmandu or hunting in the Tarai plain.¹

Until the country was surveyed during 1925-1927, it remained *terra incognita*. In fact, the opening of the country to outside visitors can be attributed to the first climbing activities in 1949. These reconnaissance expeditions involving a long trek to the unexplored mountain areas were the precursors of tourism in Nepal. Explorers and mountaineers were soon followed by other types of tourists with the development of an airport in 1954 and the first visit of tour groups in 1955.

In 1960, the total number of tourists, excluding Indians, was 4,017. Tourist arrivals reached 45,970 in 1970 and 122,205 in 1980: an increase of 30 times in two decades. By 1988, total tourist arrivals were 265,943 including 72,058 Indians. The increase during the last decade (1978-1988) was 70.3 per cent.² Gross foreign exchange earnings in convertible currency from tourism increased from NRs 593,000 (\$US 78,000) in 1961/62 to NRs 1,415,093,000 (\$US 64,079,000) in 1987/88.³ Hard currency earnings from tourism overtook Gurkha remittances in 1972/73 and that of jute exports in 1975/76, and tourism has become the primary source. Of the NRs 1,881.3 million total foreign exchange earnings in 1986/87, two thirds or NRs 1,208.1 million was in convertible currency. In that fiscal year, gross earnings from tourism were 23.9 per cent of total foreign exchange earnings, 25.1 per cent of total value of exports of goods and non-factor services and 62.8 per cent of total value of merchandise exports.⁴ This represents a significant economic contribution to a country whose trade deficit has increased from NRs 925 million in 1974/75 to NRs 5,634.4 million in 1987/88.⁵

Tourism in Nepal was initiated by adventure tourism during the first decade (1950-1960). But it was soon overwhelmed by conventional tourists who came for pleasure and sightseeing. Although three quarters of visitors both in 1976 and 1988 stated their purpose of visit as pleasure, the proportion of those coming for trekking/mountaineering has been increasing steadily. In 1976, those for trekking/mountaineer-

¹ Percival Landon, *Nepal* vol. II (London, 1928) pp. 298-305.

² Ministry of Tourism, *Nepal Tourism Statistics 1988* (Kathmandu, 1989), table 1.

³ *Ibid.*, table 32.

⁴ Finance Ministry, *Economic Survey 1988-89* (Kathmandu, 1989), table 3.18.

⁵ Finance Ministry, *Ibid.*, table 6.8.

ing was 11.1 per cent of total arrivals (table 1). In 1988, their share had risen to 13.9 per cent. During the decade 1978-1988, total tourist arrivals increased at an average annual rate of 5.5 per cent while those visiting for trekking/mountaineering grew at a rate of 7.9 per cent.

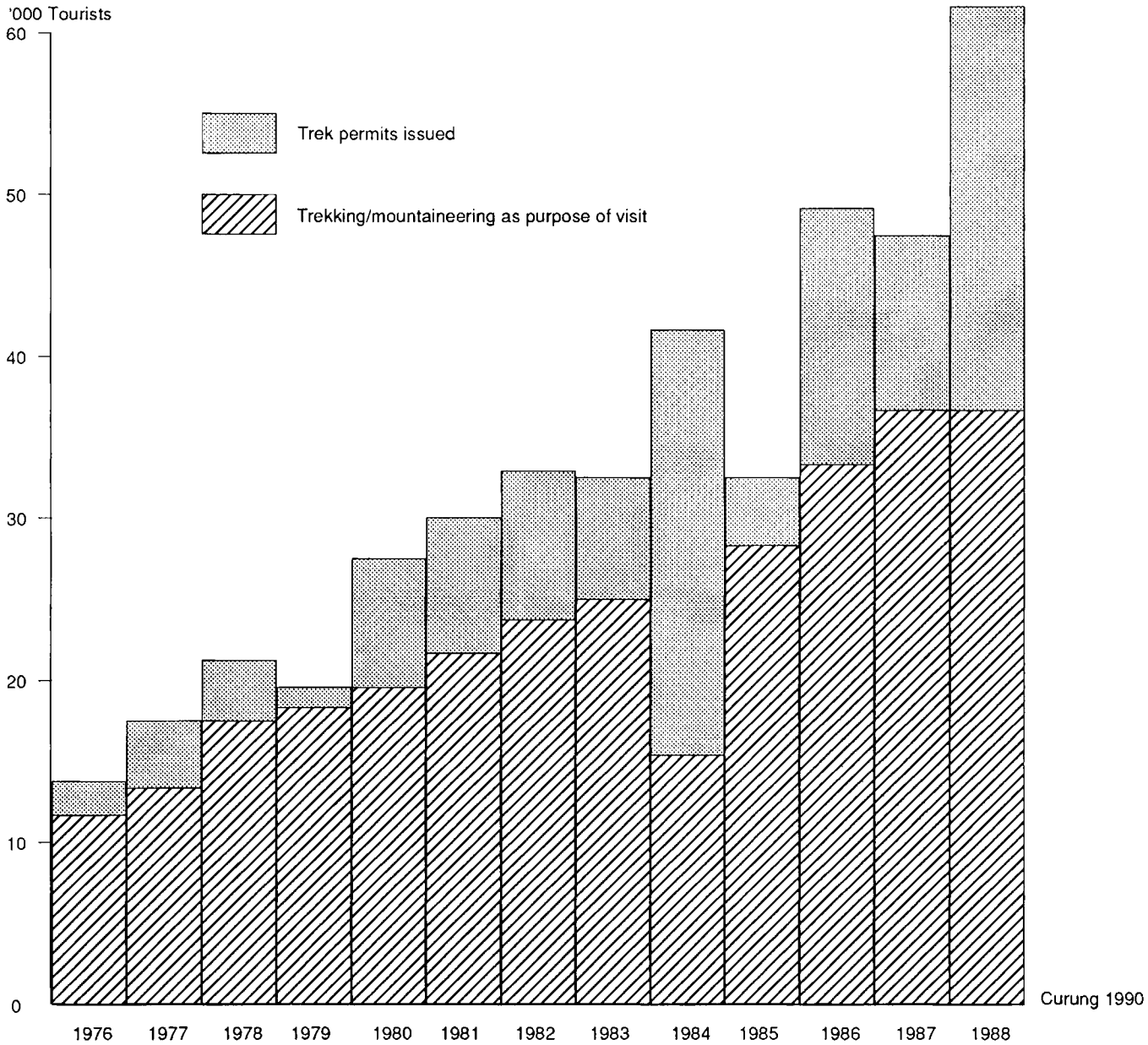
During 1976-1988, the number of visitors with the purpose of trekking/mountaineering increased by 215.5 per cent or over three-fold (table 1). For the same period, the number of trek permits issued increased by 341 per cent or by 4.4 times. In other words, the growth rate of visitors receiving trek permits was much higher than those who came with the purpose of trekking/mountaineering (figure 1). Thus, the data on tourist arrivals by their purpose of visit stated on the disembarkation card does not reflect the true magnitude of those involved in mountain tourism. There are three reasons for trek permits exceeding those by purpose of visit: many decide to trek outside metropolitan Kathmandu after their arrival, some visit more than one trekking destination, and a few trekkers are expatriates residing in Nepal.

(b) **Statement of the problem**

Table 1. Tourist arrivals for trekking/mountaineering and trek permits issued, 1976-1988

Year	1		2		3	
	<i>Total arrivals</i>	<i>Change over preceding year in percentage</i>	<i>Arrival for trekking/mountaineering</i>	<i>As percentage of 1</i>	<i>Trek permits issued</i>	<i>Excess of 2 in percentage</i>
1976	105 108	13.7	11 706	11.1	13 891	18.7
1977	129 329	23.0	13 382	10.4	17 231	28.8
1978	156 123	20.7	17 304	11.1	21 919	26.7
1979	162 276	3.9	18 270	11.3	19 868	8.7
1980	162 897	0.4	19 302	11.8	27 460	42.3
1981	161 669	-0.8	21 668	13.4	29 500	36.1
1982	175 448	8.5	23 507	13.4	32 332	37.5
1983	179 405	2.3	24 198	13.5	32 298	33.5
1984	176 634	-1.5	15 010	8.5	41 206	174.5
1985	180 989	2.5	28 707	15.9	32 730	14.0
1986	223 331	23.4	33 609	15.0	49 575	47.5
1987	248 080	11.1	36 164	14.6	47 275	30.7
1988	265 943	7.2	36 937	13.9	61 273	65.9
Increase 1976-1988, in percentage	153.0		215.5		341.1	

Source: Ministry of Tourism, *Nepal Tourism Statistics 1988* (Kathmandu), tables 10 and 23.



Source: Ministry of Tourism, 1989

Figure I. Growth in mountain tourism, 1976-1988

Tourism in Nepal has brought various economic benefits. For a country with a large trade deficit, foreign exchange earnings from tourism provide a significant leverage. Furthermore, since trekkers and mountaineers have a longer stay in the country and outside the capital region, their expenditure has a wider-spread effect. Estimates of people annually employed in trekking and mountaineering, though highly seasonal, range from 46,000 to 72,000.

However, much concern has been raised regarding environmental deterioration and pollution in hill and mountain areas caused by tourism. The following sample statements exemplify the prevailing perception regarding the problem:

- (i) "The pressure of mass tourism has been severely felt on all the trekking routes. The local resources like firewood, timber, food grains are heavily consumed by large-scale expeditions involving hundreds of people. On all trekking routes, one comes across a trail of empty cans, glassware, wooden boxes, packing materials and all sorts of litter and trash. In fact, the Lamosangu to Namche-Bazar route is now called the garbage trail."⁶
- (ii) "Trekking in Nepal has become so popular that the major trekking routes are suffering badly from pollution, deforestation, and erosion, causing catastrophic damage to the fragile Himalayan ecosystem."⁷
- (iii) "The tourist immensely compounds the deforestation problem. Although only about 16 per cent of all Nepal's tourists come for trekking and mountain climbing, they still constitute over 25,000 a year. Each trekker needs about 234 pounds of firewood for a 15-day trek and support staff about half that much. Currently only 7 per cent carry their own fuel, usually oil. Because no one wants to carry anything longer than needed, litter is dropped along trails. The increase in litter even on Mt. Everest has been dramatic, with sanitation problems a close second. The trashing of Shangri-La as it has been called, is at last getting attention."⁸
- (iv) "Yet there are few places where tourism has been more gravely abused. Impelled by a relentless urge for financial gain, tourism has been encouraged far beyond the ability of the country to absorb it. Forests have been denuded, tracks covered with litter, mountains cluttered up with left-over junk. Even Mt. Everest has become a junk heap overloaded with multitudes of expeditions, and their refuse. There are some who believe that Mt. Everest should be closed down for five years and left alone to regenerate."⁹

The above statements representing views of a Nepalese scientist, a British journalist, an American writer and a New Zealand mountaineer all emphasize the environmental problems of mountain tourism in Nepal.

(c) Scope of the study

The terms of reference for the study were defined as follows:

To conduct a study on the tourism-carrying capacity in the mountain region of Nepal through a field survey with the following objectives:

- (i) To assess the damage caused by tourists and trekkers to the natural environment and ecosystem in the mountain areas of Nepal;
- (ii) To assess the carrying capacity of the mountain areas of Nepal;
- (iii) To identify and develop measures to protect the environment of mountain areas, both in terms of natural and cultural environment;
- (iv) To suggest action programmes quantifying the number of tourists to be catered for within the carrying capacity of the mountain areas, in different conditions.

⁶ K.K. Shrestha, "The impact of tourism on mountain environment", in *Mountain Environment and Development* (Kathmandu, SATA, 1976) p. 89.

⁷ Nick Nana, "Teahouses of the moon in eclipse", *The Guardian* (London, 1986).

⁸ Linda C. Richter, "Nepal and Bhutan: two approaches to Shangrila", in *The Politics of Tourism in Asia* (Honolulu, University of Hawaii Press, 1989), p. 174.

⁹ Edmund Jan Hillary, "Keynote address", PATA Adventure Tourism Conference, Kathmandu, January 1989.

The present study is based on a review of available literature and field observations. The terms of reference were specific about the field survey. The writer has trekked extensively in remote areas of Nepal as described in his travelogue.¹⁰ The recent ones include the following: in April 1988, he visited both the south (Khumbu) and north (Rongphu) base camps of Sagarmatha (Everest) as the Deputy General Leader of the successful China-Japan-Nepal expedition, and in November 1988, he trekked from Tumlingtar to Num, lower section of Makalu trek, in Arun Valley. In 1989, corresponding to the duration of the present study, he made three field visits. In September, the itinerary included a flight to Kolti in northern Bajura (west Nepal) and trekked south to Khaptad (National Park) and Dipayal. The area is hardly visited by trekkers and remains a virgin territory. A contrast in experience was provided by another trek in October, from Manang to Jomosom across Thorung La (5,416 m) with numerous trekkers. Finally, in December, he made a reconnaissance aerial flight over Khumbu and the upper Arun Valley with Touche Ross Consultants for a tourism report to Asian Development Bank.¹¹

In defining the mountain region of Nepal, the study also includes the contiguous hill areas through which trekkers and mountaineers traverse and where environmental stress is more evident. A section is devoted to describing important mountain tourism activities in order to understand their effects. In dealing with the environment, the emphasis is on natural aspects. Assessment of carrying capacity is dealt with by geographic areas focusing on the heavily trekked routes. The concept of the carrying capacity has been treated as a dynamic aspect. The identification of measures to protect the natural and cultural environment of the hill/mountain region includes some critical areas of development intervention. The final section recommends a list of action programmes both at macro- and local levels. These are visualized as medium-term programmes/projects to coincide with Nepal's eighth five-year plan (1990-1995).

2. Pattern of tourism activities

Tourism has a varying effect on different types of environment depending on the nature of its activities. In the case of Nepal, the main tourism activities developed so far are sightseeing, cultural tourism, wildlife viewing, trekking, rafting and mountaineering. Sightseeing activities that cover an overwhelming number of visitors are mainly concentrated in the Kathmandu Valley with a 21.9 per cent spillover to Pokhara. Cultural tourism also mainly affects the historic cities of Kathmandu Valley. A small part of cultural tourism that involves pilgrimage includes some Buddhist visitors to Lumbini and Hindus to Janakpur, both located in the Tarai. The negative effects of sightseeing and cultural tourism are evident in the overcrowding and other social aspects of the capital city.

Wildlife-viewing visitors have as their destination national parks and reserves, of which five are located in the Tarai and six in the mountains (annex IV). Of the 37,566 visitors to these places in 1987, over 11,000 visited Sagarmatha and Langtang National Parks but their primary purpose was trekking or mountaineering. The remaining 70 per cent went to the Tarai. Thus, wildlife-viewing tourism has more effect on the Tarai destinations, particularly Chitwan, which had 25,611 visitors, 68.2 per cent of the total of such visitors, in 1987. River rafting is also becoming popular. For the period 1985-1988, rafting on five rivers showed an increase of 2.6 times in number of tourists and 2.3 times in revenue. At present, over 90 per cent of rafters are concentrated in Trisuli River with a parallel road access. Most rafting trips commence in the hill region and terminate in the Tarai. The number of rafters is still small, 4,169 in 1988, and does not pose environmental problems. Trekking is the second most important tourism activity in terms of number of visitors and it affects both the hill and mountain regions. Trekking activities are confined to certain popular routes and contribute to environmental problems. Mountaineering is a high altitude area activity. Although the expeditions spend most of their time in the mountains, larger ones with numerous porters do affect the approach route through the hills. The principal tourism activities that have the greatest impact on the environment of hill and mountain regions in Nepal are, therefore, trekking and mountaineering.

¹⁰ Harka Gurung, *Vignettes of Nepal* (Kathmandu, Sajha Prakashan, 1980).

¹¹ Touche Ross Management Consultants, *Tourism Development Programme*, a study for the Asian Development Bank and the Ministry of Tourism, Nepal (February 1990).

(a) Trekking

Trekking is defined as "a journey to be undertaken on foot for sightseeing in areas where normally modern transport system is not available"¹². It does not include short hikes around Kathmandu Valley. Tourists need to have a trekking permit that is issued at Kathmandu or Pokhara. Of the total trekking permits issued in 1988, about 80 per cent were from Kathmandu and the rest from Pokhara.¹³

There has been a significant increase in visitors for mountain tourism as indicated by the number of trekking permits issued (figure I). From 1976, since when data are available, 1979, 1983, 1985 and 1987 showed declines over their preceding year (table 1). Significant increases were recorded in 1977, 1978, 1980, 1984, 1986 and 1988. Whatever the factors for the annual fluctuation, the number of trek permits issued was consistently higher than was reported by purpose of visit.

(i) *Seasonality.* Mountain tourism has remained a highly seasonal activity compared to tourist arrivals for other purposes (figure II). In 1976, the peak month for trek permits issued was October (19.8 per cent).¹⁴ Other popular trekking months were March (15.2 per cent), December (14.8 per cent), November (12.5 per cent) and April (11.9 per cent). Thus, 47.1 per cent of the year's trek permits were issued during October-December and 27.1 per cent during March-April. June-July had only 1.3 per cent of the share. The seasonal pattern in trek permits issued has not changed much. In 1988, October remained the peak month (table 2). The share of June-July remained a low 2.4 per cent. March-April had 23.7 per cent.

Despite encouragement to group trekking through lower rates of fee to agencies for trek permits, 64 per cent of all trek permits issued in 1988 were to individuals (table 2). Would a higher per cent of trekking through agencies make any indentation in the high seasonality? The evidence is negative since the pattern of trek permits issued by month to individuals and through agencies is similar (figure III). October was a high peak and July a low for both individual and agency trekkers. In fact, agencies recorded a proportionately higher percentage during the peak months of October-November and very low share during the off-season months of June-July compared to individual trek permits issued.

High seasonality is evident in all popular trek routes. The Khumbu route to Sagarmatha (Everest) has a high peak in October (figure IV). This is followed by a secondary peak in March and a very low season in June. Annapurna and Langtang/Helmu areas indicate a similar high peak in October and secondary one in March with the lowest number in July (figure IV). Other trek destinations have a peak in September followed by one in March. A positive aspect about other areas is the higher percentage of trekkers during the lean months of June-September.

(ii) *Regional distribution.* One of the official tourism policies adopted since 1975 is visitor dispersal by area to contribute to regional development. However, there is no evidence that this has been followed up by any supportive measures. Of the trek permits issued in 1980, more than half were for the Annapurna area to visit the Pokhara, Jomosom and Manang areas (table 3). Khumbu area had a share of 21.3 per cent and Langtang/Helmu 15 per cent. Other trekking areas had only 11.6 per cent.

The records of 1988 show that the situation had not improved. In fact there was increasing concentration in the Annapurna area. The share in trekker volume to the Annapurna area increased to 61.9 per cent as compared to 52.2 per cent in 1980. The share for all other areas decreased. The increase in trek permits during 1980-1988 was 164.5 per cent for the Annapurna area, 104.8 per cent for Langtang/Helmu and 94.8 per cent for Khumbu. The increase for other areas was only 12.7 per cent.

Of the 39,210 trek permits issued to individuals in 1988, 67.3 per cent was for the Annapurna area (table 4). The rest was 16.1 per cent for Langtang/Helmu, 14.5 per cent for Khumbu and only 2.1 per cent for other areas. Of the trek permits issued through agencies, 52.2 per cent was for the Annapurna area,

¹² Ministry of Tourism, *Report of the National . . .*, p. 2.

¹³ Ministry of Tourism, *Nepal Tourism . . .*, tables 25-27.

¹⁴ Finance Ministry, *Economic Survey, 1988-89* (Kathmandu, 1989), table 3.21.

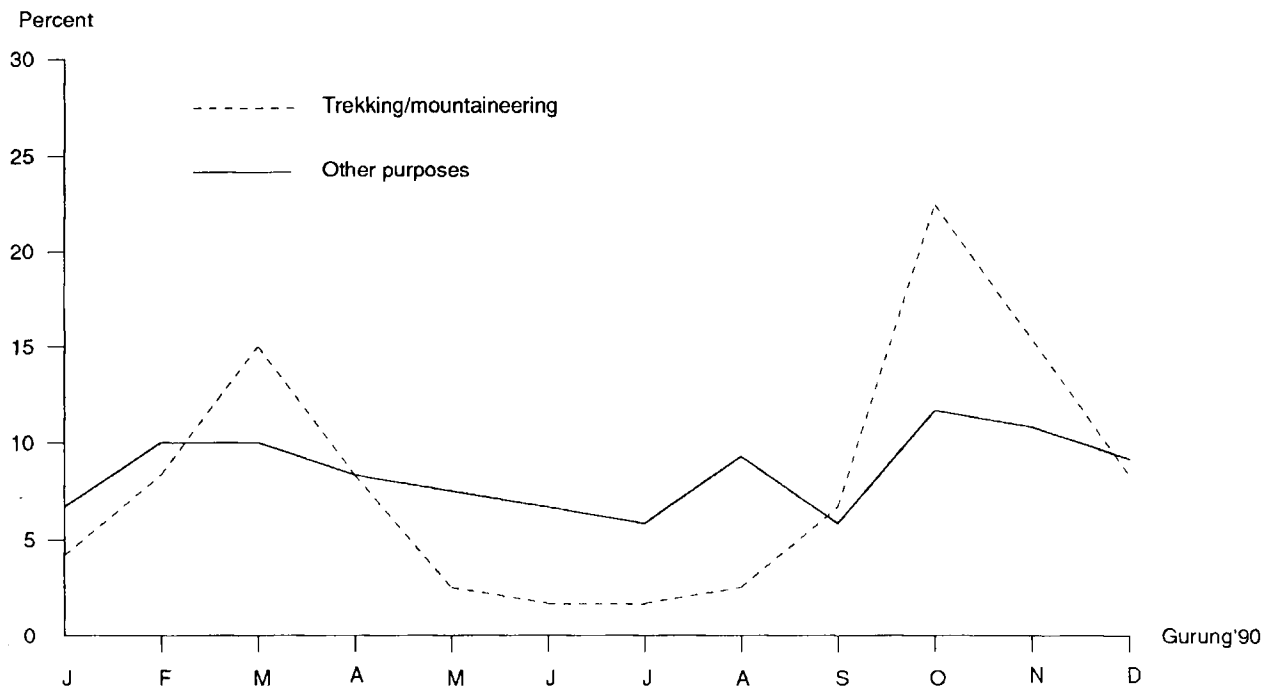


Figure II. Tourist arrivals by purpose of visit and month, 1988

Source: Ministry of Tourism, *Nepal Tourism Statistics 1988* (Kathmandu, 1989), table 8.

Table 2. Trek permits issued by month, 1988

Month	Through agency		Individual		Total		Percentage Through agency
	Number	Percentage	Number	Percentage	Number	Percentage	
January	1 054	4.8	3 285	8.4	4 339	7.1	25.3
February	1 382	6.7	2 929	7.5	4 309	7.0	32.1
March	3 292	14.9	4 803	12.2	8 095	13.2	40.7
April	1 690	7.7	4 757	12.1	6 447	10.5	26.2
May	512	2.3	2 562	6.5	3 074	5.0	16.7
June	92	0.4	839	2.1	931	1.5	9.9
July	68	0.3	453	1.2	521	0.9	13.1
August	532	2.4	652	1.7	1 184	1.9	44.9
September	1 229	5.6	2 150	5.5	3 379	5.5	36.4
October	5 915	27.1	6 837	17.4	12 812	20.9	46.6
November	4 030	18.3	6 203	15.8	10 233	16.7	39.4
December	2 207	10.0	3 742	9.5	5 949	9.7	37.1
Total	22 063	100.0	39 210	100.0	61 273	100.0	36.0

Source: Ministry of Tourism, (Kathmandu, 1989), tables 25, 26 and 27.

* Including 12,476 issued from Pokhara.

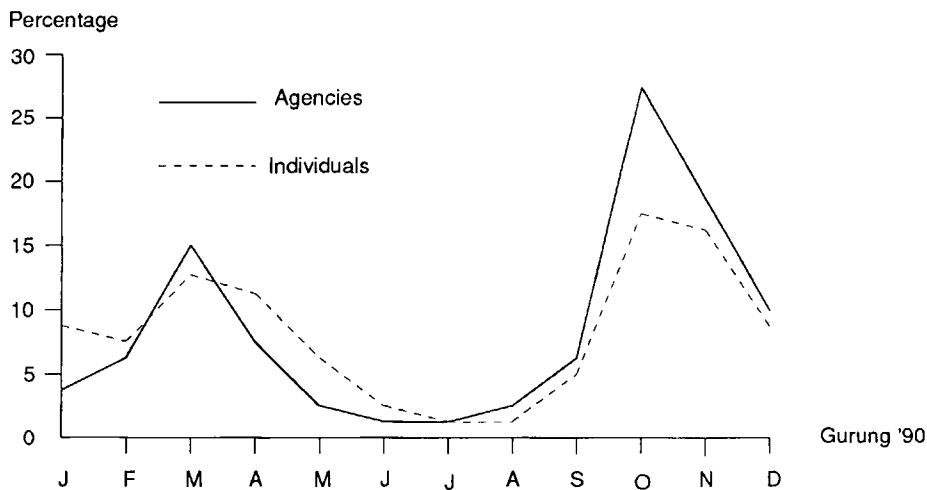


Figure III. Trek permits through agency and individuals, 1988

Source: Ministry of Tourism, 1989; tables 25 and 26.

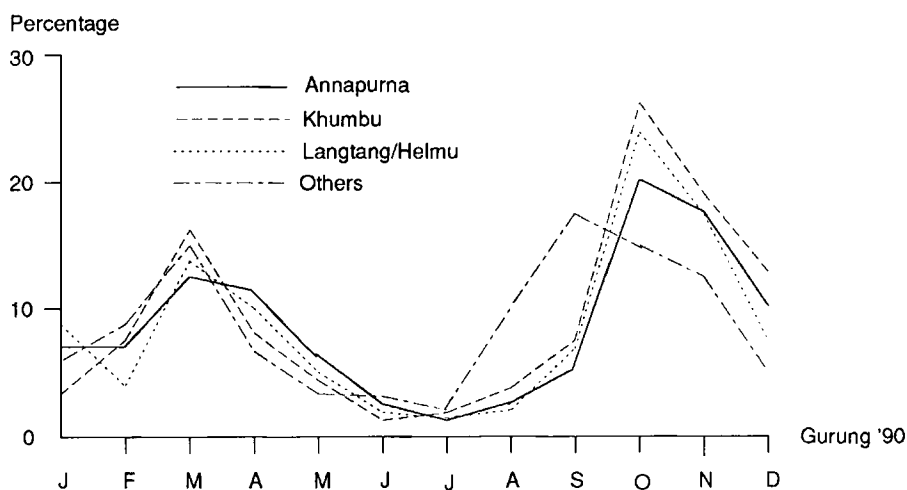


Figure IV. Trek permits by area and month, 1988

Source: Ministry of Tourism, 1989; table 24.

Table 3. Change in trek permits issued by area, 1980-1988

Area	1980	Percentage	1988	Percentage	Increase	
					No.	Percentage
1. Annapurna	14 332	52.2	37 902	61.9	23 570	164.5
2. Khumbu	5 836	21.3	11 366	18.5	5 530	94.8
3. Langtang/Helmu	4 113	15.0	8 423	13.7	4 310	104.8
4. Other	3 179	11.6	3 582	5.8	403	12.7
Total	27 460	100.0	61 273	100.0	33 813	123.1

Source: Ministry of Tourism, Nepal Tourism Statistics (Kathmandu, 1989), table 23.

Table 4. Agency and individual trek permits issued by area, 1988

Area	Through agency		Individual		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
1. Annapurna (Row percentage)	11 524 (30.4)	52.2	26 378* (69.6)	67.3	37 902 (100.0)	61.9
2. Khumbu (Row percentage)	5 668 (49.9)	25.7	5 698 (50.1)	14.5	11 366 (100.0)	18.5
3. Langtang and Helmu (Row percentage)	2 125 (25.2)	9.6	6 298 (74.8)	16.1	8 423 (100.0)	13.7
4. Other (Row percentage)	2 746 (76.7)	12.4	836 (23.3)	2.1	3 582 (100.0)	5.8
Total (Row Percentage)	22 063 (36.0)	100.0	39 210 (64.0)	100.0	61 273 (100.0)	100.0

Source: Ministry of Tourism, Nepal Tourism Statistics 1988 (Kathmandu, 1989), tables 23 and 24.

* Including 12,476 permits issued from Pokhara which are mostly individual.

25.7 per cent for Khumbu, 9.6 per cent for Langtang/Helmu and 12.4 per cent for other areas. Over two thirds of individual permits and more than half of agency permits were for the Annapurna area. The number of individual permits issued for the Langtang/Helmu area was nearly three times higher than that of agency permits. On the other hand, agency permits to other areas exceeded individual permits by over three times.

There is a need for a more precise classification of trek data by areas. The route to the Khumbu area can be considered fairly specific: Jiri-Lukla-Namche overland and Kathmandu-Lukla by air. For the Langtang-Helmu area, the access routes are different. In 1987, the area had a total of 6,107 trek permits issued, of which 51.6 per cent visited the Langtang National Park. It means that about half of the trekkers to the area visited Helmu.

Trek permits to the Annapurna area pertain to more than one destination and need further definition. The area became particularly popular after the opening of Manang Valley in April 1977. The area has a further advantage of being the only place outside Kathmandu with authority to issue trek permits. The trek permits designated for the Annapurna area actually have three destinations: Annapurna Devathali, Jomosom and Manang. Annapurna Devathali is particularly crowded because of its proximity to Pokhara and with the added attraction of four trekking peaks. The Jomosom route has over 15,000 trekkers and the Manang route nearly 12,000 trekkers. Of the 27,000 trekkers visiting Manang and lower Mustang, over 5,000 cross over the Thorung La (5,416 m). Over 60 per cent of these trekkers cross the pass from Manang to Mustang (annex I). The trekkers across Thorung La in 1988 were of 25 nationalities. Of these, 68.5 per cent were from Europe, 21.4 per cent from North America, 3.2 per cent from Asia and the rest 6.9 per cent.

Another reason contributing to the concentration of trekkers in a limited area is the location of peaks permitted to trek groups. Of the 18 such peaks, five are in Khumbu, four in Annapurna, three in Manang, two in Rolwaling and one each in Ganesh, Langtang and Hongu. Thus, nine of these are in the east and nine in the centre but none in the western region. In 1988, the number of trek groups attempting these peaks were 244 (annex III). Of these, 169 went to the eastern peaks and 75 to the central peaks. The number of groups varied widely among these peaks. Imja Tse (6,183 m) in Khumbu was the most popular with 79 groups. Mera (6,461 m) in Hongu was next with 28 groups. Other popular trek peaks were Ramdung, Singu Chuli, Tharpu Chuli, Parchamo and Pisang peak with 12 to 21 trek groups.

(b) Mountaineering

Mountain climbing is a specialized tourism activity involving intense physical effort. In Nepal, it entails a long approach march, a longer duration of stay for climbers and their staff, and sizeable imports

of supplies. The country has become a centre for mountaineering since 1949 except for during 1965-1968 when foreign expeditions were banned for political reasons. During the first decade (1950-1960) of opening Nepal to outsiders, over 100 expeditions from 16 countries reconnoitred 31, attempted 50 and climbed 152 peaks.¹⁵ Since then, there has been a steady increase in the number of expeditions and climbers. This was further facilitated in 1978 by the increase in number of peaks open for climbing and dividing permits into three seasons in a year and granting permission to use different routes on the same summit.

The number of climbing teams visiting Nepal during the last decade, 1979-1988, totalled 840. In 1979, there were 48 expeditions including 488 climbers (table 5). The number of people employed was just over 9,000. On average, a team included 10 climbers and employed 188 as porters and support staff. In addition to a total of NRs 577,000 paid as peak royalty, the teams spent NRs 11.7 million as local expenditure.

Table 5. Data on climbing teams, 1979-1988

Item	1979	1988	Change percentage	Cumulative number	1979-1988 percentage
1. Number of teams	48	92	91.7	840	100.0
Spring	21	30	42.9	297	35.4
Autumn	26	50	92.3	435	51.8
Winter	1	12	1 100.0	108	12.8
2. Number of climbers	488	936	91.8	7 635	—
3. Number employed	9 016	10 839	20.2	93 134	—
4. Royalty (NRs. '000)	577	5 079	780.2	28 409	—
5. Local expenditure (NRs. '000)	11 761	42 582	262.1	225 379	—

Source: Finance Ministry, *Economic Survey, 1988-1989* (Kathmandu, 1989) table 3.20

By 1988, the number of teams reached 92 with 936 climbers (table 5). The average number of climbers per team remained at 10. Local employment totalled 10,839 persons or 112 such persons per team. This is indicative of an increasing trend in Alpine style climbing with minimal support staff. Income from peak royalties totalled NRs 5.1 million and local expenditure increased to NRs 42.6 million. Thus, from 1979 to 1988, annual income from royalties increased by 8.8 times. However, the value of the Nepalese rupee to the United States dollar declined by 92.4 per cent during the same period.

(i) *Seasonality.* An analysis of climbing activities during 1950-1960 indicated that the pre-monsoon full fluctuation between May and early June was the best period for success on high peaks.¹⁶ The high seasonality of expeditions has been further formalized by the existing regulation that precludes any climbing activity during the period June-August and the second half of November and February.

The mountaineering sub-rule (3) defines March to May as 'spring season', September to mid-November as 'autumn season', and December to mid-February as 'winter season'.¹⁷

During 1979-1988, more than half of the climbing teams visited Nepal during the autumn (table 5). This also happens to be the peak season for trekking (figure II). The number of autumn season teams nearly doubled from 26 in 1979 to 50 in 1988. Over a third of the teams came during spring (March-May). Winter season teams increased from one in 1979 to 12 in 1988. In other words, the busy climbing season coincides with a peak period while the summer months (July-August) with very low trekking are not recognized as a climbing season and, therefore, have no mountaineering activity.

¹⁵ Harka Gurung, *Annapurna to Dhaulagiri: a decade of mountaineering in Nepal Himalaya, 1950-60* (Kathmandu, 1968), pp. 87-90.

¹⁶ *Ibid.*, pp. 88-90.

¹⁷ Ministry of Tourism, *Report of the National . . .*, p. 22.

Records of climbing activities of the last three years show more expeditions during the autumn season (table 6). There was a slight increase in the share of winter expeditions. The seasonality pattern was similar in all climbing areas. The eastern region recorded 54.9 per cent, the central region 53.9 per cent and all expeditions to the west during the autumn. Areas such as Rolwaling and the west with fewer expeditions had no teams during spring and winter.

Table 6. Expeditions and climbers by area, 1986-1988

Area	Spring		Autumn		Winter		Total		
	Expedi- tion	Climber	Expedi- tion	Climber	Expedi- tion	Climber	Expedi- tion	Percent- age	Climber
East	51	503	90	787	23	149	164	57.5	1 439
1. Kanchenjunga	6	84	12	103	2	18	20	7.0	205
2. Makalu	13	77	18	152	2	11	33	11.6	240
3. Khumbu	32	342	57	502	19	120	108	37.9	964
4. Rolwaling	—	—	3	30	—	—	3	1.1	30
Central	37	335	62	571	16	117	115	40.4	1 023
5. Jugal, Langtang,	6	52	7	49	1	15	14	4.9	116
6. Manaslu-Himalchuli	7	50	17	197	3	28	27	9.5	275
7. Annapurna	16	161	22	200	8	51	46	16.1	412
8. Dhaulagiri	8	72	16	125	4	23	28	9.8	220
West	=	=	6	34	=	=	6	2.1	34
9. Kanjiroba and others	—	—	6	34	—	—	6	2.1	34
Total	88	838	158	1 392	39	266	285	100.0	2 496
Percentage	30.9	33.6	55.4	55.8	13.7	10.7	100.0		

Source: Ministry of Tourism.

(ii) **Area concentration.** Of the 285 teams that visited Nepal during 1986-1988, only 2.1 per cent were destined to the western region (table 6). The east had 57.5 per cent and the central region 40.4 per cent. By individual area, Khumbu was the most popular with 37.9 per cent of the teams during the three years. The Annapurna area was next in importance followed by the Makalu area adjacent to Khumbu. Rolwaling in the east and all areas in the west had very few teams.

The uneven regional distribution of teams is related to the nature of the area and the number of peaks open for climbing. Of the 1,300 prominent spot-heights and summits in the country exceeding 6,000 metres, 37.3 per cent lie in the east, 33.4 per cent in central and 29.6 per cent in the western regions. The eastern region also has a larger share of higher peaks. Among those exceeding 7,000 metres in height, the east has 104, the central 52 and the west 17.

The number of peaks permitted to expeditions by region and area greatly affects the magnitude of climbing activities. Of the 109 peaks open to expeditions, 57 are in the central region, 35 in the east and only 17 in the west.¹⁸ Even the five peaks recently opened for climbing are all from the central region. By area, Khumbu leads all with 21 climbing peaks. The next with more than 10 climbing peaks are the Annapurna, Dhaulagiri and Langtang/Jugal areas.

(c) Revenue aspect

There are currently various forms of user charges for tourism activities in Nepal. These include royalty and fees for mountaineering, trekking peaks, trekking permit, park and reserve entry, rafting and hunting. The royalty for peaks varies according to their altitude and has been adjusted periodically.¹⁹

¹⁸ *Ibid.*, pp. 4-7.

¹⁹ Ministry of Tourism, *Some Provisions Relating to Mountain Tourism in Nepal* (Kathmandu, 1985), p. 40; (1989), p. 40.

<i>Peak category</i>	<i>1985</i>	<i>1989</i>
(a) Sagarmatha (Mt. Everest)	NRs 55 000	NRs 80 526
(b) Peaks above 8,000 m.	NRs 44 000	NRs 64 421
(c) Other than Sagarmatha, peaks 7,501-8,000 m.	NRs 33 000	NRs 48 316
(d) Peaks 6,601-7,500 m.	NRs 22 000	NRs 32 211
(e) Peaks up to 6,600 m.	NRs 11 000	NRs 16 106

The fee for peaks allowed to trekkers has two categories: \$US 300.00* for 11 peaks exceeding 6,000 metres and Ramdung (5,925 m) and \$US 150 for the remaining six peaks below 6,000 metres in height.

The current rates of fee for trekking permit per week are as follows:²⁰

<i>Type</i>	<i>First month</i>	<i>Subsequent month</i>
Individual	NRs 90.00	NRs 112.50
Through agency		
Other areas	NRs 60.00	NRs 75.00
Kangchenjunga and Southern Dolpo	\$US 10.00	\$US 15.00

It is to be noted that the rate differentials are indicative of encouragement to group trekkers through agencies and for a shorter length of stay. Rates for Kangchenjunga and Dolpo areas, opened in 1988/89, are four to five times higher than those for other routes.

The entrance fee for national parks and wildlife reserves varies from NRs 60 (mountain and hill areas) and NRs 85 (Tarai areas) for Nepalese to NRs 250 for foreigners. The national parks have a much larger revenue as annual royalty from leaseholders of tourism facilities. In the case of Annapurna Conservation Area Project (ACAP) the entry fee is NRs 200. The fee for a raft trip per tourist is \$US 5. Charges for a hunting licence range from NRs 800-2,000 for species culling to NRs 2,000-5,000 for trophy hunting. With two exceptions, all such user charges go to the central exchequer. The following sections deal with revenue generated through user charges pertaining to mountain tourism: mountaineering royalty, trek peak fee, trek permit fee, and parks and reserves entrance fee. The exceptions are ACAP fee that is retained for conservation activities in the area and the trekking peak fee that goes to support the activities of Nepal Mountaineering Association.

In 1978, royalty from mountaineering expeditions was NRs 614,000.²¹ By 1988, it totalled NRs 4,615,106 or an increase of 7.5 times in a decade. Two thirds of the mountaineering royalty was from 19 peaks in the eastern region (annex II). Another one third was from 15 peaks in central region. The western region had a share of only 0.6 per cent in the total mountaineering revenue. Among the individual areas, Khumbu including adjacent Makalu, was the most popular with 56 expeditions to 16 peaks and yielding a royalty of NRs 2,713,309. The second important area in terms of royalty earning was Annapurna with NRs 714,978 and followed by Dhaulagiri and Manaslu-Himalchuli area – all three in the central region. The western region with 17 climbing peaks had only one expedition in 1988 and thus minimal revenue earning.

²⁰ Ministry of Tourism, *Some Provisions Relating to . . .* (1989), p. 48.

²¹ Finance Ministry, *Economic Survey . . .*, table 3.20.

* Currently \$US 1.00 = Nepalese rupees 29.00.

Total revenue as climbing fee from trek groups to 18 designated peaks was NRs 1.5 million in 1988 (annex III). Of this three quarters was from nine peaks in the eastern region visited by 169 teams. The rest was from nine peaks of the central region with 75 teams. Since the western region has no peaks opened for trek teams, there was no revenue. Among the peaks for trek teams, Imja Tse in Khumbu was most popular with 79 teams and a revenue of NRs 562,499. Mera in Hongu came next with 28 teams. Such earnings by area were Khumbu NRs 711,743; Rolwaling, NRs 225,697; Hongu, NRs 202,704; Annapurna, NRs 187,746, Manang, NRs 179,290 and others, NRs 14,040.

Data for entrance and camping fees in parks and reserves are available by the Nepalese fiscal year, i.e., mid-July to mid-July. The total of such fees for mid-July 1989 was NRs 4,606,623 (annex IV). In regional terms, this revenue was 65.5 per cent from the central, 30.5 per cent from the east and only 3.9 per cent from the west. The fact that the west has the least income from such revenue despite having six of the nation's eleven parks/reserves is indicative of the lack of infrastructural facilities in the region. Of the 11 parks/reserves, five are in the Tarai lowlands. Chitawan National Park had the highest revenue, 44.1 per cent of the total (annex IV). Sagarmatha National Park (including Everest) had a share of 30.5 per cent in total revenue. Langtang National Park, also in the mountain area, had a share of 21.4 per cent. Revenue earnings by geographic zones was NRs 2,428,928 from mountain/hill areas and NRs 2,177,675 from Tarai parks/reserves.

National parks and sanctuaries have strict entry rules including extraction of products and land use by the neighbouring population. In contrast, Annapurna Conservation Area Project (ACAP) in central Nepal was recently devised as a protected area with accommodation of the needs of the population. The entry fee to the ACAP area is NRs 200 and this income is utilized by the Project in the area for conservation work. In 1989, the year this entry fee was introduced, ACAP had a revenue of NRs 7,358,500 from 36,790 visitors. Of the total collected, NRs 5.2 million was from Kathmandu and NRs 2.0 million from Pokhara (annex V). The highest collection of fees during the period October-November and March was in conformity with the peak seasons for trekking.

The total revenue from tourism-related user charges in 1988 totalled NRs 15.6 million (table 7). This was made up of NRs 4.8 million as trek permit fee, NRs 4.6 as mountaineering royalty, NRs 4.6 million as parks entrance fee and NRs 1.5 million as trek peak fee. Khumbu with an earning of NRs 5.7 million had a high share of 36.4 per cent in total revenue (table 7). The area contributed 58.8 per cent in mountaineering royalty, 46.0 per cent in trek peak fee and 30.5 per cent in park entrance fee. The Annapurna area came next with a revenue of NRs 4.9 million or 31.4 per cent of the total. It contributed 63.2 per cent of trek permit fee and about a third in mountaineering royalty. Langtang/Helmu had a share of 11.2 per cent in the total revenue from such sources. All other areas generated only a fifth of the total revenue. It had a high share in park entrance fee, mainly from the Chitawan National Park (annex IV).

Table 7. Tourism revenue by Area, 1988

Area	Mountaineering royalty		Trek peak fee		Trek permit fee		National Park entrance fee		Total	
	NRs	Percentage	NRs	Percentage	NRs	Percentage	NRs	Percentage	NRs	Percentage
1. Annapurna	1 475 072	32.0	367 036	23.7	3 065 460	63.2	—		4 907 568	31.4
2. Khumbu (Everest)	2 713 309	58.8	711 743	46.0	852 900	17.6	1 403 790	30.5	5 681 742	36.4
3. Langtang/Helmu	58 587	1.3	6 990	0.5	694 320	14.3	985 320	21.4	1 745 217	11.2
4. Other	368 138	8.0	462 451	29.9	240 000	4.9	2 217 513	48.1	3 288 102	20.4
Total	4 615 106	100.0	1 548 220	100.0	4 852 680	100.0	4 606 623	100.0	15 622 629	100.0
Row percentage	29.5		9.9		31.1		29.4		100.0	
Number of visitors	936		NA		71 273		66 102			
Revenue per visitor In Nepalese Rupees	4 931		—		80		70			

Of the total revenue so generated, NRs 1.5 million was retained by the Nepal Mountaineering Association and the remaining NRs. 14.1 million went to the central exchequer. A rational approach would be to utilize part of the such user charges for conservation purposes in the area concerned. The volume of visitors to a particular area determines both the magnitude of pressure on the environment and revenue generated. Therefore, retention of part of the revenue generated in the area would be a viable mechanism for managing the environment in mountain areas.

3. Impact on the environment

(a) Conceptual clarification

There has been increasing concern regarding the damage caused to the natural environment by man, including tourists. This is exemplified by the sample statements quoted in section 1 (b). In some instances deforestation, soil erosion, landslides and even catastrophic damage have been attributed to mass tourism. In order to arrive at a realistic assessment of damage caused by man, both native and tourists, some erroneous generalizations need clarification.

The first is the fallacy about the fragility of mountains. An essential element of a mountain is its conspicuous elevation with a small summit area.²² Gravitational law ordains that objects must come downhill from a higher elevation. Mountain ridges and peaks are outliers of immense resistance. In terms of geologic time-scale and geomorphic processes, mountains represent an intermediary or even dramatic stage between the alluvial plain (orogenic womb) and the plateau (exhausted mountain).²³ The excessive exposure to natural elements make mountains a high energy area for mass-wasting. Therefore, it would be more realistic to consider mountains as dynamic elements.

The second area that needs clarification is the presumed intimate relationship between deforestation and soil erosion. Most statements link soil erosion directly to the loss of vegetation cover. This is not necessarily true in the mountains. The instability of mountain areas is related more to the steep slopes and poor soils. In any case, at excessive heights above the tree line, the natural processes of soil erosion act independently of plant cover. Soil creep, soil erosion, landslips and landslides are common in mountain areas whether there be vegetation cover or not. Finally, the extent of human contribution to land degradation remains an unknown quantity. Investigations of a reconnaissance type in Nepal are open to wide interpretation: that 53 per cent of mass-wasting is accelerated by man²⁴ or 75 per cent of all landslides are natural.²⁵

It is necessary to appreciate the nature and extent of pressure on the mountain environment. Mountains everywhere are marginal areas for human occupation. In the case of Nepal, 15 mountainous districts out of the total 75 cover a third of the territory but contain 7.1 per cent of the total population with an average population density of 22 persons per square kilometre (national average: 102). The average annual growth rate of the population during 1971-1981 for the mountain region was 1.14 per cent as compared to the national average of 2.66 per cent. In fact, four mountain districts (Humla, Mustang, Manang and Rasuwa) recorded an absolute decline in population due to migration. Thus, pressure on the natural environment owing to population growth was not significant.

The mountain region also happens to be comparatively backward economically. Of the 13 geographic regions in the country, the three mountain regions ranked 10, 11 and 12 in levels of

²² Roderick Peattie, *Mountain Geography: a critique and field study* (Massachusetts, 1936), p. 3.

²³ Harka Gurung, *Nepal: environment and development* (Kathmandu, for UNEP, Nairobi, 1986).

²⁴ Peter Lahan, "A preliminary appraisal of land mass movement in Nepal", *Journal of Nepal Research Centre, Sciences*, vol. II/III (Kathmandu, 1979), p. 108.

²⁵ De Von Nelson, *A Reconnaissance Inventory of the Major Ecological Units and Their Watershed Condition in Nepal* (Kathmandu, FAO/UNDP, 1980).

development. It is the search for survival that forces mountain dwellers to adopt extensive methods of cultivation and grazing, with negative effects on the environment. Improvement in the mountain economy is visible only in those areas where modern tourism has provided new opportunities for income generation. The so-called negative effects of tourism have economic compulsion. Society and culture are directly affected by the type of economic activity. In mountain areas with limited productive resources, tourism represents a new opportunity with much potential. Concerns expressed about the erosion of traditional culture may be genuine²⁶ but the process is one for survival. In fact, without mountain tourism, some of the communities in Khumbu²⁷, Langtang²⁸ and Rolwaling²⁹ would have either withered or migrated.

Thus, the factors that negatively affect the mountain environment are basically the poverty of the people in a poor land resource area. Depletion of forests is evident in most mountain areas whether trekked or not. The negative impact of tourism on the environment is more visible in the case of garbage and waste pollution in heavily trekked areas. Mountain tourism does have an effect on hill and mountain environments, more so when a large number of tourists intrude into uninhabited areas as well as compound the pressure in inhabited areas with sparse populations. The most obvious direct effects are in forest depletion and pollution. But these negative aspects are not the result of tourism alone. Tourism activities merely exacerbate the situation.

(b) Forest depletion

Depletion of forests in the highlands (mountains and hills) must be seen in the context of the overall process operating in the country³⁰. Forest depletion in Nepal during the period 1964/65-1978/79 has been estimated at 382,000 hectares with an additional loss of 80,800 hectares during 1979-1986³¹. By elevation zones, the mountain region gained by 0.2 per cent, the hills lost by 0.2 per cent and the lowlands by 12.1 per cent in their respective forest area. The pressure on forests is mainly threefold: conversion to arable land, overgrazing and fuelwood extraction. In the case of the mountain region, conversion of forest land to cropland is limited by topography, elevation and sparse population. Overgrazing and excessive fodder collection is more pronounced in the hill region. Fuelwood extraction remains an important cause for forest depletion in all elevation zones since of all forms of energy consumed in the country, 75 per cent is derived from fuelwood.³² The proportion of fuelwood used is generally much higher in the highlands due to their colder climate and distance from the supply point of commercial energy, such as kerosene.

The provision of alternative energy sources in mountain areas has been limited. The total hydropower generation in the prime trek areas is 452 kW. In Khumbu, the power house at Thami (480 kW) was destroyed by a glacial outburst in August 1985 and now only has a mini-plant (30 kW) at Tengboche. Helmu has a 50 kW power plant and Langtang Valley none. Annapurna Devathali (Sanctuary) has a very small (10 kW) hydro unit near Kuldi and another of 50 kW is being planned by the King Mahendra Trust for Nature Conservation. Manang Valley has two installations, one of 40 kW at Chame and another of 80 kW at Sabje but the latter is not functioning.

The Jomosom area in lower Mustang has functioning instalments at Chokhopani (240 kW) and Purang (12 kW). The Jomosom-Muktinath area has four new power plants under construction with community participation and liberal financial support from the Agricultural Development Bank. These include hydro plants at Jharkot (36 kW), Jhong (15 kW), Lete (10 kW) and a wind-powered plant at Kagbeni (20 kW).

²⁶ C. von Furner-Haimendarf, *The Sherpas Transformed* (New Delhi, 1984), and Jim Fisher, "Tourist and Sherpas", *Contributions to Nepalese Studies*, vol. XIV, No. 1 (December 1986).

²⁷ C. von Furner-Haimendarf, *Himalayan Traders; life in highland Nepal* (London, John Murray, 1975).

²⁸ Fred Baumgartner and others, *Tourism and Development in Nepal: impacts of trekking tourism in hill areas* (Zurich, 1978).

²⁹ *Ibid.* and Janice Sacherer, "The recent social and economic impact of tourism on the Sherpa community, in C. von Furner-Haimendarf, *Asian Highland Societies: in anthropological perspective* (Delhi, 1981) pp. 157-167.

³⁰ Harka Gurung, "Management of temperate forests in Central Himalaya" in *Nature Management and Sustainable Development*, ed. by Wil D. Verwey (Groningen, 1989), pp. 203-215.

³¹ Forest and Soil Conservation Ministry, *Master Plan for Forestry Sector, Nepal* (Kathmandu, 1988), p. 25.

³² Finance Ministry, *Economic Survey* . . . , table 4.1.

Electricity power supplied is used mainly for lighting and heating. Cooking and heating are primarily from firewood supplemented with kerosene in trek areas. Kerosene, which provides a feasible alternative to fuelwood as an energy source, is expensive to transport. There are only two kerosene depots in mountain areas. The one at Jorsale at the entrance of Sagarmatha National Park (SNP) has been contracted to a private party by the SNP authorities. Another at Kuldighar with an annual supply of 5,000 litres mainly to tourist lodges is directly operated by the King Mahendra Trust for Nature Conservation.

Deforestation in the highlands of Nepal has been an ongoing process that originated long before the advent of tourism in the mid-1960s.³³ Tourist demand for fuelwood is miniscule compared to the aggregate demand of the local population. For example, Environment Resources Limited (ERL) estimated that total fuelwood demand from natural resource tourism (mountaineering, trekking, rafting) in 1987 was 6.4 million kg, equivalent to some 0.14 per cent of the total highland fuelwood demand.³⁴ Despite this insignificant level in absolute terms, concentration of tourists in certain limited areas makes a significant impact. A study of Ghorepani (on the Pokhara-Jomosom route) with a local population of 250 and an annual tourist flow exceeding 10,000, indicated a forest depletion of one hectare a year.³⁵ Here, the fuelwood requirement of a subsistence household was an average 22 kg per day while that of a tourist lodge was 220 kg per day.

The critical factors that affect levels of fuelwood consumption are the type of activity, length of trip, number of support staff and the extent to which substitutes for fuelwood are available or used. According to the estimate made for 1987, average fuelwood consumption per tourist trip is 138 kg, which varies considerably as follows:³⁶

Rafting, 9 kg

Individual trekker, 55 kg

Agency trekker, 186 kg

Mountaineer, 1,116 kg

The increase in demand for fuelwood owing to tourism also varies from area to area depending on the volume of tourist traffic. The Khumbu area with a population of about 3,000 had 8,998 visitors in 1987 (table 8). Of the annual fuelwood consumption, 85.2 per cent of the increased demand was due to tourists. In Langtang, despite a local population exceeding the visitors, tourist demand exceeded local needs by 18 per cent (table 18). In ACAP (Annapurna Conservation Area Project) area north of Ghandrung, the increase of trekkers' demand over local needs was much less, owing to the supply of kerosene to lodges and the innovation of fuelwood-saving devices based on Ghorepani pilot study.³⁷ In ACAP-II (Lower Mustang and Manang), with a sizable local population and heavy traffic of trekkers, the increase on fuelwood demand over local needs was 11.5 per cent.

Forest depletion caused by tourism in heavily trekked areas has been recognized and there are regulations for carrying kerosene or gas for organized trek groups and mountaineering to avoid use of fuelwood. This regulation does not cover individual trekkers who constitute over 60 per cent of the total trekkers and live in lodges and private houses that mostly use firewood. Even in the case of organized groups, the enforcement of the rule is hampered by the lack of a system of monitoring, particularly in areas outside the national parks area reserves.

³³ Ivan Pawson and others, "Growth of tourism in Nepal's Everest region: impact on the physical environment and structure of human settlements, *Mountain Research and Development*, vol. 4, No. 3 (1984), p. 242.

³⁴ Environment Resources Limited, *Natural Resource Management for Sustainable Development: a study of feasible policies, institutions and investment activities in Nepal with special emphasis on the hills*, a study for World Bank and ODA (London, 1989), p. c8.

³⁵ B. Jones, *Forest Protection in Nepal*, stage II, phase II report (Kathmandu, AREA, 1989).

³⁶ Environment Resources Limited, *Natural Resource*. . .

³⁷ Harka Gurung, "Recent developments in tourism", in *Social and Economic Impact of Tourism in Asia Pacific Region*, ed. by Donald E. Hawkings (Tokyo, APO, 1982) p. 253.

Table 8. Fuelwood consumption by mountain destination, 1987

<i>Destination</i>	<i>Khumbu</i>	<i>Langtang</i>	<i>ACAP</i>	<i>ACAP-II</i>	<i>Other</i>	<i>Total</i>
Total number of trekkers	8 998	6 107	10 000	29 914	1 256	42 275
Average days	14	8	4	10	14	10
Modal split:						
Agency	60%	75%	35%	35%	80%	46%
Individual	40%	25%	65%	65%	20%	54%
Number of tourists:						
Agency	5 400	4 580	3 500	7 320	1 005	21 805
Individual	3 600	1 525	6 500	13 595	250	25 470
Agency compliance (percentage)	50	30	80	–	–	50
Average fuelwood/capita:						
Agency	17.5	18.9	15.4	21.0	21.0	18.6
Individual	7.0	7.0	–	7.0	7.0	5.5
Total trekker consumption (thousands kg):						
Agency	1 676	777	215	2 489	320	5 477
Individual	1 323	692	215	1 537	295	4 062
Individual	353	85	–	952	25	1 415
Local population ^b	3 000	6 588	7 000	33 000	n/a	49 600
Annual fuelwood consumption (000 kg) ^c	1 968	4 322	4 592	21 648	n/a	32 530
Increase of trekkers (percentage)	85.2	18.0	4.7	11.5	n/a	15.9 ^d

Source: Environment Resources Limited (ERL) estimates based on data provided by the Department of National Parks and Wildlife Conservation (DNPWC), King Manendra Trust for Nature Conservation (KMTNC), Ministry of Tourism and trekking agencies.

- a Average fuelwood consumption per capita: estimates for agency trekkers vary according to different rates of compliance with regulations requiring agencies to use kerosene; in ACAP I, tea houses and lodges are encouraged to use kerosene, so individual fuelwood consumption is very low.
- b Population figures come from various sources: Khumbu based on Sherpa (1985) and Brower (1987); Langtang 2 per cent annual growth over 1978 management plan; Annapurna Conservation Area Project (ACAP) I and II, King Mahendra Trust for Nature Conservation (KMTNC), (1987/8).
- c Local consumption based on 656 kg/p.a. ERL Interim Report, 1988.
- d Not including "other" areas.

Deforestation does not only have a negative visual effect on the natural landscape but has an implication for the deterioration of natural biodiversity. This refers to the flora and fauna of the area including the endangered species. In the national parks (Sagarmatha and Langtang), this has been covered by park regulations. In other non-protected areas, there are two divergent aspects worth noting. The positive aspect is the Buddhist ethics of local Bhotia communities not to take life, including wildlife, in areas like Manang, Mustang, and Southern Dolpo. Elsewhere poaching of wildlife for meat and hides and musk is prevalent. However, none of the above-mentioned aspects are related to mountain tourism.

(c) Pollution

The most negative impact on the local environment associated with mountain tourism is caused by littering, solid waste and bad hygiene. The inflow of large numbers of visitors during certain peak periods and at particular locations that have minimal facilities compounds the problem. Littering is not dangerous to health as such but is visually intrusive. The disposal of toilet paper and packaging materials along the track and settlements has made some popular areas a virtual "garbage trail". Littering of paper, plastic, tin and non-degradable materials is common on most popular trek routes. They are particularly conspicuous in sites far away from settlements such as Lobuje, Sagarmatha base camp, Kyangjin and Thorungphedi. Use of packaged food in plastic and metal containers by organized groups and mountaineers contributes much to such littering.

There have been some clean-up campaigns in the Khumbu area by voluntary teams but these were sporadic efforts. The problem persists due to lack of regulations and systematic programmes. Even in the ACAP (Annapurna) area where the project has encouraged lodges to place litter bins with display signs against littering, the problem persists.

Solid waste is another pollution problem with health hazards. A sample survey in Sagarmatha National Park indicated that half of the lodge-owners disposed of their garbage in rivers and streams. The habit of using water courses for waste disposal, including faecal waste, has a cultural basis. Even within the national parks, there are no provisions for the separation of disposable and recyclable components at rubbish sites or for portering out recyclable waste. Even in the case of mountaineering expeditions where rules exist to clean up the camps, there is no effective supervision mechanism.

Water pollution resulting from the disposal of waste and lack of toilet facilities, particularly near settlements, causes major hygiene problems. Deliberate use of streams for faecal and other solid waste contaminates the drinking water. An informal survey of a heavily trekked route showed above 80 per cent individual trekkers suffering from stomach disorders. The incidence was much less in the case of agency trekkers who have their own cooking arrangements.

The pollution problems arise because of a combination of various factors. The first is the lack of hygiene and sanitary awareness among the local population. The second is the insensitivity of the tourists. The third is the particular nature of the mountain area where decomposition of waste is a slow process and the absence of soil cover precludes disposal by burial. Finally, no regulatory provisions or facilities have been made for the portering out of litter and waste, and the collection of recyclable components from trek routes.

4. Assessment of carrying capacity

(a) Context

The notion of 'carrying capacity' is generally concerned with the capability of available resources to meet the created demand. Since tourism itself is an expression of externality in the local economy, the application of this notion in tourism, particularly mountain tourism, needs qualification. In economic terms, mountains are generally marginal areas with sparse populations and poor agricultural resources. In Nepal, the areas that can be recognized in this category are spread in 20 districts with a total population of 500,000. They suffer from chronic food deficits and the economy is sustained by seasonal or permanent out-migration. In 1987, these areas were visited by over 44,000 tourists (annex VI). Food for tourists is mostly imported from outside the area because of both the local shortage and the types consumed. These include foodgrains, eggs and vegetables. Although fuel is supplied locally, timber for lodge construction is brought from lower valleys and commercial fuel (kerosene, gas) is imported. Most of the porters engaged by tourists and helpers in the mountain lodges also come from the adjacent hill districts. The tourist expenditure sustains this externalized economy.

Mountain tourism is basically an act of getting closer to wilderness. The existence of a transport infrastructure influences where tourists go. Of the 20 districts of Nepal with mountain areas, seven have road connection and 11 have airport facilities (annex VI). Only one district, Kaski with Pokhara, has both a highway and an airport. Road access seems more important than air connection in influencing tourist flow although the three heavily trekked districts (Mustang, Manang, Solukhumbu) have only an air connection and no road. Four districts with airports had no tourists but parts of these districts were restricted to outside visitors. The western districts without road connections had the least number of tourists (annex VI). The central region with four districts served by road had 29,000 visitors. The east had three districts with roads and about 12,000 visitors.

Outside linkages through the import of food and manpower sustain the economic carrying capacity of mountain areas. Access to a transport infrastructure has the propensity to induce a larger volume of

visitors. The main factor to be examined seems to be the physical space and facilities. These become particularly evident during the peak season because of overcrowding. The following sections attempt to assess the carrying capacity of areas with heavy tourist traffic.

(b) Methodology

The following assumptions were adopted in assessing the tourism carrying capacity of mountain areas in Nepal. First, that the carrying capacity of any particular destination area is dependent on the level and extent of infrastructure and facilities in that area. If accessibility was better and there were more facilities, the turnover of visitors would be higher. Alternative energy such as kerosene and gas and other consumption requirements can be supplied from outside the area. Hydro power can be generated locally due to the abundance of water resources and the ideal topography. The development of the infrastructure and facilities should be focused in less crowded or virgin areas to create alternative destinations for more spread effect. The second assumption is that the main constraint to carrying capacity is not the physical extent of the destination area in general but concentration in particular localities at a certain point in time. In the case of Nepal, the problem is one of overcrowding during peak months at four particular destination areas.

Therefore, the approach has been to focus on areas that already have heavy visitor traffic. The high season period of March and October evident in all destinations (figure IV) was considered as a critical factor. In order to arrive at an optimum number manageable by area, the following methodology was used. First, the linear growth trend of trekkers was projected for 1995 based on the increase in trek permits issued during 1981-1988. The overall increase in trek permits during 1981-1988 was 107.8 per cent, varying from 62.2 per cent for all other areas and 111.3 per cent for the four popular areas. On this basis, the total visitors to mountain areas would be 123,415 (table 9). The disaggregation of the projected number by individual areas by the peak months indicated an untenable volume in terms of physical capacity, even if facilities were developed. Then, the optimum number feasible within the sustenance level of the area was estimated for the peak months March and October and the rest assigned to other months on the basis of the 1988 ratio (table 9). The total annual quota for the popular areas for 1995 would be 85,328 as against the total 123,415 projected. This would mean, assuming the past growth trend, that at least 40,000 visitors would have to be diverted to other destinations by 1995. This is a substantial volume for dispersal, considering that in 1988, those to areas other than the four popular ones were only 3,582; it raises the share of other areas from only 12.7 per cent in 1988 to 46.8 per cent by 1995, implying a massive development of infrastructure and facilities.

Table 9. Quota for trek permits by popular areas

Area	1988 Situation		Other months	Total	Quota for permit		Other months	Total	1995 projection based on 1981-1988 trend	Excess for dispersal
	March	October			March	October				
1. Annapurna (Pokhara)	4 754	7 603	25 545	37 902	6 500	10 000	35 145	52 145	84 256	32 111
a. Annapurna Devathali	1 254	2 005	6 741	10 000	1 000	1 500	5 167	7 667	22 230	14 563
b. Jomosom	1 994	3 190	10 718	15 902	3 000	5 000	16 540	24 540	35 350	10 810
c. Manang	1 506	2 408	8 086	12 000	2 500	4 000	13 438	19 938	26 696	6 738
2. Langtang	578	1 001	2 767	4 346	1 000	1 500	6 887	9 387	9 296	-
3. Helmu	543	939	2 595	4 077	1 000	1 500	6 868	9 368	7 608	-
4. Khumbu	1 697	2 762	6 907	11 366	2 500	3 000	8 928	14 428	22 255	7 827
Total	5 572	12 305	37 814	57 691	11 000	16 500	57 828	85 328	123 415	39 938
Percentage	13.1	21.1	65.5	100.0	12.9	19.3	67.8	100.0		

(c) Carrying capacity by area

(i) *Annapurna:* The available data on trek permits issued for Annapurna Devathali, Manang, South Mustang and others is grouped as for the Pokhara area. In order to have some idea of the tourist pressure, it is necessary to disaggregate the data by separate trek routes. Based on field investigations, it is estimated that trek permits for the Pokhara area are distributed as 42 per cent for Jomosom, 32 per cent for Manang and 26 per cent for Annapurna Devathali and adjacent areas (table 9). It is also to be noted that about 5,000 trekkers visit both Jomosom and Manang areas across Thorung La (annex I).

Annapurna Devathali is the most crowded area. There is heavy pressure on forests for fuelwood and lodge construction, and pollution has become an acute problem in the base camp area. The number of visitors would be 1,500 for October and 1,000 for March. This would mean a reduction of annual visitors by 1995 to 17,667 as against a simple projection of 22,230 based on the 1981-1988 trend. The trend volume is not tenable for the limited area.

Pokhara-Jomosom and Pokhara-Manang routes have capacities to support more visitors because of the long approach route through the hill districts and their extensive hinterland. There is evidence of much depletion in forest around Ghorepani and fuel shortage north of Lete on the Jomosom trail. But the area has developed a high proficiency in lodge management. The area needs a kerosene depot at Jomosom. In Manang, all food is imported from Lamjung. Fuel scarcity is not acute as in the Jomosom area and trails are well-maintained. However, the manageable annual number for Jomosom is estimated at 24,000 as against the projection of 35,000 based on the 1981-1988 trend. The maximum for October would be 5,000 visitors. The peak monthly volume for Manang is considered 4,000 and an annual volume of about 20,000. Manang needs a kerosene depot at Thonje.

(ii) *Langtang:* The Langtang and Helmu areas lie north of Kathmandu with a motorable approach route. Langtang has extensive glaciers and Helmu is rich in temperate vegetation. The data on trek permits issued for the two areas are lumped together in official statistics. Records of the Langtang National Park aid in disaggregating the number of visitors to each area. In 1987, trek permits issued for Langtang and Helmu came to 6,107 and visitors to the Langtang National Park numbered 3,151, indicating an even distribution in the two areas. Assuming the same ratio and based on the 1981-1988 trend, Langtang would have 9,296 visitors in 1995 (table 9). Langtang has the potential of absorbing more visitors if the small airstrip at Chhaldang is used for regular flights during the peak season. Langtang has the capacity to support a higher number of visitors than at present if lodge and camping facilities are extended. This would also include a kerosene depot at Shyabrubensi and a micro hydel plant at Ghora Tabela. The maximum visitors tenable during the peak month of October would be 1,500 with a total annual volume of about 9,400 by 1995.

(iii) *Helmu:* Based on the trek permits issued data for Langtang/Helmu and excluding those visiting Langtang National Park, Helmu had 2,956 visitors in 1987 and over 4,000 in 1988 (table 9). The number of visitors during the peak month of October did not exceed 1,000. Based on the 1981-1988 trend, the area would have 7,600 visitors. The area has the potential for absorbing more visitors, particularly in the eastern part with new climbing peaks opened. There is a need to establishing kerosene depots at Helmu-bensi and Chautara, and more camping sites. The maximum number permissible during the peak month could be 1,500 and annual total over 9,300 by 1995. It is to be noted that the annual quota for Langtang and Helmu is slightly higher than the 1995 projection based on the 1981-1988 trend since they have more carrying capacity with an improvement in facilities.

(iv) *Khumbu:* At present, the area is heavily trekked and climbed, particularly along the Imja Valley in the north-east. Some of the overcrowding can be minimized by opening the presently restricted area north of Thami. This would divert trekkers to the Nangpa La and Teshi Lapcha routes to the north-west. There is a need for substantially increasing the number of flights to Lukla during the peak season. According to the 1981-1988 growth trend, Khumbu would have over 22,000 visitors by 1995 which is untenable for the area (table 9). The quota for permits should not exceed 15,000 annually with a peak volume at 3,000.

(v) *Other areas.* Currently, only 5.8 per cent of visitors to mountain/hill areas visit places other than the above four destinations. Among the other areas some are restricted while most remain unexplored and lack facilities. One of the pre-conditions to opening a new area for mountain tourism, for relieving pressure in crowded areas as well as enhancing income from tourism in new areas, would be to improve infrastructure to facilitate access. This implies a considerable expansion in the frequency of domestic air services to remote areas where there are already airstrips. In order to maintain a manageable number of visitors to the current crowded areas (85,000) as against a current trend projection of 123,000, nearly 40,000 would need to be diverted to other areas (table 9). The largest volume of dispersal will have to be made from the Annapurna area. Some of the measures to affect such dispersal are discussed below.

5. Environmental protection measures

The protection measures discussed here have an emphasis in the area of natural environment. First, item (a) of the Terms of Reference prescribes natural environment as the main area of the enquiry. Second, even if the cultural aspect is subsumed under the ecosystem, changes in cultural environment are due to the compulsion of economic survival. Furthermore, traditional culture will continue to change with the degree of exposure to modernization whether there be tourism or not.³⁷ Therefore, the measures considered for the projection of the mountain environment in Nepal include regulation of volume, regional dispersal, energy supply, pollution control and management.

(a) Regulation of volume

Mountain areas open to tourists in Nepal may be extensive but tourists tend to concentrate and crowd in particular areas and certain seasons. The areas identified for regulating the volume of visitors are Annapurna Devathali, sections of Jomosom, Manang and Langtang treks, and Khumbu. The regulation of volume should be determined on the basis of the optimal number manageable during the peak season by area. Trek permits issued for the peak months should not exceed the assigned quota (table 9). In the case of the rain-shadow areas north of the Himalayan range such as Manang and Jomosom, there is much scope for encouraging trekkers during the summer season. Apart from limiting trek permits by area and season, there should be differential rates for trek permits. Fee rates for trek permits during the peak months to popular routes should be at least double those for lean months (June, July, August) and other new destinations. There should be an annual review of the seasonal pattern of visitor arrivals by individual trek destinations to make periodic adjustments in the regulatory mechanism.

(b) Regional dispersal

A rational approach to effect regulation in volume would be to adopt a policy of regional dispersal. The western third of the country still remains a virgin territory for mountain tourism. While the growth of tourism in the west will take time because of the lack of infrastructure, some selective areas can be promoted and developed. An effective measure to divert trekkers from the present crowded areas would be to provide alternative destinations by opening new trekking areas. The trekking areas in the country could then be classified into three categories.³⁸ The first would be general trekking areas of comparative easy accessibility for individual as well as group trekkers. The second, group trekking areas, would include remote areas only for group trekkers through agencies. The third, controlled trekking areas, would include very remote areas with sparse populations permitted only to agency treks with a royalty fee. Most of the present 'restricted areas' should be included under the controlled trekking area. Again, only 17 of 109 climbing peaks and none of the 18 trek peaks are in the western region. More peaks for expeditions and new peaks for trek groups should be opened in the western region to encourage more visitors.

³⁷ Harka Gurung, "Recent development in tourism", in *Social and Economic Impact of Tourism in Asia Pacific Region*, ed. by Donald E. Hawkins (Tokyo, APO, 1982) p. 253.

³⁸ *Ibid.*, p. 258.

Other supplementary measures necessary for regional dispersal are government initiatives in exploring/facilitating the new destinations and the provision of incentives to trekking agencies that promote them. The Government should, therefore, survey the resources, produce guidebooks and develop facilities for less trekked or new areas. At present trek permits are issued only in Kathmandu and Pokhara. There should be provision for issuing of trek permits to 'general trekking areas' (other than the present crowded routes) in the eastern and western regions as well. Finally, a differential rate of fee for trek permits should be introduced to make the present crowded destinations more expensive. This would mean substantially increasing the current rates (Rs. 60) for popular routes at least to the \$US 10.00 level of Kangchenjunga and southern Dolpo, e.g. by five times for agency treks. Trek permit fees for individual trekkers would have to be similarly increased for dispersal to new areas.

(c) Energy supply

Increasing pressure for firewood for cooking, heating and lighting is an acute problem in most hill/mountain areas whether trekked or untrekked. Since trekkers consume more firewood as an energy source, the additional energy requirement should be either supplied from outside or developed locally. This refers to the supply of kerosene and gas as well as development of hydro or wind power along the trekking routes. With rising income through tourism, there are already positive signs of greater use of alternative energy in the form of kerosene (Khumbu) and development of hydro power with local initiative in Muktinath areas. At Ghorepani, on the Pokhara-Jomosom route, there have been encouraging innovations in firewood-saving technology. In Ghandrung area, following a Ghorepani pilot study, use of backboilers for simultaneous cooking and water heating in lodges is already saving an estimated 2000 kg of firewood a week.

The most encouraging activities are being implemented by the Agricultural Development Bank in Mustang district where eight micro hydel units that will generate 81 kW are under construction with community participation. This programme built with a large government subsidy and technical support seems more cost-effective than afforestation programmes elsewhere. The Mustang energy development programme should be replicated in other mountain areas with tourist traffic. In addition, kerosene depots should be established at the entry point of all major trek routes. In order to minimize demand for fuelwood, trekking agencies and mountaineering expeditions should be made to provide kerosene to their porters and support staff.

(d) Pollution control

Environment pollution in heavily trekked areas includes littering, solid waste disposal and hygiene problems. The hygiene problem is more pronounced near settlements and lodge sites and requires social engineering that will take time. Waste disposal and littering can be tackled only through a regular system of collection and disposal. It is necessary to clean up the garbage during May/June by employing the local people. Garbage should be burnt or buried, recyclable wastes disposed of, and commercially and non-biodegradable garbage transported out. In the case of national parks, the park authorities should provide disposal facilities at park entrances or at the end of well-frequented trails. There should be mandatory regulations to oblige trek agencies to properly dispose of or porter off their trek's waste.

Camping sites should be developed along the trek routes with facilities for toilet and garbage disposal. In inhabited areas, such camping sites should be managed by local schools or village/ward communities as a regular source of income. Tourist lodges should be encouraged to place litter bins and display signs prominently against littering. This has been initiated by the Annapurna Conservation Area Project and should be implemented in other trek areas.

(e) Management and finance

The four measures for environmental protection of mountain areas have different management aspects. The first two, regulation of volume and regional dispersal, lie entirely within the purview of the Ministry of Tourism. Development of alternative energy sources to firewood will require a multisectoral

approach. Pollution control for Sagarmatha and Langtang areas should be the responsibility of the Wild Life and National Parks Department that have jurisdiction over these areas, while Annapurna area falls under ACAP of the King Mahendra Trust for Nature Conservation. However, the environmental management of mountain areas exposed to the impact of tourism will demand a high level of coordination. This should be the responsibility of the Ministry of Tourism in close collaboration with other government and non-government agencies. Travel and trekking agencies need not only be regulated by rules but should also be associated at all stages of environmental programming. The most important component in management will be the local communities who should be fully involved at the local level with financial incentives.

The financial resources necessary for environmental protection programmes can be partly generated locally. The Annapurna Conservation Area Project (ACAP) has established a precedent whereby it is permitted to charge a fee for entry into the ACAP area and all the proceeds are designated for environmental management in collaboration with local organizations and the community. A viable mechanism would be to share the user charges between the central exchequer and the area concerned. The share retained by the area would be utilized for environmental protection and other development activities. As indicated in table 7, such an approach would yield about NRs 8 million in a year (1988) from user charges from tourism. It is also rational that revenue from mountain tourism be utilized for the protection of the mountain environment.

6. Action programmes

The following action programmes emanate from the protection measures suggested in the preceding section. Quantifying the number of tourists within the carrying capacity of the mountain areas is dealt with in 4 (c).

(a) Regulation of volume

1. The Ministry of Tourism should set the Central Immigration Department a quota for trek permits to be issued during peak months for each trek area categorized as overcrowded.
2. There should be three gradations in the fee for trek permits in congested areas: high for peak months (October, November, March and April), low for lean months (June, July, August) and intermediate rate for the other five months. Trek fees for less trekked areas should be lower than those for the popular routes. Thus, since the current rate for Kangchenjunga and southern Dolpo is nearly five times that of other areas, the rate for the crowded Pokhara, Khumbu, and Langtang/Helmu areas should be considerably raised. The current rate differential between the first month and subsequent months should be reversed, making lower rates for subsequent months to encourage a longer duration of stay to enable visits to more distant destinations.
3. The Ministry of Tourism should survey the potential of less frequented routes and familiarize them by producing guide books, maps and brochures. Dissemination of information regarding the well-trekked areas should be left to the private sector and trek agencies.

(b) Regional dispersal

4. Trekking areas should be categorized as (a) general, (b) guided, and (c) controlled. General trekking areas should be open to individuals and groups, guided trekking areas only for groups and controlled trekking areas only for groups with royalty and supervision.
5. The following new routes should be opened to groups through trekking agencies.
 - (a) Round Dhaulagiri
 - (b) Rolwaling Valley
 - (c) Nangpa La area (Khumbu)

6. The following new areas should be opened to groups as controlled trekking areas
 - (a) Upper Mustang
 - (b) Upper Dolpo including Shey National Park
 - (c) Upper Mugu
 - (d) Upper Humla for access to Manasarovar Lake in Tibet
7. More peaks should be opened for expeditions in Kanjiroba, Saipal and Api-Nampa Himal in the western region. Expeditions should be permitted during the lean tourism months of June-September.
8. The current list of 18 peaks permitted to trek groups should be greatly increased to include peaks from Kangchanjunga and the Arun area in the east and Jagdula, Sisne, Patrasi, Humla, Saipal and Api-Nampa areas in the west.
9. Provision should be made for issuing of trek permits to less crowded areas from Biratnagar for the eastern and Nepalganj for the western region.
10. At present, there are 82 registered trekking agencies, and not all are active. Promotion of new trek destinations should be made one of the criteria in evaluating the trekking agencies and in awarding new agency licences. Incentives should be given to trekking agencies to open branch offices outside Kathmandu and also encourage regional trekking agencies.

(c) Alternative energy

11. The provision for use of alternative fuel for organized groups should be strictly monitored and enforced and they should also be made to carry fuel for their porters.
12. Kerosene depots should be established at the entry-point of all trekking routes.
13. Mini- and micro-hydel plants should be developed with concessional loans from the Government.

(d) Pollution control

14. It should be made mandatory for lodges to have lavatory facilities and to burn or bury their rubbish.
15. Camping sites with provisions for toilet and garbage disposal should be established along trekking routes by involving the local communities and schools.
16. There should be a regular system of garbage collection and disposal from heavily trekked area. This should be financed from part of the park entrance fee and mountaineering royalty collected from the area. Local people should be employed in the collection and transport of waste material.

(e) Management

17. The Ministry of Tourism should take a lead role in coordinating and initiating activities in protecting the mountain environment. It should involve other government and non-government agencies as well as local communities in such activities.
18. Half of the revenue collected as user charges for mountaineering, trekking and national parks/reserves should be retained in the local area for environmental protection activities.

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Annex I

TREKKERS ACROSS THORUNG LA, 1988

<i>Country or area</i>	<i>Jomosom to Manang</i>	<i>Manang to Jomosom</i>	<i>Total</i>	
			<i>Number</i>	<i>Percentage</i>
Europe	1 364	2 115	3 479	68.5
1. Germany	405	400	805	
2. France	202	500	702	
3. United Kingdom	330	309	639	
4. Switzerland	46	211	257	
5. Austria	53	190	243	
6. Italy	33	200	233	
7. Netherlands	98	110	208	
8. Denmark	66	90	156	
9. Poland	24	40	64	
10. Sweden	25	36	61	
11. Spain	34	–	34	
12. Norway	21	2	23	
13. Ireland	6	15	21	
14. Belgium	7	10	17	
15. Finland	14	2	16	
Americas	373	717	1 089	21.3
16. United States	307	517	824	
17. Canada	63	200	263	
18. Mexico	2	–	2	
Asia	115	47	162	3.2
19. Japan	100	33	133	
20. Thailand	8	4	12	
21. Malaysia	7	2	9	
22. Republic of Korea	–	8	8	
Others	154	196	350	6.9
23. New Zealand	100	75	175	
24. Israel	39	100	139	
25. Australia	15	21	36	
Total	2 005	3 005	5 080	100.0

Source: Pokhara Tourism Office, 1989.

Annex II

CLIMBING ROYALTY BY AREA, 1988

	<i>Number of peaks for climbing</i>	<i>Number of peaks attempted</i>	<i>Number of climbing teams</i>	<i>Royalty</i>	
				<i>Nepalese rupees</i>	<i>Percentage</i>
East	35	19	63	3 025 438	65.6
1. Kanchanjunga	10	2	6	282 832	
2. Khumbu (including Makalu)	21	16	56	2 713 309	
3. Rolwaling	4	1	1	29 297	
Central	57	15	32	1 560 284	33.8
4. Langtang/Jugal	12	1	2	58 587	
5. Ganesh	6	1	1	25 675	
6. Manaslu-Himalchuli	7	2	7	340 741	
7. Manang	4	1	1	29 282	
8. Annapurna	15	4	12	714 978	
9. Dhaulagiri	13	6	9	390 071	
West	17	1	1	29 284	0.6
10. Kanjiroba	9	–	–	–	
11. Humla	2	–	–	–	
12. Api Saipal	6	1	1	29 384	
Total	109	35	96	4 615 106	100.0

Source: Ministry of Tourism.

Annex III

CLIMBING FEE FOR TREKKING PEAKS, 1988

<i>Peak (area)</i>	<i>Number of groups</i>	<i>Nepalese rupees</i>
Central Region	75	381 076
1. Hiunchuli (Annapurna)	8	56 220
2. Mardi Himal (Annapurna)	1	3 735
3. Singu Chuli (")	19	63 900
4. Tharpu Chuli (")	18	63 891
5. Chulu, East (Manang)	3	21 200
6. Chulu, West (")	10	70 816
7. Pisang Peak (")	12	87 274
8. Paldor (Ganesh)	2	7 050
9. Ganja Chuli (Langtang)	2	6 990
Eastern Region	169	1 167 144
10. Parchamo (Ralwaling)	14	98 764
11. Ramdung (")	21	153 933
12. Imja Tse (Khumbu)	79	562 449
13. Kusum Kanguru (Khumbu)	4	27 751
14. Kwangde (")	2	14 820
15. Lobuje (")	9	63 330
16. Khongma Tse (")	3	10 180
17. Pokalde (")	9	33 213
18. Mera (Hongu)	28	202 704
Total	244	1 548 220

Source: Nepal Mountaineering Association.

Annex IV

ENTRANCE AND CAMPING FEE FOR PARKS AND RESERVES, 1988/89

<i>Parks and reserves (type)</i>	<i>Region</i>	<i>Area in km²</i>	<i>NRs.</i>	<i>Percentage</i>
West		6 334	180 633	3.9
1. Suklaphanta (National Park)	Tarai	155	21 695	0.5
2. Bardiya (National Park)	"	968	119 050	2.6
3. Khaptad (")	Hill	225	1 335	0.0
4. Rara (")	Mountain	106	30 503	0.7
5. Phoksumdo (")	"	3 555	8 050	0.2
6. Dhorpatan (Hunting Reserve)	"	1 325	—	—
Central		3 141	3 019 050	65.5
7. Chitwan (National Park)	Tarai	932	2 033 730	44.1
8. Langtang (")	Mountain	1 710	985 320	21.4
9. Parsa (Wildlife Reserve)	Tarai	499	50	0.0
East		1 323	1 406 940	30.5
10. Sagarmatha (National Park)	Mountain	1 148	1 403 790	30.5
11. Koshi Tappu (Wildlife Reserve)	Tarai	175	3 150	0.1
Total		10 798	4 606 623	100.0

Source: Department of National Parks and Wildlife Conservation, Nepal.

Annex V

**MONTHLY ENTRY FEE COLLECTION, ANNAPURNA CONSERVATION
AREA PROJECT, 1989**

<i>Month</i>	<i>Entry Kathmandu</i>	<i>Issued at Pokhara</i>	<i>Total Amount in Nepalese rupees rupees</i>
January	323 700	146 700	470 400
February	372 00	176 000	548 000
March	801 100	368 400	1 169 500
April	494 400	233 000	727 400
May	158 600	94 600	253 200
June	27 400	25 800	53 200
July	43 400	11 600	55 000
August	93 600	33 600	127 200
September	291 400	75 000	366 400
October	1 276 400	325 600	1 602 000
November	888 200	352 200	1 240 400
December	524 600	221 200	745 800
Total	5 294 800	2 063 700	7 358 500

Source: King Mahendra Trust for Nature Conservation, Kathmandu.

Annex VI

POPULATION, INFRASTRUCTURE AND TREKKERS IN MOUNTAIN AREAS

<i>Region/district</i>	<i>Population 1981</i>	<i>As percentage of district population</i>	<i>Access road to district</i>	<i>Airport in district</i>	<i>Number of trekkers 1987</i>
West (135)	298 441				73
1. Northern Darchula* (6)	13 399	14.9			
2. Northern Bajhang (6)	20 227	16.3		√	
3. Northern Bajura (6)	22 329	29.9		√	
4. Humla (20)*	20 303	100.0		√	
5. Mugu (24)*	43 705	100.0			
6. Kalikot (28)	87 638	100.0			
7. Jumla (24)	68 797	100.0		√	73
8. Dolpo (21)*	22 043	100.0		√	
Central (66)	128 933				29 000
9. Myagdi (8)	19 484	20.1			11 000
10. Mustang (16)*	12 930	100.0		√	11 000
11. Northern Kaski (5)	16 849	7.6	√	√	8 000
12. Manang (10)	7 021	100.0		√	10 000
13. Northern Lamjung (10)	37 396	24.5	√		10 000
14. Northern Gorkha (9)*	27 271	11.8	√		
15. Northern Rasuwa (8)	7 982	26.4	√		3 151
East (51)	103 875				11 954
16. Northern Sindhuli (1)	20 847	9.0	√		2 956
17. Northern Dolakha (10)	29 667	19.7	√		
18. Northern Solukhumbu (10)	22 377	25.4		√	8 998
19. Northern Sankhuwa (11)	25 145	19.4		√	
20. Northern Taplejung (13)*	31 216	25.8	√	√	
Total	531 249				44 178
Other areas					3 097

Note: The figure in parentheses represents the number of village panchayats in 1981.

* Partly restricted.

7. ENVIRONMENTAL MANAGEMENT OF COASTAL TOURISM DEVELOPMENT IN THAILAND

Nisanat Sathirakul
Office of the National Environment
Board, Thailand

1. Introduction

The Office of the National Environment Board in cooperation with concerned agencies has carried out coastal resources management programmes, namely the Eastern Seaboard, the Songkhla Lake Basin Planning Study, the ASEAN–Australia Cooperative Programme, the ASEAN-US Coastal Zone Management Programme and the Thailand Coastal Resources Management Programme, with a view to developing guidelines and models for environmentally sound management. Emphasis has been placed on an attempt to reduce conflicting use of coastal resources based economic development and to remedy adverse environmental effects. The rapid increase in tourism has led to a correspondingly high increase in beach development. Thus, the coastal environment, including nearshore fisheries, mangroves, sea water quality, and corals, is increasingly vulnerable to degradation. This paper presents the rationale for and initiatives taken in Thailand's coastal management, in particular in some important tourism areas, with respect to long-term sustainability.

2. Status of coastal resources

The application of the Master Plan for Tourism Development in 1975 has had a significant effect on the economic growth of tourism, and resulted in a considerable expansion of construction including hotels, restaurants, condominiums, communities, small foodshops and various types of services. The competitive use of coastal resources to satisfy the demand for tourism promotion and other activities has resulted in the deterioration of coastal resources which, in turn, threatens coastal ecosystems and economic loss. Within the past 15 years, the coastal resources have become severely stressed and in many cases highly degraded.

In terms of national revenue, in 1982 tourism ranked first in foreign exchange earnings; this continued until 1989 (table 1) and seems likely to remain so in the future.

Table 1. Thailand. Revenue from international tourism and other major exports, 1980-1989

Unit : billion baht

Year/rank	1	2	3	4	5
1980	Rice 19.6	Tourism 17.8	Tapioca 14.8	Rubber 12.4	Tin 11.3
1981	Rice 26.4	Tourism 21.4	Tapioca 16.4	Textiles 12.5	Rubber 10.8
1982	Tourism 23.9	Rice 22.5	Tapioca 19.9	Textiles 14.0	Sugar 12.9
1983	Tourism 25.0	Rice 20.1	Tapioca 15.4	Textiles 14.3	Rubber 11.8
1984	Tourism 27.3	Rice 25.9	Textiles 19.1	Tapioca 16.6	Rubber 13.0
1985	Tourism 31.8	Textiles 23.6	Rice 22.5	Tapioca 15.0	Rubber 13.6
1986	Tourism 37.3	Textiles 31.3	Rice 20.3	Tapioca 19.1	Rubber 15.1
1987	Tourism 50.0	Textiles 48.5	Rice 22.7	Tapioca 20.7	Rubber 20.5
1988	Tourism 78.9	Textiles 58.6	Rice 34.7	Rubber 27.2	Tapioca 21.8
1989	Tourism 96.4	Textiles 74.0	Rice 45.5	Rubber 26.4	Tapioca 24.0

Source: Tourism Authority of Thailand and the *Monthly Economic Report*, Bank of Thailand, 1989

(a) Islands

An increase in the number of tourists has been noted particularly in such places as Samui Island, Phuket Island and islands within marine parks. The estimated increase in the number of tourists from the year 1991 to 2001 has been calculated at 31.78 per cent for Ko Samui and 177.60 per cent for Phuket (in 1991, it is expected there will be 186,809 visitors to Samui and 692,870 to Phuket). This means that the basic services, roads, electricity, water supply and others, must be adequately provided to sustain these areas as well as to make provision for effective coastal resource management.

(b) Beaches

The encroachment of so-called gypsy groups and permanent communities along coastlines leads to a loss in amenity values. Conflict among concerned agencies has arisen when the number of squatters has increased. The Land Department, which is responsible for public land, granted privileges for squatters in reserved forest zones which are the responsibility of the Royal Forest Department. The loss of shorelines through rapidly constructed resorts and strong wave action requires urgent measures. Encroachment is caused by an increased demand resulting from population and financial pressures. This is, however, leading to a loss of mangroves, an important buffer zone against coastal pollution.

(c) Mangroves

The illegal construction of buildings in the mangrove areas has brought about their destruction. Clear cutting of mangroves for resorts, bungalows, and roads to facilitate tourism destroys the coastal ecology. The conversion of mangroves to shrimp farms has become popular along Thailand's coastline and led to land depreciation. The relationship between shrimp farms and mangrove areas is illustrated in figure 1; as shrimp farms increase the mangroves decrease. The classification of mangrove areas as economic zones A or B and conservation zones was developed to minimize the severe problem of mangrove destruction. However, mangroves sustain people mainly as sources of firewood, timber and nursery grounds. Garbage dumping in the mangrove areas where communities are established has resulted in gradually diminishing mangroves. The tremendous problem of solid wastes faces not only mangroves but also corals.

Table 2. Change in mangrove and shrimp farming areas in Thailand

<i>Year</i>	<i>1975</i>	<i>1979</i>	<i>1986</i>
Mangrove area (rai)	1 954 375.00	1 795 631.25	1 227 681.25
Shrimp pond area (rai)	71 193.75	132 556.25	260 400.00

Source: Department of Fisheries, 1989.

(d) Corals

There are five main causes for the destruction of corals: anchoring, coral collection, reef blasting, wave action and solid wastes. In Thailand, coral reefs are found mostly in the Gulf of Thailand and the Andaman Sea. Tourism in the Gulf of Thailand has caused the destruction of corals by anchor damage and the collecting of corals as souvenirs. Corals around Ko Samed, Ko Saked, Ko Yo and Ko Rad were killed without any concern. Corals in the Andaman Sea such as those at Ko Tarutao, Ko Phi Phi and Ko Petra are still in good condition. Most corals can be protected because they are found in the national marine parks. Coral reefs are governed by regulations under the Fisheries Act which prohibits the collection and export of corals and regulates trawlers and nets within three kilometres of the shore. Approximately 80 per cent of coral reefs are located in marine protected areas which are established under the National Park and the Fisheries Acts. The limited number of national park officers reduces the effectiveness of coral protection. The destruction of corals has continued and there is a lack of public awareness about the problem.

The use of coastal resources is leading to conflict among concerned agencies who are acting only on their own policies (figure 2).

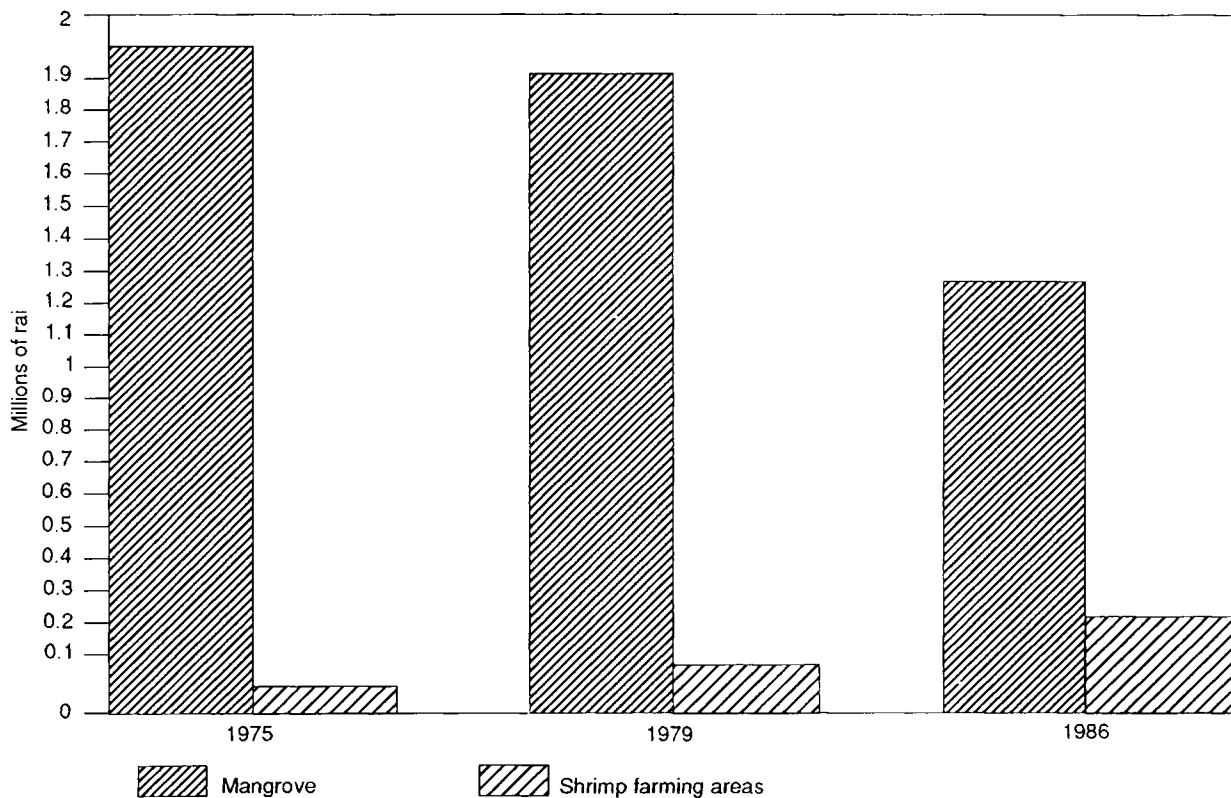


Figure 1. Diagram showing mangrove and shrimp farming areas in Thailand

Use of coastal resources	Conflict among concerned agencies						
	TAT	LD	FD	RFD	PWD	MRD	HD
Expansion of shrimp farms in mangrove areas			X	X			
Sediments from mining operations	X		X	X		X	
Coral damage by tour-boats anchoring	X		X				
Trespass of construction into mangrove areas				X	X		X
Encroachment of squatters in conserved forest zones	X	X		X			

- TAT = Tourism Authority of Thailand
- LD = Land Department
- FD = Fisheries Department
- RFD = Royal Forest Department
- PWD = Public Works Department
- HD = Harbour Department

Figure 2. Matrix showing the conflict generated through the use of coastal resources by concerned agencies

3. Coastal Pollution

Coastal habitats have sustained humans for countless generations in complex ways. Forests have regulated the flows and quality of coastal watersheds, bays and estuaries have nurtured commercial fisheries and coral reefs and mangroves have prevented coastal erosion and supported rich biological habitats. Conflicting use of coastal resources causes decay in the coastal environment and results in pollution.

(a) Water quality degradation

Many important tourist beaches, particularly Pattaya, Phuket, Samui and Songkhla, are now confronted with water quality degradation caused by untreated effluent from communities, mining, shrimp farms, hotels and industries. Among these, domestic waste water discharge is the most important. The high percolation rate of the sandy soils with only a one metre water-table which is found on Phuket's west coast leads to contamination by coliform bacteria in the coastal sea water. The growth of unplanned coastal communities is affecting human health. Turbid water caused by tin mining operations at Bangtao in Ko Samui has resulted in coral deterioration and water quality degradation. Untreated hotel effluents discharged onto the coasts is currently affecting the sea water at Pattaya, Bangsean, Phuket, Samui and other places. Although BOD, SS and coliform bacteria in these areas appear to be below dangerous standards for swimming and coral conservation, measures to control the effluents from hotels, industries, mining and shrimp farms need to be developed. The mushrooming growth of hotels with fewer than 80 rooms along the coasts indicated that Environmental Impact Assessments (EIAs) leave loopholes. Provisions are needed for the requirement of regional EIAs for development projects such as tin mining and shrimp farms proposed in a particular coastal areas to address cumulative impacts and avoid the administratively burdensome and impractical requirements of individual EIAs.

(b) Solid wastes

The increase in the number of tourists on the coasts leads to an increase in the amount of solid wastes. A tremendous amount of garbage is generated annually through consumption practices of local residents and tourists. Tourists keep polluting coastal areas through ignorance as well as a lack of discipline and responsibility. The residents earn their living along the coast without realizing that they are destroying their own natural assests. It has been found that solid wastes have become a major cause in killing corals and mangroves. This problem is becoming increasingly serious because the agencies concerned pay less attention to this issue.

4. Action and measures for environmental management

The Office of the National Environment Board (ONEB) was established in 1975 under the Improvement and Conservation of National Environmental Quality Act, B.E. 2518 (A.D. 1975) (ICNEQ). With this promulgation ONEB acted as the executive secretariat and the operational arm of the Board of National Environment (NEB). Section 5 of the ICNEQ Act 1975 as amended in 1978 defines ONEB's responsibilities in tackling the national environmental policy. The coastal resources development programmes were set up to comply with these responsibilities and include:

(a) *The Songkhla Lake Basin Planning Study Project*

This project initially placed strong emphasis on environmentally sound development planning. It is a pioneering project involving an economic and environmental management planning approach. The project includes integrated plans for natural resource management, socio-economic development and environmental management.

(b) The Eastern Seaboard (ESB) Regional Environment Management Project

The project formulated a comprehensive environmental management plan for the ESB region, to follow up the National Economic and Social Development Board (NESDB) project to prepare an economic development plan for the ESB region.

(c) The Upper South Coastal Resources Management Programme

This project focuses on integrated natural resources management with particular emphasis on management plans for coastal resources. The areas of concern include Suratthani, Nakhorn Srithammarat, Pangnga and Krabi.

(d) The Thailand Coastal Resource Management Planning Project (CRMP)

The project aims at the development of a national coastal resources policy. The pilot project is designed at Phuket to formulate action plans for coral reef protection, water quality control and solid waste management.

(e) The ASEAN – Australian Cooperative Programme

The project focuses mainly on the management of important coastal habitats including sea grasses, coral reefs and mangroves. Measures for implementing these resources have been established.

(a) Policy approach

(i) Coastal marine standards

Coastal standards were set for marine water quality within a 500 metre band (measured seaward from the low water line) along the coastlines of Karon Bay on Phuket's west coast, including Laem Mai-Ngang, Karon beach and Ko Poo and their vicinity. The purposes of these standards are to maintain the marine water quality for recreational use, that is for swimming, and to conserve coral reefs. The standards were set according to a notification in the Government Gazette issued by the Minister of Science, Technology and Energy on 4 November 1983 and pursuant to the provisions of section 17 (2) – (3) of ICNEQ Act. The establishment of the marine water quality standards of Thailand's coastlines has been made by NEB Technical Committees on Water and Watershed Classification in which the draft notification was reviewed by the NEB Legal Committee. Upon the NEB's advice for its issuance, it will become effective when it is signed by the Minister of Science, Technology and Energy and published in the Government Gazette pursuant to section 17 (2) – (3) of ICNEQ Act.

(ii) Domestic and municipal effluent standards

The initiative has been taken by the ONEB to set the domestic and municipal effluent standards. These standards have already been recommended to the Ministry of Interior for incorporation into ministerial regulations contemplated by section 8(6) and related provisions of the Building Control Act.

(iii) Urgent measures for mangrove and coral protection

Urgent measures for mangrove and coral protection have received approval from the National Environment Board and are now being submitted to the Cabinet for consideration.

(b) Implementation

(i) Public awareness

The participation of the public is essential in the effective management of natural resources. ONEB has been making people aware of the importance of natural resources and the ecology to be able to comply with its responsibilities and with government policy. Campaigns have been conducted using the media, holding symposia, seminars, and training programmes, distributing leaflets, etc..

(ii) On-site treatment plant

The demonstration project for water quality management was developed at Karon, Phuket, to study the feasibility of the local use of the on-site treatment system (septic/seepage pits) for waste water treatment and the involvement of residents in the project. The study recommended that the system should be fitted with vacuum filter tanks for moderate percolating soils. The use of the system was prohibited for highly percolating soils.

(iii) Central treatment plant

A central waste water treatment system with extended aeration activated sludge was recommended for the Karon Sanitary District. This recommendation was made utilizing experience gained from the central treatment plant established in Pattaya City to serve population growth in the future. The study estimated that with an increase in population (approximately 58,500 people) by 2001, approximately 2,880 kg/day BOD effluent will result and be discharged into Karon Bay. Such an increase is many times greater than that at present. With no central treatment plant, the untreated effluent will degrade the water quality and will affect tourism.

(iv) Solid waste management

An increase in the number of garbage collecting trucks to satisfy the increased demand for consumption by the year 2001 was recommended for Patong and Karon Sanitary Districts in Phuket.

(v) Installation of buoys for coral reef protection

Buoys have been installed over coastal seas covering eleven provinces where corals are found. Tour boats will use bouys instead of anchoring and damaging corals. This action was taken together with a public awareness campaign.

5. Recommendations

Beautiful beaches, clean water and scenic beauty attract tourists to Thailand each year. Keeping these natural assets beautiful and valuable as sources of economic development should be recognized in view of the need to conserve nature for generations. Public awareness building and training programmes must be encouraged in support of environmental management efforts. The use of the natural resources in such a way as to maintain economic growth must be done in relation to the carrying capacity of the resources. To achieve the goal of protection of natural resources depends upon people' participation and agreement among concerned agencies. As integrated natural resource management is a new approach in Thailand, the initial efforts which have been developed through Thailand's coastal management will pave the way for developing an integrated resources policy. This initiative is crucial for considering the effect of the impact of development projects in Thailand, particularly the emergent Southern Seaboard Project.

8. PRESERVATION AND UTILIZATION OF CULTURAL RELICS AND THE DEVELOPMENT OF THE CHINESE TOURIST INDUSTRY

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China has achieved much both in the preservation and utilization of cultural relics and in the development of tourism. The achievements in preserving cultural relics have greatly helped enhance Chinese tourism, and vice versa. As an ancient country with a long history, China has a rich cultural heritage, which has become an important factor in the development of Chinese tourism. Therefore, it is of great significance for the long-term development of tourism to improve the preservation and utilization of cultural relics.

1. The attractions and advantages of cultural relics for tourism

China is a multinational country whose long history produced splendid ancient cultures. The remains, on and in the earth, of its culture are not only an important part of Chinese cultural heritage, but also part of the universal treasury of all mankind. More than 500 key sites for the preservation of cultural relics have been designated at the national level, 5,000 at the provincial level, and 18,000 at the county level. These include ruins and monumental constructions from the time of the Opium War to the founding of the People's Republic of China. There are also Buddhist and Taoist temples, bridges, towers, gardens, prisons, inns and so on that have historical importance or that were originally built for some historical figures. Ruins of primitive society, tombs of different dynasties, carvings in the mountains and frescoes in caves are also included in these designated key sites. The Great Wall, the Forbidden City, the Mogao grottoes in Dunhuang, the Tomb of Emperor Qinshihuang and the site where the remains of Peking man were found in Zhoukoudian have been put onto the UNESCO World Heritage List. A nation-wide general survey of cultural remains was launched in 1980 and more than 100,000 sites of historical importance were revealed. The state has listed 62 famous historical and cultural cities, among them capitals of ancient dynasties, important cities in Chinese revolutionary history, and cities famous for their porcelain products. All these cities retain their original strikingly characteristic appearance. Archaeological sites also show the tremendous achievements of the past. The fossils of Yuanmou man and of Lantian man, the ruins of Hemudu, the tombs of Zenghouyi and of the King of Zhongshan, the terracotta warriors and horse figures in Xi'an and other precious cultural objects have been unearthed which have greatly enriched the Chinese historical treasurehouse, and have claimed world attention. Different museums around the country number more than 1,000, with more than 10 million items in their collections, including 160,000 considered to be of national importance. They provide more than 120 million people with 4,000 to 6,000 exhibitions every year.

The rapid development in the preservation of cultural remains has provided a solid material base for the prosperity of tourism. As a developing country, China should plan the development of its tourism in its own cultural tradition and with its own characteristics. With the variety, richness and uniqueness of its culture, in which the advantage of Chinese tourism is embodied, China constitutes a strong attraction for overseas tourists. Chinese cultural tradition grew out of its five thousand year history, the huge chronicle of which has not only given a full expression to the evolution, progress and vigour of the Chinese people along the Huanghe River valley and the Yangtze River valley, but also recorded their progress. The remains of the rise and fall of every dynasty in Chinese history and the achievements of the Chinese people in the political, economic, military and cultural fields, as well as the contributions of outstanding persons to civilization, are all carefully preserved.

With the brisk development of tourism worldwide, it has been increasingly realized that countries and regions with advanced tourist industries should pay particular attention to the characteristics and advantages of their tourist resources, so as to establish a distinct image as tourist destinations. This has been proved by the rapid development of tourism in several provinces and regions of China in recent years. Tourism is regarded as a cultural and recreational activity. Most tourists hope to derive aesthetic pleasure from the scenery in places other than their usual residence, learn from traditional cultures and receive inspiration from the history of civilization. The long-term, healthy and steady development of tourism in China should depend on the full development and utilization of its advantages in resources characterized by its history, and wealth in cultural remains and traditions.

2. Utilizing cultural remains to promote prosperity in tourism

As material remains of the activities of mankind, cultural relics are important demonstrations of civilization and cultural traditions.

Since 1981, the National Relics Administration of China has organized more than 80 exhibitions in 30 countries and regions such as the exhibitions of terracotta warriors, of ancient Chinese civilization, of paintings of Ming and Qing dynasties and of Chinese imperial life. The local promotion institutions and mass media always carry out big publicity campaigns when there is an exhibition of Chinese cultural relics, and a China craze develops, leading to a strong desire to get to know the country and visit it as tourists. Overseas tourists have been attracted to the Great Wall, the Forbidden City, the Mogao grottoes in Dunhuang, the terracotta warriors of Emperor Qin Shi Huang, the Confucian temple in Qufu and the ancient gardens in Suzhou by their reputation as remains of Chinese civilization. Since 1980, the number of tourists visiting the Forbidden City per year has registered huge growth, numbering more than 11 million in 1988, including 1,320,000 foreign tourists and Chinese from Hong Kong, Macao and Taiwan Province of China. The tourist development zone in the Badaling section of the Great Wall has in recent years taken the lead in terms of the number of tourists received, compared with the other scenic spots nationwide. In spite of inconvenient transportation, the Mogao grottoes in Dunhuang, located to the north of He Xi corridor, still exert a strong attraction for overseas tourists. In recent years, Chinese from Hong Kong, Macao and Taiwan Province of China as well as overseas Chinese have come to visit the tombs of Huangdi and Yandi, the Confucian temple and the Sun Yat-sen mausoleum. They are impressed by their visit. In 1990 the exhibition of masterpieces of cultural relics in China was held in the Forbidden City by the National Relics Administration with more than 270 pieces coming from 30 provinces and the autonomous regions. It was extremely popular with overseas Chinese.

The remains of the past are both sources of literary creation and scientific research. They function as an irreplaceable part of the national cultural heritage. The increase in studies of China's relics has promoted the development of tourism. A careful study of the frescoes of some caves and newly excavated relics has led to the creation of some musical and dance programmes, such as dances with music from the Tang dynasty and dances with music from serried bells, which have aroused the interest of overseas tourists. Using ancient architecture and landscape art, new architecture with a Chinese flavour in imitation of old buildings has been constructed, enriching the environment of many towns. Tourist programmes including visiting historical ruins, museums, ancient architecture and practising calligraphy have become popular.

Some local cities have tried making use of cultural outposts to develop tourism. This has proved socially and economically beneficial. For example, the city of Louyang selected 22 graves from the 10,000 unearthed there, transformed and restored them to build an underground ancient grave museum. When it was opened to the public in 1987, tourists came in swarms. Another city in Henan, Anyang, the capital of the Shang dynasty, is not only the site of inscriptions on bones and tortoiseshell, but also enjoys a remarkable bronze culture. On the ground the architecture was destroyed. In order to use the ruins for developing its tourism, and on the basis of careful scientific research, Anyang completed a ruins protection zone on its original site, the Museum of the Shang Dynasty. The protection of ancient graves and ruins has been one of the great problems to overcome; now useful trials made by the local governments provide not

only the experience of scientific protection afforded to the graves and ruins, but also act as a guide to developing tourism through the use of relics.

3. Strengthening the protection of relics to assure the vitality of China's tourism

China's relics are the heritage of its culture. One of their essential characteristics is that they cannot be reproduced.

The protection of artefacts and tourism are two different things. Different principles and measures are needed to evaluate them. However, they are related to each other and handling their relations well can promote both. First, the development of tourism has greatly aroused the public awareness of the need to protect cultural remains. Tourism provides this possibility, after visiting historical and cultural remains, and becoming aware of history and the importance of protection of sites, the public began to treasure and protect them.

Tourism is a two-way cultural exchange. On the one hand, it helps foreign tourists understand Chinese history and culture better, together with a perception of the achievements of the protection of sites. On the other hand, it enables tourists to share the experience of their own systems of archaeological and historical preservation. Helpful suggestions made by foreign tourists in respect of Chinese sites will strengthen their preservation.

People have begun to re-evaluate the protection of relics because of the notable social and economic benefits resulting from the development of tourism. Since the open-door policy was adopted in China in 1978, with the development of tourism, a cooperative and harmonious relationship has been established between the departments of tourism and relics protection. The Chinese National Tourism Administration and its local branches show great concern for the protection of artefacts and sites. They provide material and financial aid to renovate some sites. The improvement of tourist facilities has had beneficial effects on the relics department.

As for the protection of sites, some improvement is needed. Short-term interests must not prevail at the expense of a long-term interests, local interests at the cost of the general, national interest. At present, serious damage has occurred at some sites, and crimes involving cultural treasures are not unknown. Natural damage, such as earthquakes, floods and typhoons and modern industrial pollution seriously harm artefacts and sites. China faces an arduous task. A nationwide campaign to educate people is needed to with the slogan, "Protecting relics is glorious, damaging relics is criminal."

Recently, the National Tourism Administration of China has devised a general ten year development plan for museums. The implementation of this plan will gradually benefit both the protection of relics and tourism. It is to be hoped that the departments of relics and tourism will strengthen their cooperation and exchange information so as to improve their activities. This would lead to greater protection of relics and an appropriate development in tourism.

9. INDIA'S EXPERIENCE IN THE ROLE OF TOURISM IN THE PRESERVATION OF HISTORICAL AND CULTURAL HERITAGE

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1. Introduction

Tourism in India, in the modern sense of the term, came to be recognized as a worthwhile activity only after Independence in 1947. Even though the British Government had examined the potential of tourism and the Sargent Commission had mentioned tourism in its reports before Independence, serious efforts to develop tourism were made only in the 1950s.

To begin with, tourism came under the Ministry of Transport. India's first Director General of Tourism, the late Shri S. N. Chib, was appointed in 1951. He is known as the father of tourism in India.

Indian efforts to develop tourism as a meaningful economic activity have been sustained, but not as successful as would be liked. Tourism is the primary net foreign exchange earner in India today but it has not yet attained a position in the official hierarchy reflecting this primacy. Other important nation-building activities claim priority over tourism. The country is currently struggling to join the ranks of those Asian countries visited by large numbers of tourists. India was a late starter as in its first three decades after Independence it had to concentrate on major challenges like food shortages, construction of an infrastructure for an industrial base, developing irrigation, health services, education and other necessities. Many even today consider tourism as an elitist activity, a luxury that a developing nation can ill afford.

2. The advantages of a late start

India now has an industrial base, permitting the infrastructure for tourism to be more or less entirely serviced indigenously. Apart from the civil aviation sector, leakages in India's earnings are barely seven to eight per cent. India manufactures almost all its requirements locally. In the aviation sector too, tourism makes a major contribution towards foreign exchange earnings. The disadvantage in being a late starter is that India continues to make or repeat the mistakes made by others earlier; it has a tendency to reinvent the wheel. India's tourism services are not yet highly professionalized. Neither in the state governments or at the centre is there a group of well trained professionals, essential to provide leadership to the tourism industry.

The Times of India (Bombay) in its issue of 11 April 1939, more than fifty years ago, pointed out that tourism could not and should not be ignored as a major foreign exchange earner, as it helps to redress the invisible adverse balance of trade and helps the country's economic situation. Things have not changed dramatically since 1939. The article noted:

"We, therefore, badly need a counter-balancing element in the shape of inward remittances through foreign touristic traffic. It is the foreigner who will bring his capital and it is the Indian who will enjoy its disbursement. As the tempo of progress increases, more and more people of this country also will become travel-minded and will mostly confine their itineraries to their homeland. Thus the well-to-do man's money will circulate freely amongst the various classes in this country."

3. The multiplier effect of earnings from tourism

This multiplier effect of earnings from tourism is as potentially lucrative today as it was in 1939, and it is discouraging to note that India has still not been able to take full advantage of it. It is obvious that between 1939 and today more ground should have been covered. What frustrates a professional is not

merely the low number of tourist arrivals but the tremendous potential that India has for promoting tourism; yet the country has only 1.3 million tourist arrivals and earns a mere 2.2 billion dollars year.

Tourism existed in India many centuries ago. Travel on pilgrimages existed in India from the beginning of the Hindu period. This fact is proven by the ancient institutions of dharamshalas, lodgings for pilgrims, throughout the country. The pandas or priests looking after pilgrims had their own system of recording in detail the visits by travellers from various parts of the country. This system of documentation exists even today. In all the well known and popular places of Hindu pilgrimages, pandas flourish and their record books report hundreds of years of travel by specific families from specific villages. These family travel scribes were probably the forerunners of the travel agencies of today. They combined the role of an agent, hotelier and a guide.

Cultural tourism also existed in the past. In India, as in China, philosophers and thinkers were concerned with enlarging the human experience and bringing people together. One such great man in India was Shankaracharya, a renowned Hindu saint, scholar and philosopher of the eighth century. He established four religious centres known as mathas in the four corners of the country. He did not merely spread the message of religion but also created national identity, fostering national integration through the process of domestic travel and tourism. To this date, the temples of Thirupathi, Nathdwara, Vaishnodevi, Kedarnath and Badrinath, to mention only a few, attract each year Hindu pilgrims in millions. To those one needs add the million of pilgrims to Buddhist, Jain, Sikh and Muslim temples and shrines. India has, after all, given birth to four great religions of the world: Hinduism, Buddhism, Jainism and Sikhism.

This background in tourism shows that India had developed a relatively moderate tourism infrastructure in ancient times. It is only in the last twenty years that the modern infrastructure to cater to the tourist of today has been developed.

It was in the seventh Five Year Plan, in 1985, that for the first time ever tourism was briefly mentioned as a meaningful foreign exchange earner and as a provider of employment. The Government also set up a National Committee on Tourism. It produced an exhaustive plan of action. However, the implementation of this plan of action has been slow and halting. Even so, some bold decisions have been taken lately. Given the size, diversity and socio-economic contradictions of India, it will be difficult to formulate policies that are being practised by tourism-conscious nations of the eastern and western world, and to replicate these patterns in India.

4. The Indian past

India and China are two countries with long histories, abundant and resplendent cultures. Their scholars, saints, poets and travellers have been visiting each other for centuries. Tourism and trade on the silk route long existed.

The first recorded visitors to India were the Aryans, who came about 3000 years before Christ. They found an advanced and a well-developed society in the Indus valley. Their settlements were obviously well planned and their buildings great examples of architectural intricacy. The remnants of this architecture are found all over the sub-continent, both in India and Pakistan. Some of these are the sites at Mohenjodaro, Harappa, Lothal and Ropar.

The Aryans found the culture of India attractive and the land fertile. The atmosphere was not hostile but hospitable and congenial. Immigration controls and customs barriers did not exist. They settled down in the Indo-Gangetic plain and made India richer by their contributions.

The fusion of the original inhabitants and the Aryans resulted in a highly developed lifestyle which never failed to impress outsiders. Their cotton and woollen clothing was intricately embroidered. Ornaments were worn not only by women but also by men and children. Homes, horses and elephants were caprisoned and decorated. They developed and also produced terracotta artifacts. The entire community was interested in relaxation and enjoyment, much as today.

Nature, if not man, has preserved many structural ruins, by burying them, which give evidence of India's ancient heritage. It is only now that much is being discovered about it. During the last 130 years the Archaeological Survey of India (ASI) and similar organizations in India have, in a scientific manner, uncovered this evidence.

The visiting historians of past epochs could be called, in today's context, travel writers. Fa Hian and Yuan Chuang visited India in the sixth and seventh centuries. In their quest for an understanding of India's religions, particularly Buddhism and Jainism, they visited monuments and educational institutions which they described with great elegance in their travelogues.

Both welcome and unwelcome visitors entered India through snow-bound mountains, in the north-west, attracted by its prosperity. They came from far away Greece, Persia and other places in Central Asia. Many stayed on, never to return. They made India their home and contributed to the construction and preservation of great monuments that synthesized the arts and cultures of Central Asia with older traditional Indian styles. The resulting monuments are part of India's architectural and cultural heritage. Some of these are also great tourist attractions.

With the advent of seafaring activities, the Europeans too decided to look for the fabled riches of India; one such, Christopher Columbus, discovered America while trying to reach India. Then came the Portuguese, the Dutch, the French and the English. They were not really in quest of Indian heritage, but Indian treasure. Acquiring India was a step towards acquiring other colonies in the East.

All those who came to India over the centuries and stayed on helped in creating a mosaic of cultural and architectural heritage. It is not always easy to define those parts which are indigenous and those which have been grafted and borrowed from outside. Indian culture is a mixture of Dravidian, Aryan, Greek, Mongol, Persian, Turkish, Portuguese, French and British, with elements taken from the Scythians, Parthians, Macedonians, Babylonians and the Huns.

In addition to the four major religions born in India, the influence of Islam, Christianity and Zoroastrianism has been significant in various parts of the country. Indian heritage thus is not merely ancient, it is rich, varied and continuously evolving both in philosophy and concepts.

The Pathans and the Mughals, both of whom were great builders in their own way, also contributed, unfortunately to the destruction of many monuments in the northern half of the country. The break-up of Mughal Empire, in the late 18th and early 19th centuries, led to the emergence of a politically effete society, but devoted to sustaining arts and culture. Governors, army generals, princes and major landlords established their domains both large and small.

There existed at the time, of course, no codified regulations for the preservation of the monuments, but the one aim was to pursue personal pleasure and the gratification of vanity. Maharajas and rajas provided endowments for the preservation of religious monuments, and often allocated revenues of entire villages for the care of religious monuments where arts, music and dance were patronized. However, there was no consistent funding for the preservation of culture and heritage.

5. Independence and preservation

After Independence, many princely states faced an uncertain political and economic future. They came face to face with income and wealth tax problems, death and estate duties. The modern tax structure forced them to sell their treasures, sometimes outside the country, and a great deal was smuggled out with a view to avoiding heavy duties and levies. This deprived the nation of many valuable assets that today adorn museums and private collections around the world.

There are a few examples of national movements to preserve our heritage in the last few centuries, such as the example of an entire community of Bishnois of Rajasthan, who with great courage and foresight started the Chipko movement about 300 years ago. The word Chipko means clinging. Their entire community would cling to the trees near their villages so as to save them from being cut at the behest of

landlords and rulers. Like the Chipkos of 300 years ago, today we see Mr. Bahuguna and his followers helping preserve ecology and environment. He has been playing an important role in preserving our forests and natural heritage.

In the last 40 years, due to a greater consciousness of the nature of Indian culture, concentrated efforts have been made to revive, revitalize and help develop its heritage, and there is now a separate Ministry for Environment.

Today, folk arts and handicrafts have become a booming industry, providing full and part-time employment to several millions, earning a great deal in foreign exchange from tourists and exports. The establishment of Surajkund Mela near Delhi by Mr. S. K. Misra, an enlightened bureaucrat who is enthusiastic in the promotion of tourism, is a very good example. Here, tourism has helped in the preservation of arts and crafts by developing a new type of patronage for national artists. This development is also creating a significant link between rural and urban India.

It is often said that tourism carries in itself the seeds of its own destruction. The critics of tourism worldwide have expressed serious doubts as to the role of tourism in the preservation of cultural heritage. In India too, many well-meaning persons have expressed their concern regarding the impact of tourism on a mainly rural society. There is in India an active lobby that perceives tourism as a threat to India's cultural and environmental heritage. One must confess that their concerns are not entirely unfounded. Around the world one can see the damage that uncontrolled tourism can perpetrate: beaches, forests and monuments have been spoilt. To a certain extent this has happened also in India. The ASI strongly believes that tourism leads to thefts of artifacts. Many a temple has been destroyed or debased due to such art thefts. Commercialization and exploitation in the name of tourism have often led to a decline in the quality of life.

The social and cultural fibre of the community can be destroyed by hordes of tourists. By flouting established local norms and traditions they can create a disturbance. It is equally true that sometimes a tourist with a different cultural background would not be able to have the same respect and appreciation for the need to preserve Indian heritage; there may also be monetary considerations, individual selfishness and disregard for national treasures.

But one cannot blame merely the visitors. Any damage is caused basically because of a lack of concern in the community, or through a lack of funds or a lack of political will to manage tourism. Every student of social behaviour knows that it is not only tourists or tourism which harm a country's wealth or character. Indeed tourism can help preserve the cultural heritage through providing net additional financial resources. It is human nature to want to present one's best face to visitors, and to take pride in showing the finest aspects of national culture. It is not tourism that results in environmental and cultural pollution but rather bad management of tourism.

6. The preservation of monuments

In modern India, the first major steps for preserving the heritage, were taken in 1861 when the Archaeological Survey of India was established during the Viceroyalty of Lord Elgin. Later Lord Curzon contributed a great deal towards cataloguing, examining and taking steps for the preservation of monuments in India. Lord Curzon was responsible for several far-reaching and progressive measures.

India's first prime minister, Jawahar Lal Nehru, took a keen interest in the matter. He was responsible for the Antiquities Export Control Act 1947 and other laws in 1958.

The ASI, at the behest of Mr. Nehru, decided to classify India's major monuments in three categories. The first are those of national interest, numbering around 3,500. These are the responsibility of the ASI. The second category is of monuments of local interest, numbering around 6,000. These are to be preserved by the state governments. Then there is the third category of over 50,000 listed but not necessarily protected monuments. The ASI has developed a highly sophisticated methodology of conservation and preservation. It extends assistance to the state governments and museums. It also helps

in preserving monuments which are still managed by religious and other trusts like Wakf, Gurudwara Prabandhan Committees and Anjumans, etc.. Action by the state has thus been both direct and indirect. The consciousness of India's heritage is expanding. The newly rich, industrialists and others are going back to the countryside and are building homes and farm houses in traditional styles with old materials.

7. Arts, festivals and nature

Apart from the ASI's work, the Government has established several institutions for the protection and preservation of disciplines such as dance, music, and arts which, if neglected, would have withered. Many government sponsored and aided organisations have been set up. A few amongst these deserve mention:

- (a) The Lalit Kala Academy. This deals with the literature of national and regional languages for people with different educational cultural and social backgrounds. This academy encourages authors, poets, writers, and publishers to produce a large number of books on the arts and literature.
- (b) The Sangeet Kala Academy. This promotes music of the classical genre, and certain types of music which were in the process of being forgotten. It encourages creative innovations in folk music so that it does not lose its spontaneity and colour. Performances are arranged in different parts of the country and abroad. The Academy is responsible for the revival of some of dying forms by taking the classical styles from the limited performance arenas such as temples and affluent homes and bringing them to much wider and larger audiences.
- (c) The National and State level Museums. These have been established to care for art treasures and display them for visitors and scholars. Private enterprises too are tending to establish museums and art galleries.
- (d) The Festivals of India. Such festivals have been held recently in the United Kingdom, the United States of America, France and the Union of Soviet Socialist Republics and have greatly helped in reviving the performing arts by making them popular worldwide. These festivals have provided an excellent example of tourist promotion and cultural heritage working together for the good of the country.

Nowhere has the action of the Government been more impressive and effective than in the field of handicrafts and handlooms. Both these have survived primarily in the villages. Setting up of handicrafts and handloom boards has given an impetus and provided training facilities at the production level by introducing designs which conform to tradition and are also innovative. Marketing is organized through government emporia and exhibitions. The Handicrafts and Handloom Export Promotion Council is responsible for the export of these products.

Recognizing the potential of trekking and adventure tourism, the Government has recently embarked on a major afforestation programme. Though the Government has announced that 33 per cent of land should be under forest cultivation, at present it is only about 15 per cent.

Similarly, to promote tourism to Indian game and bird sanctuaries, animal and bird life is being protected. The Indian tiger would have become extinct if the Government had not taken the initiative to preserve it. For this 'Project Tiger' was launched in 1972. The tiger population, which was down to less than 1,800, today stands at approximately 4,335.

Special conservation projects, some of them gigantic in size, are being undertaken. A good example is that concerning the River Ganga (Ganges), a holy river. It has become abysmally polluted. Even so, millions take ritual baths in the river. The largest congregation in the history of mankind took place in Allahabad and 7 million people bathed in the river Ganges. It is almost unbelievable that there was not one single accident or mishap. Recognizing the pollution in the Ganges, the Government has established a Central Ganges Authority to undertake its cleansing and pollution control. This is a project of colossal magnitude and will take several decades to complete.

8. Tourism and preservation

The interaction of tourism and the preservation of heritage becomes visible in fairs, festivals, social and religious celebrations. A few examples are the centuries-old Pushkar Camel Fair at Ajmer which is now a tourist attraction of international fame and is visited by thousands of Indian and foreign tourists each year. Similarly, Dussehra in Kulu Valley in the north and in Mysore in the south, the Ganesh festival in Maharashtra, Durga Puja in Bengal, the kite festival in Gujarat all attract visitors. All these are examples where tourism has merged with the local festivity. Some new festivals have been created like the dance festivals of Khajuraho and Bhubneshwar. In this way tourism plays a role in preserving Indian culture.

The community too has helped advance the cause of preservation. Various community groups are now contributing to protect the arts, culture and the national heritage. Such an awareness has resulted in the creation of the Indian National Trust for Arts and Crafts (INTACH), a group of active and enlightened people who undertake projects for the conservation of heritage, developing attractions in specified areas, and creating overall awareness. INTACH also helps in designing programmes to protect endangered monuments.

Tourism is now creating an urge to travel and thus forms the market which motivates interested groups to take greater interest in preservation and conservation. The segment of society that favours tourism is also fighting against practices and policies which could ultimately bring havoc to buildings like the Taj, the beaches at Goa, the trails in the Himalayas, bird life at Bharatpur and many such causes have been sponsored by the tourism lobby.

India's potential for tourism is enormous, but the country is still a novice in the field of tourism development and it is recognized that uncontrolled tourism can soil and spoil the national heritage. So far there is safety in that only 1.3 million tourists per annum are received and the rate of growth, given current tendencies, will never be substantial. The population of 860 million is not likely culturally affected by such small numbers. By the time tourism is a success, India will have learnt its lessons in trying not only to manage tourism better but also will have the financial resources to protect its heritage. Tourism in India will help preserve its cultural heritage in a balanced fashion.

10. SOCIOCULTURAL INTEGRATION IN TOURISM DEVELOPMENT PLANNING IN SRI LANKA

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Ceylon Tourist Board

Tourism development planning as a conscious effort was recognized in Sri Lanka 25 years ago; as a priority industry, tourism was planned to alleviate some of the economic ills of Sri Lanka, namely the lack of investment opportunities to stimulate growth, and also to promote new employment opportunities. The Ceylon Tourist Board was instituted by an Act of Parliament in 1966 to undertake development and promotional activities on a planned basis.

In order to achieve the objectives of the Board, a consortium of specialist firms carried out a market and feasibility study and a comprehensive long-term development strategy was formulated and presented in the Ceylon Tourism Plan in 1967.

Six objectives were given in the plan as desirable goals and the last of these concerned the issue of sociocultural integration in tourism development planning. The objectives of the 1967 plan were:

- (a) To provide optimum growth of international travel and tourism to and within Sri Lanka;
- (b) To develop a tourism industry that best utilizes the attractions and opportunities of the entirety of Sri Lanka with respect to the requirements and potential of international tourism;
- (c) To provide a programme for the promotion of such travel markets which can give the maximum sustained economic benefits to Sri Lanka;
- (d) To give additional facilities for local travel and recreation for Sri Lanka residents and to increase the opportunities for social interchange between visitors and local residents;
- (e) To assist in the economic development of Sri Lanka through the establishment of a new service sector, the extension of manufacturing industries and to earn increased foreign exchange for the country;
- (f) To accomplish these objectives in a manner that will preserve and enhance the social, cultural and historical aspects of Sri Lanka.

The question arises as to how effectively the stated objectives have been achieved. As can be seen, all the objectives of the 1967 plan were to be achieved in a manner which permitted sociocultural integration and the preservation of Sri Lanka's historical heritage. In November 1978, a seminar on tourism was held in Colombo conducted by the Ministry of State which attempted to answer these questions.

According to the findings of the seminar, the 1967 plan had been fulfilled only in part, in terms of the stated objectives. Since here is being discussed the issue of sociocultural integration in tourism development planning, the other aspects of Sri Lanka's tourist industry will be left aside.

With regard to the cultural aspect of tourism, one needs to consider the positive impact first. The concept of cultural tourism was promoted by the improvement of infrastructural facilities at sites of archaeological and cultural significance.

The historic cities of Anuradhapura, Polonnaruwa, Sigiriya, Dambulla and cultural centres like Kandy and Kataragama were promoted. There was also the development of coastal resorts like Bentota, Beruwela, Hikkaduwa, Pasikudah, Kalkudah and the hill country resort town of Nuwara-Eliya. Wildlife and bird sanctuaries like Yala, Kumana and Wilpattu were also included.

The result of these efforts was to promote the revival of arts, crafts, music, song and dance in folk cultures as a way of life that brings about economic benefit. Tourists became the new consumers of traditional arts and crafts. They bought handicrafts, listened to the drums in the *perahera* and were enthralled by the dances in the Thovil ceremony.

The old forms of Sri Lankan social and cultural life were saved from neglect and decline. New ideas and new designs permeated the souvenir trade that revived the handicraft, handloom, batik cloth, gem and jewellery industries. There was also a large-scale revival of old dance forms and ritual music such as the Bali and Thovil ceremonies, firewalking, flute-playing and *viridu* singing. Since many of the hotels preferred indigenous architecture and interior decor, the local architects, carpenters, carpet-makers and potters also benefitted.

The other significant aspect was the regional dispersion of hotels and resort centres that was envisaged in the tourism development plan of 1967.

According to the plan, the development of tourist hotels and resorts should take place in five selected areas corresponding to the available attractions. These were Colombo City, the west and south coast region, the east coast region, the ancient cities region and the hill country region. It is interesting to note that 90 per cent of Sri Lanka's industrial production is located in and around the city of Colombo. For the rural population, therefore, tourism was one of the few opportunities of finding a means of economic benefit outside the traditional areas of agriculture and plantations.

The development of the tourist industry in this manner did certainly bring about economic benefits and sociocultural integration throughout many parts of Sri Lanka. The east coast region, for example, has some of the finest beach resorts in the world, as with Pasikudah, Kalkudah and Nilaveli. There are also the old towns of Batticaloa and Trincomalee with their singing fish, hot springs and Dutch fortresses.

In the hill country region, the city of Kandy which holds the famous Esala Perahera and the health resorts of Bandarawela and Nuwara Eliya are major tourist centres. The cultural heritage of Kandy and the way of life of its people benefitted through the tourism industry. Nuwara Eliya with its lake, boat rides, golf course, horse and motor races, combined with old colonial architecture, was a tourist attraction even before the war.

Likewise, in the west and south coast region too the impact of the tourist industry was to revive the social and economic life of the people by providing new income opportunities. This had the effect of reducing the rural-urban migration which is a major cause for sociocultural disintegration in modern Sri Lanka. The ancient cities region is in the dry zone of Sri Lanka, an area neglected by the Colombo administration for decades. Tourism therefore became one of the few industries in that area which helped to generate the income necessary for the preservation of the numerous historical sites.

Colombo City has always had its share of tourists since it was close to Katunayake Airport. No special effort was made to integrate the tourist industry with the social and cultural life of the city since Colombo was in any case a cosmopolitan city where many people speak English. There was an effort, however, to market rural arts and crafts by trade centres such as Lak Sala, Salu Sala, Samudra Gallery of Arts and theatres like Nava Ranga Hala and the Lionel Wendt.

Now one must consider the negative effects of tourism development in Sri Lanka. There was a danger to wildlife, birdlife, coral reefs, flora and fauna, because of too many visitors to Hikkaduwa, Wilpattu, Kumana and similar resort areas and sanctuaries. The religious atmosphere of ancient cities like Anuradhapura and Kandy was also minimized by the presence of a large number of tourists.

The systematic plunder and illegal export of antiques, ivory, ancient jewellery and other objects of cultural significance was the result of the attraction of scarce foreign exchange for unscrupulous traders. The influx of hippie-type tourists spending little and their life-styles had a corrupting effect on young people. Prostitution and nudity are some of the ill effects which can create a crisis of sociocultural dimensions. The

proliferation of instant cultural shows and hastily manufactured handicrafts for the benefit of tourists has led to the decadence of traditional arts forms.

The drug habit is one that was practised by the local population using ganja and opium. The influx of tourists however introduced other and more potent drugs like heroin and LSD. Prostitution too was always present in Sri Lanka's towns and villages, though male prostitution was a phenomenon that came with the development of tourism.

From 1978 onwards the Ceylon Tourist Board together with the Ministry of Cultural Affairs came up with new plans and schemes to achieve sociocultural integration in the development of the tourist industry in Sri Lanka. The important multi-million dollar Cultural Triangle Project was undertaken in collaboration with UNESCO.

The Cultural Triangle Project aimed at reviving, reconstructing and rehabilitating the ancient cultural monuments and cities formed by a triangle with Aukana, Anuradhapura and Polonnaruwa at the apex and Sigiriya, Dambulla, Nalanda and Kandy at the base. Another project is the *son et lumière* scheme for hotel sites at Kandy, with its Temple of the Tooth, Mihintale, where the first Buddhist missionaries lived, and similar sites of historic and cultural significance.

The lesser known sites of Yapahuwa, Situal Pahuwa, Ritigala Caves and Maha Oya Hot Springs were also to be developed under this scheme. The Dutch Period Museum in Colombo and sites of cultural significance in the city of Colombo were also included. The development of Mount Lavinia as a resort town close to Colombo with an English-speaking population was also conceived to help in the sociocultural integration aspect of tourism.

In 1977, the Sri Lanka Government adopted an open economy policy which, among other things, gave top priority to tourism development. Along with the open economy and the emphasis on export manufacture, local arts and crafts received a further boost via the tourist industry.

New marketing centres like the Vilasitha Nivasa and the Handlooms Emporium were opened in Colombo. In the provinces there were spice gardens and batik shops. The integration of the tourism industry with the socio-economic and cultural life of Sri Lankans became an increasing phenomenon since 1977.

The improvements at the Katunayake International Airport and the establishment of a free trade zone, both in the same area, brought in a new category of tourists, the entrepreneurs and businessmen of foreign origin. This kind of tourist preferred to stay in Colombo or the suburbs and would return to Sri Lanka very frequently. Through their business interests they seemed well integrated into the social and cultural life of Sri Lankans.

It is of primary importance to realize that a society which sees wealth in things rather than in men is ultimately doomed, and that mechanical production when necessary should be controlled in the real interests of society.

It was this threat that prompted the President of Sri Lanka, Mr. R. Premadasa, when Prime Minister, to take the initiative of setting up a centre where the traditions, wisdom and heritage of Sri Lanka arts and crafts would be developed and preserved.

The Gramodaya Folk Art Centre was, therefore, established in November 1988 at Sri Jayawardenepura Kotte on a 26 acre block of land in close proximity to the parliament. This centre is designed to serve the concept of Gramodaya, a word derived from Sanskrit, meaning the "awakening village".

The centre functions as a living village with a network of workshops teaching diverse crafts ranging from coir, leather, pottery, brass, and lacquer to gem cutting, lace and silk.

The regionalization of tourism activities with the help of provincial councils is another new approach to the sociocultural integration in tourism development. Local self-government helps to preserve the

autonomy of cultures and traditions of particular areas which can attract tourists for their distinctive appeal. The widely accepted view in international tourism now is that the concept of "tourist receiving locality" is better than "tourist receiving country" for promotional purposes.

Given the need for additional accommodation in Sri Lanka to cope with the fast-increasing growth of tourist arrivals, the Ceylon Tourist Board is assisting the provincial councils to identify places of scenic beauty and archaeological sites for development into tourist localities with an unique sociocultural appeal.

For example, the Ceylon Tourist Board has handed over to the Southern Provincial Council five acres of land in the Board's resort at Bentota for development as a folk art centre. This land is on the main road from Colombo to the far south.

Human resources development is also necessary in order to make people in the Sri Lanka tourist industry aware of the need for sociocultural integration.

Since its inception in 1966, the importance of the sociocultural aspects of the tourism product was a priority area in the training activities of the Ceylon Hotel School.

Specific curricula and syllabi dealing with sociocultural aspects of Sri Lankan lives are part of regular training activities of Ceylon Hotel School. In addition, its supervisory and higher grade trainees are also made aware of sociocultural pollution problem of tourism and strategies of handling these.

In the assumption of its own social responsibility, the Ceylon Tourist Board has embarked upon programmes of training and assistance for the poorest of the poor to meet the challenge of want. If this is not done, the hope to assure every man a life of human dignity, so often spoken of, remains an empty phrase.

Training programmes are being conducted at the Hotel School and in selected places around the country, so that young people from among the poorest families in these areas absorb adequate training to take up employment in the hotel sector or to go abroad. Jobs have already been secured abroad for those who have completed training.

The Ceylon Tourist Board has set up a fund called Grants for Poverty Alleviation (GRAPAL) for these purposes and thanks go to the Sri Lankan tourist industry for the substantial contributions already made to this fund.

The aim is to promote harmony between the aspirations of tourists and the social and cultural context of the host country.

It is believed that sociocultural integration in tourism development planning encourages peace, cooperation, understanding as well as travel.

To this end, the following steps that need to be taken have been identified:

- (a) Attention should be focused on the desirability of action;
- (b) A successful local structural organization should be provided to coordinate action;
- (c) The conservation of the national heritage as an important responsibility of the tourism industry should be demonstrated to the domestic travel industry;
- (d) The tourist industry has to demonstrate that it is prepared to assume long-range social, cultural and environmental responsibility;
- (e) The quality of tourist destinations must be maintained to increase the earning potential of the travel trade.

11. CHARACTERISTICS AND IMPORTANCE OF TOURISM IN AUSTRALIA

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1. Overview

Tourism has become one of Australia's largest and most dynamic new industries. Australia experienced high levels of tourism growth in the mid-1980s, especially in international visitors. During the 1980s the industry matured into a prominent, sophisticated sector which now contributes significantly to the country's national accounts, and provides a high proportion of new job opportunities for Australians.

The economic significance and principle characteristics of the tourism industry in Australia are considered here. The major issues confronting the Government, and Australia's approach to realizing the industry's potential, are also discussed.

2. The economic significance of tourism in Australia

Estimates derived from Australia's Bureau of Tourism Research (BTR) indicate that total expenditure derived from tourism has increased from \$A9.8 billion in 1981-82 to \$A22.5 billion in 1988-89, of which \$A16.3 billion was attributed to domestic tourism. Inbound tourism made a contribution of \$A6.3 billion in 1988-89. In 1983-84 this figure had been only \$A2 billion and in 1986-87 it was \$A4 billion (see figures 1 and 2). This highlights the fact that, despite the increasing contribution of inbound tourism, domestic tourism remains by far the largest component in Australia's tourism industry.

Around 448,000 jobs are estimated to have resulted directly and indirectly from tourism expenditure in 1988-89, with international tourism estimated to have generated about 120,000 of these. Tourism-related employment represents nearly 6 per cent of the total workforce in Australia. During the 1980s, the tourism industry is credited with having created over 100,000 new job opportunities in Australia. Each 10 per cent increase in international tourism alone is estimated to create additional employment for some 8,700 people.

The income generated from tourism expenditure is about 5.4 per cent of Australia's gross domestic product.

International tourism's share of Australia's total export earnings has increased from 6 per cent in 1985 to 9 per cent in 1989. In 1988-89, tourism became Australia's largest export earner valued at \$A6.1 billion, surpassing earnings from traditional exports such as coal and wool (figure 3). This included expenditure of \$A4.3 billion by overseas visitors while in Australia, \$A1.4 billion in passenger fares accruing to the national airline, Qantas, from inbound visitors, and \$A400 million in foreign airline expenditure in Australia attributable to international tourism.

The increased demand for infrastructural development has seen investment in the industry flourish and tourism has been a major inducement to the inflow of foreign capital. Over the three years to June 1990, the value of major tourist projects under construction or firmly committed more than doubled. There are recent signs that the strong growth in investment has slowed in response to economic conditions and the downturn last year. The value of major tourist projects (those valued at over \$A5 million) in Australia which stood at more than \$A20 billion (figure 4) at the end of June 1990 remains high, and is indicative of investor confidence in the long-term viability of the industry. Most of this development has been concentrated in the states of New South Wales and Queensland (figure 5).

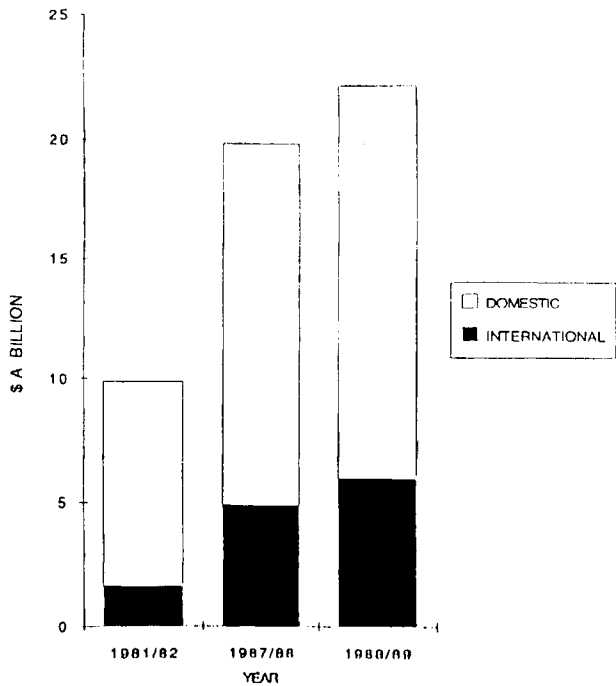


Figure 1. Tourist expenditure

Source: Bureau of Tourism Research 1990

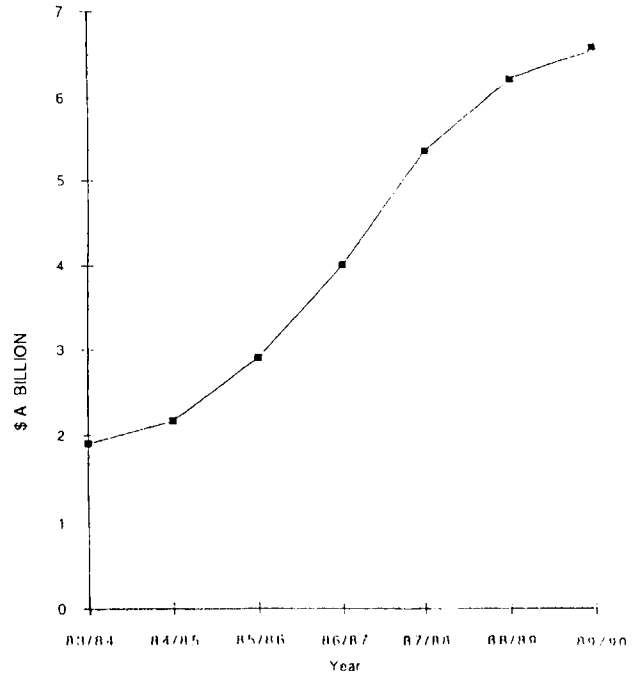


Figure 2. Foreign exchange earnings from tourism

Source: Bureau of Tourism Research 1990

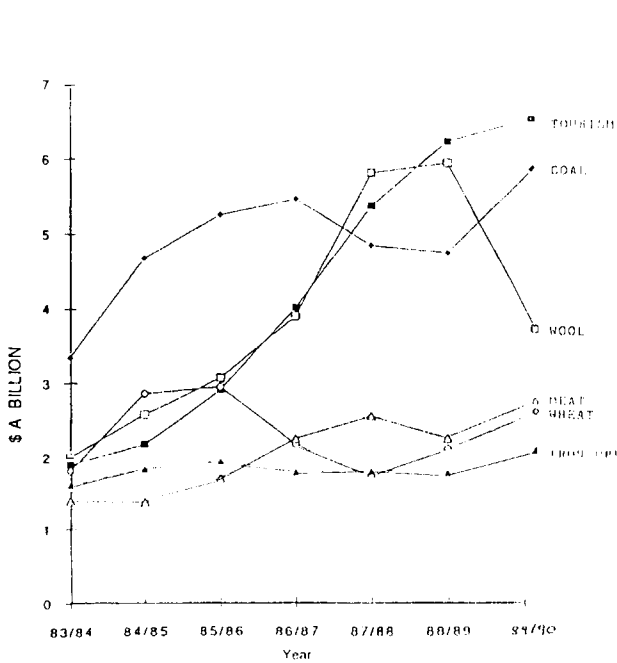


Figure 3. Comparative export earnings

Source: Bureau of Tourism Research 1990

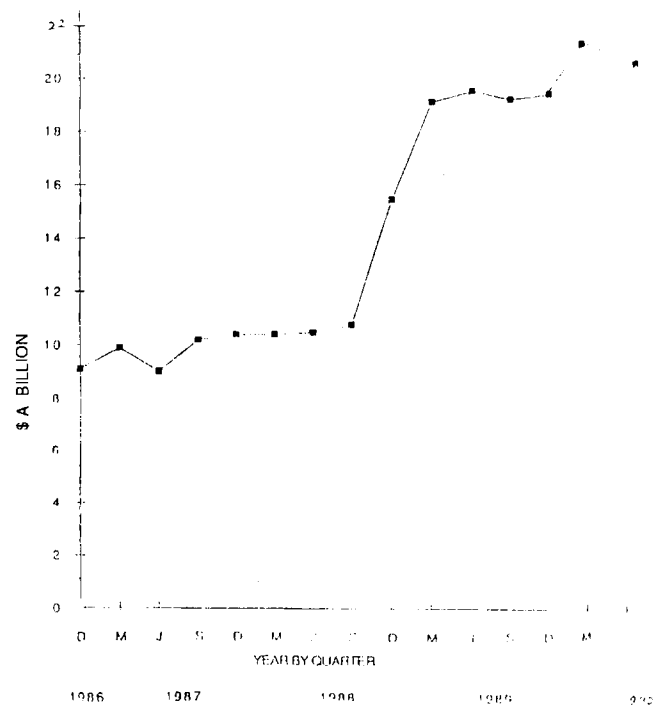


Figure 4. Value of major tourist projects under construction or firmly committed

Source: Bureau of Tourism Research 1990

3. Tourism trends in Australia

(a) International

During the mid-1980s, Australia experienced rapid growth in international visitor arrivals. Between 1983 and 1988 the number of visitors more than doubled, from about 944,000 to nearly 2.25 million, mainly due to sharp rises of more than 13 per cent in 1985 and 25 per cent in the three succeeding years to 1988 (figure 6).

This period of sustained growth in international visitors is attributed to a number of favourable factors including:

- (i) Highly successful promotional and marketing efforts which accompanied a substantial boost in the level of government funding;
- (ii) A large devaluation of the Australian dollar from 1985;
- (iii) An upsurge of interest due to wider international recognition of Australian film and musical performers;
- (iv) Growing perceptions of Australia as a safe, friendly and interesting 'new' destination;
- (v) Major awareness-generating events with strong drawing power, such as the America Cup in 1987, Australia's Bicentenary celebrations and the World Expo in Brisbane in 1988.

By contrast, 1989 saw a slight decline in visitor numbers reflecting a number of conditions which restricted growth, such as:

- (i) The lack of hallmark events in Australia;
- (ii) A slowdown in the economies of Australia's tourism markets;
- (iii) Rising holiday and travel costs, which served to dampen demand for travel to Australia;
- (iv) The protracted disruptions to domestic air services caused by the pilots' dispute which affected travel in the latter part of 1989.

Following the resolution of the dispute and the implementation of a tourism recovery package for both the international and domestic sectors of the industry, there is evidence of a return to strong growth in 1990. In the first six months of the year overseas arrivals grew by around 7 per cent with the Japanese and other Asian markets featuring prominently. The prospect is that international visitors this year will reach or slightly exceed the record 2.25 million established in 1988.

In 1989 about 92 per cent of international visitors came from six major markets or regions including New Zealand (22 per cent), Japan (17 per cent), the United Kingdom of Great Britain and Northern Ireland/Ireland (14 per cent), Asia excluding Japan (15 per cent), the United States of America (13 per cent) and elsewhere in Europe (12 per cent) shown at figure 7. Recent years have seen substantial shifts in the composition of Australia's international visitors. Japan, which has been Australia's fastest-growing market, accounted for only about 9 per cent of visitor arrivals in 1984. By the end of the 1990s Japan and other Asian markets are expected to clearly be the major sources of visitors to Australia (figure 8).

(b) Domestic

In contrast to the rapid expansion of inbound traffic, growth in domestic travel by Australian residents throughout the mid-1980s has been somewhat less dramatic, averaging around 2 per cent per annum (figure 9). Owing to the strong growth in the inbound market, Australia's reliance on domestic tourism demand has declined slightly, although it still contributes over three quarters of total visitor nights in Australia.

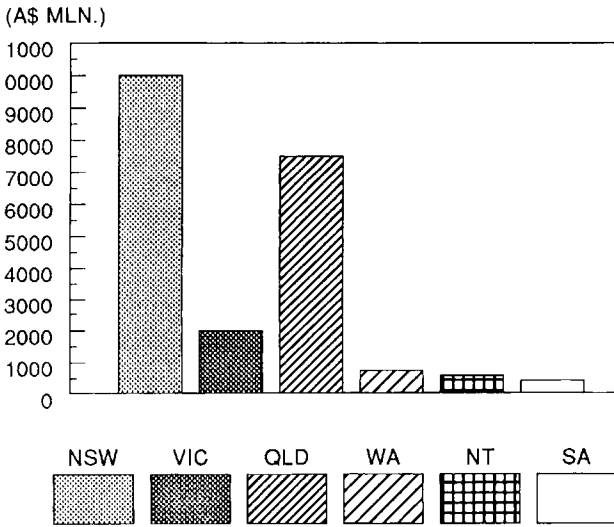


Figure 5. Under construction and firmly committed June quarter, 1990

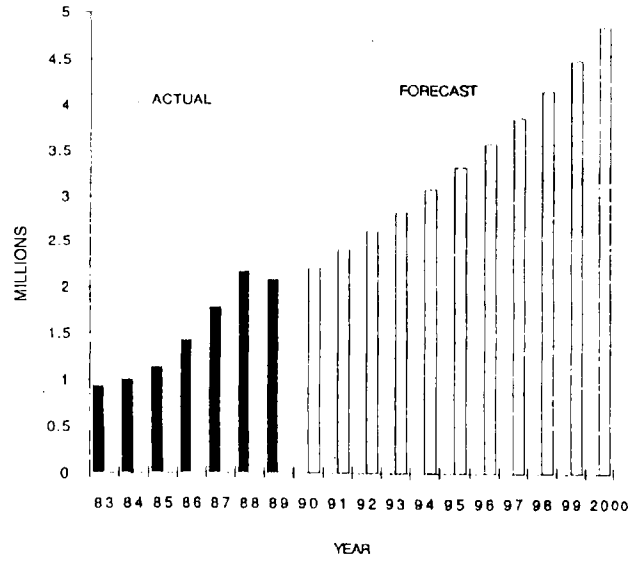


Figure 6. Overseas visitor arrivals, 1983-2000

Source: Bureau of Tourism Research 1990

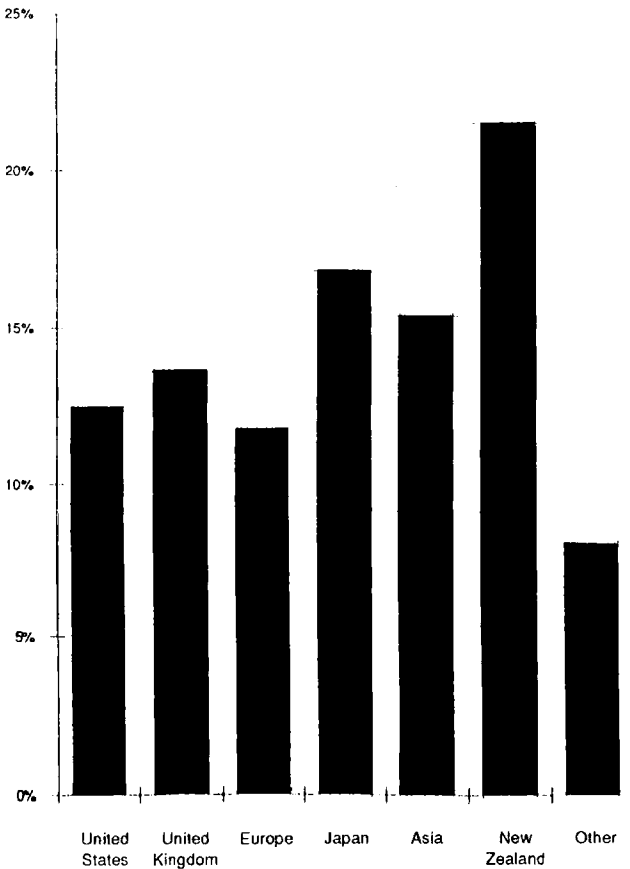


Figure 7. Percentage of visitors by market, 1989

Source: Bureau of Tourism Research 1990

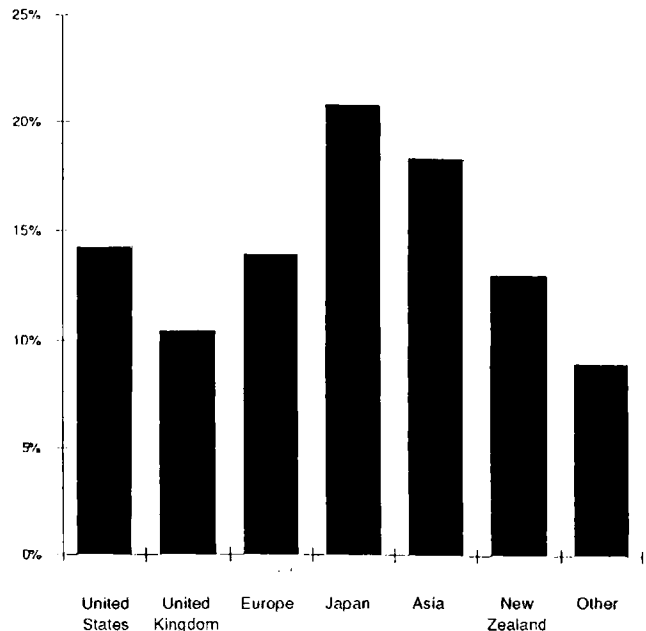


Figure 8. Percentage of visitors by market, 2000

Source: Bureau of Tourism Research 1990

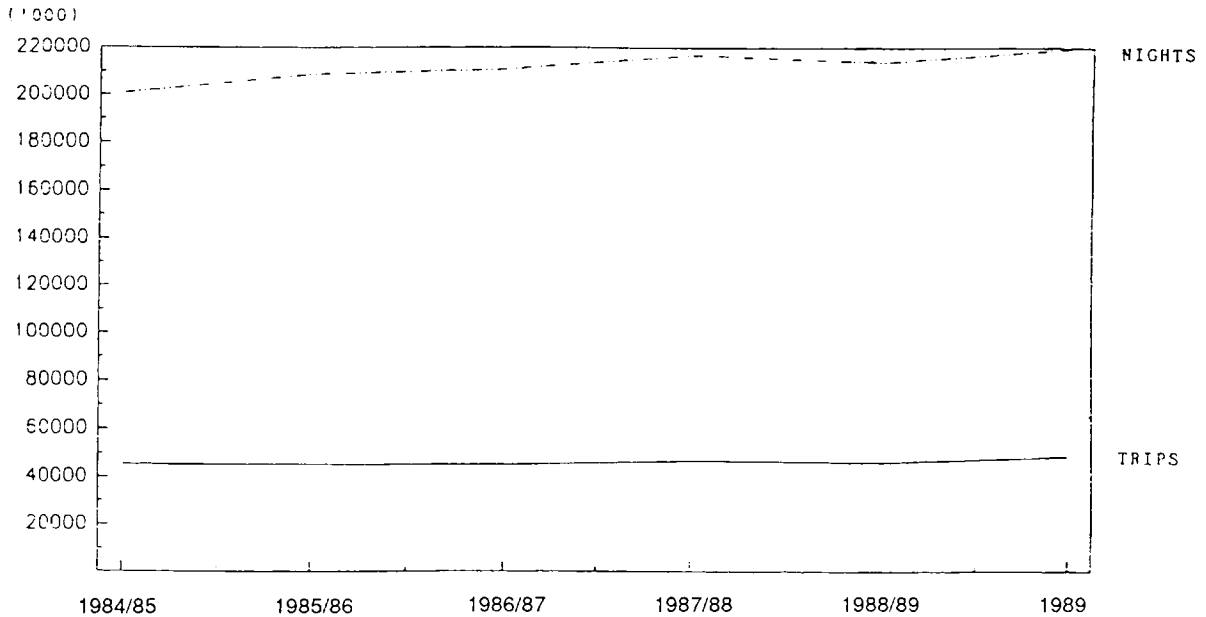


Figure 9. Domestic tourism: trips and nights

In 1989, Australian residents aged 14 and over undertook 48 million trips of at least one night's duration and spent 219 million nights away from home while in Australia. Statistics show that visitor nights have been increasing at a faster rate than domestic trips which reflects a gradual trend for Australians to take longer domestic holidays.

The gradual growth in domestic tourism has corresponded with relatively large increases in the number of Australians travelling abroad. Since 1984, short-term resident departures have increased by an average annual rate of 8 per cent to reach nearly 2 million in 1989.

4. Visitor characteristics

Holiday visitors have been the largest growth area in Australia's international visitor market. In 1984 around 436,000 or 43 per cent of total visitors arrived in Australia for a holiday. By 1988 this number had grown to more than 1.2 million or 55 per cent of total visitors. While a slight fall in the number of holiday travellers was recorded in 1989, the trend toward a higher proportion of holiday travellers is expected to continue.

International visitors to Australia are characterized by significant differences between major source markets, both in terms of the types of tourism services and infrastructure demanded and their impacts on the Australian economy.

With Australia's history of European settlement, a relatively large proportion of visitors, especially from the United Kingdom and Ireland (42 per cent) come to Australia mainly to visit relatives and friends. Visitors from the United Kingdom and Ireland and continental Europe also generally stay the longest (at 49 and 43 nights respectively in 1989) and tend to have higher total trip expenditures than visitors from other sources.

Average expenditure in Australia last year by visitors from Germany (\$A2,869) and Scandinavia (\$A2,961), excluding international air fares, was considerably higher than the average for all visitors markets (\$A1,968: figure 10).

Average visitor expenditure	Country area or residence	United States	Japan	Asia	Hong Kong	Malaysia	Singapore	Canada	New Zealand	United Kingdom and Ireland	Europe	Germany	Scandinavia	Other	Total 1989
Average (\$A)		2 048	1 701	1 976	1 983	1 877	1 356	2 372	1 623	2 261	2 491	2 869	2 961	1 817	1 968
Average stay (nights)		22	13	35	28	33	14	37	22	49	43	38	56	31	30
Average per night (\$A)		94	131	56	72	57	95	65	74	47	58	76	53	58	67

Figure 10. International visitors' average expenditure, 1989

In contrast, the Japanese market provides typically short-stay visitors, who averaged around 13 nights in 1989 and are principally (83 per cent) holiday travellers. Japanese tourists spent an average of \$A1,701 during their shorter stay in Australia.

As total expenditure is linked closely to the length of stay, the daily rate of expenditure among Japanese visitors at \$A131 per day was far higher than for the other Asian (\$A56), European (\$A58) and British (\$A47) markets which included longer stay travellers. To the extent that some of these travellers rely more on the hospitality of friends and relatives, the impact that these visitors have on the economy will be quite different to those who come mainly for holiday purposes.

5. Growth prospects

Over the last 25 years global tourist arrivals have increased fourfold and tourism is expected to become the world's most important export industry by the year 2000. Australia's share of world tourism, at about 0.58 per cent of total international arrivals is still small, despite the recent growth in inbound travel.

In Australia's case, tourism is an industry with considerable potential for future growth. The industry's growth prospects are favourably influenced by:

- (a) The economic growth of the Asia/Pacific region and the country's close proximity to the increasingly affluent Japanese and Asian markets;
- (b) The country's increasing appeal to European long-haul markets with the advent of more efficient and less costly transportation;
- (c) The country's unique natural attractions and cultural heritage, industry's diverse product range and growing sophistication in commercial developments;
- (d) The country's reputation as a politically safe and stable destination relatively free from crime, political unrest and international terrorism;
- (e) The downward pressure on the value of the Australian dollar as part of the balance of payments adjustment process;
- (f) The past migration and the multicultural nature of Australian society which lures visits from friends and relatives across the globe;

- (g) The increased opportunities for leisure worldwide, especially in the more developed countries, through the introduction of early retirement schemes, reduced and more flexible working hours and longer holidays;
- (h) The expected improvements in Australia's international competitiveness as the process of micro-economic reform improves efficiency and a restrained domestic economy reduces relative cost and inflationary outcomes.

The economies of Australia's inbound markets, particularly those of the developing Asia/Pacific region, are expected to grow at a faster rate than Australia's domestic economy, which will continue to be constrained by relatively tight economic policy necessary for long-term economic stability. Accordingly, inbound tourism is forecast to expand by up to four times the rate of domestic tourism.

In the light of these favourable factors, an average annual rate of growth in inbound tourism of 7-8 per cent and a level of international visitors of around 4.5-5 million are considered to be achievable by the year 2000 (figure 6). This will be accompanied by a significant change in the country of origin of visitors, with Japan and Asia emerging as the two dominant markets and New Zealand declining in relative importance.

For domestic tourism projected growth of 2-3 per cent is possible, which would mean some 270-300 million domestic visitor nights by the year 2000.

Providing these target objectives are reached, it is estimated that by the year 2000 the tourism industry will make the following contributions to the Australian economy:

- (a) Total tourism expenditure will be around \$A30-35 billion (in 1988/89 prices), of which \$A20-22 billion will be attributable to domestic tourism;
- (b) Tourism will account for around 650,000-700,000 jobs;
- (c) Foreign exchange earnings from inbound tourism will be around \$A10-13 billion (in 1988/89 prices).

In the short-to medium-term there are, of course, other factors that may affect Australia's tourism objectives, the recent Gulf crisis being a case in point.

6. Responsibility for tourism development

Generally speaking, the Commonwealth of Australia is responsible for matters relating to international tourism while the states/territories carry responsibilities for the development of domestic tourism. Local government also has extensive involvement in planning and development issues.

However state and territory governments also regularly undertake international promotion of their own and maintain overseas representation in certain key tourism markets.

In exceptional circumstances, such as the domestic pilots' dispute in the latter part of 1989, the Commonwealth Government has become involved in providing promotional support for the most affected state and territory governments and in generic domestic promotional activity, for the purpose of assisting recovery of the industry.

At the Commonwealth level there are three principal bodies involved with tourism

- (a) The Australian Tourist Commission (ATC), which is responsible for marketing Australia overseas as an international tourist destination;
- (b) The Department of the Arts, Sport, the Environment, Tourism and Territories (DASETT), which provides policy advice to the Government on tourism issues;

- (c) The Bureau of Tourism Research (BTR), which provides statistical and research services for the development of government policy and industry planning.

7. The strategic role of the Bureau of Tourism Research (BTR)

The BTR, which was established in 1987, provides the Government and private enterprise with the key statistical research and analytical support necessary for effective strategic planning and balanced tourism development.

The Bureau is responsible for upgrading the quality of tourism data, primary survey analysis and research on priority issues. It is cooperatively funded by both Commonwealth, state and territory governments and disseminates information to industry and other interests, while recovering government funding of research efforts. In addition, the BTR aims to promote greater understanding and awareness of the role of tourism research.

The BTR is responsible for the management and analysis of the two major annual surveys conducted in Australia, the International Visitors' Survey and the Domestic Tourism Monitor.

8. Strategic management and development of tourism

While the long-term prospects for tourism growth appear to be promising, there are a number of major issues which need to be addressed if tourism is to realize its full potential. As part of the policy development process, DASETT is currently framing a national tourism strategy (NTS) which will serve as a basis for future policy development.

The strategy will focus primarily on national issues but will be developed in close consultation with the states/territories, key tourism industry bodies and other interest groups and it is intended to provide a clear statement of Commonwealth Government goals and strategies over the next decade. At this stage it is anticipated that the NTS will be released in 1991.

Central to the national tourism strategy are four broad goals to guide the balanced development of the tourism industry.

- (a) The economic goal, to optimize the industry's contribution to national income, employment growth and the balance of payments by creating a favourable economic environment for industry development;
- (b) The environmental goal, to provide for the development of sustainable tourism by encouraging responsible planning and management practices consistent with the conservation of natural and cultural heritage;
- (c) The social goal, to improve the quality of life for all Australians by enhancing opportunities for participation in tourism and by maintaining an appropriate regulatory environment to protect the public interest;
- (d) The support goal, to provide and encourage the necessary promotional, planning, coordination research and statistical support to enhance the industry's development.

It is important that a balanced approach to the achievement of these goals is adopted. It would be undesirable, for instance, to focus on attaining high economic returns from the growth of the tourism industry at the expense of long-term environmental degradation of natural attractions. Similarly, a preoccupation with protecting the public interest may result in an over-regulated structure of the industry that stifles economic performance. The goals are interdependent and it is desirable to ensure that they also remain complementary.

The NTS will provide both broad operational objectives and firm directions for the development of a prosperous and sustainable industry in key policy areas that will affect the industry over the next decade.

9. Key strategic issues

(a) Sustainable development

The need for careful planning and effective coordination to provide for the sustainable development of the tourism industry is particularly important for an activity as diverse and fragmented as tourism.

Tourism is capable of playing a key role in the process of structural adjustment currently taking place in the Australian economy. It is a labour-intensive industry, providing job opportunities across a range of skill levels. It is also a low pollutant industry which, if properly managed, can contribute to the enhancement of the environment and the protection of national heritage.

Tourism demand, both inbound and domestic, is reflected ultimately in infrastructural development. The susceptibility of many of natural attractions to degradation by visitors has however forced the development of tourism and tourism facilities in a manner which is consistent with their long-term conservation. The approach being taken is directed towards sustainable tourism development.

In certain areas insensitive developments have been seen which cause adverse changes to the lifestyle of host communities and diminish the value of the resource. Some of these concerns include:

- (i) Developments unsympathetic in scale and design with the local culture, history and environmental setting;
- (ii) Reduced or restricted public access to beaches, waterways and other public spaces due to the siting of developments;
- (iii) Inflationary impacts on the price of goods and services in rents and real estate values;
- (iv) Displacement of established residents from their settled areas due to pressures of cost or the development of residential areas;
- (v) Overcrowding, traffic congestion and noise pollution;
- (vi) Increased pressure on infrastructural services such as transport, water and sewerage, and social welfare.

While the states and territories have the prime responsibility for land-use planning and environmental protection, the Commonwealth has an important role in resource use and management in several key areas, notably in:

- (i) Legislation safeguarding the environmental integrity of development proposals;
- (ii) Provisions in the ATC's charter, aimed at protecting Australia from adverse social and environmental impacts of international tourism;
- (iii) Legislation to protect Australia's natural and cultural heritage and the national estate; the establishment and management of national parks and reserves as well as the care of the Great Barrier Reef;
- (iv) The inscription of a number of sites on World Heritage lists, most of which are significant tourism attractions;
- (v) The establishment of a resources assessment commission to inquire into resource matters.

Although the Commonwealth Government has used these powers to protect the environment, its preference is to work with the state and territory governments and the industry on issues affecting the environment and resources.

(b) Deregulation of domestic aviation and further micro-economic reform of the aviation sector

Recent economic studies of the tourism industry in Australia have concluded that the main impediment to the development of tourism and its contribution to the Australian economy lay in the provision and the efficiency of transport services and that the single most important impediment arose from the regulation of air services.

The deregulation of Australia's domestic airline system took effect on 1 November 1990. This followed 35 years of highly regulated domestic aviation services, which discouraged effective competition and the development of increased air travel. Deregulation should act as a catalyst for more competitive domestic aviation system, with benefits likely to flow to both business and leisure travellers.

Under the new policy the Government has withdrawn from regulatory controls over aircraft imports, capacity, airfares and route entry while enhancing provisions covering safety and security matters.

A number of important reform issues remain to be resolved, however, including the need to provide adequate terminal facilities (which are at present leased to existing carriers) for new entrants, conditions of access to feeder traffic and computer reservation systems which will ensure that potential barriers to effective competition are addressed.

Since virtually all visitor travel to Australia is by air, it is also important to ensure that there is sufficient flexibility and capacity available to encourage demand at a competitive price in international aviation.

Earlier this year the Government announced a new approach for negotiating international air service agreements, based on maximizing total economic benefits to Australia. It also provides for greater account to be taken of tourism interests in the formulation of strategies for bilateral air service negotiations. The Government has also decided to privatize 49 per cent of the national carrier, Qantas, and 100 per cent of Australian Airlines, one of the two major airlines.

(c) Airport infrastructure

There are 11 international gateways and some 370 airports in Australia. Responsibility for the construction and operation of Australia's major international airports rests with the Federal Airports Corporation (FAC).

To sustain tourism growth, the provision of airport infrastructure needs to keep pace with demand. Recent years have seen major capital works undertaken at a number of capital city and regional airports including Brisbane, Hobart, Perth, Canberra and Townsville.

The programme has also seen at Sydney Airport (the major gateway) the recent completion of a \$A38 million programme to increase terminal capacity, while relaxation of curfew restrictions have improved airport management. A further \$214 million expansion of the terminal, due for completion in 1992, is currently under way. Decisions on the supplementation of these projects by the construction of a further runway at Sydney are expected early in 1991, while the phased long-term development of a second Sydney airport has also been approved.

As marketing and promotional objectives are increasingly directed toward greater dispersal of international visitors, the availability and provision of suitable airport infrastructure will remain a key area of planning.

(d) Tourism industry training

Rapid growth in tourism has led to increased demand for suitably trained staff, particularly with the expansion of international standard hotels and resort developments.

The challenge facing the Government and industry is to develop adequate education and training systems to meet the skill needs and develop attractive career opportunities, especially in the hospitality and travel sectors, where there has been strong and growing demand.

Most states and territories have incorporated tourism studies in secondary school curricula to increase general awareness of the industry. A national careers guide outlining employment prospects in the industry and tourism-related courses available at the tertiary level has also been distributed within the secondary school system.

Since 1982 the Government has helped to create an additional 3,000 student places in tourism courses at the tertiary level. Steps are being taken to ensure that adequate funds are provided for the continued development of tourism courses in response to industry growth and needs, while complementary initiatives, such as upgrading of skills, the development of increased exchange arrangements and work experience components are being encouraged.

Inadequate labour force data has inhibited the Government's capacity to assess and plan training needs. Recent occupational research into the hospitality and travel sectors and a survey of the hospitality industry labour force has helped to identify skill needs.

In conjunction with the tourism industry and unions, encouragement is also being given to incorporating career paths into industrial awards with appropriate wage differentials for qualifications and experience. This would provide an incentive to upgrade skills and improve service standards.

(e) Tourism shopping

Recent inquiries have examined the tourism shopping segment of the market, with the aim of improving Australia's image as a shopping destination and maximizing expenditure by overseas visitors.

The Government is currently considering the latest report on tourism shopping released in June. The report identified the need for more price-competitive shopping facilities at Australia's airports, retail trading hours more suited to tourists' needs, and it sought greater encouragement for the development of Australian arts and crafts.

(f) Marketing and promotional funding

The Australian Tourist Commission (ATC) is the Government's tourism marketing arm, responsible for marketing Australia as an international destination. Since 1982-83 Government funding for the ATC has increased fourfold to \$A40 million in 1990-91. This has enabled the Commission to launch effective marketing programmes and generate high levels of awareness of Australia as a holiday destination. The Commission has also attracted cooperative funding from industry and provided an umbrella under which industry operators have been able to engage in the cost-effective promotion of their specific products.

The ATC places considerable emphasis on forward planning and strategic development which is reflected in the Commission's three year marketing plan that is updated annually, in consultation with industry. Strategic elements in the ATC's current plan include:

- (a) A consumer-oriented focus, working in conjunction with the travel trade;
- (b) Market research geared towards more detailed market identification studies, tracking of advertising campaigns and greater understanding of key markets;

- (c) A continued spread of resources over a variety of markets, based on identified priority areas and ongoing strategic evaluation of its programmes in major markets;
- (d) Increased attention to convention and incentive promotion activities.

These priorities reflect a shift of emphasis within the ATC over recent years away from mass marketing to more closely tailored promotions, aimed at developing potentially receptive segments of a broader market.

The Government recognizes the role and success of the ATC and the industry in providing for generic and product-specific promotion and will continue to provide ongoing financial support subject to favourable evaluation of its performance.

10. Conclusions

Despite the successful performance of Australia's tourism industry during the 1980s, there are many challenges facing the industry over the next decade, some of which have been noted above.

During the 1990s, the Government's economic priorities will focus on the need to enhance the nation's balance of payments position and reduce foreign debt, achieve more competitive inflationary outcomes, create a more favourable investment climate and increase productivity.

Tourism will play a key part in the structural adjustment process. It is essentially a private sector activity in Australia, where government actions influence and mould the environment in which the industry operates. It is therefore important that the Government ensures that it maintains an environment in which a viable and sustainable tourism industry can prosper.

12. THE ROLE OF TOURISM IN SOCIO-ECONOMIC DEVELOPMENT IN CHINA

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1. Introduction

Tourism in China has made rapid progress since the policy of reform and opening to the outside world was put into practice, and has become a topic much discussed at home and abroad. The correct evaluation of the status and function of tourism in China's national economy has an important impact on the further development of China's tourism.

2. A review of China's tourism development

Before 1978, China's tourism, whose main task was receiving foreign guests on official visits, was not an independent industry. In 1978, China adopted the policy of opening to the outside world and decided to develop tourism with government support. Since 1978 China has opened some 400 cities to the outside, with the number of open areas totalling 600. Every year the Government allots large sums of money to develop, explore and renovate scenic spots and tourist destinations. In the last 12 years China has made remarkable achievements in increasing the number of tourists, the earnings in foreign currency, expanding installations, and protecting tourist resources and training employees in tourism. In 1987 tourist arrivals (including foreigners, overseas Chinese, and people from Taiwan Province of China, Hong Kong, and Macao) reached 26,907,000. In the same period China built and renovated 1,585 hotels and added 235,700 rooms. By the end of 1989, the total number of China's tourist hotels comprised nearly 300,000 rooms. Now China's tourism has a fixed asset of 40 billion yuan, a total number of over 1.6 million employees, earns a profit of over \$US2 billion and has a business income of 30 billion yuan renminbi p.a.. The rapid development of tourism has played a positive role in China's national economy.

(a) Foreign currency earnings make up for a deficit in foreign trade

Tourism in China brought in \$US 1,840 million in 1987 which was an important source of non-trade foreign currency earnings and helped make up for a deficit in foreign trade and balance China's international payments. In 1988, foreign currency earnings from tourism accounted for 34.4 per cent of the total of non-trade foreign currency earnings of the year, making up 48 per cent of the trade deficit. Foreign currency earnings from tourism are characterized by:

- (i) Invisible trade which does not need the export of many products and the consumption of much energy;
- (ii) Cash income which can be immediately used as circulating funds;
- (iii) Low cost: for example, in 1983, the cost of foreign currency earnings from tourism was only 36.5 per cent of that of trade, and in recent years, while the cost of foreign currency earnings has increased, it is still about two thirds of that of trade.

(b) The promotion and development of related industries and regional economies

China has shown a strong tendency to speed up the development of tourism-related industries: the most visible ones are transportation, foreign trade and construction. In 1978-1988, while the earnings from

tourism increased 8.3 times, the passengers for Civil Aviation Administration of China increased 6.6 times, foreign trade 3.9 times and the construction industry two times, all of which showed a higher rate of increase over industry and agriculture.

The tourism industry has proved a major stimulant to the development of regional economies. Before 1983, for example, the gross output value of Xincheng city in Liaoning Province was less than 100 million yuan renminbi. In 1984, it adopted the strategic policy of taking tourism as the focal point in promoting trade, industry, and agriculture. Great changes have taken place ever since. In the three years 1984-1986, the gross output value of industry and agriculture increased four times. In Guangdong province, the development of tourism in Zhongshan City has resulted in an overall development of all other sectors of economy. Compared with 1979, the total output value of industry and agriculture in 1987 had increased 4.5 times, and the average per capita income in the countryside increased four times. There are, of course, other factors accounting for such fast development, but tourism has definitely been an important stimulant.

(c) Tourism and the money supply

By providing labour, domestic tourism has made it possible to return huge amounts of cash to the state treasury. It is estimated that in 1985, the income from domestic tourism accounted for about 40 per cent of the increased money supply of the same year and in 1987 it was up to 60 per cent. In the past year or two, it was approximately one quarter. Foreign currency earnings from international tourism have played an important role in stabilizing the domestic market.

(d) The provision of job opportunities

The development of tourism absorbs labour, opening an important channel for employment. Around 10 million jobs were provided directly and indirectly by tourism in 1989. Tourism directly accounted for 1.68 million jobs representing about 6 per cent of the total work force in China.

(e) An active role in streamlining industrial structures

A country with comparatively poor energy resources, China has exerted great efforts to adjust its whole industrial structure in recent years. Industries demanding much energy but turning out low profits have been restricted while those low-energy, high-profit ones have been encouraged and greatly developed. In recent years, the dynamic development of tourism has also resulted in the expansion of such tourism-related industries as food processing.

(f) Improving the investment environment and promoting a knowledge of China

A number of foreign investors come to know China as ordinary tourists before making the decision to invest. Friendly people-to-people contacts through tourism in the past years have produced excellent results in economic, cultural, scientific and technological exchanges. In some cases, the unofficial channel is more convenient and effective than the official one. Statistics show that, in China, touristically more developed areas tend to attract more foreign investment and earn more foreign currency through trade. Job opportunities provided by tourism made up 11.7 per cent of the country's total in 1978, while in 1989 it was 17.9 per cent.

On the other hand, one must not overlook the negative role tourism development exercises in society and the economy. For one thing, it has aggravated the tendency among some Chinese to overspend. For another, in many places, environmental protection has not kept up with tourism development. Along with the inflow of overseas tourists, lifestyles and values that do not fit the conditions of China have made their way into the country.

2. The nature of China's tourism and its relations with other sectors of national economy

The chief aim of China's tourism is to accelerate development of the country's economy. Therefore tourism is naturally of an economic nature. International tourism brings hard currency, and earning this results in an inflow of foreign material wealth into China. In this sense, international tourism is a productive, hard currency earning industry. There is no doubt that tourism is of an economic nature. In the eyes of the consumers, tourist consumption is to a great extent a cultural consumption, but this does not change its economic character. Therefore, it is necessary to clarify and emphasize the economic character of tourism. The basic fact that this industry has an economic feature should never be overlooked because tourist consumption carries some cultural content.

As part of national economy, China's tourism, which operates within the framework of the country's fundamental conditions, has three dominant features.

First, a monopoly exists along with competition. China has some unique artefacts such as the Great Wall, the Palace Museum and terracotta army, etc.. They will keep their monopolistic position. However, fairly strong competition can take place among man-made tourist resources like big-scale entertainment centres. In manufacturing industries it is almost impossible to keep a permanent monopoly, and a short-term monopoly is achieved only when new technology is secret. But in tourism a monopoly can continue even if the door is kept wide open to all tourists, something made possible by the endowment of nature. In this sense, the more natural scenic spots a country has, the greater potential it has to develop tourism, and the longer its appeal will last.

Secondly, the relations of tourism with other sectors of national economy are both dependent and independent. Tourism will suffer if the other sectors of economy are not properly developed. In that sense, the development of tourism is highly dependent upon the other sectors of national economy. On the other hand, most tourists focus their attention on scenic spots and historical heritage, neither of which can be carried away. What the tourists do carry away is often fond memories. Tourism, therefore, is an industry which consumes comparatively less raw material. That is why tourism can be developed somewhat faster than other sectors of economy.

Thirdly, more emphasis should be put on market adjustment for developing the tourist economy. Tourists' behaviour has great spontaneity. Tourist supply and demand are mainly based on market adjustment and therefore change a great deal. However, the operation of China's economy basically depends on the combination of state planning and the market, and the tourist supply, too, must heed that combination. In the final analysis, the supply will be decided by changes in demand. The operation of the tourist economy should therefore pay special attention to market adjustment. Products should be organized based on market demand and supply capabilities. Thus it is essential to establish a very sensitive system of information feedback and an effective macroscopic adjustment and control system.

3. The future of tourism

Tourism develops with the expansion of the economy of a country and the whole world, with the rise in people's income and with the availability of more leisure time. In many developed western countries, tourist consumption has become basic to peoples' life. China is still developing; its average GNP may increase to \$US1,000 in the year 2000.

It will take several decades for China to reach the stage when tourist consumption will also become a basic need of the Chinese. It is an inevitable tendency that tourism will become a basic need of the Chinese. As an industry, tourism will never die; it will always be a sunrise industry.

4. The overall strategy of developing tourism

In view of the stimulating role of tourism in the national economy and the abundance of tourism resources in China, the overall strategy of developing tourism somewhat faster than other sectors of the national economy should be adopted.

This strategy is conditional; its implementation must be in pace with the coordinated development of the national economy. The strategy has five essentials. Firstly, the pace of tourism development and the increased rate of the tourism revenue should be higher than that of GNP and the gross output value of industry and agriculture. Secondly, the management, economic results, professional skills and service quality of tourism should be better or higher than those of other sectors of national economy. Thirdly, tourism staff must be better trained. Fourthly, overheated development in disregard of the actual situation must be avoided by all means. Fifthly, the appropriate advance in the development of tourism must not mean that tourism becomes a leading industry. All it means is that the pace of the development of tourism can be somewhat greater than other sectors of economy if only the market supply and demand and their changes are scientifically analysed and forecast.

Tourism is an important industry in China's national economy, but the country is large and has complicated conditions, so it is impossible for China to follow the example of some smaller countries and "take tourism as the key for building up the country." But definitely tourism should be developed as a major part of tertiary industry. In some places where the potential is great for expanding tourism, it can be taken as the foundation of the local economy.

13. THE STRUCTURE OF THE JAPANESE TRAVEL INDUSTRY AND TRENDS AMONG JAPANESE OVERSEAS TRAVELLERS

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1. Introduction

Those making plans to capitalize on the rapidly-growing Japanese travel market may profit by this presentation as it is designed to understand this market and suggest ways of reaching it.

The central fact is this: Japan is different.

The Japanese way of life and the nation's way of doing business are rooted in ancient cultural traditions, and respect for these traditions is evident everywhere. For centuries, the Japanese lived apart from the rest of the world, and many customs and mannerisms that began in isolated antiquity still survive. They characterize the business atmosphere of modern-day Japan, and give this vibrant, global-minded nation a flavour all its own. Success in this market depends, to a great degree, on adjusting to the different style and pace that mark the Japanese culture.

The Japan travel industry may appear somewhat confused and obscure to foreign eyes. This may be because of its structure and function. Two main conditions determine this: one is that few Japanese companies fall clearly within one particular part of the industry (e.g. "wholesaler" or "retailer"); most Japanese tour companies are vertically integrated to a greater or lesser degree. The other is that although one may find the same technical jargon used in Japan and abroad, the actual meanings of the jargon may differ considerably between the two markets.

(a) Legal definitions

All travel enterprises in Japan, whether engaged in domestic or foreign travel, are legally defined and regulated by the Travel Law which is administered by the Ministry of Transport. The ostensible purpose of this law is to assure the physical and financial security of consumers handled by travel enterprises, and one side-effect of the law is to contribute towards the security of larger travel companies.

There are three effective legal categories of travel enterprise in Japan: general travel agencies, sub-agencies, and others not required to be licensed by the Ministry of Transport, but which are, nonetheless, also covered by the provisions of the Travel Law.

- (i) General travel agencies are enterprises which are licensed as such by the Ministry of Transport. They are closely regulated by the Ministry with respect to size, financial power, minimum passenger numbers, services to passengers and financial bonds. As of 31 March 1990, there were 733 companies registered as General Travel Agencies.
- (ii) Sub-agencies are also licensed as such by the Ministry of Transport. They are usually smaller in size than the general travel agencies and are permitted to act in the travel industry only with the sponsorship of a general travel agency. Each sub-agency is required to sign a subjugation contract with one particular general travel agency, which subsequently acts for the sub-agency with respect to filing and arranging all documentation on the sub-agency's behalf. Sub-agents are not authorized to organize or plan tour products under their own names exclusively. As of 31 March 1990, there were 3,572 companies registered as sub-agencies.

- (iii) The category “other” largely consists of representatives of hotels and of operators handling ground arrangements. While they may not be expressly named by the Travel Law, nevertheless they are still covered by that law insofar as their range of legal functions is strictly limited by not being able to register as a general travel agency or a sub-agency.

(b) Size definitions

The Japanese travel industry habitually classifies itself by the size of companies, as much as it does by the functions companies perform. In particular, most travel industry operatives divide the industry into two categories: major travel agencies and the rest.

- (i) The major travel agencies are the 13 companies employing more than 500 staff each, and the total annual sales of these companies represent about 45 per cent of total tourism sales. In a sense these companies can be said to overwhelm the Japanese travel industry and their policies and promotions are the constant preoccupation of all other members of the industry.

Many of the major travel agencies were once subsidiaries or sections of big industrial and commercial enterprises. For example, Japan Travel Bureau (JTB) with 10,900 staff members currently, and Nippon Travel Agency (NTA) with 4,700 staff members currently, both branched out from the Japan National Railways Sales Department. Similarly Kinki Nippon Tourist (KNT) with 6,000 staff members and Tokyu Kanko with 3,050 staff members both developed from sections within private railway companies. Nippon Express Company (NEC) with 2,100 employees branched out from a transportation company.

While these companies started out as retailers, as they gained strength independently of their parent enterprises, they developed wholesale functions in-house as well.

- (ii) Strictly speaking the rest can be sub-divided into middle-size and small companies, but few in the Japanese travel business would bother with such distinctions based on relative size. These companies are probably best considered from the point of view of their functions, rather than their sizes.

(c) Functional definitions

- (i) The term “wholesaler” is difficult to separate from the general travel business in Japan. There is generally no clear borderline drawn between wholesaling and retailing where package tour products are concerned. There are perhaps only three wholesalers that meet the requirements which would be considered standard for classification as a “wholesaler.” All other wholesalers can be said more accurately to be wholesale departments of retail travel companies.

- (ii) The term “retailer” in Japan encompasses most of the companies involved in the travel industry and is almost as difficult to define in the Japanese context as is the term “wholesaler”. Retail agents may sell “genuine” wholesale products. They may also sell wholesale products produced by their own wholesale departments. Most will also organize and retail branded package tours, special group tours and individual tours on their own initiative using simple “flyers”, newspaper advertisements, contacts with clients and outside organizers who assemble passengers together into a group. Here can be seen one of the characteristic facets of the Japanese travel industry, in that one organization produces and markets competing products.

Sales departments of retail agents employ many staffers. These staffers weave vast contact networks over all sorts of affinity groups and organizations, industries and offices in order to gain the opportunity to initiate and organize SIT tours, technical visits or study tours, and group tours.

Some retailers are commonly termed “in-house agents”. These companies were originally established to handle all business travel on behalf of the parent business grouping. Many of them

have since outgrown their in-house function and now have become major travel agencies in their own right.

Recently a variation on this structure has appeared. It is difficult to describe precisely what the distinctions are between this new variation and the wholesalers and retailers described before. This new type of agent could be termed "direct route agent" or "direct sales wholesaler" or some such term.

The characteristics of this new variation include small to middle-size volume operation: just one or two wholesale or retail offices, usually attracting clients initially through direct mail brochures or pamphlets, through newspaper advertisements, or through personal contacts with organizers; keeping clients (i.e. "repeaters") through very good levels of service, economical pricing, and promotion of new "novel" destinations and types of tour.

- (iii) "Land operators", "ground operators" or "tour operators" are companies handling ground arrangements on behalf of wholesalers or retailers. Most land operators have representative offices in Japan and some destinations overseas.

There is usually no direct contact between the land operator or his representative in Japan and the Japanese consumer until the consumer arrives at his destination and is then handled by the land operator. This is a requirement of law, as in most (though not all) cases only companies licensed under the Travel Law are permitted to make direct commercial arrangements with end-consumers.

Usually land operators or their representatives in Japan sign contracts with Japanese wholesale and retail travel companies to handle those companies' tourists in particular local overseas areas. When any particular tour is being planned, at an early stage the wholesaler or retailer calls in one or more land operators to advise on particular inclusions in the tour, to quote for the tour, and (eventually) to reserve the ground arrangements and take care of the tourists during the tour. Land operators usually have little to do with the determination of destination or routing of particular tours although they may play a fairly large role in recommending and choosing local services that might be used (e.g. hotels, bus transport, restaurants, local agents and guides, etc.).

Land operators also negotiate and sign annual package deal contracts with service suppliers at the destinations. Some service suppliers usually receive reservation orders from Japan filtered through land operators. In this way they are usually very familiar with the names of land operators even though they may not know who the originating wholesale or retail agent is.

In some cases major travel agencies have established their own land operating divisions, through which they direct most of their own tours, as well as those of other wholesale and retail agencies. They may handle the tours directly themselves in making ground arrangements, or they may use appointed local agents to make the actual arrangements.

(d) Some key products

- (i) "Primary brand" or "national brand" (daiichi brando) products are package tour products produced by major travel agencies and by smaller wholesalers which are aimed at general consumers and which are branded with specific names. Usually wholesalers publish voluminous, de luxe colour brochures of their package products twice a year to cover the summer season (April to September) and the winter season (October to March).
- (ii) These companies also publish "second branch" (dai-ni-brando) products, which are also package products but which are designed to cope with increasing variation. These products are usually publicized through tour brochures printed in more conservative and economical formats.

- (iii) "FIT" products have recently been increasing in number and popularity amongst consumers. The Japanese industry as a whole has been slow and reluctant to find ways to handle this type of product, and is still experimenting to find the most appropriate and economical means of packaging these tours. The principle is to free-design tours to meet the personal demands of individual travellers; however, this can be an expensive and difficult operation to manage at the retail level. Accordingly the challenge of this type of business is to find the most effective ways in which apparent freedom of choice can be combined with the channelling and limiting of choice. Several major travel agencies have recently strengthened FIT sections and are increasingly regarding FIT passengers as sources of high-yield turnover.
- (iv) "Special interest tours" are commonly organized in Japan. These often include elements of "study" or "research" or "technical visit". Incentive tours, as the term is usually understood in the American market, are still quite rare in Japan. However it is usual that study tours combine an element of incentive in them, although this incentive component may not be emphasized for reasons of taxation liability or internal company policy. In any case service suppliers may notice that the studiousness of Japanese members of study tours is not especially marked.

2. Promoting products and services to the Japanese travel industry

(a) First steps

An overseas supplier of products or services wishing to develop sales to Japanese tour agencies might consider the following steps:

- (i) contact land operators and the operating divisions of major travel agencies based locally to inform them of available products, to test the products, (if necessary) to adapt the products, and to solicit introductions to associates in Japan;
- (ii) liaise with the relevant national tourist office in Japan by providing a full description of the product or products available and the steps taken to promote the products to representatives of Japanese companies locally. The national tourist office may then check with the originating sources of passengers in Japan and advise on the likelihood of success in the Japanese market for the proposed products;
- (iii) if these steps show some promise of success, plan a promotional trip to Japan: this trip should focus on general travel agents which already have substantial business, rather than sub-agents, but generally should include examples of each of the types of companies previously described;
- (iv) seek adequate representation in Japan if the promise of direct business from Japanese travel agencies seems to justify the expense.

(b) Promotional materials

(i) Pamphlets and flyers

Appearances are extremely important to the Japanese, far more so than in most countries. One of the best (and quickest) ways to create a good impression is to offer them high-quality promotional materials. Conversely, if one chooses to sacrifice quality for any reason (to save money, save time, or save oneself the headaches of doing a meticulous first-class job) the inferior product will invariably work against one's image. This applies to pamphlets and flyers, and even to individual business cards.

Fundamental guidelines to follow are given below.

a. The Japanese take great and well-deserved pride in their own skill in the visual arts. They have an enviable world-wide reputation as quality innovators in this field. So it is natural that they place high value on the quality of the materials presented to them, and see these products as a reflection of one's country, one's travel industry, and oneself.

Accordingly, every effort should be made to use good photographs, the best reproduction methods, tasteful layouts, good printing, and quality paper. One needs to remember that the primary objective is to achieve an appearance of first-class quality.

If there is a valid reason why this level of quality cannot be reached, it may be wise to defer production until it can. As mentioned, second-class work will significantly damage one's image.

b. The copy should be presented in the Japanese language. This is an expected common courtesy, and certainly a respectful way to address a prospective customer.

But it is not just a matter of proper form. Using the prospective buyer's own language is the best assurance that the reader will comprehend the exact meaning and flavour of the message, without running the risk that ideas and details expressed in English might confuse, mislead, or even offend.

As a last resort, and only that, there might be times when English is unavoidable. In such extreme circumstances, the least one can do is try to capsule the main points of one's message and express them in Japanese. Still, it is worth repeating that this method projects a poor picture of one's organization (sacrificing the quality so esteemed by the Japanese) and is rarely worth the risk.

c. After the copy has been written in English, one's representative in Japan should review the work to make sure it fits the needs of the Japanese market; then he should be instructed to hire a professional Japanese writer to translate the English into Japanese.

There are at least three good reasons why hiring a native-born Japanese writer will prove to be a wise decision:

- i. He knows the kinds of information his fellow-Japanese need and want as they contemplate travelling to another country, and can offer suggestions that might critically improve one's copy;
- ii. He understands the customs and traditions that are so important to the Japanese, and therefore can ensure that nothing will inadvertently creep into the copy that might be an affront to readers;
- iii. He knows how to write to his fellow-Japanese in their own idiom, avoiding the wrong expressions and choosing the Japanese words that convey one's meaning more persuasively.

If one is tempted to save time and money by turning this translation over to somebody in one's own country who claims to write Japanese one should question whether this person truly has the skill needed for the pamphlet. If this writer does not match the native-born Japanese on the three points just mentioned (as is likely) the reader will inevitably detect the flaws in the finished product, and this will work against one's image in Japan.

d. The promotional material should be packed with facts.

The Japanese travel prospectus is full of facts. To understand why, it is helpful to remember one of the characteristics that set the Japanese apart from most travellers, namely, the Japanese traveller abroad tries to visit as many places as possible in a short period of time, see as much as he can and quickly move on. As a general rule, the Japanese traveller does not linger in a leisurely manner at one destination, and discover the attractions unhurriedly. Instead, the tendency is to cover as much ground as possible,

pausing briefly at a number of destinations, visiting a succession of pre-determined attractions. To accommodate this style of travel, it is best to provide a pamphlet or brochure that is packed with facts which help the prospective travellers plan the busy trip ahead.

The facts should give a brief history of one's cities and resorts, maps, the principal tourist attractions, sightseeing trips, museums, charges for local transportation systems, who should be given tips and how much, and anything else that one feels would make the visitor comfortable as a traveller in one's own country.

The basic point to remember is that the Japanese traveller tends to plan his busy trip before he leaves home, and that is the time when he most appreciates the cornucopia of facts that the promotional materials (which can include video tapes, 16 mm films, slide presentations, and any other medium) can supply.

(ii) Business cards

Like so many things in Japan, where appearances and ritual are venerated, even the business card has its own special role. It is wise for the foreign visitor to understand the rather formal etiquette of submitting one's name and identification.

The Japanese view of one's business card is that it reveals what one is, as well as who. Exchanging cards is the traditional way of beginning a relationship, and cards are treated with respect and care.

A visitor should not casually play with the card during the meeting, write notes on it, or otherwise treat it as a trivial item.

When the meeting concludes, one's Japanese host will file one's card in a name-card box, in alphabetical order for easy reference. There, among scores of others, one's card is open to comparison in matters of quality and good taste.

In creating one's cards, these reminders can be helpful:

- a. Strive for quality in appearance good paper, neat layout, tasteful type;
- b. The front should be in Japanese, the reverse side in English;
- c. Use the standard size (55 mm x 90 mm), so the card will fit the standard name-card box; and
- d. Give one's name, title, area of responsibility, office address, office telephone, fax and telex numbers; as a general rule, the card should not give one's home address or telephone number.

Before printing one's cards, one's representative in Japan should check the use of the Japanese language, and also the layout to make sure it conforms to every accepted form.

(c) Promotional activities

(i) Flexibility

One of the best ways to establish a feeling of mutual benefit is to show a touch of flexibility to accommodate reasonable Japanese requests. For example, a hotel should be flexible about the time limit on advance bookings, on booking changes, on the deadline for releasing unused space. The Japanese expect this kind of cooperation, and feel it is the foundation of a solid, long-lasting relationship.

(ii) *Timing one's visits*

It is a good idea to note the periods when people in the Japanese travel industry are exceptionally busy, and try not to visit them in the midst of their hectic workloads. They are busiest during the weeks just preceding these traditional occasions:

New Year holiday	1–7 January
Golden Week (traditional May holidays)	29 April – 5 May
Obon (summer midday leave)	10–20 August
Year-end holidays	27–31 December

(iii) *Promotional functions*

a. *Cocktail receptions*

The Japanese enjoy a cocktail party as much as anyone else. They view it as a welcome and pleasant fixture in the travel industry, and an excellent vehicle for getting better acquainted, exchanging trade information, generally keeping up-to-date. When an overseas travel organization sends a mission to Japan, it is common practice to host a cocktail party, usually in important hotels in the Marunouchi or Akasaka areas, in easy reach of major travel agencies.

There are two points to remember, however. If one has an important announcement to make (a new project, a major new product, perhaps the appointment of new key people) the invitation should indicate that there will be a brief presentation. The advantage of doing this is that such an announcement will draw important people who genuinely want to hear the news. It is a good idea to schedule this presentation in one room and at the beginning of the reception, then move to an adjacent room for refreshments.

If there is no important announcement, there should be no presentation. There is nothing wrong with just having a pleasant hour with others in the industry, as a way of expressing thanks for their support.

b. *Lunches and dinners*

It is common practice to invite people to lunch or dinner, to establish a personal relationship and talk business (lunch or dinner, but usually not breakfast). Like such events everywhere, these pleasant occasions occur in the name of business, to maintain friendships, exchange information and points of view, but rarely to conclude any significant agreements.

c. *Seminars*

Seminars are a well-accepted way for overseas travel organizations to reach the people who sell one's products in Japan. They take different forms:

- i. The staff from one retail organization only or all sorts of agencies may be invited;
- ii. People from several agencies linked by one wholesaler may be invited; or
- iii. One of the major travel agencies may seek a presentation at its offices for all staff members.

Whatever the audience, these seminars are excellent opportunities not only to describe products, but to learn from the agents what the public likes and dislikes about travelling to a particular area.

d. *Workshops*

Workshops, as they are known in Europe, for example, are not that popular in Japan.

e. *Press conferences*

If an announcement has to be made, or a point of view expressed, and it is truly important to the Japanese travel industry, a press conference should be called.

If the news affects only the travel industry, one can expect the travel trade press – often quite influential – to attend, report the news, and possibly interview one's spokesman. The general media (newspapers, magazines, radio, television) probably would not attend and it is pointless to invite them. But sometimes these media have staff members who specialize in travel and would welcome an invitation, not necessarily to report it but to keep themselves informed with what they call background information. It is prudent to inform them, even if they elect not to attend.

If it happens that one's news is important to the general public, beyond the travel industry, both the general media and the trade should be invited. When the invitation is issued, whether by telephone or letter or in-person visit, one should be prepared to explain exactly what the press conference is about, so the media can make an informed decision about whether to attend and whom to assign.

It is a good rule to supply a press kit for each person who attends, including facts and background on the story, and photographs that illustrate the story, plus a good portrait of the speaker.

Press conferences are customarily held at one of the Tokyo hotels which are easy for the press to reach and which offer refreshments if needed.

f. *Follow-Up*

Timely follow-up is, needless to say, very important.

(iv) *Advertising*

Consumer advertising in the enormous Japanese market is expensive.

There are many newspapers and magazines, many radio and television stations, and massive clutters of advertisements competing for the consumer's mind and wallet – a clamour of advertising volume probably unmatched anywhere in the world. Given Japan's extraordinary skill in the visual arts, many are spectacularly effective. This is the quality of advertising that one's own efforts have to compete against.

Media costs are very high; for example, the Asahi newspaper with a circulation of 8.1 million daily charges 39 million yen for a single full-page advertisement. The women's monthly magazine *Non-no*, with a circulation of 1.5 million, charges 2.5 million yen for one four-colour page.

There may be opportunities to participate in special travel promotions in the consumer media, at an affordable price, from time to time, but a steady schedule of advertisements may be impossible.

Advertising to the Japan travel industry through a selection of travel trade publications might be both affordable and an efficient use of one's promotion budget. There are many first-class publications, beamed to specific important trade segments, that are carefully read and carry considerable influence. The cost of a black-and-white page may average in the range of 290,000 to 350,000 yen, a four-colour page between 460,000 and 570,000 yen.

Below is a sample of leading travel trade publications:

<i>Name</i>	<i>Characteristics</i>	<i>Circulation</i>
<i>Travel Journal</i> (weekly)	Opinion leading, general	9,000
<i>Travel Times</i> (bi-weekly)	Opinion leading, general	8,300
<i>Travel Management</i> (monthly)	Specific market analysis, well regarded by readers at management level	6,500
<i>Wing Travel</i> (weekly)	Newspaper style, general	8,000
<i>Travel Tribune</i> (monthly)	General	9,000
<i>Travel Digest</i> (monthly)	General, for travel trade but has some consumer readership	22,000
<i>Modern Tourism</i> (monthly)	Mainly airline business news	8,500

(v) *Travel fairs*

Travel fairs offer a good way to establish and foster relationships. The Japanese tend to regard one's very presence as a definite sign that one is seriously interested in understanding the Japanese travel market and becoming an integral part of their world. Travel fairs may not be the ideal place to negotiate business, but they are an excellent place to help build contacts for the long term.

There are three travel fairs in Japan:

- a. The World Travel Fair. This is sponsored by *Travel Journal*. It is staged every other year, in even years, usually in December, at the Ikebukuro Sunshine City Hall and it is a four-day event. It aims to attract general consumers, and drew almost 100,000 visitors in 1988.
- b. The Japan Congress of International Travel and Travel Trade Show. This is run by the Japan Association of Travel Agents (JATA). This is also staged every other year, but in odd years, at a major Tokyo hotel. It is a four-day event with seminars and a travel trade show. There are usually more than 300 booths. This show is mainly for the travel industry and draws more than 20,000 visitors.
- c. Tour Expo Osaka is staged every other year; the next is in 1991.

3. Ten keys for better business negotiations

(a) **Establishing good relationships**

The Japanese tend to be rather formal in the rituals of beginning a relationship with a foreigner. It is a slow process: the introduction, exchange of business cards, the gradual beginning of business talks, the protracted decision-making. The Japanese believe this is a judicious way to launch a long-lasting business relationship.

It is extremely important to understand this concept. Unlike people in other countries who habitually move from job to job, most Japanese expect to remain with their one employer for life. If they choose to do business with one, they expect this business friendship to generate loyalty on both sides and endure far into the future.

Such a valuable business relationship requires careful cultivation, including sales calls, courtesy visits, perhaps an occasional lunch or other social event.

(b) Knowing how decisions are made

One characteristic of the Japanese business structure is that decisions are usually made by middle management, not by the president or chief executive officer as in most other countries. This means that when one first calls on a firm, one may meet the president, but only to exchange greetings, not to talk business. With that formality out of the way, one can make a proposal at a lower level, probably to the head of a department or division. This middle manager will hear one's story, ask questions, evaluate both the product and oneself as an individual. At the close of the meeting, he will politely say that one's proposal will be considered.

(c) Waiting for a decision

If one is accustomed to a prompt decision, the deliberate decision-making may shock one's sensibilities and shake one's ego. An immediate "yes" or "no" is out of the question in the early stages of one's relationship.

This is partly a matter of courtesy, not offending a foreigner with a hasty "no". It is also a matter of the Japanese wanting time to evaluate a proposal, an organization, and oneself personally. Their rationale is that they anticipate a long, loyal relationship, and this rules out precipitate action.

The decision will come in due time. It may take repeated calls on one's part, and the wait may test one's patience to the limit, but this is the way of doing business in this tradition-bound land.

(d) Patience

Traditions, customs, rituals are evident everywhere in the Japanese way of doing business, and they often prove to be something of a cultural shock to foreigners. They have a tendency to slow things down. But they add a certain charm and tend to venerate long-lasting, loyal relationships.

The best virtue which can be displayed in the face of traditions is endless patience. It may be the key to success in Japan.

(e) Using the Japanese language

As noted several times above, it is wise to use the Japanese language in sales materials and every kind of promotional effort. Clearly, the Japanese understand their own language best, and one increases one's chances of reaching and persuading them if one uses their tongue.

If English instead of Japanese is unavoidable, one needs remember that its use will do some measure of damage to one's image as a newcomer to Japan.

(f) The advantages of a moderate approach

In the bustling Japanese market which is dynamic and progressive, one of the many surprises is that the Japanese prefer sales efforts to be in keeping with their customary pace: moderate, low-key, deliberate. One's first visit to a firm will be strictly a courtesy call, to meet the president and get acquainted with middle management, with little or no business discussed. It may take several visits before both feel ready to discuss proposals.

In this unhurried atmosphere, the Japanese view the hard-driving, argumentative type of presentation as self-centered, ostentatious, confrontational and simply the wrong way to nurture a relationship.

(g) Describe one's organization in detail

Before the Japanese feel ready to do business, they believe a period of time getting to know someone is well spent. When a courtesy visit is paid to begin a relationship, the host will welcome pamphlets, brochures, anything that says what one's organization is, where it operates, what it sells, and what one hopes to accomplish in Japan.

These may have been published originally in English or another language, but it would be considerate of you to have the main points printed on a separate piece of paper in the Japanese language and inserted in each document. Such a courtesy would be gratefully remembered. And of course the Japanese translation would help assure that your organization would be correctly perceived.

(h) Japanese fluency in English

In the Japanese travel industry, some have a good command of English. Many Japanese have a limited vocabulary, not sufficient, however, to carry on an easy conversation or read a detailed proposal. There are exceptions, but the general level of fluency is low.

If translators are not employed and English is used, some useful guidelines are to speak slowly, use simple words and sentences, be direct and uncomplicated, and repeat ideas if it seems one is not being understood.

While language appears at first to be a major barrier, it is not an insoluble problem. It is remarkable how a way can always be found when so much is at stake, if both sides make the effort.

(i) Dress conservatively

In Japanese offices, individuals rarely wear clothing that would make them stand out. They favour plain, conservative dress.

(j) Tips about meetings

- (i) A mutual acquaintance should preferably effect a first meeting by letter or telephone. The Japanese are accustomed to this. Friends are usually pleased to do this.
- (ii) A time for an appointment should be requested and not changed. This shows respect for an other person's time, and that one is reliable and well-organized.
- (iii) Appointments should not be excessive or rushed; Tokyo and Osaka are enormous cities, and allowances have to be made for traffic delays that could disrupt a schedule packed with meetings. Five calls may be a practical limit for a typical day.
- (iv) A small gift for one's Japanese counterpart should be brought. A good choice is a modest novelty item made in one's country. A bad choice is an item from one's own company which is viewed as a giveaway and not as a gift.

4. The Japanese overseas traveller

When overseas travel for the purpose of tourism was liberalized in 1964, the year the Olympic Games were held in Tokyo, a little over 100,000 Japanese started a process that in the next few years developed at a breakneck pace. The average growth of tourism was 40 per cent per annum from 1965 to 1973, the time of the oil shock. This was the year when for the first time over one million Japanese travelled abroad, and when the high-growth period came to a halt.

While in 1965, 72 per cent travelled for business reasons and only 28 per cent for pleasure, the market thereafter underwent a complete transformation, and by 1989, 84 per cent of a total of 9.66 million travelled abroad for pleasure and 16 per cent for business.

Since 1970 there have been a number of important changes in the context of overseas travellers. While male tourists formerly counted for 78 per cent, this figure decreased in 1989 to 61.8 per cent. At the same time, the female share has gone up from 22 to 38.2 per cent. The 30 to 49 year old age group still dominates the market with a 41.1 per cent share, but the picture is different when seen in terms of male and female tourists. For women travellers, the 20 to 29 year old age group is by far the largest, amounting to 41.4 per cent of all women going abroad and it is this sector of the market which has the most potential. As for men travellers, the 30 to 39 year old age group had only a 23.4 per cent share of the market. From this it is evident that the sector with the most free time available is that of young women, either single or married. The fact that single women in particular have a lot of spending money makes them a very attractive target.

Men from 30 to 49, on the other hand, have the least free time, or are not yet inclined to make full use of the holidays available to them, a phenomenon encountered only in Japan. Another negative aspect about this age group is the heavy financial burden such men bear, with housing commitments, their children's education and retirement savings taking a toll on the disposable discretionary income that could be spent on travel. All these factors make a large and in many other markets important sector not really worth promoting intensively in Japan.

However, two major trends can be seen in this generation. One is company tours to foreign countries. In Japan, communities and companies use overseas travel as a method for maintaining good relations and deepening people's loyalty to the community or company.

The other is an increase in family tours overseas. During summer and New Year vacations, a family with school-age children has become a common sight. When these children become adults, they will consider overseas travel very much the norm, which will have its effects on the travel industry business.

Senior citizens in Japan are often referred to as the "silver-age generation." Generally speaking, senior citizens have much more time on their hands. Tours targeting them are basically designed around safety and comfort, with loose schedules and attractive accommodation. If these types of tour can be expanded to a longer stay at a certain resort, as many holidaymakers in western countries do, the overseas travel market for this age group can most certainly be further developed.

There has been little significant change in destinations for overseas tourists. Asia leads with 47.85 per cent; next come North America with 35.7 per cent, although here the majority travel to the Pacific islands of Guam, Saipan and Hawaii; third comes Europe with about 10 per cent, a figure which has remained more or less unchanged, mainly because of the cost involved.

5. Future outlook

For several years, overseas travel from Japan has expanded by double-digit figures each year. The target of 10 million travellers will be reached this year. But the travel market has still to reach its full potential, and has not yet come to a saturation point. There remains ample room for expansion, though expansion is not limitless, of course.

The Japanese travel market is differentiating quite rapidly. There is a change in tastes and means and this fact is important because it opens or expands growing niche markets: for shopping tours, study tours, academic and industrial travel. Even Japanese students, unlike the traditional image of their counterparts from other countries, have high profiles of spending and consumption abroad. Cultural and school-group visits to China and other Asian destinations have been growing in popularity. Japanese housewives are another group of great potential in an era of social change. Many of them are former office ladies, who are familiar with the pleasures of international travel. More and more of them are willing to go abroad with each other, without husbands. On ocean-going vessels, including everything from international ferries to passenger liners, well over 100,000 Japanese travel somewhere overseas each year. A market forecast says this will expand by as much as 20 per cent a year through the 1990s.

Incentive travel, or as the Japanese prefer to call it, study or product inspection tours, is another aspect. Some Japanese companies, hard-pressed to find enough new recruits in Japan's current tight labour market, are now offering overseas tours as an added bonus to attract new employees. Luxury tours are also expanding rapidly. This means remoter destinations are attracting more travellers. Many more Japanese are visiting Europe, a higher-cost destination which will become more popular. At the same time, wide deregulation in the European Community in 1992, and major changes in air routes and ticketing can be expected to draw more Japanese, and offer them more while they are in Europe.

Therefore, provided that there is no major economic disruption, and that there are no significant negative social changes, the market as a whole could certainly double within the coming 10 years.

The generally strong interest among Japanese in travelling abroad and experiencing the world is definitely promising for future growth. For many Japanese this is a dream which they yearn to fulfil at least once in their lifetime. Once they have managed to take their first trip, most have an even greater urge to go abroad again. This, coupled with the fact that only a relatively small percentage has actually travelled abroad, while leisure time is expected to increase, makes the long-range perspective very encouraging indeed.

There are some factors inhibiting growth, of course, and the foremost of these is the Japanese and world economic climate.

Japan's economy will slow down during the fiscal year starting in April 1991. But the slowdown will not push the economy into a recession in fiscal 1991. The nation's economy will still continue to expand.

Assuming the situation in the Middle East remains stable and oil prices do not change, the pace of growth will not be far from forecasts of around 3-4 per cent made by private institutions.

Further problems stem from residual restraints on free time. Other sectors of the economy compete strongly for a share of consumer money spent on cars, videos, personal computers, fashion and so on. Because of their different profit prospects, these sectors usually heavily outspend the travel industry in advertising outlay.

Within the travel industry itself, restraints have been and will be the number of flights to and from Japan; this has been an obvious and harmful bottleneck, and the Government of Japan has not been doing enough to ease it. Perhaps some of Japan's regional airports will actually be converted into international ones. This will mean, of course, that Japanese immigration and customs services will have to be expanded.

A lack of initiative in exploring new products, conservative attitudes in planning and selling, very little innovation, and reliance on outdated sales strategies in times of depressed demand have been other restraints. Hence one finds price dumping where quantity rather than quality is stressed, further depressing profits and confusing the consumer even more.

There is also evidence of lack of coordination of effort within different sectors of the industry such as planning, advertising and public relations. This causes further loss of impact in an already competitive business environment. A positive development here could be an increased reliance on more attractive methods of sales.

The travel industry also lacks reliable research data and analyses on which progressive marketing could be based. Rapidly changing consumer demands are often not recognized early enough or, if partially recognized, are not reflected sufficiently in products offered. There is still too much focus on old formulae in an effort to attract consumer attention. The result is reduced sales for a whole range of package products and a tendency towards individual travel as tourists make use of what are known in the trade as "grey market" channels.

The industry faces a formidable task, full of pitfalls. Its goal should be clear to everyone: to induce the maximum number of Japanese to travel overseas. The way to achieve this goal is almost undoubtedly

through advertising, for the Japanese are extremely receptive to the advertising message, provided, of course, that it is presented in an utterly professional and convincing fashion, as well as being attractively packaged. Again, the message will not succeed unless it is backed up by an equally sophisticated and appealing travel product. It is here that planning and sales expertise will reveal the essential skill and knowledge necessary to the industry for it to develop future business and meet consumer demand. It is the initial steps which are of vital importance. Somehow, those who have never been abroad must be persuaded to travel overseas at least once. This is the market to aim at since, as was mentioned earlier, those Japanese who do take this first step into overseas tourism never regret it and always want to go abroad again.

The supporting role of national tourist offices is equally important. Their needs are clear. No longer can they operate with antiquated tools and insufficient budgets, armed with no more than empty phrases as slogans. Knowing where the Japanese want to visit, offices must take the initiative in paving the way towards innovative product planning. Before professionalism can be demanded from the industry as a whole, it has to be applied within various sectors of its own organization, as well as at the respective travel destinations receiving Japanese. Tourist offices need to coordinate their efforts, as is indeed already happening in Europe with positive results. Further expansion along these lines is desirable. At tourist destinations, careful consideration has to be given to the existence and maintenance of a sound touristic infrastructure. It is vital that there is a high standard of service in hotels, restaurants, guides, and, in sum, wherever local institutions come in contact with foreign customers. It will also do no harm to show old-fashioned friendliness toward visitors.

Successful and convincing promotion can only be conducted in a demanding market environment like that of Japan if there is absolute confidence in the quality of services offered at home. Tricks and stunts will not suffice to guarantee long-term growth and a continuing flow of visitors. The Japanese traveller of the future will appreciate it even more if he or she receives not just friendly service, but value for money in every respect.

14. SINGAPORE'S EXPERIENCE IN ENHANCING PUBLIC AWARENESS OF TOURISM PROMOTION

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1. Significance of tourism to Singapore

Public awareness of tourism in Singapore is, perhaps as high, probably higher, than any country in Asia or the world. This is due to the major role tourism plays in the nation's economy and its dependence on public support.

The fact that Singapore receives about five million visitors a year, nearly double its entire population of 2.6 million, illustrates the public's exposure to tourists and the need to instil in them positive attitudes about tourism.

Also, tourism is a major contributor to the nation's economy. Last year, tourism receipts amounted to \$5.7 billion. This accounts for 5.5 per cent of Singapore's gross domestic product and tourism earnings brought in 10.5 per cent of the republic's net foreign exchange.

Tourism affects the livelihoods of many Singaporeans; one in six Singaporean workers is employed in the tourism industry. So significant is the impact of tourism to Singapore that public awareness and support is essential for its continued growth.

For the Singapore Tourist Promotion Board (STPB), the need to cultivate local support for tourism is just as important as efforts to promote the destination to overseas markets and other activities to boost visitor arrivals. STPB has even commissioned a study to evaluate the social, infrastructural and economic implications of tourism on Singapore and Singaporeans. The study aims to ascertain how much tourism growth the city state can manage before it begins adversely to affect the nation and its people. This goes to show how the Board values the public's interest and involvement in tourism.

2. How STPB raised public awareness

(a) Product development

STPB has been in the forefront in the preservation of Singapore's cultural and historical heritage, and in the creation of new tourist attractions. These enrich the quality of the destination as well as the quality of life of Singaporeans, earning STPB much public support.

(i) *Preservation*

In the mid-1980s, during the downturn in tourism, STPB examined Singapore's tourism product to ascertain the reasons for the decline in visitor arrivals. STPB began to focus on Singapore's heritage, a major visitor attraction, that was rapidly being sacrificed to skyscrapers and shopping centres.

Fortunately, before more damage could be done, STPB actively championed the need to preserve Singapore's cultural and historical heritage. That caught the attention of government agencies and civic groups and subsequently led to a concerted effort to strike a balance between economic progress and conservation. Since then many restoration projects have been undertaken and some have already been completed.

A classic example is Haw Par Villa, formerly the legendary Tiger Balm Gardens. Since 1931, it has been a favourite haunt of Singaporeans and tourists, attracting a million visitors a year. But lack of maintenance and care caused the deterioration of the park's famous statues and tableaux.

The park was closed in 1985 and STPB paved the way for private sector investment to restore it. Haw Par re-opened after a four-year, \$S80 million restoration as a Chinese mythological theme-park providing Singaporeans and tourists with new and entertaining ways of experiencing the statues and tableaux.

Another restoration project involving private sector investment is Alkaff Mansion. The recently-opened mansion retains its 1920s architectural beauty and serves as a superb dining venue for Singaporeans and tourists. It is also an ideal venue for convention and incentive theme-parties and banquets.

In process are the Raffles Hotel which opens in 1991, rejoining the world's elite hotels, the infamous Bugis Street, bringing back its rustic charm and nightlife of the 1960s and 1970s, Telok Ayer market, the oldest surviving Victorian cast iron structure in South-East Asia, rejuvenated as a festival market place, adding nightlife to the central business district.

These restoration projects have materialized because of efforts by STDB, government agencies, civic groups and private sector investment, and will create among Singaporeans an appreciation for tourism as well as give them a wider range of leisure and entertainment.

(ii) New products

Singapore's double digit growth since 1987, its emphasis on tourism and its prospects for growth in the 1990 have indicated to the private sector that investment in tourism can have strong returns.

This has resulted in the development of new leisure attractions such as Tang Dynasty Village and Underwater World Sentosa which help diversify the Singapore tourism product.

Tang Dynasty Village, a theme-park modelled after an ancient Chinese city, will provide various types of entertainment as well as house major film studios.

Underwater World Sentosa will open in April 1991 as Asia's largest oceanarium bringing visitors into an undersea tunnel for a close-up view of marine life.

(iii) Infrastructure

New infrastructure is continually being built to improve Singapore's communications and business. As Singaporeans enjoy its benefits, they are also made aware of the fact that tourism helps to make such an infrastructure viable.

Changi airport, considered the world's best airport, opened its second terminal in 1990, doubling its passenger handling capacity to more than 24 million per year.

Singapore's World Trade Centre will boast a passenger cruise terminal in December 1991, making Singapore the cruise centre of the region.

Other developments include new hotels, convention and exhibition facilities.

(b) Training, development and recruitment

In Singapore today, a job in the tourism industry openings is often considered a poor option because of higher education openings and the healthy job market. Therefore, there is a need to change that perception by ensuring that jobs in the industry offer satisfying careers.

By doing so, the overall image of the industry is improved and recruitment, especially at a time when the various sectors of the economy are competing for the limited labour supply in Singapore, becomes easier.

(i) Training and development

In recent years, much progress has been made in the area of manpower training as a result of co-operation within the industry.

A significant achievement in the area of education was the setting up of the Centre for Tourism-Related Studies in 1987. The centre conducts courses and training programmes regularly to upgrade professionalism, service and productivity in all sectors of the tourism industry. This has been well received by workers in the tourism industry.

The hotel sector has its own training institute, the Singapore Hotel Association, Training and Education Centre (SHATEC).

The ASEAN Centre in Japan is an organization that STPB works with closely. It encourages trade, investment and tourism between Japan and ASEAN. Recently, the Centre in collaboration with STPB conducted a pilot beginners' course in the Japanese language specially tailored for front-line people in the tourism industry. Based on its success there will be another course next year.

The growth of the tourism industry has increased the need for better trained professionals and this has spurred local educational institutions to include subjects related to tourism in their curricula. At the tertiary level, two polytechnics offer travel and tourism as an optional subject for the Diploma of Business Studies.

All these efforts and achievements have increased public awareness and appreciation for tourism.

(ii) Recruitment

To attract manpower into the tourism industry, the Board conducts regular career talks in schools and colleges. This encourages young people to consider a career in the tourism industry as well as instil in them a positive image of tourism.

Similarly, the Singapore Hotel Association conducts the SHATEC hotel fair annually promoting careers in the hotel industry.

Another example, in the travel sector, is "tourism showcase" organized by a leading travel company. The event promotes careers in the travel industry.

(c) Special events and initiatives

Many tourism events with a high public profile are organized by STPB to boost the image of the industry. At the same time many international sporting, cultural and entertainment events are organized to provide tourists and Singaporeans with more things to do and see. In many of these events the Board plays an active role.

(i) Miss Tourism

An annual competition selects a young lady who becomes Singapore's tourism ambassador for a year. The crowning of Miss Tourism is a heavily publicized event in Singapore. It draws live television coverage. During her reign as Miss Tourism, the lady graces many tourism, cultural and charity events held locally and participates in numerous marketing promotions abroad.

(ii) Tourism awards

Tourism awards identify and honour the cream of Singapore's tourism industry. These symbols of excellence are given in 16 categories recognizing the best in the various sectors of the industry, from taxi drivers, to waiters, guides, retailers, hotels, airlines and travel agencies.

Because of the prestige of the awards there is wide media and public interest.

(iii) Tourism beat

In 1990, STPB launched a weekly radio show, "Tourism Beat", specially for workers in the tourism industry, aimed at boosting morale and providing information.

(iv) Sporting, cultural and entertainment events

One of STPB'S objectives is the promotion of Singapore as an international sporting and entertainment venue.

STPB plays a major role in the organization of the World Dragon Boat Race and the World Formula One Singapore Powerboat Grand Prix which receive wide media publicity and spectators from around the world.

The Board also assists when Singapore hosts other sporting events such as the Singapore men's super tennis grand prix and the preliminary rounds of the renowned Dunhill Cup golf championships.

The Board's involvement in cultural events in Singapore such as the Festival of Arts has also drawn much public attention.

Every year STPB is involved in street light-ups commemorating cultural festivals which help to highlight Singapore's multicultural heritage to visitors. At the same time, the Board uses the opportunity to join Singaporeans in celebrating their important cultural events.

(v) Good retailer scheme

Initiatives such as the good retailer scheme identify retailers with fair trading practices, assuring tourists of good service and value-for-money shopping. Such schemes also benefit Singaporeans looking for reliable service.

3. Conclusion

Much time, effort and money is spent by STPB, the various sectors of the industry and the Government to enhance public awareness of tourism.

For Singapore, public understanding and support is imperative for the growth of tourism and hence the economy.

Once people appreciate the importance of tourism, it is easier for Singaporeans to be good hosts to millions of visitors.

The warm, friendly and distinctively Asian service which is the hallmark of Singapore's tourism industry should not just be a characteristic of front-line workers in the industry, but also Singaporeans in general. A greater awareness of tourism helps to achieve this.

A climate of public support and awareness of tourism also encourages private sector investment and government support, especially in product development which requires huge resources.

Investments, innovative ideas and efforts are needed to nurture public support which is essential for tourism growth. In Singapore it has worked and there is much more that can be achieved.

15. VISIT MALAYSIA YEAR

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1. Introduction

Malaysia has in recent years made great strides in the development of tourism. The country has emerged as one of the prominent tourists destinations in the ASEAN region, a destination to be reckoned with in the coming decade. In 1988, Malaysia 's share of total visitor arrivals to ASEAN was 23.1 per cent compared to 28.9 per cent for Thailand and 28.6 per cent for Singapore, both of which were already established tourist destinations.

The Malaysian Government's decision to give a greater focus on the development of its tourism industry was aimed at diversifying its foreign exchange earnings which had hitherto been heavily dependent on primary commodities. There were several reasons why priority was given to the tourism sector:

- (a) The declining primary commodity prices in the international market, especially rubber, timber, tin and palm oil in the early 1980s, greatly affected the country's balance of payments. There was, therefore, a need to diversify its export base to generate increased foreign exchange earnings.
- (b) The need to create employment opportunities to accommodate the rapidly increasing demand for employment.
- (c) The need to increase domestic tourism which in turn hastens the process of national integration and national unity.

In view of the priority and increasing importance of tourism, 1990 was declared by the Government of Malaysia as Visit Malaysia Year (VMY). This campaign was directed towards the creation of a climate of confidence in the tourism sector and towards developing a high profile of Malaysia in the international scene. It is hoped that Malaysia will be visited by as many tourists and visitors, both local and foreign, in 1990.

2. Concept of Visit Malaysia Year 1990

The concept of the Visit Malaysia Year campaign was to present various festivities and events relating to culture, arts, handicrafts, national celebrations, exhibitions, sports, competitions and festivals unique to Malaysia throughout 1990. In total 124 events and activities were identified.

3. Objectives

Visit Malaysia Year 1990 was designed to meet the following specific objectives:

- (a) To increase the inflow of tourists by at least 10 per cent from 1990;
- (b) To encourage longer durations of stay of tourists and to increase tourist expenditure in Malaysia;
- (c) To promote and popularize activities of Malaysian culture and art;
- (d) To promote awareness of Malaysians in respect of domestic tourist destinations and therefore increase domestic tourism.

4. Organizational framework

The successful implementation of the Visit Malaysia Year campaign required that there exist an administration or organizational machinery to plan and coordinate all the various activities to be undertaken. In Malaysia, the following committees were established:

- (a) The National Committee on Visit Malaysia Year 1990, chaired by the Minister of Culture, Arts and Tourism. This committee made policy decisions and decided on the manner in which the Visit Malaysia Year campaign was to be implemented.
- (b) The National Organizing Committee, chaired by the Secretary-General of the Ministry of Culture, Arts and Tourism. Basically this committee determined the detailed programme of activities, the requirements of infrastructural upgrading and superstructural facilities to meet increasing tourist arrivals as a result of the campaign, and determined and sought financial allocations.
- (c) Thirteen sub-committees were established to tackle specific matters such as finance, transport, accommodation, promotion overseas and, locally, souvenirs, training and public courtesy programmes.
- (d) The Secretariat in the Ministry of Culture, Arts and Tourism coordinated all work on the implementation of the Visit Malaysia Year campaign.

5. Implementation of the programme of events

The activities or events were implemented by event organizers which could be federal or state governments or private sector organizations. In organizing these events, organizers were advised to plan early enough to ensure that sufficient time was allocated to publicize the events locally and international, to ensure the event was attractive and exciting and that facilities were available and adequate to cater for the number of tourists expected.

The coordination of all the highlighted events in the programme was the function of the Secretariat of the Visit Malaysia Year 1990. This was a specific division under the Ministry of Culture, Arts and Tourism, established in conjunction with the Visit Malaysia Year campaign. Working in close cooperation with the Tourists Development Corporation, the Visit Malaysia Year Secretariat was entrusted to undertake publicity campaigns within and outside Malaysia to create an awareness and a readiness of those in the industry and the public to contribute towards making Visit Malaysia Year a success.

The Government of Malaysia was aware that the successful implementation of the Visit Malaysia Year campaign was dependent not only on tourism-oriented organizations but also on all sectors of the tourism industry, government departments and agencies (especially those which were at the front of receiving the inflow and organizing the return of foreign tourists), organizers of events, the private sector as well as the general Malaysian public. To create "tourist minded" citizens, various campaigns were implemented. These campaigns served to educate the public about the role of tourism in the national economy, to develop the right attitude and response to tourists and visitors, to adopt a sense of pride in Malaysia's culture and heritage and to inculcate civic consciousness especially in the use of public amenities.

6. Budget allocation for Visit Malaysia Year 1990

Throughout the period 1989/1990 a total budgetary allocation of \$M94.5 million was approved by the Government for implementing the Visit Malaysia Year campaign. Out of this total, \$M 46 million was spent on overseas promotion and the balance went towards the sponsorship of activities and programmes, the upgrading and improvement of the infrastructure, the implementation of domestic courtesy campaigns and the purchase of souvenirs and promotional materials.

However this allocation included money spent by the Government only. Other tourism-related agencies, especially Malaysian Airlines and other private organizations, also helped to fund various programmes and promotional activities under the Visit Malaysia Year campaign.

7. Performance of the tourism industry in the first nine months of Visit Malaysia Year 1990

Based on preliminary figures of tourist arrivals and earnings for the first nine months of 1990, tourism was poised to be an important contributor to the economic growth in Malaysia in the 1990s. During the period January-September 1990, total tourist arrivals to Peninsular Malaysia recorded an increase 63 per cent with arrivals of 5.3 million tourists compared to only a total of 3.2 million tourists in the same period of 1989. In terms of market share, Singapore alone contributed 78 per cent of the total arrivals. Of these, Singaporean road arrivals via the Johor Bahru causeway recorded an impressive growth of approximately 50 per cent, from 2.0 million arrivals during January-September 1989 to 3.1 million in the same period of 1990.

Other markets, after discounting Singaporean road arrivals via the Johor Bahru causeway, also recorded an impressive growth of approximately 80 per cent, increasing from 1.3 million tourist arrivals during January-September 1989 to 2.3 million tourists in the same period of 1990. Markets with more than 100 per cent increase included Hong Kong, India, Japan, Taiwan Province of China, Australia and the United States of America.

With the encouraging growth in tourist arrivals, total tourist receipts grew by 69 per cent to an estimated total of \$M 3.0 billion for Peninsular Malaysia for the period January-September 1990, compared with \$M1.8 billion in the same period in 1989.

In line with the unprecedented growth in tourist arrivals, occupancy rates also rose in most hotels. This is reflected in the national average which showed an increase of 4.3 per cent, from 66.5 per cent in January-September 1989 to 70.8 per cent in the same period in 1990.

8. Prospects of the tourism industry in Malaysia for the 1990s

The performance of the tourism sector for the first nine months of 1990 necessitated a review of the rather conservative projected growth rate of 10 per cent. It was expected that tourism arrivals could well reach six million by the year's end. Given this scenario, Malaysia could well face serious supply-side constraints especially in terms of accommodation, transportation and other tourism-related infrastructure.

The Malaysian Government is well aware of this constraint and projects earmarked for development include the construction and upgrading of infrastructure, accommodation facilities, resorts, conference facilities, food outlets and shopping complexes. In addition, the Government will continue to provide adequate incentives so that tourism support services such as tour buses, coaches, hire car and tour agents will continue to increase to meet the needs of tourists. Manpower training to create a pool of skilled and experienced personnel in the tourism sector will also be given greater emphasis by the Government.

9. Conclusion

The Malaysian Government is committed to making tourism a viable industry with long-term potential. The unprecedented increase in tourist arrivals and tourist receipts indicate that there is a high potential for growth of the tourism sector in Malaysia. The 1990 Visit Malaysia Year campaign was just the beginning and more Visit Malaysia Year types of promotion are being planned every year with different themes, so that overseas promotion and high visibility for tourism can be sustained to achieve maximum results. In the next five year development plan, from 1990-1995, substantial allocations will be made to the tourism industry for product development and upgrading the infrastructure to meet the increasing demands of the tourism industry in Malaysia.

16. VISIT THAILAND YEAR/THAILAND ARTS AND CRAFTS YEAR

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Part One **Visit Thailand Year**

The Thai Cabinet declared 1987 the Visit Thailand Year and prescribed policies and projects for joint implementation by the Government and private sectors to ensure its success. Through the Tourism Authority of Thailand (TAT) and other agencies in all sectors, the joint efforts were subsequently extended to cover and include the celebrations of His Majesty the King's 60th Birthday on 5 December 1987 and the Longest Reign Celebrations on 2 July 1988.

The Visit Thailand Year Committee approved a total of 72 projects drawn up in support of the project, 57 of which (79.16 per cent) were successfully completed.

In addition, the Government and private sectors in provinces all over the country joined forces in organizing festivals and traditional fairs in support of the Visit Thailand Year. Sixty-two such fairs were held for the occasion: 11 in Bangkok, 10 in the central region, eight in the north, nine in the north-east, five in the south and four in the east, as well as 15 fairs jointly organized by several provinces. Notable among these were the Songkran (traditional New Year), Kathin (Robe-Offering) and Khao Phansa (Buddhist Lent) festivals.

In 1987, a total of 3,482,958 foreign visitors came to Thailand, a 23.59 per cent increase over 1986. They stayed an average of 6.06 days, compared to 5.93 days in 1986, and spent on average 2,370.4 baht a day, a 6.12 per cent increase. The total tourist revenue was 50,023,886,648 baht (approximately \$US2 million), an increase of 34.04 per cent over 1986.

When these figures were contrasted with the projections given in the Tourism Development Plan of the sixth National Economic and Social Development Plan, which forecast 3.1-3.2 million foreign arrivals, or a 10-13 per cent increase and an average length of stay of 5.5 days, it may be concluded that the Visit Thailand Year in 1987 reached its target and met with considerable success.

The achievements represented singularly concerted efforts of cooperation among all the government and private sectors concerned in mounting advertising and publicity campaigns for the the 1987 Visit Thailand Year project. Other added benefits were that domestic tourism was greatly stimulated in all the regions and there arose in the minds of the populace greater awareness of the benefits and potentials of tourism for the national economy and social prosperity.

The following is a summary of significant topics:

(a) International visitors (based on 1,796 samples)

Of the international visitors, 68.71 per cent were males and 31.29 per cent were females; the largest number ranged between 21-30 years of age at 41.98 per cent, followed by 31-40 group at 30.23 per cent; 24.11 per cent held down independent jobs, followed by executive professionals at 16.87 per cent.

The largest group of the visitors, or 33.91 per cent, earned an annual income between \$US7,000-17,000, followed by those earning over \$US21,000 at 28.79 per cent while 12.14 per cent earned less than \$US5,000 p.a.

Of the visitors, 71.21 per cent travelled for leisure, followed by 8.24 per cent travelling on business and leisure combined and 7.13 per cent for business.

The majority, 57.30 per cent, sought adventure and leisure in Bangkok and the provinces, 34.80 per cent stayed in Bangkok only, and 7.90 per cent bypassed Bangkok altogether and spent the whole time in the provinces.

The average length of stay of the visitors to Bangkok was 4.4 days and 4.1 days for those travelling to the provinces.

(i) Awareness of the 1987 Visit Thailand Year

The survey revealed that 57.46 per cent of the visitors learned of the 1987 Visit Thailand Year before entering Thailand while 42.54 per cent were not aware of the event. Of those who learned of the Visit Thailand Year in advance of their arrival, 37.10 per cent picked up the information from newspaper and magazine advertisements, followed by 15.31 per cent who were informed through television advertising and 13.19 per cent said they learned from public relations efforts through TAT's overseas offices.

(ii) Opportunities to join in the 1987 Visit Thailand Year celebrations

It was found that 33.55 per cent had opportunities to view annual festivals and activities organized as part to the 1987 Visit Thailand Year. But 66.45 per cent said they missed the opportunities. Of those availing themselves of the opportunities, the largest number attended the Thailand Tourism Festival and National Identity Fair held at Amphon Garden, Bangkok, followed respectively by the traditional Thai procession to inaugurate the Visit Thailand Year down Rajadamnoen Avenue, Bangkok, Songkran festivals which were simultaneously organized by provinces around the country, the Flower Festival in Chiang Mai, Loi Krathong festivals simultaneously organized in the provinces, and the Pattaya Festival, Chonburi.

(iii) Opinions on facilities and services

The majority of tourists expressed a strong degree of satisfaction at the facilities and services at Bangkok International Airport, regional airports, hotels and other accommodation, department stores, souvenir and gift shops, and a fair degree of satisfaction at the facilities and services at railway stations.

(iv) Summary of opinions of international visitors (in order of importance)

- a. The cleanliness and sanitary conditions of food, drink and toilet facilities provided for tourists were below par and insufficient in number.
- b. The taxi services and fares on the Bangkok airport-downtown route were below par and there was a need for the enlargement of the existing fleet of BMTA (Bangkok Mass Authority) air-conditioned buses plying the airport-downtown route.
- c. The personnel stationed at the Bangkok airport and duty free shop were too strict and rigid in their treatment of tourists.
- d. A large number of tourists were charged exorbitant prices for their purchase of souvenirs, food, drink and other services. Measures to curb such unfair practices must be introduced.
- e. There was not enough security protection at certain destinations.
- f. Communication and language problems remained a major obstacle to tourists in several localities.

(b) Thai Tourists (based on 6,005 samples)

Thai citizens who embarked on local travel during the 1987 Visit Thailand Year were 51.69 per cent males and 48.31 per cent females. The largest portion, 40.53 per cent, were aged between 21-30 years, followed by 28.28 per cent and 19.33 per cent who ranged between the 15-20 and 31-40 age groups respectively. The majority, 34.22 per cent, were pupils and students, followed by private or independent earners, employees and civil servants at 18.57, 17.60, and 17.14 per cent respectively.

(i) Awareness of the 1987 Visit Thailand Year

The survey of the Thai citizens' awareness of the 1987 Visit Thailand Year revealed that 98.13 per cent of the samples taken from every region of the country knew the year was designated the Visit Thailand Year. Only 1.87 per cent said they knew nothing of the campaign.

The most effective media for publicizing and spreading news and information on the Visit Thailand Year to the Thai public was radio and television, followed by newspapers and magazines at 37.82 and 28.07 per cent respectively.

(ii) Opportunities to join in the 1987 Visit Thailand Year celebrations

The survey revealed that 60.93 per cent of Thais from every region of the country had an opportunity to attend festivals and traditional fairs organized to celebrate the Visit Thailand Year. The majority attended the traditional Thai procession to inaugurate the Visit Thailand Year in Bangkok, followed by Songkran festivals jointly organized across the country, Loi Krathong festivals jointly organized across the country, the Flower Festival in Chiang Mai, the Pattaya Festival in Chonburi, and the Royal Kathin riverine procession in Bangkok. Only 39.07 per cent missed the opportunities to attend any of the fairs.

(iii) Opinions on the facilities and services

The survey revealed the majority were to a high degree satisfied with the facilities and services provided at Bangkok International Airport, hotels and other accommodation and moderately satisfied with the facilities and services provided at domestic airports, bus terminals, railway stations, and gas stations.

(iv) Opinions of Thai tourists (in order of importance)

- a. There should be more emphasis on maintenance of cleanliness and beauty of destinations, especially at festival venues.
- b. There should be more effective security measures to protect the lives and possessions of tourists.
- c. Publicity and the dissemination of information about activities in support of the Visit Thailand Year were not extensive enough, especially in the provinces.
- d. The Government ought to attach more importance to the conservation, development and maintenance of the environment at destinations and introduce measures to punish sternly all violators of valuable tourist resources.
- e. Training should be given to upgrade the standard of tourist service and reception at business establishments.
- f. The Government and other agencies should render continued assistance and support to the tourist industry even after the Visit Thailand Year.

- g. More information service counters should be erected at important tourist destinations.
- h. Young people should be educated so as to become aware of the importance of future tourism.
- i. Training in basic English proficiency should be given to personnel involved in the tourist industry to raise their standard and skills.

As made plain by this data, the conception and implementation of the 1987 Visit Thailand Year project was a resounding success, with the attainment of all its objectives and policies. The visible result was most evident in the sudden surge in the year-round tourist influx reaching a record figure and vigorously stimulating domestic travel. The outstanding achievements would not have been possible without the excellent cooperation between the Government and private sectors involved in the industry.

Part Two
Thailand Arts and Crafts Year 1988-1989

(a) Origin

By resolution of the meeting of the Joint Public/Private Sector Consultative Committee held on 20 January 1988, there was approval to accelerate the development of local handicrafts industries by organizing Thailand Arts and Crafts Promotion Year 1988.

The Tourism Authority of Thailand (TAT) was assigned to prepare a draft of the Thailand Arts and Crafts Promotion Year 1988 Project and submit it to the TAT Board of Directors with the Minister to the Prime Minister's Office as Chairman. On 3 May 1988, the Cabinet passed a resolution to announce officially that the Thailand Arts and Crafts Year 1988-1989 would be from 12 August 1988 to 31 December 1989.

(b) Objectives

- (i) To honour Her Majesty the Queen for her work in promoting handicrafts as well as to follow Her Majesty's policy of promoting work for and increasing the income of people in rural areas, and preserving of Thai arts and handicrafts.
- (ii) To accelerate the development of local handicrafts industries, in both local and central areas, so that they can grow and also to publicize Thai arts and handicrafts domestically and overseas.
- (iii) To attract more foreign visitors to Thailand and serve as a tourism promotion tool after the conclusion of the Visit Thailand Year in July 1988.

(c) Main Activities

(i) Production promotion

The activities were:

- a. The development of artisans;
- b. The preservation, revival and promotion of handicraft production for commercial purposes;
- c. The use of raw materials found locally to produce handicrafts;
- d. The development of production and fund-raising methods;
- e. The establishment of target handicrafts; and
- f. The development of products so that they are suited to the needs of the market.

(ii) Market promotion and public relations

Marketing and public relations activities domestically and overseas were:

- a. Exhibitions and demonstrations;
- b. Public relations and advertisements;
- c. Setting up shops at special events;
- d. Establishment of arts and handicrafts and export centres; and
- e. Activities for buyers to meet sellers.

(iii) *Tourist destination promotion*

- a. Arts and handicrafts production areas were to be developed in conjunction with the development of tourist destinations, fairs and festivals.
- b. Organizing fairs and festivals or activities to launch the Thailand Arts and Crafts Year 1988-1989. This was to be undertaken by:
 - i. Organizing one event or activity in Bangkok in August 1988 to launch the projects;
 - ii. Organizing events or activities in the four regions of the country : north, north-east, east, and south. This was done to give people in the regions the opportunity to participate; and
 - iii. Supporting the organization of activities about arts and handicrafts all the year round so as to put them in a form of a calendar of events to attract visitors.

(d) Organizing offices

The Thailand Arts and Crafts Year 1988-1989 Organizing Committee was established with the Minister to the Prime Minister's Office's as Chairman and included three sub-committees:

- (i) The Thailand Arts and Crafts Year 1988-1989 Organizing Committee
- (ii) The Sub-Committee on the Development of the Activities of the Thailand Arts and Crafts Years 1988-1989
- (iii) The Sub-Committee for Domestic Public Relations of the Thailand Arts and Crafts Year 1988-1989
- (iv) The Sub-Committee for Overseas Public Relations of the Thailand Arts and Crafts Year 1988-1989

(e) Budget

The regular budget of public offices concerned was used, along with a 62.2 million baht budget specially requested.

(f) Evaluation of the project

A research project to follow-up and evaluate the 1988-1989 Thailand Arts and Crafts Year was established to assess the impact of the year upon job promotion for rural people, the attitudes of tourists concerning Thai arts and craft products, evaluate international and national public relations concerning the year and the impact it had upon exports of arts and craft goods.

The research was conducted in eight parts of the country. The total sample size was 2,126 people (1,235 Thai and 891 foreign tourists). Structured questionnaires were the main tool of the research. In-depth interviews and observation techniques as well as documentary information were also utilized. An analysis of the data shows mixed results. Planning and budgeting under the supervision of the project sub-committee were somewhat problematic and subject to a slow launching. However, most of the activities were completed. Tourists, particularly Thais, were found to be well informed about the project and their attitudes towards the arts and crafts goods were positive. The impact of the project upon job promotion and income generation, particularly among poor people, was found to be limited.

The Thailand Arts and Crafts years 1988-1989 was considered to have contributed to an increase in the awareness of Thai arts and craft products and to have helped improve income and job opportunities. It was considered of value for the development of Thai arts and crafts and for an increase in tourism to specific culturally promoted locations.

