

International Symposium on
“Connecting the Connectivities in Asia-Pacific”
Tuesday, September 27, 2016, Yangzhou, China

People-to-people connectivity: sharing experiences and exploring the practicable ways
of interconnecting various initiatives

Connectivity through Tourism

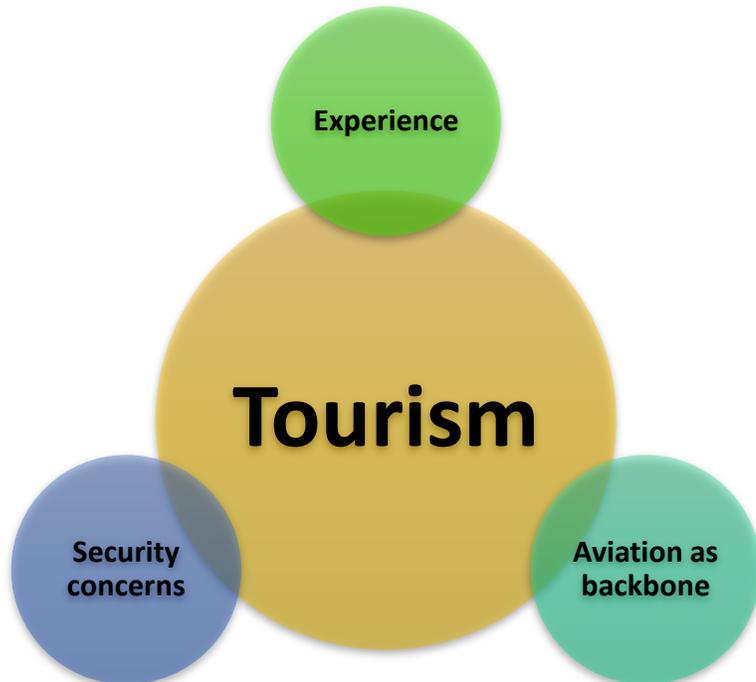
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Tourism Matters

- ❑ Tourism spurs trade and investment, thus has spill-over effects on domestic economy.
- ❑ To look at three major considerations in promoting tourism; travellers' experience, activities that serve as the backbone for tourism, and security concerns.



Travel Pays

HOW MONEY TRAVELS

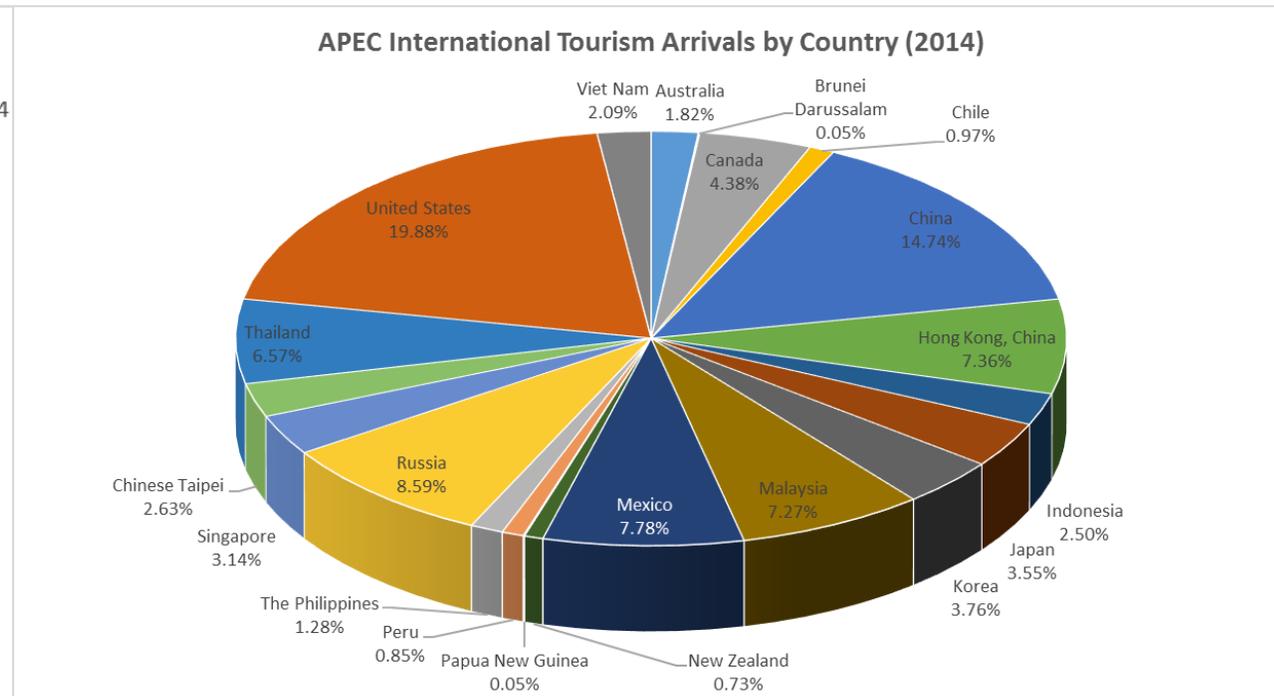


APEC Tourism Overview

- ❑ APEC Connectivity Blueprint targets to increase the number of total tourist arrivals in APEC to 800 million in 2025.
- ❑ APEC needs annual growth rate around 7% to achieve the target tourist arrivals.

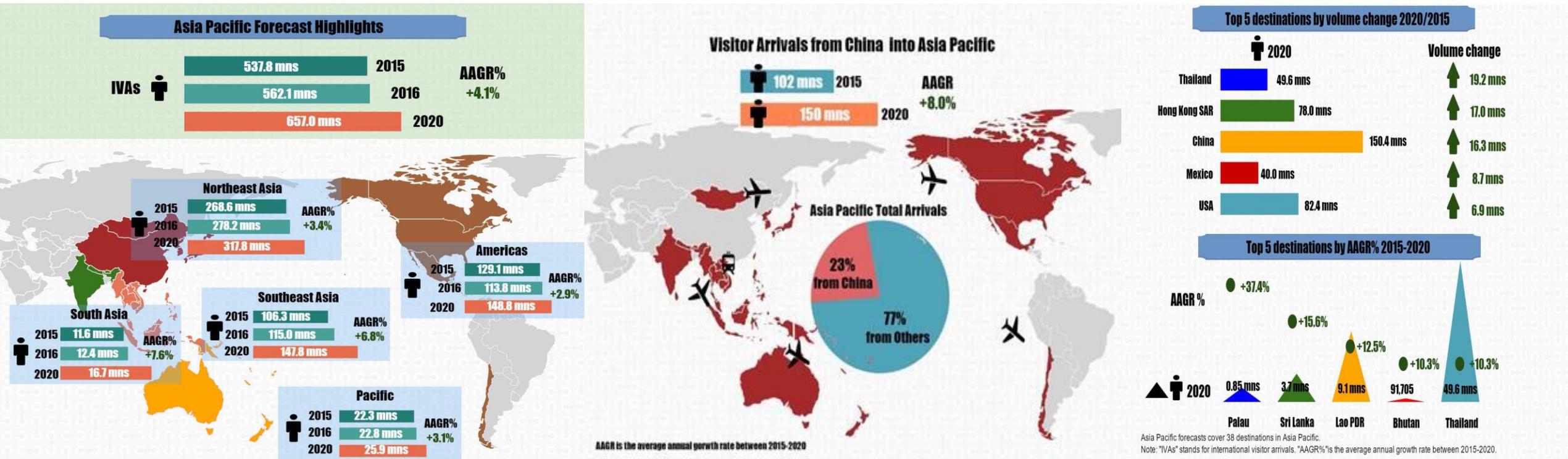
GDP: Direct contribution	Employment: Direct contribution	Visitor exports	Investment
<ul style="list-style-type: none"> • 2014: USD1,210.3bn (2.8%) • 2025: forecast of USD1,918.7bn (3.1%) 	<ul style="list-style-type: none"> • 2014: 46,909,500 jobs (3.2%) • 2025: forecast of 56,644,000 jobs (3.6%) 	<ul style="list-style-type: none"> • 2014: USD555bn (5%) • 2025: forecast of USD865.5bn (4.9%) 	<ul style="list-style-type: none"> • 2014: USD440.2bn (3.7%) • 2025: forecast of USD742.8bn (4.3%)

Source: World Travel & Tourism Council



Asia Pacific Tourism Projections

- ❑ Asia Pacific is predicted to see tourist arrivals count increase by average 4.1%.
- ❑ Tourists from China will dominate Asia Pacific tourism, generating 23% of all arrivals to Asia Pacific destinations in 2020.
- ❑ Key generating tourist destinations in 2020 will be led by China too.



Travel Convenience

- ❑ Tourism promotion and facilitation can be analysed in several stages, from media promotion to making experiences easy for travellers in their destinations. Experiences from APEC economies are below:



Media promotion

- **GOASEAN:** The world's first ASEAN travel channel, targeted to young generation.
- **Wonderful Indonesia:** promoting destinations across the archipelago in different themes; culture, nature and city.
- **Malaysia Truly Asia:** campaign initiated in 1999 that sums up distinctiveness and allure of Malaysian cultural diversity.
- **Amazing Thailand:** started in 1998, presented the chance to highlight tourism as a part of recovery efforts from 1997 crisis



Travel arrangements

Malaysia

- 2015: Tourist arrivals from Taiwan, China and South Korea registered positive growth, with an increase of 3.1%, 4.0% and 9.2% respectively
- Tourists from China: aggressive promotion campaigns by Tourism Malaysia and special flight arrangements
- Tourists from South Korea: additional seat capacity of 15.6%



Visa relaxation

Japan

- 2013: visa exemptions for tourists from Thailand and Malaysia, increase tourist arrivals by 96% and 53% respectively between July-Dec 2013



Tourism based on demand

China, Japan and Taiwan

- Introduced Muslim-friendly tourist programmes such as prayer facilities in the airports, halal food and Muslim-friendly services

Tourism Backbone: Aviation

Tourism by air

International Air Transport Association (IATA): 166 million international tourists visited Asia-Pacific by air in 2014 (USD283.7 billion).

Airports

Airport Council International: 14 out of 20 world's busiest airports in terms of passenger traffic in 2015 are in APEC (6 are in US).

Aircrafts

Airbus Global Market Forecast 2016: Passenger Aircraft Fleet will increase from 18,020 (2015) to 37,710 (2035) indicates 109% increase.

Boeing Market Outlook 2016: The low-cost business model with smaller operators is becoming a viable option, & spurs a worldwide requirement for over 39,000 new jet airplanes, valued at US\$5.9 trillion.

Airline

IATA predicts that traffic within Asia-Pacific region will represent 31.7% of global passengers in 2017, up from 28.2% in 2012.

AirAsia reported an increase by 11% passengers it carried, from 45.5 million in 2014 to 50.6 million in 2015.

ASEAN Open Skies

- ❑ ASEAN has reached full ratification of open skies arrangements.
- ❑ ASEAN Single Aviation Market (ASAM)'s purpose to provide South-East Asia's airlines with access to new markets and flight routes.
- ❑ Less ambitious than EU's Open Skies.
- ❑ ASAM is limited to third, fourth and fifth freedoms of the air.
- ❑ Singapore and Malaysia showed the political will to push the implementation, given they first began to liberalise air traffic on bilateral level.
- ❑ Indonesia, however, seems to be reluctant due to two main reasons (Heiduk, 2016);
 - ❑ Fears of highly competitive regional airlines
 - ❑ Inadequate and underdeveloped infrastructure, particularly airports

Aviation Mega Cities

- ❑ In 2035, it is projected that aviation mega cities will mostly be located in Asia-Pacific region.
- ❑ Yet, most of the current mega cities are schedule-constrained indicating an urgent need for improvement of airport infrastructure.

47 of 55 Aviation Mega-Cities main airports are schedule-constrained

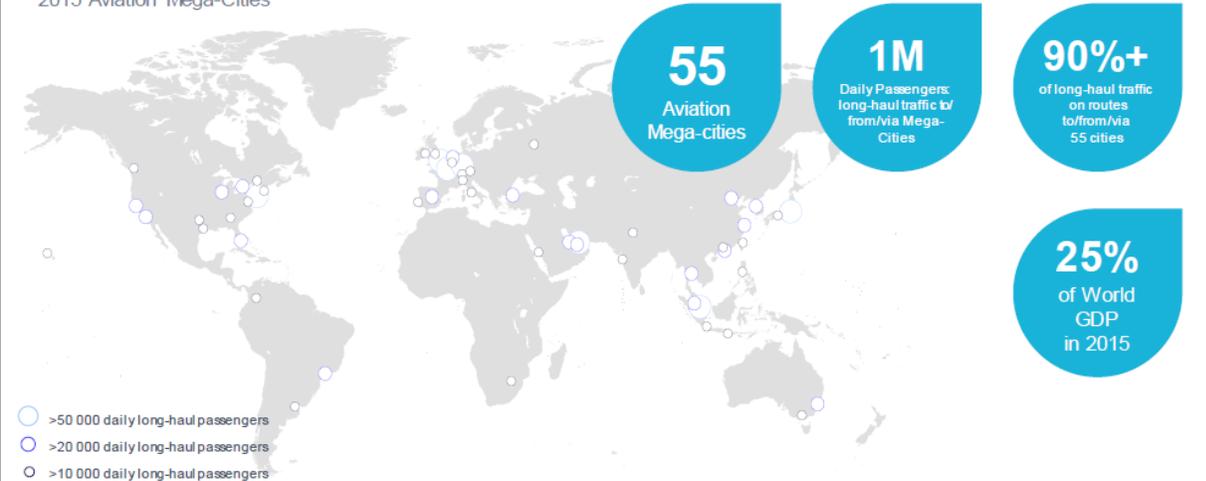
2015 Aviation Mega-Cities



Source: IATA WSG database, Airbus GMF 2016

There are currently 55 Aviation Mega-Cities...

2015 Aviation Mega-Cities



Source: McKinsey, UNPD, Airbus GMF 2016

There will be 93 Aviation Mega-Cities by 2035

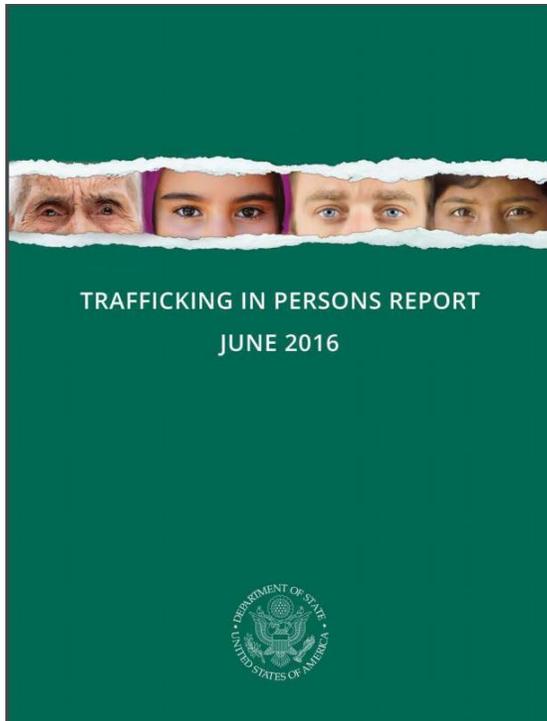
2035 Aviation Mega-Cities



Source: McKinsey, UNPD, Airbus GMF 2016

National Security Concerns

- ❑ To promote tourism and subsequently, trade and investment, APEC economies should not overlook the importance of border security protection against non-traditional threats: people smuggling and human trafficking, money laundering, drug smuggling, terrorism, spread of communicable diseases.
- ❑ Given these heightened security concerns, a country should strike a balance between promoting tourism, i.e. visa relaxation, and border security.



Four APEC member economies in Tier 2 Watch List (China(PRC), Hong Kong, Malaysia and Thailand) as well as two countries in Tier 3 (Papua New Guinea and Russia).

“Malaysia is a destination and, to a much lesser extent, source and transit country for men, women, and children subjected to forced labour and women and a small number of children subjected to sex trafficking. The majority of trafficking victims are among the estimated two million documented and an even greater number of undocumented migrant labourers in Malaysia.”

Key Takeaways

- ❑ There is a strong relationship between tourism, travel promotion & facilitation and increased tourist arrivals with non-people to people connectivity
- ❑ Air connectivity is expected to be the main support and driver for the APEC tourism industry,
 - ❑ Open skies arrangement should be considered to drive travelling costs down
- ❑ Though visa relaxation continues to be an important part of tourism facilitation, APEC member economies should not overlook national security concerns and border security protection.

Thank you.
